CATALINA INSURANCE IRELAND DAC

Catalina Insurance Ireland dac

Solvency and Financial Condition Report
31 December 2017

Contents

Executive Summary

Catalina Insurance Ireland dac ("the Company" or "Catalina Ireland") is an insurance undertaking authorized by the Central Bank of Ireland, pursuant to the European Union (Insurance and Reinsurance) Regulations 2015, to carry on non-life insurance business in classes 1 to 18 as defined in European Union (Insurance and Reinsurance) Regulations 2015 (SI No. 485 of 2015), with the right to carry on business in such classes in other EU jurisdictions including the UK on a freedom of services basis.

This Solvency and Financial Condition Report ("SFCR") has been prepared in order to assist the policyholders to understand the capital position of the Company following the implementation of Solvency II, a European directive implemented in Ireland under the European Union (Insurance and Reinsurance) Regulations 2015.

This report covers the Business and Performance of Catalina Ireland, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management.

A. Business and Performance

A.1 Business and external environment

A.1.1 Undertaking, financial supervisory authority and external auditor

Name of the undertaking:	Catalina Insurance Ireland dac
Address of its registered office:	Unit 44 Block 5 Northwood Court Northwood Crescent Northwood Santry Dublin 9 D09 EW63 Ireland
Legal status:	Designated Activity Company
Company registration number:	225221
Legal Entity Identifier (LEI):	6354002SNIV14GB1BI20
Ultimate parent:	Catalina Holdings (Bermuda) Ltd.
Financial supervisory authority:	Central Bank of Ireland New Wapping Street North Wall Quay Dublin 1 Ireland
External auditor:	KPMG 1 Harbourmaster Place IFSC Dublin 1 D01 F6F5 Ireland

A simplified Group structure chart is laid out below outlining vertical structure to the ultimate holding company.

A.1.2 Material lines of business and geographical areas where the Company carries out business

The Company's portfolios are in run-off and it is no longer underwriting insurance products. The Company was purchased from the HSBC Group in 2012 by Catalina Holdings (Bermuda) Ltd. ("Catalina" or "Group"). Catalina is a specialist consolidator of non-life general insurance and reinsurance companies and portfolios in run-off. Catalina acquires and manages portfolios in run-off with the purpose of achieving a competitive return on equity and consistent growth in net tangible assets. The Group is based in Bermuda and currently has offices in Bermuda, the United Kingdom, the Republic of Ireland, the United States of America and Switzerland.

The Company provided general insurance products through independent intermediaries and to external customers in UK and other markets; products included High Net Worth property to HSBC customers in UK and the Republic of Ireland. The Company also underwrote direct business in the Irish and UK markets for retail home and motor products, some school fee protection business and the non-life element of a creditor product in the Italian market.

Motor and Property business were written in the UK and Northern Ireland from 2001 to 2004, and also from 2007 to 2009. During the latter period the Company wrote business in the Republic of Ireland.

The Italian Creditor class of business was written from 2003 to 2009, and consisted of two separate products, CPI and CQS. CPI is a single premium protection product covering claims arising from unemployment, sickness and accident. CQS is single premium payroll based lending protection product whereby the bank is insured for the remaining payment on loans granted in the event of unemployment of the insured person(s).

In 2015 the Company acquired a portfolio of insurance liabilities from Quinn Insurance Limited (Under Administration) ("QIL"). The portfolio comprises business in the UK, Northern Ireland and Europe (Germany, Belgium and the Netherlands). The business is predominantly UK and Northern Ireland motor insurance and professional indemnity (UK solicitors), with some employer's liability and public liability business. Following approval from the Central Bank of Ireland ("CBI") and the High Court of Ireland, the acquisition closed on 30 June 2015. The majority of the classes of business transferred by QIL have been in run-off since 2012.

In November 2017 the Company entered into an agreement with Zurich Insurance Plc ("ZIP") to acquire part of the German non-life insurance business of ZIP. The business consists of a portfolio of insurance policies which provide cover for various types of losses arising in connection with the business and healthcare operations of hospitals, clinics and other healthcare providers in Germany including as a result of medical malpractice ("MedMal"). The business was written through specialist German MedMal brokers to German hospitals between 1946 and 2012. The transaction will be completed in two stages, an initial loss portfolio reinsurance agreement to pass the economic risk followed by the passing of legal liability via an Irish Section 13 insurance business transfer into the Company. The reinsurance agreement was effective from 21 September 2017, however, it was conditional on approval/non-objection from the CBI. This approval/non-objection was received on 26 February 2018 and as a result the transaction will be recorded in the Company's 2018 financial statements and SFCR.

The Company may potentially acquire portfolios in the future, but this would be subject to the approval of the CBI.

A.2 Performance from underwriting activities

The table below shows the underwriting performance for the year end 31 December 2017, together with comparatives for the previous year.

	2017	2016
	GBP'000	GBP'000
Gross written premium	(105)	(101)
Earned premiums, net of reinsurance	15	113
Allocated investment return	2,860	8,698
Other technical income	4,320	4,320
Claims incurred, net of reinsurance	5,462	14,894
Net operating expenses	(1,896)	(806)
Balance on the technical account	**10,761**	**27,219**
By class of business:		
Motor	6,501	13,903
Liability	4,468	12,686
Property	8	(16)
Other	27	610
Reinsurance	(243)	36
Balance on the technical account	**10,761**	**27,219**
By geographical area:		
United Kingdom	10,907	26,232
Ireland	(105)	(13)
Italy	27	611
Other	(68)	389
Balance on the technical account	**10,761**	**27,219**

A.3 Performance from investment activities

The table below shows the investment income performance for the year end 31 December 2017, together with comparatives for the previous year.

	Net investment income	Net investment expense	Net realised gains and losses	Changes in fair value	Net investment result
	2017	**2017**	**2017**	**2017**	**2017**
	GBP'000	**GBP'000**	**GBP'000**	**GBP'000**	**GBP'000**
Financial assets:					
- measured at FVTPL	3,777	(191)	4,118	(2,324)	5,380
- measured at amortised cost	932	-	-	-	932
- measured at cost	(17)	-	-	-	(17)
- forward currency contracts	-	-	-	(131)	(131)
	4,692	**(191)**	**4,118**	**(2,455)**	**6,164**
	2016	**2016**	**2016**	**2016**	**2016**
	GBP'000	**GBP'000**	**GBP'000**	**GBP'000**	**GBP'000**
Financial assets:					
- measured at FVTPL	6,754	(647)	7,669	4,547	18,323
- measured at amortised cost	528	-	-	-	528
- measured at cost	(5)	-	-	-	(5)
- forward currency contracts	2	-	-	-	2
	7,279	**(647)**	**7,669**	**4,547**	**18,848**

A.4 Other operating income and expenses

The table below details any other material operating income and expenses not shown in A2 and A3 above.

	2017	2016
	GBP'000	**GBP'000**
Foreign exchange (losses)/gains	(1,110)	6,442
	(1,110)	**6,442**

A.5 Any other disclosures

Not applicable.

B. System of Governance

B.1 General Governance arrangements

The Board of Directors has mandated a basis for effective risk management within the Company dictated by a clear system of governance that covers all significant aspects of the business, provides an open forum for challenge, and allocates clear responsibilities for both collective management committees and individuals. In addition, the Board has established the four key control functions required under the Corporate Governance Requirements for Insurance Undertakings 2015, risk management, actuarial, compliance and internal audit. These functions are responsible for providing oversight of, and challenge to, the business and for providing assurance to the Board in relation to the Company's control framework. The Board has delegated the day to day running of the Company to the CEO who has been instructed to appoint a management team to assist him in these duties. The CEO reports on these activities at each quarterly board meeting and presents a business update for its approval.

The Board has established the following sub-committees:

Board Risk Committee
Section 23 of the Corporate Governance Requirements for Insurance Undertakings 2015 permits the Board to carry out the functions which would otherwise be delegated to a Risk Committee once the CBI's prior approval was obtained in writing. This approval was previously obtained by the Company. The Board, acting as the Risk Committee, ("BRC") has the responsibility of analysing and taking ownership of the fundamental risk management principles employed by the Company.

Audit Committee
The principal purpose of the Audit Committee is to assist the Board in discharging its responsibilities for monitoring the integrity of the Company's financial statements. In addition, it reviews the adequacy and effectiveness of the Company's systems of internal control and monitors the effectiveness, performance and objectivity of the internal and external auditors.

Loss Reserving Committee
The Loss Reserving Committee ("LRC") reports to both the Board and Audit Committee. The LRC is in place to review and challenge the output from internal actuarial reviews. It is responsible for reviewing the adequacy of, and approving, the reserves of the Company.

Remuneration Committee
The Company has applied the principle of proportionality to requirements regarding the remuneration committee. The Company does not have a remuneration committee, but it does have a policy on remuneration. The objectives of the Company's remuneration policy are to ensure that:

- policy and practices are aligned with the company's overall strategy, risk management strategy and risk appetite, objectives, values and long-term interests of the company;
- the policy applies to the undertaking as a whole in a proportionate and risk focused way, taking into account the respective roles of the company's employees;
- the policy does not foster practices adverse to policyholders' interests;
- the company can attract and retain highly qualified employees with skills required to effectively manage the company;
- employees are compensated appropriately for the services they provide the company; and
- employees are motivated to perform in the best interests of the company and its stakeholders.

All employees are retained on a fixed basic salary, considered annually and determined in light of market best practice. Discretionary performance related bonuses can be agreed but the target bonus cannot exceed 50% of the individual's basic salary. Recommendations can be submitted for higher performance related bonuses which are to be considered by the Group Remuneration Committee. Any such award will be subject to deferral over a three year period.

B.2 Fit and proper requirements

Management at Group and entity level must ensure that key roles performed within their operations are identified, and filled by staff who are demonstrably qualified for the role. The CEO is responsible for ensuring that activities are undertaken and managed by professionals with the appropriate experience, skill levels, and degrees of specialisation.

Solvency II requirements
Solvency II requires that "all persons who effectively run the undertaking or have other key functions are Fit and Proper at all times". 'Fit and proper' persons must have the appropriate professional qualifications, knowledge and experience to enable them to perform their duties and fulfil their obligations, as well as being of good repute and integrity. Key functions are defined as all functions considered important or critical in the system of governance, including at least the Risk Management Function, Compliance Function, Internal Audit Function and Actuarial Functions. The requirement for Fit and Proper extends to the Board, which collectively should contain the qualifications, knowledge and experience to be able to provide for the sound and prudent management of the business.

Regulatory Requirements
Part 3 of the Central Bank Reform Act 2010 ("the Act") provides that a person performing a controlled function in a regulated financial service provider must have a level of fitness and probity appropriate to the performance of that particular function. In general, the Fitness and Probity Standards require that persons must (i) be competent and capable, (ii) act honestly, ethically and with integrity, and (iii) be financially sound.

The Company must notify the CBI of any changes to the identity of the persons who effectively run the undertaking or are responsible for other key functions, along with all information needed to assess whether any new persons appointed to manage the undertaking are fit and proper. In addition, the CBI must be notified in the event a person is replaced because they no longer fulfil the requirements.

All employees are required to undergo a range of checks that enable an informed decision to be made about the suitability of an individual for employment. These checks include the following verifications/checks:

- Record of employment history
- References from former employers
- Verification of qualifications
- Authorisation to work in jurisdiction
- Details of concurrent responsibilities – other directorships/employments etc
- Financial sanction checks

In addition, for members of senior management external directorship/conflict of interest checks are performed. These checks are conducted independently to any checks performed by the CBI under its fit and proper review for "approved persons". Controlled function holders provide a declaration to abide by the fitness and probity standards annually.

A controlled function remains a controlled function if outsourced to a third party. Certain controlled functions require pre-approval by the CBI.

B.3 Risk management system

Catalina's enterprise risk management function is coordinated by the Chief Risk Officer, who works under the authority of the BRC. In line with the internal risk management policies of the Group, management at the Company, acting as the 'first line of defence' are primarily responsible for the running of the business and the operation of controls within their own areas as well as the management of the business' risk profile, in line with Board expectations. However, acting as part of the 'second line of defence', the Risk Management Function is responsible for the ongoing monitoring of business operations and the effectiveness and integrity of the risk management framework.

The overall risk management strategy is to ensure that a proper balance is struck between:

- The risks that are economically attractive to take. These must be properly modelled, measured and priced.
- The risks that are economically unattractive to take. These should be avoided, identified, managed, mitigated and reduced where it is efficient to do so.

Within the Company's Risk Management framework there are measures in place to ensure:

- Appropriate risk tolerances are in place to govern risk taking activities;
- The Company maintains an appropriate risk culture and risk appetite forms an essential part of its strategic decision making;
- The Company measures and monitors risk appropriately and reports key risk metrics to senior management and the Board;
- Appropriate business planning and capital planning processes are in place to support the Company's risk taking activities.

The risk management framework is intended to reduce, but cannot eliminate, the range of possibilities which might cause detriment to the Company. Similarly the risk management framework cannot provide protection with certainty against any failure of the Company to meet its business objectives, or guard against material errors, losses, fraud, or breaches of laws and regulations. The risk management framework is intended to provide reasonable assurance that the Company will conduct its business in an orderly manner that reasonably foreseeable circumstances will not prevent or limit the Company from achieving its business objectives.

Own Risk and Solvency Assessment
The Own Risk and Solvency Assessment ("ORSA") process documents the output of the Company's Enterprise Risk Management process. The aim of the report is principally to inform the Board of Directors and Company management with an aggregated view of the economic risk and capital requirements during the period and allow a strategic, forward-looking discussion of future risks and capital needs.

The Board and senior management's involvement are integrated in the ORSA and they are engaged to challenge, discuss and debate the process. The ORSA process allows management and the Board to review the risk and capital requirements and take a strategic, forward-looking view of future risks and capital needs. The ORSA process is used to highlight key issues to management, and should allow management to confirm that:

a) The current risk profile is understood and appropriate for the nature of a legacy portfolio and within the risk appetite of the firm;
b) Capital requirements during the reporting period have continuously been met (or if not corrective action was taken);
c) The Company's current capital and solvency position is appropriate;
d) The Standard Formula model has been used appropriately for strategic decisions throughout the period;
e) The risks to the enterprise that could likely change the risk profile are understood;
f) Plans to cover the solvency position and planned capital distributions over the required period are appropriate.

The ORSA is produced by Management in conjunction with the Actuarial and Risk Management functions. The ORSA is presented to the Board for challenge, comment and review. The result of the Board's review forms the basis for the future strategy of the business, which forms the basis for the following years ORSA.

B.4 Internal control system

The Company's internal control system provides assurance that its financial reporting is reliable, it is compliant with applicable laws and regulations and its operations are effectively controlled. The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the risk management and internal control systems. The oversight and management of these systems necessarily involves participation of the Board, the Audit Committee, the Board Risk Committee, senior management, Finance, Legal, business managers and Internal Audit.

Responsibility for ensuring day-to-day oversight of the internal control system lies with the Company's Controlled Function holders and Key Function holders.

The Company promotes the importance of appropriate internal controls throughout the organisation. All employees are aware of our risk management ethos and are reminded to consider the risks they encounter as they go about their day to day work. Risk awareness is promulgated through the organisation, and both senior management and the risk management function are pro-active at keeping risk awareness to the forefront of daily operations by: i) ensuring that all employees are aware of their role in the internal control system as per the Fit and Proper Policy; ii) ensuring consistent communication & implementation of the internal control systems; and iii) establishing monitoring and reporting mechanisms to review and report the decision making processes.

How the Compliance function is implemented
The Compliance Function, overseen by Head of Compliance, is part of the Company's overall corporate governance structure. The function is responsible for the monitoring, managing, and reporting of the Compliance risks to which the Company is exposed. Compliance reviews take place to ensure the Company and its service providers are adhering to its obligations. The Head of Compliance reports to the Board assessing the effectiveness and adequacy of compliance within the Company and service providers. The activities of the Compliance function are subject to periodic review by Internal Audit.

Management of the Company, and its service providers, are responsible for notifying the Head of Compliance of any breach of applicable laws and regulations that fall within the scope of their responsibilities. Upon receipt of notification, the Head of Compliance records the relevant breach item in the Company's breach register and discusses remedial actions with the management concerned. Where appropriate, reporting is made to the Board and to the CBI.

B.5 Internal audit function

The mission of the Internal Audit function ("IA") is to enhance and protect organisational value by providing risk-based, independent and objective assurance, advice, and insight. IA is an independent assurance function within Catalina's third line of defence, providing the Board, Audit Committee and Management with independent and objective assurance and value adding insight on the effectiveness and efficiency of governance, risk management, and internal control processes.

IA applies a risk-based approach, performing its own risk assessment as well as making use of risk assessments performed by Catalina's Enterprise Risk Management and other assurance functions. Based on the results of the risk assessment, IA produces an annual Audit Plan for review and approval by the Audit Committee. The Audit Plan is updated on a regular basis according to Catalina's evolving risk landscape and needs. IA regularly provides formal updates on its activities to the Audit Committee, which include audit results, the status of management actions required, the appropriateness of the resources and skills of IA and any changes in the tools and methodologies it uses.

The Head of Internal Audit ("HIA") also meets independently with the Audit Committee, and will immediately report any issue which could have a potentially material impact on the business of Catalina to the Chairperson of the Audit Committee. The HIA and IA staff are authorised to review all areas of Catalina and to have full, free and unrestricted access to all of its activities, records, property and personnel necessary to complete their work. IA is authorised to allocate resources, set frequencies, select areas, determine audit scopes and apply audit tools and techniques, and to obtain the necessary assistance and specialised services within or outside the Group to accomplish the audit objectives.

IA staff govern themselves by following the Code of Ethics issued by the Institute of Internal Auditors ("IIA"). The operating guidance for the department constitute the IIA's International Standards for the Professional Practice of Internal Auditing as well as the related International Professional Practices Framework.

B.6 Actuarial function

The Actuarial function is made up of an in house actuarial team, based in the UK, with support from other actuaries across the Group, and as appropriate, external firms of consulting actuaries.

Under the leadership of the Company's Head of Actuarial Function, the team:

- Co-ordinates the GAAP reserving for the Company;
- Adjusts the GAAP reserves to Solvency II Best Estimate of Liabilities ("BEL");
- Uses the BEL and audited balance sheet to develop the Standard Formula SCRs and Risk Margin;
- Projects the capital level and capital requirements of the Company over the planning period for the ORSA;
- Reports to the Board on an annual basis, including opining on levels of reserve adequacy, reinsurance arrangements and underwriting policy;
- Assesses the impact of a material change to the Company in terms of its capital position, such as a material change in its reinsurance arrangements;
- Evaluates and advises on the impact, on request, for minor changes in (for example) the Company's investments.

Each of these activities is undertaken at least annually, but also on an “as and when required” basis to support the business and its decisions making processes.

B.7 Outsourcing

Outsourcing is the delegation of a process, service or activity to a service provider. The service provider can be both intra-Group or an external firm. In considering whether to outsource any process, service or activity, the Company will take account:

- its own resource levels and availability;
- its own internal capabilities and cost structures;
- the timing and extent of any requirements in comparison with the capabilities;
- costings and security of an outsource service provider.

The overarching principle will be that whereas processes, services or activities may be delegated to an outsource service provider, ultimate responsibility for those processes, services and activities will remain with the Company.

The Company has an outsourcing policy, the purpose of which is to establish the requirements for identifying, justifying, and implementing outsourcing arrangements for its critical or important operational functions or activities. The objective of the outsourcing policy is to ensure that the outsourcing of critical or important operational functions or activities does not lead to:

- Reduction in the Board’s responsibility for, or influence over key functions of the Company;
- Material impairment of the quality of the Company’s system of Governance;
- Non-adherence to the Company’s approved policies and procedures;
- Undue increases in operational risk or cost;
- Material impairment of the Company’s ability to fulfil its obligations to stakeholders, nor impede effective supervision by regulators;
- Conflicts of Interest;
- Breach of the Company’s data protection obligations.

The Board is ultimately responsible for the approval and termination of all outsourcing arrangements of critical or important functions or activities. Critical or important functions or activities include key functions of the Company’s system of governance and all functions within the Company that are fundamental to carry out its core business. The Board is responsible for reviewing the performance of outsourced service providers against the agreed Service Level Agreements.

B.8 Assessment of governance

The Company has assessed its system of corporate governance and has concluded that it effectively provides for the sound and prudent management of the business, which is proportionate to the nature, scale and complexity of the operations of the Company.

B.9 Any other disclosures

Not applicable.

C. Risk Profile

C.1 Underwriting Risk

Underwriting or insurance risk is concerned with fluctuations in the timing, frequency and severity of insured events, relative to expectations at the time of underwriting. Given the Company's run-off status, the principal insurance risk the Company is subject to is reserve risk, whereby there is potential for future claims to deteriorate beyond the estimates. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims.

Actual underwriting results are monitored against budgeted results on a monthly basis, although for meaningful variances the underwriting reserves, gross and net, are reviewed actuarially bi-annually and compared to the business plan. Premium income, reinsurance recoveries and notified claims and reserves are compared to plan. The policy incorporates identification, measurement and explanation of variances which are reported to senior management. Given the Company's run-off status, management focuses primarily on variances in claims reserves. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a portfolio of insurance contracts and geographical areas. The insurance liabilities, net of external reinsurance, are protected by a collateralised 65% intra-group reinsurance arrangement. Furthermore, strict claim review policies are in place to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent review of all claims are the key policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

C.2 Market Risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities.

The Investment policy governs the Company's exposure to market risks. Exposures are controlled by the setting of investment limits in line with the Company's risk appetite. The Investment policy is approved by the Board and is applied by the Group Investment team, who are responsible for making and implementing investment decisions on behalf of the Company in line with the Investment policy and risk appetite statements approved by the Board.

The primary goal of the Company's investment strategy is to maximise investment returns within the Board approved Risk Appetite Statement. The investment management philosophy is implemented through both internal investment management decisions and the assistance of external investment managers to best achieve the objectives of the Investment policy. Investments are held at fair value, with changes in fair value recorded through the profit and loss account because their performance is actively monitored and they are managed on a fair value basis.

Interest rate risk
Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk as it invests in long term investments at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate investments.

The sensitivity analyses below have been determined based on the exposure to interest rates for investments held at the accounting balance sheet date. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	Pre-tax profit		Shareholders' equity	
	2017	2016	2017	2016
	GBP'000	GBP'000	GBP'000	GBP'000
1% increase	(1,819)	(2,791)	(1,592)	(2,442)
1% decrease	1,819	2,791	1,592	2,442

The sensitivity to interest rates is mitigated in terms of Catalina Ireland's solvency, as the value of its future claims also depends on interest rates. Therefore the value of assets and liabilities both tend to reduce when interest rates increase, and increase when interest rates fall.

Foreign exchange risk
The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The risk of exposing the Company's assets or liabilities to exchange rate fluctuations is managed by broadly matching liabilities with assets in the same currencies.

The Company reviews assets and liabilities by currency each month to ensure they are matched where possible and that cash is available to discharge liabilities in their respective currencies. A detailed analysis of liability payout patterns to extinction by currency is then matched to the asset cashflows to eliminate material currency risk. From time to time the Company utilises foreign currency forward contracts as part of its overall foreign currency risk management strategy or to obtain exposure to a particular financial market, as well as for yield enhancement. These derivatives are not designated as hedging investments.

The most significant currency to which the Company is exposed is the US Dollar, as the Company holds a portion of its capital in US Dollars. At 31 December 2017, if Sterling had weakened/strengthened by 20% against the US Dollar, with all other variables held constant, shareholder's funds would have been GBP 0.1 million (2016: GBP 3.8 million) higher/lower.

Other price risk
The Company is exposed to price risk arising from fluctuations in the value of financial instruments as a result of changes in the market prices and the risks inherent in all investments. The Company has no significant concentration of price risk. The risk is managed by the Company by maintaining an appropriate mix of investment instruments.

The Company's sensitivity to a 1% increase and decrease in market prices is as follows:

	2017	2016
	GBP'000	GBP'000
1% increase		
Movement in fair value of share and other variable securities in unit trusts	74	138
Movement in fair value of debt securities and other fixed income securities	216	408
Equities	75	81
1% decrease		
Movement in fair value of share and other variable securities in unit trusts	(74)	(138)
Movement in fair value of debt securities and other fixed income securities	(216)	(408)
Equities	(75)	(81)

C.3 Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The key areas of exposure to credit risk for the Company are in relation to its investment portfolio, reinsurance programme and to a lesser extent amounts due from intermediaries. The objective of the Company in managing its credit risk is to ensure risk is managed in line with the Company's risk appetite. The Company has established policies and procedures in order to manage credit risk and methods to measure it.

The Company monitors the credit risk in relation to its investment portfolio and reinsurance programme by monitoring external credit ratings for the investments and reinsurance assets held by the Company on a regular basis. The Company's intra-group reinsurance arrangement is protected by collateral held in a trust fund at a level equivalent to at least 102% of the technical provisions. The following table shows aggregated credit risk exposure for assets with external credit ratings. The table also shows the carrying value of assets that are neither past due nor impaired, the ageing of assets that are past due but not impaired and assets that have been impaired. The factors considered in determining whether the value of an asset is impaired are: analysis of impairment, ageing of balances, past loss experience, current economic conditions and other relevant circumstances.

	2017	2016
	GBP'000	GBP'000
By class of asset:		
Equities	7,496	8,082
Investment in group undertakings	11,224	20,525
Shares and other variable yield securities in unit trusts	7,374	13,835
Debt securities	21,563	40,772
Loans and receivables	5,938	11,420
Loans to group undertakings	8,604	-
Forward currency contract	48	-
Assets arising from reinsurance contracts held	63,041	84,822
Other assets	2,227	3,000
Cash and cash equivalents	23,151	18,189
Total assets bearing credit risk	**150,666**	**200,645**
By credit rating:		
AAA	399	1,579
AA	7,975	14,068
A	8,644	8,728
BBB	8,753	13,137
Below BBB or not rated	124,895	163,133
Total assets bearing credit risk	**150,666**	**200,645**
By past due aging:		
Neither past due nor impaired	150,666	200,645
Past due less than 30 days	-	-
Past due less 31 to 60 days	-	-
Past due less 61 to 90 days	-	-
Past due more than 90 days	-	-
Past due and impaired	-	-
Total assets bearing credit risk	**150,666**	**200,645**

C.4 Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its obligations associated with financial liabilities as they fall due. The Company manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. Liquidity management ensures that the Company has sufficient access to funds necessary to cover insurance claims. Most of the Company's assets are marketable securities which could be converted into cash when required.

The following table shows details of the expected maturity profile of the Company's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance and participating investment contract liabilities. Unearned premiums are excluded from this analysis. The table includes both interest and principal cash flows.

	Less than 1 year	1 - 5 years	5+ years	Total
	2017	2017	2017	2017
	GBP'000	GBP'000	GBP'000	GBP'000
Financial liabilities and claims outstanding				
Subordinated loan notes	-	-	20,672	20,672
Other creditors	206	-	-	206
Claims outstanding	21,095	20,100	89,708	130,903
	21,301	**20,100**	**110,380**	**151,781**
	2016	2016	2016	2016
	GBP'000	GBP'000	GBP'000	GBP'000
Financial liabilities and claims outstanding				
Subordinated loan notes	-	-	19,590	19,590
Other creditors	1,920	-	-	1,920
Claims outstanding	19,797	37,703	97,317	154,817
	21,717	**37,703**	**116,907**	**176,327**

C.5 Operational Risk

Operational risk relates to the possibility that the Company becomes exposed to losses occurring as a result of failures within its internal systems and processes. It is anticipated that the regular audits by Internal Audit and the statutory auditor will identify existing or potential areas of weakness within the Company's infrastructure and process. As the Group acquires more businesses, there is more scope to deal with 'key staff' operational risks associated with individuals and offices, as there is increased scope to use other Group staff and/or offices which will help to mitigate those risks. Management believes strongly in setting performance precedents for their staff, and ensuring as far as practicable the maintenance of the Company's business systems. Close collaboration with HR and IT will allow the Chief Risk Officer and the local executive teams to identify any vulnerabilities before they are able to adversely affect business process or maintenance of accounts. Processes and procedures are being constantly updated.

C.6 Other Material Risks

Cyber Risk
Cyber risk is any risk of financial loss, disruption or damage to the reputation of an organisation from some sort of failure of its information technology systems. With the increase of dependence on electronic communications and volume electronic data storage, there is increasing risk of data theft, and malicious data and service disruption within the industry. The Group's Head of IT has implemented many cyber intrusion prevention processes designed to protect networks, computers, programs and data from attack, damage or unauthorised access. Cyber risks are fully integrated into the risk management process, with many mitigating measures are in place, together with a fully documented and robustly tested Business Recovery Plan.

Life Risk
The Company is making Periodic Payment Order ("PPO") payments to several claimants. These are essentially life annuities, on the order of the relevant court, typically to pay for care and/or loss of earnings. The amounts of the payments involved typically increase in line with the ASHE earnings index. Therefore, although the Company is a non-life insurance company, it is exposed to life risk. The life risks to which the Company is exposed are:

- Longevity risk (the claimant lives longer than expected)
- Revision risk (the payment to the claimant increases)
- Expense risk (the administration expenses associated with making each payment increase), although this is immaterial.

C.7 Any other disclosures

Not applicable.

D. Valuation for Solvency Purposes

D.1 Assets

The value of each material class of assets is provided in the table below, comparing the carrying value in the financial statements to the valuation used for solvency purposes. The valuation basis is also described and details provided of any material differences between the valuation basis used in the financial statements and the valuation basis under solvency II.

	Notes	Statutory accounts	Solvency II value
		GBP'000	**GBP'000**
Cash, investments and accrued interest		86,124	86,124
Reinsurers' share of technical provisions	1	60,961	60,722
Debtors arising out of direct insurance operations		3,417	3,417
Deferred acquisition costs	2	387	-
Other assets		172	172
Total assets		**151,061**	**150,435**

Notes:
1. Difference due to difference between Irish GAAP and Solvency II regime, mainly due additional prudence margins under GAAP.
2. Deferred acquisition costs are not recognised as an asset in Solvency II valuation rules.

D.2 Technical provisions

The technical provisions comprise the best estimate of liabilities ("BEL") and risk margin according to Articles 75 to 86 of the Solvency II Directive. The best estimate technical provision is the sum of the claims provision and the premium provision.

The claims provision is the discounted best estimate of all future cashflows relating to claim events prior to the valuation date, including claims which have not yet been notified to the (re)insurer. Hence the claims provision is calculated as the expected present value of claims incurred, including incurred but not reported claims (IBNR), plus future expenses incurred to settle these claims, less future premium receivable in relation to the past exposure.

The premium provision is the discounted best estimate of all future cashflows relating to future exposure arising from policies that the (re)insurer is obligated to at the valuation date. Hence the premium provision is calculated as the expected present value of future claims from future exposure, plus future expenses incurred to settle these claims, less future premium receivable in relation to future exposure.

The risk margin represents the amount that another (re)insurer taking on the liabilities would require over and above the best estimate technical provisions. This is calculated using a cost-of-capital approach. The risk margin calculation is dependent on the Solvency Capital Requirement which itself is dependent on the best estimate technical provisions.

The table below shows the total technical provisions, gross and net of reinsurance at 31 December 2017, together with comparatives for the previous year.

	Gross Best Estimate	Net Best Estimate	Risk margin
	2017	2017	2017
	GBP'000	GBP'000	GBP'000
By material line of business:			
Motor	18,133	6,345	1,155
Liability	20,495	7,173	1,305
Property	108	16	3
Other	3,898	21	4
Annuities stemming from non-life insurance contracts	51,588	19,943	2,985
	94,222	33,498	5,452
	2016	2016	2016
	GBP'000	GBP'000	GBP'000
By material line of business:			
Motor	20,968	6,210	1,222
Liability	40,088	12,911	2,534
Property	177	54	10
Other	4,461	1	-
Annuities stemming from non-life insurance contracts	53,620	21,245	3,074
	119,314	40,421	6,840

The Company has adopted a deterministic approach to estimating the BEL by making the following adjustments to the GAAP reserves in the Company's statutory accounts:

- The GAAP reserves include an explicit prudence margin for uncertainty. In the Solvency II balance sheet this prudence margin is removed, as technical provisions are intended to be best estimates.
- An ENID (Event Not In Data) was included in the Solvency II balance sheet.
- An increased expense provision was included in the Solvency II balance sheet.
- Reserves were discounted at the risk free rate (the GAAP reserves are undiscounted except for PPO reserves which were discounted at 3% per annum).

The total of these adjustments result in the technical provisions on the Solvency II balance sheet being GBP 6.9 million higher (2016: GBP 2.8 million higher) than the technical provisions shown in the financial statements.

The main risks and uncertainties associated with the technical provisions relate to the following:

- ENIDs and expense provisions: these are necessarily judgement calls (especially ENIDs) and so there are uncertainties associated with these being too high or too low.
- Risk free rates: whilst those used as at a given date are prescribed and provided by EIOPA, they are volatile over time. The Company has long tail liabilities arising from PPOs, and there are uncertainties over future risk free rates which cause PPO Best Estimate of Liabilities to be volatile (other liabilities are also affected, but the impact is less material).
- Unavoidable risk associated with the technical provisions: claims provisions are best estimates of future costs, both in terms of the amounts of future cashflows, but outcomes will inevitably differ from any prior estimate.
- The Company's business model is to manage claims actively. The technical provisions assume the runoff of claims over time as they are estimated to become due. This difference results in actual technical provision tending to reduce over time more quickly than the estimates used in the BEL.
- The active management of claims tends to involve actual expenses being higher than those assumed in the technical provisions. One cause of this is the staff costs of the relevant staff who do the active claims management.

D.3 Other liabilities

In November 2016 the Company issued EUR 23.8 million of floating rate subordinated loan notes. The notes are due in January 2027 and they are listed on the Channel Island Stock Exchange. Interest on the notes is based on EURIBOR plus a margin of 7.2%. The notes are eligible to count towards the Company's Tier 2 basic own funds based on the criteria as set out in the Solvency II Framework Directive (2009/138/EC), the European Union (Insurance and Reinsurance) Regulations 2015 and Commission Delegated Regulation (EU) 2015/35.

D.4 Alternative methods for valuation

No other alternative methods for valuation are used.

D.5 Any other information

Not applicable.

E. Capital Management

Capital management refers to implementing measures to maintain sufficient capital and assessing the internal capital adequacy of the Company. The Company has a capital management plan which ensures it maintains a prudent cushion of equity to protect the Company's economic viability and to finance new growth opportunities and maintains sufficient capital in order to meet regulatory requirements. The Company was in compliance with capital requirements imposed by the Central Bank of Ireland throughout the financial year.

In November 2017, the Company issued EUR 23.8 million in subordinated loan notes which increased the Tier 2 own funds regulatory capital of the Company in accordance with the provisions of the Solvency II directive.

In March 2018, the Company issued share capital of GBP 46 million (EUR 52 million) to support the acquisition of the German MedMal portfolio from ZIP.

E.1 Own funds

The table below shows the Company's own funds at 31 December 2017.

	Tier 1	Tier 2	Tier 3	Total
	GBP'000	GBP'000	GBP'000	GBP'000
Basic own funds				
Ordinary share capital	635	-	-	635
Reconciliation reserve	28,119	-	-	28,119
Subordinated liabilities	-	20,672	-	20,672
Total basic own funds	**28,754**	**20,672**	**-**	**49,426**
Available and eligible own funds				
Total available own funds to meet the SCR	28,754	20,672	-	49,426
Total available own funds to meet the MCR	28,754	20,672	-	49,426
Total eligible own funds to meet the SCR	28,754	10,958	-	39,712
Total eligible own funds to meet the MCR	28,754	1,096	-	29,850
SCR				**21,916**
MCR				**5,479**
Ratio of Eligible own funds to SCR				**181%**
Ratio of Eligible own funds to MCR				**545%**

The reconciliation reserve represents the reserves of the Company (e.g. retained earnings) and results mainly from differences between accounting valuation and valuation according to the Solvency II directive.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The table below shows the components of the SCR at 31 December 2017, together with comparatives for the previous year.

	2017	2016
	GBP'000	GBP'000
By risk module		
Market risk	18,264	19,039
Default risk	1,653	1,630
Non-life risk	3,412	5,162
Life risk	1,448	1,598
Basic SCR before diversification	**24,776**	**27,429**
Diversification Benefits	(4,371)	(5,431)
Basic SCR	**20,405**	**21,998**
Operational risk	1,511	2,212
SCR	**21,916**	**24,210**
MCR	**5,479**	**6,053**

The SCR has decreased by GBP 2.3 million since the prior year. This is mainly due to the reducing size of the technical provision as the Company's portfolios continue to run-off.

The Company uses EIOPA's Solvency II Standard Formula. The Company does not use Company specific parameters in its computation.

E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR

The Company has not used the duration-based equity risk sub-module in the calculation of the SCR.

E.4 Internal model

The Company calculates the SCR using the standard formula. No internal or partial internal model is used in the calculation of the SCR.

E.5 Non-compliance with the MCR and significant non-compliance with the SCR

There has not been any non-compliance with the SCR or the MCR over the financial year nor is there expected to be any non-compliance with the SCR and MCR in the business planning period.

E.6 Any other information

Not applicable.

Appendix: Annual reporting templates

The quantitative reporting templates which form part of the Annual Regulatory Templates listed below are required to be published alongside the SFCR.

S.02.01.02	Balance Sheet
S.05.01.02	Premiums, Claims and Expenses - by line of business
S.05.02.01	Premiums, Claims and Expenses - by country
S.12.01.02	Life and Health Technical Provisions
S.17.01.02	Non-life technical provisions by line of business
S.19.01.21	Non-life insurance claims
S.23.01.01	Own funds
S.25.01.21	Solvency Capital Requirement using the Standard Formula
S.28.01.01	Minimum Capital Requirement

S.02.01.02 - Balance sheet

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	8
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	74,009
R0080	Property (other than for own use)	6,272
R0090	Holdings in related undertakings, including participations	0
R0100	Equities	12,448
R0110	Equities - listed	4,852
R0120	Equities - unlisted	7,596
R0130	Bonds	25,289
R0140	Government Bonds	2,349
R0150	Corporate Bonds	22,582
R0160	Structured notes	0
R0170	Collateralised securities	358
R0180	Collective Investments Undertakings	7,374
R0190	Derivatives	48
R0200	Deposits other than cash equivalents	22,578
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	11,542
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	11,542
R0270	Reinsurance recoverables from:	60,722
R0280	Non-life and health similar to non-life	29,078
R0290	Non-life excluding health	29,078
R0300	Health similar to non-life	0
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	31,644
R0320	Health similar to life	0
R0330	Life excluding health and index-linked and unit-linked	31,644
R0340	Life index-linked and unit-linked	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	1,268
R0370	Reinsurance receivables	2,149
R0380	Receivables (trade, not insurance)	0
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	573
R0420	Any other assets, not elsewhere shown	163
R0500	**Total assets**	150,435

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions – non-life	45,101
R0520	Technical provisions – non-life (excluding health)	45,101
R0530	TP calculated as a whole	0
R0540	Best Estimate	42,634
R0550	Risk margin	2,467
R0560	Technical provisions - health (similar to non-life)	0
R0570	TP calculated as a whole	0
R0580	Best Estimate	0
R0590	Risk margin	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	54,573
R0610	Technical provisions - health (similar to life)	0
R0620	TP calculated as a whole	0
R0630	Best Estimate	0
R0640	Risk margin	0
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	54,573
R0660	TP calculated as a whole	0
R0670	Best Estimate	51,588
R0680	Risk margin	2,985
R0690	Technical provisions – index-linked and unit-linked	0
R0700	TP calculated as a whole	0
R0710	Best Estimate	0
R0720	Risk margin	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	179
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	63
R0830	Reinsurance payables	25
R0840	Payables (trade, not insurance)	26
R0850	Subordinated liabilities	20,672
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	20,672
R0880	Any other liabilities, not elsewhere shown	1,042
R0900	**Total liabilities**	121,681
R1000	**Excess of assets over liabilities**	28,754

S.05.01.02.01 - Premiums, claims and expenses by line of business-Table 1

Contents

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for:accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	-101					-101
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	-5	0	0	0	0	0					-5
R0130	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0140	Reinsurers' share	0	0	0	0	0	0	-3	0	0	0	0	-101	0	0	0	0	-104
R0200	Net	0	0	0	0	0	0	-2	0	0	0	0	0	0	0	0	0	-2
	Premiums earned																	
R0210	Gross - Direct Business	0	0	0	0	0	0	0	42	0	0	0	553					594
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	1	0	0	0	0	0					1
R0230	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0240	Reinsurers' share	0	0	0	0	0	0	0	27	0	0	0	553	0	0	0	0	580
R0300	Net	0	0	0	0	0	0	0	15	0	0	0	0	0	0	0	0	15
	Claims incurred																	
R0310	Gross - Direct Business	0	0	0	2.713	0	0	-21	-11.976	0	0	0	132					-9.152
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	16	0	0	0	0	0					16
R0330	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0340	Reinsurers' share	0	0	0	1.776	0	0	-2	-7.784	0	0	0	132	0	0	0	0	-5.878
R0400	Net	0	0	0	936	0	0	-3	-4.192	0	0	0	0	0	0	0	0	-3.258
	Changes in other technical provisions																	
R0410	Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0430	Gross - Non- proportional reinsurance accepted													0	0	0	0	0
R0440	Reinsurers'share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0550	**Expenses incurred**	0	0	0	-130	0	0	237	122	0	0	0	-27	0	0	0	0	202
R1200	**Other expenses**																	0
R1300	**Total expenses**																	202

S.05.01.02.02 - Premiums, claims and expenses by line of business - Table 2

Contents

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life-reinsurance	**Total**
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross	0	0	0	0	0	0	0	0	0
R1420	Reinsurers' share	0	0	0	0	0	0	0	0	0
R1500	Net	0	0	0	0	0	0	0	0	0
	Premiums earned									
R1510	Gross	0	0	0	0	0	0	0	0	0
R1520	Reinsurers' share	0	0	0	0	0	0	0	0	0
R1600	Net	0	0	0	0	0	0	0	0	0
	Claims incurred									
R1610	Gross	0	0	0	0	0	-6,261	0	0	-6,261
R1620	Reinsurers' share	0	0	0	0	0	-4,070	0	0	-4,070
R1700	Net	0	0	0	0	0	-2,191	0	0	-2,191
	Changes in other technical provisions									
R1710	Gross	0	0	0	0	0	0	0	0	0
R1720	Reinsurers' share	0	0	0	0	0	0	0	0	0
R1800	Net	0	0	0	0	0	0	0	0	0
R1900	**Expenses incurred**	0	0	0	0	0	0	0	0	0
R2500	**Other expenses**									0
R2600	**Total expenses**									0

S.05.02.01 - Premiums, claims and expenses by country

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010			GB	IT	SA	BE	0	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	0	0	-101	0	0	0	-101
R0120	Gross - Proportional reinsurance accepted	0	-5	0	0	0	0	-5
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140	Reinsurers' share	0	-3	-101	0	0	0	-104
R0200	Net	0	-2	0	0	0	0	-2
	Premiums earned							
R0210	Gross - Direct Business	0	0	553	0	42	0	594
R0220	Gross - Proportional reinsurance accepted	0	1	0	0	0	0	1
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240	Reinsurers' share	0	0	553	0	27	0	580
R0300	Net	0	0	0	0	15	0	15
	Claims incurred							
R0310	Gross - Direct Business	332	-9,325	132	-1	-328	0	-9,189
R0320	Gross - Proportional reinsurance accepted	0	16	0	0	0	0	16
R0330	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0340	Reinsurers' share	217	-6,038	132	0	-213	0	-5,902
R0400	Net	115	-3,271	0	0	-115	0	-3,271
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0430	Gross - Non- proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers'share	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	0	7	-27	0	235	0	215
R1200	**Other expenses**							0
R1300	**Total expenses**							215

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
R1400			GB	IT	SA	BE	0	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	0	0	0	0	0	0	0
R1420	Reinsurers' share	0	0	0	0	0	0	0
R1500	Net	0	0	0	0	0	0	0
	Premiums earned							
R1510	Gross	0	0	0	0	0	0	0
R1520	Reinsurers' share	0	0	0	0	0	0	0
R1600	Net	0	0	0	0	0	0	0
	Claims incurred							
R1610	Gross	0	-6,261	0	0	0	0	-6,261
R1620	Reinsurers' share	0	-4,070	0	0	0	0	-4,070
R1700	Net	0	-2,191	0	0	0	0	-2,191
	Changes in other technical provisions							
R1710	Gross	0	0	0	0	0	0	0
R1720	Reinsurers' share	0	0	0	0	0	0	0
R1800	Net	0	0	0	0	0	0	0
R1900	**Expenses incurred**	0	0	0	0	0	0	0
R2500	**Other expenses**							0
R2600	**Total expenses**							0

S.12.01.02 - Life and Health SLT Technical Provisions

Contents

		Insurance with profit participation	Index-linked and unit-linked insurance	Index-linked and unit-linked insurance: Contracts without options and guarantees	Index-linked and unit-linked insurance: Contracts with options or guarantees	Other life insurance	Other life insurance: Contracts without options and guarantees	Other life insurance: Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, including Unit-Linked)**	Health insurance (direct business)	Health insurance (direct business): Contracts without options and guarantees	Health insurance (direct business): Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	**Technical provisions calculated as a whole**	0	0			0			0	0	0	0			0	0	0
R0020	**Total Recoverables from reinsurance/SPV and Finite Re** after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0			0			0	0	0	0			0	0	0
	Technical provisions calculated as a sum of BE and RM																
	Best Estimate																
R0030	**Gross Best Estimate**	0		0	0		0	0	51,588	0	51,588		0	0	0	0	0
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0		0	0		0	0	31,644	0	31,644		0	0	0	0	0
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	0		0	0		0	0	19,943	0	19,943		0	0	0	0	0
R0100	**Risk Margin**	0	0			0			2,985	0	2,985	0			0	0	0
	Amount of the transitional on Technical Provisions																
R0110	Technical Provisions calculated as a whole	0	0			0			0	0	0	0			0	0	0
R0120	Best estimate	0		0	0		0	0	0	0	0		0	0	0	0	0
R0130	Risk margin	0	0			0			0	0	0	0			0	0	0
R0200	**Technical provisions - total**	0	0			0			54,573	0	54,573	0			0	0	0

S.17.01.02 - Non-Life Technical Provisions

Contents

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	**Income protectioninsurance**	**Workers' compensation insurance**	**Motor vehicle liability insurance**	**Other motor insurance**	**Marine, aviation and transport insurance**	**Fire and other damage to property insurance**	**General liability insurance**	**Credit and suretyship insurance**	**Legal expenses insurance**	**Assistance**	**Miscellaneous financial loss**	**Non-proportional health reinsurance**	**Non-proportional casualty reinsurance**	**Non-proportional marine, aviation and transport reinsurance**	**Non-proportional property reinsurance**	**Total Non-Life obligation**
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross	0	0	0	0	0	0	0	55	0	0	0	432	0	0	0	0	487
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	0	0	0	0	0	0	36	0	0	0	432	0	0	0	0	468
R0150	Net Best Estimate of Premium Provisions	0	0	0	0	0	0	0	19	0	0	0	0	0	0	0	0	20
	Claims provisions																	
R0160	Gross	0	0	0	18,133	0	0	169	20,437	0	0	0	3,407	0	0	0	0	42,146
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	0	0	11,788	0	0	132	13,284	0	0	0	3,407	0	0	0	0	28,610
R0250	Net Best Estimate of Claims Provisions	0	0	0	6,345	0	0	37	7,153	0	0	0	1	0	0	0	0	13,536
R0260	**Total Best estimate - gross**	0	0	0	18,133	0	0	169	20,492	0	0	0	3,840	0	0	0	0	42,634
R0270	**Total Best estimate - net**	0	0	0	6,345	0	0	37	7,172	0	0	0	1	0	0	0	0	13,556
R0280	**Risk margin**	0	0	0	1,157	0	0	7	1,304	0	0	0	0	0	0	0	0	2,467
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0300	Best estimate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0310	Risk margin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Technical provisions - total																	
R0320	Technical provisions - total	0	0	0	19,289	0	0	176	21,796	0	0	0	3,840	0	0	0	0	45,101
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	0	0	0	11,788	0	0	132	13,320	0	0	0	3,839	0	0	0	0	29,078
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	0	0	0	7,502	0	0	44	8,476	0	0	0	1	0	0	0	0	16,023

S.19.01.21 - Non-life Insurance Claims Information
(simplified template for the public disclosure)

Contents

Total Non-Life Business

Z0020	Accident year / Underwriting year	**Z0020**	Accident year [AY]

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

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
		Development year												
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
R0100	**Prior**											793	793	793
R0160	**N-9**	129,184	63,820	41,507	41,614	36,948	38,355	18,038	9,327	1,303	576		576	380,673
R0170	**N-8**	106,931	82,643	46,374	38,496	32,264	26,369	17,762	6,019	2,645			2,645	359,503
R0180	**N-7**	121,736	69,271	38,110	39,084	27,562	17,232	7,842	3,323				3,323	324,160
R0190	**N-6**	53,812	31,940	12,368	11,613	8,033	5,166	2,097					2,097	125,029
R0200	**N-5**	28,191	17,066	8,842	4,412	3,109	2,525						2,525	64,146
R0210	**N-4**	8,459	5,989	3,146	2,130	1,865							1,865	21,590
R0220	**N-3**	1,456	881	922	172								172	3,432
R0230	**N-2**	216	431	123									123	771
R0240	**N-1**	73	181										181	254
R0250	**N**	51											51	51
R0260												**Total**	14,354	1,280,401

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
		Development year											
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
R0100	**Prior**											3,009	2,935
R0160	**N-9**	0	0	0	0	0	0	0	0	6,427	5,178		5,056
R0170	**N-8**	0	0	0	0	0	0	0	15,334	5,953			5,805
R0180	**N-7**	0	0	0	0	0	0	18,114	12,460				12,177
R0190	**N-6**	0	0	0	0	0	5,709	3,313					3,229
R0200	**N-5**	0	0	0	0	6,890	3,045						2,992
R0210	**N-4**	0	0	0	5,151	6,518							6,347
R0220	**N-3**	0	0	831	271								272
R0230	**N-2**	0	1,295	734									731
R0240	**N-1**	2,282	536										537
R0250	**N**	2,085											2,065
R0260												**Total**	42,146

S.23.01.01 - Own funds

Contents

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated					
R0010	Ordinary share capital (gross of own shares)	635	635		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	28,119	28,119			
R0140	Subordinated liabilities	20,672		0	20,672	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0				
	Deductions					
R0230	Deductions for participations in financial and credit institutions	0	0	0	0	0
R0290	**Total basic own funds after deductions**	49,426	28,754	0	20,672	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			0	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	49,426	28,754	0	20,672	0
R0510	Total available own funds to meet the MCR	49,426	28,754	0	20,672	
R0540	Total eligible own funds to meet the SCR	39,711	28,754	0	10,958	0
R0550	Total eligible own funds to meet the MCR	29,849	28,754	0	1,096	
R0580	**SCR**	21,916				
R0600	**MCR**	5,479				
R0620	**Ratio of Eligible own funds to SCR**	1.8120				
R0640	**Ratio of Eligible own funds to MCR**	5.4481				

		C0060
	Reconciliation reserve	
R0700	Excess of assets over liabilities	28,754
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	0
R0730	Other basic own fund items	635
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	28,119
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	0
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	0
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

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

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	18,264		0
R0020	Counterparty default risk	1,653		
R0030	Life underwriting risk	1,448		0
R0040	Health underwriting risk	0		0
R0050	Non-life underwriting risk	3,412		0
R0060	Diversification	-4,371		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	20,404		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	1,511
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency capital requirement excluding capital add-on**	21,916
R0210	Capital add-on already set	0
R0220	**Solvency capital requirement**	21,916
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirement for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

Linear formula component for non-life insurance and reinsurance obligations

		C0010
R0010	MCRNL Result	1,282

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expenses insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	6,345	0
R0060	Other motor insurance and proportional reinsurance	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	0
R0080	Fire and other damage to property insurance and proportional reinsurance	37	0
R0090	General liability insurance and proportional reinsurance	7,172	0
R0100	Credit and suretyship insurance and proportional reinsurance	0	0
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	1	0
R0140	Non-proportional health reinsurance	0	0
R0150	Non-proportional casualty reinsurance	0	0
R0160	Non-proportional marine, aviation and transport reinsurance	0	0
R0170	Non-proportional property reinsurance	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
R0200	MCRL Result	419

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits	0	
R0220	Obligations with profit participation - future discretionary benefits	0	
R0230	Index-linked and unit-linked insurance obligations	0	
R0240	Other life (re)insurance and health (re)insurance obligations	19,943	
R0250	Total capital at risk for all life (re)insurance obligations		0

	Overall MCR calculation	C0070
R0300	Linear MCR	1,701
R0310	SCR	21,916
R0320	MCR cap	9,862
R0330	MCR floor	5,479
R0340	Combined MCR	5,479
R0350	Absolute floor of the MCR	3,251

		C0070
R0400	**Minimum Capital Requirement**	5,479