

BAR MUTUAL INDEMNITY FUND LIMITED

BAR MUTUAL INDEMNITY FUND LIMITED

SOLVENCY AND FINANCIAL CONDITION REPORT (SFCR)

FOR THE YEAR ENDED 31 MARCH 2023

BAR MUTUAL INDEMNITY FUND LIMITED

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BAR MUTUAL INDEMNITY FUND LIMITED

SUMMARY

The harmonised EU-wide regulatory regime for Insurance Companies, known as Solvency II, came into force with effect from 1 January 2016. The regime requires reporting and public disclosure arrangements to be put in place by insurers and some of that is required to be published on the Company's public website.

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

The Company's financial year runs to 31 March each year and it reports its results in GBP-Pound Sterling.

For Solvency purposes, the Company uses the standard formula to calculate its Solvency Capital Requirement ("SCR") and as a mutual mono line insurer providing professional indemnity insurance to self-employed barristers and entities authorised by the Bar Standards Board in England and Wales, the Company's insurance business is classified as General Liability business for Solvency II purposes. All business is underwritten from the United Kingdom.

The principal risk facing the Company as an insurance company is a severe claims experience. The claims history demonstrates that, quite unexpectedly, claims can climb to levels that could have an impact on its financial strength were it not adequately reserved.

Accordingly, the Company has always adopted a conservative approach to its operations. This is in order to ensure that it has strong reserves that are capable of absorbing any exaggerated developments in its claims experience without future Members having to pay for the claims of their predecessors. It also helps in ensuring that the Company has time to react to any unexpected increases in its costs base (the cost of reinsurance for example), or its regulatory capital requirement, without having to take drastic unplanned measures.

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SUMMARY (continued)

At the same time, however, the Board is highly conscious of not accumulating reserves in excess of what a sensible degree of prudence requires. To this end, and as part of its Risk Appetite Statement, the Board formulated and has for some years applied a consistent policy to the amount of capital it should hold above its regulatory capital requirement to ensure that it has enough to absorb any unexpected shocks but not too much. The policy provides for a target range in excess of the Company's regulatory capital requirement (based on Tier 1 basic own funds) with upper and lower limits, within which its free reserves for regulatory purposes should sit.

The upper and lower targets have been calculated with reference to a 1 in 20-year capital loss. The ranges as at 31 March 2023 are shown in the table below:

	£'000
Regulatory Capital Reserves as at 31 March 2023 (Tier 1basic own funds)	42,198
Solvency Capital Requirement	25,178
Lower capital target	37,021
Upper capital target	48,864

As part of its Risk Appetite Statement, the Company manages its regulatory capital position with reference to Tier 1 regulatory capital only. In the event that the Company's regulatory capital reserves (Tier 1) falls below or exceed the target range set in its capital resources policy, it is required to manage its capital reserves into the target range over a reasonable period. To achieve this, one of the tools is to increase or decrease the rates it sets for areas of practice or increase or decrease the level of premium deferral granted to Members, or it can do both. For the 2022 renewal, and without departing from its underwriting criteria for the premium rate calculation, the rates charged for several areas of practice were amended and the premium deferral was reduced to 0%. The effect of these changes was to maintain the Regulatory Capital Reserves within its defined target limits.

This demonstrates that the risk appetite policy is working effectively in managing its free reserves.

During the year under review, the Company recorded a deficit of £356k as reported in its annual financial statements under UK GAAP. The deficit was due to various factors such as increase in premiums generated due to premiums deferral being reduced from 7.5% to 0%, adverse claims experience, increased operating expenses as well as negative investment returns of 3.30%, lower than last year's positive return of 1.80%.

Free reserves of the Company as at 31 March 2023 now stand at £35.330m.

For solvency purposes, its regulatory capital reserves is £54.787m (This is made up of Tier 1 capital of £42.198m and Tier 2 capital of £12.589m) and its Solvency Capital Requirement (SCR) is £25.178m; at the year end the Company exceeds its SCR by £29.609m (ratio 217.6%).

The Company's Minimum Capital Requirement (MCR) has been calculated at £7.381m; at the year-end, the Company exceeds its minimum capital requirement by £34.817m (ratio of 572%).

For solvency purposes Tier 1 and Tier 2 capital can be used to cover the SCR whereas only Tier 1 capital can be used to cover the MCR.

BAR MUTUAL INDEMNITY FUND LIMITED

DIRECTORS' REPORT

Directors' Responsibilities

We acknowledge our responsibility for preparing the Solvency and Financial Condition Report in all material respects in accordance with the PRA Rules and the Solvency II Regulations. The Solvency II Directive, the Delegated Acts, related Implementation Rules, Technical Standards and Guidelines, as well as PRA rules provide the regulatory framework in which the Company operates. The Solvency II rules and regulations include, but are not limited to, the recognition and measurement of its assets and liabilities including Technical Provisions and Risk Margin, the calculation of its capital requirement and the reporting and disclosures of the Solvency II results.

Directors' Statement

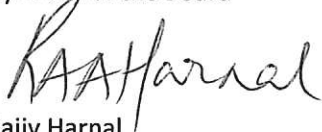
We are satisfied that:

- throughout the financial year in question, the Company has complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable to the insurer; and
- it is reasonable to believe that the Company has continued so to comply subsequently and will continue so to comply in future.

Statement of disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, each of the persons who is a director in office at the date this report is approved, confirms that: (a) so far as each of them is aware, there is no relevant audit information of which the auditors are unaware; and (b) each of them has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

By order of the Board



Rajiv Harnal
Chief Financial Officer
BAR MUTUAL INDEMNITY FUND
05 July 2023

BAR MUTUAL INDEMNITY FUND LIMITED

AUDITORS REPORT

Report of the external independent auditor to the Directors of Bar Mutual Indemnity Fund Limited ('the Company') pursuant to Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook applicable to Solvency II firms.

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

Opinion

Except as stated below, we have audited the following documents prepared by Bar Mutual Indemnity Fund Limited as at 31 March 2023:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of Bar Mutual Indemnity Fund Limited as at 31 March 2023, ('the Narrative Disclosures subject to audit'); and
- Company templates S02.01.02, S17.01.02, S23.01.01, S25.01.21, S28.01.01 ('the Templates subject to audit').

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the 'relevant elements of the Solvency and Financial Condition Report'.

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

- The 'Business and performance', 'System of governance' and 'Risk profile' elements of the Solvency and Financial Condition Report;
- Company templates S05.01.02, S05.02.01, S19.01.21; and
- The written acknowledgement by management of their responsibilities, including for the preparation of the solvency and financial condition report ('the Responsibility Statement').

To the extent that the information subject to audit in the relevant elements of the 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 Solvency and Financial Condition Report of the Company as at 31 March 2023 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.

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AUDITORS REPORT (continued)

Basis for opinion

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

Emphasis of Matter – Basis of Accounting

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

Conclusions relating to going concern

In auditing the relevant elements of the Solvency and Financial Condition Report, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the relevant elements of the Solvency and Financial Condition Report is appropriate.

Our audit procedures to evaluate the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting in the preparation of the Solvency and Financial Condition Report included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Company's ability to continue as a going concern;
- Making enquiries of the Directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Company's future financial performance;
- Reviewing the Company's Own Risk and Solvency Assessment including the financial forecasts for the Company over the next three years based on different assumptions and scenarios. This included testing the appropriateness of these assumptions and scenarios as well as to obtain further understanding around management's risk management process and procedures;

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AUDITORS REPORT (continued)

- Reviewing the forecast Solvency Table for the three year period to 2026 (which formed part of the actuarial claims reserves review), as well as testing the appropriateness of the assumptions behind this forecast. The purpose of this review is primarily to assess management's ability to continue as a going concern by reference to the Company's solvency;
- Evaluating the appropriateness of the key assumptions in their forecasts by reviewing supporting evidence in relation to these key assumptions; and
- Obtaining and reviewing the company's Reserves Committee meeting pack dated June 2023. This was to ensure that any new or suspected significant matters relating to fraud or error, laws and regulations and/or subsequent events are identified and incorporated into our audit work. This meeting pack included the actuarial claims reserves review; a copy of the key performance and risk indicators; and a copy of the Business Risk Assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the Solvency and Financial Condition Report is authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Solvency and Financial Condition Report does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

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AUDITORS REPORT (continued)

Responsibilities of Directors for the Solvency and Financial Condition Report

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

The Directors are also responsible for:

- such internal control as management determines is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error;
- overseeing the Company's financial reporting process; and
- assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and the insurance sector in which it operates, we considered that non-compliance with the permissions and supervisory requirements of the PRA and the FCA might have a material impact on the relevant elements of the Solvency and Financial Condition Report.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considering the risk of acts by the company which were contrary to the applicable laws and regulations, including fraud;

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AUDITORS REPORT (continued)

- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities including the PRA and the FCA;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct impact on the preparation of relevant elements of the Solvency and Financial Condition Report such as the Solvency II regulations.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the relevant elements of the Solvency and Financial Condition Report (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the valuation of gross claims outstanding (specifically IBNER) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing;
- Critically assessing accounting estimates impacting amounts included in the financial statements for evidence of management bias; and
- Identifying any significant transactions outside of the normal course of business. Our approach included reviewing Board minutes and correspondence with the PRA and FCA.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities, including fraud, rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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AUDITORS REPORT (continued)

Report on Other Legal and Regulatory Requirements- Other information

In accordance with Rule 4.1 (3) of the External Audit Chapter of the PRA Rulebook for Solvency II firms we are required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of the Company's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of the audit report

This report, including the opinion, has been prepared for the Directors of the Company to enable them to comply with their obligations under External Audit Rule 2.1 of the Solvency II Firms Sector of the PRA Rulebook and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors for our audit work, for this report, or for the opinions we have formed.



[Sam Porritt \(Jul 7, 2023 11:35 GMT+1\)](#)

Sam Porritt (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU

7 July 2023

BAR MUTUAL INDEMNITY FUND LIMITED

A. BUSINESS AND PERFORMANCE

A.1. BUSINESS

Bar Mutual Indemnity Fund Limited ('the Company') is a company limited by guarantee regulated by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"). The Directors of the Company are responsible for ensuring that the business is operated at all times in accordance with the requirements of the PRA and FCA, as well as discharging their fiduciary and statutory duties. The PRA is located at 20 Moorgate, London, EC2R 6DA, United Kingdom and the FCA at 12 Endeavour Square, London, E20 1JN, United Kingdom.

The Company is incorporated in England as a Company limited by guarantee and not having share capital. In the event of liquidation, the net assets of the Company are to be distributed amongst such Members as per the rules set out in the Articles of Association.

The external auditors of the Company are Mazars LLP situated at 30 Old Bailey, London, EC4M 7AU.

The Company is a mutual insurance company providing professional indemnity insurance to barristers in self-employed practise (and since April 2015 certain entities approved by the Bar Standards Board) in England and Wales (referred to as "Members" in the remainder of this document).

During the year, there has been no business or other unusual or unexpected events that have had a material impact on the Company.

BAR MUTUAL INDEMNITY FUND LIMITED

A.2. UNDERWRITING PERFORMANCE

All of the Company's business is underwritten from the UK. The Company writes only one line of business which is to provide professional indemnity insurance to self-employed barristers and entities authorised by the Bar Standards Board in England and Wales.

For the year ended 31 March 2023, the Company produced an underwriting surplus of £2.078m (2022: surplus of £1.472m) as detailed further in the table below which is a summary of the Company's technical account reported on a UK GAAP basis.

The table below compares the key financial information from the 2023 financial year with the corresponding figures from the 2022 financial year.

	2023	2022
	£'000	£'000
Gross Premium Earned	22,686	18,192
Reinsurance Premium	(5,841)	(5,341)
Net claims incurred	(12,971)	(10,119)
Operating expenses	(1,796)	(1,260)
Surplus /(deficit) on technical account	<u>2,078</u>	<u>1,472</u>

Premium written has increased due to the Board decision to change rates in certain areas of practice coupled with higher declared income from members as well as a reduction in the premium deferral given to members being reduced to 0% (2022: 7.5%) as part of its capital management policy to maintain its regulatory capital within the target range.

Reinsurance premium has increased from last year reflecting the higher levels of written premium. The Company has changed its reinsurance policy so that it now has a defined number of free reinstatements from the 2016 policy year onwards which will give it further protection should claims deteriorate in the future.

Net claims incurred are higher than last year and reflect the general nature of the business with no particular trends developing. The Company is protected against the incidence of claims by reinsurance contracts. In respect of the year ended 31 March 2023 the Company had reinsurance cover relating to claims and settlement costs of £250,000 in excess of £500,000 subject to a £500,000 aggregate deductible, £750,000 in excess of £750,000 subject to a £750,000 aggregate deductible and £1,000,000 in excess of £1,500,000.

Also included are Fees Breakout Cover for each Insured Member with policy limits of indemnity up to and including £2,500,000 purchased through the Reinsurer, £1,500,000 in excess of £3,250,000 ultimate net loss each and every claim, each insured Member.

Operating expenses are higher than last year primarily due to an IT modernisation project to update the Company's IT system.

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A.2. UNDERWRITING PERFORMANCE (continued)

The Directors have set in place formal investment policies and objectives. The objectives of the Investment Policy are the following:

- To maintain sufficient funds to cover its known claim liabilities and its required regulatory capital; and
- To preserve capital in real terms (CPI rate of inflation) over the medium term, the medium term being defined as a period of five years.

The investment return for the year under review was a negative 3.30% (2022: positive 1.8%). The negative return for the period was driven primarily by the market conditions existing at the year-end with increases in equities and alternatives being offset by decreases in its fixed income portfolio.

A.3. INVESTMENT PERFORMANCE

In accordance with the Investment policy, the investment mandate is updated on a regular basis, with a full review taking place every three years.

Invested assets split by asset class as at 31 March 2023:

	2023	2022
	£'000	£'000
Asset class		
Government fixed interest securities	42,904	43,534
Fixed Income Corporate Bonds	13,155	7,924
Equities & Alternatives	14,655	18,866
UCITS	10,732	12,488
Other-cash with financial institutions	152	143
	<u>81,598</u>	<u>82,955</u>

The following table details the Company's investment income by asset class as reported in the Company's UK GAAP financial statements:

	2023	2022
	£'000	£'000
Asset class		
Dividends from equities	872	535
Interest on bonds and government stocks	756	488
Interest on bank deposits	-	-
	<u>1,628</u>	<u>1,023</u>

Expenses related to the management of these investments were £364k for the year (2022: £392k).

The Statement of Income and Movement in Reserves may be seen on page 25 of the Company's Directors' Report and Financial Statements.

A.4. PERFORMANCE OF OTHER ACTIVITIES

The Company has no other activities other than its main insurance activities presented in A2.

A.5. ANY OTHER INFORMATION

There have been no other material matters affecting business and performance.

BAR MUTUAL INDEMNITY FUND LIMITED

B. SYSTEM OF GOVERNANCE

B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

B1.1 Overview

The Board of Directors

All the Directors are Members of the Company other than the Chief Executive Officer and Chief Financial Officer who are employed by Thomas Miller, Managers of the Company.

Ultimate responsibility for the governance of the Company rests with the Board of Directors. The Company's Directors are drawn from practicing barristers within the Membership. The Directors meet three times a year. The Articles and the Rules give the Board of Directors wide powers to manage the affairs of the Company and set out how these powers are to be exercised.

Although the Managers administer the business of the Company on a day-to-day basis, ultimate responsibility remains with the Directors.

The following items come up annually for consideration at Board Meetings:

- Reinsurance for the next policy year;
- Rates charged to Members and the terms of insurance;
- Approval of the Directors' Report and the audited Financial Statements for the previous year;
- Investment policy;
- Approval of Regulatory returns;
- Claims development;
- Reserving;
- Business risk review.

The Managers prepare the items on the Agenda which the Board then considers.

The Articles allow the Directors to delegate any of their powers to Committees, although the Committee must then conform to any conditions put on it by the Directors.

B1.1.1 Committees

The following committees aid the Board in its duties:

The Audit and Risk Committee assists the Board in reviewing the effectiveness of the Company's internal control processes, the Internal Audit reports, approving the year-end statutory audits, monitoring the Managers' responses to findings and recommendations of Internal audit and statutory audit and assessing the business risks of the Company.

The Claims Committee assists the Board in reviewing issues of principle arising in claims-related matters. The Committee also deals with applications for discretionary cover as and when such applications are made. The Committee meets twice during the year and liaises frequently with the Managers throughout the year on claims-related issues.

The Investment Committee assists the Board in reviewing in detail the performance of the Company's investments and making recommendations to the Board in respect of the Investment Policy and other investment related issues.

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B1.1 Overview (continued)

The Management Fee and Oversight Committee assists the Board in reviewing the effectiveness of the Manager's and reporting to the board on the Managers' management fee proposals.

The Nominations Committee assists the Board in complying with the Company's and its Committees' Fit and Proper Policy. It also assists the Board on the policy it should adopt for the appointment of Directors and in identifying suitable potential candidates for appointment as Directors for the Board to consider.

The Reserves Committee assists the Board in reviewing in detail the Company's claims reserves policy and regulatory capital position and to provide a clear channel of communication between the Managers' actuaries and the Board.

The Rating and Reinsurance Committee assists the Board in reviewing in detail the rating system of the Company and making annual recommendations to the Board in respect of the ratings to be applied to the next policy year. The Committee also reviews the Company reinsurance programme.

The Rules and Cover Committee reviews the terms on which insurance cover is provided by the Company.

The Legal Services Act Committee assists the Board in considering the implications of the Bar Standards Board's decision to allow barristers in private practice to conduct their practice via partnerships, limited liability partnerships and limited companies on the business of Bar Mutual.

It also works with the Rules and Cover Committee to draft for the Board's consideration any amendments to the Company Rules and Terms of Cover that its recommendations (or the Board's acceptance of those recommendations) may require.

B1.1.2 Key functions

The Managers

The Company has no employees and as such the Board relies on the Managers for the day-to-day management duties of the Company. The functions and responsibilities of the Managers' are set out in the Management Agreement between the Managers and the Company.

The Board may delegate a wide range of powers, duties and discretions to the Managers on such terms as it sees fit. The Managers are entitled to attend meetings of the Directors and of committees of the Directors and General meetings of the Company unless the Directors otherwise require.

BAR MUTUAL INDEMNITY FUND LIMITED

B1.1.2 Key functions (continued)

The Investment Managers

Investment of the Company's funds is conducted by the Investment Managers in accordance with the Board's Investment Policy and is subject to internal compliance procedures.

The functions and responsibilities of the Investment Managers are set out in the Management Agreement between the Investment Managers and the Company.

Governance Map

The Company maintains a governance map that details the key Senior Insurance Manager Functions and Key Functions. The following functions are maintained through the governance map with a prescribed set of responsibilities:

- Chairman (Board)
- Chairman (Audit & Risk Committee)
- Chief Executive Officer (Managers)
- Chief Financial Officer (Managers)
- Chief Risk Officer (Managers)
- Head of Internal Audit (Managers)
- Chief Actuary (Managers)
- Chief Underwriting Officer (Managers)
- Claims Function (Managers)
- Investment Manager (Managers)
- Compliance Officer (Managers)

B.1.2. Remuneration

Directors receive no annual or attendance fee.

The Company has no internal executive function and its management is wholly performed by companies within the Thomas Miller Holdings Ltd group of companies. The Managers are responsible for recruitment in line with the Thomas Miller Group Recruitment Policy and performance management, ensuring that all staff have and maintain the relevant skills, knowledge and expertise necessary to perform their roles and responsibilities.

The Company pays the Managers a fixed fee for the management of Bar Mutual Indemnity Fund.

B.1.3. Related party transactions

The Company has no share capital and is controlled by the Members who are also the insureds. There have been no related party transactions between the Company and its members outside the normal course of business.

All the Directors are Members of the Company other than the Chief Executive Officer and Chief Financial officer who are employed by Thomas Miller, Managers of Bar Mutual Management Company. Other than their own insurance the Directors have no financial interests in the Company, other than where Directors may have been instructed to act for a barrister in a case funded by the Company. The Member Directors received no remuneration for their services to the Company.

BAR MUTUAL INDEMNITY FUND LIMITED

B.1.3. Related party transactions (continued)

There has been one related party transaction during the year. The Company paid Charles Dougherty KC a total of £77,377.50 to defend a claim made against its Member.

B.1.4. Adequacy of the system of governance

The Directors consider the system to be adequate given the nature scale and complexity of the risks inherent to the Company. There have been no material changes in the Company's system of governance during the reporting period.

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B.2. FIT AND PROPER REQUIREMENTS

The Company has in place a Fit & Proper Policy that sets out its approach to the fitness and propriety of the persons responsible for running the Company, including executive senior management and key function holders.

All persons within the scope of the Company's Fit and Proper policy must have the professional qualifications, knowledge and experience and demonstrate the sound judgement necessary to discharge their areas of responsibility competently, both at the time of their appointment or employment and on a continuous basis to meet the changing or increasing requirements of their particular responsibilities and the business in general.

They must be of good repute and demonstrate in their personal behaviour and business conduct character, integrity and honesty. As part of the assessment consideration will be given to potential conflicts of interest and financial soundness. The level of fitness must be appropriate and proportionate to each person's role, tasks and responsibilities.

The Board must be composed in a way to ensure that its members collectively possess sufficient knowledge, competence and experience to direct and oversee the Company's affairs effectively.

The Managers maintain role specifications for all executive roles that are within the scope of the Fit and Proper policy which detail the key competencies and duties for each position. All persons to whom the policy applies are required to have the appropriate and designated competencies for their positions.

Fit and proper assessments are carried out by the Chairman, the Company Manager or the Compliance Officer. No person is permitted to undertake their own assessment.

B.3. RISK MANAGEMENT SYSTEM

The Company's Risk Management System

The Company uses a Risk Management Framework to design an effective risk management system with an integrated approach to risk management and the application of the three lines of defence:

- 1st line of defence: business units, process and risk owners
- 2nd line of defence: risk management and compliance functions
- 3rd line of defence: internal audit.

The risk management system includes:

- a clearly defined and well-documented risk management strategy;
- adequate written policies;
- appropriate processes and procedures;
- appropriate reporting procedures;
- reports on the material risks faced by the Company and on the effectiveness of the risk management system;
- a suitable Own Risk and Solvency Assessment (ORSA);
- underwriting and reserving risk;
- market risk (including investment, asset-liability management, liquidity and concentration risks);
- reinsurance and other risk mitigation techniques;
- credit risk; and
- operational risk.

BAR MUTUAL INDEMNITY FUND LIMITED

B.3. RISK MANAGEMENT SYSTEM (continued)

The risk management system not only covers the risks included in the calculation of the Solvency Capital Requirement but also other risks to which the Company is exposed and which are considered to be materially relevant to its business.

The risk management system also has a coherent focus on data and IT infrastructure governance and appropriate policies and standards to outline the framework within which responsibilities will be exercised. It is supported by a robust internal control system and is designed to identify measure, manage, monitor and report significant risks to the achievement of our business objectives. The core elements of the risk management framework are as follows:

Risk Management Strategy

The objectives of the Company's risk management strategy are to identify measure, monitor, manage, and report in a consistent, continuous and timely fashion, on the basis of the Company's risk appetite as set by the Board.

The Risk Management Framework helps both support and relay the Company's business plan strategy throughout the organisation by ensuring that those factors that may advance or impede the achievement of strategic and operational objectives are managed by strong controls. The risks to which the Company is exposed are recorded in the Business Risk Assessment.

Forecasts and long-term projections of how the business needs to develop and which internal and/or external factors might affect or impede such development are considered when carrying out business strategy reviews. Risk related to initiatives and objectives adopted in the business plan are added to the Business Risk Assessment.

Implementation of the Risk Management Strategy: Risk Policies and Procedures

The Company's strategy is specified in more detail through its policies and business plan which underpin its day-to-day business. Policies have been developed for all material risks to which the Company is exposed. They define the Company's approach to risk management overall and more specifically the risk for which the policy has been written. The policies establish the controls, procedures, limits and escalation to ensure that the risks are managed in line with risk appetite. Specific procedures, where appropriate, have been developed to provide full understanding of the means by which the first and second lines of defence will implement the strategy. Policies are reviewed on an annual basis. Policies and related procedures are stored on the Managers' Electronic Quality Management System and are accessible to the Company's Managers and all staff in the Company's three lines of defence structure.

The policies also include appropriate reporting procedures to ensure that information relating to the component elements of the risk management is routinely reported to the Audit & Risk Committee and to the Board.

BAR MUTUAL INDEMNITY FUND LIMITED

B.3. RISK MANAGEMENT SYSTEM (continued)

Risk Appetite

The Company's Risk Appetite is articulated in the risk appetite statement, which is a document owned by the Board and reviewed on a regular basis as new risks emerge, or at least annually. The Company's business strategy is aligned to the Business Plan and focuses on the following areas:

- To meet the needs of its Members, namely self-employed barristers in England and Wales and certain Bar Standards Board ("BSB") regulated entities ("Entities") (together referred to as "Members" in this Business Plan) for primary layer professional indemnity insurance to a limit of £2.5 million.
- To maintain financial strength by holding lower capital resources that exceed the regulatory capital requirement by an amount that is at least equal to the monetary equivalent of a 1 in 20 year event, and a upper buffer that is the monetary equivalent of a 1 in 20 year event above the lower level.
- To aim to achieve investment returns over a three to five year period that is at least equal to the rate of inflation (measured against CPI) without taking undue risks with the Company's capital.
- To provide cover to members for a premium that is fair and reasonable.

The Board determines the appropriate risk appetite and sets the Company's risk strategy. It has developed high-level risk appetites that are used by the Board to monitor the implementation of the risk strategy. More detailed operational preferences and tolerances are used by the Managers to implement the risk strategy. These are reported to the Board as part of the Company's Own Risk & Solvency Assessment (ORSA) and in Risk Reports as and when tolerances are breached.

The Board bears ultimate responsibility for the management of risk and for maintaining a sound system of internal control that supports the achievement of the business strategy, policies, aims and objectives of the Company. The Audit & Risk Committee supports the Board by providing oversight of the Risk Management Function.

Business Risk Assessment: Measurement and Management

Risks to the business that could inhibit the Company achieving its business plan objectives are described in the Business Risk Assessment, together with the consequences should the risk materialise. The risks are categorised into categories (see below) and assessed and monitored on an ongoing basis.

Emerging Risk Log

As explained under "Risk Reporting Procedures", Risk Owners are required to consider a template of questions as part of a regular process of reporting. Included in the questions posed to Risk Owners is whether they have identified potential emerging risks during the reporting period. These are then discussed at a Manager's Management Committee meeting (which meets quarterly) and included in the Business Risk Assessment which is reviewed at least annually by the Audit & Risk Committee.

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B.3. RISK MANAGEMENT SYSTEM (continued)

Risk Categories

The Business Risk Assessment includes the following categories of risk:

- Underwriting
- Claims
- Strategic
- Reserving
- Counterparty / Credit Risk
- Emerging
- Market (including Investment, Asset-Liability Management, Liquidity and Concentration risks)
- Operational (to include)
 - Operational Controls
 - Financial
 - Information Technology
 - Compliance / Regulatory / Legal

Risk Rating

A rating for each risk is determined by assessing its likelihood (being the likely probability of an occurrence) and impact being a financial assessment of the significance of the event if it occurs, which includes reputational, legal/regulatory and other measures. Each is presented as a value between 1 and 5 (1 being low and 5 being high) in line with a likelihood/impact matrix with financial impact levels. Risks are defined as Red, Amber, Yellow or Green according to a heat map to assist the Board with the prioritisation of the management of risks and demonstrate the importance of the mitigation or controls in place.

The assessment of each risk is on the basis of Inherent Risk and Residual Risk (i.e. the risk that remains after taking into account the strength of current risk management procedures that are in place).

All risks on the Business Risk Assessment are re-assessed on an ongoing basis and at least annually by the Managers and by the Audit & Risk Committee. The Managers, in collaboration with the Risk Officer consider the Business Risk Assessment in the light of changes to the business plan.

BAR MUTUAL INDEMNITY FUND LIMITED

B.3. RISK MANAGEMENT SYSTEM (continued)

The Managers and Risk Owners

Each risk on the Business Risk Assessment has a Risk Owner whose responsibilities are:

- To identify and evaluate the risks faced by the Company in the area for which the Risk Owner is responsible, providing adequate information on the status of risks (including substantive changes to or deterioration of existing risks and new or emerging risks and loss/near miss events).
- To implement and uphold policies and procedures on risk management and internal control on a continuous basis.
- To maintain continuous oversight of the status of risks and controls and initiate improvements in design and operation of controls where required.
- To consider the level of risk presented by any proposed initiative in furtherance of business plan objectives.
- To submit risk-based reports to meetings of the Managers.
- To review the Business Risk Assessment and draw up recommendations for additions, deletions and amendments.
- To assess the likelihood of the risk occurring and its impact and recommend changes, as appropriate.
- To consider the effectiveness of the controls.

Key risks from Business Risk Assessment

A list of key risks has been compiled by the Company's Board and senior management of the Company based on their experience and expert judgement in running the business. This list provides a high-level overview of the principal risks faced by the business which, individually or in combination, may have a significant, substantial or catastrophic impact on the Company.

Own Risk and Solvency Assessment ("ORSA")

Every year, and on an ad hoc basis if circumstances materially change, the Company prepares an ORSA overview report. The ORSA is the process used by the Company to manage its financial and solvency position over the period of its Business Plan and the ORSA overview report is the culmination of this process into a report reviewed by the Board. As such, it is an intrinsic part of the Company's Business Planning Process.

The key elements of the ORSA process are:

- An analysis of the Company's recent performance
- Assessment of the Company's risk profile
- Consideration of business planning and stress scenarios

The Audit & Risk Committee reviews the ORSA and recommends it for approval and use by the Board.

BAR MUTUAL INDEMNITY FUND LIMITED

B.3. RISK MANAGEMENT SYSTEM (continued)

Own Risk and Solvency Assessment (“ORSA”) (continued)

The Board reviews the ORSA and considers appropriate action for the Company such as:

- Capital related decisions
- General Increase considerations
- Reassessment of risk profile and risk appetite
- Additional risk mitigating actions

The Assessments to date indicate that the Company is adequately capitalised.

Risk Controls

The Company’s Risk Management Framework has been developed to manage risks across the business, using internal control policies, procedures and processes to control risks.

Whereas ultimate control for each risk rests with the Board, day-to-day control is exercised by the Risk Owners unless otherwise stated, as set out in the Business Risk Assessment.

Controls may:

- **Prevent:** controls that reduce the likelihood of the risk occurring. Examples are separation of duties, mandated authorisation or automated processes.
- **Detect:** controls that monitor or identify the risk. Examples are reports or reviews/audits or analyses.
- **Mitigate:** controls that reduce the impact of the risk. Examples are contingency plans and all the contents of the Electronic Quality Management System (EQMS).

Controls may be proactive or reactive. Those that are proactive should reflect the business plan objectives and seek not only to reduce the negative impact of risk but also increase the positive potential in risk opportunity.

The nature of the controls implemented and the level of control exercised are based on the assessment of likelihood of the risk occurring and its impact; the Company’s risk appetite; and the cost of implementing controls relative to the significance of the risk.

The Risk Management Framework encompasses a number of elements that together facilitate an effective and efficient operation, enabling the Company to respond to a variety of risks. These elements include:

- **Business planning and budgeting**
The annual business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly.
- **Risk based decision making**
The Company embeds risk management thinking into all major decisions. Financial and non-financial risks are identified as well as ways of managing them down to levels within the Company’s risk appetite.

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B.3. RISK MANAGEMENT SYSTEM (continued)

Risk Controls (continued)

- **Policies and procedures**

A series of policies underpin the internal control process in relation to risks. The Internal Control Framework document sets out the Company's underlying approach to internal control. The Company's Board sets the policies. EQMS procedures support the policies where appropriate.
- **Early warning mechanisms**

Early warning mechanisms are risk indicators that alert Risk Owners before a risk crystallises so that proactive action can be taken to manage the potential hazard.

 - **Key risk indicators:** Where possible, key risk indicators are generated. Key risk indicators, together with key performance indicators, provide information/reports/financial indicators that are reviewed by the Risk Owners to monitor the risk, give advance warning of a possible increased risk, and form part of the management reporting structure.
 - **External data:** Risk Owners review external sources of information, including from or concerning the Company's client marketplace, competitor information, insurance market and rating agencies.

Together these factors are also taken into account in the process of identifying and assessing new and emerging risks.

- **Contingency plans**

The need for contingency plans is considered as part of the assessment of emerging risks and subsequently reviewed as part of the annual risk management review process.
- **Internal audit programme**

The internal audit plan is developed around the Company's objectives on an annual basis, using the Company's assessment of risks as recorded in the Business Risk Assessment. The planning for the internal audit programme takes into account the assessment by the Risk Officer of the design and operational effectiveness of the risk management process including controls. The work programme considers those controls in place to deal with operational and regulatory risks.
- **Statutory audit**

Statutory (external) audit provides an opinion on whether the financial statements give a true and fair view of the state of the Company's affairs at the year-end and of its profit or loss for the year just ended.
- **Third party reports**

From time to time, the use of external consultants may be appropriate in areas such as health and safety or human resources. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

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B.3. RISK MANAGEMENT SYSTEM (continued)

Risk Controls (continued)

- **Risk-based reporting**

Risk-based reporting has been established throughout the business to maintain an aggregated view of the risk profile of the business, including identifying emerging risks and loss/near miss events. This ensures that business planning, decision making and operational processes are informed and responsive to change.

Material changes to existing risks, emerging or internal control failings or weaknesses which require immediate action are the subject of interim reporting and consideration at the appropriate forum, with remedial action implemented with immediate effect.

Risk Reporting Procedures

Risk Owners are required to provide on at least a six-monthly basis, reports on the risks for which they are responsible, based on a template of questions compiled by the Risk Officer. Any amendments to the Business Risk Assessment proposed by Risk Owners, such as changes to controls or risk descriptions or potential amendments to the ratings form the basis of an annual Risk Report to the Audit & Risk Committee which may then be escalated to the Board.

Risk Owners also identify operational risk loss or near miss events which are reviewed by the Managers Management Committee and then recorded on the Company's operational risk database with remedial actions identified for which a completion date is set. The financial consequences of loss events (including regulatory breaches) are also identified and also whether the circumstances surrounding those events might give rise to a claim on the Managers' E&O policy.

The professional indemnity insurance for the Thomas Miller group of companies is purchased from Windsor Insurance Company Ltd, a wholly-owned subsidiary of Thomas Miller Holdings. The limit of indemnity is £45m with a deductible of £10,000. Claims are dealt with in the Thomas Miller office in the Isle of Man.

The ORSA overview reports are provided to the Board annually or more frequently, as appropriate, giving information on the Company's recent performance and its risk profile whilst also providing consideration of business planning and scenario testing.

The various aspects of the Risk Management System have been described above. The Risk Management Function is fulfilled by the Company's Risk Officer who oversees risk management; provides independent challenge; and has direct access to the Chairman of the Audit & Risk Committee. The Risk Management Function maintains an organisation-wide and aggregated view of the risk profile of the Company, including monitoring risk tolerances against appetite, and advising on how risks might impact the business singly and in combination. Much of this work is done through stress testing and scenario analysis for the ORSA process in collaboration with the Actuarial Function. Responsibilities of the Risk Management Function are contained in the Company's Risk Management Framework.

B.3. RISK MANAGEMENT SYSTEM (continued)

The integration of risk management processes with business activities is performed through the requirement for business function heads who are also risk owners on the Business Risk Assessment to focus on risk management on an ongoing basis whilst ensuring that the risks for which they are responsible remain within risk tolerance. This demonstrates the proactive application of risk management techniques to support the business processes and decision-making for which they are also responsible in their day-to-day insurance business activities.

In addition, there is a strong foundation of risk information available as described earlier in this section relating to, for example, the Business Risk Assessment, the risk matrix, the risk appetite statements and preferences and tolerances.

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B.4. INTERNAL CONTROL SYSTEM

Internal control is defined as a continually operating process effected by the Company's Board, the Managers all staff and systems and designed to support the Company in achieving its business plan objectives through efficient and effective operations and to protect its resources.

Each Risk Owner, as named in the Business Risk Assessment, is responsible for the application of the Internal Control Framework and the design, development, implementation, documentation and maintenance of effective internal control processes in their area and reporting thereon.

Control activities

Control activities are the actions taken or systems put in place to address business risks, protect assets and ensure that all material control failures and issues are identified and managed. The control activities are embedded into plans, policies, procedures, systems and business processes. Their effectiveness relies on the level of compliance by management and staff.

The nature of the controls implemented and the level of control exercised are based on the assessment of frequency and impact of the risk, the Company's risk appetite and the cost of implementing controls relative to the significance of the risk.

The following controls enforce the above:

- Policies and procedures
- Management information
- System embedded controls
- Premises and System security
- Segregation of duties
- Information processing
- Recruitment, performance management and training
- Contingency plans

The Internal Control Framework as a whole and internal control processes individually are monitored on an ongoing basis through the following mechanisms:

- Performance indicators
- External data
- Analyses and reconciliations
- Regulatory compliance monitoring audits
- Internal audits
- Procedure monitoring audits

Compliance function

The Company takes a risk-based approach to regulatory compliance, focussing on preventing breaches to regulatory principles and other rules and informing the relevant regulators of any that are material, or must be reported to regulators on a mandatory basis.

In all cases of a regulatory breach, the Compliance Function investigates the cause and effect of breach and recommends remedies to the Managers' Management Committee for approval.

The Board bears ultimately responsibility for Regulatory Compliance.

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Compliance function (continued)

The Compliance Function advises on and promotes compliance with applicable laws, regulatory requirements and administrative provisions and coordinates and monitors implementation of policies, processes and procedures to achieve compliance across the business, and manages regulatory compliance risk.

The Compliance Officer monitors regulatory developments for impacts on the Company. Any amended or new regulations that have a material impact on the Company are recorded in a Regulatory Compliance Manual. Monitoring consists of checks to ensure that required actions are being/have been taken and that policies, processes and procedures are being complied with. The results are logged, reported on to stakeholders and remedial action agreed and implemented as appropriate.

Breaches and associated remedial action are posted to the Risk Events Database. The Compliance Function will alert any regulatory breach, including, where applicable, the cause, effect and recommended remedial action, to the Managers Management Committee, which will approve the remedial action.

Material breaches and breaches that must be reported to regulators on a mandatory basis will be reported to the Board. Regulatory returns are logged on a diary-based Regulatory Database to facilitate their monitoring, reporting and timely completion. The Compliance Function advises the Managers and the Board on how to be and remain compliant as well as to anticipate and plan for changes in regulations.

The Compliance function continues on an ongoing basis to improve policies, processes and procedures, develop Regulatory Compliance management information and identify areas for improvement.

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B.5. INTERNAL AUDIT FUNCTION

Internal Audit is the “third line of defence” in the company’s internal control framework, established to provide independent assurance that the systems of internal control established by management (“first line”) and the monitoring and oversight provided by the Risk Management and Compliance Functions (“second line”) are fit for purpose and operating effectively.

The objectives of the Internal Audit Function are to provide independent assurance that business risks are identified and are being appropriately managed and controlled by effective systems of internal control.

The Internal Audit function of the Company is provided by the Managers who employ an independent Head of Internal Audit (“HIA”) who in turn reports functionally to the Audit & Risk Committee (“ARC”) via its Chairman, and administratively to the Chief Executive Officer (“CEO”) of TMH (“the Managers”). The HIA may engage third parties to conduct some Audits under his/her management if it is felt that specific technical skills are required or where insufficient general audit resource is available.

Independence

The Internal Audit Function is independent from the organisational activities audited and free to exercise its assignments without impairment and on its own initiative in all areas. It is not authorised to carry out any operational work on behalf of any area of any business.

Development of Audit plans

The annual risk-based Internal Audit Plan is developed by the Internal Audit Function and is subject to annual review and approval by the ARC. The Plan is designed to provide for all significant auditable activities of the business, based on a number of factors which includes, but are not limited to; (i) the results of the Internal Audit risk assessment; (ii) the last time the area of activity was last audited, and (iii) current or past issues identified in the area of activity.

Engagement Planning

The Internal Audit Function prepares an Audit Planning Memorandum (“APM”) for each audit, which describes the scope of the Audit and the key risks to be addressed. Where needed, a formal opening meeting is held, at which the appointed audit team meets relevant line management to discuss the planned audit and agree the scope of work.

The finalised APM is sent to relevant line management and copied to appropriate business executives who have an interest in the outcome of the Audit.

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B.5. INTERNAL AUDIT FUNCTION (continued)

Execution

The audit team is responsible for conducting the fieldwork including performing whatever control evaluation, substantive and compliance testing is deemed necessary. The Internal Auditor leading the assignment discusses any findings as they arise with appropriate management to ensure the factual accuracy of the points being raised and so that any misunderstandings or queries are dealt with as soon as possible.

An 'end of fieldwork' meeting is held to confirm the factual accuracy of any apparent control weaknesses identified during the course of the fieldwork and the recommended remedial action is discussed at this meeting.

Reporting

An Internal Audit report is produced following completion of every Audit engagement. Each report includes details of identified deficiencies, as well as Management's agreed actions to resolve. The agreed actions also include the names of the action owners and the agreed target date for remediation.

All Internal Audit reports are given an overall control rating, which is based on the severity of individual and / or aggregated control deficiencies identified. The overall control ratings are as follows;

Effective
Effective with minor limitations
Requires significant Improvement
Not Effective

The method of determining overall control rating for Audit reports and for individual control weaknesses is described in the TMIA Policies and Procedures.

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B.6. ACTUARIAL FUNCTION

The Company's Board is ultimately responsible for ensuring an effective Actuarial Function. This function is performed by the Thomas Miller Actuarial Team, led by its Chief Actuary.

The Actuarial Function is independent of the Company's management team and is therefore able to undertake its duties in an objective, fair and independent manner. However, for operational purposes, the Actuarial Function is integrated into the Company's internal control system through its interactions with the management team and attendance at meetings of the Board and Board committees.

The Actuarial Function undertakes all responsibilities as required by Solvency II, including:

- coordinating and overseeing the calculation of Solvency II technical provisions;
- ensuring the appropriateness of the methodologies and underlying models used, as well as the assumptions made in the calculation of technical provisions;
- informing the Board of the reliability and adequacy of the calculation of technical provisions;
- expressing an opinion on the overall underwriting policy;
- expressing an opinion on the adequacy of reinsurance arrangements; and
- contributing to the effective implementation of the risk management system including capital requirements and the ORSA process.

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B.7. OUTSOURCING

The Company has in place an outsourcing policy which is directed at services or activities which are particularly important or critical to the Company's business (material business activities).

Material business activities include the key functions of the Company's system of governance, i.e. Risk Management, Compliance, Actuarial and Internal Audit, and all functions or activities that are fundamental to enable it to carry out its core business, including underwriting, claims handling and investments.

A material business activity is one that has the potential, if disrupted, to have a significant impact on the Company's business operations or its ability to manage risks effectively.

Management outsourcing

The Company has no internal executive function and its management is wholly outsourced under a management agreement to Thomas Miller Professional Indemnity Limited (the "Managers"), which is a wholly owned subsidiary of Thomas Miller.

In order to comply with its regulatory obligations, the Board has developed monitoring and reporting procedures. The risk control and reporting procedures to be followed by the Managers form part of their obligations under the management agreement.

Investment management outsourcing

Management of the Company's investments is outsourced to Thomas Miller Investment Limited, part of the Thomas Miller group of companies, under an investment management agreement.

The performance of the investment managers is reviewed by the Investment Committee at each of its meetings and the Board receives a report from the Investment Committee at every Board meeting.

Oversight

The Board bears ultimate responsibility for outsourced functions, services, or activities and related governance. The Board is supported by the Management Fee and Oversight Committee, the Audit & Risk Committee and the Managers Management Committee which monitors the activities of the Company, including outsourcing.

B.8. ANY OTHER INFORMATION

The Company considers that there is no other material information to be disclosed.

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C. RISK PROFILE

The key areas of risk affecting the Company can be classified as follows:

- Underwriting Risk
- Market Risk
- Credit Risk
- Liquidity Risk
- Operational Risk

The Company has set out a number of risk appetite statements, which guide the implementation of its business plan.

The following sections consider each of the Company's risk categories. The key risks are Underwriting Risk and Market Risk.

C.1. UNDERWRITING RISK

The Company's main objective is to provide primary layer professional indemnity insurance for self-employed barristers in England and Wales, and all persons regulated by the Bar Standard Board ("BSB"), although, currently, in the absence of a regulatory requirement that all BSB approved entities must insure with the Company, it is only prepared to consider the provision of insurance to single person entities on a year by year basis and to multi person entities on a case by case basis. The Company aims to meet its main objective by providing cover to its insureds at fair and reasonable rates with an outstanding claims handling service.

Underwriting Risk is the risk that the Company's net insurance obligations (i.e. claims less premiums) are different to expectations. The Company considers the risk of existing obligations (Reserve Risk) separately to the risk of future obligations (Premium Risk). The Company uses reinsurance to manage its Underwriting Risk. However, the Company is exposed to the risk that the reinsurers do not pay the claims. This risk is covered under Credit Risk.

Reserve Risk is managed by the Company's Reserving Policy. The Company has a low tolerance for adverse developments in its claims reserves. This is reflected in the claims reserves for statutory accounting purposes. Although the Company is a small entity, there is sufficient volume of data to apply traditional actuarial and statistical methods to project future claims outcomes.

Premium Risk is managed by the Company's Underwriting Policy, which establishes underwriting practices in order to meet business needs and satisfy regulatory control. This is supplemented with business planning and forecasting exercises undertaken as part of the Company's ORSA process.

Risk Mitigation

Underwriting Risk is mitigated by the Company reinsurance programme. The Company has reinsurance cover relating to claims and settlement costs of £250,000 in excess of £500,000 subject to a £500,000 aggregate deductible, £750,000 in excess of £750,000 subject to a £750,000 aggregate deductible and £1,000,000 in excess of £1,500,000. It also has five reinstatements free of additional reinstatement premium. Fees Breakout Cover is included with policy limits of indemnity up to and including £2,500,000 purchased through the Reinsured, £1,500,000 in excess of £3,250,000 ultimate net loss each and every claim, each insured Member.

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C.2. MARKET RISK

Market Risk arises through fluctuations in equity values, interest rates and corporate bond spreads. Such movements will affect not only the Company's investments, but also the value of other assets and liabilities such as claims payments and reinsurance recoveries.

The Company has an Investment Policy in place to manage exposure to its investments, and this is monitored by regular reports from the Investment Managers. Further discussion of this arrangement is provided below under the "prudent person principle".

The following table sets out a breakdown of the Company's assets as reported in the Company's annual financial statements as at 31 March 2023:

	£'000
Fixed interest-Government	42,904
Fixed interest-Corporate	13,155
Equities & Alternatives	14,655
UCITS	10,732
Other-cash with financial institutions	152
Reinsurers' share of gross technical provisions - Claims outstanding	15,781
Debtors arising out of reinsurance operations	1,220
Cash at bank	10,815
Other	2,302
	<u>111,716</u>

The Company's Market Risk is dominated by Equity Risk. This is due to the Company investing 18% of its assets in equities and alternative investments.

The Company's Investment Strategy also allows investment in government and corporate bonds, exposing it to interest rate and spread movements. However, this risk is significantly smaller than that presented by the Company's equity exposure.

Given that the Company's assets and liabilities are all in Pound Sterling, or hedged into sterling, it is not materially exposed to Currency Risk.

The prudent person principle

Under the Company's Investment Policy, all of the Company's investments are invested and managed in accordance with the 'prudent person principle', meaning that duties of the Investment Managers are discharged with the care, skill, prudence and diligence that a prudent person acting in a like capacity would use in the conduct of an enterprise of like character and aims. More specifically:

- invested in assets and instruments whose risk can properly be identified, measured, monitored, managed, controlled and reported;
- to ensure the security, quality and liquidity of the portfolio as a whole;
- appropriate to the nature and duration of the Company's insurance liabilities;
- derivative instruments are possible if they contribute to a reduction of risks or efficient portfolio management;
- unlisted investments and assets are kept to prudent levels; and

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C.2. MARKET RISK (continued)

The prudent person principle (continued)

- properly diversified to avoid excessive reliance on any asset, issuer or group, or geographical area.

The Company's funds are invested by the Investment Managers in accordance with parameters set by an Investment Strategy. The Investment Strategy provides a framework to the Investment Managers for the management and stewardship of the Company's investment assets in conformity with the business and investment objectives and sets the parameters within which the Company's assets may be invested. It is considered and approved by the Board on an annual basis and ad hoc as required and is subject to the Company's Investment Policy.

C.3. CREDIT RISK

Credit Risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations.

The following table illustrates aggregate credit risk exposure for financial assets as reported in the Company's annual financial statements. The credit rating bands are provided by independent ratings agencies:

As at 31 March 2023	AAA/AA	A	BBB or less or not rated	Total
	£'000	£'000	£'000	£'000
Fixed interest-Government	42,904	-	-	42,904
Fixed interest-Corporate	13,155	-	-	13,155
Equities & Alternatives	-	-	14,655	14,655
UCITS	10,732	-	-	10,732
Other-cash with financial institutions	152	-	-	152
Reinsurers' share of gross technical provisions - Claims outstanding	-	15,781	-	15,781
Debtors arising out of reinsurance operations	-	1,220	-	1,220
Cash at bank	-	10,815	-	10,815
Other	327	-	1,103	1,430
	67,270	27,816	15,758	110,844

As the Company's claims tend to be small, typically the Company is not exposed to significant reinsurance Counterparty Default Risk. However, if a large claim was to arise, the Company could have a significant reinsurance default exposure. The Company's objective is to reduce Credit Risk through risk management techniques, which are discussed below:

- The reinsurance contract is reviewed annually before renewal.
- Exposure to reinsurance counterparties is mitigated by the Company only placing reinsurances with counterparties which are rated 'A' or better.
- The Company limits any single placement to no more than 25% of the total cover.
- The Company's exposure to default risk is evaluated as part of the ORSA process.

BAR MUTUAL INDEMNITY FUND LIMITED

C.3. CREDIT RISK (continued)

Exposure to debtors is mainly in respect of calls and premium contributions. This is spread over a number of Members and counterparties, which mitigates the risk.

Exposure to bank balances is more concentrated, with two main counterparties. This risk is mitigated by placing funds surplus to normal operational requirements in money market funds and other investments.

C.4. LIQUIDITY RISK

Liquidity Risk is the risk that the Company is unable to make payments as they become due. This is managed by the use of liquid investments and minimum cash holdings required by the Company's Investment Strategy.

The following table provides a maturity analysis of the Company's financial assets representing the date that a contract will mature, amounts are due for payment or the asset could be realised without significant additional cost as reported in the Company's annual financial statements:

As at 31 March 2023	Short term assets £'000	After 1 year £'000	2-5 years £'000	Total £'000
Fixed interest-Government	-	16,284	26,620	42,904
Fixed interest-Corporate	-	-	13,155	13,155
Equities & Alternatives	14,655	-	-	14,655
UCITS	10,732	-	-	10,732
Other-cash with financial institutions	152	-	-	152
Debtors arising from reinsurance contracts	5,790	4,191	5,800	15,781
Debtors arising out of reinsurance operations	1,220	-	-	1,220
Cash at bank	10,815	-	-	10,815
Other	2,302	-	-	2,302
	45,666	20,475	45,575	111,716

Reliance on expected future profit

As the Company is a mutual insurer, it does not aim to make "profit" from its activities. However, surpluses or deficits may arise in the course of its operations due to actual experience being different to expectations.

Given the holding in liquid assets, the Company does not rely on expected future surpluses to ensure its liquidity.

The Company's Solvency II balance sheet as at 31 March 2023 recognises expected future premium of £2.4 million from Members in its technical provisions in respect of outstanding premium income for the 2023/24 policy year. Comparing this to the corresponding expected claims outcome and associated expenses, this premium is expected to produce a surplus of £0.8 million. However, it should be noted that the Solvency II balance sheet does not reflect all future cash flows and the expected surplus (if any) over the year arising from this premium would be lower than this.

BAR MUTUAL INDEMNITY FUND LIMITED

C.5. OPERATIONAL RISK

Operational Risk relates to the failure of internal processes, systems or controls due to human or other error.

In order to mitigate such risks the Company has engaged Thomas Miller Limited as Managers to document all key processes and controls. This documentation is embedded into the organisation and available to all staff. Compliance with the procedures and controls is audited on a regular basis through the Internal Audit Function, which is directed and reviewed by the Board.

The Company is also protected against operational losses by the Thomas Miller Managers' E&O cover.

C.6. OTHER MATERIAL RISKS

The Company has not identified any other material risk that it considers necessary for disclosure.

C.7. STRESS AND SCENARIO TESTING

Stress and Scenario Testing

The Company carries out stress and scenario testing as part of its risk management and ORSA process.

The base case financial plan forecast for the next 3 years is used as the starting point for scenario testing. The impacts of adverse scenarios are then evaluated. The results of these evaluated as at 31 March 2023 are summarised below:

- Extreme policy year
 - Attritional claims under £100k of £3.48m.
 - Attritional claims between £100k and £250k of £3.08m.
 - Attritional claims between £250k and £500k of £3.01m.
 - Large claims over £500k of £4.75m.
 - This results in a net loss of £14.3m for the 2023/24 policy year compared with the current financial plan forecast of £11.7m.
 - This results in the Company's forecast total Tier 1 and Tier 2 capital falling from £54.0 million in 2026 to £51.3 million.
- Extreme claims reserve deterioration
 - Net claims reserve deterioration of £1.7 million.
 - This results in the Company's forecast total Tier 1 and Tier 2 capital falling from £54.0 million in 2026 to £52.3 million.
- Repeat of large historical losses
 - Three large historical claims reoccurring at the present time, allowing for inflation. This gives losses of £2.2 million, £2.4 million and £3.3 million.
 - This results in the Company's forecast total Tier 1 and Tier 2 capital falling from £54.0 million in 2026 to £51.1 million.

BAR MUTUAL INDEMNITY FUND LIMITED

C.7. STRESS AND SCENARIO TESTING (continued)

- Consecutive bad years
 - Net claims for the new policy year being £0.7m higher.
 - Net claims reserves deterioration of £2.4m.
 - Investment returns being £3.0m lower.
 - Other losses (premiums, counterparty default, operational issues) of £0.3 million.
 - This results in the Company's forecast total Tier 1 and Tier 2 capital falling from £54.0 million in 2026 to £42.9 million.

- Pandemic scenario
 - Investment return of -5% over the year to 31 March 2024.
 - Additional claims of £0.75m over the year to 31 March 2024.
 - Reinsurance default loss of £0.5m over the year to 31 March 2024.
 - Level premium income in the year to 31 March 2025.
 - Reinsurance premium increases by 20% over the year to 31 March 2025.
 - This results in the Company's forecast total Tier 1 and Tier 2 capital falling from £54.0 million in 2026 to £40.3 million.

- Large losses from international work
 - One claim of £3.5m (£2.5m claim, £1.0m cost).
 - One claim of £2.0m (£0.75m claim, £1.25m cost).
 - This results in the Company's forecast total Tier 1 and Tier 2 capital falling from £54.0 million in 2026 to £52.9 million.

- Increase in claims arising from entities
 - Attritional claims totalling £0.2 million in relation to the conduct of litigation.
 - Attritional claims totalling £0.5m arising from the flouting of the prohibition on handling client money.
 - This results in the Company's forecast total Tier 1 and Tier 2 capital falling from £54.0 million in 2026 to £53.3 million.

- A "rogue" year like 2019/20
 - Gross claims of £23.0m.
 - Net claims of £14.8m.
 - This results in the Company's forecast total Tier 1 and Tier 2 capital falling from £54.0 million in 2026 to £50.8 million.

- Increase to expenses
 - All of the Company's expenses increase by 20% next year and then increase in line with the financial forecast assumptions thereafter.
 - This results in the Company's forecast total Tier 1 and Tier 2 capital falling from £54.0 million in 2026 to £51.1 million.

- Higher general economic inflation
 - Excess claims inflation of 10% in 2023/24, 5% in 2024/25 and 2.5% in 2025/26.
 - Excess expense inflation of 7.5% in 2023/24 and 5% in both 2024/25 and 2025/26.
 - This results in the Company's forecast total Tier 1 and Tier 2 capital falling from £54.0 million in 2026 to £43.5 million.

BAR MUTUAL INDEMNITY FUND LIMITED

C.7. STRESS AND SCENARIO TESTING (continued)

- Extreme downside market scenario
 - Holdings in equities fall in value by 50%.
 - Holdings in alternatives fall in value by 30%.
 - Holdings in government bonds are unchanged.
 - Holdings in corporate bonds fall in value by 2%.
 - This results in the Company's forecast total Tier 1 and Tier 2 capital falling from £54.0 million in 2026 to £45.7 million.

- Recession Scenario
 - Gross and net claims inflation of 10% in the 2023/24 policy year.
 - Holdings in equities fall in value by 25%.
 - Holdings in alternatives fall in value by 15%.
 - Holdings in government bonds remain unchanged.
 - Holdings in corporate bonds fall in value by 2%.
 - This results in the Company's forecast total Tier 1 and Tier 2 capital falling from £54.0 million in 2026 to £45.5 million.

It can be seen from the scenario tests outlined above that the Company is well capitalised.

C.8. CONCENTRATION OF RISK

The Company writes large limits and therefore is in theory exposed to a concentration of risk from related claims. This risk is partly mitigated by the Company's reinsurance programme including "clash cover" to allow such related claims to be treated as a single claim for reinsurance purposes.

C.9. ANY OTHER INFORMATION

The Company has not identified any other material information that it considers necessary for disclosure.

BAR MUTUAL INDEMNITY FUND LIMITED

D. VALUATION FOR SOLVENCY PURPOSES

D.1. ASSETS

Valuation of the Company's assets (excluding technical provisions) as at 31 March 2023 in GBP £'000's:

	Solvency II	UK GAAP
Investments (other than assets held for index –linked and unit-linked contracts)	81,761	81,599
Insurance and intermediaries receivables	1,018	1,018
Reinsurance receivables	1,220	1,220
Cash and cash equivalents	10,948	10,815
Any other assets not elsewhere shown	905	1,283
Total	95,852	95,935

Refer to appendix S.02.01.02 for a full Solvency II balance sheet amounts.

The Company's assets are valued using the following principles:

Investments

Investments are carried at market value. Market value is calculated using the bid price at the close of business on the balance sheet date. The market value of foreign currency investments is translated at the rate of exchange ruling at the balance sheet date.

Fair values of investments traded in active markets are measured at bid price. Where there is no active market, fair value is measured by reference to other factors such as independent valuation reports.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

There is no material differences between the valuation used for Solvency purposes and the valuation used in the Company's financial statements.

Reinsurance receivables

This balance includes short term receivable balances the value and settlement of which contains little to no uncertainty. Due to the short-term nature of these items, the carrying amount is considered to be a suitable proxy for its fair value.

There are no material differences between the valuation used for Solvency purposes and the valuation used in the Company's financial statements.

BAR MUTUAL INDEMNITY FUND LIMITED

D. VALUATION FOR SOLVENCY PURPOSES (continued)

D.1. ASSETS (continued)

Insurance and intermediaries' receivables

These represent balances that are due for existing insurance contracts. Due to the short term nature of these balances, the carrying amount is considered to be a suitable proxy for its fair value.

These amounts are reviewed annually for impairment.

Under statutory accounting requirements, these balances are presented separately on the face of the balance sheet whether they are due or not yet due.

Cash and cash equivalents

Cash and cash equivalents include cash at bank or in hand, deposits held at call with banks and other short term highly liquid investments. The carrying value of these balances is considered to be a suitable proxy for fair value.

There is no material differences between the valuation used for Solvency purposes and the valuation used in the Company's financial statements.

Any other assets not elsewhere shown

These balances comprise sundry, short term receivables which are classified as sundry receivables in the statutory financial statements.

Due to the short term nature of these balances, their carrying amount is considered to be a reasonable approximation for fair value.

Any other assets not elsewhere shown includes a deferred tax asset to amount of £679,354 which relates to unused tax losses carried forward. Given that, as a mutual insurer, the Company is only liable to for taxation in relation to its investment returns, the company' expectation is that it will utilise these tax losses carried forward as it recognises positive investment return within its future financial statements subject to financial markets.

There are no material differences between the valuation used for Solvency purposes and the valuation used in the Company's financial statements.

D.2. TECHNICAL PROVISIONS

Net technical provisions as at 31 March:

	£'000 2023	£'000 2022
Gross best estimate	60,924	58,386
Reinsurance best estimate	(10,661)	(6,982)
Risk Margin	2,822	2,927
Net technical provisions	<u>53,085</u>	<u>54,331</u>

Refer to appendices S.17.01.02 and S.19.01.21 for details on technical provisions.

BAR MUTUAL INDEMNITY FUND LIMITED

D. VALUATION FOR SOLVENCY PURPOSES (continued)

D.2. TECHNICAL PROVISIONS (continued)

The Company's technical provisions are valued using the following principles:

Bases, methods and main assumptions

The technical provisions are valued using the methodology prescribed by the Solvency II Directive and associated regulations. They consist of a "best estimate" of future cash flows (claims, premiums and expenses), which are discounted in line with risk-free interest rates to give the "present value" of those cash flows. Finally, a (market value) "risk margin" is added to take the total to a notional market value (i.e. equivalent to the amount that insurance and reinsurance undertakings would be expected to require in order to take over and meet the insurance and reinsurance obligations).

The calculation of the different elements of the technical provisions is discussed below.

Claims

As the Company only offers professional indemnity cover for self-employed barristers and entities providing barrister-like legal services, all claims are analysed together in one risk group. Standard actuarial techniques are used to project claims cash flows including chain ladder and Bornhuetter-Ferguson methods. The key assumptions relate to the initial expected claims cost for each policy year and the projected notified claims development pattern. These methods are considered appropriate given the longevity and stability of the Company and its claims handling processes.

Allowance is also made for claims corresponding to the premium provision. These are valued using the Company's internal capital model. The key assumptions relate to the expected frequency and severity of future claims.

The future claims cash flows are the most uncertain element of the technical provisions. The uncertainty involved was discussed in section C.1 on Underwriting Risk.

Premiums

The premium cash flows in the technical provisions cover the premium receivable but not yet due on bound but not incepted business (corresponding to the premium provision).

Expenses

The technical provisions include expense cash flows incurred in servicing insurance obligations. This includes both direct and overhead expenses, as well as investment management expenses. The provision is calculated directly in respect of the provision for claims outstanding (for expired business) and a corresponding amount is derived in respect of the premium provision (for bound but not incepted business).

BAR MUTUAL INDEMNITY FUND LIMITED

D. VALUATION FOR SOLVENCY PURPOSES (continued)

D.2. TECHNICAL PROVISIONS (continued)

Risk margin

The risk margin is calculated based on the requirement to hold capital to meet the Solvency Capital Requirement until all claims liabilities are settled and a prescribed cost-of-capital rate of 6% per annum. This calculation is based on the assumption that a “reference undertaking” takes on the insurance obligations (and associated reinsurance arrangements). The Solvency Capital Requirement in this context is made up of Underwriting Risk, Counterparty Default Risk and Operational Risk only; assets are assumed to be invested in such a way that Market Risk will be zero. The Solvency Capital Requirements in future time periods have been calculated based on the expected run-off of Underwriting Risk and Operational Risk and assuming Counterparty Default Risk runs off in line with the run-off of the best estimate reinsurance recoverables.

Reinsurance recoverables

This relates to the Company’s expected recoverables from its reinsurance arrangements at the valuation date. It is made up of two elements: reinsurance recoveries and reinsurance premiums. These are valued on a consistent basis with the corresponding claims and premiums elements of the technical provisions. In addition, an adjustment is made to take account of expected losses due to default of the reinsurance counterparties.

Uncertainty in the technical provisions

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company’s most critical estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. In calculating the estimated liability, the Company uses a variety of estimation techniques based upon statistical analyses of historical experience which assumes past trends can be used to project future developments.

In particular the following represents the main sources of uncertainty that may impact the outcome of the Company’s technical provisions:

- Certain claims may turn out to be significantly longer or shorter tailed than the whole book leading to an over- or underestimation of claims reserves. There is also uncertainty around the numbers and average cost of these claims.
- There is potential for IBNER to deteriorate to a greater extent than allowed for in the projections.
- New and unexpected claim types could impact the reserving methodology. This is partly allowed for in the Company’s provision for events not in data.
- Uncertainty surrounding the development and cash flow patterns may impact the outcome of the Company’s technical provisions.

BAR MUTUAL INDEMNITY FUND LIMITED

D. VALUATION FOR SOLVENCY PURPOSES (continued)

D.2. TECHNICAL PROVISIONS (continued)

Differences between GAAP and Solvency II technical provisions

A reconciliation of UK GAAP technical provisions to Solvency II technical provisions is provided below:

	Note	Gross £'000	RI £'000	Net £'000
UK GAAP technical provisions		53,833	15,781	38,052
Eliminate claims margins	1	(6,213)	-	(6,213)
Reinsurance costs	2	-	(627)	627
Adjustment to expense reserve	3	3,176	-	3,176
Provision for contracts bound but not incepted	4	13,110	(3,652)	16,762
Events not in data	5	652	237	416
Reinsurance counterparty default adjustment	6	-	(5)	5
Effects of discounting	7	(3,635)	(1,073)	(2,562)
Technical provisions before risk margin		60,924	10,661	50,263
Risk margin	1	2,822	-	2,822
Total Solvency II technical provisions		63,746	10,661	53,085

Notes

1. Claims margins and Solvency II risk margin

Since the Solvency II technical provisions figure is a best estimate, margins for prudence are removed under the Solvency II valuation methodology. The Solvency II risk margin is intended to represent a notional market value adjustment as discussed above.

2. Reinsurance costs

These relate to reinstatement costs for historical reinsurance and the adjustment premium for the 2022/23 policy year.

3. Adjustment to expense reserve

Unlike UK GAAP, Solvency II recognises all expense cash flows incurred in serving insurance obligations. This includes both direct and overhead expenses, as well as investment management expenses. As such, an adjustment is made.

4. Provision for contracts bound but not incepted

Solvency II valuation methodology requires contracts to be recognised when the insurer becomes party to the insurance contract. Usually, an undertaking becomes a party to the contract when the contract between undertaking and policyholder is legally formalised.

Nearly all of the Company's policies are coterminous with its financial year. The consequence is that nearly a full year's worth of business is recognised as Bound But Not Incepted ("BBNI") business. A provision on the Solvency II balance sheet, known as the "premium provision", is thus made for future premiums, claims and expenses that relate to BBNI business.

BAR MUTUAL INDEMNITY FUND LIMITED

D. VALUATION FOR SOLVENCY PURPOSES (continued)

D.2. TECHNICAL PROVISIONS (continued)

5. Events not in data

Solvency II requires that all possible outcomes be allowed for when setting the technical provisions. Therefore, an additional provision needs to be made for "events not in data", i.e. potential adverse claims outcomes that have not been observed to date and hence are not taken into account in assessing the claims provisions.

6. Reinsurance counterparty default adjustment

For the Solvency II balance sheet, amounts recoverable from reinsurance counterparties must be adjusted for the expected losses due to counterparty default. This adjustment approximates the expected present value of the losses in the event of default, weighted by the probability of default for each counterparty. Under current accounting bases, a provision for bad debts is only made where there is objective evidence that a counterparty may default on its obligation.

7. Effects of discounting

Since Solvency II technical provisions take into account the time value of money, an adjustment is made for the discounting of all future cash flows, based on risk-free interest rates.

D.3. OTHER LIABILITIES

Valuation of the Company's other liabilities as at 31 March 2023

	Solvency II £'000	UK GAAP £'000
Insurance & intermediaries payables	8	8
Reinsurance payables	-	627
Any other liabilities not shown elsewhere	644	21,918
	<u>652</u>	<u>22,553</u>

BAR MUTUAL INDEMNITY FUND LIMITED

D. VALUATION FOR SOLVENCY PURPOSES (continued)

D.3. OTHER LIABILITIES (continued)

The Company's other liabilities are valued using the following principles:

Reinsurance payables

These represent balances that are due to be paid for existing reinsurance contracts. When these amounts are not yet due to be paid, they are included as a future cash flow in the calculation of reinsurance technical provisions.

Under statutory accounting requirements, these balances are presented separately on the face of the balance sheet whether they are due or not yet due.

Insurance & intermediaries payables

These represent balances payable on insurance contracts. Due to the short term nature of these balances, the carrying amount is considered a suitable proxy for fair value.

There is no material differences between the valuation used for Solvency II purposes and the valuation used in the Company's financial statements.

Any other liabilities not elsewhere shown

These balances include all sundry payables and accruals. Due to the short term nature of these balances, the carrying amount is considered a suitable proxy for fair value.

The main difference between the valuation used for Solvency II purposes and the valuation used in the Company's financial statements is the inclusion of contributions received in advance of £21.274m in UK GAAP, which in the Solvency II balance sheet is valued as £Nil.

D.4. ALTERNATIVE METHODS OF VALUATION

The Company does not utilise any alternative methods of valuation.

D.5. ANY OTHER INFORMATION

The Company has not identified any other information that it considers material to be disclosed.

BAR MUTUAL INDEMNITY FUND LIMITED

E. Capital Management

E.1 Own funds

	2023	2022
	£'000	£'000
SCR ratio	218%	216%
SCR	25,178	25,273
Eligible capital	54,787	54,557
Excess / (shortfall)	29,609	29,284
MCR Ratio	572%	600%
MCR	7,381	6,986
Eligible capital	42,198	41,920
Excess / (shortfall)	34,817	34,934
Tier 1 Basic own funds	42,198	41,920
Tier 2 Ancillary own funds	12,589	12,637

As a mutual insurer with no share capital the Company's capital structure consists of two types of own funds:

1. Accumulated income and expenditure account reserve and reconciliation reserve, which falls under Tier 1 and counts as Basic Own Funds ("BOF"). These funds may be fully utilised to meet both the Solvency Capital Requirement ("SCR") and the Minimum Capital Requirement ("MCR").
2. The Company's Rules allow for Basic and Supplementary contributions from members. The Company's practice is to defer collection of some element of the Basic Contribution called premium deferral. The Company retains its right to call upon the premium so deferred. Once they had been received they would become Tier 1 loss absorbent BOF and therefore count as Tier 2 Ancillary Own Funds for meeting the SCR.

The PRA has renewed approval to the Company for a method of calculating AOF for a period of three years from 19 July 2022. The method results in AOF of £13.416m as at 31 March 2023.

Under Solvency II regulations, up to 50% of the SCR may be covered by AOF. This amounted to £12.589m out of a calculated AOF of £13.416m being eligible towards SCR coverage as at 31 March 2023.

Information, objectives, policies and processes for managing own funds

The Company's objective is to maintain its total capital resources (own funds) in line with its risk appetite statement. This would mean that the capital resources exceed the Company's regulatory requirements. The Company forecasts its capital over a 3 year planning horizon.

Own funds include an amount of £679,354 that relates to deferred taxes which is further explained in section D.

BAR MUTUAL INDEMNITY FUND LIMITED

E. Capital Management (continued)

E.1 Own funds (continued)

Material differences between equity as shown in the financial statements and the excess of assets over liabilities

Below represents a reconciliation of UK GAAP reserves to Solvency II reserves.

	2023	2022
	£'000	£'000
UK GAAP reserves	35,330	35,686
Solvency II gross technical provisions adjustment	(9,913)	(10,354)
Solvency II RI technical provisions adjustment	(5,120)	(4,557)
Solvency II creditor adjustment	21,902	21,145
Total Solvency II basic own funds	42,198	41,920

The adjustments to reserves are as a result of the differences in valuation of technical provisions and the creditor adjustment. Refer to D.1 to D.3 for a discussion of the differences between the bases.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The table below sets out the capital requirements for the Company as at 31 March 2023 together with the results as at 31 March 2022 for comparison.

	2023	2022
	£'000	£'000
SCR	25,178	25,273
<u>Made up of</u>		
Underwriting Risk	19,325	18,804
Market Risk	6,580	9,030
Counterparty Default Risk	2,576	1,347
Operational Risk	1,828	1,752
Diversification effects	(5,131)	(5,660)
MCR	7,381	6,986

The SCR has been calculated using the Solvency II Standard Formula. It is not subject to supervisory assessment, but it is subject to external audit. The Company does not use any simplifications or undertaking specific parameters to calculate the SCR.

The main risks that drive the SCR are Underwriting Risk and Market Risk. Underwriting Risk stems from the insurance risk that the Company assumes through the course of its normal business activities. Market Risk stems from the Company's investment holdings.

The overall SCR has decreased by £0.095m since last year, driven by a decrease in Market Risk offset by increases in both Underwriting Risk and Counterparty Default Risk.

The inputs used to calculate the Company's MCR can be found in appendix S.28.01.01.

BAR MUTUAL INDEMNITY FUND LIMITED

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

This sub-module is not used by the Company.

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

The Company uses the Standard Formula for its Solvency Capital Requirement.

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

The Company has fully complied with the Minimum Capital Requirement and Solvency Capital Requirement during the period under review.

Refer to section E.1 for results of the Minimum Capital Requirement and Solvency Capital Requirement calculations.

E.6 Any other information

The Company considers there to be no other material information that should be disclosed.

Bar Mutual Indemnity Fund Limited

Solvency and Financial Condition Report

Disclosures

31 March

2023

(Monetary amounts in GBP thousands)

General information

Undertaking name	Bar Mutual Indemnity Fund Limited
Undertaking identification code	213800Y8UJZS294UH118
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 March 2023
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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

S.02.01.02

Balance sheet

Assets

R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	81,761
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	2,211
R0110	<i>Equities - listed</i>	2,211
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	56,387
R0140	<i>Government Bonds</i>	52,591
R0150	<i>Corporate Bonds</i>	3,796
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	0
R0180	<i>Collective Investments Undertakings</i>	23,143
R0190	<i>Derivatives</i>	19
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	10,661
R0280	<i>Non-life and health similar to non-life</i>	10,661
R0290	<i>Non-life excluding health</i>	10,661
R0300	<i>Health similar to non-life</i>	0
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
R0320	<i>Health similar to life</i>	
R0330	<i>Life excluding health and index-linked and unit-linked</i>	
R0340	<i>Life index-linked and unit-linked</i>	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	1,018
R0370	Reinsurance receivables	1,220
R0380	Receivables (trade, not insurance)	83
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	10,948
R0420	Any other assets, not elsewhere shown	905
R0500	Total assets	106,597

Solvency II
value

C0010

	0
	81,761
	0
	0
	2,211
	2,211
	56,387
	52,591
	3,796
	0
	0
	23,143
	19
	0
	0
	10,661
	10,661
	10,661
	0
	0
	0
	1,018
	1,220
	83
	0
	10,948
	905
	106,597

S.02.01.02

Balance sheet

		Solvency II value
		C0010
Liabilities		
R0510	Technical provisions - non-life	63,746
R0520	<i>Technical provisions - non-life (excluding health)</i>	63,746
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	60,924
R0550	<i>Risk margin</i>	2,822
R0560	<i>Technical provisions - health (similar to non-life)</i>	0
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	0
R0590	<i>Risk margin</i>	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	
R0630	<i>Best Estimate</i>	
R0640	<i>Risk margin</i>	
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0
R0660	<i>TP calculated as a whole</i>	
R0670	<i>Best Estimate</i>	
R0680	<i>Risk margin</i>	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	
R0710	<i>Best Estimate</i>	
R0720	<i>Risk margin</i>	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	2
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	8
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	5
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	639
R0900	Total liabilities	64,399
R1000	Excess of assets over liabilities	42,198

5.17.01.02
Non-Life Technical Provisions

	Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
	Medical expense insurance C0020	Income protection insurance C0030	Workers' compensation insurance C0040	Motor vehicle liability insurance C0050	Other motor insurance C0060	Marine, aviation and transport insurance C0070	Fire and other damage to property insurance C0080	General liability insurance C0090	Credit and suretyship insurance C0100	Legal expenses insurance C0110	Assistance C0120	Miscellaneous financial loss C0130	Non-proportional health reinsurance C0140	Non-proportional marine, aviation and transport reinsurance C0150	Non-proportional casualty reinsurance C0160		Non-proportional property reinsurance C0170
R0100								0									0
R01050																	0
Technical provisions calculated as a whole																	
Total Recoverables from reinsurance/SPV and Finite Re after																	
R0050 the adjustment for expected losses due to counterparty default																	
associated to TP calculated as a whole																	
Technical provisions calculated as a sum of BE and RW																	
Best estimate																	
Premium provisions																	
R0260																	
Gross																	
R0140								11,293									11,293
R0150								-3,652									-3,652
								16,946									16,946
Claims provisions																	
R0160																	
Gross																	
R0240								47,631									47,631
R0250								14,313									14,313
R0260								33,317									33,317
R0270								60,924									60,924
R0280								50,263									50,263
								2,822									2,822
Amount of the transitional on Technical Provisions																	
R0290																	0
R0300																	0
R0310																	0
R0320																	0
Technical provisions - total																	
R0330								63,746									63,746
Recoverable from reinsurance contracts/SPV and																	
Finite Re after the adjustment for expected losses due to																	
counterparty default - total																	
								10,661									10,661
Technical provisions minus recoverables from																	
reinsurance/SPV and Finite Re - total																	
								53,085									53,085

R0100 **Technical provisions calculated as a whole**

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

Technical provisions calculated as a sum of BE and RW

Best estimate

Premium provisions

R0260 Gross

R0140 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

R0150 **Net Best Estimate of Premium Provisions**

Claims provisions

R0160 Gross

R0240 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

R0250 **Net Best Estimate of Claims Provisions**

R0260 **Total best estimate - gross**

R0270 **Total best estimate - net**

R0280 Risk margin

Amount of the transitional on Technical Provisions

R0290 Technical Provisions calculated as a whole

R0300 Best estimate

R0310 Risk margin

R0320 **Technical provisions - total**

Recoverable from reinsurance contracts/SPV and

Finite Re after the adjustment for expected losses due to

counterparty default - total

Technical provisions minus recoverables from

reinsurance/SPV and Finite Re - total

5.23.01.01
Own Funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 48 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)	0	0	0	0	0
R0020 Share premium account related to ordinary share capital	0	0	0	0	0
R0040 Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0	0	0	0
R0050 Subordinated mutual member accounts	0	0	0	0	0
R0070 Surplus funds	0	0	0	0	0
R0090 Preference shares	0	0	0	0	0
R0110 Share premium account related to preference shares	0	0	0	0	0
R0130 Reconciliation reserve	-42,198	-42,198	0	0	0
R0140 Subordinated liabilities	0	0	0	0	0
R0160 An amount equal to the value of net deferred tax assets	0	0	0	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	0	0	0	0

Deductions for participations in financial and credit institutions

R0230	0	0	0	0	0
R0240	-42,198	-42,198	0	0	0
Total basic own funds after deductions	-42,198	-42,198	0	0	0

Ancillary own funds

R0300 Unpaid and uncalled ordinary share capital callable on demand	0	0	0	0	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	12,589	0	0	12,589	0
R0320 Unpaid and uncalled preference shares callable on demand	0	0	0	0	0
R0340 Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0	0	0	0	0
R0350 Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0	0	0	0	0
R0360 Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0	0	0	0	0
R0370 Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0	0	0	0	0
R0390 Other ancillary own funds	0	0	0	0	0
R0400 Total ancillary own funds	12,589	0	0	12,589	0

Available and eligible own funds

R0500 Total available own funds to meet the SCR	54,787	-42,198	0	12,589	0
R0510 Total available own funds to meet the MCR	-42,198	-42,198	0	0	0
R0540 Total eligible own funds to meet the SCR	54,787	-42,198	0	12,589	0
R0550 Total eligible own funds to meet the MCR	-42,198	-42,198	0	0	0

SCR

MCR

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

Reconciliation reserve

Excess of assets over liabilities

Own shares (held directly and indirectly)

Forfeitable dividends, distributions and charges

Other basic own fund items

Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

Reconciliation reserve

Expected profits

Expected profits included in future premiums (EPIFP) - Life business

Expected profits included in future premiums (EPIFP) - Non- Life business

Total Expected profits included in future premiums (EPIFP)

R0580	25,178	0	0	0	0
R0600	7,381	0	0	0	0
R0620	217,604	0	0	0	0
R0640	571,722	0	0	0	0
R0700	-42,198	-42,198	0	0	0
R0720	0	0	0	0	0
R0740	0	0	0	0	0
R0760	-42,198	-42,198	0	0	0
R0780	776	0	0	0	0
R0790	776	0	0	0	0

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

R0010 Market risk
 R0020 Counterparty default risk
 R0030 Life underwriting risk
 R0040 Health underwriting risk
 R0050 Non-life underwriting risk
 R0060 Diversification

R0070 Intangible asset risk

R0100 **Basic Solvency Capital Requirement**

Calculation of Solvency Capital Requirement

R0130 Operational risk
 R0140 Loss-absorbing capacity of technical provisions
 R0150 Loss-absorbing capacity of deferred taxes
 R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC
 R0200 **Solvency Capital Requirement excluding capital add-on**
 R0210 Capital add-ons already set
 R0220 **Solvency capital requirement**

Other information on SCR

R0400 Capital requirement for duration-based equity risk sub-module
 R0410 Total amount of Notional Solvency Capital Requirements for remaining part
 R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds
 R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
 R0440 Diversification effects due to RFF nSCR aggregation for article 304

Approach to tax rate

R0590 Approach based on average tax rate

Calculation of loss absorbing capacity of deferred taxes

R0640 LAC DT
 R0650 LAC DT justified by reversion of deferred tax liabilities
 R0660 LAC DT justified by reference to probable future taxable economic profit
 R0670 LAC DT justified by carry back, current year
 R0680 LAC DT justified by carry back, future years
 R0690 Maximum LAC DT

Gross solvency capital requirement	USP	Simplifications
C0110	C0090	C0120
6,580		
2,576		
0		
0		
19,325		
-5,131		

0
23,350

C0100
1,828
0
0
25,178
0
25,178

0
0
0
0
0

C0109
0

LAC DT

C0130
0
0
0
0
0

USP Key

For life underwriting risk:

1 - Increase in the amount of annuity benefits
 9 - None

For health underwriting risk:

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

For non-life underwriting risk:

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

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR_{HL} Result

C0010

7,381

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
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C0020

C0030

- R0020 Medical expense insurance and proportional reinsurance
- 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

0	
0	
0	
0	
0	
0	
0	
50,263	16,823
0	
0	
0	
0	
0	
0	
0	
0	

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
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C0050

C0060

- R0210 Obligations with profit participation - guaranteed benefits
- R0220 Obligations with profit participation - future discretionary benefits
- R0230 Index-linked and unit-linked insurance obligations
- R0240 Other life (re)insurance and health (re)insurance obligations
- R0250 Total capital at risk for all life (re)insurance obligations

Overall MCR calculation

- R0300 Linear MCR
- R0310 SCR
- R0320 MCR cap
- R0330 MCR floor
- R0340 Combined MCR
- R0350 Absolute floor of the MCR
- R0400 Minimum Capital Requirement

C0070

7,381
25,178
11,330
6,294
7,381
3,445
7,381