2020 INTERIM RESULTS

Ecclesiastical Insurance Office plc **20 August 2020**

Ecclesiastical Insurance Office plc (“Ecclesiastical”), the specialist financial services group, today announces its 2020 interim results. A copy of the 2020 interim results will be available on the Company’s website at www.ecclesiastical.com

Group overview

- During March the Group announced that it had made a record £32m donation to charity for the previous calendar year, almost double our original expectations. Since then the Group has continued to support charities and communities during the pandemic. Notably in the first half of the year the £1m Movement for Good awards were launched again and £500,000 distributed; the Group has also responded to coronavirus response appeals initiated by the National Emergencies Trust, Disasters Emergencies Committee and Association of British Insurers with donations totalling £200,000.

- The Group has now donated over £97m to charity since 2016 and is just short of its enhanced target of giving more than £100m by September 2021. This giving has enabled the Group and its parent charity, Allchurches Trust, to accelerate its giving to churches and charities most in need.

- Following a strong year in 2019, in the first half of 2020 we report a loss before tax of £59.7m (H1 2019: profit before tax £42.8m) due to COVID-19’s impact on financial markets, including an investment loss of £48.9m.

- Gross written premium (GWP) up 9% to £202m (H1 2019: £185m), supported by strong retention and rate increases in hardening markets.

- Underwriting loss of £1.3m (H1 2019: profit £9.5m), giving a Group COR* of 101.1% (H1 2019: 91.4%). This includes £14m for the provision of COVID-19 related claims where there is confirmed cover. Excluding these, the Group’s COR is 89.5%.

- We have prioritised the health and wellbeing of our people, successfully adapting to new ways of working and providing a seamless service to our customers.

- Continued external recognition of the Group as a trusted and specialist financial services organisation. This included being named as the UK’s best and most trusted insurer for the 11th time by independent ratings agency Fairer Finance, and our Canada team was once again awarded Top Employer for Young People.

*The Group uses APMs to help explain performance. More information on APMs is included in note 15.

Mark Hews, Group Chief Executive Officer of Ecclesiastical, said:

“The first half of 2020 was uniquely challenging due to the significant impact of COVID-19. However, we remain true to our core purpose and have continued to give to church, charities and communities most in need.

“Whilst our headline loss before tax is disappointing, in the main it has been driven by unrealised fair value losses on our investment portfolio. These are investments that are being held for the long term and on which we have already seen some recovery. We expect this to continue over the months and years ahead, and we continue to take a long-term view and look beyond the current pandemic.

“Our underlying performance is resilient and we are starting to see activity returning to normal levels. We are proud of the way that our colleagues rose to the challenge and continued to serve our customers throughout this difficult period while themselves adapting to new ways of working.

“We recognise and understand that the coronavirus pandemic has created a worrying and uncertain time for many customers and businesses and we recognise the challenges they have faced. As an ethical insurer, we are driven by a desire to help our customers in their moment of need and we have continued to pay claims where cover was offered, quickly and fairly. We have also offered enhanced cover, free of charge, to many of our customers alongside a range of additional support measures.

“We also recognise that some customers have been disappointed that their policy has not provided business interruption cover during the pandemic, in common with much of the market. As a result, we were pleased to participate, alongside seven other leading insurers, in the Financial Conduct Authority’s Test Case. We hope that this will provide maximum clarity for all concerned in the shortest amount of time. We expect to hear the outcome, which may be subject to appeal, later in the year.

“Recognising the impact COVID-19 has had on communities, we’ve continued our programme of giving during this difficult time. Following the £32m record grant we announced in March, we launched our £1m Movement for Good awards for the second year and distributed £500,000. We also responded to coronavirus response appeals initiated by the National Emergencies Trust, Disasters Emergencies Committee and Association of British Insurers by donating £200,000.

“We also continue to invest in the future of our business. Our new head office building was completed at the end of June and fit out work is now underway. We are expecting to move into the new building during the first quarter of next year. We are also continuing to invest in new systems to improve our efficiency and improve the customer experience.

“While it has been a difficult period, we delivered a resilient set of results in the first half of 2020 from our operating businesses. We maintained steady progress in our underlying underwriting performance, despite the impact of adverse weather events in Australia and Canada, and gross written premium (GWP) was up 9% to £202m, supported by strong retention and rate increases. However the overall underwriting result was impacted as we reserved £14m for COVID-19 related claims where there is confirmed cover. Ecclesiastical, itself, has a comprehensive programme of reinsurance to mitigate any further claim development that may be incurred over the months ahead.

“The adverse market conditions in the first half affected our investment returns, with a loss of £48.9m, primarily on equity holdings. Although they have stabilised over recent months, there is still a level of uncertainty in markets. As we look ahead, we remain confident about our long-term value investment philosophy, and are relatively defensively positioned and well diversified across a broad range of asset classes.

“Our investment management business EdenTree is recognised for its responsible and sustainable approach and has benefited as we have seen investor confidence starting to return. EdenTree was pleased to report net new external money of £57.8m in exceptional market conditions.

“Our broking and advisory businesses contributed £1.4m profit in the first half of the year despite the difficult trading conditions. Positively, June income levels had returned to 2019 levels.

“Despite the challenging environment, we remain in a strong capital position with S&P recently affirming its credit rating of “A-” and with “stable” outlook. As we head into the second half of the year we recognise the challenges in the economic environment but are energised by the clarity of our charitable purpose and are optimistic about the opportunities ahead.

“On behalf of all our charitable beneficiaries, I would like to thank all those who continue to support the Group’s work, enabling it to give to so many worthy causes at a time when the need has never been higher. Together, we are supporting charities, communities and improving lives.”

Key Financial Performance Data

	H1 2020	**H1 2019**

Gross written premiums	£202.5m	£185.0m
Group underwriting (loss)/profit*	(£1.3m)	£9.5m
Group combined operating ratio*	101.1%	91.4%
Investment (losses)/return	(£48.9m)	£42.0m
(Loss)/profit before tax	(£59.7m)	£42.8m
	30 June 2020	**31 Dec 2019**
Net asset value	£539m	£608m
Solvency II capital cover (solo)	206%	216%

*The Group uses APMs to help explain performance. More information on APMs is included in note 15.

Interim Management Report

The environment in the first half of 2020 has been unprecedented. COVID-19 has caused extensive worldwide economic impacts resulting in significant Government and regulatory responses. Notwithstanding this exceptional set of circumstances our businesses have responded well by continuing to support our customers, delivering robust underlying results and continuing our giving programme.

Indeed, during March the Group announced that it had made a record £32m donation to charity for the previous calendar year, almost double our original expectations. Since then, the Group has continued to support charities and communities during the pandemic. Notably in the first half of the year the £1m Movement for Good awards were launched again and £500,000 distributed to date; the Group has also responded to coronavirus response appeals initiated by the National Emergencies Trust, Disasters Emergencies Committee and Association of British Insurers.

The Group has now donated over £97m to charity since 2016 and is just short of its enhanced target of giving more than £100m by September 2021. This giving has enabled the Group and its parent charity, Allchurches Trust, to help people, organisations and communities flourish despite the challenges presented by the pandemic, and to help build resilience and encourage hope.

Following a strong year in 2019, the reported loss before tax of £59.7m in the first half of the year (H1 2019: profit before tax £42.8m) was principally due to £48.9m of investment losses following significant market falls in March, partially offset by moderate but steady gains towards the later part of the period. The Group's underwriting businesses reported a small loss of £1.3m (H1 2019: profit £9.5m) after setting aside £14m for COVID-19 claims where there is confirmed cover and following a number of weather events in the period, both of which have resulted in an increase in claims incurred. Ecclesiastical, itself, has a comprehensive programme of reinsurance to mitigate any further claim development that may be incurred over the months ahead.

Our strategy over the medium term continues to deliver moderate GWP growth, by maintaining our strong underwriting discipline and focusing on profit over growth. Gross written premiums grew by 9.5% to £202.5m (H1 2019: £185.0m) supported by strong retention and rate increases. We have deep specialist capabilities, which we continue to develop through investment in technology and innovation, and by providing appealing customer propositions and excellent service.

Investment losses of £48.9m in the first half of the year were driven by unrealised fair value losses as markets reacted to the impact of the coronavirus in March but were unable to assess the full impact. As markets now look beyond the immediate impact of the coronavirus we have seen a moderation across markets and an increase in equity valuations. Whilst the global economy is not out of the woods yet, and we may see further stock market volatility this year, we manage the business with a long-term view of risk and have a strong capital position that can withstand short term volatility. As such we will continue to take a long-term view and look well beyond the current pandemic.

Strategic Update

Despite the many challenges the coronavirus pandemic has presented, we have continued to make good progress on our journey to become the most trusted and ethical specialist financial services group. Our charitable purpose continues to define our strategy and in the first half of the year we have continued to invest in our business and our people under our broad range of initiatives. Our resilience and financial strength are important pillars that support our strategy.

In the first half of the year, the Board and management decided to respond to changed circumstances by enhancing its strategy and increasing its ambitions for charitable giving. Whilst being the most trusted and ethical specialist financial services provider continues to be central to our strategy, we have refocussed and developed this around the following three themes. Within these themes, we also have a number of more short-term priorities which includes our coronavirus response.

Support and protect

Ecclesiastical will support and protect our colleagues, customers, communities and the businesses we serve. This includes a focus on our teams, colleagues and their well-being and creating a supportive environment ensuring ongoing flexibility and compassion. Also, as part of our coronavirus response, we have started a programme of essential commercial and business activity to support customers and our core purpose.

In these difficult times, our charitable purpose has never been more important, and therefore we have been creating an environment that actively encourages all of us to undertake acts of kindness across all our communities. We're funding projects aimed at supporting communities through the pandemic and charities facing financial difficulties because of it. We hope our giving will help today and, crucially, we are determined to help in the future as charities build their work back up.

Innovate and grow

As the world changes, we are innovating to find new ways to position the business to meet the needs of our customers and communities. We are building new propositions, developing our risk management and loss-prevention solutions and providing the infrastructure to support our growth ambitions. As our general insurance businesses deepen their understanding of our portfolio this will also drive underwriting actions and improve profitability.

Transform and thrive

We have continued our investment in new technology, our people and our premises, helping our businesses to transform and thrive, increase our efficiency and safeguard data. Some of this investment spans a number of years, not least the on-going development of a new strategic UK General Insurance system. Once live, this new system will help to offer an enhanced experience to customers and brokers and provide improved processes and capacity.

General Insurance – UK and Ireland

UK and Ireland GWP grew by 8% to £134m in the six months to 30 June 2020 (H1 2019: £124m). This is driven by particularly strong growth in our Real Estate business together with continued growth in our Heritage business as we demonstrate our position as a leading insurer of heritage, listed and period properties.

The business reported an underwriting profit of £2.7m and a net combined ratio of 96.7% (H1 2019: £9.2m profit, COR 87.8%) after reserving £11.6m for COVID-19 related claims. This represents another good performance with a greater contribution from current year underwriting performance as expected.

The property result has been better than expected in the first half of the year despite storm and flood weather events and the reduced economic activity. Our liability business has continued to perform well into 2020 with prior year claims in line with expectations and current year claims experience similar to last year. As anticipated, reserve releases are lower than last year as we see a continued run-off of claims in respect of the unprofitable business we exited in 2012 and 2013.

General Insurance – Canada

The Canadian business has continued its track record of delivering premium growth, supported by strong retention and reported an increase in GWP of 10.9% to £28.3m (H1 2019: £25.5m).

Several weather events in Canada resulted in a small underwriting profit of £0.1m (H1 2019: £0.4m) after reserving £1.8m for COVID-19 related claims. Our Canadian business has continued to see rate strengthening and underwriting discipline drive good performance across its portfolios. The Property portfolio was also supported by the favourable development of prior year claims helping offset the impact of this year's weather events.

General Insurance – Australia

Our Australian business continues to be successful in generating new business and strengthening rate, with premium growth of 13.7%. The business reported an underwriting loss of £2.1m (H1 2019: £0.4m). The result was adversely impacted by £2.1m for the January hail storm event in south eastern Australia and the February East Coast Low event.

Investment Returns

Like many other businesses, Ecclesiastical is not immune to the market disruption caused by COVID-19. This disruption caused the Group's net investment return to report a loss of £48.9m (H1 2019: £42.0m profit) predominantly driven by unrealised fair value losses. Despite the significant market disruption, the long-term investment philosophy and defensively positioned and well diversified asset classes resulted in the Group's UK fund outperforming benchmarks.

We discount some of our liability claims reserves. The reserves relate to liability policies, written over many decades, and represent very long-tail risks. The movement in yields from the year end resulted in a negative impact of £6.4m in the first six months of the year.

We remain cautious about our expectations for investment returns for the remainder of 2020, even as markets show signs of recovery and some stability. Our approach to the management of risks resulting from the Group's exposure to financial markets is outlined in note 4 to our latest annual report.

Asset Management – EdenTree

Our investment management business, EdenTree, reported a small loss of £0.2m (H1 2019: £0.1m). Fee income of £6.2m was marginally down (H1 2019: £6.3m) reflecting the market impacts from COVID-19. Against this background, EdenTree were pleased to report net new money for funds not held by the Group of £57.8m.

Broking and Advisory – SEIB Insurance Brokers

SEIB has performed well in the first half of the year as the business quickly adapted to the coronavirus. Customers were supported with changes to the cover they required, or in some cases, cover they no longer needed. SEIB continues to deliver stable returns to the Group and reported a half year profit before tax of £1.4m (H1 2019: £1.4m).

Life Business

Our life insurance business, which is not currently writing new business, reported a loss before tax of £0.2m at the half year (H1 2019: £0.2m profit). Assets and liabilities are well matched, though we expect small variances as the margins in the reserves unwind.

Balance Sheet and Capital Position

Total shareholders' equity decreased by £68.4m to £539.2m in the first six months of the year. Losses in the period were primarily due to a loss in investment return. There were also actuarial losses, net of tax of £12.3m, on retirement benefit plans (see note 3 to these condensed financial statements for more information).

The normal first-half dividend to preference shareholders of £4.6m was paid in June 2020 (H1 2019: £4.6m).

Our Solvency II regulatory capital position remains above regulatory requirements and the risk appetite set by the Group.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Group and our approach to managing them are outlined in our latest annual report and in note 4 to these condensed financial statements.

Group Outlook

In common with many businesses, the first half of 2020 has been significantly impacted by COVID-19 but has shown us just how important our charitable purpose is. Owned by a charity, Ecclesiastical is a commercial business with a purely charitable purpose.

We are dedicated to doing all we can to supporting our customers, partners, communities and employees through this period of uncertainty caused by the coronavirus. In common with much of the market, the vast majority of our insurance cover does not include pandemics. However, we appreciate that the Financial Conduct Authority (FCA) received a number of questions and concerns from customers across the insurance industry where their business interruption policies do not cover COVID-19 losses. As such, we agreed to participate alongside many other leading insurers in a 'Test Case' with the FCA, which was heard by the High Court in July, to provide clarity and certainty to customers in as short a time frame as possible. The outcome, which may be subject to appeal, is expected to be known later in the year. More information can be found in note 16 to the consolidated interim financial statements.

Ecclesiastical responded quickly and effectively to the COVID-19 challenge and is both operationally and financially resilient. However, as we still live with coronavirus, we are under no illusion that there will be more challenges and opportunities ahead. The global economic downturn and fiscal responses have been unprecedented, but as we see governments withdraw support and an easing of protective measures, we expect economic headwinds and some market volatility to persist.

Some continued uncertainty in the near term outlook is expected, which will present challenges for us and our customers. However, we remain confident in our longer-term objective of delivering sustainable profitable growth. Ecclesiastical is a well-positioned, diverse financial services group and has proved itself to be operationally and financially resilient. We will continue to pursue our long-term charitable objective and provide all the support necessary for our customers in these uncertain times and look forward with confidence to the future beyond the pandemic.

In closing, the Board would like to thank all those who continue to support the Group's work, enabling it to support its customers and give to so many worthy causes at a time when need has never been higher. We would also like to thank all our employees; their combined commitment during this difficult period has been nothing short of exceptional.

Together, we are supporting charities, communities and improving lives.

By order of the Board
Mark Hews
Group Chief Executive
20 August 2020

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the 6 months to 30 June 2020

	30.06.20	30.06.19	31.12.19
	6 months	6 months	12 months
	£000	£000	£000
	(Unaudited)	(Unaudited)	(Audited)
Revenue			
Gross written premiums	**202,487**	185,002	393,952
Outward reinsurance premiums	**(80,313)**	(71,172)	(152,886)
Net change in provision for unearned premium	**(980)**	(4,351)	(15,080)
Net earned premiums	**121,194**	109,479	225,986
Fee and commission income	**33,444**	30,582	71,240
Other operating income	**1,960**	339	544
Net investment return	**(48,859)**	42,017	74,438
Total revenue	**107,739**	182,417	372,208
Expenses			
Claims and change in insurance liabilities	**(139,152)**	(78,962)	(157,808)
Reinsurance recoveries	**68,104**	31,512	52,800
Fees, commissions and other acquisition costs	**(38,826)**	(35,165)	(72,740)
Other operating and administrative expenses	**(57,319)**	(56,705)	(120,577)
Total operating expenses	**(167,193)**	(139,320)	(298,325)
Operating (loss)/profit	**(59,454)**	43,097	73,883
Finance costs	**(258)**	(324)	(620)
(Loss)/profit before tax	**(59,712)**	42,773	73,263
Tax credit/(expense)	**8,275**	(6,309)	(11,450)
(Loss)/profit for the financial period from continuing operations attributable to equity holders of the Parent	**(51,437)**	36,464	61,813

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 6 months to 30 June 2020

	30.06.20	30.06.19	31.12.19
	6 months	6 months	12 months
	£000	£000	£000
	(Unaudited)	(Unaudited)	(Audited)
(Loss)/profit for the period	**(51,437)**	36,464	61,813
Other comprehensive expense			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial losses on retirement benefit plans	**(15,433)**	(1,113)	(7,049)
Attributable tax	**3,100**	189	1,198
	(12,333)	(924)	(5,851)
Items that may be reclassified subsequently to profit or loss:			
Gains/(losses) on currency translation differences	**2,283**	1,213	(1,368)
(Losses)/gains on net investment hedges	**(2,653)**	(1,643)	640
Attributable tax	**367**	292	(19)
	(3)	(138)	(747)
Other comprehensive expense	**(12,336)**	(1,062)	(6,598)
Total comprehensive (expense)/income attributable to equity holders of the Parent	**(63,773)**	35,402	55,215

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months to 30 June 2020

	Share capital £000	Share premium £000	Revaluation reserve £000	Translation and hedging reserve £000	Retained earnings £000	Total £000
2020 (Unaudited)						
At 1 January	**120,477**	**4,632**	**565**	**18,324**	**463,537**	**607,535**
Loss for the period	**-**	**-**	**-**	**-**	**(51,437)**	**(51,437)**
Other net expense	**-**	**-**	***(14)***	***(3)***	**(12,319)**	**(12,336)**
Total comprehensive expense	**-**	**-**	**(14)**	**(3)**	**(63,756)**	**(63,773)**
Dividends on preference shares	**-**	**-**	**-**	**-**	**(4,591)**	**(4,591)**
At 30 June	**120,477**	**4,632**	**551**	**18,321**	**395,190**	**539,171**
2019 (Unaudited)						
At 1 January	120,477	4,632	565	19,071	441,259	586,004
Profit for the period	-	-	-	-	*36,464*	*36,464*
Other net expense	-	-	-	*(138)*	*(924)*	*(1,062)*
Total comprehensive (expense)/income	-	-	-	(138)	35,540	35,402
Dividends on preference shares	-	-	-	-	(4,591)	(4,591)
At 30 June	120,477	4,632	565	18,933	472,208	616,815
2019 (Audited)						
At 1 January	120,477	4,632	565	19,071	441,259	586,004
Profit for the year	-	-	-	-	*61,813*	*61,813*
Other net expense	-	-	-	*(747)*	*(5,851)*	*(6,598)*
Total comprehensive (expense)/income	-	-	-	(747)	55,962	55,215
Dividends on preference shares	-	-	-	-	(9,181)	(9,181)
Gross charitable grant	-	-	-	-	(30,000)	(30,000)
Tax credit on charitable grant	-	-	-	-	5,497	5,497
At 31 December	120,477	4,632	565	18,324	463,537	607,535

The revaluation reserve represents cumulative net fair value gains on owner-occupied property. Further details of the translation and hedging reserve are included in note 11.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2020

	30.06.20	30.06.19	31.12.19
	£000	£000	£000
	(Unaudited)	(Unaudited)	(Audited)
Assets			
Goodwill and other intangible assets	**46,197**	33,517	38,651
Deferred acquisition costs	**39,075**	34,113	38,199
Deferred tax assets	**2,973**	1,807	2,203
Retirement benefit asset	**-**	14,815	8,505
Property, plant and equipment	**18,487**	22,214	20,322
Investment property	**143,331**	152,046	148,146
Financial investments	**779,619**	851,780	857,913
Reinsurers' share of contract liabilities	**210,079**	156,359	159,556
Current tax recoverable	**7,322**	688	4,211
Other assets	**226,651**	169,612	178,358
Cash and cash equivalents	**94,574**	94,657	74,775
Total assets	**1,568,308**	1,531,608	1,530,839
Equity			
Share capital	**120,477**	120,477	120,477
Share premium account	**4,632**	4,632	4,632
Retained earnings and other reserves	**414,062**	491,706	482,426
Total shareholders' equity	**539,171**	616,815	607,535
Liabilities			
Insurance contract liabilities	**855,630**	752,525	763,977
Lease obligations	**11,688**	14,370	12,923
Provisions for other liabilities	**7,424**	7,329	4,867
Pension liabilities	**7,226**	-	-
Retirement benefit obligations	**6,166**	6,102	5,998
Deferred tax liabilities	**24,569**	35,332	35,649
Current tax liabilities	**1,005**	585	123
Deferred income	**24,217**	20,623	22,815
Other liabilities	**91,212**	77,927	76,952
Total liabilities	**1,029,137**	914,793	923,304
Total shareholders' equity and liabilities	**1,568,308**	1,531,608	1,530,839

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the 6 months to 30 June 2020

	30.06.20	30.06.19	31.12.19
	6 months	6 months	12 months
	£000	£000	£000
	(Unaudited)	(Unaudited)	(Audited)
(Loss)/profit before tax	**(59,712)**	42,773	73,263
Adjustments for:			
Depreciation of property, plant and equipment	**2,511**	2,665	5,081
Loss on disposal of property, plant and equipment	**-**	94	171
Amortisation of intangible assets	**477**	501	1,016
Net fair value losses/(gains) on financial instruments and investment property	**54,641**	(34,542)	(52,091)
Dividend and interest income	**(12,080)**	(14,263)	(26,218)
Finance costs	**258**	324	620
Adjustment for pension funding	**455**	511	815
	(13,450)	(1,937)	2,657
Changes in operating assets and liabilities:			
Net increase in insurance contract liabilities	**78,161**	28,790	49,537
Net increase in reinsurers' share of contract liabilities	**(45,280)**	(15,497)	(21,265)
Net (increase)/decrease in deferred acquisition costs	**(152)**	141	(4,553)
Net increase in other assets	**(44,557)**	(15,005)	(25,272)
Net increase in operating liabilities	**7,142**	2,012	11,153
Net increase in other liabilities	**2,562**	3,224	784
Cash (used)/generated by operations	**(15,574)**	1,728	13,041
Purchases of financial instruments and investment property	**(36,735)**	(76,741)	(156,760)
Sale of financial instruments and investment property	**76,313**	64,644	148,308
Dividends received	**3,940**	5,396	9,605
Interest received	**7,170**	8,292	16,293
Tax paid	**(2,076)**	(5,189)	(8,296)
Net cash from/(used by) operating activities	**33,038**	(1,870)	22,191
Cash flows from investing activities			
Purchases of property, plant and equipment	**(405)**	(3,593)	(4,394)
Purchases of intangible assets	**(7,813)**	(3,823)	(9,613)
Acquisition of business, net of cash acquired	**-**	-	(40)
Net cash used by investing activities	**(8,218)**	(7,416)	(14,047)
Cash flows from financing activities			
Interest paid	**(258)**	(324)	(620)
Payment of principal element of lease liabilities	**(1,455)**	(1,447)	(2,787)
Dividends paid to Company's shareholders	**(4,591)**	(4,591)	(9,181)
Donations paid to ultimate parent undertaking	**-**	-	(30,000)
Net cash used by financing activities	**(6,304)**	(6,362)	(42,588)
Net increase/(decrease) in cash and cash equivalents	**18,516**	(15,648)	(34,444)
Cash and cash equivalents at the beginning of the period	**74,775**	109,417	109,417

Exchange gains/(losses) on cash and cash equivalents	**1,283**	888	(198)
Cash and cash equivalents at the end of the period	**94,574**	94,657	74,775

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS

1. General information and basis of preparation

Ecclesiastical Insurance Office plc (hereafter referred to as the "Company"), a public limited company incorporated and domiciled in England, together with its subsidiaries (collectively the "Group") operates principally as a provider of general insurance and in addition offers a range of financial services, with offices in the UK & Ireland, Australia and Canada.

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in the 2020 interim results has been prepared in accordance with IAS 34, *Interim Financial Reporting.*

The information for the year ended 31 December 2019 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor reported on those accounts: its report was unqualified, did not draw attention to any matters by way of emphasis without qualifying the report, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

These condensed consolidated interim financial statements were approved by the Board on 20 August 2020 and were not reviewed by the Group’s statutory auditor and are not audited. Following an audit tender in 2019, PricewaterhouseCoopers LLP (PwC) were appointed as the Group’s statutory auditor on 18 June 2020 and will complete their first statutory audit for the 31 December 2020 financial year. The Group chose not to obtain interim review services from PwC for these interim financial statements to ensure management’s complete support of the transition to new statutory auditors and PwC’s first full year statutory audit as management and PwC operate in a remote working environment.

The Directors have assessed the going concern status of the Group. The directors have considered the Group’s plans and forecasts, financial resources, investment portfolio and solvency position. The directors have also assessed the Group’s ability to continue as a going concern in light of COVID-19 and the consequent downturn in the UK’s economic condition. The Group’s forecasts and projections, taking into account plausible scenarios, show that the group will have adequate resources to continue operating over a period of at least 12 months from the approval of the condensed consolidated interim financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated interim financial statements.

2. Accounting policies

The same accounting policies and methods of computation are followed in the consolidated interim financial statements as applied in the Group's latest audited annual financial statements.

The following standards were in issue but not yet effective and have not been applied to these condensed financial statements.

IFRS 17, *Insurance Contracts*, was issued in May 2017 and is effective for periods beginning on or after 1 January 2023. The standard establishes revised principles for the recognition, measurement, presentation and disclosure of insurance contracts. The Group's long-term business is expected to be the most affected by the new standard. The Group expects to be able to use the simplified premium allocation approach to the majority of its general business insurance contracts, which applies mainly to short-duration contracts.

IFRS 9, *Financial Instruments*, which provides a new model for the classification and measurement of financial instruments, is effective for periods beginning on or after 1 January 2018. The Group has taken the option available to insurers to defer the application of IFRS 9 until the implementation of IFRS 17, which is now on or after 1 January 2023.

Other standards in issue but not yet effective are not expected to materially impact the Group.

3. Critical accounting estimates and judgements

In preparing these interim financial statements and applying the Group’s accounting policies, the directors have made judgements and estimates based on their best knowledge of current circumstances and expectation of future events. The judgements made in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 31 December 2019 consolidated financial statements. In 2020, the COVID-19 global pandemic has had a significant impact on market conditions and the business. Estimates and their underlying assumptions continue to be reviewed on an ongoing basis with revisions to estimates being recognised prospectively. The following areas are those where specific consideration has been made in response to COVID-19:

- Valuation of insurance contract liabilities: the assumptions used in the estimated ultimate cost of all claims incurred but not settled at the year-end date have been adjusted for the potential impact of COVID-19.

- Measurement of pension liabilities: although COVID-19 has impacted on the key assumptions in the valuation, namely the discount rate, the methodology used to determine key actuarial assumptions has remained consistent with the 2019 Annual Report and Accounts.

- Impairment of goodwill and intangible assets: key assumptions applied in the valuation of the recoverable amount have been adjusted to reflect the potential impact of COVID-19. No impairment has been recognised.

- Valuation of investment properties: the emergence of COVID-19 has increased uncertainty surrounding the valuation of properties as at the balance sheet date, leading to the valuation of investment properties to be considered a critical accounting estimate. The carrying value of investment properties has been updated as at 30 June 2020 and a loss of £4.8m has been recognised.

4. Risk management

The principal risks and uncertainties, together with details of the financial risk management objectives and policies of the Group, are disclosed in the latest annual report. COVID-19 is a new emerging risk and one which impacts the existing principal risks related to market and investment risk and operational risk. The COVID-19 pandemic and corresponding concerns about the impact of government intervention has increased market volatility and led to a reduction in equity asset values. Also in response to COVID-19 all areas of the Group have adapted to working in a remote environment. Whilst this presents an increased level of operational risk, all the businesses continue to operate effectively.

5. Segment information

The Group segments its business activities on the basis of differences in the products and services offered and, for general insurance, the underwriting territory. Expenses relating to Group management activities are included within 'Corporate costs'. This reflects the management and internal Group reporting structure.

The activities of each operating segment are described below.

- **General business**

  United Kingdom and Ireland

  The Group's principal general insurance business operation is in the UK, where it operates under the Ecclesiastical and Ansvar brands. The Group also operates in the Republic of Ireland, underwriting general insurance business across the whole of Ireland.

  Australia

  The Group has a wholly-owned subsidiary in Australia underwriting general insurance business under the Ansvar brand.

  Canada

  The Group operates a general insurance Ecclesiastical branch in Canada.

  Other insurance operations

  This includes the Group's internal reinsurance function and operations that are in run-off or not reportable due to their immateriality.

- **Investment management**

  The Group provides investment management services both internally and to third parties through EdenTree Investment Management Limited.

- **Broking and Advisory**

  The Group provides insurance broking through South Essex Insurance Brokers Limited, financial advisory services through Ecclesiastical Financial Advisory Services Limited and risk advisory services through Ansvar Risk Management Services Pty Limited which operates in Australia.

- **Life business**

Ecclesiastical Life Limited provides long-term insurance policies to support funeral planning products. It is closed to new business.

- **Corporate costs**

This includes costs associated with Group management activities.

Inter-segment and inter-territory transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

Segment revenue

The Group uses gross written premiums as the measure for turnover of the general and life insurance business segments. Turnover of the non-insurance segments comprises fees and commissions earned in relation to services provided by the Group to third parties. Segment revenues do not include net investment return or general business fee and commission income, which are reported within revenue in the consolidated statement of profit or loss.

Revenue is attributed to the geographical region in which the customer is based. Group revenues are not materially concentrated on any single external customer.

	6 months ended 30.06.20			6 months ended 30.06.19		
	Gross written premiums £000	**Non-insurance services £000**	**Total £000**	Gross written premiums £000	Non-insurance services £000	Total £000
General business						
United Kingdom and Ireland	**133,735**	**-**	**133,735**	123,957	-	123,957
Australia	**38,263**	**-**	**38,263**	33,652	-	33,652
Canada	**28,255**	**-**	**28,255**	25,481	-	25,481
Other insurance operations	**2,225**	**-**	**2,225**	1,911	-	1,911
Total	**202,478**	**-**	**202,478**	185,001	-	185,001
Life business	**9**	**-**	**9**	1	-	1
Investment management	**-**	**6,238**	**6,238**	-	6,270	6,270
Broking and Advisory	**-**	**4,556**	**4,556**	-	4,776	4,776
Group revenue	**202,487**	**10,794**	**213,281**	185,002	11,046	196,048

	12 months ended 31.12.19		
	Gross written premiums £000	Non-insurance services £000	Total £000
General business			
United Kingdom and Ireland	257,135	-	257,135
Australia	68,857	-	68,857
Canada	64,457	-	64,457
Other insurance operations	3,516	-	3,516
Total	393,965	-	393,965
Life business	(13)	-	(13)
Investment management	-	12,795	12,795
Broking and Advisory	-	9,078	9,078
Group revenue	393,952	21,873	415,825

Segment result

General business segment results comprise the insurance underwriting profit or loss, investment activities and other expenses of each underwriting territory. The Group uses the industry standard net combined operating ratio (COR) as a measure of underwriting efficiency. The COR expresses the total of net claims costs, commission and underwriting expenses as a percentage of net earned premiums. Further details on the underwriting profit or loss and COR, which are alternative performance measures that are not defined under IFRS, are detailed in note 15.

The life business segment result comprises the profit or loss on insurance contracts (including return on assets backing liabilities in the long-term fund), shareholder investment return and other expenses.

All other segment results consist of the profit or loss before tax measured in accordance with IFRS.

6 months ended 30 June 2020	**Combined operating ratio**	**Insurance £000**	**Investments £000**	**Other £000**	**Total £000**
General business					
United Kingdom and Ireland	**96.7%**	**2,680**	**(48,701)**	**(108)**	**(46,129)**
Australia	**115.8%**	**(2,054)**	**(213)**	**(16)**	**(2,283)**
Canada	**99.9%**	**24**	**2,037**	**(91)**	**1,970**
Other insurance operations		**(1,964)**	**-**	**-**	**(1,964)**
	101.1%	**(1,314)**	**(46,877)**	**(215)**	**(48,406)**
Life business		**(233)**	**(3,031)**	**-**	**(3,264)**
Investment management		**-**	**-**	**(200)**	**(200)**
Broking and Advisory		**-**	**-**	**1,373**	**1,373**
Corporate costs		**-**	**-**	**(9,215)**	**(9,215)**
(Loss)/profit before tax		**(1,547)**	**(49,908)**	**(8,257)**	**(59,712)**

6 months ended 30 June 2019	Combined operating ratio	Insurance £000	Investments £000	Other £000	Total £000
General business					
United Kingdom and Ireland	87.8%	9,198	33,345	(158)	42,385
Australia	103.3%	(354)	677	(37)	286
Canada	98.0%	434	993	(84)	1,343
Other insurance operations		186	-	-	186
	91.4%	9,464	35,015	(279)	44,200
Life business		241	4,327	-	4,568
Investment management		-	-	(18)	(18)
Broking and Advisory		-	-	1,425	1,425
Corporate costs		-	-	(7,402)	(7,402)
Profit/(loss) before tax		9,705	39,342	(6,274)	42,773

12 months ended 31 December 2019	Combined operating ratio	Insurance £000	Investments £000	Other £000	Total £000
General business					
United Kingdom and Ireland	86.8%	20,412	59,433	(292)	79,553

Australia	114.1%	(3,246)	1,815	(65)	(1,496)
Canada	95.1%	2,218	1,805	(174)	3,849
Other insurance operations		634	-	-	634
	91.1%	20,018	63,053	(531)	82,540
Life business		335	6,486	-	6,821
Investment management		-	-	(310)	(310)
Broking and Advisory		-	-	2,062	2,062
Corporate costs		-	-	(17,850)	(17,850)
Profit/(loss) before tax		20,353	69,539	(16,629)	73,263

6. Tax

Income tax for the six month period is calculated at rates representing the best estimate of the average annual effective income tax rate expected for the full year, applied to the pre-tax result of the six month period.

7. Preference shares

Interim dividends paid on the 8.625% Non-Cumulative Irredeemable Preference shares amounted to £4.6m (H1 2019: £4.6m). At the point these dividends were paid, consideration was given to the distributable reserves and capital position.

8. Financial investments

Financial investments summarised by measurement category are as follows:

	30.06.20	30.06.19	31.12.19
	£000	£000	£000
	(Unaudited)	(Unaudited)	(Audited)
Financial investments at fair value through profit or loss			
Equity securities			
- listed	**238,225**	280,004	289,754
- unlisted	**47,544**	63,107	66,304
Debt securities			
- government bonds	**152,142**	153,602	154,244
- listed	**331,195**	342,256	338,001
- unlisted	**270**	125	270
Derivative financial instruments			
- options	**4,388**	2,022	1,562
- forwards	**-**	-	1,499
	773,764	841,116	851,634
Financial investments at fair value through other comprehensive income			
Derivative financial instruments			
- forwards	**-**	-	509
Total financial investments at fair value	**773,764**	841,116	852,143
Loans and receivables			
Cash held on deposit	**5,032**	9,943	4,974
Other loans	**823**	721	796
Total financial investments	**779,619**	851,780	857,913

9. Financial instruments' held at fair value disclosures

IAS 34 requires that interim financial statements include certain of the disclosures about the fair value of financial instruments set out in IFRS 13, *Fair Value Measurement* and IFRS 7, *Financial Instruments Disclosures*.

The fair value measurement basis used to value those 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 debt and equities, including investments in venture capital, and suspended securities. Where a look-through valuation approach is applied, underlying net asset values are sourced from the investee, translated into the Group's functional currency and adjusted to reflect current market conditions.

There have been no transfers between investment categories in the current period.

	Fair value measurement at the end of the reporting period based on			
	Level 1	**Level 2**	**Level 3**	**Total**
30 June 2020	**£000**	**£000**	**£000**	**£000**
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	**237,620**	**205**	**47,944**	**285,769**
Debt securities	**482,307**	**898**	**402**	**483,607**
Derivative securities	**-**	**4,388**	**-**	**4,388**
Total financial assets at fair value	**719,927**	**5,491**	**48,346**	**773,764**
Financial liabilities at fair value through profit or loss				
Financial liabilities				
Derivative securities	**-**	**(3,327)**	**-**	**(3,327)**
	-	**(3,327)**	**-**	**(3,327)**
Financial liabilities at fair value through other comprehensive income				
Other liabilities				
Derivative securities	**-**	**(3,194)**	**-**	**(3,194)**
Total financial liabilities at fair value	**-**	**(6,521)**	**-**	**(6,521)**
30 June 2019				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	279,806	197	63,108	343,111
Debt securities	494,523	1,200	260	495,983
Derivative securities	-	2,022	-	2,022
	774,329	3,419	63,368	841,116
Financial liabilities at fair value through profit or loss				
Financial liabilities				
Derivative securities	-	(4,261)	-	(4,261)

	-	(4,261)	-	(4,261)
Financial liabilities at fair value through other comprehensive income				
Other liabilities				
Derivative securities	-	(2,560)	-	(2,560)
Total financial liabilities at fair value	-	(6,821)	-	(6,821)
31 December 2019				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	289,165	190	66,703	356,058
Debt securities	490,911	1,200	404	492,515
Derivative securities	-	3,061	-	3,061
	780,076	4,451	67,107	851,634
Financial assets at fair value through other comprehensive income				
Financial investments				
Derivative securities	-	509	-	509
Total financial assets at fair value	780,076	4,960	67,107	852,143

The derivative liabilities of the Group at the end of the prior year were measured at fair value through profit or loss and categorised as level 2.

Fair value measurements in level 3 consist of financial assets, analysed as follows:

	Financial assets at fair value through profit or loss		
	Equity securities £000	**Debt securities £000**	**Total £000**
2020			
At 1 January	**66,703**	**404**	**66,107**
Total losses recognised in profit or loss	**(18,759)**	**(2)**	**(18,761)**
At 30 June	**47,944**	**402**	**48,346**
Total losses for the period included in profit or loss for assets held at the end of the reporting period	**(18,759)**	**(2)**	**(18,761)**
2019			
At 1 January	44,773	261	45,034
Total gains/(losses) recognised in profit or loss	4,342	(1)	4,341
Purchases	13,993	-	13,993
At 30 June	63,108	260	63,368
Total gains/(losses) for the period included in profit or loss for assets held at the end of the reporting period	4,342	(1)	4,341
2019			
At 1 January	44,773	261	45,034
Total gains recognised in profit or loss	7,538	143	7,681
Purchases	14,392	-	14,392

At 31 December	66,703	404	66,107
Total gains for the period included in profit or loss for assets held at the end of the reporting period	7,538	143	7,681

All the above gains included in profit or loss for the period are presented in net investment return within the statement of profit or loss.

The valuation techniques used for instruments categorised in Levels 2 and 3 are described below.

Listed debt and equity securities not in active market (Level 2)

These financial assets are valued using third party pricing information that is regularly reviewed and internally calibrated based on management's knowledge of the markets.

Non exchange-traded derivative contracts (Level 2)

The Group's derivative contracts are not traded in active markets. Foreign currency forward contracts are valued using observable forward exchange rates corresponding to the maturity of the contract and the contract forward rate. Over-the-counter equity or index options and futures are valued by reference to observable index prices.

Unlisted equity securities (Level 3)

These financial assets are valued using observable net asset data, adjusted for unobservable inputs including comparable price-to-book ratios based on similar listed companies, and management's consideration of constituents as to what exit price might be obtainable.

The valuation is sensitive to the level of underlying net assets, the Euro exchange rate, the price-to-book ratio chosen, an illiquidity discount and a credit rating discount applied to the valuation to account for the risks associated with holding the asset. If the illiquidity discount or credit rating discount applied changes by +/-10%, the value of unlisted equity securities could move by +/-£5m (H1 2019: +/-£7m).

Unlisted debt (Level 3)

Unlisted debt is valued using an adjusted net asset method whereby management uses a look-through approach to the underlying assets supporting the loan, discounted using observable market interest rates of similar loans with similar risk, and allowing for unobservable future transaction costs.

The valuation is most sensitive to the level of underlying net assets, but it is also sensitive to the interest rate used for discounting and the projected date of disposal of the asset, with the exit costs sensitive to an expected return on capital of any purchaser and estimated transaction costs. Reasonably likely changes in unobservable inputs used in the valuation would not have a significant impact on shareholders' equity or the net result.

10. Changes in estimates

The estimation of the ultimate liability arising from claims made under general insurance business contracts is a critical accounting estimate. There are various sources of uncertainty as to how much the Group 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 timing of any payments.

During the six month period, changes to claims reserve estimates made in prior years as a result of reserve development resulted in a net release of £10.8m (H1 2019: £13.0m) offset by a £6.5m increase (H1 2019: £8.5m increase) in reserves due to discount rate movements.

The estimation of the ultimate liability arising from claims made under life insurance business contracts is also a critical accounting estimate. Estimates are made as to the expected number of deaths in each future year until claims have been paid on all policies, as well as expected future real investment returns from assets backing life insurance contracts. During the six month period there was a £4.5m increase (H1 2019: £2.7m increase) in reserves due to discount rate movements.

11. Translation and hedging reserve

	Translation reserve £000	Hedging reserve £000	Total £000
2020			

At 1 January	**13,572**	**4,752**	**18,324**
Gains on currency translation differences	**2,283**	**-**	**2,283**
Losses on net investment hedges	**-**	**(2,653)**	**(2,653)**
Attributable tax	**-**	**367**	**367**
At 30 June	**15,855**	**2,466**	**18,321**
2019			
At 1 January	14,940	4,131	19,071
Gains on currency translation differences	1,213	-	1,213
Losses on net investment hedges	-	(1,643)	(1,643)
Attributable tax	-	292	292
At 30 June	16,153	2,780	18,933
2019			
At 1 January	14,940	4,131	19,071
Losses on currency translation differences	(1,368)	-	(1,368)
Gains on net investment hedges	-	640	640
Attributable tax	-	(19)	(19)
At 31 December	13,572	4,752	18,324

The translation reserve arises on consolidation of the Group's foreign operations. The hedging reserve represents the cumulative amount of gains and losses on hedging instruments in respect of net investments in foreign operations.

12. Insurance contract liabilities and reinsurers' share of contract liabilities

	30.06.20 6 months £000	30.06.19 6 months £000	31.12.19 12 months £000
Gross			
Claims outstanding	**565,121**	481,747	481,669
Unearned premiums	**210,916**	188,624	203,096
Life business provision	**79,593**	82,154	79,212
Total gross insurance contract liabilities	**855,630**	752,525	763,977
Recoverable from reinsurers			
Claims outstanding	**135,565**	92,354	89,982
Unearned premiums	**74,514**	64,005	69,574
Total reinsurers' share of contract liabilities	**210,079**	156,359	159,556
Net			
Claims outstanding	**429,556**	389,393	391,687
Unearned premiums	**136,402**	124,619	133,522
Life business provision	**79,593**	82,154	79,212
Total net insurance liabilities	**645,551**	596,166	604,421

13. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Charitable grants to the ultimate parent company are disclosed in the condensed consolidated statement of changes in equity.

There have been no material related party transactions in the period or changes thereto since the latest annual report which require disclosure.

14. Holding company

The ultimate holding company is Allchurches Trust Limited, a company limited by guarantee and a registered charity incorporated in England and Wales.

15. Reconciliation of Alternative Performance Measures

The Group uses alternative performance measures (APM) in addition to the figures which are prepared in accordance with IFRS. The financial measures in our key financial performance data include the combined operating ratio (COR). This measure is commonly used in the industries we operate in and we believe it provides useful information and enhances the understanding of our results.

Users of the accounts should be aware that similarly titled APM reported by other companies may be calculated differently. For that reason, the comparability of APM across companies might be limited.

In line with the European Securities and Markets Authority guidelines, we provide a reconciliation of the combined operating ratio to its most directly reconcilable line item in the financial statements.

		30.06.20						
		Insurance		**Invt. return**	**Invt. mngt**	**Broking and Advisory**	**Corporate costs**	**Total**
		General	**Life**					
		£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Revenue								
Gross written premiums		202,478	9	-	-	-	-	202,487
Outward reinsurance premiums		(80,313)	-	-	-	-	-	(80,313)
Net change in provision for unearned premiums		(980)	-	-	-	-	-	(980)
Net earned premiums	[1]	121,185	9	-	-	-	-	121,194
Fee and commission income		22,650	-	-	6,238	4,556	-	33,444
Other operating income		1,960	-	-	-	-	-	1,960
Net investment return		-	(660)	(48,595)	(13)	409	-	(48,859)
Total revenue		145,795	(651)	(48,595)	6,225	4,965	-	107,739
Expenses								
Claims and change in insurance liabilities		(139,715)	563	-	-	-	-	(139,152)
Reinsurance recoveries		68,104	-	-	-	-	-	68,104
Fees, commissions and other acquisition costs		(38,448)	-	-	(535)	157	-	(38,826)
Other operating and administrative expenses		(37,050)	(145)	(1,313)	(5,890)	(3,706)	(9,215)	(57,319)
Total operating expenses		(147,109)	418	(1,313)	(6,425)	(3,549)	(9,215)	(167,193)
Operating (loss)/profit	[2]	(1,314)	(233)	(49,908)	(200)	1,416	(9,215)	(59,454)
Finance costs		(215)	-	-	-	(43)	-	(258)
(Loss)/profit before tax		(1,529)	(233)	(49,908)	(200)	1,373	(9,215)	(59,712)
Underwriting loss	[2]	(1,314)						
Combined operating ratio (= ([1] - [2]) / [1])		101.1%						

The underwriting profit of the Group is defined as the operating profit of the general insurance business.

The Group uses the industry standard net combined operating ratio as a measure of underwriting efficiency. The COR expresses the total of net claims costs, commission and underwriting expenses as a percentage of net earned premiums. It is calculated as
([1] - [2]) / [1].

30.06.19

		Insurance		Invt. return	Invt. mngt	Broking and Advisory	Corporate costs	Total
		General £000	Life £000	£000	£000	£000	£000	£000
Revenue								
Gross written premiums		185,001	1	-	-	-	-	185,002
Outward reinsurance premiums		(71,172)	-	-	-	-	-	(71,172)
Net change in provision for unearned premiums		(4,351)	-	-	-	-	-	(4,351)
Net earned premiums	[1]	109,478	1	-	-	-	-	109,479
Fee and commission income		19,537	-	-	6,269	4,776	-	30,582
Other operating income		339	-	-	-	-	-	339
Net investment return		-	724	40,865	8	420	-	42,017
Total revenue		129,354	725	40,865	6,277	5,196	-	182,417
Expenses								
Claims and change in insurance liabilities		(78,617)	(345)	-	-	-	-	(78,962)
Reinsurance recoveries		31,512	-	-	-	-	-	31,512
Fees, commissions and other acquisition costs		(34,968)	-	-	(410)	213	-	(35,165)
Other operating and administrative expenses		(37,817)	(139)	(1,523)	(5,885)	(3,939)	(7,402)	(56,705)
Total operating expenses		(119,890)	(484)	(1,523)	(6,295)	(3,726)	(7,402)	(139,320)
Operating profit/(loss)	[2]	9,464	241	39,342	(18)	1,470	(7,402)	43,097
Finance costs		(279)	-	-	-	(45)	-	(324)
Profit/(loss) before tax		9,185	241	39,342	(18)	1,425	(7,402)	42,773
Underwriting profit	[2]	9,464						
Combined operating ratio (= ([1] - [2]) / [1])		91.4%						

31.12.19

	Insurance		Invt. return	Invt. mngt	Broking and Advisory	Corporate costs	Total
	General £000	Life £000	£000	£000	£000	£000	£000
Revenue							
Gross written premiums	393,965	(13)	-	-	-	-	393,952
Outward reinsurance premiums	(152,886)	-	-	-	-	-	(152,886)
Net change in provision for unearned premiums	(15,080)	-	-	-	-	-	(15,080)

Net earned premiums	[1]	225,999	(13)	-	-	-	-	225,986
Fee and commission income		49,368	-	-	12,795	9,077	-	71,240
Other operating income		544	-	-	-	-	-	544
Net investment return		-	989	72,596	19	834	-	74,438
Total revenue		275,911	976	72,596	12,814	9,911	-	372,208
Expenses								
Claims and change in insurance liabilities		(157,481)	(327)	-	-	-	-	(157,808)
Reinsurance recoveries		52,800	-	-	-	-	-	52,800
Fees, commissions and other acquisition costs		(72,383)	(14)	-	(819)	476	-	(72,740)
Other operating and administrative expenses		(78,829)	(300)	(3,057)	(12,305)	(8,236)	(17,850)	(120,577)
Total operating expenses		(255,893)	(641)	(3,057)	(13,124)	(7,760)	(17,850)	(298,325)
Operating profit/(loss)	[2]	20,018	335	69,539	(310)	2,151	(17,850)	73,883
Finance costs		(531)	-	-	-	(89)	-	(620)
Profit/(loss) before tax		19,487	335	69,539	(310)	2,062	(17,850)	73,263
Underwriting profit	[2]	20,018						
Combined operating ratio (= ([1] - [2]) / [1])		91.1%						

16. Events after the balance sheet date

Ecclesiastical is aware that the COVID-19 pandemic is causing an unprecedented situation for many and business interruption cover is an important issue for the whole of the insurance industry. In May 2020 the Financial Conduct Authority (FCA) announced that while the majority of business interruption policies (BI) are focused on property damage, there were some policies where they considered the wording to be unclear in how they respond to COVID-19. Ecclesiastical agreed with the FCA that some relevant policy wordings are considered as part of an expedited Test Case and alongside seven other insurers agreed to participate to provide clarity and certainty to customers. The Test Case was heard by the High Court between 20-30 July 2020. The judgement on the Test Case is not expected before the middle of September 2020.

The FCA have stated that inclusion in the Test Case does not imply that all or any of the policies being tested may provide cover. The policies are representative across the industry and enabled a better 'test' to help provide certainty and clarity to the market. Ecclesiastical carries out thorough claims assessments for all claims received and the vast majority of insurance cover does not include pandemics. Consequently claims reserves are not held in respect of insurance cover that excludes pandemics.

Ecclesiastical is well capitalised and continues to expect to hold a capital position in excess of regulatory requirements, regardless of the outcome of the Test Case.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

(a) the consolidated interim financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union;

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

The Board of Directors is as per the latest audited annual financial statements, with the following changes:

- Sir Stephen Lamport was appointed as a Non-Executive Director on 23 March 2020
- The Very Revd Christine Wilson resigned as a Non-Executive Director on 18 June 2020

By order of the Board,

Mark Hews	David Henderson
Group Chief Executive	Chairman
20 August 2020	