CATALINA
INSURANCE
IRELAND DAC

Catalina Insurance Ireland dac

Solvency and Financial Condition Report
31 December 2018

Contents

Executive Summary

Catalina Insurance Ireland dac ("the Company" or "Catalina Ireland") is an insurance undertaking authorized by the Central Bank of Ireland ("CBI"), 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.

The Company is a member of the Catalina Group ("Catalina"). 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. Catalina is domiciled in Bermuda and currently has offices in Bermuda, the United Kingdom, the Republic of Ireland, the United States of America and Switzerland.

In 2017 Apollo Global Management, LLC (together with its consolidated subsidiaries, "Apollo") signed a definitive agreement to acquire a majority shareholding in Catalina. This transaction closed on 10 October 2018. Affiliates of Apollo made an initial investment in Catalina in December 2013 and, following closing of the transaction, the Apollo acquisition vehicle, which includes investment from certain long-term institutional and strategic investors, has a controlling interest in the business.

During the year the Company acquired a portfolio of German medical malpractice ("MedMal") non-life insurance business from Zurich Insurance Plc ("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. The value of the transferring liabilities at the date of acquisition was GBP 261 million.

The Solvency II framework requires that the Company holds economic capital to cover the impact of a 1 in 200 year adverse event or series of events. This is known as the Solvency Capital Requirement ("SCR"). The SCR for the Company is measured using EIOPA's Solvency II standard formula.

The SCR ratio of the Company at 31 December 2018 was 116% (31 December 2017: 181%). This ratio represented surplus funds of GBP 7.9 million, over the SCR.

Business and performance – Section A

Underwriting profits for the year of GBP 1.2 million resulted from positive performance on existing portfolio, partially offset by results on the German MedMal portfolio.

The investment return for the year was a profit of GBP 4.4 million. The investment return was impacted by negative investment returns on government bonds.

System of governance – Section B

The board of directors (the "Board") has ultimate responsibility for all aspects of the business and sets the corporate objectives and strategy to achieve those objectives. The Board has delegated the day to day running of the Company to the CEO. The CEO reports on these activities at each quarterly board meeting. 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. There have been no material changes to the system of governance during the year.

Risk profile – Section C

The current material risks for the Company are:

- Underwriting risk: The risk of loss arising from unexpected high frequency or severity of insurance claims.
- Market risk: The risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes.
- Credit risk: The risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.
- Liquidity risk: The risk that the Company cannot meet its obligations associated with financial liabilities as they fall due.
- Operational risk: The risk that of being exposed to losses occurring as a result of failures within its internal systems and processes.

All these risks are measured using the standard formula model and are managed in line with the Board approved risk appetite.

The acquisition of the German MedMal portfolio resulted in a material change to the risk profile of the Company. The Company's risk appetite statement and other governance documents were updated and approved by the Board.

The uncertainties for the Company associated with Brexit have been the subject of close scrutiny during the year, with a number of potential scenarios considered and appropriate mitigating actions planned.

Valuation for solvency purposes – Section D

The Solvency II net assets at 31 December 2018 were GBP 58.4 million, compared with Irish Generally Accepted Accounting Principles ("GAAP") net assets of GBP 78.2 million. There was no change in the approach by the Company during the year to valuing assets and liabilities according to Solvency II and GAAP valuation principles.

Capital management – Section E

The SCR ratio for the Company at 31 December 2018 was 116%. The Own Funds were GBP 58.4 million compared to the SCR of GBP 50.6 million.

Own funds

Own Funds increased from GBP 49.4 million to GBP 58.4 million during the year. The increase was resulting from a share issue of GBP 46.1 million, partially offset by a dividend payment of GBP 5 million and solvency II economic losses of GBP 32.1 million.

Under Solvency II the Own Funds are classified in 3 tiers, with Tier 1 being the highest quality. At 31 December 2018 an amount of GBP 37.4 million was classified as Tier 1 Own Funds and GBP 21 million was classified as Tier 2 Own Funds. There were no Tier 3 Own Funds held at 31 December 2018.

SCR

The SCR value at 31 December 2018 was GBP 50.6 million (31 December 2017: GBP 21.9 million). There were no instances of non-compliance of SCR coverage during the year.

MCR

The Minimum Capital Requirement ("MCR") is the minimum level of capital which an insurance company should not fall below. The MCR value at 31 December 2018 was GBP 12.6 million (31 December 2017: GBP 5.5 million) and the MCR ratio at 31 December 2018 was 316% (31 December 2017: 545%). There were no instances of non-compliance of MCR coverage during the year.

Information on the SFCR

Requirements of the SFCR

Solvency II became effective on 1 January 2016 for all insurance companies and groups regulated in the European Union. The aim of Solvency II is to provide a risk-based approach to calculating and monitoring the required levels of capital for insurance companies. It also introduced a requirement for insurance companies to produce a publicly available Solvency and Financial Condition Report ("SFCR") to assist customers and other stakeholders in understanding the types of business written, how the business is managed and the overall financial condition of the Company, including regulatory capital coverage.

For insurance companies regulated by the CBI, the SFCR is produced in accordance with Article 52 of statutory instrument 485 of 2015, Article 290 to 303 of Commission Delegated Regulation (EU) 2015/35 and the EIOPA guidelines on reporting and public disclosures (B05-15-109). Included in the appendix to the report are those Quantitative Reporting Templates ("QRTs") for the year ended 31 December 2018 as required to be included according to Article 5 of Commission Implementing Regulation (EU) 2015/2452.

Note on auditability

The following QRTs were audited by KPMG:

- Balance Sheet (S02.01.02)
- Life and Health SLT Technical Provisions (S12.01.02)
- Non-life Technical provisions (S17.01.02)
- Non-life Insurance Claims Information (S19.01.21)
- Own Funds (S23.01.01)
- Solvency Capital Requirement (S25.01.21)
- Minimum Capital Requirement (S28.01.01)

In accordance with CBI regulation, narrative sections of this report, section D and E1, were reviewed by KPMG for consistency with the related QRTs.

For the purposes of the QRT S19.01.21 (Non-life Insurance Claims Information) the Company has restated the historical information disclosed to incorporate the historical claims information of the German MedMal portfolio acquired during the year. Quantitative reporting template QRT S19.01.21 contains corresponding information on non-life insurance claims for a 10 year look-back period commencing 1 January 2009 for gross claims paid and gross discounted and undiscounted best estimate claims provisions. On the introduction of the requirement for an audit of the relevant elements of the SFCR, the CBI limited audit procedures required by ISA (Ireland) 710 on the look-back period to years ending on or after 31 December 2014. As KPMG were not the appointed auditor of the German MedMal portfolio between 1 January 2015 and 31 December 2017, no audit procedures have been performed on the corresponding information included in QRT S19.01.21 with respect to the German MedMal portfolio.

Note on materiality

Information disclosed is considered material if its omission or misstatement could influence the decision-making or judgment of the users of the document, including the CBI.

Approval of the Solvency and Financial Condition Report

This report was reviewed and approved by the Board on 10 April 2019.

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 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 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 was 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 loss portfolio reinsurance agreement was subject to no objection from the CBI, which was received on 26 February 2018. The legal business transfer was subject to approval by the High Court of Ireland, which was received on 17 October 2018, and became effective on 30 November 2018. The Company's intra-group reinsurance arrangement, a 65% quota share reinsurance protection on the Company's whole portfolio via Catalina General Insurance Ltd ("CatGen"), was extended to include the German MedMal portfolio. During the year the Company issued share capital of GBP 46 million (EUR 52 million) to support the transaction.

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 2018, together with comparatives for the previous year.

	2018	2017
	GBP'000	GBP'000
Gross written premium	(47)	(105)
Earned premiums, net of reinsurance	8	15
Allocated investment return	2,552	2,860
Other technical income	2,241	4,320
Claims incurred, net of reinsurance	(1,097)	5,462
Net operating expenses	(2,517)	(1,896)
Balance on the technical account	**1,187**	**10,761**
By class of business:		
Motor	7,151	6,501
Liability	(6,083)	4,468
Property	24	8
Other	-	27
Reinsurance	95	(243)
Balance on the technical account	**1,187**	**10,761**
By geographical area:		
United Kingdom	5,493	10,907
Ireland	88	(105)
Germany	(4,360)	-
Other	(34)	(41)
Balance on the technical account	**1,187**	**10,761**

A.3 Performance from investment activities

The table below shows the investment income performance for the year end 31 December 2018, 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
	2018	2018	2018	2018	2018
	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000
Financial assets:					
- measured at FVTPL	10,292	(305)	(4,712)	(1,957)	3,318
- measured at amortised cost	1,412	-	-	-	1,412
- measured at cost	(177)	-	-	-	(177)
- forward currency contracts	-	-	(283)	81	(202)
	11,527	**(305)**	**(4,995)**	**(1,876)**	**4,351**
	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**

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.

	2018	2017
	GBP'000	**GBP'000**
Foreign exchange losses	(477)	(1,110)
	(477)	(1,110)

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	
	2018	2017	2018	2017
	GBP'000	GBP'000	GBP'000	GBP'000
1% increase	(7,538)	(1,819)	(6,596)	(1,592)
1% decrease	7,538	1,819	6,596	1,592

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 Euro (2017: US dollar). At 31 December 2018, if Sterling had weakened/strengthened by 20% against the Euro, with all other variables held constant, shareholder's funds would have been GBP 0.9 million (2017: GBP 0.1 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:

	2018	2017
	GBP'000	GBP'000
1% increase		
Movement in fair value of share and other variable securities in unit trusts	59	74
Movement in fair value of debt securities and other fixed income securities	1,268	216
Movement in fair value of investments in group undertakings	60	112
Equities	97	75
1% decrease		
Movement in fair value of share and other variable securities in unit trusts	(59)	(74)
Movement in fair value of debt securities and other fixed income securities	(1,268)	(216)
Movement in fair value of investments in group undertakings	(60)	(112)
Equities	(97)	(75)

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.

	2018	2017
	GBP'000	GBP'000
By class of asset:		
Equities	9,696	7,496
Investment in group undertakings	6,011	11,224
Shares and other variable yield securities in unit trusts	5,878	7,374
Debt securities	126,753	21,563
Loans and receivables	16,297	5,938
Loans to group undertakings	4,772	8,604
Forward currency contract	-	48
Assets arising from reinsurance contracts held	208,946	63,041
Debtors arising out of direct insurance operations	6,251	3,417
Accrued interest	1,533	727
Cash and cash equivalents	35,251	23,151
Total assets bearing credit risk	**421,388**	**152,583**
By credit rating:		
AAA	35,265	399
AA	8,787	7,975
A	32,298	8,644
BBB	44,029	8,753
Below BBB or not rated	301,009	126,812
Total assets bearing credit risk	**421,388**	**152,583**
By past due aging:		
Neither past due nor impaired	421,388	152,583
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	**421,388**	**152,583**

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
	2018	2018	2018	2018
	GBP'000	GBP'000	GBP'000	GBP'000
Financial liabilities and claims outstanding				
Subordinated loan notes	-	-	21,000	21,000
Other creditors	201	-	-	201
Claims outstanding - undiscounted	56,461	129,034	193,324	378,819
	56,662	129,034	214,324	400,020
	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 - undiscounted	21,095	20,100	89,708	130,903
	21,301	20,100	110,380	151,781

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 in the UK and similar long term payments to claimants in Germany. These are essentially life annuities, on the order of the relevant court, typically to pay for care and/or loss of earnings. 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

The uncertainties for the Company associated with Brexit have been the subject of close scrutiny during the year, with a number of potential scenarios considered and appropriate mitigating actions planned. The implications continue to be assessed based on the available information.

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		206,276	206,276
Reinsurers' share of technical provisions	1	210,237	216,724
Debtors arising out of direct insurance operations		6,251	6,251
Deferred acquisition costs	2	91	-
Other assets		826	826
Total assets		**423,681**	**430,077**

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 2018, together with comparatives for the previous year.

	Gross Best Estimate	Net Best Estimate	Risk margin
	2018	2018	2018
	GBP'000	GBP'000	GBP'000
By material line of business:			
Motor	11,371	3,980	801
Liability	244,652	91,217	18,354
Property	47	17	3
Other	2,960	13	3
Annuities stemming from non-life insurance contracts	84,302	31,382	6,236
	343,332	126,609	25,397
	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

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 UK and German long term liabilities which were discounted at 3% and 2% respectively per annum).

The total of these adjustments result in the technical provisions on the Solvency II balance sheet being GBP 49.2 million higher (2017: GBP 8.3 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 UK PPOs and German annuities, and there are uncertainties over future risk free rates which cause long term 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 46.1 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 2018.

	Tier 1	Tier 2	Tier 3	Total
	GBP'000	GBP'000	GBP'000	GBP'000
Basic own funds				
Ordinary share capital	46,723	-	-	46,723
Reconciliation reserve	(9,283)	-	-	(9,283)
Subordinated liabilities	-	21,000	-	21,000
Total basic own funds	**37,439**	**21,000**	**-**	**58,439**
Available and eligible own funds				
Total available own funds to meet the SCR	37,439	21,000	-	58,439
Total available own funds to meet the MCR	37,439	21,000	-	58,439
Total eligible own funds to meet the SCR	37,439	21,000	-	58,439
Total eligible own funds to meet the MCR	37,439	2,529	-	39,968
SCR				**50,575**
MCR				**12,644**
Ratio of Eligible own funds to SCR				**116%**
Ratio of Eligible own funds to MCR				**316%**

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 2018, together with comparatives for the previous year.

	2018	2017
	GBP'000	GBP'000
By risk module		
Market risk	10,166	18,264
Default risk	5,951	1,653
Non-life risk	30,304	3,412
Life risk	15,829	1,448
Basic SCR before diversification	**62,251**	**24,776**
Diversification Benefits	(19,826)	(4,371)
Basic SCR	**42,425**	**20,405**
Operational risk	8,150	1,511
SCR	**50,575**	**21,916**
MCR	**12,644**	**5,479**

The SCR has increased by GBP 28.7 million since the prior year. This is mainly due to the acquisition of the German MedMal portfolio.

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

Annex I
S.02.01.02
Balance sheet

Assets		**Solvency II value**
		C0010
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	5
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	194,911
Property (other than for own use)	**R0080**	2
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	15,706
Equities - listed	**R0110**	5,508
Equities - unlisted	**R0120**	10,197
Bonds	**R0130**	138,730
Government Bonds	**R0140**	47,776
Corporate Bonds	**R0150**	90,954
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	5,878
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	34,595
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	10,625
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	10,625
Reinsurance recoverables from:	**R0270**	216,724
Non-life and health similar to non-life	**R0280**	163,804
Non-life excluding health	**R0290**	163,804
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	52,920
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	52,920
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	6,154
Reinsurance receivables	**R0370**	97
Receivables (trade, not insurance)	**R0380**	
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	656
Any other assets, not elsewhere shown	**R0420**	905
Total assets	**R0500**	430,077

Liabilities		**Solvency II value**
		C0010
Technical provisions – non-life	**R0510**	278,191
Technical provisions – non-life (excluding health)	**R0520**	278,191
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	259,030
Risk margin	**R0550**	19,161
Technical provisions - health (similar to non-life)	**R0560**	
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	90,537
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	90,537
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	84,302
Risk margin	**R0680**	6,236
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	
Derivatives	**R0790**	49
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	5
Reinsurance payables	**R0830**	1,369
Payables (trade, not insurance)	**R0840**	152
Subordinated liabilities	**R0850**	21,000
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	21,000
Any other liabilities, not elsewhere shown	**R0880**	1,335
Total liabilities	**R0900**	392,638
Excess of assets over liabilities	**R1000**	37,439

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of business for:				
		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	Total
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**												-45					-45
Gross - Proportional reinsurance accepted	**R0120**								-3									-3
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**								-2				-45					-46
Net	**R0200**								-1				0					-1
Premiums earned																		
Gross - Direct Business	**R0210**								28				291					318
Gross - Proportional reinsurance accepted	**R0220**								-5									-5
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**								15				291					305
Net	**R0300**								8				0					8
Claims incurred																		
Gross - Direct Business	**R0310**				-4,294			-25	1,362				40					-2,917
Gross - Proportional reinsurance accepted	**R0320**								1,336									1,336
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**				-2,789			-1	1,754				40					-996
Net	**R0400**				-1,505			-25	944									-585
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers'share	**R0440**																	
Net	**R0500**																	
Expenses incurred	**R0550**				-195				-72				1					-267
Other expenses	**R1200**																	
Total expenses	**R1300**																	-267

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

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other	Health reinsurance	Life-reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**									
Reinsurers' share	**R1420**									
Net	**R1500**									
Premiums earned										
Gross	**R1510**									
Reinsurers' share	**R1520**									
Net	**R1600**									
Claims incurred										
Gross	**R1610**						4,807			4,807
Reinsurers' share	**R1620**						3,124			3,124
Net	**R1700**						1,682			1,682
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**									
Expenses incurred	**R1900**									
Other expenses	**R2500**									
Total expenses	**R2600**									

Annex I
S.05.02.01
Premiums, claims and expenses by country

		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	DE	
		C0080	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**
Premiums written								
Gross - Direct Business	**R0110**			-45				-45
Gross - Proportional reinsurance accepted	**R0120**		-3					-3
Gross - Non-proportional reinsurance accepted	**R0130**							
Reinsurers' share	**R0140**		-2	-45				-46
Net	**R0200**		-1	0				-1
Premiums earned								
Gross - Direct Business	**R0210**			291		28		318
Gross - Proportional reinsurance accepted	**R0220**		-5					-5
Gross - Non-proportional reinsurance accepted	**R0230**							
Reinsurers' share	**R0240**		-3	291		18		305
Net	**R0300**		-2	0		10		8
Claims incurred								
Gross - Direct Business	**R0310**	-182	-17,313	40	-9	125	14,422	-2,917
Gross - Proportional reinsurance accepted	**R0320**		1,336					1,336
Gross - Non-proportional reinsurance accepted	**R0330**							
Reinsurers' share	**R0340**	-94	-10,392	40	-6	81	9,374	-996
Net	**R0400**	-89	-5,585		-3	44	5,048	-585
Changes in other technical provisions								
Gross - Direct Business	**R0410**							
Gross - Proportional reinsurance accepted	**R0420**							
Gross - Non- proportional reinsurance accepted	**R0430**							
Reinsurers'share	**R0440**							
Net	**R0500**							
Expenses incurred	**R0550**		-185	1			-83	-267
Other expenses	**R1200**							
Total expenses	**R1300**							-267

Annex I
S.05.02.01
Premiums, claims and expenses by country

		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				DE	
		C0220	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**
Premiums written								
Gross	**R1410**							
Reinsurers' share	**R1420**							
Net	**R1500**							
Premiums earned								
Gross	**R1510**							
Reinsurers' share	**R1520**							
Net	**R1600**							
Claims incurred								
Gross	**R1610**		498				4,308	4,807
Reinsurers' share	**R1620**		324				2,800	3,124
Net	**R1700**		174				1,508	1,682
Changes in other technical provisions								
Gross	**R1710**							
Reinsurers' share	**R1720**							
Net	**R1800**							
Expenses incurred	**R1900**							
Other expenses	**R2500**							
Total expenses	**R2600**							

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**	**C0160**	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**																
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**																
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	**R0030**								84,302		84,302						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**								52,920		52,920						
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**								31,382		31,382						
Risk Margin	**R0100**								6,236		6,236						
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	**R0110**																
Best estimate	**R0120**																
Risk margin	**R0130**																
Technical provisions - total	**R0200**								90,537		90,537						

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		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	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**
Technical provisions calculated as a whole	**R0010**																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	**R0060**								32				32					64
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**								21				32					53
Net Best Estimate of Premium Provisions	**R0150**								11				0					11
Claims provisions																		
Gross	**R0160**				11,371			82	244,620				2,893					258,966
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**				7,391			53	153,415				2,893					163,751
Net Best Estimate of Claims Provisions	**R0250**				3,980			29	91,206				1					95,215
Total Best estimate - gross	**R0260**				11,371			82	244,652				2,926					259,030
Total Best estimate - net	**R0270**				3,980			29	91,217				1					95,226
Risk margin	**R0280**				801			6	18,354				0					19,161
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	**R0290**																	
Best estimate	**R0300**																	
Risk margin	**R0310**																	
Technical provisions - total																		
Technical provisions - total	**R0320**				12,171			88	263,006				2,926					278,191
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**				7,391			53	153,435				2,925					163,804
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**				4,781			34	109,571				1					114,386

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	Accident year [AY]

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

							Development year								In Current year	Sum of years (cumulative)
	Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**				
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**		**C0170**	**C0180**
Prior	**R0100**											18,364	**R0100**	18,364	18,364
2009	**R0160**	107,761	85,008	48,783	42,157	39,181	31,671	24,432	10,159	8,216	5,947		**R0160**	5,947	403,315
2010	**R0170**	122,718	71,372	40,991	43,865	32,994	24,940	12,599	5,911	5,854			**R0170**	5,854	361,244
2011	**R0180**	54,570	34,236	16,137	14,967	14,916	10,267	6,861	4,850				**R0180**	4,850	156,805
2012	**R0190**	28,853	19,246	12,421	8,023	7,161	5,845	4,288					**R0190**	4,288	85,837
2013	**R0200**	8,509	6,062	3,260	2,192	2,275	1,206						**R0200**	1,206	23,504
2014	**R0210**	1,461	889	926	174	54							**R0210**	54	3,503
2015	**R0220**	218	434	124	170								**R0220**	170	946
2016	**R0230**	73	183	130									**R0230**	130	386
2017	**R0240**	52	72										**R0240**	72	123
2018	**R0250**	14											**R0250**	14	14
												Total	**R0260**	40,948	1,054,041

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

							Development year							Year end (discounted data)
	Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**		
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**		**C0360**
Prior	**R0100**											125,485	**R0100**	123,485
2009	**R0160**								15,334	5,953	31,004		**R0160**	30,509
2010	**R0170**							18,128	12,476	34,017			**R0170**	33,475
2011	**R0180**						5,713	3,315	34,213				**R0180**	33,666
2012	**R0190**					6,903	3,057	34,198					**R0190**	33,676
2013	**R0200**				5,157	6,521	2,841						**R0200**	2,804
2014	**R0210**			836	275	221							**R0210**	223
2015	**R0220**		1,302	741	348								**R0220**	352
2016	**R0230**	2,311	543	376									**R0230**	381
2017	**R0240**	2,112	326										**R0240**	330
2018	**R0250**	63											**R0250**	64
												Total	**R0260**	258,966

Annex I
S.23.01.01
Own funds

		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 Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	46,723	46,723			
Share premium account related to ordinary share capital	R0030					
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	-9,283	-9,283			
Subordinated liabilities	R0140	21,000			21,000	
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
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						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	58,439	37,439		21,000	
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	58,439	37,439		21,000	
Total available own funds to meet the MCR	R0510	58,439	37,439		21,000	
Total eligible own funds to meet the SCR	R0540	58,439	37,439		21,000	
Total eligible own funds to meet the MCR	R0550	39,968	37,439		2,529	
SCR	R0580	50,575				
MCR	R0600	12,644				
Ratio of Eligible own funds to SCR	R0620	115.55%				
Ratio of Eligible own funds to MCR	R0640	316.11%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	37,439	
Own shares (held directly and indirectly)	R0710		
Foreseeable dividends, distributions and charges	R0720		
Other basic own fund items	R0730	46,723	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740		
Reconciliation reserve	R0760	-9,283	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770		
Expected profits included in future premiums (EPIFP) - Non- life business	R0780		
Total Expected profits included in future premiums (EPIFP)	R0790		

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	10,166		
Counterparty default risk	R0020	5,951		
Life underwriting risk	R0030	15,829		
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	30,304		
Diversification	R0060	-19,826		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	42,425		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	8,150
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	50,575
Capital add-on already set	R0210	
Solvency capital requirement	R0220	50,575
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	9,736

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050	3,980	
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080	29	
General liability insurance and proportional reinsurance	R0090	91,217	
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130	1	
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	659

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240	31,382	
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation

		C0070
Linear MCR	R0300	10,395
SCR	R0310	50,575
MCR cap	R0320	22,759
MCR floor	R0330	12,644
Combined MCR	R0340	12,644
Absolute floor of the MCR	R0350	3,288
		C0070
Minimum Capital Requirement	R0400	12,644