Westfield Contributory Health Scheme Limited

Solvency and Financial Condition Report
for the year ended 31 March 2023

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Summary

About Westfield Health

Westfield Contributory Health Scheme Limited ("Westfield Health", the "Company") is a health insurance company formed over a century ago with the vision of improving people's health and wellbeing. By helping people to access and pay for health treatment and through charitable donations, Westfield Health supports the NHS and charities to help its customers and the community to a healthier life. Westfield Health does not have shareholders, this allows them to focus on giving back to causes that can impact health and wellbeing.

Westfield Health is dedicated to making a healthy difference to the quality of life of customers and the communities in which they live and work. Westfield Health's mission is to inspire and empower people to be the best that they can be, and to deliver evidence-based health and wellbeing solutions that support people, communities and workplaces to be healthier.

Westfield Health is the parent company of the Westfield Group (the "Group") which encompasses a number of companies that operate in the health and wellbeing market.

About Westfield Health's products

Westfield Health offers two different types of insurance - health cash plans and private health insurance:

Health Cash Plan

A health cash plan allows a policyholder to claim money back, up to set limits, towards the cost of essential healthcare. It is a great way to help budget for everyday health costs. From dental appointments to optical check-ups, therapy treatment and more, policyholders can rest assured that their cover will help with the bills. Dependent children are covered too, on key benefits, giving extra peace of mind.

A health cash plan also provides access to valuable health and wellbeing services including 24 hour telephone access to a UK GP and an advisory service for care after hospital for elderly relatives.

Private Health Insurance

Private health insurance occupies the "middle market" between health cash plans and fully-featured private medical insurance. It makes private surgery and medical treatment more accessible, to ensure policyholders can be treated as quickly as possible. Westfield Health's prices have been kept affordable by negotiating fixed price treatment packages and excluding heart and cancer treatment (areas for which the NHS has established and proven pathways) and excluding chronic conditions.

About this report

The purpose of this Solvency and Financial Condition Report is to enable policyholders and other stakeholders to understand Westfield Health's business performance, governance, risk management, valuation policies, and its management of solvency and capital. It is accompanied by a number of reporting templates which set out more quantitative detail around the financial position and solvency of Westfield Health.

Westfield Health does not need to undertake group reporting, this is therefore a solo based report for the insurance entity but with Group financial results reported where necessary.

Finances

Gross premiums earned increased year on year from £62.7m to £67.1m, an increase of £4.4m (6.9%) driven by both an increase in policyholder numbers during the year and targeted price increases where value could be maintained for policyholders.

Westfield Health's solvency ratio (measured as Own Funds divided by Solvency Capital Requirement) was 261% as at 31 March 2023 (2022: 239%). The regulations are designed so that a ratio of 100% should be enough capital to survive a "one-in-two-hundred year" event.

Westfield Health has donated £448k to charities during the year, as well as supporting other community projects. Westfield Health has provided sponsorship to two key initiatives during the year:

- The British Transplant Games help deliver Transplant Sports' aims to demonstrate the benefits of transplantation, increase public awareness of the need for organ donation, encourage transplant recipients to lead active lifestyles and show appreciation for, and remember, donors and their families.
- The Dame Kelly Holmes Trust aims to transform the mental and physical wellbeing of young people. Our partnership with the trust provides coaching, mentoring and life skills by elite athletes for disadvantaged young people in Sheffield.

The table below summarises Westfield Health's consolidated financial results for the year as reported in the Group financial statements:

Summary Comprehensive Income Statement	2023 £'000	2022 £'000
Surplus on insurance operations	1,369	3,557
Impairments & revaluations	(3,467)	(2,955)
(Deficit)/surplus on technical account	(2,098)	602
Net non-technical result	(4,971)	(790)
Deficit before charitable donations	(7,069)	(188)
Gift Aid and other charitable donations	(448)	(435)
Deficit before tax	(7,517)	(623)
Tax	917	11
Deficit for the year on Ordinary Activities	(6,600)	(612)
Actuarial (loss)/gain on pension scheme	(1,273)	1,124
(Deficit)/surplus transferred to reserves	(7,873)	512

Customer service

Westfield Health continually strives to achieve customer experience excellence. Net Promoter score ("NPS") is a customer loyalty metric that asks policyholders "How likely is it that you would recommend Westfield to family, friends or colleagues?" The data is collected daily.

From over 96,000 completed surveys, Westfield Health are delighted to report a UK market leading NPS of 73%. For context a similar organisation performing at around 55% would be considered to be doing well.

Overall customer satisfaction was 4.8/5. The feedback received from customers is hugely valuable to Westfield Health and all feedback, both complimentary and improvement related, is reviewed on a weekly basis by the Customer Services team.

Developments at Westfield Health

Financial year 2022-23 was hopefully going to see a return to some form of “normality” following two years of significant disruption due to the Coronavirus pandemic. Although the pandemic now seems to be thankfully behind us, the uncertainty void was filled very quickly with both the war in Ukraine and the resulting inflationary environment that has spread across the global community.

In spite of the volatile world in which we live, our colleagues have again shown incredible resilience throughout the year, continuing to deliver high quality service for our customers whilst also delivering significant annual revenue growth of just under £10m which saw our Group revenue exceed £80m for the first time.

Customer claim values in our insurance business remained strong, with average risk rates recovering to pre-pandemic levels during the year. Our pricing strategy, which was paused during the pandemic, will therefore recommence during 2023 ensuring we balance customer value against the inflationary environment in which we operate.

Following a re-organisation of our Sales function over two years ago, new business development was yet again exceptionally strong and saw us achieve the highest level of new business recorded in our 104-year history with just under 150k new policy sales. This resulted in a net increase of 45k policyholders during the year and also saw us break through another key milestone as we now insure in excess of half a million customers - again for the first time.

Importantly, account retention remained strong throughout the year, at 94%.

Continued investment into our digital capability and IT infrastructure has allowed our cash plan customers to submit 100% of claims online, with digital adoption growing to well over 80%.

We have introduced some structural changes within our non-customer-facing areas which will ensure our customer experience and service levels continue to improve over the coming years. We have focused on customer outcomes as part of the new consumer duty regulation and are making changes to our processes where deemed necessary.

Our UK diversified business unit, Westfield Health & Wellbeing Ltd, also saw another year of strong growth with a number of significant client wins secured throughout the year. A closer working relationship with our European business, High Five Health Promotion, also saw us win and subsequently implement a number of Active Spaces for some of the world’s largest and most successful companies.

The continued growth of these business units again demonstrates the continued demand and appetite for these services. Clients are viewing onsite Active Spaces as an essential component of building attractive workplace environments to encourage their people back to the workplace.

Our wellbeing services have continued to benefit from the market demand for content and services to meet the changing and evolving challenges faced by businesses, whether delivered remotely through webinars or onsite. Over 50 health topics are now available to clients in the categories of ‘Live Well’, ‘Work Well’ and ‘Think Well’. Health leadership training courses are also available for senior leaders and line managers and are CPD accredited.

Our whole of workforce proposition, supported and enabled by our corporate wellbeing platform, continues to evolve in line with the needs of the market and ensures that our proposition can be tailored to client needs.

The Board of Directors has overall responsibility for the direction and governance of Westfield Health. The current governance and risk frameworks are detailed further in this report. There have been no significant changes to the frameworks in the current reporting year.

A. Business and performance

A.1. Business

Name, legal form and key contacts

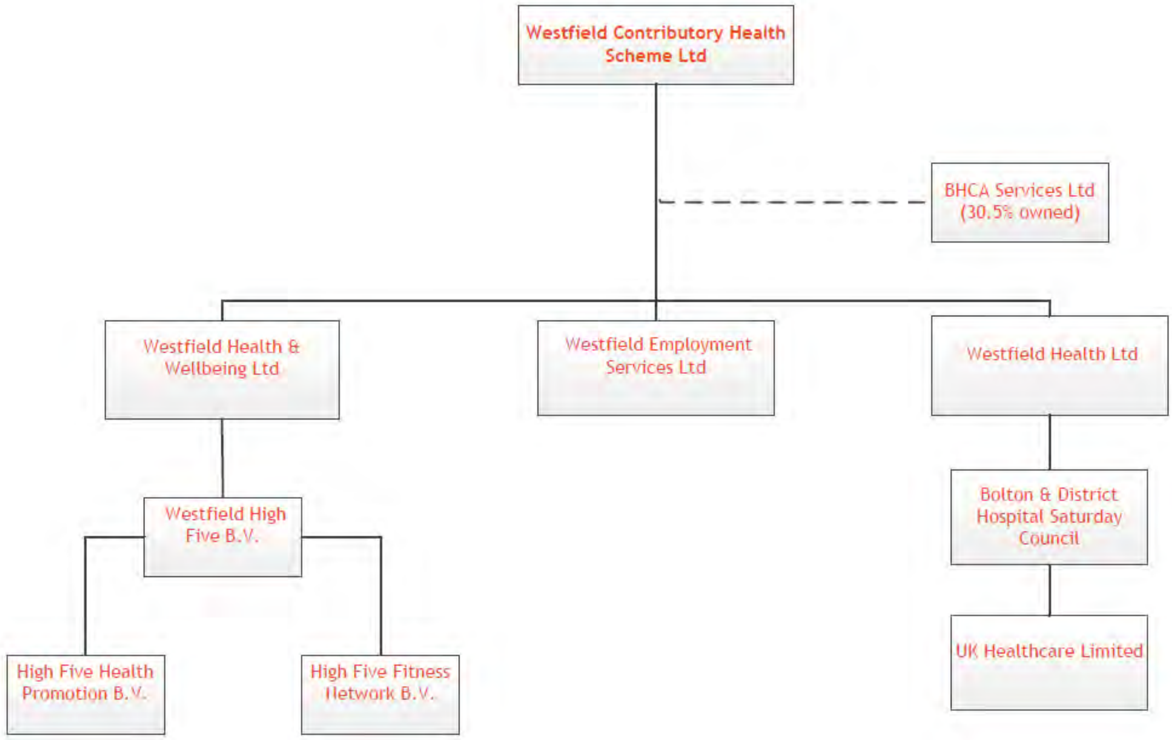
Westfield Health is a health insurance company formed over a century ago in 1919.

Westfield Health is a company limited by guarantee, so has no shareholders, but rather has Members of the Company. Members take part in supervising the performance of the Company and its directors, to protect the interests of the Company. The Company's Articles of Association prohibit Members from benefiting as a result of their membership; as at 31st March there were 16 Members, each with an equal voting right, so no individual Member is considered to hold undue influence over management.

The Group comprises the following companies:

- 100% of the ordinary share capital of Bolton & District Hospital Saturday Council, a company incorporated in England and Wales;
- 100% of the ordinary share capital of Westfield Health & Wellbeing Limited, a company incorporated in England and Wales;
- 100% of the ordinary share capital of Westfield High Five B.V., a company incorporated in the Netherlands;
- 100% of the ordinary share capital of High Five Health Promotion B.V., a company incorporated in the Netherlands;
- 100% of the ordinary share capital of High Five Fitness Network B.V., a company incorporated in the Netherlands;
- 100% of the ordinary share capital of Westfield Employment Services Limited, a company incorporated in England and Wales;
- 100% of the ordinary share capital of Westfield Health Limited, an investment holding company incorporated in England and Wales;
- 100% of the ordinary share capital of UK Healthcare Limited, a dormant company incorporated in England and Wales; and
- 31% of the ordinary share capital of BHCA Services Limited, a company incorporated in England and Wales.

The diagram below sets out the group structure of Westfield Health:



Westfield Health's prudential regulator is the Prudential Regulatory Authority, Bank of England, 20 Moorgate, London EC2R 6DA ("the PRA"); its external auditors are BDO LLP, 55 Baker Street, London, W1U 7EU.

Lines of business

Westfield Health's only line of insurance business, encompassing both health cash plans and private health insurance, is health insurance within the United Kingdom and Channel Islands.

Material events during the year

During the year a number of significant events and programmes have been undertaken by Westfield Health:

Colleagues

At Westfield Health we put our people first. We are dedicated to making Westfield Health a great place to work. Our commitment to our people drives us to create opportunities for colleagues to feel empowered to make a healthy difference in their own roles.

We firmly believe that the Westfield team is the Group's biggest asset. We aim to create a healthy workplace where we all feel connected, heard, developed, recognised and supported. Through our processes, policies and ways of working, we endeavour to drive behaviours that we believe support us to reach our strategic vision.

Our wellbeing strategy reflects what our people are telling us so we can put wellbeing at the heart of what we do. Our business results tell us that this has created a higher performing culture, increased engagement, and most importantly created a great place to work. We have used a number of sources to hear from our people about what we're doing well at Westfield Health and how we can improve further. This will help drive the activities needed to support our people's needs and wants.

Over the last year, we have continued to develop our Diversity, Equity and Inclusion strategy, working with an external consultancy to ensure Westfield Health is an inclusive employer that champions diversity and equity across the group. We have focused on driving change through the education and involvement of our colleagues and by reviewing our internal policies and processes.

Westfield is delighted to hold the Investors in People Gold accreditation. We achieved this back in 2019 and again in June 2022. At the November 2022 Investors in People Awards we won "Employer of the Year - Gold Category, 250+" which is testament to the amazing progress we have made across all indicators in the Investors in People framework. The framework reflects the latest workplace trends, essential skills and effective structures required to outperform in any industry and demonstrates our commitment to high performance through good people management.

At the heart of our people strategy is the support and development of our colleagues across the Group. Over the last year we have strengthened our learning and development offering through the implementation of our Learning Hub and through our development programmes which provide learning opportunities for all colleagues.

The work on our corporate culture continues with the Westfield Way, our values and competency framework. This was co-created by our colleagues and continues to be embedded through our leadership, systems, processes and working practices. The Westfield Way complements and reinforces our purpose and mission to ensure our strategic narrative is consistent. This clarity empowers our colleagues to be fully engaged with the direction of Westfield Health's purpose and make autonomous decisions that are aligned to our goals.

<u>Customers</u>

Connect, our customer services team, continued to deliver market leading customer service to our customers in the UK, despite external pressures making staff retention challenging.

During the year, we communicated with our customers via phone and email over 200,000 times. The moment of truth is when our customers need us to process their claim. In the past year we processed over 700,000 claims within an average of less than four days from receipt.

Following either contact with us or having submitted a claim, we survey our customers for their feedback on our performance. We're proud of the feedback we receive from our customers who rate us 4.8 out of 5 (based on over 96,000 completed customer surveys) and our Net Promoter Score is a market leading 73%.

Throughout the year we have strived to develop self-service capability for our customers via My Westfield, and following extensive development all cash plan claim types can now be submitted online or via our app. This is a significant step forward in convenience for our customers and builds efficiency for the Connect teams. Customers take up of self-service remains strong, with over 85% of our claims now originating from either the website or our app. We will continue our focus on improving our online services to maximise the value to our customers.

To address some operational challenges we were experiencing, we announced changes to our ways of working which will see improvements to our end to end customer experience for claims handling.

We've continued to focus on process improvement throughout Connect, introducing changes to many of our 'back office' processes where we've streamlined ways of working, reducing the effort required from our customers, and the overhead to process the tasks.

Our Active Space clients across the UK and Europe continue to show great belief in us as their wellbeing partner of choice. We have opened a number of high profile, new Active Spaces throughout the year and continue to extend the standard of service that we deliver to existing clients.

Our proposition continues to adapt to meet the needs of clients who want delivery of wellbeing services virtually, onsite or via a hybrid of the two.

Community

As part of our dedication to making a healthy difference to the quality of life of our customers and the communities in which they live and work, we have donated over £6million to health and wellbeing related causes over the last 10 years.

Our community focus is carried out through the 'Westfield One' initiative which is our inclusive give back strategy and enables us to demonstrate our commitment to our purpose, create a sense of belonging, and take action on some of the biggest social challenges our communities face today. We deliver this through the Westfield One Movement Committee who are responsible for identifying more strategic ways to deliver against our founding purpose, the Giving Back Committee, our colleague-led Committee who have their own budget and make one-off donations to charities and other causes, as well as through volunteering for any cause colleagues see as worthy.

Westfield has provided sponsorship to three key initiatives during the year:

The British Transplant Games help deliver Transplant Sports' aims to: demonstrate the benefits of transplantation; increase public awareness of the need for organ donation; encourage transplant recipients to lead active lives; and show appreciation for donors and their families.

The Dame Kelly Holmes Trust aims to transform the mental and physical wellbeing of young people. Our partnership with the trust supports the provision of coaching, mentoring, and life skills by elite athletes for disadvantaged young people in Sheffield.

The Baton of Hope aims to be the biggest suicide awareness and prevention initiative the UK has ever seen, opening up necessary conversations, and prompting appropriate actions. We have partnered with them in order to try and work towards a zero suicide society.

Strategic Partnerships

Westfield's strategic partnership with the Advanced Wellbeing Research Centre at Sheffield Hallam University (AWRC) continues to be a cornerstone of our business, supporting our ambition to be pioneering and evidence-based in our approach to wellness at work. We work with a multi-disciplinary team, with access to specialists including exercise physiologists, physical therapists, psychologists, behaviour change specialists, nutritionists, and sports coaches, providing a huge range of expertise and resources to support our work.

Knowledge Transfer Partnership In May 2022, Westfield Health and the AWRC successfully concluded their three-year Knowledge Transfer Partnership (KTP), which carried out ground-breaking research into the impact of workplace interventions on employee wellbeing. The project was graded 'Outstanding' by Innovate UK and awarded a Certificate of Excellence upon completion, and the KTP Associate joined Westfield Health as Head of Research & Innovation to lead Westfield's new client-facing Research & Consultancy proposition.

Research and consultancy We help our clients make effective investment choices by understanding the things that motivate, block, and enable people to improve their wellbeing at work. Our client roster for professional research services has grown throughout 2022-23, with numerous clients actively engaged in using research to support the development and evaluation of their Westfield Health wellbeing programmes or Active Spaces. Our partners at the AWRC are a critical part of the research process, providing an independent and credible perspective, and ensuring that our methodology is always grounded in science.

Investing in research Through our partnership with the AWRC, we actively fund and participate in multiple research projects each year. These projects range in scale and scope and cover a wide spectrum of concepts and ideas: better understanding the needs of local communities through ethnographic research over several years; developing wellbeing programmes and interventions for specific workforce cohorts (such as strength-training for women in midlife); small-scale test-and-learn pilots for new technologies or products in the workplace. The aim of our research is improving our understanding of what works, and for whom, when it comes to wellness at work, and developing the most effective, inclusive, and accessible offer for our customers and colleagues.

Information Technology

Progress continues with the development of our new IT system, with significantly more functionality added and a new working approach.

During Q1 2022, the delivery approach of our new IT system was reviewed by a market leading consultancy, to assess the development completed so far and the processes in place to deliver more functionality more quickly.

The findings from the review were largely positive, however changes in the way we work were proposed, to improve our pace of delivery. The recommendations from the consultancy were accepted in full and in Q3 2022, the consultancy started work alongside our own teams to help embed best-practice methodology and introduce new ways of working where required.

In the six months since this work began, we have witnessed a step change in the way we work, and an increase in momentum of the delivery of the system overall. We anticipate an increased pace of delivery in 2023-24 with a significant proportion of our insurance customers migrated across to the new system.

As more customers migrate across to the new system, the intent is to allow greater self-service functionality for our customers, and additional automation of regular, routine tasks.

The development of the system has taken longer than expected and is therefore costing more. As a result we have decided that it is prudent that an impairment of £2.9m of development costs should be provided for in these accounts.

We have also instigated steps to modernise other aspects of our network and infrastructure, with firm plans in place to migrate most of our technology from on-premise to cloud computing.

Consumer Duty

Following the appointment of Judith Hartley as our Consumer Duty Champion and the Board approval of the Consumer Duty implementation plan, we began a gap analysis to identify where we were as a business and where we need to be for the implementation date of 31 July 2023. For this piece of work, we took the FCA's finalised rules and guidance and turned them into questions specific to our products across all areas of the business from governance, product and pricing and communications to operational activities, partners and management information. We looked at 261 requirements and although no material changes to products, services or processes were flagged as required, we did identify a number of improvements we wanted to make. Following the gap analysis, the focus shifted to working through each of these improvements in time for the implementation date.

Overview of financial performance

The following sections provide some detail on Westfield Health's financial performance through the year. For reference, the Group's consolidated income & expenditure account, as disclosed in the Group's audited financial statements, is included below:

	2023 £'000	2022 £'000
Gross Premiums Earned	67,068	62,717
Third party underwriting costs	(1,555)	(869)
Rebated premiums	(8)	(23)
	65,505	61,825
Total claims incurred	(46,299)	(42,855)
	19,206	18,970
Net operating expenses	(17,837)	(15,413)
Revaluation		
Land and buildings	(598)	-
IT system impairment	(2,869)	(2,955)
(Deficit)/Surplus on general business technical account	(2,098)	602
Investment income	970	4,006
Unrealised losses on investments	(4,448)	(2,577)
Share of profits/(losses) of associates	9	-
Goodwill impairment reversal	-	435
Non-technical intangible asset impairment	(265)	-
Investment property revaluation	(951)	-
Other income	14,950	9,225
Other charges	(15,288)	(11,897)
Net finance income in respect of pensions	52	18
Deficit before charitable donations	(7,069)	(188)
Other charges - Gift Aid and other charitable donations	(448)	(435)
Deficit on Ordinary Activities before Tax	(7,517)	(623)
Tax on deficit on Ordinary Activities	917	11
Deficit for the year on Ordinary Activities	(6,600)	(612)
Other Comprehensive Income		
Actuarial (losses)/gains on pension scheme	(1,273)	1,124
(Deficit)/Surplus for the year transferred to Revenue Reserve	(7,873)	512

A.2. Underwriting performance

In Solvency II terms, Westfield Health has only one line of insurance business, health insurance, so all of the underwriting results are reported under a single line of business. The value written in the Channel Islands is immaterial, and therefore no geographical split is presented.

Key performance indicators

	22/23	21/22
Gross Premiums	£67.1m	£62.7m
Gross claims ratio	69.0%	68.3%
Operating Expense Ratio	26.6%	24.6%
Combined Ratio	103.1%	99.0%

Gross premiums

There has been a net increase in total policyholder numbers year on year of 9.7%. There has been a reduction in voluntary policies, which have a higher premium, but an increase in the lower premium corporate customers, resulting in a 7.0% increase in gross premiums year on year.

Gross claims ratio

The gross claims ratio returned to more standard levels in the year to March 2023 as claims returned to pre-pandemic levels during the year. The impact of COVID related lockdowns on the availability of medical services suppressed our gross claims ratio in the year to March 2022.

The gross claims ratio does not include the benefits provided to policyholders through third parties, a number of which are seeing a sustained increase in usage post-pandemic. These include counselling helplines and access to telephone consultations with a GP.

Operating expense ratio

The increase in the operating expense ratio is due to investment in developing new product offerings as well as the cost inflation experienced across the Group. We are constantly looking to innovate to lead the market and have also taken steps to support our colleagues during the cost-of-living crisis. The close management of operating costs for Westfield remains a priority to ensure we operate in as efficient a manner as possible whilst providing the quality of service that our customers have learnt to expect from us. We are constantly looking at how we can do things differently or do different things.

Combined ratio

The combined ratio was expected to be around 100% as claims return to normal levels. The figure for 2023 includes the £598k revaluation loss on our own usage of Westfield House, without this revaluation loss the combined ratios would be 102.2%.

A.3. Investment performance

Investment income and expenses

On a Solvency II basis, Westfield Health's investments were valued at £64.9m at 31 March 2023 (2022 £70.8m). Realised and unrealised gains and losses plus related income and expenses on these, as reported in the FRS 102 financial statements, are set out below:

	2023 £'000	2022 £'000
Rental income from investment property	504	470
Rental expenses	(299)	(210)
Income from other investments:		
Interest - fixed income securities	127	177
Interest - cash and deposits with credit institutions	121	4
Dividends - investment in equity instruments	895	358
Investment management fees	(73)	(107)
	1,275	692
Profits/(Losses) on realisation of investments		
Fixed income securities	(2,117)	(66)
Equity instruments	1,810	3,375
Alternative investments	2	3
Recovery of deposits previously written off	-	2
	970	4,006
Unrealised gains or losses		
Unrealised losses on financial investments	(4,448)	(2,577)
Share of profit of associates	9	-
Total	(3,469)	1,429

The investment portfolio was negatively impacted by the volatility in global markets as the expectation of persistent high inflation led to sharp rises in interest rates. This resulted in losses during the twelve-month period on our bond and property investments, leaving our total investment return for the year as -5.4%.

During the year the Investment Committee continued in their strategy to change the style of investment, moving towards multi-asset funds that manage a diverse asset allocation rather than having to manage the appropriate asset allocations themselves. To facilitate this, funds were moved out of equity and government and corporate fixed interest securities towards the end of the year and invested in new multi-asset funds. With the rise in interest rates we took the opportunity to increase our holding in fixed term cash deposits as the return is currently favourable given their relatively low risk exposure.

No gains or losses on investments were reported directly in equity.

No direct investments are held in securitisations; Westfield Health has some indirect exposure via funds which include securitisations in their portfolios. Westfield Health has no appetite to use derivatives directly; asset managers may use derivatives for the purposes of risk management and efficient portfolio management.

A.4. Performance of other activities

Income and costs relating to other activities are set out in the income and expenditure account at the end of section A.1 above. “Other income” of £15.0m (2022: £9.2m) relates to the Group’s non-insurance sales and includes £1.7m for the sale of customer and partner agreements from the High Five Fitness Network B.V. company in 2023. “Other charges” of £15.3m (2022: £11.9m) relate to the cost of delivering the Group’s non-insurance business.

Inefficiencies and delays in the development of the new IT system led to the decision that it is prudent for an impairment of £2.9m of development costs to be provided for in the Group accounts.

Westfield House was professionally valued in March 2023 by Lambert Smith Hampton at £10m, a decrease of £1.5m compared to the net book value. This is included in the P&L for the year as a decrease in own use areas of (£598k) in the technical result and a decrease in the investment property element in the non-technical result of (£951k).

Charitable giving has continued throughout the year in support of Westfield Health’s purpose of making a healthy difference to the quality of life of their customers and the communities in which they live and work.

Leases

Operating leases - Lessee

At 31 March 2023 Westfield Health had annual commitments under non-cancellable operating leases, for motor vehicles and office equipment, as follows:

Expiry Date:	2023 £'000	2022 **£’000**
Less than one year	74	58
Between one and five years	46	67
Total	120	125

Operating leases - Lessor

Westfield Health’s investment property is let under operating leases. The future minimum lease payments receivable under non-cancellable leases as at 31 March 2023 are as follows:

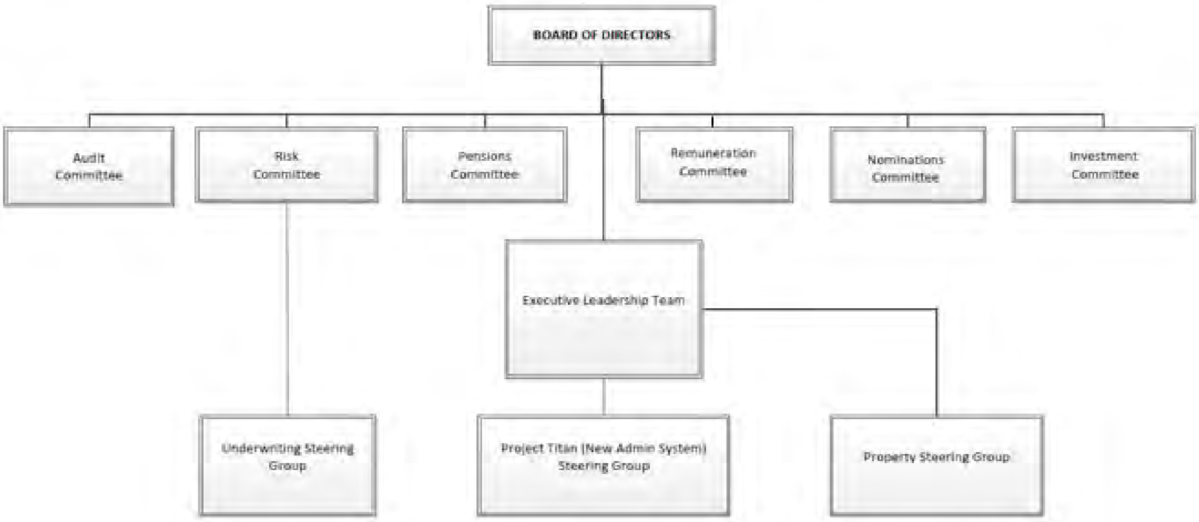
Expiry Date:	2023 £'000	2022 **£’000**
Less than one year	413	381
Between one and five years	1,456	714
Total	1,869	1,095

B. System of governance

B.1. General information on the system of governance

Board and committee structure and roles

Westfield Health's governance structure is laid out below:



Westfield Health is a company limited by guarantee, so has no shareholders, but rather has Members of the Company. Members take part in supervising the performance of the Company and its directors, to protect the interests of the Company. The Company's Articles of Association prohibit Members from benefiting as a result of their membership; as at 31st March there were 16 Members, each with an equal voting right, so no individual Member is considered to hold undue influence over management.

The Board of Directors has overall responsibility for the direction and governance of Westfield Health.

The Audit Committee is entirely non-executive in composition. Its role is to act as part of Westfield Health's "third line of defence", reviewing reports from internal and external audit.

The Risk Committee is comprised of a mixture of executive and non-executive directors and is regularly attended by the Risk Manager, the Compliance Manager and other operational managers from across the business. The committee includes certain members of the Audit Committee to ensure the two groups' work is complementary.

The Pension Committee is comprised of a mixture of executive and non-executive directors and reviews the operation of the Group's defined benefit, defined contribution and life assurance schemes.

The Remuneration Committee is responsible for review and implementation of Westfield Health's remuneration policy, particularly where it applies to executive directors. Its membership is entirely composed of non-executive directors. A representative from HR acts as an advisor to the Committee.

The Nominations Committee is responsible for ensuring that the membership of the Board remains fit and proper. This includes selecting and recommending candidates, and succession planning for key Board roles, including executive and non-executive directors, and members. The Nominations Committee comprises the Chair of Westfield Health, the Chief Executive, and a Non-Executive Director. A representative from HR acts as an advisor to the Committee.

The Investment Committee is responsible for reviewing all aspects of Westfield Health's investment activities to ensure they are aligned with the Board's Investment Policy. Its membership comprises two executive directors and other key members of the business.

The Executive Leadership Team consists of the executive directors and other senior roles across the business. Its role includes the development of strategy for Board approval and managing the delivery of this strategy across Westfield Health.

This structure allows for the implementation of a "3 lines" risk management system. The "first line" comprises operational management, who are responsible for ensuring that adequate systems and controls are in place to manage risks in their areas. The "second line" comprises oversight functions (Compliance, Risk Management, and Actuarial functions) who advise and support managers in this role whilst retaining some operational independence; this second line reports to the Risk Committee. The "third line" is internal audit, which reports to the Audit Committee.

Key functions

Solvency II defines four "key functions" - Internal Audit, Compliance, Risk Management and Actuarial - as essential for an effective system of governance in any insurer. Westfield Health has not identified any additional functions which it considers to be "key". To minimise repetition, information about the implementation of these functions is set out in sections of this report relating to their activities.

Key Function	Section Reference	Section Title
Actuarial	B.6	Actuarial function
Compliance	B.4	Internal Control
Internal Audit	B.5	Internal Audit
Risk Management	B.3	Risk Management

Changes to the system of governance

A review of the governance structure continued during the year to ensure its robustness and appropriateness for current and future business challenges and opportunities. The cross section of appropriately experienced individuals on the Board, in both Executive and Non-Executive roles, ensures the right level of challenge and support to contribute to the delivery of the business' strategic goals.

Work has continued on refreshing the Board as members come to the end of their tenure to ensure it remains independent. Chairs of the Audit Committee, Pension Committee and Risk Committee were replaced by Non-Executive Directors who joined Westfield Health's Board in 2021/22. A new compliance manager was appointed in November 2022.

Remuneration policy

Principles

Westfield Health has a written remuneration policy, the key objectives of which are to ensure that Westfield Health is able to:

- Appropriately compensate employees and executive and non-executive directors for their services and to provide a flexible, competitive remuneration structure which:
    - reflects market practice and benchmarks;
    - is aligned to the performance of the business;
    - is tailored to the specific circumstances of Westfield Health;
    - is a transparent system throughout all levels of the Company;
    - attracts, motivates and retains highly skilled people; and
    - determines remuneration in a way that ensures a level of equity and consistency across the business.

- Focus on ensuring a sound and effective risk management through:
    - a robust governance structure for setting and communicating goals;
    - inclusion of both financial and non-financial goals in performance and result assessments;
    - making fixed salaries the main remuneration component and providing an overall competitive total reward package; and
    - independent advice from external advisers.
- Support the long-term goal of being a great employer.
- Ensure that no-one will be involved in determining their own pay.

Variable remuneration and performance criteria

Westfield Health has five forms of variable remuneration, paid to executive directors, ELT, Heads of Department, sales staff, and other staff. In all cases, these bonus schemes are fully flexible and discretionary.

For executive directors, the ELT and Heads of Department, the annual bonus schemes reward performance aligned to the Group's business goals and individual contribution and performance aligned to role-modelling of the Group's values. The bonus amount is determined by Group performance across agreed key performance measures and individual contribution, determined by the achievement of objectives and behaviours displayed.

The bonuses are designed to ensure they support the leaders of the business in striving towards the same corporate goals and encourage the 'one team' working value.

For sales staff, the bonus scheme is based on the income generated by individual sales consultants and is calculated on a monthly basis. There is also a quarterly bonus based on the individual's portfolio value.

For other staff, the Annual Corporate Bonus rewards performance aligned to the Group's business goals. The bonus amount is determined by Group performance across agreed key performance measures set out on an annual basis, not all of which are financial measures. This provides an opportunity for the Group to share its successes, in an affordable way, with everyone who has contributed towards its corporate goals and promotes and encourages the 'One Team' Group value.

Long term incentive scheme

In addition to the above variable remuneration schemes there is also a long term incentive scheme for the executive directors. The scheme is a 3-year scheme which began in 2020-21, with payments based on the performance of the Group in year 2023-24. The scheme was created to focus executive attention on overall growth and momentum bringing the Group to a sustainable level of trading results. The executive directors will receive a share of the Group's performance in 2023-24 above a series of set thresholds. The Board are currently reviewing the terms of a new long term incentive scheme for the 3 years beyond the 2023-24 period.

Supplementary pension or early retirement schemes

There are no supplementary pension or early retirement schemes in place for any director or staff member at Westfield Health.

Material transactions with influential parties

During the year there have been no material transactions with members of the Board or Members of the Company, other than their remuneration.

The following transactions occurred in the year with other related parties:

	2023 £'000	2022 £'000
Gift aid payments:		
The Westfield Health Charitable Trust	-	200
Transactions with associates:		
Income from associates	3	3
Payments to associates	(45)	(44)
	(42)	(41)

One director of the AWRC was also a director of Westfield Contributory Health Scheme Ltd during the year.

B.2. Fit & proper requirements

Westfield Health is committed to ensuring that everyone in leadership roles is fit and proper to manage the duties and responsibilities related to the key roles to which they are appointed. The Nominations Committee and appointments process in respect of Board members is crucial to strong corporate performance as well as effective accountability.

Before making an appointment, the Nominations Committee will evaluate the balance of skills, knowledge and experience on the Board and will develop a role profile to take account of the role and required capabilities in areas such as:

- market knowledge;
- leadership;
- business strategy and business model;
- system of governance;
- financial and actuarial analysis;
- regulatory framework and requirement; and
- risk management.

Westfield Health carries out a number of pre-employment checks for all Board and non-Board appointments including the following:

- Criminal Records Bureau - standard disclosure;
- address history;
- financial propriety checks (CCJ Bankruptcy, IVA);
- employment and personal references in line with FCA requirements;
- establishing if there is any evidence of regulatory sanctions or prohibitions;
- passport validation;
- qualifications vetting;
- five year general activity (self- employment, employment and education);
- verification of memberships and licenses; and
- investigative directorship search.

An annual declaration is completed by any approved person to ensure the ongoing monitoring of fitness and propriety of all approved role holders and is reviewed by the Nominations Committee.

All people in key leadership roles, including Non-Executives, participate in the mandatory training programme that is provided to all colleagues across the Group. This includes training on topics such as Anti-Bribery, Whistleblowing, Treating Customers Fairly and GDPR. Learning is completed in both face-to-face and online settings.

B.3. Risk management

Risk management system

Westfield Health uses a standard "three lines" model for risk management. The Chief Operating Officer holds the regulatory responsibility for risk management as the nominated Chief Risk Officer / SMF4 holder.

The first line is operational management. Managers within the business are responsible for implementing systems and controls so that risks are appropriately identified and managed.

The second line consists of oversight functions who provide support, review and constructive challenge to the first line. A dedicated Risk Manager provides guidance, oversight and review of the risk management framework, and a Compliance Manager supports management and the Board in ensuring that there are adequate procedures in place to meet compliance and legal requirements and to manage compliance risk.

The Risk Committee reports directly to the Board. It comprises a mixture of Non-Executive Directors and members of the Executive Leadership Team. The Risk Manager and Compliance Manager are in attendance and it is regularly attended by other operational managers from across the business. It provides regular scrutiny of risk management across the Group.

The third line is internal audit, whose role is to provide independent assurance and which reports directly to the Audit Committee. Internal audit conducts risk-based audits throughout the Group during the year based on an annual plan which is agreed with the Audit Committee and the Board. Internal audit was outsourced throughout the year to ensure access to the widest possible range of expertise.

Key processes for ensuring that risks remain within appetite include:

- regular Board reporting includes metrics comparing key risks against risk appetite;
- the Risk Committee's regular agenda includes discussion of risks identified both by management and the second line functions. The Committee also has an annual workplan which covers all identified key risk areas;
- maintenance of a risk register covering key strategic risks;
- an annual "Own Risk and Solvency Assessment" (ORSA) process, led by the Risk Committee on behalf of the Board, where key risks & their controls are identified & assessed; and
- the ORSA process contributes to Westfield's capital and financial planning. Models are prepared in detail for five years and at high level to ten years under both the base case and various adverse scenarios.

Own Risk and Solvency Assessment

The ORSA process is co-ordinated by the Risk Management function with input from a wide range of stakeholders across Westfield Health. Material risks are identified and assessed by senior managers across the business. These are correlated to determine likely capital impacts and recommendations made for additional management actions.

A range of scenarios is developed in consultation with the Risk Committee and senior management. These scenarios are then applied to Westfield Health's balance sheet model to identify their impact on capital.

The resulting ORSA report and associated recommendations are reviewed by the Risk Committee and the Board prior to final review and approval by the Board.

Recommended actions from the ORSA are a standing agenda item for the Risk Committee. Any proposed decisions which are expected to have a significant impact on either the capital or risk profile of Westfield Health are assessed by a process which includes identifying their impact on the projected capital position, and determining whether the impact is so material that the ORSA requires re-performing. All Board proposals include a section on capital and solvency implications to ensure consideration is given to them.

The ORSA is generally performed once per year, unless an interim ORSA is considered necessary as described above.

Capital management

The Board recognises the importance of maintaining adequate solvency to ensure the long-term stability of Westfield Health. This is particularly important as all of Westfield Health's capital comes from retained earnings.

The Board intends that Westfield Health should hold a minimum of 150% of its Solvency Capital Requirement ("SCR") on a Solvency II basis under any "base case" financial model, and a minimum of 125% of its Solvency Capital Requirement under any reasonably foreseeable adverse scenario.

B.4. Internal control

The Company's structure is relatively straightforward; its internal control system is proportionate to the complexity of the business. The Board sets the corporate culture and environment including the overall "tone from the top" around controls. It does this by setting and defining Westfield Health's strategy, risk appetite, vision, values and key policies; and by overseeing Westfield Health's operations, reviewing regular reports from management on performance against budget, strategy and risk appetite.

Managers have responsibility for ensuring the appropriate controls are in place to identify and mitigate risks to the operational areas under their responsibility.

The Risk Management and Compliance functions provide oversight around development and implementation of risk assessments and controls. The internal audit function provides a fully independent review of the effectiveness of the control environment for the Board.

Compliance function

Role

The Compliance function supports management and the Board in ensuring that there are adequate procedures in place to meet compliance and legal requirements and to manage compliance risk.

Authority

The Compliance function acts under a mandate from the Board. The annual Compliance Plan is approved by the Risk Committee.

The Compliance function has access to:

- All areas of the business as necessary to execute the Compliance plan.
- The Chief Executive, Risk Committee and Audit Committee to report any matter that they consider puts the business at risk from non-compliance with its regulatory and legal obligations

The Compliance function is led by a suitably qualified and experienced member of staff.

Reporting

The Compliance function has a management reporting line to the Chief Operating Officer via the Financial Controller and a functional reporting line to the Risk Committee. The Compliance function holder attends the meetings of this Committee. Written reports are submitted to each quarterly meeting of the Risk Committee and an annual report is submitted to the Board.

Independence

The Compliance function's independence from the business activities that it monitors is ensured by its formal status, which is stated and communicated through the Compliance Charter. To further ensure independence, the Compliance function as a whole or its individual members are not placed in a position where possible conflicts of interest may occur between compliance responsibilities and any other responsibilities.

Effectiveness

The effectiveness of the Compliance function is periodically reviewed and reported upon by the Internal Audit function.

B.5. Internal audit

Westfield Health's internal audit is outsourced to PricewaterhouseCoopers LLP ("PwC"); the role of Chief Audit Executive is fulfilled by a PwC partner and all internal audit staffing is the responsibility of PwC. The prescribed responsibility for internal audit oversight required under the Senior Managers & Certification Regime is held by Westfield's Chief Operating Officer. Westfield Health employ a Head of Risk & Assurance who performs additional assurance work to supplement and complement the internal audit work performed by PwC.

Scope of work

All of Westfield Health's activities (including outsourced activities) and legal entities are within the scope of Internal Audit. Internal Audit recommends which areas should be included within the annual audit plan by adopting an independent risk based approach. Internal Audit does not necessarily cover all potential scope areas every year. The audit programmes include obtaining an understanding of the processes and systems under audit, evaluating their adequacy, and testing the operating effectiveness of key controls.

Internal Audit can also, where appropriate, undertake special investigations and consulting engagements at the request of the Audit Committee, senior management and regulators.

Responsibilities

The Chief Audit Executive is responsible for preparing the annual audit plan in consultation with the Audit Committee and senior management, submitting the internal audit plan, internal audit budget, and resource plan for review and approval by the Audit Committee, implementing the approved internal audit plan, and issuing periodic audit reports on a timely basis to the Audit Committee and senior management.

The Chief Audit Executive is responsible for ensuring that the Internal Audit function has the skills and experience commensurate with the risks of the organisation. The Audit Committee makes appropriate enquiries of management and the Chief Audit Executive to determine whether there are any inappropriate limitations to scope or resource.

Reporting and independence

The internal audit plan of work is discussed with management but the internal auditors report to the Audit Committee.

Internal Audit staff remain independent of the business and report to the Chief Audit Executive who, in turn, report functionally to the Audit Committee and administratively to the Chief Operating Officer.

Internal Audit staff have no direct operational responsibility or authority over any of the activities they review. Therefore, they do not develop nor install systems or procedures, prepare records or engage in any other activity which they would normally audit. Internal Audit staff with real or perceived conflicts of interest must inform the Chief Audit Executive, then the Audit Committee, as soon as these issues become apparent so that appropriate safeguards can be put in place.

Other PwC teams may be involved in the design and implementation of controls that will be/could be subject to internal audit review. Any such work is unrelated and the teams will be kept entirely separate. In those circumstances, the Chief Operating Officer is responsible for considering whether specific additional review procedures are needed to address any perceived or actual impairment of objectivity.

B.6. Actuarial function

Westfield Health's insurance business is relatively straightforward. Claims are typically high-volume, low-value and are reasonably predictable using straightforward pricing models. The period between an insured event and settlement of a claim is short, so technical provisions are modest compared to premiums or claims. As such the level of actuarial review required is limited.

The actuarial function is held by the Chief Operating Officer, who also holds the "Chief Actuary" role required under the Senior Insurance Managers' Regime.

Pricing is performed by the underwriting team under the supervision of the Chief Operating Officer. Significant or bespoke pricing decisions are reviewed by the Underwriting Steering Group (USG) which includes the Chief Operating Officer, the Chief Growth Officer and the Head of Propositions, who are able to provide independent review and challenge to these pricing proposals. USG decisions are periodically reviewed by the Risk Committee.

Technical provisions are calculated by the Finance department and reviewed by the Financial Controller. They are subject to external audit on an annual basis and the process of maintaining the model includes regular comparison of previous estimates to actual out-turns.

The Finance department contributes its modelling expertise to the ORSA process under the supervision of the Chief Operating Officer.

This approach to the implementation of the actuarial function is considered proportionate to the level of risk and complexity inherent in Westfield Health's business.

B.7. Outsourcing

Westfield Health's outsourcing policy calls for an assessment of the importance of the service which is to be outsourced and specifies steps which are proportionate to the importance of the resulting arrangement. The objective of these is to ensure that all activities undertaken as an outsourced arrangement are adequately and proportionately controlled in order to ensure that the strategic objectives of the Group and its responsibilities to policyholders and other stakeholders are not compromised.

Westfield Health is currently using a number of outsourced service providers to provide important or critical operational functions:

Outsourced service	Location of Provider
Internal audit	UK
Data protection officer	UK
Investment management	UK

Westfield Health also outsources all staffing to Westfield Employment Services Limited, a wholly-owned subsidiary whose sole object is to provide staff to the Westfield Group.

B.8. Adequacy of governance arrangements

The Board of Directors are satisfied that the system of governance is adequate for the nature, scale and complexity of the risks inherent to Westfield Health.

C. Risk Profile

C.1. Underwriting risk

Underwriting risk is the risk of Westfield Health's insurance products not performing in line with expectations.

Risk assessment measures

The operational 'Underwriting Steering Group' (USG) is responsible for monitoring product group performance and insurance risk. The USG is overseen by the Risk Committee.

Underwriting risk is assessed using the following measures:

Claims modelling and experience monitoring

Based on experience, Westfield Health prepares a budget for each product line. Product performance is monitored against this budget and deviations are investigated.

Market monitoring and tracking of claims trends

Westfield Health's cash plan claims are driven partly by behavioural factors. Claim trends, purchasing behaviour and other signals from the broader healthcare market are all monitored for indications that customer behaviour may not be in line with underwriting assumptions.

Description of material risk exposures

Risks arising from insurance contracts can be sub-divided into three elements as follows:

- premium risk - risk that insurance premiums received do not cover claims paid;
- reserve risk - risk that technical provisions for incidents incurred but not reported are inadequate; and
- catastrophe risk - risk of a mass accident, pandemic or other incident leading to exceptionally high levels of claims.

These are explained in more detail below.

Premium risk

Health Cash Plan

The nature of Westfield Health's core health cash plan (reported as "medical expenses insurance" for Solvency II purposes), where claims are low in value and high in volume, tends to produce only small fluctuations in claims relative to the pricing of premiums.

As noted above, claim patterns are behavioural in nature; unexpected behaviour in customer groups, or changes in customer behaviour, could lead to deviations from the expected performance.

Customer claims returned to pre-lockdown levels during the financial year. It appears that customer behaviour has now stabilised following the pandemic, which saw exceptionally rapid changes; however, an extended period of instability increases the inherent risk of policyholder behaviour being different to expectations.

Product performance is under constant review with active monitoring of all products for indications of trends in behaviour. Claim trends, purchasing behaviour and other signals from the broader healthcare market are all monitored for indications that customer behaviour may not be in line with underwriting assumptions. When identified, appropriate actions are taken to mitigate risk.

Private Health Insurance

Westfield Health's private health insurance product (reported as "medical expenses insurance" for Solvency II purposes) accounts for a small proportion of premium income. The claims profile is more volatile than health cash plan claims as claim values are higher whilst incident rates are lower.

Prices are kept affordable by negotiating fixed price treatment packages and excluding heart and cancer treatment - areas where the NHS has established and proven pathways - and excluding chronic conditions. This also reduces premium risk because Westfield Health is not exposed to high-cost novel treatments, chronic conditions and pharmaceuticals.

The pandemic led to a reduction in surgery claims which has now largely returned to normal. We are expecting the average cost of claims to increase due to inflation, and waiting times within the NHS are expected to lead to increased demand for private surgery.

Reserve risk

Health Cash Plan

Westfield Health's technical provisions for the health cash plan business are small relative to premiums. This reflects the terms of business - policyholders have 26 weeks to submit a claim from the incident date and claims are processed promptly on receipt.

Private Health Insurance

The nature of the product is such that claims must be reported to Westfield Health before treatment has commenced, and claims are usually resolved within a short timescale. This means that technical provisions and the associated reserve risk for private health insurance are small.

Catastrophe risk

The personal accident element of the health cash plans is exposed to catastrophe risk. In addition, a catastrophic event may directly lead to increased incidents requiring hospitalisation or therapy treatments, which are also covered by Westfield Health's insurance plans. Whilst the total exposure is relatively large, after considering the expected probability of certain catastrophic events occurring the financial impact of a such an event is assessed to not be significant for Westfield Health.

Investment assets and the prudent person principle

This is not relevant to underwriting risk.

Risk concentration

Corporate paid business exposes Westfield Health to the risk of concentration with a single customer whose behaviour may not reflect that expected. In the case of cash plans, corporate cultures and the behaviour of the employer can lead to much higher incident rates than those anticipated. For private health insurance this is mitigated by the non-discretionary nature of the procedures covered.

Similarly, if a corporate customer or intermediary accounts for a significant proportion of Westfield Health's income, Westfield Health's financial results become dependent on retaining this business.

The value of premiums from large accounts and via key brokers is monitored to identify potential concentrations of underwriting risk.

Risk mitigation

The following techniques are used to mitigate the risk associated with insurance risk:

Product design

Combining several benefits in one product reduces the impact of a sudden movement in behaviour on one benefit.

Product pricing

Westfield Health has a defined target claim and combined ratio. Product pricing is based on this underwriting objective.

Sales channels

Westfield Health has a combination of individual and group business, and sells to each of these customer groups both directly and through brokers. This variety of customers leads to a wider range of behaviours which mitigates behavioural risks.

Claims rules

The 26-week claim period for policyholders to submit cash plan claims mitigates the risk that there is a significant volume of incidents outstanding which have not been claimed, thus reducing the reserve risk. The claims reserve model monitors deviations between estimated and actual claims.

Claim monitoring

Westfield Health uses a range of manual and automated processes to detect fraudulent or invalid claims. Rates of potentially invalid claims are tracked to assess the effectiveness of these processes.

Monitoring, pricing and product design

As noted above, results are regularly monitored against expectations. Insights from this monitoring are used to inform Westfield Health's regular reviews of pricing, contract terms, and benefit limits, to ensure that real, sustainable value is being provided to all customers.

Risk sensitivity, stress and scenario testing

Westfield Health's ORSA looks at the total monthly and quarterly fluctuations in claim experience, separately for private health insurance and health cash plan business. These will include seasonal, random and behavioural/anti-selective fluctuations related to both types of business.

These "regular" fluctuations give an indication of the likely impact of more exceptional deviations for any of the above reasons.

The Health Insurance risk module of the Solvency Capital Requirement at the year-end was £10.8m. Westfield Health's internal estimate of a severe fluctuation in the claim ratio is significantly lower than this and therefore £10.8m is considered a highly prudent assessment of Westfield Health's sensitivity to severe adverse claims patterns.

C.2. Market risk

Market risk is the risk of loss arising from movements in investment markets.

Risk assessment measures

Market risks are measured through the following metrics and reported regularly to the Investment Committee, both at a detailed and an aggregate level:

- asset allocation and performance compared to benchmarks; and
- losses for the current portfolio under specific stresses.

The measures are key metrics that provide clear and insightful information to the Investment Committee.

Description of material risk exposures

Movement in equity markets, interest rates, credit spreads or other financial market movements can lead to losses in Westfield Health's investment portfolio. Any gains or losses arising on market movements remain unrealised until the investment is sold, when they become realised. These risks have remained the same throughout the year.

With operations in continental Europe, the Group's operating results are exposed to fluctuations in foreign exchange markets, particularly between Sterling and the Euro.

Investment assets and the prudent person principle

The "prudent person principle" of Solvency II is that insurers should select investments so that the portfolio as a whole has appropriate levels of security, liquidity and profitability, and that they should properly understand and manage the risks of all their investments. Westfield Health implements this requirement through its Investment Policy.

Westfield Health's Investment Policy specifies:

- A risk/return objective, whilst ensuring that a significant proportion of assets are invested in very low-risk investments.
- Concentration limits for any one investment counterparty.
- Risk and return reporting requirements.
- Asset allocation reporting requirements to ensure the diversification of the whole portfolio is monitored and reviewed.
- The selection process of managers for investments.

Westfield Health invests in a number of different multi-asset funds and portfolios. This diversifies risk by using multiple asset classes with differing correlation levels between each asset class. In addition, using a number of different asset managers ensures we are not relying on one company's market view.

Throughout the year an investment consultant was also engaged to provide investment risk management advice.

Risk concentration

Westfield Health does not have any identified material risk concentrations in its investment portfolio.

Risk mitigation

The key risk management approaches are set out under "prudent person principle" above; their effectiveness is assessed by tracking the measures set out above under "risk measurement".

Westfield Health has no appetite to use derivatives directly; asset managers may use derivatives for the purposes of risk management and efficient portfolio management. Several of Westfield Health's funds are hedged back to sterling by the relevant fund managers; all fund managers' performance is measured against sterling benchmarks.

The UK and European businesses operate largely independently. To an extent cash flows can be timed to optimise exchange rates.

Risk sensitivity, stress and scenario testing

Westfield Health's ORSA report includes an extensive section on stress and scenario analyses related to market risks.

These include the impact of equity market movements, interest rate and spread changes, currency market movements and changes in property markets.

In its balance sheet modelling, Westfield Health has also modelled the impact of a severe recession, in which:

- Investments fall by 10% and produce no yield for 3 years
- Claim inflation, operating and third party costs all increase by 5%/annum relative to budget for the years ending 2023, 2024 and 2025.
- Insurance sales fall by 20% and non-insurance sales by 50%

Westfield Health's reserves are sufficient to allow several years to adjust to such a scenario without breaching capital requirements.

The market risk module of the Solvency Capital Requirement, reflecting a "one-in-two-hundred year" shock, was £19.5m, accounting for the majority of Westfield Health's Solvency Capital Requirement.

C.3. Credit risk

Credit risk is the risk that failure of a supplier or counterparty could lead to financial or other loss for the Group or its customers.

Risk assessment measures

Credit checks are undertaken on suppliers and credit ratings are periodically reviewed for major financial partners (such as banks).

Policyholder debtors are reviewed and overdue balances investigated.

Description of material risk exposures

Westfield Health does not have material exposure to credit risk other than its banking relationships, which are mitigated by holding cash with reputable banks, whose credit ratings are regularly monitored.

Some premiums are collected on Westfield Health's behalf by an intermediary. These are paid over on a monthly basis and there is never a material balance owing. Individual policyholder debtors are low in value.

Investment assets and the prudent person principle

As disclosed above, Westfield Health's Investment Policy limits its exposure to any one financial institution.

Risk concentration

As above, Westfield Health's only material credit risk arises from its banking relationships. These are not considered so material as to give rise to a material concentration of credit risk.

Risk mitigation

Westfield Health's key mitigation for credit risk is to maintain a low exposure. If the risk assessment measures described above suggest significant credit risk, actions are taken to reduce the risk in a manner proportionate to the risk identified.

As part of its liquidity management, Westfield Health has an upper limit for the value of cash holdings. This is partly in order to ensure that surplus cash is invested to generate returns; it also serves to limit losses in the unlikely event of the failure of a current account provider. Deposit investments are also subject to concentration limits and regular credit checks.

Risk sensitivity, stress and scenario testing

As described above, credit risk is not considered sufficiently material to include in Westfield Health's stress testing programme.

The counterparty default risk element of the Solvency Capital Requirement was £1.0m, primarily driven by the deposits held with banks and building societies at year end.

C.4. Liquidity risk

Liquidity risk is the risk of not having sufficient liquid resources to meet liabilities as they fall due.

Risk assessment measures

The Finance department prepares a regular cash flow forecast to allow cash to be managed efficiently, comparing anticipated cash requirements to available cash to manage liquidity.

Forecasting and monitoring of historic cash flows allows an estimate of the maximum realistic cash which may be required over a given period and hence exposure to liquidity risk.

Description of material risk exposures

Westfield Health usually requires all health cash plan claims to be submitted within 26 weeks of being incurred; the aim is to process claims promptly upon receipt. The nature of the insurance written by Westfield Health therefore means that liquidity risks are mainly short-term.

Liquidity risk could arise from failures in cash flow forecasting and planning. It could also arise from actual cash flows being materially different to expectations due to either higher-than-expected claims or the failure of an expected cash inflow (e.g. premium collection).

Investment assets and the prudent person principle

As discussed under "risk mitigation" below, the Investment Policy requires a high proportion of investments to be liquid in nature with restrictions on investments which are less liquid.

Risk concentration

The only identified concentration of liquidity risk is that Westfield Health uses a single bank for current account provision. Westfield Health has access to a separate bank in the event of any issues experienced by the main banking provider.

Risk mitigation

Westfield Health aims to hold at least half of one month's average gross premium income, over and above its working capital requirements, in cash. This is estimated to be enough to allow for unexpected fluctuations and large cash outflows.

At present Westfield Health's insurance liabilities are predominantly very short-term; therefore the risks associated with asset-liability mismatches arise from asset liquidity.

The liquidity profile of Westfield Health's investments is regularly reported as part of the investments management information. Any investment into assets with liquidity periods beyond twelve months is specifically authorised by the Investment Committee and advised to the Risk Committee.

A minimum of two month's gross premiums is held in assets with a liquidity term of a maximum of one month in order to allow for severe unexpected cash flows. Where breaches of this are anticipated, the Risk Committee must be notified immediately (via the Financial Controller) by the Chair of the Investment Committee, and a written plan on how the matter is to be resolved provided as soon as reasonably practical.

Expected profits in future premiums

Expected profits in future premiums are not a material factor for Westfield Health's liquidity management; as at 31 March 2023 their value was nil.

Risk sensitivity, stress and scenario testing

Given the nature of Westfield Health's insurance business, its high cash holdings and the liquid nature of its investments, long-term liquidity risk is not considered material. The liquidity requirements above were set on the basis of modelling the situation if a major cash inflow - such as a premium collection - fails. The minimum acceptable cash balance is based on Westfield Health's maximum "typical" cash outflow over a two-week period, as it may take up to two weeks to liquidate assets or get additional funding arranged in the case of a major cash inflow failing. These requirements are reviewed as part of the ORSA process.

C.5. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, or from external events.

Risk assessment measures

Operational risks are recorded on Westfield Health's Risk Register. Key risk areas and themes from the risk register are assessed in more detail as part of the ORSA process.

Westfield Health's risk appetite measures operational risk exposure and appetite against metrics including:

- direct financial cost;
- business interruption and lost time;
- staff turnover and absenteeism;
- reputation; and
- regulatory breach.

Description of material risk exposures

Key risk areas include:

Business strategy

There is a risk that senior management may set an inappropriate strategy; there is also the risk that an appropriate strategy is undermined by misaligned management action.

To help mitigate strategic risk, key management information is shared with the Board monthly. The Board also regularly meets to review the Group's business planning and strategy development. This includes the review of detailed budgets, and high-level projections which extend over the next ten years, including the impact of the strategy on capital and solvency requirements. Departmental functional plans are reviewed and prioritised as part of the development of the strategic plans, to ensure that the business is focussed on delivering the right projects and prioritising appropriately. Governance is supported by the Board and its committees, including the Investment Committee and the Underwriting Steering Group.

There is a long-term HR strategy in place to support the delivery of strategic objectives. The Group's acquisition history has also developed the relevant skills and experience to support the operational delivery of the Group's future strategy which acts as further mitigation. There are Executive Leadership Team sponsors for main strategic objectives to enhance accountability and there are functional plans in place for delivery.

New IT system

Significant resources and business energy are being invested into the creation of a new system. The requirements of a large project can lead to resource conflicts with other strategic projects, or between projects and business as usual operations.

Risks to projects include a failure to deliver the benefits expected, cost over-runs and delays in delivery.

Management provides oversight of the portfolio of projects, aiming to ensure that projects are appropriately prioritised and conflicts are managed – the new system development is classed as a "critical" project.

Updates are regularly provided to the Board to allow oversight and steering as required. The agile approach to project management is designed to achieve ongoing smaller, deliverables so that the business sees improvements during the life of the project rather than just at its completion.

A steering group monitors the project's progress and is made aware of any issues. They challenge the deliverables and time frame in line with the proposed work plan. This Steering Group reports regularly to both management and the Board.

External expertise and project assurance is sought when appropriate, and key strategic projects are also subject to internal audit.

Data availability and security

IT failures could lead to significant issues, for example system downtime, lost productivity and data corruption, theft, or loss.

Cyber security is high on the Board and Risk Committee's agenda. Westfield's Information Security Management System (ISMS) is certified to the ISO27001 standard and operates a process of continuous improvement. During the year additional investments have been made in cyber defences and vulnerability scanning, further reducing the likelihood of significant breaches. The IT infrastructure and application security and resilience are under constant review and are periodically tested by independent specialists.

All staff undergo annual training in Information and Data Security to ensure the appropriate standards.

Most Westfield staff now work from home for a significant proportion of their time. This greatly reduces the impact of interruptions caused by issues arising at the head office but increases the inherent risk to physical security of data. All staff working from home across the Group use Westfield-issued equipment, secure logins, and use of a corporate provided Virtual Private Network (VPN) which ensures a secure connection to Westfield systems. No removeable disks are permitted (USB ports are restricted by IT) and all machines use full volume disk encryption (Bitlocker).

Westfield also has comprehensive cyber-insurance.

IT infrastructure is located at specialised co-located data centres for additional resilience (Sheffield & Leeds), with migration to cloud services scheduled to be complete by the end of 2023. The replacement IT system being developed is entirely cloud hosted to satisfy resilience and scalability requirements. A business continuity/disaster recovery plan is in place.

Key personnel

There is inevitably a degree of reliance on key personnel, whose departure could increase the risk that core processes may not operate as designed. There can be key person dependency in some areas where experience/knowledge is very difficult to replace in the short to medium term.

This risk is mitigated by people development, coaching and training strategies. Succession planning is ongoing at all levels of the business and there is a programme in place that ensures colleagues remain engaged and perform at their best. Documentation of core processes is performed so that they can be undertaken by other colleagues if necessary. Skill sets across the business are reviewed to ensure gaps are found and filled, remuneration is regularly reviewed against the marketplace to ensure that benefits are competitive. Key staff are on three to six months' notice periods.

Suppliers and counterparties

Failure of a supplier could lead to financial or other loss for the Group or customers.

All significant suppliers and counterparties are credit checked. For key suppliers, regular performance monitoring takes place and contingency plans are developed to mitigate the consequences of supplier failure.

The contracts register is centrally held and is reviewed and updated regularly.

Regulation

Key areas of regulation relevant to Westfield include financial services regulation and data protection, where Westfield holds considerable "special category" data on our policyholders.

Regulation is constantly evolving and regulatory breaches could have serious consequences for the Group, including fines, reputational damage and potentially even loss of permission to operate. We monitor changes to the regulatory environment carefully and regularly work with outside experts to review specific areas of our regulatory compliance.

All staff receive relevant continuous professional development & training, which supports our compliance with regulations as well as ensuring that our staff's expertise remain current. Data security arrangements - as discussed under cyber risk - reduce the likelihood and impact of data breaches.

A Compliance Manager supports the business in compliance with financial services regulation, whilst our Data Protection Officer supports data protection compliance.

Customer experience

Customers have come to expect an excellent customer experience with Westfield Health. If this is not delivered the Group's relationship with customers would be compromised, leading to loss of business.

The Group has adopted a number of time-based quality standards in respect of its primary operations. The performance against these standards as well as the Net Promoter Score is reported internally on a monthly basis and every year the Group prepares a formal performance statement on its achievement of these standards.

Investment assets and the prudent person principle

This is not relevant for operational risk.

Risk concentration

Westfield Health does not believe that it has any significant concentrations of operational risk.

Risk mitigation

The key mitigation for operational risk is operational controls, including the culture and control environment of Westfield Health. The Risk Committee receives regular reports on key operational risk exposures; the internal audit function also reviews operational risk areas as it considers appropriate. There is also a framework for identifying, reporting and escalating operational risk incidents.

The only "risk mitigation" (other than operational controls) used by Westfield Health for operational risk is the purchase of certain insurances such as employers' liability, property, and motor insurance.

Risk sensitivity, stress and scenario testing

Westfield Health has quantified the financial impacts of the key operational risks noted above in its ORSA. Westfield Health has also considered hypothetical scenarios including a major operational incident leading to significant loss of customers, regulatory sanction and reputational damage. An event of this nature would cause significant financial loss – and would reflect a breach of trust with key stakeholders - but does not pose a threat to Westfield Health's solvency.

C.6. Other material risks

Pension Funding Requirements

Westfield has a defined benefit pension scheme which closed to future accrual in 2016. The closure of the scheme to future accrual significantly reduces the expected cost of providing benefits in the future. Changes in financial markets, actuarial assumptions, regulatory requirements and other factors can all result in changes to the funding requirements for this scheme.

The pension scheme has a professional trustee, who is actively involved with the Group to ensure that the scheme is adequately funded and appropriately managed. The scheme's chosen investment strategy aims to ensure the scheme is sufficiently funded, mitigating the risk of future costs being incurred by the Company.

The last full actuarial valuation was performed as at 31 March 2021 and showed a surplus of £0.6m. The scheme shows a surplus of £0.7m as at 31 March 2023 under the FRS 102 valuation.

Economic environment

Recent years have seen an extended period of economic uncertainty and upheaval with Brexit, the global pandemic, significant inflation leading to a cost-of-living crisis, a major land war in Europe and a period of marked political instability in the UK. Uncertainty, inflation and recession have an impact on economic growth and particularly on discretionary spending, including Westfield Health products. Westfield's insurance products fared relatively well during the 2008 recession. Employee wellbeing is an area of focus for many businesses as they seek to attract and retain talent, which creates opportunities for the Group.

The risks from economic uncertainty cannot be fully mitigated. Westfield Health model a range of economic scenarios including recession, so have various contingency plans in place. Our pricing strategy takes account of projected inflation and pressure on business and household finances.

Insurance Premium Tax (IPT) increases

The likelihood of an increase in IPT has increased following the pandemic as the government will need to increase its revenue. Even a small rise in IPT would result in a large reduction in Westfield's technical result. The harmonisation of IPT with VAT in a single step increase is improbable, but not impossible; if the current 12% rate of IPT were increased to 20% to align with VAT this would represent a huge cost for Westfield without management action. Increases in the cost of mandatory insurances due to IPT increases may also reduce client appetite for discretionary insurance products including health insurance.

Westfield has considered the impact on policyholders of an increase of IPT and how or when this would be passed on to policyholders through scheme changes. Given the disparity between IPT rates on health insurance across Europe and the positive benefits that health cash plans provide to the UK healthcare system, it would appear unfair to raise the cost to the end consumer following further rate increases. Therefore, we are working with trade bodies who lobby the Government on the issue of charging IPT on health insurance.

Competitive marketplace

In the health cash plan market, there is the risk of competitors underwriting business at a loss or at very competitive pricing levels. This is mitigated by having good awareness of what is happening in the market so that we can react to pricing changes as necessary as well as by training the sales team to be aware of potential market actions.

In the non-insurance market, the cost of entering the market can be relatively low, and more attractive given the increased importance and awareness of employee wellbeing over the last few years. There is therefore the risk that competitors could replicate our existing propositions at scale and at speed.

Westfield Health mitigates this by conducting market research and analysis, peer review and networking with third parties. Investment is being made in accelerating proposition development for both insurance and non-insurance to deliver relevant and proven new products which will enable future growth.

D. Valuation for solvency purposes

General

Solvency II requires assets and liabilities to be valued on a market-consistent basis whilst Westfield Health's financial statements are prepared on the basis of UK GAAP (FRS102 and FRS103). This is largely, but not entirely consistent with Solvency II and therefore certain adjustments are required in order to comply with the requirements of Solvency II.

The following table sets out the key differences between Westfield Health's Solvency II balance sheet and that provided in the statutory financial statements. The full Solvency II balance sheet is presented in template S.02.01.02 in Appendix 1.

Summary balance sheet as at 31 March 2023 on Solvency II and statutory accounts bases

	Statutory accounts value £'000	Solvency II value £'000	Difference £'000
Assets			
Intangible assets	2,658	-	(2,658)
Pension benefit surplus	709	709	-
Property, plant & equipment held for own use	6,807	6,058	(749)
Investment Property	3,942	3,942	-
Investments in related undertakings	128	2,371	2,243
Equities	4,092	4,092	-
Bonds	2,401	2,403	2
Collective Investments Undertakings	39,574	39,574	-
Deposits other than cash equivalents	12,475	12,475	-
Receivables	2,300	2,008	(292)
Cash and cash equivalents	6,347	6,347	-
Total assets	81,433	79,979	(1,454)
Liabilities			
Technical provisions	3,451	3,971	520
Deferred tax liabilities	110	110	-
Payables	6,075	6,075	-
Total liabilities	9,636	10,156	520
Excess of assets over liabilities	71,797	69,823	(1,974)

D.1. Assets

Value

The value of each material class of asset is set out in the Solvency II balance sheet, presented in template S.02.01.02, and summarised above.

Recognition and valuation bases, assumptions, judgements and differences

Intangible assets

Westfield Health holds software licences which are not transferable. Under UK GAAP, these are recognised at cost, less amortisation, less impairment. Under Solvency II, these are valued at £nil on the Solvency II balance sheet as they are not considered readily convertible to cash.

This has the effect of decreasing intangible assets by £2,658k to £nil.

Pension benefit surplus

Westfield Health maintains a defined benefit pension plan that is closed to future accrual as well as a defined contribution pension plan for eligible employees. The valuation of the pension plan is consistent between the financial statements and Solvency II.

Defined benefit pension plan

The liabilities and, where applicable, the assets of the defined benefit plan are recognised at fair value in the balance sheet. An updated valuation for accounting purposes is performed annually by a qualified actuary using the projected unit credit method with a full valuation for funding purposes conducted every three years by the defined benefit plan's appointed actuary.

Property plant and equipment held for own use

The Solvency II balance sheet requires these assets to be valued at an estimated market value.

Plant and equipment have been valued at nil on the Solvency II balance sheet, as their market value is not practical or cost-effective to estimate and the Solvency II regulations do not permit the use of depreciated cost.

In the financial statements, property held for own use is valued on the basis of estimated market value, less accumulated depreciation since the most recent valuation (Westfield House was valued at March 2023).

As the Solvency II balance sheet requires these assets to be valued at an estimated market value the accumulated depreciation has been added back.

These changes have the net effect of decreasing the value of property, plant and equipment held for own use by £749k to £6,058k.

Investment Property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost at initial recognition. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure such as legal and brokerage fees, property transfer taxes and other transaction costs. Subsequently investment properties are held at fair value. A full valuation is obtained from a qualified valuer for each property every three years, with an internal review of carrying value undertaken in the intervening years. This basis is consistent between the financial statements and the Solvency II balance sheet.

Investments in related undertakings

For its financial statements, Westfield Health measures its investments in associates and subsidiaries at cost less any accumulated impairment losses. For the Solvency II Balance Sheet, Westfield Health measures its investments in associates at Westfield Health's share of the net assets of the associate, measured on a Solvency II basis.

This has the effect of increasing investments held in related undertakings by £2,243k to £2,371k.

Investments - Equities, bonds and other financial investments

Differences between financial statements and Solvency II balance sheet

Westfield Health's accounting approach for its investments is consistent between the audited financial statements and Solvency II, with the following exceptions:

- for the financial statements accrued interest on bonds is included within receivables; under Solvency II this accrued interest is included in the valuation of the bond. This has the effect of increasing investments in bonds by £2k and decreasing receivables by the same amount.

Apart from the differences mentioned above, the SII valuation and recognition of investments follows the FRS 102 treatment as per the financial statements:

Recognition

The asset values of investments are recognised when Westfield Health becomes a party to the contractual provisions of the instrument. They are derecognised only where the contractual rights to the cash flows from the instrument expire or the instrument is sold or transferred and the sale or transfer qualifies for de-recognition.

Fixed income securities

Fixed income securities are measured initially at fair value, which is the transaction price less attributable transaction costs. Subsequent to initial recognition investments are measured at fair value.

Investments in equity instruments

Investments in equity instruments are measured initially at fair value, which is the transaction price less attributable transaction costs. Subsequent to initial recognition investments are measured at fair value.

Deposits with credit institutions

Cash deposits are measured at fair value which is the cash deposit value plus accrued interest.

Cash

Cash comprises cash balances which are repayable on demand. They are measured at fair value.

Unlisted Investments

Unlisted Investments in real estate funds are valued in line with the net asset valuation of the fund as communicated by the fund manager. Unlisted Investments in bonds and shares which are not tradable on quoted listed markets are measured at cost which is deemed to represent fair value.

Fair value measurement and valuation hierarchy

FRS 102 fair value measurement establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

- Level 1: quoted prices in active markets for identical assets;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset e.g. Price of a recent transaction for an identical asset;
- Level 3: valuation technique to be used to determine arm's length price for the asset.

Listed investments totalling £41,661k are stated at bid market price and are all based on Level 1 inputs.

Deposits with credit institutions, £12,475k, are all due within 6 months. The carrying value represents fair value under Level 1 inputs.

Unlisted investments consist of real estate funds totalling £2,130k, alternative assets totalling £2,256k, valued at the net asset valuation provided by the fund manager and small bond and shareholdings totalling £20k based on cost which is deemed an appropriate approximation of fair value. The valuation of unlisted investments use Level 3 inputs.

Receivables

Receivables comprise policyholder debtors, prepayments and other trade receivables, and intra-group loans. All of these are short-term receivables so the carrying value is considered a reasonable approximation to the fair value; the valuation of these is therefore consistent between the financial statements and the Solvency II balance sheet with the exception of the following:

- for the financial statements accrued interest on bonds is included within receivables; under Solvency II this accrued interest is included in the valuation of the bond. This has the effect of increasing investments in bonds and equities by £2k and decreasing receivables by the same amount.
- Westfield Health holds software licences which are not transferable, some of which are included under prepayments. Under Solvency II, software licences not recognised on the Solvency II balance sheet. This has the effect of decreasing receivables by £290k.

Level of uncertainty

The only significant uncertainty is around the valuation of the pension scheme surplus. Key assumptions underlying the liability component are selected with the assistance of an appropriate qualified actuary and the liability is valued in line with accounting standards; as noted above changes in assumptions can have a significant impact on the valuation of the scheme.

D.2. Technical provisions

Value and valuation method

Westfield Health only underwrites one line of business (health insurance); the value of technical provisions, split out into best estimate and risk margin, is set out in the Solvency II balance sheet, presented in template S.02.01.02 and are set out below:

Gross Technical Provisions	Statutory accounts value £'000	Solvency II value £'000	Difference £'000
Claim provision	3,071	3,876	805
Premium Provision	380	(649)	(1,029)
Risk Margin	N/A	744	744
	3,451	3,971	520

Valuation method

Best estimate claims provision

Claims reported but not paid at the balance sheet date are included based on claims settled after the reporting date. This method is the same for Solvency II and the financial statements.

Claims incurred but not reported at the balance sheet date are estimated based on statistical projections from Westfield Health's experience over the most recent 12 months, with appropriate adjustments made for identified anomalies in the data. This method is the same for Solvency II and the financial statements.

Administrative costs for the claims provision are calculated on a different basis for Solvency II and the financial statements. The financial statements include a provision for the cost of handling claims only. The Solvency II claims provision is required to include a provision for related administrative expenses, acquisition costs and overheads. For the Solvency II balance sheet this is calculated on the basis of administrative costs as a percentage of annual claims cost. This results in an increase in the best estimate claims provision of £805k from £3,071k to £3,876k.

Best estimate premium provision

In the financial statements, technical provisions comprise the best estimate claims provision (as above), premiums received not yet earned, and premium rebates due to customers under surplus share agreements.

On the Solvency II balance sheet, the premium provision consists of an estimate of the following items for contracts bound at the reporting date, up to their contract boundary:

- premiums to be earned;
- claims to be paid; and
- other expenses to be paid in relation to these contracts, as described for the claims provision.

The contract boundary for monthly renewable contracts is treated as one month after the reporting date. For annual contracts it is treated as the date of renewal of the contract; it is assumed that all contracts entering into force in the first month following the reporting date were bound before the reporting date.

Each element of the premium provision is calculated on the basis of budgeted income and expenditure; experience indicates that Westfield Health's business is highly predictable and material variances from budget are rare.

For the financial statements, the premium provision has a value of £380k; for the Solvency II balance sheet this value is an asset of £649k, a difference of £1,029k.

Risk margin

The Risk Margin is not a concept used under UK GAAP and so does not appear in the financial statements. Its aim is to quantify the amount, in excess of the best estimate, which Westfield Health would have to pay a third party to take on its insurance obligations to compensate for the uncertainty in the best estimate.

The very short duration of Westfield Health's technical provisions means that the calculation is relatively straightforward as the technical provisions are extinguished within 12 months of the reporting date.

It is calculated using the Standard Formula Solvency Capital Requirement for a hypothetical insurance company which has:

- no market risk;
- immaterial counterparty default risk;
- net premium income last year matching that of Westfield Health, with estimated premium income next year being the estimated cash inflows associated with the technical provisions;
- net best estimate claims provision matching Westfield Health; and
- health catastrophe risk matching that of Westfield Health

This Solvency Capital Requirement is multiplied by the Cost of Capital, defined by the European Commission as 6%, to give a risk margin of £744k.

The combined impact of all of these adjustments is an increase of £520k in technical provisions from £3,451k in the financial statements to £3,971k for the Solvency II balance sheet.

Level of uncertainty

Westfield Health considers that its technical provisions are subject to a low level of uncertainty. Technical provisions are low in value compared to annual premiums; claims are high-volume, low-value and are considered highly predictable. By the time of audit of the financial statements most technical provisions are extinguished allowing a high level of confidence in their value.

Adjustments

Westfield Health does not apply either a matching adjustment or a volatility adjustment to its technical provisions; neither does it apply any transitional measures in their calculation.

Other disclosures

Changes in assumptions

No material changes have been made in the assumptions used to calculate technical provisions compared to the previous reporting period.

D.3. Other liabilities

Value

The value of each material class of liability is set out in the Solvency II balance sheet, presented in template S.02.01.02.

Valuation bases

Deferred tax

There is no difference between the valuation of deferred tax in the Solvency II balance sheet or the financial statements balance sheet.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in associates to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Other liabilities

The nature of all of Westfield Health's other liabilities are trade payables. All of these are short-term payables so the carrying value is considered a reasonable approximation to the fair value; the valuation of these is therefore consistent between the financial statements and the Solvency II balance sheet.

Westfield Health does not have any contingent liabilities.

D.4. Alternative valuation methods

As noted in D.1., Westfield Health has £20k of unlisted investments in bonds and equities held at cost. This valuation is the directors' best estimate and is considered proportionate to the small value of these investments.

D.5. Other information

Westfield Health does not have any other information to disclose regarding its valuation methods.

E. Capital management

E.1. Capital management and availability of capital

Objectives, policies and processes

All of Westfield Health's capital originates from retained earnings. The Board recognises the importance of maintaining adequate solvency to ensure the long-term stability of Westfield Health.

While the Board recognises that having significant capital reserves is particularly beneficial in times of market and economic uncertainty, such as the COVID-19 pandemic, it also acknowledges that holding excessive reserves can be an inefficient use of policyholders' funds. The Board intends that Westfield Health should hold a minimum of 150% of its Solvency Capital Requirement (on a Solvency II basis) under any "base case" financial model, and a minimum of 125% of its Solvency Capital Requirement under any reasonably foreseeable adverse scenario.

The balance sheet model is run over a ten-year period. The level of detail in the forecast decreases from a fully detailed budget for the first three years; management prepares estimates for the next two years; trends are then extrapolated for the final five years to provide an indication of the possible position in ten years' time.

There have been no changes to the capital management policies and objectives during the reporting year.

Structure, amount and quality of own funds

Westfield Health has no shareholders and no debt so the capital in the financial statements comes from retained earnings. The excess of assets over liabilities on the Solvency II balance sheet forms the "reconciliation reserve"; this reconciliation reserve constitutes all of Westfield Health's "own funds" for Solvency II reporting purposes.

Under Solvency II, own funds are classified into three tiers according to their ability to absorb losses, and only a limited proportion of own funds from lower tiers can be used to cover the Solvency Capital Requirement or Minimum Capital Requirement.

All of Westfield Health's capital, shown in the Solvency II balance sheet, is "tier one" - the highest quality capital - and is eligible to cover both the Solvency Capital Requirement and the Minimum Capital Requirement. As at 31 March 2023, Westfield Health recognised no deferred tax assets, which would be classed as "tier three" capital - the lowest quality capital.

Transitional arrangements

Westfield Health has no spread or concentration risk arising from exposures to EU member states' or central banks' debt which is denominated in a currency other than the state's own currency. Therefore the transitional arrangement in Article 308b(9) of the Solvency II directive is not relevant.

From March 2020 Westfield Health chose to no longer apply the transitional rate to the equity shock as allowed in Article 308b(10) of the Solvency II directive. The transitional rate no longer had a material impact on the Solvency Capital Requirement as the asset base that the transitional rate was applicable to was smaller as assets within funds had been turned over and the transitional rate was nearing the full rate.

Other factors affecting own funds

Westfield Health has no ancillary own funds and no items have been deducted from own funds.

E.2. Capital requirements

Capital Requirements

Solvency II defines two capital requirements. The Solvency Capital Requirement is an estimate of enough capital to survive a "one-in-two-hundred year" shock; the Minimum Capital Requirement is an estimate of enough capital to survive a "one-in-eight year" shock.

Westfield Health's capital requirements, and own funds available to cover those requirements, as set out in template S.23.01.01 in Appendix 1, are as follows:

	2023 £'000	2022 £'000
Solvency Capital Requirement	26,770	32,703
Minimum Capital Requirement	6,693	8,176
Own Funds	69,823	78,012
Own Funds / SCR	261%	239%
Own Funds / MCR	1,043%	954%

The annual movement in own funds represents the deficit generated by Westfield Health for the year.

Solvency Capital Requirement

Under Solvency II, insurers can either use a "standard formula" or develop their own "internal model" to calculate their Solvency Capital Requirement. Internal models are mainly used by the largest insurance companies with complex risk profiles; Westfield Health uses the standard formula. The standard formula produces a capital requirement for a number of defined categories of risk (modules); the total capital requirement is reduced to allow for diversification between these categories as set out in template S.25.01.21 in Appendix 1.

	2023 £'000	2022 £'000
Health underwriting risk	10,794	10,089
Market risk	19,494	27,142
Counterparty default risk	996	1,028
Operational risk	1,965	1,855
Loss-absorbing capacity of deferred taxes	(51)	(706)
Diversification benefit	(6,428)	(6,706)
Solvency Capital Requirement	26,770	32,702

Where appropriate, the standard formula can be varied by the use of simplifications, or by the use of undertaking-specific parameters. No simplifications and no undertaking-specific parameters have been used. Where the PRA believes that there are specific issues which mean that the standard formula does not adequately reflect the risks relating to a firm, it is also able to impose add-ons to increase the Solvency Capital Requirement; the PRA has not imposed a capital add-on for Westfield Health.

The year-on-year decrease in market risk is driven by the decrease in the closing value of the investment portfolio compared to 2022 following investment losses incurred in the year. In addition, a change in the allocation of assets has reduced the market risk, with a greater proportion of the portfolio now held in fixed deposits which attract a lower capital charge. Fixed deposits started making favourable returns during the year following rises in interest rates.

Minimum Capital Requirement

The Minimum Capital Requirement is calculated by a linear calculation based on premiums and technical provisions, with a "floor" and "cap" of 25% and 40% respectively of the Solvency Capital Requirement. In both 2023 and 2022 the linear calculation relating to premiums and technical provisions produced a value lower than this 25% floor so Westfield Health's Minimum Capital Requirement was based on this floor. The year-on-year increase in Minimum Capital Requirement is therefore driven by the increase in Solvency Capital Requirement explained above.

E.3. Other disclosures

Westfield Health does not use a duration-based equity risk calculation.

Westfield Health has at no point been non-compliant with any capital requirements.

Westfield Health has no other information to disclose regarding its capital requirements.

Directors' Responsibility Statement

We acknowledge our responsibility for preparing the SFCR in all material respects in accordance with the PRA Rules and the Solvency II Regulations.

We are satisfied that:

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

David Capper
Chief Executive
5 July 2023

Appendix 1 - Quantitative Reporting Templates

S.02.01.02 - Balance Sheet

	Assets	Solvency II value £'000
		C0010
R0030	Intangible assets	-
R0040	Deferred tax assets	-
R0050	Pension benefit surplus	709
R0060	Property, plant & equipment held for own use	6,058
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	64,857
R0080	Property (other than for own use)	3,942
R0090	Holdings in related undertakings, including participations	2,371
R0100	Equities	4,092
R0110	Equities - listed	4,072
R0120	Equities - unlisted	20
R0130	Bonds	2,403
R0140	Government Bonds	1,888
R0150	Corporate Bonds	-
R0160	Structured notes	-
R0170	Collateralised securities	515
R0180	Collective Investments Undertakings	39,574
R0190	Derivatives	-
R0200	Deposits other than cash equivalents	12,475
R0210	Other investments	-
R0220	Assets held for index-linked and unit-linked contracts	-
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 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	1,079
R0370	Reinsurance receivables	-
R0380	Receivables (trade, not insurance)	929
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	6,347
R0420	Any other assets, not elsewhere shown	-
R0500	Total assets	79,979

S.02.01.02 Balance Sheet (continued)

	Liabilities	Solvency II value £'000
		C0010
R0510	Technical provisions - non-life	3,971
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)	3,971
R0570	TP calculated as a whole	-
R0580	Best Estimate	3,227
R0590	Risk margin	744
R0600	Technical provisions - life (excluding index-linked and unit-linked)	-
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)	-
R0660	TP calculated as a whole	-
R0670	Best Estimate	-
R0680	Risk margin	-
R0690	Technical provisions - index-linked and unit-linked	-
R0700	TP calculated as a whole	-
R0710	Best Estimate	-
R0720	Risk margin	-
R0740	Contingent liabilities	-
R0750	Provisions other than technical provisions	-
R0760	Pension benefit obligations	-
R0770	Deposits from reinsurers	-
R0780	Deferred tax liabilities	110
R0790	Derivatives	-
R0800	Debts owed to credit institutions	-
R0810	Financial liabilities other than debts owed to credit institutions	-
R0820	Insurance & intermediaries payables	506
R0830	Reinsurance payables	-
R0840	Payables (trade, not insurance)	5,569
R0850	Subordinated liabilities	-
R0860	Subordinated liabilities not in BOF	-
R0870	Subordinated liabilities in BOF	-
R0880	Any other liabilities, not elsewhere shown	-
R0900	Total liabilities	10,156

R1000	Excess of assets over liabilities	69,823

S.05.01.01 Premiums, claims and expenses by line of business

	Non-life	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) Medical expense insurance £'000	Total £'000
		C0010	C0200
	Premiums written		
R0110	Gross - Direct Business	65,506	65,506
R0120	Gross - Proportional reinsurance accepted	-	-
R0130	Gross - Non-proportional reinsurance accepted		-
R0140	Reinsurers' share	-	-
R0200	Net	65,506	65,506
	Premiums earned		
R0210	Gross - Direct Business	65,516	65,516
R0220	Gross - Proportional reinsurance accepted	-	-
R0230	Gross - Non-proportional reinsurance accepted		-
R0240	Reinsurers' share	-	-
R0300	Net	65,516	65,516
	Claims incurred		
R0310	Gross - Direct Business	45,847	45,847
R0320	Gross - Proportional reinsurance accepted	-	-
R0330	Gross - Non-proportional reinsurance accepted		-
R0340	Reinsurers' share	-	-
R0400	Net	45,847	45,847
	Changes in other technical provisions		
R0410	Gross - Direct Business	-	-
R0420	Gross - Proportional reinsurance accepted	-	-
R0430	Gross - Non-proportional reinsurance accepted		-
R0440	Reinsurers' share	-	-
R0500	Net	-	-
R0550	Expenses incurred	20,897	20,897
R1200	Other expenses		-
R1300	Total expenses		20,897

S.17.01.02 Non-life technical provisions

		Direct business and accepted proportional reinsurance Medical expense insurance £'000	Total Non-Life obligation £'000
		C0020	C0180
R0010	Technical provisions calculated as a whole	-	-
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	-	-
	Technical provisions calculated as a sum of BE and RM		
	Best estimate		
	Premium provisions		
R0060	Gross	(649)	(649)
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-	-
R0150	Net Best Estimate of Premium Provisions	(649)	(649)
	Claims provisions		
R0160	Gross	3,876	3,876
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-	-
R0250	Net Best Estimate of Claims Provisions	3,876	3,876
R0260	Total best estimate - gross	3,227	3,227
R0270	Total best estimate - net	3,227	3,227
R0280	Risk margin	744	744
	Amount of the transitional on Technical Provisions		
R0290	Technical Provisions calculated as a whole	-	-
R0300	Best estimate	-	-
R0310	Risk margin	-	-
R0320	Technical provisions - total	3,971	3,971
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	-	-
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	3,971	3,971

S.19.01.21 Non-life insurance claims - Total non-life business

Z0010	Accident year / underwriting year	Accident Year

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

	Year	Development year 0 £'000	1 £'000	2 £'000	3 £'000	4 £'000	5 £'000	6 £'000	7 £'000	8 £'000	9 £'000	10 & + £'000	In Current year £'000	Sum of years (cumulative) £'000
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
R0100	Prior												-	3
R0160	N-9	-	-	-	-	-	-	-	-	-	-		-	-
R0170	N-8	-	-	-	-	15	20	2	-	-			-	37
R0180	N-7	-	2,168	-	52	1	-	-	-				-	2,221
R0190	N-6	38,195	2,462	71	7	1	12	-					-	40,749
R0200	N-5	38,581	2,757	82	13	4	16						16	41,452
R0210	N-4	41,819	1,746	45	54	56							56	43,721
R0220	N-3	43,570	1,221	86	44								44	44,921
R0230	N-2	27,920	1,853	31									31	29,803
R0240	N-1	40,216	1,934										1,934	42,151
R0250	N	43,471											43,471	43,471
R0260													45,551	288,532

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	Development year 0 £'000	1 £'000	2 £'000	3 £'000	4 £'000	5 £'000	6 £'000	7 £'000	8 £'000	9 £'000	10 & + £'000	Year end (discounted data) £'000
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
R0100	Prior											-	-
R0160	N-9	-	-	-	-	-	-	-	-	-	-		-
R0170	N-8	-	-	-	-	-	-	-	-	-			-
R0180	N-7	-	-	-	-	-	-	-	-				-
R0190	N-6	2,594	-	-	-	-	-	-					-
R0200	N-5	2,732	-	-	-	-	-						-
R0210	N-4	2,826	-	-	-	-							-
R0220	N-3	2,805	-	-	-								-
R0230	N-2	3,208	-	-									-
R0240	N-1	3,508	-										-
R0250	N	3,876											3,876
R0260													3,876

S.23.01.01 Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total £'000	Tier 1 unrestricted £'000	Tier 1 restricted £'000	Tier 2 £'000	Tier 3 £'000
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	-	-		-	
R0030	Share premium account related to ordinary share capital	-	-		-	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	-	-		-	
R0050	Subordinated mutual member accounts	-		-	-	-
R0070	Surplus funds	-	-			
R0090	Preference shares	-		-	-	-
R0110	Share premium account related to preference shares	-		-	-	-
R0130	Reconciliation reserve	69,823	69,823			
R0140	Subordinated liabilities	-		-	-	-
R0160	An amount equal to the value of net deferred tax assets	-				-
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	-	-	-	-	-
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	-				
R0230	Deductions for participations in financial and credit institutions	-	-	-	-	-
R0290	Total basic own funds after deductions	69,823	69,823	-	-	-
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	-			-	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	-			-	
R0320	Unpaid and uncalled preference shares callable on demand	-			-	-
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	-			-	-
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	-			-	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	-			-	-
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	-
R0390	Other ancillary own funds	-			-	-
R0400	Total ancillary own funds	-			-	-
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	69,823	69,823	-	-	-
R0510	Total available own funds to meet the MCR	69,823	69,823	-	-	
R0540	Total eligible own funds to meet the SCR	69,823	69,823	-	-	-
R0550	Total eligible own funds to meet the MCR	69,823	69,823	-	-	
R0580	SCR	26,770				
R0600	MCR	6,693				
R0620	Ratio of Eligible own funds to SCR	261%				
R0640	Ratio of Eligible own funds to MCR	1043%				

	Reconciliation reserve	C0060
R0700	Excess of assets over liabilities	69,823
R0710	Own shares (held directly and indirectly)	-
R0720	Foreseeable dividends, distributions and charges	-
R0730	Other basic own fund items	-
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-
R0760	Reconciliation reserve	69,823

	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	-
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	-
R0790	Total Expected profits included in future premiums (EPIFP)	-

S.25.01.01 Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement £'000	USP	Simplifications
		C0110	C0080	C0090
R0010	Market risk	19,494		-
R0020	Counterparty default risk	996		
R0030	Life underwriting risk	-	None	-
R0040	Health underwriting risk	10,794	None	-
R0050	Non-life underwriting risk	-	None	-
R0060	Diversification	(6,428)		
R0070	Intangible asset risk	-		
R0100	Basic Solvency Capital Requirement	24,856		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	1,965
R0140	Loss-absorbing capacity of technical provisions	-
R0150	Loss-absorbing capacity of deferred taxes	(51)
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	-
R0200	Solvency Capital Requirement excluding capital add-on	26,770
R0210	Capital add-ons already set	-
R0220	Solvency capital requirement	26,770
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	-
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	-
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	-
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	-
R0440	Diversification effects due to RFF nSCR aggregation for article 304	-

	Calculation of loss absorbing capacity of deferred taxes	Before the shock	After the shock	LAC DT
		C0110	C0120	C0130
R0630	DTL	(51)	(51)	
R0640	LAC DT			(51)
R0650	LAC DT justified by reversion of deferred tax liabilities			(51)
R0660	LAC DT justified by reference to probable future taxable economic profit			-
R0670	LAC DT justified by carry back, current year			-
R0680	LAC DT justified by carry back, future years			-
R0690	Maximum LAC DT			(51)

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	C0010	Net (of reinsurance/SPV) best estimate and TP calculated as a whole £'000	Net (of reinsurance) written premiums in the last 12 months £'000
			C0020	C0030
R0010	MCR_{NL} Result	152		
R0020	Medical expense insurance and proportional reinsurance		3,227	65,506
R0030	Income protection insurance and proportional reinsurance		-	-
R0040	Workers' compensation insurance and proportional reinsurance		-	-
R0050	Motor vehicle liability insurance and proportional reinsurance		-	-
R0060	Other motor insurance and proportional reinsurance		-	-
R0070	Marine, aviation and transport insurance and proportional reinsurance		-	-
R0080	Fire and other damage to property insurance and proportional reinsurance		-	-
R0090	General liability insurance and proportional reinsurance		-	-
R0100	Credit and suretyship insurance and proportional reinsurance		-	-
R0110	Legal expenses insurance and proportional reinsurance		-	-
R0120	Assistance and proportional reinsurance		-	-
R0130	Miscellaneous financial loss insurance and proportional reinsurance		-	-
R0140	Non-proportional health reinsurance		-	-
R0150	Non-proportional casualty reinsurance		-	-
R0160	Non-proportional marine, aviation and transport reinsurance		-	-
R0170	Non-proportional property reinsurance		-	-

	Linear formula component for life insurance and reinsurance obligations	C0040	Net (of reinsurance/SPV) best estimate and TP calculated as a whole £'000	Net (of reinsurance/SPV) total capital at risk £'000
			C0050	C0060
R0200	MCR_L Result	-		
R0210	Obligations with profit participation - guaranteed benefits		-	
R0220	Obligations with profit participation - future discretionary benefits		-	
R0230	Index-linked and unit-linked insurance obligations		-	
R0240	Other life (re)insurance and health (re)insurance obligations		-	
R0250	Total capital at risk for all life (re)insurance obligations			-

	Overall MCR calculation	C0070
R0300	Linear MCR	152
R0310	SCR	26,770
R0320	MCR cap	12,047
R0330	MCR floor	6,693
R0340	Combined MCR	6,693
R0350	Absolute floor of the MCR	2,325
R0400	Minimum Capital Requirement	6,693

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	No

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