THE BAPTIST INSURANCE COMPANY PLC

Company Registration Number 00083597

ANNUAL REPORT AND ACCOUNTS 31 DECEMBER 2022

Report and Accounts 31 December 2022

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The Baptist Insurance Company PLC

Officers and Other Company Information

Directors	M. N. Hayes BSc, F I Chem. E, FCII, Chair Mrs A. Bishop MBA M. A. Broad MBE J. P. H. Entwisle MA, MBA, ACA H. A. Francis BSc, FCA E. C. Osborne MA T. J. Rose MBA, C Dir M. H. Tripp BSc, ARCS, FIA, Senior Independent Director D. Lane B.Comm (Hons), Certified Insurance Director
Company Secretary	Mrs R. J. Hall FCIS
Chief Executive Officer	D. Lane B.Comm (Hons), Certified Insurance Director
Auditor	Ernst & Young LLP
Registered Office	Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW
Company Registration Number	00083597

The Baptist Insurance Company PLC

Directors' Biographies

M. N. Hayes BSc, F I Chem. E, FCII Chair

Appointed to the board in 2006. Managing director of a business and financial consultancy. Formerly a director of Zurich Commercial Insurance Business UK Qualified engineer and chartered insurer, Director of a renewable energy business, a property management company Member and Trustee of Encounter Vineyard Church Winchcombe

Mrs A. Bishop MBA

Appointed to the board in 2015 Formerly CEO of a regional Christian charity, following a career in marketing and public relations, and currently MD of a company importing Fair Trade products from Sri Lanka. Extensive governance experience underpinned by an Advanced Certificate in Corporate Governance. Currently the Chair of a local Christian homelessness charity. Active member of a local Baptist church.

M. A. Broad MBE

Appointed to the board in 2011. Retired senior commercial manager at HSBC Bank plc Former treasurer of the Baptist Union of Great Britain and former moderator of the Baptist Pension Scheme Employers Group. Treasurer/Trustee of the Bristol Baptist College and Treasurer/Deacon of Keynsham Baptist Church Chair/Trustee of the Futura Learning Partnership, Keynsham Chair of Governors at Sexey's School, Bruton, Malcolm has over 22 years' experience delivering trustee training to many Baptist churches, colleges and associations across the country. Appointed a National Leader of Governance by the Department of Education between 2016 – 2021 Awarded an MBE in the 2008 New Year's Honours list for services to Education in Bristol.

J. P. H. Entwisle MA, MBA, ACA

Appointed to the Board in 2021 Formerly Managing Partner of a major UK actuarial and investment consultancy A chartered accountant and trustee of three charities covering education, financial inclusion and Christian witness both in the UK and India Deacon and treasurer of Speen Baptist Church in Buckinghamshire

H. A. Francis BSc, FCA

Appointed to the Board in 2021 A Chartered Accountant with more than 30 years' experience in the insurance sector and has worked for Aviva since 2001 where he is Director of External Reporting Developments being responsible for assessing and responding to future external reporting and regulatory and accounting developments, including IFRS and Solvency II. Currently Vice Chair of the Insurance Europe Corporate Reporting Group and a member of both the EFRAG Insurance Accounting Working Group and ICAEW Insurance sub-committee In addition, Chair of the ABI Financial Reporting Committee and a member of the ABI Prudential Financial and Taxation Committee Chairman of the CFO Forum Solvency II Working group, a member of the EIOPA IRSG Stakeholder Group, a member of the CFO Forum Steering Committee and is also a former Chair of the CFO Forum Insurance Accounting Group Hugh is an Elder and Treasurer at Testwood Baptist Church

D. Lane B.Comm (Hons), Certified Insurance Director

Appointed to the board in 2017 CEO of the Baptist Insurance Company plc and Managing Director of Ecclesiastical Insurance in Ireland. Previously held a number of senior executive roles across UK, Ireland and Europe Member of the National Development Council of the Wexford Festival of Opera and the Non-life Council of Insurance Ireland Appointed to the Board of Depaul, Ireland in 2019

E. C. Osborne MA

Appointed to the board in 2021 Currently has a number of trustee and non-executive positions within pensions, investment and micro-finance Previous executive career was in financial services, mainly focussed on investment management, including as Chief Investment Officer for the international assets of a US insurance company. Member of the Church of England and currently a lay canon of Salisbury Cathedral.

T. J. Rose MBA, C Dir

Appointed to the board in 2002 Managing director of a corporate finance boutique. Formerly director of a major City broking house specialising in wholesale financial instruments. A qualified Chartered Director and non-executive director of the Bible Society Resources Ltd Deacon of Colchester Baptist Church

M. H. Tripp BSc, ARCS, FIA, Senior Independent Director

Appointed to the board in 2015 Formerly a partner with City Advisory and accountancy firm Mazars LLP and council member of the Institute of Faculty of Actuaries Formerly Group CEO of Ecclesiastical Insurance and before that partner at Ernst & Young, and actuarial firm Watson Wyatt LLP. Recently completed his six-year term as Non Executive Chair of Unity, a specialist Insurance broker belonging to The Scout Association, and also non-executive director of a London Market Insurer, he has over 40 years UK Insurance industry experience He is an active Christian, attending a church in Chingford

The Baptist Insurance Company PLC

Chair's Statement

This statement comes to you after yet another challenging year but with very different reasons than the last report. Whilst the pandemic influence of Covid-19 has waned and most churches are meeting in similar ways to pre-Covid, online services have generally been retained and we have seen some outstanding growth which may never have happened without the shock to the conventional church service framework.

The ongoing situation continues in all its brutality in Ukraine and again we deplore the aggressive invasion by Russia and President Putin and we pray for a peaceful end to the mindless conflict. We seek God's mercy towards the cowardly perpetrators of such unmitigated violence against a sovereign state and continue to pray for a rapid end to the war. We remain committed to help wherever we can and are in regular touch through the European Baptist Federation (EBF), with those on the front line of maintaining a Gospel presence in the face of overwhelming and oppressive challenges.

Climate impact continues to be at the forefront of national and international news and the recent devastating earthquakes in Turkey and Syria once again highlight the need for concerted action to limit the impact of Climatic disaster. The series of major storms, floods and windstorms at regular intervals throughout the year also impacted claims where we were privileged as the insurer of first choice to the Baptist community to support and rebuild churches which had suffered damage.

We were fortunate to be able to support many more outreach activities during the year with grant distribution again reaching almost £300,000 – this has been utilised to catalyse or extend the reach of the Gospel including training in Evangelism. More than ten church plants in UK and Europe, Youth and children's events and outreach, mental health outreach and support for those churches with a real heart to touch lives in their local community were all a part of our grant programme in the year.

In March 2023 we sponsored a two day conference for those pioneering entrepreneurs who are at the forefront of inspirational outreach within the Baptist family – entitled Discipleship Enablers it is bringing together 30 pioneering experts who we trust will find effective ways of learning and working together missionally to maximise Kingdom growth.

Turning to the company results, I report a challenging year but with some really encouraging elements. For the first time in several years we grew our gross written premium with a significant number of our internal KPI's being met or exceeded within the year.

Gross written premium increased by 8.4% (2021 2.2% increase) which is a very acceptable outcome in a marketplace which has been and continues to be competitive in all areas of the business. Retention levels remain high as most Baptist churches value the responsive service and advice from the internally based staff teams. The majority of Baptist churches have entered into long term agreements providing stability to their costs and also security of support from the Company.

Underwriting performance once again was positive with a contribution to the overall result of £617,807 which was higher than 2021 where it was £389,668. Those readers who have followed the company performance over the years will recall that investment returns and underwriting performance can be counter-cyclical depending on weather patterns and wider Global market forces. 2022 showed the essence of this with positive underwriting out turn contrasted with poor investment returns.

We were delighted to allocate grants of just under £297,000 from our reserves, and pay out over £337,000, which represents over the past three years a grant contribution to the Baptist family of just under £1m. We are humbled to have contributed to some outstanding initiatives to reach people with the life changing Gospel in UK, Europe and further afield and to see the impact that we can make with grant support.

One of our biggest disappointments was the investment performance which, in line with the majority of the market, showed a loss in all of our investment areas. Our total investment loss was £1.119m compared to an investment gain the previous year of £0.985m. Fixed interest returns showed an unexpected loss partly due to the ill-advised Government fiscal action which rocked the gilt and bond markets. Our equity portfolio also suffered amid market weakness and, to a degree, from our commitment to Ethical, Environmental, Social and Governance (EESG) investing since Oil & Gas and Defence stocks (which typically do not meet our funds' investment criteria) performed very strongly in the wake of Russia's invasion of Ukraine. We continue to believe, however, that our EESG approach remains the appropriate one for the company's investments. The investment position has improved since the end of the year and we are currently recouping some of the losses of the past year.

We are grateful to the Investment Committee members who have worked hard to ensure the right investment decisions are made in spite of extreme market turbulence.

Looking back over the past six years the overall investment return has been of the order of £1.86m in total, equivalent to 5% per annum, justifying the risk of investing in financial instruments compared to cash deposits.

Our overall post tax loss after grants was £947,185 which whilst disappointing still enables us to report a very strong solvency position which the Directors feel prudent to retain at a time of continued economic uncertainty.

The Baptist Insurance Company PLC

Chair's Statement

We continue to take a conservative view of latent claims which arise from potential exposure relating to historic abuse within both UK and overseas. Considerable press and media comments and investigations rightly place this matter at the forefront of public interest and we continue to support any who have been affected by such exposure.

The Grants Committee's web-based application process has been well received which makes it easier to submit grant applications and facilitates a more rapid treatment of those requests recognising that in many cases, the money is crucial to their Evangelistic outreach and a rapid response is valued.

We were able to partner again with several of the regional associations to support outreach work with further joint meetings with team leaders being planned in 2023 following the missional conference referred to above.

Our steadily increasing support to the EBF has continued throughout the year in both Western and the former Eastern Europe, with some outstanding and inspirational progress being made.

I would like to express our deep appreciation to the marketing, underwriting, survey and claims teams dealing day to day with our policyholders and without whom we would not have seen the successful underwriting result declared above.

During the year we again reinforced our sales initiative for new household and manse business and can report that this take up has been encouraging as private household policyholders recognise the value of both the personal touch over the phone and the high quality of competitively priced cover we provide. We have also taken the bold step of engaging our first full time Relationship manager with a remit to support existing policyholders but also seek new business opportunities within the Christian market . We remain committed to generate increased growth in all business areas and are encouraged that we have seen some steady progress in 2022.

Finally, I would like to pay tribute to the work of the Directors who serve the Company with skill and capability in a variety of disciplines. We are privileged to have Directors of extremely high calibre who punch well above their weight for a company of our size. This year has seen yet another increase in workload for the Directors with the impact of market and rate uncertainties as well as energy inflation affecting the churches. They serve tirelessly to ensure that the Company is well positioned to enjoy a secure capital base whilst fulfilling its role as the provider of Insurance expertise to the Baptist community. I am immensely grateful for their wisdom and support

Conclusion

We are grateful to God for a year of challenge and progression in the business and look to build further on this in 2023. We continue with our marketing initiatives, product launch and further development in our growth and capital strategies and trust to be able to report further progress throughout the year.

Our key desire remains to fully support the Baptist community with their insurance needs, and in parallel through our grant giving programme, spearhead the use of Kingdom finance into areas of Gospel deprivation to see Jesus accepted as Lord in those areas.

We are grateful that as a Board that we can contribute to real heart-moving outreach in some of the challenging areas of distress and disadvantage and we trust that in 2023 we can further support the work of life-changing transformation through a knowledge of Jesus Christ as Lord.

Malcolm. Hayes

M. N. Hayes *Chair*
On behalf of the directors
30 March 2023

The Baptist Insurance Company PLC

Strategic Report

The directors present their strategic report for the year ended 31 December 2022.

Objective and strategy
The Baptist Insurance Company PLC (the Company) is a public limited company incorporated, registered and domiciled in England, authorised and regulated by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA).

Our vision for the Company is to be the first choice insurer within the Baptist community and to run a successful insurance business with the highest standards of integrity, helping to create safe environments for worship, witness and service.

We look to generate operating profits through the provision of insurance and through returns on investments, with the goal to maintain or strengthen the Company's capital position. This allows the Company to continue on an ongoing basis and to provide services at a competitive price with the aim of reinvesting back into the Baptist community via the provision of grants.

Business model
The principal activity of the Company is the transaction of fire, accident and ancillary liability insurance. We provide insurance and risk management advice for churches, as well as offering home insurance for Baptist Ministers, church volunteers and church members.

All risks undertaken by the Company are reinsured with Ecclesiastical Insurance Office plc (EIO), except eligible terrorism risks which are reinsured with a third party, Pool Re.

To generate sustainable operating profits, the Company looks to achieve an effective cost base in providing our customers with the highest quality of service be it in buying our services or making claims. To this endeavour the Company outsources its operational activities to EIO, enabling the Company to provide our customers with a service from highly trained staff who are experts in their field.

The Board monitor the service levels provided through the outsourced agreement with EIO on a monthly basis to ensure they meet expectations and the Company are receiving value for money. These measures include, but are not limited to telephony statistics, customer satisfaction, quotes issued and conversion to policies.

Review of business performance
The results of the Company for the year are shown in the statement of profit or loss on page 19. Key performance indicators are included below.

Gross written premium
Gross written premiums increased to £4,031,163 (2021: £3,717,484) representing an increase of 8.4%. This increase can be attributed to the impact of the indexation levels which have experienced an increase throughout the year. Over the past five years premiums show compound growth of 2.24% per annum.

Claims ratio
Our claims ratio (gross incurred claims to gross earned premiums) of 51.7% (2021: 50.3%) shows a 1.4 point increase on the previous year. The current year's performance is driven by the run-off account where a number of Pre-1998 claims have been registered, which compares to the experience in 2021 where a similar level of new run-off claims was also seen.

Profit commission
The reinsurance treaty with EIO continues. The amount receivable for the current year based on the sharing of the net underwriting result was £617,807 (2021: £389,668), which was higher than budget; the key driver in both years being the favorable claims experience, particularly the current year which saw a claims ratio (excluding company run-off activity) of 29.5% (2021: 36.7%).

Investment return
The economic downturn experienced globally arising from several factors including sustained high inflation rates as well as continued volatile market conditions. As a result, the Company's net investment return was a loss of £1,119,213 (2021: profit of £984,947). The Company continues to monitor and review the investment strategy to ensure a balance between potential reward and future losses.

Charitable grants
The aim of the Company and the directors continues to be to support the wider Baptist family. During 2022 grants of £296,557 (2021: £299,461) were approved, and £2,500 (2021: £42,896) was accrued at year end.

Equity and reserves
The factors outlined above have all had an influence on results for the year. Profit/(loss) before tax decreased to a loss of £1,122,385 (2021: profit of £658,755) and after the impact of tax, has decreased reserves by £947,185 (2021: increase of £529,192).

The Baptist Insurance Company PLC

Strategic Report

Regulatory, solvency and capital management

The Company is required to comply with the rules issued by the PRA and FCA, including a Europe-wide regulatory capital regime (Solvency II) adopted by the PRA. Annual quantitative returns are submitted to the PRA in addition to a qualitative report, the Regular Supervisory Report (RSR) which is submitted periodically. A further report, the Solvency and Financial Condition Report (SFCR) is produced annually and must be published on the Company's website.

The Company has adopted the Solvency II standard formula approach to determine its solvency capital requirement (SCR). The Company is required to maintain its regulatory capital above the higher of the SCR and MCR (Minimum Capital Requirement). For the 2022 accounts, the applicable measure is the MCR. Economic capital is the Company's own internal view of the level of capital required, and this measure is an integral part of the Own Risk and Solvency Assessment Report (ORSA) which is a private, internal forward looking assessment of own risk and capital requirement, as required as part of the Solvency II regime. Risk appetite is set such that the target level of economic capital is always higher than the regulatory MCR.

As at 31 December 2022, the estimated and unaudited solvency ratio, which is defined as Solvency II Own Funds as a proportion of the MCR, was 240% (2021: 295%).

Principal risks and uncertainties

The principal risks and uncertainties, together with details of the financial risk management objectives and policies of the Company are disclosed in notes 3 and 4 to the financial statements.

The World Economic Forum's Risk Report continues to consider cyber threats as one of the top five risks facing organisations and governments worldwide and has increased since the onset of the pandemic particularly following the increase in remote working, with cyber attacks becoming more aggressive and sophisticated. Through the administration agreement with EIO, a number of security measures are deployed to ensure protected system access which include security reviews and assessments performed on an ongoing basis as well as ongoing maintenance and monitoring of our systems and infrastructure in order to prevent and detect cyber security attacks.

The Company is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that funds may not be available to pay obligations when due. The Company has robust processes in place to manage liquidity risk and has adequate access to funding in case of exceptional need. Sources of funding include available cash balances, other readily marketable assets and access to short term bank funding.

Climate Change and environment

The impacts of climate change provide some of the greatest challenges facing the world, both now and in the future. The risks arising from climate change will emerge over various time horizons and their nature will depend on actions that are taken from now onwards. The greatest impacts of these risks are expected to materialise in the medium to long-term.

Climate change presents increasing levels of risk to both the Company and its customers. The Board recognises the importance of understanding and managing these risks and has set up a strong governance framework to facilitate this process. The Board oversees the Company's overall position and key management positions have responsibilities for managing risks arising from climate change embedded within their roles.

The key risks identified for the Company are:

- physical risk of increasing severity and frequency of weather-related events leading to rising levels of property insurance claims. The impacts on the Company's insurance risks are primarily related to locations of the insured properties and will be informed by emerging modelling capabilities; and
- transition risk to the value of investment assets as the world moves to become a low carbon economy. The Company has adopted an Ethical, Environmental, Social and Governance investment policy which uses positive and negative screening as well as shareholder engagement that will enable mitigation of the impact of these risks.

The Baptist Insurance Company PLC

Strategic Report

The current economic climate, inflation and cost of living crisis, driven by a number of economic and political events during the year, has created an additional uncertainty to the business during 2022. Our investment return has been impacted but we maintain a long term strategy on the portfolio to generate profits, and we are aware of increased costs within the Company's expense base as inflation continues. We are also cognisant of the impact of this volatility to our customers and remain mindful of this in our underwriting and grant-giving strategy. Our capital position and solvency coverage remain in a strong position and projections suggest this would continue. We continue to closely monitor developments in this area and the evolving impact it may have on the business.

Non-financial information statement

As an authorised insurance entity the Company is covered by sections 414CA and 414CB of the Companies Act 2006 (CA 2006). The Company has opted to take exemption in accordance with subsection 4(b) of s.414CA of the Act, and has not prepared the non financial information statement in the strategic report as it has no employees.

Section 172 Statement

The directors confirm that during 2022 and to the date of this Report, they have acted to promote the success of the Company for the benefit of its members as a whole and considered the matters as set out in section 172(1)(a) to (f) of the CA 2006. This section provides an overview of how the directors have had regard to those matters when performing their duties.

The Board has delegated day to day management of the Company to Ecclesiastical Insurance Office plc (EIO) under the terms of a Joint Administration Agreement (JAA). Therefore where matters may impact EIO, a collaborative approach is taken to stakeholder engagement between the Board and EIO.

Our Approach to the Long Term Success of the Company

The Board of directors recognises that the long-term success of the Company is dependent upon having regard to the interests of its stakeholders. This is achieved by engaging with stakeholders to understand their views and interests. Dialogue with stakeholders can help the Board to understand significant changes in the landscape, predict future developments and trends, and develop strategy that is aligned to stakeholder interests.

Our Stakeholders

The Company's stakeholders are identified in the Company's Governance Framework, and are at the core of all decision making. Key stakeholders include our customers, regulators, shareholders, The Baptist Union of Great Britain (Baptist Union) and other Baptist organisations, the Baptist Community, EIO, suppliers, the wider community and its environment. Examples of the way the Board has engaged with some of these stakeholder groups throughout the year are set out below.

Stakeholder Engagement in decision making

The Board adopts a range of approaches to engage with stakeholders and recognises that the importance of a stakeholder group may differ depending on the matter to be considered. Given the nature of the business, the Board sometimes engages directly with stakeholders and also understands that it may be more appropriate for engagement to be undertaken at an operational level.

The directors receive directors' duty training as part of their induction, and are regularly reminded of their statutory duties, which includes all aspects of section 172 of the Act. In addition, key paper writers have received board paper writing training, and are encouraged to ensure that a stakeholder analysis is included within the papers. This facilitates robust strategic discussions which take into account the long term success of the Company in addition to any direct and or indirect implications for stakeholders.
The Board considers a variety of information to understand the impact of the Company's operations and also the interests and views of key stakeholders. A one-year rolling plan of business for discussion is agreed annually to ensure that the Board is focused on matters at the right time and sufficient time is allowed for appropriate consideration and debate. Information is provided to directors in papers in advance of each Board meeting. In addition, EIO employees working on behalf of the Company are invited to attend meetings to provide insight into key matters and developments. At each Board meeting, the directors discuss strategic and business matters, financial, operational and governance issues and other relevant issues that arise. Following Committee meetings, the Board receives verbal reports from the Chair of each Committee at the next Board meeting. Because of this, the Board has an appreciation of engagement with stakeholders and other relevant matters, which enables the directors to comply with their legal duties.

Below is an example of a principle decision taken by the Board during the year in respect of strategic and Company performance and how it has had regard to the interests of, and impact on a selection of its stakeholders.

Principle Decision of the Board

Consumer Duty Plan and Champion

Following the publication in July 2022 of the FCA's new Consumer Duty regulations (the Duty), which will focus on requiring firms to act to deliver good outcomes for retail customers, the Board has been actively planning to ensure implementation for relevant 'open' products by 31 July 2023.

In addition, the Sales and Marketing Committee, reviewed and constructively challenged the initial implementation plan, which included a detailed timeline for subsequent review and adoption of the High-level implementation plan (the Plan). In accordance with the Consumer Principle, the Committee recommended to the Board that Mr Entwisle be appointed as the Company's Consumer Duty Champion, who, along with Mr Hayes as Chair and Mr Lane as CEO, will ensure that the Duty is regularly discussed and considered as part of all relevant discussions.

As a consequence of the Sales and Marketing Committee's recommendation, the Board appointed Mr Entwisle as Consumer Duty Champion on the 14 September 2022.

On the 26 October 2022 the Plan was approved by the Board. The High Level Plan was developed followed a rigorous process including input from EIO's Consumer Duty Steering Committee (which consisted of a number of subject matter experts) and in consultation with Mr Entwisle as the Consumer Duty Champion. The Plan demonstrated an achievable approach to compliance with the Duty within the required timeframes, having due regard for good customer outcomes.

The Plan outlined the ways in which the Board would maintain oversight to ensure ongoing compliance with the Duty, including regular engagement between the Steering Committee and the Consumer Duty Champion and regular updates to the Sales and Marketing Committee and the Board.

Our Strategy in action

Our key stakeholders	Methods of engagement and outcomes
Shareholders and key Baptist Organisations	
The Board is responsible to its shareholders for the long-term success of the Company. The interests of the Company and its shareholders are aligned with the common purpose of benefiting the Baptist community.	There is at least one Baptist Union of Great Britain (Baptist Union) Director, but no more than a quarter of the total number of directors of the Company, appointed to the Board. This ensures that the views of the Baptist Union are communicated to the Board as a whole and considered. Directors also actively engage with other Baptist organisations and share stakeholder insights with the Board. There is a Conflicts of Interest Policy in place to manage any actual and perceived conflicts that might arise. There are open channels of communication between the Company and its shareholders. The directors regularly meet with its shareholders both through formal and informal means. In 2022 the Company held its Annual General Meeting (AGM) which shareholders were invited to attend.
Customers and Baptist Community	
The Company has a strong reputation for delivering outstanding customer service.	The Board regularly receive updates and actively challenge management on the delivery of the Customer Strategy. All Board members receive a copy of the Company's Business Report monthly, specifically noting customer satisfaction scores and any complaints handling data. More detailed annual customer satisfaction scores are also considered. Members of the Board actively engage with its customer base, which usually includes attendance at the annual Baptist Conference.

Ecclesiastical Insurance Office plc (EIO)	
Day to day management services are provided by EIO on the Company's behalf under the terms of JAA. therefore the Company has no employees.	EIO is accountable to the Board for all services undertaken in accordance with the JAA. The Board annually reviews the provision of services undertaken by EIO on the Company's behalf, providing rigorous challenge and oversight of management. Various members of EIO's management team attend Board meetings. Mr Lane was appointed as the Administrator Director by EIO. In addition Mark Hews, EIO Chief Executive Officer (CEO) provides an annual update on EIO's strategic position to the Board. The CEO meets with Mr Hews to ensure the continued strategic alignment of the companies. The Board of directors invited members of EIO staff to attend a breakfast at which open and honest dialogue was encouraged.
Regulators	
The Board recognises the importance of open and honest dialogue with Regulators (including the Financial Conduct Authority and the Prudential Regulation Authority) and complying with applicable legislation and regulation.	The Board (via its Audit, Risk and Compliance Committee (ARCC)) receives regular updates on legal, regulatory and compliance matters, including the Company's regulatory interactions. During 2022, the Company's Chief Financial Officer (CFO) and Chief Risk Officer (CRO) engaged with the PRA on behalf of the Company. The Board also approved the Annual Solvency Financial Condition Report (SFCR) and the Regular Supervisory Report (RSR). In addition, the Board (via its Committees) receives regular reports on the evolving legal and regulatory landscape.
Other Suppliers	
The importance of the role that suppliers play in ensuring a reliable service is delivered to customers is recognised by the Directors.	As a consequence of the importance that the Board places upon the role of suppliers, the Board maintains a Procurement, Purchasing and Outsourcing Policy. Regular updates on performance against the policies are provided to the ARCC and reported to the Board as required.
Community and Environment	
The Company exists to support the Baptist Community and also seeks to make a positive contribution to society's well-being and help reduce some of the harm brought about through climate change.	The Board (via the ARCC) regularly reviews the risk associated with climate change. Mr Lane has the Senior Management Function (SMF) responsibility for managing climate change risk on behalf of the Board. All other associated SMF responsibilities mirror those adopted by EIO. The Board agreed a separate Risk Register entry be created to capture Climate Change risks. The Investment Committee continued with their EESG investing throughout the year. In addition, the Board is focused on its long term charitable giving to the Baptist community and was pleased with the level of grants allocated in 2022.

R. Hall

Mrs R. J. Hall
Secretary
30 March 2023

The Baptist Insurance Company PLC

Directors' Report

The directors present their annual report and audited financial statements for the year ended 31 December 2022.

Future prospects
It is anticipated that the activities of the Company will remain unchanged for the foreseeable future.

Going concern

The Company itself maintains a strong balance sheet position and good capital coverage, and it has no external loans. The Company reinsures all of its current business, except for terrorism cover, with EIO, which also provides administrative services within a profit share arrangement. Therefore most of its insurance risks are ultimately borne by EIO, which is well capitalised and has ratings of A2 and A with Moodys and AM Best respectively. The Company's assets excluding reinsurers share of contract provisions are also greater than insurance contract liabilities. The Directors have considered the impact of the economy, inflation and interest rates on the Company, and whilst it has impacted the investment returns, the solvency coverage and capital position has remained strong. The directors also consider they have provided adequately for risks not reinsured with EIO and, as such, after considering the stresses and any mitigating actions as well as the financial and operating capability of EIO, the directors believe the Company is well placed to manage such risks to 31 December 2024. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Results and Dividends

The loss before tax was £1,122,385 (2021: profit of £658,755).

The directors recommend that the payment of dividends on the amounts paid up on the 4% cumulative preference shares and on the 5% cumulative ordinary shares, for the year ended 31 December 2022, in the sum of £7,328 (2021: £7,328), be confirmed. This dividend is treated as interest payable on permanent interest-bearing capital in the financial statements.

Political donations
The Company did not make any contributions for political purposes in the current or prior year.

Board of Directors
The directors of the Company at the date of this report are stated on page 3.

Mr P A Ellis resigned as a director on 31 March 2022.

Mr M N Hayes and Mr T J Rose retire by rotation and, being eligible, offer themselves for re-election.

Qualifying third-party provisions
The Company has made qualifying third party indemnity provisions for the benefit of its directors which were in place throughout the year and remain in force at the date of this report.

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted International Accounting Standards (IAS). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in the UK-adopted International Accounting Standards (IAS) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance;
- state whether UK-adopted international accounting standards (IAS) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will *not continue in business.*

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Climate Change and environment

Information on the approach to climate change and the environment is provided on page 8.

Auditor and the disclosure of information to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with Section 418 of the CA 2006.

In accordance with Section 489 of the CA 2006, a resolution proposing that Ernst & Young LLP be re-appointed as auditor of the Company will be put to the annual general meeting.

Approved by the Board of Directors and signed on its behalf by:

R. Hall

Mrs R. J. Hall
Secretary
30 March 2023

Independent auditor's report to the members of Baptist Insurance Company PLC

Opinion

We have audited the financial statements of The Baptist Insurance Company PLC (the "Company") for the year ended 31 December 2022 which comprise the Statement of Profit or Loss, the Statement of Financial Position, the Statement of Changes in Equity and Statement of Cash Flows and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- confirming our understanding of management's going concern assessment process and obtaining management's assessment which covers the period through to 31 December 2024;
- assessing the accuracy of management's analysis by testing the reasonableness of the inputs to the cash flow model and the clerical accuracy of the model used;
- evaluating the liquidity and solvency position of the Company by reviewing base case liquidity and solvency projections;
- obtaining and reviewing the latest Board approved ORSA, assessed whether the stress testing included in the ORSA was reasonable and considered the solvency position under each stress scenario;
- evaluating management's forecast analysis to understand how severe the downside scenarios would have to be to result in the elimination of solvency and liquidity headroom and concluded it to be remote;
- assessing the plausibility of available management actions to mitigate the impact of the key risks by comparing them to our understanding of the Company;
- performing enquiries of management and those charged with governance to identify risks or events that may impact the Company's ability to continue as a going concern. We also reviewed management's assessment approved by the Board and minutes of meetings of the Board and its committees;
- holding a meeting with the Ecclesiastical Insurance (EIO) Group Financial reporting manager to understand the going concern assessment performed at EIO as the Company's ability to continue its operations are fully dependent on EIO under the joint administration agreement; and
- assessing the appropriateness of the going concern disclosures by comparing the consistency with management's assessment and for compliance with the relevant reporting requirements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern

Overview of our audit approach

Key audit matters	• Valuation of Pre-1998 insurance contract liabilities • Estimates involved in the calculation of profit commission income
Materiality	• Overall materiality of £151k which represents 2% of net assets

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Baptist Insurance Company PLC has determined that the physical and transition risks from climate change do not currently pose a material risk to the Company. This is explained on page 8 in the principal risk and uncertainties section within the Strategic report, which form part of the "Other information" rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on challenging management's risk assessment of the impact of physical and transition risks and the resulting conclusion that there was no material impact from climate change and the adequacy of the Company's disclosures on page 23 of the financial statements which explain the rationale.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters

Risk	Our response to the risk	Key observations communicated to the Audit, Risk and Compliance Committee
Valuation of the pre-1998 insurance contract liabilities (2022: £948k, 2021 £920K) *Refer to the Accounting policies (page 26: and Notes 21 (page 39) of the Financial Statements* The valuation of provision of insurance contract liabilities is highly judgemental because it requires a number of assumptions to be made with the estimation uncertainty covering both frequency and severity of claims. Pre-July 1998 claims includes notified and IBNR elements of claims. Since Pre-1998 claims include PSA claims therefore there is significant uncertainty in the calculation of these liabilities. This balance, by nature, is also subject to a risk of manipulation and, given the magnitude of the balance, a small manipulation of an assumption can have a significant impact on the result for the year.	We performed walkthroughs to understand the claims liability valuation processes and identified key controls in place; In conjunction with our actuarial specialists, we assessed the methodology, key assumptions and judgements used by Management, including the key sensitivities and uncertainties in the valuation of the pre-1998 reserves; In particular we: - Assessed the Company's methodology and verified the key outputs from the model. - Reviewed key metrics from the inputs to, and outputs from the valuation models. - Checked assumptions for reasonableness and compared against the recent historical claim experience and against our market benchmarks. - Performed sensitivity testing to the main assumptions to determine the sensitivity of the claims reserves to changes in these parameters. The reserving process is inherently reliant on the quality of the data fed into the process. As a result, we tested the completeness and accuracy of incurred claims data used; We analysed claim payments patterns for pre-1998 policies versus historical trends to assess the reasonableness of the paid claims that inform the year end reserves; We agreed a sample of pre-1998 PSA outstanding claims to the underlying claims files; and We read all legal correspondence and Board minutes	We concluded that the methodology used by management in the valuation of the pre-1998 insurance contract liabilities was in line with market practice and that it is appropriate for the size and complexity of the underlying risk exposure We determined that the actuarial assumptions used by management in the valuation of the pre-1998 insurance contract liabilities are reasonable based on the analysis of experience to date, industry practice and the financial reporting and regulatory requirements.

	and considered any impact on insurance contract liabilities.	

Risk	Our response to the risk	Key observations communicated to the Audit, Risk and Compliance Committee
Estimates involved in the calculation of profit commission income (2022 £618k, 2021 £390k) *Refer to the Accounting policies (page 26); and Note 6 (page 36) of the Financial Statements* Profit share commission is split 50:50 between EIO and the company. The calculation of profit commission is dependent on the underwriting result, which includes the movement in the claims provisions during the year. The calculation of post 1998 IBNR, which requires management judgment, is therefore integral to the commission calculation. Any misstatement in the post 1998 IBNR would result in an incorrect commission income being reported in the financial statements. This balance is subject to manipulation as BIC have an incentive to reduce the post 1998 IBNR to improve underwriting result which increases profit commission whereas EIO have an incentive to increase post 1998 IBNR to reduce underwriting result and profit commission payable.	We read the profit share agreement in place to obtain an understanding as to how it should operate; We verified the mathematical accuracy of the calculation performed by management and tied back to the methodology set out in the agreement. In conjunction with our actuarial specialists, we performed testing on the IBNR calculation for accident years 1998 and post; in particular we: - Assessed the methodology for reasonableness and identified the key assumptions in the analysis. We audited the reasonableness of those key assumptions by comparing against the Company's recent historical claim experience and against our market benchmarks. - Assessed and challenged BIC's approach to allowing for the inflationary environments in their reserves. - Tested the calculation of reinsurance recoveries on IBNR and checked that this calculation was reasonable given the EIO reinsurance program in place. - Performed independent claims reprojections of the post-1998 property and liability excluding PSA classes of business We obtained a confirmation from EIO for the amount of profit commission for the year. We read the Board minutes where the final commission figure is agreed. We obtained proof of final payment of the commission income made post year end.	We determined that the profit commission is calculated correctly in line with the terms agreed with EIO and reported accurately in the Financial Statements.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £151k (2021: 170k), which is 2% (2021 2%) of net assets We believe that net assets provides us with both the regulatory strength of the entity and the ability to continue to make the grants and meet the entities charitable objectives

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely £113k (2021: £128k). We have set performance materiality at this percentage due to corrected and uncorrected misstatements being below 25% of performance materiality in the previous year and the expectation that corrected and uncorrected misstatements will be below 25% of performance materiality in the current year.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £7k (2021: £9k), which is set at

5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise toa material misstatement in the financial statements themselves or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on pages 12 and 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of *not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or* through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are direct laws and regulations related to elements of the Companies Act 2006 and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the financial statements included permissions and supervisory requirements of the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA').
- We understood how The Baptist Insurance Company PLC is complying with those frameworks by making enquiry of those charged

with governance and senior management for their awareness of any non-compliance with laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees and inquiring about the Company's methods of enforcing and monitoring compliance with such policies.

• We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified by the Company, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, performance targets, economic or external pressures and the impact these have on the control environment. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk, including the procedures over the actuarial assumptions and profit commission noted under the key audit matters section above. With regard to revenue recognition fraud risk we agreed all of the gross premium income received during the year to bank statements and additional procedures included testing a sample of manual journals. We have also agreed the monthly journal upload of investment income into the general ledger to external investment managers reports. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

• Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiry of senior management and the Audit Committee for their awareness of any non-compliance with laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, inquiring about the Company's methods of enforcing and monitoring compliance with such policies, inspecting significant correspondence with the FCA and PRA and reviewing minutes of the Board and its committees, the complaints log and the quarterly Internal Audit updates presented to the Audit Committee.

• The Company operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the audit committee we were appointed by the company on 19 October 2020 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 3 years, covering the years ending 31 December 2020 to 31 December 2022.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Andy Blackmore (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
Date: 31 March 2023

Statement of Profit or Loss

for the year ended 31 December 2022

	Notes	2022 £	2021 £
Revenue			
Gross written premiums	5	**4,031,163**	3,717,484
Outward reinsurance premiums	5	**(4,031,163)**	(3,717,484)
Net change in provision for unearned premiums	5	**-**	-
Net earned premiums	5	**-**	-
Fee and commission income	6	**641,205**	409,181
Net investment return	7	**(1,119,213)**	984,947
Total revenue		**(478,008)**	1,394,128
Expenses			
Claims and change in insurance liabilities	8	**(1,996,651)**	(1,836,319)
Reinsurance recoveries	8	**1,957,151**	1,673,222
Fees, commissions and other acquisition costs	9	**(16,335)**	(16,576)
Other operating and administrative expenses	10	**(284,657)**	(248,911)
Total operating expenses		**(340,491)**	(428,584)
Operating (loss)/profit		**(818,500)**	965,544
Finance costs	13	**(7,328)**	(7,328)
Charitable grants	14	**(296,557)**	(299,461)
(Loss)/profit before tax		**(1,122,385)**	658,755
Taxation	15	**175,200**	(129,563)
(Loss)/profit attributable to equity holders		**(947,185)**	529,192

All the amounts above are in respect of continuing operations.

The Company had no recognised income or expense during the current financial year and the preceding financial year other than that included in the statement of profit or loss. Accordingly, no separate statement of other comprehensive income has been presented, profit or loss after tax being total comprehensive income for the year.

Statement of Financial Position

at 31 December 2022

	Notes	2022 £	2021 £
Assets			
Financial investments	16	**7,862,040**	9,088,105
Reinsurers' share of insurance contract provisions	21	**6,294,639**	5,242,337
Deferred tax asset	15	**46,905**	-
Other assets	17	**698,713**	535,850
Cash and cash equivalents	18	**512,810**	673,842
Total assets		**15,415,107**	15,540,134
Liabilities			
Permanent interest-bearing capital	20	**147,850**	147,850
Insurance contract provisions	21	**7,242,139**	6,161,837
Current tax liabilities		**-**	126,556
Other liabilities	22	**447,234**	578,822
Total liabilities		**7,837,223**	7,015,065
Net assets		**7,577,884**	8,525,069
Equity			
Retained earnings		**7,577,884**	8,525,069
Total equity		**7,577,884**	8,525,069

The financial statements of The Baptist Insurance Company PLC, company registration number 00083597, on pages 19 to 43 were approved by the board of directors and authorised for issue on 30 March 2023 and signed on their behalf by:

Malcolm. Hayes

M. N. Hayes *Chair*

M. H. Tripp *Director*

Statement of Changes in Equity

for the year ended 31 December 2022

Retained Earnings	Note	**2022** £	2021 £
Balance at 1 January		**8,525,069**	7,995,877
(Loss)/profit and total comprehensive (charge)/income for the period		**(947,185)**	529,192
Balance at 31 December	19	**7,577,884**	8,525,069

The accounting policies and notes on pages 23 to 43 form part of these accounts.

Statement of Cash Flows

for the year ended 31 December 2022

	Notes	2022	2021
		£	£
(Loss)/profit before tax		**(1,122,385)**	658,755
Adjustments for:			
Net fair value losses/(gains) on financial investments	7	**1,306,515**	(816,825)
Dividend and interest income	7	**(191,759)**	(172,643)
Investment expenses	7	**4,457**	4,521
Finance expense	13	**7,328**	7,328
Changes in operating assets and liabilities:			
Net increase in insurance contract provisions	21	**1,080,302**	838,276
Net increase in reinsurers' share of contract provisions	21	**(1,052,302)**	(680,278)
Net increase in other assets	17	**(162,863)**	(205,786)
Net (decrease)/increase in other liabilities	22	**(131,589)**	161,879
Cash used by operations		**(262,295)**	(204,773)
Corporation tax recovered/(paid)		**1,739**	(112,175)
Net cash used by operating activities		**(260,556)**	(316,947)
Cash flows from investing activities			
Sale of financial investments		**-**	-
Purchases of financial investments		**(80,450)**	(138,038)
Dividends received	7	**150,360**	138,038
Interest received	7	**41,399**	34,605
Investment expenses	7	**(4,457)**	(4,521)
Net cash used by investing activities		**106,852**	30,084
Cash flows from financing activities			
Dividends paid to company's shareholders	13	**(7,328)**	(7,328)
Net decrease in cash and cash equivalents		**(161,032)**	(294,191)
Cash and cash equivalents at beginning of year		**673,842**	968,033
Cash and cash equivalents at end of year	18	**512,810**	673,842

Notes to the Financial Statements

1 Accounting policies

The principal accounting policies adopted in preparing the Company's financial statements are set out below. These policies have been applied consistently throughout the current and prior financial year.

Basis of preparation

The Company's financial statements have been prepared in accordance with UK adopted International Accounting Standards (IAS) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments measured at fair value.

The Company itself maintains a strong balance sheet position and good capital coverage, and it has no external loans. The Company reinsures all of its current business, except for terrorism cover, with EIO, which also provides administrative services within a profit share arrangement. Therefore most of its insurance risks are ultimately borne by Ecclesiastical Insurance Office plc (EIO), which is well capitalised and has ratings of A2 and A with Moodys and AM Best respectively. The Company's assets excluding reinsurers share of contract provisions are also greater than insurance contract liabilities. The current economic climate, inflation and cost of living crisis, driven by a number of economic and political events during the year, has created an additional uncertainty to the business during 2022. Our investment return has been impacted but we maintain a long term strategy on the portfolio to generate profits, and we are aware of increased costs within the Company's expense base as inflation continues. We are also cognisant of the impact of this volatility to our customers and remain mindful of this in our underwriting and grant-giving strategy. Our capital position and solvency coverage remain in a strong position and projections suggest this would continue. We continue to closely monitor developments in this area and the evolving impact it may have on the business. The Directors have considered stresses to the solvency and liquidity of the Company to 31 December 2024 and are satisfied that these appropriately demonstrate the resilience of the business (and are significantly more extreme than those experienced to date) and after considering the stresses and any mitigating actions as well as the financial and operating capability of EIO, the directors believe the Company is well placed to manage such risks to 31 December 2024. The directors also consider they have provided adequately for risks not reinsured with EIO and, as such, they continue to adopt the going concern basis in preparing the Report and Accounts.

In preparing these financial statements the directors have considered the impact of the physical and transition risks of climate change and identified this an emerging risk as set out on page 8, but have concluded that it does not have a material impact on the recognition and measurement of the assets and liabilities in these financial statements as at 31 December 2022. This is because the financial investments which are comprised of open-ended investment companies (OEICs), are reported at fair value under UK-adopted International Accounting Standards (IAS) and as set out in this note below therefore utilise market prices at the period end. These market prices will include the current expectations of the impact of climate change on these investments. Insurance liabilities are accrued based on past insurable events so will not be impacted by any future impact of climate change. However, we recognise that government and societal responses to climate change risks are still developing and the future impact cannot be predicted. Future valuations of assets may therefore differ as the market responds to these changing impacts or assesses the impact of current requirements differently and the frequency / magnitude of future insurable events linked to the effect of climate risks could change.

The exemption in CA 2006 s402 and s405(2) is taken as the subsidiaries disclosed in note 24 are not material to the financial statements and are dormant, having not traded since incorporation. The Company has elected not to produce consolidated financial statements.

In accordance with IFRS 4, *Insurance Contracts*, the Company has applied existing accounting practices for insurance contracts, modified as appropriate in accordance with UK adopted International Accounting Standards (IAS) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

New and revised standards

A number of amendments and improvements to accounting standards have been issued by the International Accounting Standards Board (IASB), and endorsed by the UK, with an effective date of on or after 1 January 2022, and are therefore applicable for the 31 December 2022 financial statements. None had a significant impact on the Company.

IFRS 9, *Financial Instrument,* is effective for periods beginning on or after 1 January 2018. However the Company has taken the option available to insurers to defer the application of IFRS 9 as permitted by the amendments to IFRS 4, Insurance Contracts. The Company qualifies for temporary exemption, which is available until annual periods beginning on or after 1 January 2023, since at 31 December 2015 greater than 90% of its liabilities were within the scope of IFRS 4. There have been no significant changes to the Company's operations since that date and as a result there is no requirement to reassess the use of the temporary exemption, and therefore the Company will continue to apply IAS39, *Financial Instruments.*

The following standards were in issue but were either not yet effective or have been deferred and therefore have not been applied in these financial statements.

IFRS 9, Financial Instruments

Key requirements

Provides a new model for the classification and measurement of financial instruments, a single, forward-looking 'expected loss' impairment model and a reformed approach to hedge accounting.

Effective date

Annual periods beginning on or after 1 January 2018. Although can be deferred until 2023 for insurers in line with the effective date of IFRS 17.

Expected impact on financial statements

There will be no change in the way debt and equity instruments are classified and measured in the financial statements. The Company may need to recognise expected credit losses (ECLs) on certain financial assets classified and measured at amortised cost. No changes are expected from the more principles-based hedge accounting requirements. The Company is eligible for, and has applied, the deferral approach, which gives a temporary exemption from applying IFRS 9 until the effective date of IFRS 17, Insurance contracts.

IFRS 17, Insurance Contracts

Key requirements

Requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

Effective date

Applicable to annual reporting periods beginning on or after 1 January 2023.

Expected impact on financial statements

IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005.

Expected profits (represented by the contractual services margin, "CSM") are explicitly spread over the lifetime of the contract in a formulaic manner matched to the provision of current and future coverage, rather than for example embedded within ongoing releases from a prudent reserving basis. Expected losses (arising on onerous contracts) are recognised up front and as and when identified.

Where contracts are serviced over a long coverage period, the impact of this conceptual change is potentially significant, requiring new valuation models. Applying IFRS 17 to shorter duration insurance coverage (such as annual general insurance policies), does not lead to conceptual change to the basis, because previous practices allowed for the deferral of expected future profits and initial recognition of losses. Whilst IFRS 17 impacts the timing of profit recognition, it will not impact the total profit recognised over the lifetime of the insurance contracts.

The changes in presentation and disclosure are significant, leading to more aggregated line items in the financial statements, and changes which impact key performance indicators (for example Gross Written Premium is no longer an accounting line).

Notes to the Financial Statements

The Company expects to use the premium allocation approach for the majority of its general business insurance contracts, and for which the deferral of expected future profits and initial recognition of losses are not expected to represent a significant change. The Company has developed accounting policies for the key accounting judgements. It is not yet practicable to quantify the overall impact on the financial statements expected at transition, however a number of individual decisions that will impact the net assets quantum are well progressed and the Company is in the process of finalising the approach to be taken to the new requirements and assessing the impact that this will have on the financial statements in preparation. The following are considered the most relevant areas:

- Approach to determining discount rate : A bottom-up approach will be applied, adding a suitable loading for illiquidity above the risk free rates to reflect that liabilities in the incurred claims phase have low liquidity.
- Determining and allocating the risk adjustment for non-financial risk : The risk adjustment will be calibrated by line of business, and allocated to the unit of account using the mix of classes present at the reporting date. The Company expects to continue to take a prudent reserving approach. representing a high probability of sufficiency taking account of the uncertainties present in the reserves.
- Expense allocation : A new policy has been developed defining directly attributable expenses as those which are required in order to obtain and fulfil contracts. with other expenses being reported outside of insurance services. Under the premium allocation approach. the Company expects to continue deferring acquisition costs where applicable.
- Disaggregation of insurance finance income/expense between P&L and OCI : Given that the financial assets held by the Company are expected to be FVTPL ('Fair Value Through Profit and Loss'). there is less inclination to disaggregate and disaggregation is operationally more complex. The Company therefore expects not to disaggregate these balances.
- Liability for remaining coverage financing components : No significant financing components are expected to arise for the unearned business. because premium payments occur within a year of the related coverage.
- Treatment of reinsurance contracts : Given the business structure in place. reinsurance is a key element to understand the performance of the Company. The Company reinsurance agreements are expected to fall under the premium allocation approach and will be accounted for accordingly. In the event that any onerous contracts arise in future on gross contracts (none are currently anticipated). it is expected that a loss recovery component of 100% of the value of the loss would be recognised at the corresponding time because the Company reinsures 100% of its exposure to new contracts.
- Transition approach to be applied : Full retrospective approach is considered most suitable for the business due to the short term nature of coverage periods.

Amendments to other standards in issue but not yet effective are not expected to materially impact the Company.

Use of estimates

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current events and actions. actual results ultimately may differ from those estimates. Those estimates which have the most material impact on the financial statements are disclosed in note 2.

Product classification

Contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, are classified as insurance contracts. Contracts that do not transfer significant insurance risk are classified as investment or service contracts. All contracts offered by the Company meet the definition of an insurance contract.

Premium income

Premiums are shown gross of commission paid to intermediaries and accounted for in the period in which the risk commences. Those proportions of premiums written in a year which relate to periods of risk extending beyond the end of the year are carried forward as unearned premiums.

Premiums written are shown net of insurance premium taxes. Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance.

Notes to the Financial Statements

Fee and commission income

Fee and commission income primarily comprises reinsurance commissions receivable, which are recognised as revenue in the same manner as direct business. Non-insurance commissions receivable are accounted for in accordance with IFRS 15 *Revenue from contracts with customers*, and are recognised at the point at which the Company satisfies its performance obligation. Where this income is variable, it is recognised at the point at which it is reasonably certain that no significant reversal of the amount recognised would occur.

Reinsurance commission relates to a profit share receivable on the Reinsurance agreement between the Company and EIO. The profit commission receivable is calculated based on the net underwriting result of the related contracts during the year in accordance with the terms of the Reinsurance Agreement.

Net investment return

Net investment return consists of dividends and interest receivable for the year, realised gains and losses, and unrealised gains and losses on fair value investments, less investment expenses. Dividends on equity securities are recorded as revenue on the ex-dividend date; interest income is recognised as it accrues.

Realised gains or losses represent the difference between the net sales proceeds and purchase price. Unrealised gains or losses represent the difference between the valuation of investments at the year end and their purchase price. The movement in unrealised investment gains and losses therefore comprises the increase or decrease in the year in the value of investments held at the year end together with the reversal of previously recognised unrealised gains and losses on investments disposed of in the current year.

Claims

General insurance claims incurred include all losses occurring during the year, an estimate of claims incurred but not reported, related handling costs, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Insurance contract liabilities

(i) Outstanding claims provisions

General insurance outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the year end, whether reported or not. Significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, the ultimate cost of which cannot be known with certainty at the year end date. Any estimate represents a determination within a range of possible outcomes. Claims provisions are not discounted.

(ii) Provision for unearned premiums

The proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods is deferred as a provision for unearned premiums. The change in this provision is taken to the statement of profit or loss in order that revenue is recognised over the period of risk.

(iii) Liability adequacy

Provision for unexpired risks is made where it is anticipated, on the basis of information available at the year end, that claims and administrative expenses are expected to exceed unearned premiums, after taking account of future investment income. Unexpired risks are assessed separately for each class of business. Surpluses and deficits are offset where business classes are considered to be managed together. No such provision was made at either year end.

Notes to the Financial Statements

Reinsurance

The Company has a reinsurance treaty with EIO which took effect from 1998, whereby all business accepted by the company is fully reinsured with Ecclesiastical Insurance Office plc with the exception of terrorism cover which is reinsured through a third party, Pool Re. Reinsurance premiums are accounted for at the time the business is written by the Company. The Company's and the reinsurers' share of claims are recognised at the time the claims are notified or earlier by way of a provision for claims incurred but not reported.

Prior to the reinsurance treaty with EIO, the Company had in place a reinsurance agreement with a third party for risks from 1971 to 1998, which covers liabilities for that period. The Company had other arrangements in place prior to this date.

If a reinsurance asset is impaired, the Company reduces the carrying amount accordingly and recognises that impairment loss in the statement of profit or loss. A reinsurance asset is impaired if there is objective evidence that, as a result of an event occurring after initial recognition, the Company may not receive all the amounts due to it under the terms of the contract, and the impact of the event on the amounts that the Company will receive can be reliably measured.

Financial instruments

IAS 39, *Financial Instruments: Measurement and Recognition*, requires the classification of certain financial assets and liabilities into separate categories for which the accounting requirement is different.

The classification depends on the nature and purpose of the financial assets and liabilities, and is determined at the time of initial recognition. Financial instruments are initially measured at fair value. Their subsequent measurement depends on their classification.

Financial instruments designated as at fair value through profit or loss are subsequently carried at fair value. Changes in fair value are included in the statement of profit or loss in the period in which they arise. This category consists of financial investments.

All other financial assets and liabilities are held at amortised cost using the effective interest method, except for short-term receivables and payables where the recognition of interest would be immaterial. Included in financial liabilities is permanent interest-bearing capital.

The directors consider that the carrying value of those financial assets and liabilities not carried at fair value in the financial statements approximates to their fair value.

Offset of financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Financial investments

The company classifies its investments as financial assets designated at fair value through profit or loss, as they are managed, and their performance evaluated, on a fair value basis.

Purchases and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the assets, at their fair values less transaction costs. Investments classified at fair value through profit or loss are subsequently carried at fair value, with changes in fair value included in the statement of profit or loss in the period in which they arise.

The fair values of investments are based on quoted bid prices.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, cash held by investment broker, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources, embodying economic benefits, will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation but either an outflow of resources is not probable or the amount cannot be reliably estimated.

Taxation

Income tax comprises current tax and is recognised in the statement of profit or loss. Current tax is the expected tax payable on the taxable profit for the period and any adjustment to the tax payable in respect of previous periods.

Deferred tax is provided in full on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is measured using tax rates expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled based on tax rates and laws which have been enacted or substantively enacted at the year end date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are not discounted.

2 Critical accounting estimates, and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements, where they arise, are regularly reviewed and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the current and prior year no material judgements were made.

Deferred tax assets are recognised on tax losses carried forward only to the extent that the realisation of the related tax benefit is probable, based on future taxable profits estimated using business plans covering a 3 year period.

The ultimate liability arising from claims made under general business insurance contracts

The estimation of the ultimate liability arising from claims made under general business insurance contracts is a critical accounting estimate. There are various sources of uncertainty as to how much the Company will ultimately pay with respect to such contracts. There is uncertainty as to the total number of claims made on each class of business, the amounts that such claims will be settled for and the timings of any payments.

The uncertainties surrounding the estimates of claims payments for the various classes of business are discussed further in note 3. The sensitivity of profit or loss to changes in the ultimate settlement cost of claims reserves is presented in note 21(vi).

Notes to the Financial Statements

3 Insurance risk
The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount and timing of the resulting claim. By the very nature of an insurance contract, this risk is unpredictable and difficult to quantify with certainty.

The principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities, which may occur if the frequency or severity of claims and benefits are greater than estimated. Insurance events are unpredictable and the actual level of claims and benefits may vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger and more diversified the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. As a niche market operator the Company's opportunity to diversify the type of insurance risks is limited; however, some diversification is achieved by the geographical spread of its business within the UK.

General business risks
General insurance business classes written include property and liability. Property cover mainly compensates the policyholder for damage suffered to their properties or for the value of property lost, and may also include cover for other costs or losses arising from the inability to use damaged or lost insured properties. Liability insurance contracts protect policyholders from the liability to compensate injured employees (employers' liability) and third parties (public liability). Injury, death or incapacity as a result of an unforeseen event is covered by the accident class of business.

In all operations, pricing controls are in place underpinned by sound statistical analysis and market expertise and appropriate external consultant advice. The Company manages risks to limit severity through its underwriting strategy, a comprehensive reinsurance programme and proactive claims handling.

Frequency and severity of claims
Property classes
For property insurance contracts, the number of claims made can be affected by weather events, changes in climate and crime rates. Individual claims can vary in amount since the property insured is diverse in both size and nature. The cost of repairing property varies according to the extent of damage, cost of materials and labour charges.

Climate change may give rise to more frequent and severe extreme weather events, such as river flooding, hurricanes and drought, and their consequences, for example, subsidence claims.

The maximum claim payable is limited to the sum insured. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles, reject fraudulent claims and pursue third parties for payment of some or all costs. Most contracts are underwritten on a reinstatement basis. Costs of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims. Individual large claims are more likely to arise from fire, storm or flood damage. The greatest likelihood of an aggregation of claims arises from weather related events.

Liability classes
The settlement value of claims arising under public and employers' liability is particularly difficult to predict. There is uncertainty as to whether any payments will be made and, if they are, the amount and timing of payments. Key factors driving the high levels of uncertainty include the late notification of possible claims events and the legal process.

The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles, reject fraudulent claims and pursue third parties for payment of some or all costs. The severity of bodily injury claims is highly influenced by the value of loss of earnings and the future cost of care.

Notes to the Financial Statements

Concentrations of risk

The underwriting strategy is designed to ensure that the underwritten risks are well diversified in terms of type and amount of risk. The concentration of insurance risk for the financial year in relation to the type of risk accepted is summarised below, with reference to gross written premiums:

	Type of risk			
	Property	**Liability**	**Accident**	**Total**
	£000	**£000**	**£000**	**£000**
Gross written premiums				
2022	**3,713**	**294**	**24**	**4,031**
2021	3,404	288	25	3,717

The Company operates a Joint Administration Agreement and a Reinsurance Treaty Agreement with EIO, under which EIO manages and administers the Company's insurance business and accepts all insurances written by the Company with the exception of terrorism cover, which is reinsured through a third party, Pool Re, and is responsible for all disbursements relating to the business except certain expenses designated as the sole responsibility of the Company.

Sources of uncertainty in the estimation of future claim payments

Property classes

The property classes give rise to a variety of different types of claims including fire, weather damage, business interruption, subsidence, and theft. There can be variability in both the number of claims in each period and the size of those claims. If a weather event happens near the end of the financial year, then the uncertainty about ultimate claims cost in the financial statements is much higher because there is insufficient time for adequate data to be received to assess the final cost of claims.

Claims payment, on average, occurs within a year of the claim event; however, there is variability around this average with larger claims typically taking longer to settle.

Subsidence claims are difficult to predict because the damage is often not apparent for some time. Changes in soil moisture conditions can give rise to changes in claim volumes over time. The ultimate settlements can be small or large with a greater risk of a settled claim being re-opened at a later date.

Liability classes

Late notification of possible claims necessitates the holding of provisions for incurred claims that may only emerge some years into the future. In particular the effect of inflation over such a long period can be considerable and is uncertain. A lack of comparable past experience makes it difficult to quantify the number of claims and, for certain types of claims, the amounts for which they will ultimately settle. The legal and legislative frameworks continues to develop, which has a consequent impact on the uncertainty as to the length of the claims settlement process and the ultimate settlement amounts.

Claims that may arise from the liability class of business include damage to third party property, physical and sexual abuse, physical injury, disease and psychological trauma. The Company has a different exposure profile to most other commercial lines insurance companies as it has lower exposure to industrial risks, where uncertainty is higher.

Notes to the Financial Statements

Note 21 presents the development of the estimate of ultimate claim cost for public and employers' liability claims occurring in a given year. This gives an indication of the accuracy of the estimation technique for incurred claims.

Sources of uncertainty
The ultimate settlement cost of incurred general insurance claims is inherently uncertain. Such uncertainty includes:

- whether a claim event has occurred or not and how much it will ultimately settle for:
- variability in the speed with which claims are notified and in the time taken to settle them, especially complex cases resolved through the courts:
- changes in the business portfolio affecting factors such as the number of claims and their typical settlement costs, which may differ significantly from past patterns;
- new types of claim, including latent claims, which arise from time to time;
- changes in legislation and court attitudes to compensation, which may apply retrospectively;
- the way in which certain reinsurance contracts (principally liability) will be interpreted in relation to unusual/latent claims where aggregation of claimants and exposure over time are issues; and
- whether all such reinsurances will remain in force over the long term.

Prudence in the provisions for outstanding claims
The Company has taken into account the uncertain nature of claims reporting and settlement when provisioning for outstanding claims.

Special provisions for latent claims
The public and employers' liability classes can give rise to very late reported claims, which are often referred to as latent claims. These can vary in nature and are difficult to predict. Currently, the Company only has access to very limited information for some of these claims. They typically emerge slowly over many years. The Company has reflected this uncertainty and believes that it holds adequate reserves for latent claims that may result from exposure periods up to the reporting date.

4 Financial risk and capital management

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of financial risk are credit risk, liquidity risk, equity price risk and interest rate risk.

As at the balance sheet date, there had been no change from the prior period to the financial risks that the Company was exposed to, or the manner in which it manages and measures these risks. The current economic climate, inflation and cost of living crisis, driven by a number of economic and political events during the year, has created an additional uncertainty to the business during 2022. Our investment return has been impacted but we maintain a long term strategy on the portfolio to generate profits, and we are aware of increased costs within the Company's expense base as inflation continues. Although this has created volatility within these areas during the year, our capital position and solvency coverage remain in a strong position. We do not expect this will have a long term adverse impact on the operations of the business, and the solvency, liquidity and financial outlook of the Company remain sufficient to withstand this.

Notes to the Financial Statements

Categories of financial instruments

	Financial assets					
	Designated at fair value	Loans and receivables	Cash and cash equivalents	Financial liabilities at amortised cost	Non-financial assets and liabilities	Total
At 31 December 2022						
	£	£	£	£	£	£
Financial investments	7,860,044	-	-	-	1,996	7,862,040
Other assets	-	566,005	-	-	179,613	745,618
Cash and cash equivalents	-	-	512,810	-	-	512,810
Permanent interest bearing capital	-	-	-	(147,850)	-	(147,850)
Other liabilities	-	-	-	(357,081)	(90,152)	(447,234)
Net insurance contract provisions	-	-	-	-	(947,500)	(947,500)
Current tax liabilities	-	-	-	-	-	-
Net assets	7,860,044	566,005	512,810	(504,931)	(856,043)	7,577,884
At 31 December 2021						
	£	£	£	£	£	£
Financial investments	9,086,109	-	-	-	1,996	9,088,105
Other assets	-	532,698	-	-	3,153	535,850
Cash and cash equivalents	-	-	673,842	-	-	673,842
Permanent interest bearing capital	-	-	-	(147,850)	-	(147,850)
Other liabilities	-	-	-	(422,579)	(156,243)	(578,822)
Net insurance contract provisions	-	-	-	-	(919,500)	(919,500)
Current tax liabilities	-	-	-	-	(126,556)	(126,556)
Net assets	9,086,109	532,698	673,842	(570,429)	(1,197,150)	8,525,069

As disclosed in the accounting policies, the Company has chosen to defer application of IFRS 9 and classifies and measures financial instruments using IAS 39 To facilitate comparison with entities applying IFRS 9, the table below sets out the Company's financial assets at the balance sheet date, split between those which have contractual cash flows that are solely payments of principal and interest on the principal outstanding (SPPI), other than those which are held for trading or whose performance is evaluated on a fair value basis, and all other financial assets

	At 31 December 2022			At 31 December 2021		
	SPPI financial assets	Other financial assets	Total financial assets	SPPI financial assets	Other financial assets	Total financial assets
	£	£	£	£	£	£
Financial Investments	-	7,860,044	7,860,044	-	9,086,109	9,086,109
Cash and cash equivalents	512,810	-	512,810	673,842	-	673,842
Other financial assets	566,005	-	566,005	532,698	-	532,698
Total fair value	1,078,815	7,860,044	8,938,859	1,206,540	9,086,109	10,292,649

Fair value hierarchy

The fair value measurement basis used to value financial assets and financial liabilities held at fair value is categorised into a fair value hierarchy as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities This category includes listed equities in active markets, listed debt securities in active markets and exchange traded derivatives

Level 2: fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i e as prices) or indirectly (i e derived from prices) This category includes listed debt or equity securities in a market that is not active and derivatives that are not exchange traded

Level 3: fair values measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs) This category includes unlisted equities, including investments in venture capital, and suspended securities

All financial instruments recognised by the company and designated at fair value in the current and prior year are classified as level 1. Accordingly no analysis of fair value measurement bases is presented

Notes to the Financial Statements

(a) Interest rate risk

The table below summarises the maturity dates at the year end for those financial assets that are exposed to interest rate risk.

	2022	2021
	£	£
Other assets including insurance instalment receivables	**284,594**	459,401
Cash and cash equivalents	**512,810**	673,842
	797,404	1,133,243

All amounts have maturity dates of less than one year.

General business insurance liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non-interest bearing. Furthermore, these liabilities do not have maturity dates hence are not included in the above tables

(b) Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- reinsurers' share of insurance liabilities (excluding provision for unearned premiums) and amounts due from reinsurers in respect of claims already paid,
- amounts due from insurance intermediaries and policyholders;
- amounts due from EIO under the Joint Administration Agreement and Reinsurance Treaty; and
- deposits held with banks.

The carrying amount of financial assets represents the Company's maximum exposure to credit risk. No significant amounts are overdue, and none are impaired.

The Company uses reinsurance to manage insurance risk, with all business accepted by the Company fully reinsured with EIO, with the exception of terrorism cover which is reinsured through a third party, Pool Re This does not, however, discharge the Company's liability as primary insurer If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. EIO mitigates its own insurance risk through a comprehensive programme of reinsurance Its Reinsurance Security Committee assesses, monitors and approves the creditworthiness of its reinsurers reviewing relevant credit ratings provided by the recognised credit rating agencies, as well as other publicly available data and market information At the date of this report EIO has credit ratings of A2 (stable *outlook) with Moody's, and A (stable outlook) with AM Best*

The Company's credit risk policy details prescriptive methods for the collection of premiums and control of intermediary and policyholder debtor balances The level and age of debtor balances are regularly assessed via monthly credit management reports and where possible creditors are monitored via credit reference agencies to minimise the risk of default

Where available the Company manages its exposure to credit risk in relation to credit risk ratings Investment grade financial assets are classified within the range AAA to BBB ratings, where AAA is the highest possible rating Financial assets which fall outside this range are classified as sub-investment grade 'Not-rated' assets capture assets not rated by external rating agencies.

The following table provides information regarding the credit risk exposure of financial assets with credit ratings from Standard & Poors or from a similar agency. This includes financial assets that meet the definition of 'solely payments of principal and interest' (SPPI).

As at 31 December 2022	SPPI			Non-SPPI
	Cash and cash equivalents	**Other financial assets**	**Total SPPI**	**Financial Investments**
AAA	-	-	-	-
AA	-	-	-	-
A	**512,810**	**2,687**	**515,497**	-
BBB		-	-	-
Below BBB	-	-	-	-
Not rated	-	**610,222**	**610,222**	**7,860,044**
	512,810	**612,909**	**1,125,719**	**7,860,044**

Notes to the Financial Statements

As at 31 December 2021	SPPI				Non-SPPI
	Cash and cash equivalents	Other assets	financial	Total SPPI	Financial Investments
AAA	-		-	-	-
AA	-		-	-	-
A	673,842		-	673,842	-
BBB	-		-	-	-
Below BBB	-		-	-	-
Not rated	-		532,697	532,697	9,086,109
	673,842		532,697	1,206,539	9,086,109

The financial investments are comprised of open-ended investment companies (OEICs) and although shown as not rated above at an aggregate level, the Company monitors the rating composition within the holdings to ensure they meet risk appetite levels The applicable ratings of the respective companies are contained in the look through data, which forms part of the regulatory returns

(c) Liquidity risk

The Company is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that funds may not be available to pay obligations when due The Company has robust processes in place to manage liquidity risk and has adequate access to funding in case of exceptional need Sources of funding include available cash balances, other readily marketable assets and access to short-term bank funding

Financial liabilities of the Company all mature within one year, with the exception of permanent interest-bearing capital, which is irredeemable. An estimate of the timing of the net cash outflows resulting from insurance contracts is provided in note 21

(d) Equity price risk

Investments held by the Company and classified at fair value through profit or loss are exposed to price risk The risk is mitigated by holding a diversified portfolio of UK and overseas equities indirectly through investment in open-ended investment companies (OEICs)

(e) Equity risk sensitivity analysis

The sensitivity of profit to movements in equity price risk is shown in the following table

Variable	Change in variable	Potential increase/ (decrease) in profit 2022 £	2021 £
Equity price risk	**-10%**	**(636,664)**	(735,975)
	+10%	**636,664**	735,975

The assets to which the equity risk has been calculated related to OEICs As at 31 December 2022, the Company held investments as OEICs *which have a significant fixed interest element within them The assessment is therefore considered to be a prudent view of the* potential risk that may arise, as the mix of fixed interest and equity mitigates the total exposure

(f) Capital management

The Company is subject to insurance solvency regulations, and capital is managed and evaluated on the basis of regulatory capital The *Company's objectives when managing capital are*

- *to comply with the regulator's capital requirements of the insurance market in which the Company operates, and*
- to safeguard the Company's ability to continue to meet stakeholders' expectations, in accordance with its corporate mission, vision *and values*

The Company is required to comply with the rules issued by the PRA and FCA, including a Europe-wide regulatory capital regime (Solvency II) adopted by the PRA Annual quantitative returns are submitted to the PRA in addition to a qualitative report, the Regular Supervisory Report (RSR) which is submitted periodically A further report, the Solvency and Financial Condition Report (SFCR) is *produced annually and must be published on the Company's website.*

During the year, the Company complied with these capital requirements

Notes to the Financial Statements

The Company has adopted the Solvency II standard formula approach to determine its solvency capital requirement (SCR) The Company is required to maintain its regulatory capital above the higher of the SCR and MCR (Minimum Capital Requirement) For the 2022 accounts, the applicable measure is the MCR Economic capital is the Company's own internal view of the level of capital required, and this measure is an integral part of the Own Risk and Solvency Assessment Report (ORSA) which is a private, internal forward looking assessment of own risk and capital requirement, as required as part of the Solvency II regime Risk appetite is set such that the target level of economic capital is always higher than the regulatory MCR

5 Net insurance premium revenue	**2022**	2021
	£	£
Gross written premiums	**4,031,163**	3,717,484
Change in the gross provision for unearned premiums	**(169,666)**	(63,201)
Gross earned premiums	**3,861,497**	3,654,283
Outward reinsurance premiums	**(4,031,163)**	(3,717,484)
Change in the provision for unearned premiums, reinsurers' share	**169,666**	63,201
Reinsurers' share of earned premiums	**(3,861,497)**	(3,654,283)
Premiums written, net of reinsurance	**-**	-
Earned premiums, net of reinsurance	**-**	-

6 Fee and commission income

	2022	2021
	£	£
Reinsurance commissions and profit commission	634,142	406,244
Other commissions	7,063	2,937
	641,205	409,181

The Company receives no fee and commission income from its contracts with customers in accordance with IFRS 15.

7 Net investment return

	2022	2021
	£	£
Income from financial assets at fair value through the statement of profit or loss:		
- dividend income	150,360	138,038
Income from financial assets not at fair value through the statement of profit or loss:		
- other income received	41,399	34,605
Investment income	191,759	172,643
Fair value (losses)/gains on investments at fair value through the statement of profit or loss	(1,306,515)	816,825
Investment expenses	(4,457)	(4,521)
Net investment return	(1,119,213)	984,947

8 Claims and change in insurance liabilities and reinsurance recoveries

	2022	2021
	£	£
Gross claims paid	(1,086,014)	(1,061,244)
Gross change in the provision for claims	(910,637)	(775,075)
Claims and change in insurance liabilities	(1,996,651)	(1,836,319)
Reinsurers' share of claims paid	1,074,514	1,056,144
Reinsurers' share of change in the provision for claims	882,637	617,078
Reinsurance recoveries	1,957,151	1,673,222
Claims and change in insurance liabilities, net of reinsurance	(39,500)	(163,097)

9 Fees, commissions and other acquisition costs

	2022	2021
	£	£
Commission paid	16,335	16,576

10 Other operating and administrative expenses

	2022	2021
Operating profit has been arrived at after charging:	£	£
- Directors' fees and expenses	93,443	105,302
- Professional fees	15,780	59,035
- Other operating expenses	175,434	84,574
	284,657	248,911

11 Auditor's remuneration

	2022 £	2021 £
Fees payable to the Company's auditor for:		
- The audit of the Company's annual accounts	**144,500**	72,100
Total audit fees	**144,500**	72,100

There were no fees incurred for non-audit services or Solvency II in both years.

Amounts disclosed are exclusive of service taxes.

12 Employee information

As all management services are provided by EIO under the terms of the Joint Administration Agreement, the Company had no employees in either the current or prior year.

13 Finance costs

	2022 £	2021 £
Interest payable on permanent interest-bearing capital	**7,328**	7,328

14 Charitable grants

	2022 £	2021 £
Charitable grants paid or accrued	**296,557**	299,461

Actual monies paid amounted to £336,954 which included an accrual brought forward (2021: £256,565 which included an accrual brought forward).

15 Taxation

	2022 £	2021 £
UK corporation tax for the current financial year	**127,737**	(128,295)
Adjustment in respect of prior periods	**558**	(1,268)
Tax expense	**128,295**	(129,563)
Deferred taxation credit	**46,905**	-
Tax credit/(charge)	**175,200**	(129,563)

Tax on the Company's profit before tax differs from the United Kingdom standard rate of corporation tax for the reasons set out in the following reconciliation:

	2022 £	2021 £
(Loss)/profit before tax	**(1,122,385)**	658,755
Tax credit/(expense) calculated at the UK standard rate for the year of 19.00% (2021: 19.00%).	**213,253**	(125,163)
The change in tax rate will have no material effect on the tax charge.		
Factors affecting charge for the period:		
Dividends from UK companies	**9,530**	6,411
Impact of differential between current and deferred tax rate	**10,155**	-
Expenses not deductible for tax purposes	**(57,738)**	(9,543)
Adjustments to tax charge in respect of prior periods	**-**	(1,268)
Tax credit/(expense)	**175,200**	(129,563)

Current tax has been provided at a rate of 19% for both the current and prior year. Deferred tax has been provided at a blended rate of 24.25% for the current year (2021: 19%).

It was announced in the UK Government's budget on 3 March 2021 that the UK corporation tax rate will increase to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021.

The Company has unused tax losses of £193,421 (2021: £Nil), for which a deferred tax asset of £46,905 has been recognised. The losses are available for offset against future profits and can be carried forward indefinitely.

16 Financial investments

	2022	2021
Financial investments at fair value through the statement of profit or loss	**£**	£
Equity securities:		
- listed	**7,860,044**	9,086,109
	7,860,044	9,086,109
Investments in group undertakings		
Shares in subsidiary undertakings	**1,996**	1,996
	1,996	1,996
Total financial investments	**7,862,040**	9,088,105

All equity securities are designated by the Company to be measured at fair value through the statement of profit or loss. No financial investments mature within one year (2021: £nil). The financial investments are held as OEIC (Open Ended Investment Company) funds which contain both fixed interest and equity elements.

17 Other assets	2022	2021
	£	£
Receivables arising from insurance and reinsurance contracts:		
- due from contract holders	**421,729**	316,313
- due from agents, brokers and intermediaries	**13,812**	16,380
- due from reinsurers	**2,687**	-
Other receivables	**260,485**	203,157
	698,713	535,850

Other assets are all current and, due to their short-term nature, the above carrying amounts are a reasonable approximation of fair value.

At 31 December 2022, £943 (2021: £4,176) of receivables from contract holders, agents, brokers and intermediaries were past due and not impaired. No impairment charges have been recognised in the current or prior year.

18 Cash and cash equivalents

	2022	2021
	£	£
Cash held at bank	**498,025**	672,185
Cash held at investment manager	**14,785**	1,657
	512,810	673,842

The above carrying amounts are a reasonable approximation of fair value.

19 Statement of changes in equity

The Company does not have any equity shareholders. Both the ordinary and the preference shares are entitled to fixed percentage dividends on the amounts paid up on the shares, but are not entitled to participate further in the profits of the Company, whether as a going concern or on winding up.

The directors may make grants out of any surplus profits of the company after payment of expenses and dividends and after setting monies aside to any reserve fund to or for the benefit of any ministers, churches or societies of the Baptist denomination; any individual who is a Baptist and whose prime vision and ministry is Christian evangelistic work; and the Council of the Baptist Union for it to apply in such a manner as it may determine.

20 Permanent interest-bearing capital

	2022 £	2021 £
Authorised share capital:		
2,000 4% cumulative preference shares of £5 each	**10,000**	10,000
28,300 5% cumulative ordinary shares of £5 each	**141,500**	141,500
	151,500	151,500
Called up, allotted and fully paid share capital:		
1,286 4% cumulative preference shares of £5 each	**6,430**	6,430
28,284 5% cumulative ordinary shares of £5 each	**141,420**	141,420
	147,850	147,850

The Company's preference and ordinary shares are entitled to annual dividends of 4% and 5% respectively on the amount paid up. The Company has an obligation at the year end date in relation to the dividends payable on the shares and, because of this, the Company is required to account for the whole of its called up share capital as 'permanent interest-bearing capital' in the statement of financial position under IAS 32, *Financial Instruments: Presentation.*

On winding up, shareholders are entitled only to the amount paid up on shares, and preference shares take priority over ordinary shares on winding up.

Preference and ordinary shares are non current liabilities. They are not redeemable and carry equal voting rights.

21 Insurance liabilities and reinsurance assets

Claims outstanding

	2022 £	2021 £
Gross		
Claims outstanding	**5,019,263**	4,108,627
Unearned premiums	**2,222,876**	2,053,210
Total gross insurance liabilities	**7,242,139**	6,161,837
Recoverable from reinsurers		
Claims outstanding	**4,071,763**	3,189,127
Unearned premiums	**2,222,876**	2,053,210
Total reinsurers' share of insurance liabilities	**6,294,639**	5,242,337
Net		
Claims outstanding	**947,500**	919,500
Unearned premiums	**-**	-
Total net insurance liabilities	**947,500**	919,500
Gross insurance liabilities		
Current	**3,439,035**	2,950,817
Non-current	**3,803,104**	3,211,020
Total gross insurance liabilities	**7,242,139**	6,161,837
Reinsurance assets		
Current	**3,439,035**	2,950,817
Non-current	**2,855,604**	2,291,520
Total reinsurers' share of insurance liabilities	**6,294,639**	5,242,337

General business insurance contracts

(i) Reserving methodology

Reserving for insurance claims is a complex process and the Company adopts recognised actuarial methods, and, where appropriate, other calculations and statistical analysis. Actuarial methods used include the chain ladder method.

Chain ladder methods extrapolate paid amounts, incurred amounts (paid claims plus case estimates), the number of claims or average cost of claims, to ultimate claims based on the development of previous years. This method assumes that previous patterns are a reasonable guide to future developments. Where this assumption is felt to be unreasonable, adjustments are made.

The selection of results for each accident year and for each reserving class depends on an assessment of the most appropriate method. Sometimes a combination of techniques is used.

(ii) Calculation of uncertainty margins

To reflect the uncertain nature of the outcome of the ultimate settlement cost of claims, and to ensure prudent provisions are made, an addition is made to the most likely outcome. The addition for prudence is assessed primarily by the Thomas Mack actuarial method, based on at least the 75th percentile confidence level. For smaller reserving classes, where the Thomas Mack method cannot be applied, provisions have been calculated at a level intended to be equally prudent. Where the standard methods cannot allow for changing circumstances then additional uncertainty margins are added and are typically expressed as a percentage of outstanding claims. In addition to this mathematical approach, from time to time the management may elect to reflect short term uncertainties using scenarios analyses. This approach generally results in a favourable release of provisions in the current financial year, arising from the settlement of claims relating to previous financial years, as shown in part (viii) of the note.

(iii) Calculation of special provisions for latent claims

The Company adopts commonly used industry methods including those based on claims frequency and severity and benchmarking. The Company also includes additional reserves for exposure where limited information is currently known, however risks have been identified.

(iv) Assumptions

The Company follows a process of reviewing its reserves for outstanding claims on a quarterly basis. This involves an appraisal of each reserving class with respect to ultimate claims liability for the recent exposure period as well as for earlier periods, together with a review of the factors that have the most significant impact on the assumptions used to determine the reserving methodology. The work conducted on each reserving class is subject to an internal peer review and management sign-off process.

The most significant assumptions in determining general insurance reserves are the anticipated number and ultimate settlement cost of claims, and the extent to which reinsurers will share in the cost. Factors which influence decisions on assumptions include legal and judicial changes, significant weather events, other catastrophes, subsidence events, exceptional claims or substantial changes in claims experience and developments in older or latent claims. Significant factors influencing assumptions about reinsurance are terms of the reinsurance treaties, the anticipated time taken to settle a claim and the incidence of large individual and aggregated claims.

(v) Change in assumptions

There are no significant changes in assumptions.

Notes to the Financial Statements

(vi) Sensitivity of results

The ultimate amount of claims settlement is uncertain and the Company's aim is to reserve to at least the 75th percentile confidence level. The following table illustrates the sensitivity to changes in the level of claims in the principal segments of the business.

If final settlement of insurance claims reserved for at the year end turns out to be 10% higher or lower than that included in these *financial statements. the following pre-tax loss or profit will be realised:*

	2022		2021	
	Gross	**Net**	Gross	Net
	£000	**£000**	£000	£000
Liability	**331**	**84**	332	92
Property	**132**	**-**	79	-

(vii) Claims development tables

The nature of insurance business is that claims may take a number of years to settle and before the final liability is known. The following table shows the development of the estimate of ultimate gross claims cost for these classes across all territories. Net liability for the periods covered in the table is zero as all business in these periods is 100% reinsured. A net liability remains in respect of earlier periods.

	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Estimate of ultimate claims:											
At end of year	1,134	1,889	1,425	1,105	1,571	1,904	920	1,137	1,656	1,629	
One year later	954	*1,796*	*1,109*	*991*	*1,048*	*1,819*	*659*	*926*	*1,489*		
Two years later	889	1,740	954	950	983	1,767	624	1,018			
Three years later	883	1,317	942	849	949	1,793	588				
Four years later	856	1,302	944	874	950	1,740					
Five years later	854	1,302	945	864	946						
Six years later	857	1,307	947	863							
Seven years later	858	1,309	943								
Eight years later	860	1,306									
Nine years later	856										
Current estimate of	856	1,306	943	863	946	1,740	588	1,018	1,489	1,629	11,378
Cumulative payments to date	(806)	(1,256)	(893)	(813)	(897)	(1,691)	(539)	(825)	(1,264)	(346)	(9,329)
Outstanding liability	50	50	50	51	49	49	49	193	225	1,283	2,049

Liability in respect of earlier years	2,970
Total gross liability included in insurance liabilities in the balance sheet	5,019
Reinsurers' share of contract provisions	(4,072)
Total net liability	948

(viii) Movements in insurance liabilities and reinsurance assets

	Gross £	Reinsurance £	Net £
Claims outstanding			
At 1 January 2022	**4,108,627**	**(3,189,127)**	**919,500**
Cash paid for prior year claims settled in the year	**(739,782)**	**728,282**	**(11,500)**
Change in prior year liabilities/reinsurance assets	**434,259**	**(394,759)**	**39,500**
Prior year liabilities/reinsurance assets at 31 December 2022	**3,803,104**	**(2,855,604)**	**947,500**
Current year claims incurred	**1,562,391**	**(1,562,391)**	**-**
Cash paid for current year claims settled in the year	**(346,232)**	**346,232**	**-**
Current year liabilities/reinsurance assets at 31 December 2022	**1,216,159**	**(1,216,159)**	**-**
At 31 December 2022	**5,019,263**	**(4,071,763)**	**947,500**
Provision for unearned premiums			
At 1 January 2022	**2,053,210**	**(2,053,210)**	**-**
Movement in the year	**169,666**	**(169,666)**	**-**
At 31 December 2022	**2,222,876**	**(2,222,876)**	**-**
Claims outstanding			
At 1 January 2021	3,333,551	(2,572,049)	761,502
Cash paid for prior year claims settled in the year	(302,888)	297,788	(5,100)
Change in prior year liabilities/reinsurance assets	180,358	(17,260)	163,098
Prior year liabilities/reinsurance assets at 31 December 2021	3,211,021	(2,291,521)	919,500
Current year claims incurred	1,655,962	(1,655,962)	-
Cash paid for current year claims settled in the year	(758,356)	758,356	-
Current year liabilities/reinsurance assets at 31 December 2021	897,606	(897,606)	-
At 31 December 2021	4,108,627	(3,189,127)	919,500
Provision for unearned premiums			
At 1 January 2021	1,990,010	(1,990,010)	(0)
Movement in the year	63,201	(63,201)	0
At 31 December 2021	2,053,211	(2,053,211)	-

The net liability for unearned premium is £nil (2021: £nil) as the company's provision is exactly matched by the corresponding reinsurer's share asset.

22 Other liabilities

	2022 £	2021 £
Creditors arising out of direct insurance operations	**74,598**	56,245
Creditors arising out of reinsurance operations	**94,083**	263,920
Other creditors	**139,101**	120,689
Amounts owed to related parties - Subsidiaries	**1,996**	1,996
Accruals and deferred income	**137,456**	135,972
	447,234	578,822
Current	**445,238**	576,826
Non-current	**1,996**	1,996

The above carrying amounts are a reasonable approximation of fair value.

Subsidiaries are Baptist Insurance Services Ltd and Baptist Support Services Ltd

The creditors arising out of reinsurance operations comprises £801,998 (2021: £757,488) payables net of £707,915 (2021: £493,568) receivables.

23 Related Party Transactions

The Company has a reinsurance treaty with EIO whereby all business accepted by the Company is fully reinsured with EIO with the exception of terrorism cover which is reinsured through a third party, Pool Re. Reinsurance premiums are accounted for at the time the business is written by the Company. The Company's and the reinsurers' share of claims are recognised at the time the claims are notified or earlier by way of a provision for claims incurred but not reported.

The Company operates a Joint Administration Agreement with EIO under which all administration expenses are borne by EIO.

During the year the Company ceded premiums net of claims paid and commissions to the value of £3,035,025 (2021: £2,608,910) to EIO, which also bore expenses of the Company's business of £1,162,015 (2021: £1,020,944). The reinsurer's share of technical provisions due from EIO as at 31 December 2022 is £4,958,639 (2021: £4,308,837), which consists of £2,222,876 (2021: £2,053,210) of unearned premium and £2,735,764 (2021: £2,255,627) of outstanding claims. At 31 December 2022, £89,388 was due to EIO (2021: £261,418 due to EIO).

Recipients of grants are proposed by the grants committee, and ratified by the Board.

Transactions and services with related parties are made on commercial terms.

At 31 December 2022, £998 was due to Baptist Insurance Services Limited (2021: £998) and £998 due to Baptist Support Services Ltd (2021: £998).

24 Subsidiary undertakings

The Company's interest in subsidiary undertakings at 31 December 2022 is as follows:

	Share Capital	Holding
Baptist Support Services Limited	Ordinary shares	99.8%
Baptist Insurance Services Limited	Ordinary shares	99.8%

The Company is the controlling party of both subsidiaries which are incorporated in England and Wales, are dormant, having not traded since incorporation, and are not material to the Company's accounts. Their registered office is the same as the Company's address as noted on page 3.