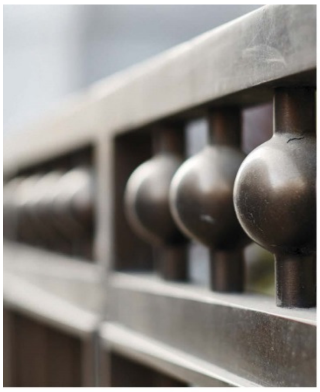
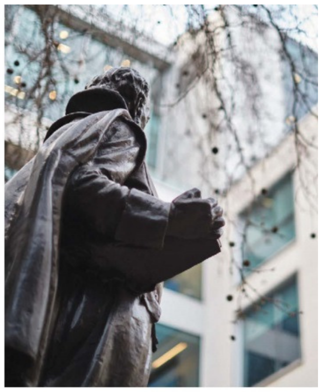
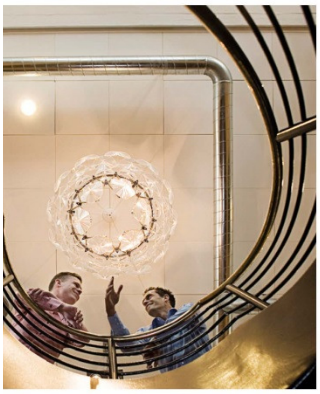
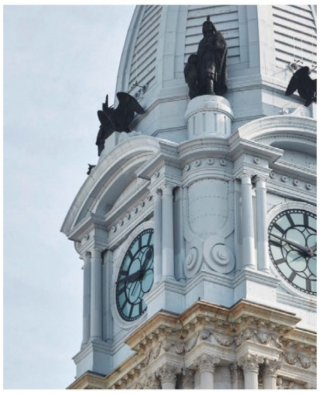
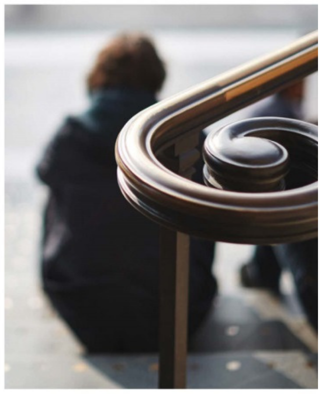
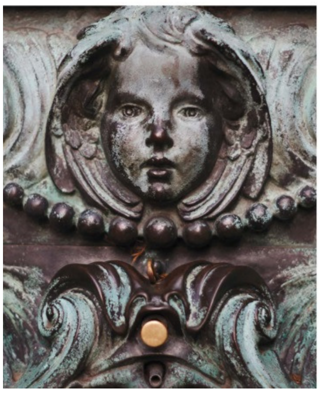
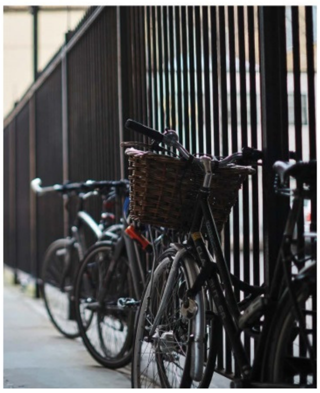
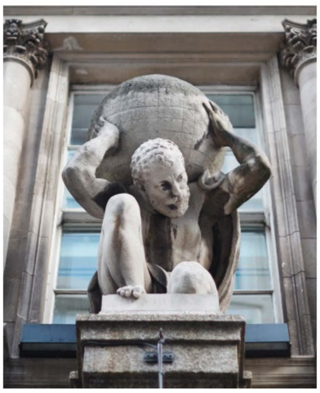
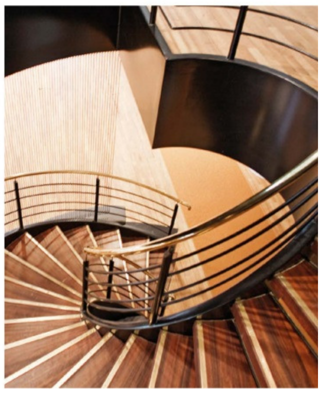
Solvency and Financial Condition Report

Aberdeen Asset Management Life and Pensions Limited

As at 30 September 2016



Aberdeen

Solvency and Financial Condition Report

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1 Summary

1.1 Business and Performance Summary

Aberdeen Asset Management Life and Pensions Limited ('Aberdeen Life' or 'the Company') is a UK regulated subsidiary of Aberdeen Asset Management PLC (AAM). The Company issues unit-linked investment policies to trustees of UK pension schemes and reinsurance policies to insurance companies covering unit-linked pension liabilities.

Key aspects of the contacts written are:

- There are no investment guarantees on the policies. The benefits payable are linked solely to the performance of the internal linked funds
- The contracts all contain clauses that permit them to be terminated at the option of Aberdeen Life subject to three months' notice. The only charges on policies are fund management charges and there are no penalties on the customer taking a surrender value at any time
- They include no material insurance risk. The contracts do have annuity options (on non-guaranteed terms), but Aberdeen Life has not written any annuity business and does not expect to do so
- They permit Aberdeen Life to increase the level of fund charges, subject to a period of notice
- The contracts include no element of member level administration (for Trustee Investment Plans) or policyholder level administration (for reinsurance). The contracts therefore leave Aberdeen Life solely with wholesale management of internal linked funds
- All business is written in the UK

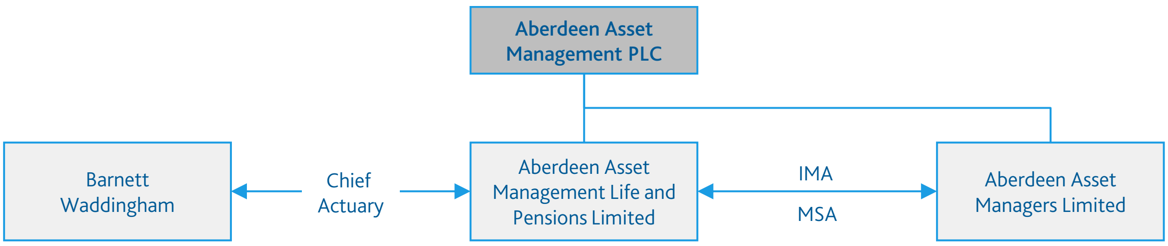
The Company's underwriting performance is limited to the excess of fund charges over expenses, which was valued at £0.26m for 2015 - 2016.

The Company's non-linked assets are prudently invested in cash deposits and a highly liquid short-term money market fund.

1.2 System of Governance Summary

The governance framework of Aberdeen Life is based on the framework which applies to Aberdeen Asset Management PLC and all its subsidiary companies (AAM Group). Additional arrangements have been established by the Board where necessary to address the requirements of Aberdeen Life as a UK insurance undertaking.

The Company has identified a range of key functions which are provided by Aberdeen Asset Managers Limited (AAML) via a Management Services Agreement (MSA) and an Investment Management Agreement (IMA). Individuals performing key functions are established as fit and proper through a robust framework of initial and ongoing assessment. All remuneration requirements comply fully with the provisions of Solvency II regulations. The Chief Actuary function is outsourced to an individual employed by an external company.



AAM Group operates a 'three lines of defence' risk management model:

- **First line: risk identification, risk management and self-assurance**

  AAM Group's business lines are responsible for ensuring that a risk and control environment is established as part of day-to-day operations. The first line provides management assurance, and informs oversight committees and the audit committee by identifying risks and business improvement actions, implementing controls and reporting on progress.

- **Second line: establishment of risk management framework and polices and oversight**

  AAM Group's assurance functions sit mainly within the Group's Risk Division and comprise the Risk Strategy, Compliance, Legal, Business Risk and Market Risk departments. The teams establish the appropriate governance framework, draft and implement policies and procedures and provide oversight of and report on business processes, controls and risks.

- **Third line: independent audit and assurance**

  Independent and objective assurance is provided to the Board by the Internal Audit function on the effective operation of the risk management, control and governance processes.

An integrated risk management system, Sword, is used to identify, assess, track and report risk issues and events. Risk management uses a combination of top down strategic planning with bottom up risk assessment.

Implementation of the Solvency II Directive and the Senior Insurance Manager Regime (SIMR) has required significant changes to the way that governance arrangements are documented. Other than these changes, there has been no material change to the governance arrangements of the Company during the reporting period.

The Company carries out an Own Risk and Solvency Assessment (ORSA) annually and more frequently if required. The ORSA process is intended to identify, assess, monitor, manage and report on both short and long term risks and to determine the capital required to ensure that Aberdeen Life can continue to meet its solvency requirements. The ORSA enhances awareness of the risks faced by Aberdeen Life and the capital needed given those risk exposures. This awareness is used by Aberdeen Life as part of its decision making process.

1.3 Risk Profile Summary

Aberdeen Life has limited exposure to underwriting risk and market risk. Assets are managed to limit liquidity risk and operational risk if effectively transferred to AAM Group.

Aberdeen Life has a high tolerance to group risk and, in general, accepts the risk without management, reflecting the rationale for the existence of Aberdeen Life. However, within group risk, Aberdeen Life closely manages AAML's obligations to compensate Aberdeen Life for any operational risk losses. In addition to the contractual protections given in the internal and external outsourcing agreements, Aberdeen Life also considers the capital position and the extent of insurance cover maintained by AAML in determining the ongoing security of the outsourcing arrangement.

Exposure to credit risk is limited by investing non-linked assets in a diverse portfolio of high quality, short term assets and cash balances are normally limited to £2m exposure to a single counterparty.

1.4 Valuation for Solvency Purposes Summary

Aberdeen Life has elected to prepare its financial statements under FRS 101 'Reduced Disclosure Framework'. The valuation for solvency purposes differs only marginally to the financial statements and is discussed in section D.

1.5 Capital Management Summary

The Company aims to maintain sufficient capital out of retained profits to be treated as an entity with credit quality step 1 under Article 199 of the Commission Delegated Regulation (EU) 2015/35 (the Delegated Regulation). At the reporting date the Company's Tier 1 capital represented 602% of the Solvency Capital Requirement (SCR) and 391% of the Minimum Capital Requirement (MCR).

Solvency and Financial Condition Report

A Business and Performance

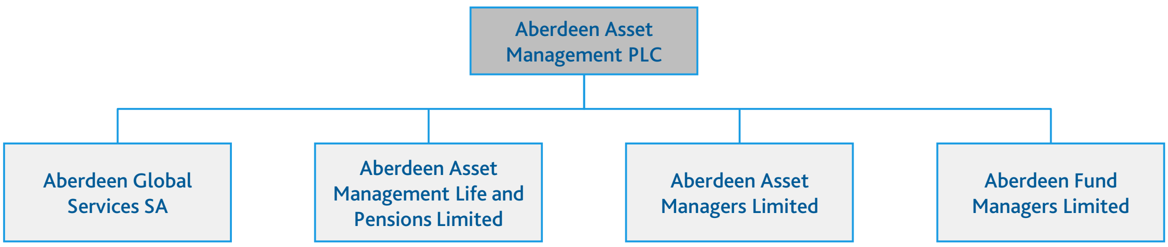
A.1 Business

Aberdeen Life is a private limited company. The Company is a wholly owned subsidiary of AAM and is incorporated and domiciled in England. AAM holds all of the ordinary share capital and voting rights in the Company. The ordinary shares of AAM are listed on the London Stock Exchange. During the financial year ending 30 September 2016, AAM had been notified of the following interest of more than 10% of its ordinary shares as indicated by the Regulatory News Service:

- Mitsubishi UFJ Trust and Banking Corporation, which is incorporated in Japan, continued to hold in excess of 10% throughout the financial year, and held 17.07% of its shares at the end of the financial year

The Company is authorised by the Prudential Regulation Authority (PRA), 20 Moorgate, London, EC2R 6DA and regulated by the Financial Conduct Authority (FCA), 25 North Colonnade, London, EH14 5HS and PRA in the United Kingdom to conduct Classes I (Life & Annuity) and III (Linked Long Term) of long term insurance business. Financial supervision is undertaken by the PRA. The registered office is Bow Bells House, 1 Bread Street, London EC4M 9HH. The registered number is 03526143. The Company's Auditor is PricewaterhouseCoopers LLP, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX.

AAM is classified as a mixed-activity insurance holding company under article 213(1)g of Directive 2009/138/EC (the Solvency II Directive) with the associated limited group supervision undertaken by the PRA. An extract of the AAM Group organisation structure showing the position of companies directly relevant to Aberdeen Life is shown below:



The business of Aberdeen Life consists entirely of contracts with institutional customers for the provision of investment management on a wholesale basis through the use of pooled funds (internal linked funds). These internal linked funds are provided to institutional customers by two contract types:

- Trustee investment plans (TIPs). These are provided to trustees of occupational pension schemes and are classified as unit linked insurance business
- Reinsurance contracts covering the unit-linked liabilities of third party life assurers. These contracts are structured in a similar way to TIPs and are intended as a means for third party life assurers with 'open architecture' pension products to access the internal linked funds operated by Aberdeen Life. They are classified as unit linked reinsurance accepted business

The key characteristics of these contracts are that:

- There are no investment guarantees on the policies. The benefits payable are linked solely to the performance of the internal linked funds
- The contracts all contain clauses that permit them to be terminated at the option of Aberdeen Life subject to three months' notice. It should be noted that the only charges on policies are fund management charges and that there are no penalties on the customer taking a surrender value at any time
- They include no material insurance risk. The contracts do have annuity options (on non-guaranteed terms), but Aberdeen Life has not written any annuity business and does not expect to do so
- They permit Aberdeen Life to increase the level of fund charges, subject to a period of notice
- The contracts include no element of member level administration (for TIPs) or policyholder level administration (for reinsurance). The contracts therefore leave Aberdeen Life solely with wholesale management of internal linked funds
- All business is written in the UK

Other than the implementation of the Solvency II Directive, there were no significant events during the period.

A.2 Underwriting Performance

As described in the previous section, the policies written by the Company contain no guaranteed benefits and no investment guarantees. All policies are classified as investment contracts for accounting purposes. The underwriting performance is limited to consideration of the excess of fee income over expenses and is shown in the table below.

Underwriting performance, year to 30 September 2016

	As at 30 September 2016		
	Reinsurance accepted £m	Unit-linked Insurance £m	Total £m
Fee income	1.75	5.20	6.95
Expenses	1.68	5.01	6.69
Underwriting performance	0.07	0.19	0.26

A.3 Investment Performance

The income and expenses arising from the investments within the internal linked funds are fully offset by an equivalent change in the value of policyholder liabilities. Information on the performance of each internal linked fund is available on Aberdeen's website at https://institutional.aberdeen-asset.co.uk/en/ukinstitutional/pension-schemes/fund-centre/.

The non-linked assets are invested in cash and the Aberdeen Liquidity Fund (Lux) – Sterling Fund, a short-term money market fund which provides access to a diversified pool of high credit quality assets as follows:

Collective Investment Undertakings: Aberdeen Liquidity Fund (Lux) – Sterling Fund (as at 30 September 2016) - £9.85m

In the period ended 30 September 2016 the Company received interest on these assets of £66,235.

Cash and cash equivalents: Bank deposits (as at 30 September 2016) - £2.18m

There was no income arising from bank deposits.

No material expenses were incurred in respect of the non-linked assets.

Aberdeen Life does not invest directly in any securitisations.

A.4 Performance of Other Activities

The Company has no financial or operating lease arrangements.

The Company had no other material income and expenses in the reporting period.

A.5 Any Other Information

There were no other material events which impacted on the performance of the Company during the reporting period.

B System of Governance

B.1 General Information on the system of governance

The governance framework for Aberdeen Life is based on the AAM Group framework, with specific arrangements where necessary to address the requirements of Aberdeen Life as a UK insurance undertaking. Day to day governance and risk control is delegated by Aberdeen Life to AAML via a formal MSA. Investment management is delegated to AAML via a separate IMA. The Aberdeen Life Board considers the current system of governance appropriate for its business model, which is limited to offering unit-linked pension policies to trustees of approved UK pension schemes and UK insurance companies.

The Aberdeen Life Board has established the following dedicated committees, which receive input from functional committees established by AAM Group as part of its group-wide risk management framework.

- **Risk Committee**

  This Committee meets at least four times a year and has oversight of the Board's overall risk governance process to give clear, explicit and dedicated focus to current and forward-looking aspects of risk exposure and management. The Committee advises the Board on risk appetite and tolerance in setting future strategy, taking into account the Board's overall degree of risk aversion and the Company's current financial situation.

- **Audit Committee**

  This Committee meets at least twice a year to, inter alia, monitor the integrity of the financial statements of the Company, review and challenge accounting policies, review internal controls and compliance and approve the terms of the auditor's engagement.

- **Unit Linked Governance Committee**

  This Committee meets at least twice a year to, inter alia, review the output from activity delegated to AAML under the MSA which has an impact on customer outcomes. This includes, inter-alia, decisions around arrangements for unit dealing and pricing as well as product changes.

Implementation of the Solvency II Directive and the Senior Insurance Manager Regime (SIMR) has required significant changes to the way that governance arrangements are documented. Other than these changes, there has been no material change to the governance arrangements of the Company during the reporting period.

The AAM Group Board has delegated authority for the management of the AAM Group to the Group Chief Executive, subject to certain matters which it has reserved for itself and the Board Committees. The Group Chief Executive is supported in his role by the Group Management Board (GMB), chaired by the Deputy Chief Executive, and the Risk Management Committee (RMC), chaired by the Group Head of Risk. The GMB and the RMC, which comprise the Group Chief Executive's direct reports and other senior managers, oversee the day to day management of the AAM Group.

B.1.1 Key Functions

B.1.1.1 Overview

Key functions have been identified as the four mandatory functions required under Solvency II (actuarial, compliance, risk management and internal audit) and any other function that is of specific importance to the sound and prudent management of the Company.

A list of functions delegated to AAML (which may in turn rely on other companies within the AAM Group) is provided in the MSA and the IMA. Aberdeen Life has determined which are considered to be key functions by identifying those which would significantly impact the business commercially or have adverse impact on policyholders should the services fail or not perform effectively. The six additional key functions identified are detailed in section B1.1.2.

All key functions, except the Actuarial Function, are outsourced to AAML. The Actuarial Function is outsourced to Barnett Waddingham LLP. In implementing the outsourcing arrangements, Aberdeen Life recognises the authority of the Key Function Holder (KFH) to carry out the relevant role on its behalf. This authority is supplemented by the scope of responsibilities included in the Company's Governance Map, and the ability of any KFH or member of a key function to escalate any relevant matters to the Aberdeen Life Chief Executive or to the Board. Details of the individuals responsible for the key functions (KFHs) are also detailed in the Governance Map which is reviewed and updated at least quarterly. All KFHs, apart from the Chief Actuary, are senior managers within the AAM Group and hold Significant Influence Functions (SIFs) in Aberdeen Life or other AAM Group regulated entities. The AAM Group has separately identified in its own Governance Manual how any relevant matters would be escalated to the governing bodies of its companies.

The terms of the outsourcing agreements are such that each outsourced service provider should maintain sufficient and appropriate resources to carry out the relevant key functions and must inform the Company of any development which may have a material impact on its ability to carry out the outsourced functions and activities effectively and in compliance with applicable laws and regulatory requirements. Aberdeen Life monitors the performance of the outsourcing arrangements and would escalate any actual or perceived resourcing concerns with the appropriate provider to consider any remedial actions necessary. The Company has also appointed individuals on the Board to oversee key function(s) and recorded this on the Governance Map. Such individuals may also escalate any relevant matters to the Board and/or within the wider AAM Group.

B.1.1.2 Summary of key functions, key function holders and responsibilities

Information technology and operations	Finance
Chief Operating Officer for AAM Group	Head of Financial Planning and Analysis
All operational matters globally and outsourcing arrangements (except actuarial)	Production and integrity of the firm's financial information and regulatory reporting
Providing leadership for the back-office functions including Operations, Facilities, Technology (including IT infrastructure and applications)	Management of the allocation and maintenance of the firm's capital and liquidity
Provision and oversight of change management functions for the AAM Group	
Actuarial	**Legal and Company Secretariat**
Chief Actuary	Company Secretary
Provision of the actuarial function in accordance with Conditions Governing Business 6 of the PRA rulebook	Effective provision of Legal and Company Secretarial functions throughout the AAM Group, utilising external resource where appropriate and co-ordinating the management of the internal resource in all jurisdictions
Provision of additional actuarial and consultancy services as requested by Aberdeen Life or as required by UK regulation, legislation or actuarial professional standards and guidance in relation to work that does not strictly fall under the remit of the actuarial function	
Product management	**Investment management**
Group Head of Product	Chief Executive Officer of AAML.
Strategic product decisions at group level which can impact Aberdeen Life	Performs investment management services for Aberdeen Life
Internal audit	**Risk management**
Head of Audit Delivery Europe (ex London)	Group Head of Risk
Evaluate internal control and other aspects of governance for Aberdeen Life	Identification, measurement and reporting of risks across the Aberdeen Group
Owner of internal audit charter	Signs the ORSA for Aberdeen Life
Attends Group Management Board, Aberdeen Asset Management PLC Audit Committee and Aberdeen Asset Management PLC Risk Committee	Setting of Risk Appetite for the delivery of strategy across the group
	Effective provision of Compliance functions throughout AAM Group
Compliance	**Human resources**
Senior Compliance Manager	Global Head of Human Resources
Providing oversight and leadership of the UK Compliance department, with an objective of managing regulatory risk in accordance with the Group's Risk Appetite Statement and to ensure that the Group meets its regulatory obligations	Development, communication and implementation of HR policies.
Responsible for communicating regulatory policy developments for Aberdeen Life	Policies and procedures for the induction, training and professional development for all the firm's KFHs (other than members of the firm's governing body)
Ensuring Group Remuneration policy is compliant with Solvency II	Providing support to the Aberdeen Life Chairman for training and development of board members, especially non-executive directors
Providing day to day support to the Aberdeen Life Chief Executive on SYSC of the FCA handbook and SIMR requirements	The development and implementation of Human Resources strategy
Ensuring that the firm has complied with the obligation to ensure that every person who performs a key function is fit and proper	Provision of advice and guidance to the Aberdeen Life Chief Executive, senior managers and Group Remuneration Committee. Works closely with the Chairman of the Group Remuneration Committee
	Developing strategies and processes to attract motivate, develop and retain key staff

B.1.2 Remuneration

B.1.2.1 Overview

The AAM Group has an overarching Remuneration Policy that applies to all entities in the group. Different regulatory regimes and deviations from the Group Policy are detailed in an Addendum to the Group Policy.

Aberdeen Life has reviewed the AAM Group Remuneration Policy and is of the view that it:

- Is consistent with Article 275 of the Delegated Regulation;
- is consistent with, and promotes sound and effective risk management
- Does not encourage risk-taking which is inconsistent with the risk profiles or the instruments constituting the internal linked funds
- Does not impair compliance with its duty to act in the best interests of each of the internal linked funds and its shareholders
- Recognises that different remuneration requirements may be applied within the AAM Group and achieves a high degree of consistency between different regimes and allows for day to day arrangements to be controlled at a group level

The Aberdeen Life Board delegates decision making for Remuneration matters to the AAM Group Remuneration Committee in accordance with the AAM Group Governance arrangements. Aberdeen Life has a specific policy on Remuneration, forming an Addendum to Group Policy, to ensure that its requirements are explicitly addressed. The Group Remuneration Committee decides on remuneration of Solvency II identified staff and the measures to be taken in order to monitor the application of the Aberdeen Life Remuneration Policy. The Chair of the Group Remuneration Committee holds the Senior Insurance Management Function Chair of the Remuneration Committee (SIMF12) for the Company.

The Aberdeen Life Board reviews the Remuneration Policy on an annual basis.

B.1.2.2 Key points of the policy

No supplementary pensions or early retirement schemes are in place for Board members or KFHs.

The AAM Group's aggregate variable pay pool, in which all its staff participate, is approved by the Group Remuneration Committee each year. The aggregate pool is normally capped at no more than 25% of pre-bonus operating profit, unless exceptional circumstances justify a higher cap.

AAM Group does not calculate individual awards directly on the basis of annual revenues or profit. Instead proposals are discretionary and based on a number of factors including multi-year performance and non-financial metrics, such as teamwork along with compliance and risk awareness.

Article 275 (2)(c) of the Delegated Regulation requires firms to defer a 'substantial portion of any variable remuneration' for a period of not less than three years. The AAM Group Policy is in line with this as it applies deferral of 75% of variable remuneration for three years (five years for Group Management Board) when variable remuneration reaches pre-defined levels such that a substantial proportion of variable remuneration is deferred. Solvency II also requires Aberdeen Life to ensure that the deferral period is correctly aligned with the nature of the business, its risk and the activities of the employees in question. Taking into account its business model, Aberdeen Life is of the opinion that the AAM Group deferral arrangements are appropriate.

B.1.3 Payments between Aberdeen Life and AAM Group

Aberdeen Life pays a share of its net revenues to AAM Group for services under the MSA and IMA. Aberdeen Life also makes dividend payments from time to time; a dividend of £3m was paid during 2015 - 2016.

B.2 Fit and Proper Requirements

All individuals performing an FCA Controlled Function Holder (CFH) role, PRA Senior Insurance Management Function (SIMF) role, KFH role or Key Function Performer (KFP) role as identified by the Company in accordance with PRA rules and guidance, or a Senior Manager role, as defined in the AAM Group Fit and Proper policy, collectively referenced as 'Senior Managers', must be 'Fit' and 'Proper'. Also defined in the policy is that Senior Managers must ensure that they are aware of, and understand, all relevant regulatory requirements applying to the business area in which they work, control and manage.

The assessment of whether a person is 'fit':

- Includes an assessment of the person's professional and formal qualifications, knowledge and relevant experience within the relevant financial sectors and whether these are adequate to enable sound and prudent management. Typically the requirements include possession of relevant qualifications and sufficient relevant experience within the AAM Group or similar organisations. Information is detailed in a document which is reviewed by Compliance and sent to the relevant Regulator as part of the application process
- Takes account of the respective duties allocated to that person and, where relevant, the asset management, insurance, financial, accounting, actuarial and management skills of the person
- In the case of board members, takes account of the respective duties allocated to individual members to ensure appropriate diversity of qualifications, knowledge and relevant experience to ensure that the business is managed and overseen in a professional manner
- Takes into account interview performance against agreed competencies identified for the role

The assessment of whether a person is 'proper':

- Considers whether they are of good repute and integrity
- Includes an assessment of that person's honesty and financial soundness based on evidence regarding their character, personal behaviour and business conduct including any criminal, financial and supervisory aspects relevant for the purpose of the assessment
- Considers whether the person performs his or her key functions in accordance with the relevant conduct standards specified in Insurance – Conduct Standards 3 of the PRA rulebook and COCON of the FCA handbook)
- Considers references received. Aberdeen must take reasonable steps to obtain appropriate references from the person's current and previous employers, and from organisations at which that person served as, or is currently, a CFH, SIMF, PRA Senior Management Function or a non-executive director, covering at least the past six years.

Ongoing competence:

AAM Group ensures that processes are in place to assess the competence of all employees on a regular basis, as well as to continue to assess employee's training needs. This is mainly done through the Performance Management Process. This process comprises the following four areas:

1. Job Description – compiling job descriptions gives a complete picture of how specific roles fulfil a function within the AAM Group
2. Competencies – these provide the individual with a map or indication of the behaviours that will be expected and valued
3. Appraisal – this has four elements; Performance Summary, Objectives, Development and Competence. The Performance Summary reviews the staff member's performance in relation to their responsibilities as per the job description and objectives/development needs. The objectives look at the extent to which the staff member has achieved their objectives and sets objectives for the next year. Development provides opportunity to create a development plan for any skills or knowledge deficiencies. The Competence element examines knowledge and skills against a framework detailing the required knowledge and skills for the department or team
4. Continuing Professional Development (CPD) – CPD is a personal commitment to keeping professional knowledge up to date and improving capabilities. It focuses on what individuals have learned and how they develop throughout their career. Senior Managers are specifically obliged to complete at least 35 hours CPD to enable them to evidence on-going competence. All CPD activities must be logged promptly. The compliance department oversees CPD

B.3 Risk Management System Including the Own Risk and Solvency Assessment (ORSA)

The Board is responsible for the management and oversight of all risks affecting Aberdeen Life. To achieve this, Aberdeen Life uses a comprehensive risk management framework which has been established by AAM Group and which the Board considers to be appropriate to Aberdeen Life's business model. The AAM Group risk framework is supplemented by specific additional arrangements established by the Board where necessary to address Aberdeen Life's business model.

B.3.1 Group risk management framework

AAM Group employs a 'three lines of defence' model as a basis for its risk management framework. These are described as follows:

- **First line: risk identification, risk management and self-assurance**

  AAM Group's business lines are responsible for ensuring that a risk and control environment is established as part of day-to-day operations. The first line provides management assurance, and informs oversight committees and the audit committee by identifying risks and business improvement actions, implementing controls and reporting on progress.

- **Second line: establishment of risk management framework and polices and oversight**

  AAM Group's assurance functions sit mainly within the Group's Risk Division and comprise the Risk Strategy, Compliance, Legal, Business Risk and Market Risk departments. The teams establish the appropriate governance framework, draft and implement policies and procedures and provide oversight of and report on business processes, controls and risks.

- **Third line: independent audit and assurance**

  Independent and objective assurance is provided to the Board by the Internal Audit function on the effective operation of the risk management, control and governance processes.

The three lines of defence model is supplemented by a range of risk related committees at divisional and operational business level. The AAM Group Board, executive directors and senior management have overarching responsibility to ensure, through the application of good corporate governance, the effective and strategic stewardship and risk management of AAM Group.

The effective management of the risk process is facilitated through the AAM Group's risk management system, Sword, which supports risk identification, assessment, issue and event tracking, monitoring, assurance and reporting.

A combination of a 'top-down' and 'bottom-up' approaches is used to identify and subsequently manage risks.

The 'top-down' approach:

- considers the strategic planning process to identify the most consequential and significant risks to shareholder value;
- supports risk-informed decisions at executive and committee level;
- ensures risk dialogue among management teams and enables risk oversight by the AAM Group Board.

The 'bottom up' approach:

- ensures a comprehensive risk assessment process that identifies and prioritises key risks;
- analyses data to verify key trends;
- provides management with a view of events and risks that could impact the achievement of business and process objectives.

All risks and controls are logged in Sword and reviewed on a quarterly basis by business owners.

Risk events are captured by the business and assessed and approved through a workflow by the second line of defence. Lessons learned from risk events can require specific reports and periodic updates. Issues can also be raised when there are control failings, trends and inefficient processes identified or through regular continuous monitoring or deep dive reviews by the second and third line of defence teams. This assists AAM Group in improving its understanding, control and oversight of operational risks and in turn facilitates the achievement of both individual department and Group-wide objectives.

B.3.2 Additional Aberdeen Life risk framework

The AAM Group risk framework described above is the primary means of managing Aberdeen Life's operational risks. Any material changes to the Aberdeen Life business model are referred by the Board to the Aberdeen Life Risk Committee for scrutiny, monitoring and oversight to ensure that the Board's decisions are adequately informed.

Aberdeen Life controls Market risk, Underwriting Risk, Credit Risk and Liquidity Risk through the design of its contracts and selection of non-linked investments. The extent of any such risks are assessed through the ORSA process and any proposed or necessary changes to contract terms or non-linked investments are escalated appropriately and are subject to sign-off by the Board. Other types of risk such as regulatory or legislative change are also assessed as part of the ORSA process. Aggregate risk is monitored through monthly review of key performance indicators including financial metrics and operational effectiveness as well as regulatory breaches and complaints.

The Aberdeen Life Risk Committee has oversight of the Aberdeen Life Board's overall risk governance process to give clear, explicit and dedicated focus to current and forward-looking aspects of risk exposure. The Risk Committee advises the Board on risk appetite and tolerance, in setting future strategy, taking into account the Board's overall degree of risk aversion and Aberdeen Life's current financial situation. Duties of the Risk Committee, as set out in its Terms of Reference, include ensuring steps are taken to identify and control risks and providing input and challenge to the ORSA process.

B.3.3 ORSA

The ORSA process is intended to identify, assess, monitor, manage and report on both short and long term risks and to determine the capital required to ensure that Aberdeen Life can continue to meet its solvency requirements.

The ORSA enhances awareness of the risks faced by Aberdeen Life and the capital needed given those risk exposures. This awareness is used by Aberdeen Life as part of its decision making process.

The ORSA process is broken down into a number of stages as follows:

- Review and approval of the ORSA Policy
- Risk identification, review and assessment
- Risk modelling methodology and assumption review
- Determination of the base balance sheet
- Risk modelling analysis, including assessment of capital requirements and ongoing compliance with solvency requirements
- ORSA report update
- ORSA report review, challenge and approval

A number of stages in the process may be iterative, with feedback loops. For example, the risk modelling methodology and assumption review assessment may lead to changes being required to the ORSA Policy to adequately capture any revised approach.

The Aberdeen Life Chief Executive is responsible for planning and initiating the annual ORSA cycle and for ensuring that all other relevant parties are aware of their roles and responsibilities and have committed appropriate time to the process. The Chief Actuary is involved in most stages of the ORSA process. Other key contributors are:

- AAM Group Business Risk – involved in the risk identification, review and assessment
- Finance – involved in determination of the base balance sheet

The Risk Committee is responsible for providing initial challenge to the results of the ORSA process and the content of the ORSA report and thereafter proposing that the report be submitted for Board approval.

The Board is ultimately responsible for the ORSA. It takes an active role in setting the ORSA Policy and in accepting the results of the process by providing insight on the risks faced by Aberdeen Life and actions that might be taken and, where relevant, by providing challenge to the Policy, process, results of the process or presentation of the results.

The ORSA is used as a key input into business planning and forecasting (where scenario analysis is used to indicate forecast capital requirements under expected and potential strategies) and to inform strategic or material business decisions. In particular, the Board considers potential or necessary actions if the ORSA indicates that Aberdeen Life is failing to meet or may fail to meet its target solvency levels.

In normal circumstances the ORSA process is run on an annual basis. This is considered appropriate given the nature and scale of the business written by Aberdeen Life.

The ORSA process will also be followed outside of the annual cycle should there be a significant unexpected deterioration in own funds, a significant change in the risk profile of the business or an actual or planned strategic event such as the acquisition of business from another insurance entity. The Chief Executive will monitor the financial position of Aberdeen Life and internal and external events to identify when an ad-hoc ORSA process might be appropriate. The Board or Risk Committee can propose that the ORSA process be run at any time if there is deemed to be sufficient justification. In any event, the need to perform any ORSA outside of the normal annual cycle must be approved by the Board.

The Company has determined its own solvency needs by using a combination of stress and scenario tests including forward-looking projections that consider the projected solvency position in a central 'best estimate' scenario and a number of adverse scenarios. The Company has determined the capital required for it to withstand adverse experience equivalent to that which might be encountered once every 200 years and holds a buffer above the level so determined.

Although Aberdeen Life does not maintain formal risk tolerance limits (given the simplicity of the business), the Board would consider possible and/or necessary actions if required capital is, or may become, unacceptable taking into account the risk, required capital and the specific circumstances. Such actions include amendment to the risk management system to better control or mitigate those risks contributing to the capital requirement. Conversely, any proposed changes to the risk management system are considered to determine the likely impact on the Company's capital position.

B.4 Internal Control System

The framework is based around the Solvency II definition of operational risk which is 'the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events'. The Company's management of operational risk is therefore aimed at identifying risks in existing processes and improving existing controls to reduce the likelihood of failure and the impact of losses. A key element of the internal control system is the three lines of defence described in B.3.1.

Aberdeen Life seeks continuous improvement to internal controls. The effective management of the risk process is overseen by AAM Group's Business Risk team, facilitated through AAM Group's risk management system, Sword. This system is the central tool used by the business to manage risks arising through day to day operations. Sword also allows for linkage between risks, controls, events and issues, meaning any gaps or potential deficiencies are clearly highlighted. This assists AAM Group in improving its understanding, control and oversight of operational risks and in turn facilitates the achievement of its objectives.

AAM Group's compliance function sits within the Risk Division; a permanent and independent risk management function which is hierarchically and functionally independent from the AAM Group's operating units (first line). The Global Head of Compliance reports directly to the Group Head of Risk, ensuring independence of risk oversight.

B.5 Internal Audit Function

The Internal Audit function (IA) is provided to Aberdeen Life by AAML via the MSA. The IA function is a permanent and independent function which is hierarchically and functionally independent from both the first and second lines of defence. IA is responsible for providing an independent assessment of AAM Group's control environment. It reports directly to AAM Group's Audit Committee which meets five times each year and has an additional reporting line to the Group Chief Executive.

IA prepares a risk-based audit plan covering the entire Group's operations including key third parties. The audit plan is determined by the results of a risk assessment process which considers the inherent risks and the associated control environment to determine the residual risk of each business area. The audit plan is prepared on a '3 + 9' basis, giving detailed plans for the coming quarter and including key audit themes likely to be audited over the following nine months. The plan is approved by the AAM Group Audit Committee. IA also undertakes a programme of Continuous Oversight which summarises the evolving risks in the business and can instigate changes in the audit plan during the year.

IA reports the results of its assessments to the Executive Directors, Head of Division, Head of Department and managers who have to address issues raised in the report, as well as the Group's Risk Division. Reports include an overall rating in respect of control design and effectiveness, as well as management risk awareness. The AAM Group Audit Committee receives summary information to allow it to review the effectiveness of the AAM Group's control environment.

The Aberdeen Life Audit Committee meets twice yearly and receives all relevant IA reports. The IA function attends these meetings, and also holds regular meetings with the Aberdeen Life Chief Executive as part of the Continuous Oversight programme.

B.6 Actuarial Function

The actuarial function is outsourced to Barnett Waddingham LLP. The role of Chief Actuary is held by an appropriately qualified and experienced individual employed by Barnett Waddingham LLP. The Company's Chief Executive provides oversight and assesses the performance of the arrangement.

B.7 Outsourcing

B.7.1 Outsourced Services

Aberdeen Life relies on AAM Group to carry out all business functions other than the actuarial function. This outsourcing is governed by the MSA and IMA between Aberdeen Life and AAML. The MSA is such that AAML is liable for all operational risk losses in respect of the Aberdeen Life business, whether these occur as a result of a failure of AAML or as a result of a failure of a third-party provider and where that third party is unable or unwilling to compensate for any loss incurred. AAML may in turn rely on other parts of the AAM Group to carry out the contracted services. AAM Group operates a group wide risk and control framework which covers all services provided directly and indirectly to Aberdeen Life via the MSA and IMA.

Custody services are provided by State Street Bank and Trust Company (State Street) and fund administration services are provided by State Street and International Financial Data Solutions Limited (IFDS). Actuarial services are outsourced to Barnett Waddingham LLP. The services provided by these third parties are subject to appropriate contractual arrangements that protect Aberdeen Life from losses incurred as a result of operational risk events.

All providers of outsourced services are located in the UK although some individual tasks may be carried out in a range of overseas locations.

A member of the Board is formally responsible for oversight of each Key Function. This includes oversight of outsourcing arrangements within the AAM Group as well as actuarial services.

In addition, oversight of services outsourced to AAML via the MSA is a standing agenda item for the Risk Committee and members are provided with information on the quarterly service review meetings between the Company's management team and key internal service providers for review and/or challenge.

B.7.2 Key Points of Outsourcing Policy

- AAML uses the AAM Group Global Outsourcing Risk Oversight Framework to ensure outsourcing risks are clearly defined and regularly assessed with on-going monitoring of underlying controls both internally and within its outsourced service providers. The AAM Group chooses its service providers carefully and regularly monitors and supervises their performance to ensure that functions are being performed satisfactorily, and to ensure that Aberdeen is fulfilling its regulatory obligations and its contractual obligations to clients
- The AAM Group understands that while a service or function can be outsourced, the underlying risks and controls remain the responsibility of the Group. The AAM Group is fully committed to actively managing these risks within its risk appetite
- A risk assessment is performed on all outsourcers to assess the levels of risk exposure and to ensure all critical/material outsourcers are identified. Initial due diligence is performed on potential outsourcers based on the risk assessment
- There are standard governance and oversight activities agreed for all levels of outsourcer risk to ensure appropriate levels of governance and oversight activities are performed in line with the level of risk exposure
- Oversight of outsourcing risks is performed across the AAM Group with risk based monitoring and testing of control design and performance in outsourcers – across the three lines of defence
- Continuity of service is a key component of the Framework to ensure minimal impact to the AAM Group and its clients in the event of a failure within one or more of its outsourcers or the sudden failure of a critical outsourcer

B.8 Any Other Information

There is no other material information relating to the system of governance.

C Risk Profile

The primary measurement used by Aberdeen Life for assessing financial risk is the loss or reduction in future profit which would be seen in the management accounts or financial statements either immediately or over time.

In addition, Aberdeen Life considers the impact of risks on capital requirements and on the continued viability of the business.

Aberdeen Life is risk-averse. Given the simplicity of the business and the risks accepted, Aberdeen Life does not, in general, set quantifiable tolerances. Tolerances are defined with reference to the following scale:

- Zero – Outcome is guaranteed or, alternatively, Aberdeen Life will not accept the risk
- Low – There is a low probability that actual outcomes could differ materially from expected results
- High – There is a high probability that actual outcomes differ materially from expected results but Aberdeen Life accepts the risk as a consequence of writing unit-linked insurance business

C.1 Underwriting risk

Underwriting risk means the risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions.

Aberdeen Life has zero tolerance for insurance risks other than lapse (surrender) and expense risk. Contracts include no guaranteed benefits and contain no economic insurance risk. Although TIP policies include annuity options (on non-guaranteed terms) no annuities are currently written. Therefore the Company has no direct exposure to mortality or morbidity risks and does not transfer risks to special purpose vehicles.

Lapse risk is measured by the loss of assets under management which reduces future fund charge income and consequently potentially impacts both current and future years' profits. Expense risk is measured by the impact on current and potentially future years' profit.

Aberdeen Life has a high tolerance to lapse risk and the consequent variation in fund charges earned as lapse risk is an inevitable part of insurance investment business. The risk of fluctuations in income is managed, where possible, by making expenses sensitive to the volume of charges received. This is achieved under the terms of the MSA between the Company and AAML whereby the majority of expenses payable are defined as a percentage of fund charge income. Aberdeen Life aims to minimise lapses on its unit linked funds by providing a dedicated client service team, which has been set up specifically to meet the needs of UK pension schemes.

Aberdeen Life has a low tolerance to expense risk. As mentioned above, the majority of expenses (fee related expenses) are defined as a set percentage of fund charge income. Modest additional expenses are incurred. The expense risk on these additional expenses is managed by:

- Reducing fee-related expenses if retained fund charge income is otherwise insufficient to meet the additional expense
- Close monitoring of the additional expense amounts and their justification

An increase in expenses leads to an increase in required capital under the Solvency II standard formula (all else equal). This risk is managed in all but extreme circumstances by contractual provisions between Aberdeen Life and AAML which reduce fee related expenses if necessary such that retained fund charge income is sufficient to meet the increase in required capital together with the required margin of cover.

There have been no material changes to underwriting risk or how it is measured over the reporting period.

The only material risk concentration is that individual policies may account for a significant percentage of assets under management. At 30 September 2016 the largest individual policy accounted for 24% of the Company's unit linked assets.

The nature of the expenses payable under the agreements between the Company and AAML are such that, while changes in experience will affect profitability, the company is protected from making a loss in all but extreme circumstances (a significant rise in non-fee related expenses and/or a significant fall in assets under management). The impact of adverse lapse and expense experience are considered in the ORSA under a number of scenarios. These demonstrate that the Company is able to withstand extreme adverse lapse and/or expense experience whilst continuing to meet regulatory capital requirements and without impacting on its ability to meet policyholder obligations in full.

C.2 Market risk

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

Shareholder asserts and linked assets are considered separately.

Aberdeen Life has a low tolerance to market risk on shareholder assets. The shareholder assets are used to cover the SCR, the MCR and any technical provisions in excess of the linked assets, and are invested to preserve capital. Investments are located in the UK and limited to cash, short term bonds and short term money market instruments. Investment in short term bonds and money market instruments is achieved by investing in the Aberdeen Liquidity Fund (Lux) – Sterling Fund (Liquidity Fund), a money market UCITS fund.

Aberdeen Life has a high tolerance to market risk on linked assets. Aberdeen Life accepts that because it is conventional practice for investment charges to be expressed as a percentage of assets under management, its revenue from fund charges will be subject to market movements and the choices made by its customers on the allocation to different internal linked funds. This risk of fluctuations in income is managed, where possible, by making expenses sensitive to the volume of charges received.

The linked assets are managed in accordance with the investment mandate for the particular fund taking into account the prudent person principle requirements under the PRA Investments Rulebook and the permitted links rules included in the FCA Conduct of Business Sourcebook (COBS) 21. In particular, policyholder liabilities are fully matched with units established within the relevant internal linked funds and with assets of the same value.

There have been no material changes to market risk or how it is measured over the reporting period.

The Company investigates the potential impact of market risks on its income and solvency position by way of stress and scenario tests that are carried out as part of the ORSA process. These demonstrate that Aberdeen Life is able to withstand extreme market falls whilst continuing to meet regulatory capital requirements and without impacting on its ability to meet policyholder obligations in full, but recognising that policyholder obligations will reflect the impact of market risks on linked assets.

C.3 Credit risk

Credit risk means the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations.

Service provision, shareholder assets and linked assets are considered separately.

Aberdeen Life has a low tolerance to credit risk in relation to third party service providers. The risk of a service provider defaulting on its obligations is primarily managed by initial and on-going due diligence of the service provider together with protections included in service contract terms. The terms of the MSA between the Company and AAML are such that Aberdeen Life would seek redress from AAM Group if a third party service provider was unable or unwilling to meet its financial obligations towards the company.

Aberdeen Life has a low tolerance to credit risk in relation to shareholder assets. The risk is managed by limiting direct exposure to cash (bank) counterparties and investing other assets in a diversified portfolio of high quality short-term assets. The bank counterparties must meet the criteria set by the Group Credit Risk Management Policy. Cash balances are, in normal circumstances, limited to £2 million to any single counterparty although this limit may be temporarily exceeded for operational reasons. Cash balances are monitored daily. Diversification of non-cash assets is achieved by investing in the Liquidity Fund.

The tolerance to credit risk in relation to linked assets depends upon the investment objectives of each fund, but is generally low and is managed according to individual fund mandates. Thresholds are set for each fund to limit cash at the custodian, with a daily sweep into the Liquidity Fund to diversify counterparty exposure and reduce risk.

There are no material risk concentrations other than to bank counterparties, with such exposures managed as described above.

The risk to Aberdeen Life of fluctuations in fund charge income as a result of asset defaults in the linked funds is managed, where possible, by making expenses sensitive to the volume of charges received.

There have been no material changes to credit risk or how it is measured over the reporting period.

The Company investigates the potential impact of credit risks on its income and solvency position by way of stress and scenario tests that are carried out as part of the ORSA process. These demonstrate that Aberdeen Life is able to withstand extreme credit events whilst continuing to meet regulatory capital requirements and without impacting on its ability to meet policyholder obligations in full, but recognising that policyholder obligations will reflect the impact of credit risks on linked assets.

C.4 Liquidity risk

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

Shareholder assets and linked assets are considered separately.

Aberdeen Life has a low tolerance to liquidity risk in relation to shareholder assets. All shareholder assets are held in cash or in the Liquidity Fund which allows daily dealing. Given the nature and size of the Liquidity Fund, large redemptions can typically be made without impacting on the fund share price.

The linked assets are managed to provide appropriate liquidity, in normal circumstances, to allow policyholder redemptions to be met as they fall due. Fund managers use tools to project forward their cash balances and ensure that they have sufficient cash in the portfolio to meet obligations on a daily basis. In addition, Aberdeen Life has the contractual ability to suspend transactions where this is considered to be in the interests of policyholders.

There have been no material changes to liquidity risk or how it is measured over the reporting period.

Given the nature of the business written by Aberdeen Life, the expected profit in future premiums calculated in accordance with Article 260(2) of the Delegated Regulation is zero.

C.5 Operational risk

Operational risk means the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.

Aberdeen Life has a low tolerance to operational risk. Aberdeen Life considers operational risk in respect of internal processes, personnel or systems as being transferred to AAML or third party suppliers through outsourced service agreements. AAM Group operates an Operational Risk Management Policy which applies to all services carried out by AAML for Aberdeen Life.

Operational risk from external events is primarily managed by ensuring compliance with current regulation and legislation, and by maintaining the ability to react appropriately to external risks and issues. As part of its ORSA process, Aberdeen Life considers the impact of external influences on its business model and considers the management actions that might be taken to address any issues.

There have been no material changes to operational risk or how it is measured over the reporting period.

C.6 Other material risks

Aberdeen Life has limited exposure to currency risk from overseas assets held within certain unit-linked funds. Exchange rate fluctuations will result in fluctuations in fund charges which are based on sterling-equivalent asset values. This risk of fluctuations in income is managed, where possible, by making expenses sensitive to the volume of charges received.

Aberdeen Life has a high tolerance to group risk and, in general, accepts the risk without management, reflecting the rationale for the existence of Aberdeen Life. However, within group risk, Aberdeen Life closely manages AAML's obligations to compensate Aberdeen Life for any operational risk losses. In addition to the contractual protections given in the internal and external outsourcing agreements, Aberdeen Life also considers the capital position and the extent of insurance cover maintained by AAML in determining the ongoing security of the outsourcing arrangement.

It should be noted that in the event of any significant group issues, Aberdeen Life has the ability to terminate all contracts at three months' notice.

Aberdeen Life does not write any outward reinsurance and does not hold any off-balance sheet positions.

C.7 Any other information

There is no other material information regarding the risk profile of the Company.

D Valuation for Solvency Purposes

D.1 Assets

Aberdeen Life's assets are primarily those held to back unit-linked liabilities. The Solvency II valuation for each material class of asset is contained in Quantitative Reporting Template (QRT) reference S.02.01.

Article 75 of the Solvency II Directive requires that assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction. This valuation basis is similar to the 'fair value' accounting concept which is defined within IFRS 13 as 'the price that would be received to sell and asset or paid to transfer a liability in an orderly transaction between market participants.'

Aberdeen Life has elected to prepare its financial statements under FRS 101 'Reduced Disclosure Framework'. This basis requires the measurement of assets and liabilities in accordance with IFRS 13 (in which the term "Fair value" is defined). Therefore the valuation of assets and liabilities required for the annual financial statements is consistent with that required for Solvency II.

The only difference from the Assets reported in the financial statements relates to a tax adjustment resulting from recognition of the risk margin after deduction of the value of in-force business (see section D.2).

The methodology for valuing and recognising these assets are summarised below:

Balance sheet category	Accounting policy	Further detail of balances
Collective Investments Undertakings	Fair value – using quoted market prices in active* markets	Investment in quoted liquidity funds
Assets held for index-linked and unit-linked contracts	Fair value – using quoted market prices in active* markets or other valuation techniques as disclosed in the financial statements where necessary. (see below)**	Assets held within the linked funds, primarily equities and holdings in collective funds. No properties are held directly.
Insurance and intermediaries receivables & Receivables (trade, not insurance)	Fair value - due to short-term nature of the receivables no adjustment to valuation are required	Outstanding sales/liquidations Accrued income Prepayments Other debtors
Cash and cash equivalents	Fair value – based on statement values	Cash balances held

* Active market as defined in International Financial Reporting Standard 13-Appendix A
** As at 30 September 2016 there was one asset held within a unit-linked fund (valued at £315k) which required an alternative valuation technique (as disclosed in the financial statements). It is the Company's policy to minimise holdings of assets which do not have a quoted market price in an active market

No other material assumptions or judgements have been used, (or contribute to uncertainty) in the valuation of assets.

D.2 Technical provisions

There are two lines of business, unit-linked insurance business comprising trustee investment plans (direct business) and unit-linked reinsurance accepted on similar terms (reinsurance business). All business is pensions business.

The technical provisions at the valuation date are shown in the table below.

	As at 30 September 2016 (£m)		
	Direct	Reinsurance	Total
Best estimate liabilities			
Unit reserve	902.03	768.86	1,670.89
Value of in-force business (VIF)	(0.05)	(0.05)	(0.10)
Risk margin	0.06	0.06	0.12
Total technical provisions	**902.04**	**768.87**	**1,670.91**

Given the similarities between the two, the same methods and assumptions are used to determine the technical provisions for both lines of business written.

Technical provisions have been determined as the sum of the best estimate liabilities and the risk margin.

D.2.1 Best estimate liabilities

The best estimate liabilities have been determined, using recognised actuarial methods, as:

- The value of units allocated to in-force contracts at the valuation date, as disclosed in the financial statements (unit liabilities); less
- A best estimate calculation of the present value of the excess of policy charges over expenses (the 'VIF')

A deterministic cash-flow projection method is used to determine the VIF. Although the Company manages the business on a long-term basis, the VIF projection is limited to three months. This approach has been agreed with the PRA as an appropriate interpretation of Delegated Regulation Article 18 (Boundary of an insurance or reinsurance contract) at 30 September 2016. It reflects the Company's ability to terminate all contracts subject to a three- month notice period (the "contract boundary").

The projection involves estimating the policy charges and expenses cash flows that the Company expects to receive and incur respectively in each month of the three month projection period, based on the business in force at the valuation date and using a single set of best estimate projection assumptions. The net cash-flow in each month is then discounted to the valuation date to give a present value.

The policy charges cash flows are annual management charges (fee income) which are either deducted directly from unit-linked funds, or otherwise invoiced directly to policyholders.

The expenses cash flows fall into three categories:

- Expenses that are a percentage of net fee income received as contractually defined in the contractual agreements between the Company and AAML
- Administration and custodian services charges as contractually defined in the services agreements between the Company and external third parties
- Other expenses that are fixed or variable monetary amounts (direct expenses)

The administration and custodian service charges depend to an extent upon transaction volumes and are in part met by policyholders by way of recharges to the unit linked funds used to determine policyholder benefits. The projected overall level of such fees and the split between the part met by policyholders and the part met by the Company is based on recent experience.

Net fee income is defined as fee income received less any fee rebates reimbursed to policyholders less the share of administration and custodian service charges met by the Company.

The assumption for direct expenses is based on the Company's expectations taking into account experience over the 12 months to the valuation date and any anticipated changes.

Economic assumptions are based on market data at the valuation date and withdrawal assumptions are based on actual experience over a six year period to the valuation date, adjusted as necessary to make appropriate allowance for extraordinary events. It is assumed that the average rate of fee income on the in-force business at the valuation date is maintained throughout the projection period.

There is no obligation for policyholders to pay additional premiums other than, for some policies, where annual management charges are invoiced and paid by way of premiums. The technical provisions therefore include no allowance for additional premiums other than charges.

D.2.2 Risk margin

The risk margin has been assessed in accordance with the methodology set out in the Delegated Regulation as the cost of holding an adjusted SCR over the projected run-off of the business.

Given all business has a three month contract boundary, the risk margin has been determined over a one year period, the minimum period allowed by the regulations. As required by the Delegated Regulation, it has been calculated on the result of the SCR at the valuation date but with the bank counterparty default and market risk module SCR set equal to zero on the assumption that these risks could be hedged if required.

The risk margin has been apportioned across the two lines of business in proportion to the respective unit liabilities. This is considered a proportionate and appropriate approach as the amount of unit liabilities is a reasonable proxy for the risk associated with each line of business and the impact of using a different apportionment method would not be material to the overall technical provisions by line of business.

D.2.3 Simplifications

The VIF has been determined using an aggregate approach. Under the aggregate approach, the VIF cash flows are projected for the business as a whole, not at an individual policy level. The resulting VIF is then apportioned between direct business and reinsurance business based on the respective unit liabilities at the valuation date. This approach involves the following simplifying assumptions:

- A single rate of surrender is used across all funds and both lines of business. In reality, surrender rates are likely to vary by fund and line of business. However, surrender rates for the business written by the Company are very hard to predict as they will depend on a number of factors including relative investment performance, market sentiment over a particular fund, the individual circumstances of the policyholder and the size of the policyholder's investment with the Company. However, the VIF is relatively insensitive to the surrender assumptions and given the value of the VIF compared to the total technical provisions, more granular assumptions are unlikely to lead to materially different technical provisions.

  The approach, whereby the VIF is apportioned between direct and reinsurance contracts by reference to the value of unit liabilities, implicitly assumes that expenses defined as monetary amounts (as opposed to percentage of policy charges) are apportioned over individual policies on a pro rata basis based on the monetary amount of annual policy charge each policy is expected to generate. A different allocation of the monetary expenses would not change the overall VIF, given the way expenses are determined, but could affect the split of the total between direct and reinsured business. Given that the Company considers monetary expenses at a company level, this implicit apportionment, effectively by ability to pay, is not unreasonable, especially talking into account the low materiality of the VIF compared to the total technical provisions.

D.2.4 Uncertainty associated with the value of technical provisions

The methodology employed is proportionate to the nature, scale and complexity of the risks accepted by the Company.

There are no material deficiencies in the data used for the technical provisions.

All business written is unit-linked pensions business with no investment guarantees. The unit liabilities are matched by holding the assets upon which the unit liabilities are determined.

The Company has the unilateral right to terminate contracts subject to three months' notice. This is a typical policy clause for the type of business written by the Company, which is sold only to institutional investors and protects the Company against the long-term impact of adverse experience. The expense agreements in place between the Company and others within the AAM Group are such that in normal circumstances the Company retains only a modest percentage of net fee income out of which it needs to meet direct expenses. The retained amount is however increased if it would otherwise be insufficient to cover the direct expenses. The extent of the retained net fee income in excess of direct expenses is therefore also modest, especially when measured over the three month contract boundary.

Although the VIF to the contract boundary depends upon the projection assumptions, the result is small in comparison to the overall technical provisions, which are dominated by the value of the unit liabilities. Consequently, if different plausible assumptions or more complex methodology were to be used, the technical provisions would not be materially different.

D.2.5 Reconciliation with financial statements

All contracts written by the Company are treated as investment contracts under applicable accounting rules. The accounting treatment for such contracts is to value the contracts at 'fair value', essentially the market value of the assets within the unit-linked funds, and no less than the amount that would be payable on immediate surrender. The technical provisions reported in the Company's financial statements are therefore taken as the unit liabilities of £1,670.89 million. The technical provisions for solvency purposes are £0.02 million higher than the technical provisions reported in the financial statements, reflecting the VIF to the contract boundary and the risk margin held for solvency purposes.

D.2.6 Adjustments and transitional arrangements

A matching adjustment (as referred to in Article 77b of Directive 2009/138/EC) is not used.

A volatility adjustment (as referred to in Article 77d of Directive 2009/138/EC) is not used.

The transitional adjustment in respect to the risk-free interest rate-term structure (as referred to in Article 308c of Directive 2009/138/EC) is not used.

The transitional deduction in respect to technical provisions (as referred to in Article 308d of Directive 2009/138/EC) is not used.

D.2.7 Reinsurance

The Company has no recoverables from reinsurance contracts and has transferred no risks to special purpose vehicles.

D.3 Other Liabilities

D.3.1 Trade and other payables

Balances are initially measured at fair value less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method. In practice the carrying values equate to the fair values due to the short term nature of the amounts.

D.3.2 Deferred Taxation

The value of the assets and liabilities held in accordance with the Solvency II Directive is identical to the value presently used for the purposes of our tax calculation other than the impact of the VIF and risk margin. The deterred tax impact of the VIF and risk margin is referred to in section D.1.

A change in the basis of taxation for the Company, implemented in 2013, led to the recognition of profits that had previously been tax deductible. Under transitional arrangements those profits are recognised uniformly over the 10 year period commencing 1 January 2013. The deferred tax liability is determined using the relevant rates of tax which apply over the remaining deferment period.

D.3.3 Contingent liabilities

The IFRS valuation (prescribed by IAS 37) defines a contingent liability as:

a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity

b) A present obligation that arises from past events but is not recognised because; (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability

A contingent liability will be disclosed under IFRS but not recognised. The Solvency II Directive states that contingent liabilities should be recognised if considered 'material'.

As at 30 September 2016, the Company has concluded it holds no contingent liabilities.

D.4 Alternative methods for valuation

No alternative methods for valuation have been used.

D.5 Any other information

There is no other material information regarding the valuation of assets and liabilities for solvency purposes.

E Capital Management

E.1 Own funds

The Company seeks to maintain sufficient capital resources of appropriate quality to give policyholders assurance of our financial strength and to satisfy the requirements of the regulators. The capital management policy is designed to ensure that all capital requirements are met out of retained profits without the need to seek other forms of capital.

All of the Company's own funds are classified as Tier 1 basic own funds comprised of equity and retained earnings and are available to provide cover for both the SCR and the MCR without restriction. Own funds are predominately invested to preserve capital values, typically in a diverse portfolio of cash and short-dated instruments.

The Company performs financial projections under central and adverse scenarios to assess the capital required over a three-year business planning period.

E1.1 Capital Management Policy

The Company may distribute by way of dividend the full amount of distributable profits disclosed in the audited accounts each year, or other amount as agreed provided that, following such payment Aberdeen Life will continue to hold a level of cover, as deemed appropriate by the Board, above the appropriate regulatory requirement applicable to the Company, or such other amount as may be agreed and having regard to the Company's business plan. The Company's policy is to hold sufficient capital such that it may be treated under Article 199 of the Delegated Regulation as being equivalent to an entity with credit quality step 1 or any other maximum requirement applicable to the Company. This target has been set in order that the Company is able to demonstrate adequate financial strength but is not intended to represent any particular risk appetite.

The Board may cancel, amend or withhold dividends at any time prior to payment if such cancellation or amendment is necessary for the Company to meet regulatory requirements or its internal targets.

Prior to approval of any dividend payment, the Board will seek the non-objection of the PRA.

There have been no material changes to the capital management policy over the reporting period. Any change in the capital management policy will be approved by the Board.

The Company monitors its capital position on an ongoing basis.

Own funds at 30 September 2016 are as follows:

	As at 30 September 2016 (£m)
Tier 1 unrestricted	
Ordinary share capital	1.50
Reconciliation reserve	8.89
Total own funds	**10.39**
Solvency Capital Requirement (SCR)	1.73
SCR cover	**602%**
Minimum Capital Requirement (MCR)	2.66
MCR Cover	**391%**

The reconciliation reserve comprises retained profits and the difference between the technical provisions for solvency purposes and the technical provisions reported in the financial statements.

The difference between equity shown in the financial statements and the excess of assets over liabilities used for solvency purposes is not material. The difference arises solely from the net of tax effects combined impact of the VIF and the risk margin that is not recognised in the financial statements but is reflected in the reconciliation reserve.

No basic own funds are subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of directive 2009/138/EC. There are no ancillary own funds and no deductions made from the own funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The SCR is determined using the standard formula. The SCR and MCR as at 30 September 2016 is shown below.

	As at 30 September 2016 (£m)
Solvency Capital Requirement	
Operational risk	1.87
Market risk	0.21
Life underwriting risk	0.09
Counterparty default risk	0.09
Diversification across risk modules	(0.10)
Tax adjustment	(0.44)
Total SCR	**1.73**
Minimum Capital Requirement	**2.66**

The Company has not applied any of the simplifications outlined in Articles 88 to 112 of the Delegated Regulation. The Company is taking a proportionate and simplified approach to calculating the SCR for market risk in that all unit-linked assets are assumed to be invested in 'Type 2' equities as defined in Article 168 of the Delegated Regulation. This approach has been confirmed as acceptable by the PRA subject to ongoing monitoring.

No undertaking specific parameters are used to calculate the SCR pursuant to Article 104(7) of Directive 2009/138/EC.

The Company has not made use of the option provided for in the third subparagraph of Article 51(2) of Directive 2009/138/EC.

The Company is not required to use any undertaking specific parameters in accordance with Article 110 of Directive 2009/138/EC. No capital add-on has been applied to the SCR.

The MCR calculation is set out in the Delegated Regulation. Given the nature of the Company's business, the required inputs to the calculation that are not defined under the regulations are limited to:

- The technical provisions excluding the risk margin for unit-linked life insurance and reinsurance obligations of £1,670.80m
- The amount of capital at risk, which is zero

The MCR for the Company is currently based on the €3.7m monetary minimum set out in regulations.

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

The Company does not use the duration-based equity sub-module option as set out in Article 304 of Directive 2009/138/EC.

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

The Company is not using an internal model.

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

The Company currently complies fully with both the MCR and SCR.

E.6 Any other information

There is no other material information regarding the capital management of the Company.

F Validation

Approval by the Board of Directors of the Solvency and Financial Condition Report and Reporting Templates

Financial period ended 30 September 2016

We certify that:

1. The Solvency and Financial Condition Report (SFCR) has been properly prepared in all material respects in accordance with the PRA rules and Solvency II Regulations; and

2. We are satisfied that:

   (a) Throughout the financial year in question, Aberdeen Life has complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable to the insurer; and

   (b) It is reasonable to believe that Aberdeen Life has continued so to comply subsequently and will continue so to comply in future.

Helen Webster

Helen Webster

Director and Chief Executive Officer

Date: 13 February 2017

Aberdeen Asset Management Life and Pensions Limited (Aberdeen Life)

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Appendix 1

Contents

The following QRTs are required for the SFCR:

QRT ref	QRT Template name
S.02.01	Balance Sheet
S.05.01	Premiums, claims and expenses
S.05.02	Premiums, claims and expenses by country – Not reported as all business written in the UK
S.12.01	Life and Health SLT Technical Provisions
S.23.01	Own Funds
S.25.01	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01	Minimum Capital Requirement – only Life or only non-life insurance or reinsurance activity

S.02.01.02 Balance Sheet

		Solvency II value
CHM	Assets	C0010
R0010	Goodwill	-
R0020	Deferred acquisition costs	-
R0030	Intangible assets	-
R0040	Deferred tax assets	-
R0050	Pension benefit surplus	-
R0060	Property, plant & equipment held for own use	-
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	9,849
R0080	Property (other than for own use)	-
R0090	Holdings in related undertakings, including participations	-
R0100	Equities	-
R0110	Equities - listed	-
R0120	Equities - unlisted	-
R0130	Bonds	-
R0140	Government Bonds	-
R0150	Corporate Bonds	-
R0160	Structured notes	-
R0170	Collateralised securities	-
R0180	Collective Investments Undertakings	9,849
R0190	Derivatives	-
R0200	Deposits other than cash equivalents	-
R0210	Other investments	-
R0220	Assets held for index-linked and unit-linked contracts	1,670,894
R0230	Loans and mortgages	-
R0240	Loans on policies	-
R0250	Loans and mortgages to individuals	-
R0260	Other loans and mortgages	-
R0270	Reinsurance recoverables from:	-
R0280	Non-life and health similar to non-life	-
R0290	Non-life excluding health	-
R0300	Health similar to non-life	-
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	-
R0320	Health similar to life	-
R0330	Life excluding health and index-linked and unit-linked	-
R0340	Life index-linked and unit-linked	-
R0350	Deposits to cedants	-
R0360	Insurance and intermediaries receivables	2,960
R0370	Reinsurance receivables	-
R0380	Receivables (trade, not insurance)	922
R0390	Own shares (held directly)	-
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	-
R0410	Cash and cash equivalents	2,180
R0420	Any other assets, not elsewhere shown	-
R0500	**Total assets**	**1,686,804**

		Solvency II value
CHM	**Liabilities**	C0010
R0510	Technical provisions – non-life	-
R0520	Technical provisions – non-life (excluding health)	-
R0530	TP calculated as a whole	-
R0540	Best Estimate	-
R0550	Risk margin	-
R0560	Technical provisions – health (similar to non-life)	-
R0570	TP calculated as a whole	-
R0580	Best Estimate	-
R0590	Risk margin	-
R0600	Technical provisions – life (excluding index-linked and unit-linked)	1,670,914
R0610	Technical provisions – health (similar to life)	-
R0620	TP calculated as a whole	-
R0630	Best Estimate	-
R0640	Risk margin	-
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	1,670,914
R0660	TP calculated as a whole	-
R0670	Best Estimate	1,670,796
R0680	Risk margin	118
R0690	Technical provisions – index-linked and unit-linked	-
R0700	TP calculated as a whole	-
R0710	Best Estimate	-
R0720	Risk margin	-
R0730	Other technical provisions	-
R0740	Contingent liabilities	-
R0750	Provisions other than technical provisions	-
R0760	Pension benefit obligations	-
R0770	Deposits from reinsurers	-
R0780	Deferred tax liabilities	133
R0790	Derivatives	-
R0800	Debts owed to credit institutions	-
R0810	Financial liabilities other than debts owed to credit institutions	-
R0820	Insurance & intermediaries payables	2,991
R0830	Reinsurance payables	-
R0840	Payables (trade, not insurance)	2,375
R0850	Subordinated liabilities	-
R0860	Subordinated liabilities not in Basic Own Funds	-
R0870	Subordinated liabilities in Basic Own Funds	-
R0880	Any other liabilities, not elsewhere shown	-
R0900	**Total liabilities**	**1,676,412**
R1000	**Excess of assets over liabilities**	**10,392**

S.05.01.02 Premiums, claims and expenses by line of business

			Line of Business for: life insurance obligations						Life reinsurance obligations		Total
			Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
CHM			C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written										
R1410	Gross	**R1410**									0
R1420	Reinsurers' share	**R1420**									0
R1500	Net	**R1500**	0	0	0	0	0	0	0	0	0
	Premiums earned										
R1510	Gross	**R1510**			0					0	0
R1520	Reinsurers' share	**R1520**									0
R1600	Net	**R1600**	0	0	0	0	0	0	0	0	0
	Claims incurred										
R1610	Gross	**R1610**									0
R1620	Reinsurers' share	**R1620**									0
R1700	Net	**R1700**	0	0	0	0	0	0	0	0	0
	Changes in other technical provisions										
R1710	Gross	**R1710**									0
R1720	Reinsurers' share	**R1720**									0
R1800	Net	**R1800**	0	0	0	0	0	0	0	0	0
R1900	**Expenses incurred**	**R1900**			**5,010**					**1,676**	**6.686**
R2500	**Other expenses**	**R2500**									
R2600	**Total expenses**	**R2600**									**6,686**

S.12.01.02 Life and Health SLT Technical Provisions

				Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
			Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
CHM			C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	**Technical provisions calculated as a whole**	R0010										0						0
R0020	**Total Recoverables from reinsurance/SPV and Finite Re** after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020										0						0
	Technical provisions calculated as a sum of BE and RM																	
	Best Estimate																	
R0030	**Gross Best Estimate**	R0030			901,979						768,818	1,670,796						0
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0040										0						0
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	0		901,979	0		0	0	0	768,818	1,670,796		0	0	0	0	0
R0100	**Risk Margin**	R0100		63							54	118						0
	Amount of the transitional on Technical Provisions																	
R0110	Technical Provisions calculated as a whole	R0110										0						0
R0120	Best estimate	R0120										0						0
R0130	Risk margin	R0130										0						0
R0200	**Technical provisions - total**	R0200	**0**	**902,042**			**0**			**0**	**768,872**	**1,670,914**	**0**			**0**	**0**	**0**

S.23.01.01 Own Funds

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
CHM			C0010	C0020	C0030	C0040	C0050
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
R0010	Ordinary share capital (gross of own shares)	**R0010**	1,500	1,500			
R0030	Share premium account related to ordinary share capital	**R0030**	0				
R0040	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	0				
R0050	Subordinated mutual member accounts	**R0050**	0				
R0070	Surplus funds	**R0070**	0				
R0090	Preference shares	**R0090**	0				
R0110	Share premium account related to preference shares	**R0110**	0				
R0130	Reconciliation reserve	**R0130**	8,892	8,892			
R0140	Subordinated liabilities	**R0140**	0				
R0160	An amount equal to the value of net deferred tax assets	**R0160**	0				
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**	0				
	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						
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	**R0220**					
	Deductions						
R0230	Deductions for participations in financial and credit institutions	**R0230**	0				
R0290	**Total basic own funds after deductions**	**R0290**	**10,392**	**10,392**	**0**	**0**	**0**
	Ancillary own funds						
R0300	Unpaid and uncalled ordinary share capital callable on demand	**R0300**	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	**R0310**	0				
R0320	Unpaid and uncalled preference shares callable on demand	**R0320**	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	0				

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
R0390	Other ancillary own funds	R0390	0				
R0400	**Total ancillary own funds**	R0400	**0**			**0**	**0**
	Available and eligible own funds						
R0500	Total available own funds to meet the SCR	R0500	10,392	10,392	0	0	0
R0510	Total available own funds to meet the MCR	R0510	10,392	10,392	0	0	
R0540	Total eligible own funds to meet the SCR	R0540	10,392	10,392	0	0	0
R0550	Total eligible own funds to meet the MCR	R0550	10,392	10,392	0	0	
R0580	**SCR**	R0580	1,726				
R0600	**MCR**	R0600	2,657				
R0620	**Ratio of Eligible own funds to SCR**	R0620	6.0206				
R0640	**Ratio of Eligible own funds to MCR**	R0640	3.9107				
	Reconciliation reserve		**C0060**				
R0700	Excess of assets over liabilities	R0700	10,392				
R0710	Own shares (held directly and indirectly)	R0710					
R0720	Foreseeable dividends, distributions and charges	R0720					
R0730	Other basic own fund items	R0730	1,500				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740					
R0760	**Reconciliation reserve**	R0760	8,892				
	Expected profits						
R0770	Expected profits included in future premiums (EPIFP) - Life business	R0770					
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	R0780					
R0790	**Total Expected profits included in future premiums (EPIFP)**	R0790	**0**				

S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula

			Gross solvency capital requirement	USP	Simplifications
CHM			C0110	C0080	C0090
R0010	Market risk	R0010	211		
R0020	Counterparty default risk	R0020	88		
R0030	Life underwriting risk	R0030	93		
R0040	Health underwriting risk	R0040			
R0050	Non-life underwriting risk	R0050			
R0060	Diversification	R0060	-102		
R0070	Intangible asset risk	R0070			
R0100	**Basic Solvency Capital Requirement**	R0100	290		

CHM	**Calculation of Solvency Capital Requirement**		C0100
R0130	Operational risk	R0130	1,873
R0140	Loss-absorbing capacity of technical provisions	R0140	
R0150	Loss-absorbing capacity of deferred taxes	R0150	-437
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
R0200	**Solvency capital requirement excluding capital add-on**	R0200	1,726
R0210	Capital add-on already set	R0210	
R0220	**Solvency capital requirement**	R0220	1,726
	Other information on SCR		
R0400	Capital requirement for duration-based equity risk sub-module	R0400	
R0410	Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
R0440	Diversification effects due to RFF nSCR aggregation for article 304	R0440	

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			
CHM			C0010	
R0010	MCRNL Result	R0010	0	

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

	Linear formula component for life insurance and reinsurance obligations				
CHM			C0040		
R0200	MCRL Result	R0200	11,696		
				Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
CHM				C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits	R0210			
R0220	Obligations with profit participation - future discretionary benefits	R0220			
R0230	Index-linked and unit-linked insurance obligations	R0230		1,670,796	
R0240	Other life (re)insurance and health (re)insurance obligations	R0240			
R0250	Total capital at risk for all life (re)insurance obligations	R0250			
CHM	**Overall MCR calculation**		C0070		
R0300	Linear MCR	R0300	11,696		
R0310	SCR	R0310	1,726		
R0320	MCR cap	R0320	777		
R0330	MCR floor	R0330	432		
R0340	Combined MCR	R0340	777		
R0350	Absolute floor of the MCR	R0350	2,657		
			C0070		
R0400	**Minimum Capital Requirement**	R0400	2,657		