# Evolution Insurance Company Limited

# Solvency & Financial Condition Report

## For year ending 30th June 2016

# Contents

# Executive Summary

The Evolution Holdings (Guernsey) Limited Group ('EHGL' or 'the Group') is an insurance Group; the principle and only insurance entity in the Group being Evolution Insurance Company Limited ('EICL' or 'the Company'), an insurer licenced in Gibraltar.

The purpose of this report is to satisfy the public disclosure requirements under the Financial Services (Insurance Companies) (Solvency II Directive) Act ("the Solvency II Act in Gibraltar") including the Delegated Regulations of the European Parliament. The elements of the disclosure relate to business performance, governance, risk profile, solvency and capital management.

The Company has performed well during the year ended 30 June 2016 and has recorded profits for the year per the management accounts of £5,392,351[1]. The profits have been driven from strong underwriting performance and investment returns, notably revaluations of investment properties.

Over the past few years, the respective Boards in the Group put in place significant measures to strengthen the corporate governance framework, including the risk management function, in readiness for Solvency II which was effective from 1 January 2016. The governance and risk frameworks are detailed further in this report. There have been no significant changes in the reporting period.

The Company and Group have continuously complied with all aspects of the Solvency II regulations from the date of first implementation on 1 January 2016. As part of this, the company has taken advantage of the transitional provisions available under Schedule 5 (paragraph 2(14) and 2(17)) of the Solvency II Act in Gibraltar and continues to work closely with the Gibraltar Financial Services Commission during the transitional period. The Group (Company in brackets) has own funds of £18,847,449 (£18,661,942) compared to a solvency capital requirement of £20,649,594 (£20,557,578). The final amount of the solvency capital requirement in respect of both the Group and the Company remains subject to supervisory assessment.

The Group and the Company's business plans forecast that own funds will exceed solvency capital requirement as at 31 December 2016. The Company took the decision in 2015 to cease writing UK motor business following a review of the capital requirements under the Solvency II Act in Gibraltar as it was considered that the return on solvency capital on this book of business was insufficient. Therefore, the Company ceased writing this business on 30 June 2016 and is expecting the solvency position of both the Group and the Company to improve significantly over the course of the next 24 months.

The Company continues to seek opportunities which offer a good return on solvency capital and expects to exit the transitional provisions in Q1 2017.

William Bidwell
Chief Executive Officer

[1] Audited financial accounts for the year ended 30 June 2016 are expected to be finalised by 31 December 2016.

# A. Business & Performance

## 1. Business

1.1. This report relates to Evolution Holdings (Guernsey) Limited ('EHGL') and its subsidiary companies (collectively 'the Group'), specifically Evolution Insurance Company Limited ('EICL' or 'the Company'), an insurance company licenced in Gibraltar and limited by shares.

1.2. EHGL is a non-regulated holding company domiciled in Guernsey; since Guernsey is not in the European Economic Area, nor is a Solvency II equivalent jurisdiction, Group supervision is carried out at the level of the insurance company.

EICL is regulated by:

Gibraltar Financial Services Commission
PO Box 940
Suite 3, Atlantic Suites
Gibraltar
Tel: +350 200 40283
www.fsc.gi

1.3. EHGLs external auditor is:
Grant Thornton Limited
Lefebvre House
Lefebvre Street
St Peter Port
Guernsey
GY1 3TF
www.grantthorntonci.com

EICLs external auditor is:
Benady Cohen & Co Limited
21 Engineer Lane
Gibraltar
Tel: +350 200 74854
www.benadycohen.com

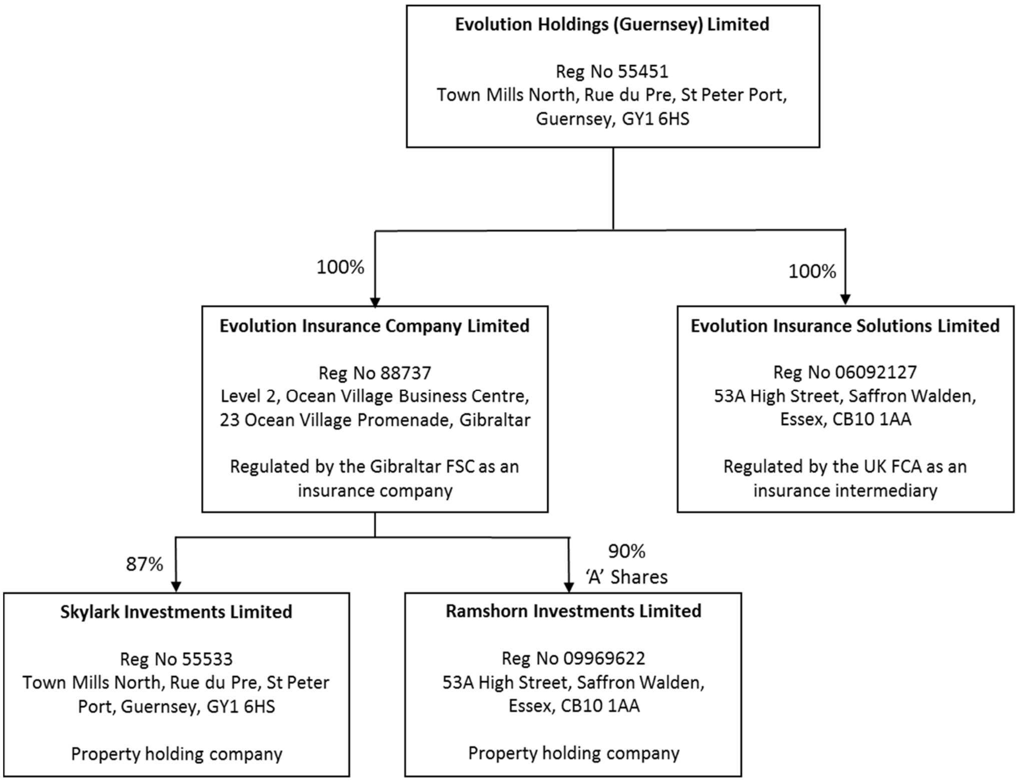
1.4. EHGL shareholders with qualifying holdings:

**Ordinary Shareholdings**

| | |
|---|---|
| Kenneth Acott | 26% |
| Patrick Tilley | 29% |
| William Bidwell | 30% |
| K Acott & L Acott as Trustee of the K Acott Settlement 2000 | 15% |
| | 100% |

EICL is 100% owned by Evolution Holdings (Guernsey) Limited.

1.5. EHGL Group of companies:




1.6. The Group consists of the following companies:

**Evolution Holdings (Guernsey) Limited ('EHGL')**

Guernsey
A holding company which is parent to the other Group companies.

**Evolution Insurance Company Limited ('EICL')**

Gibraltar
A regulated insurance company which underwrites surety bonds, building warranty, title insurance, motor insurance, motor insurance ancillary products, and also fronts insurance into other EEA jurisdictions (see below).

**Evolution Insurance Solutions Limited ('EISL')**

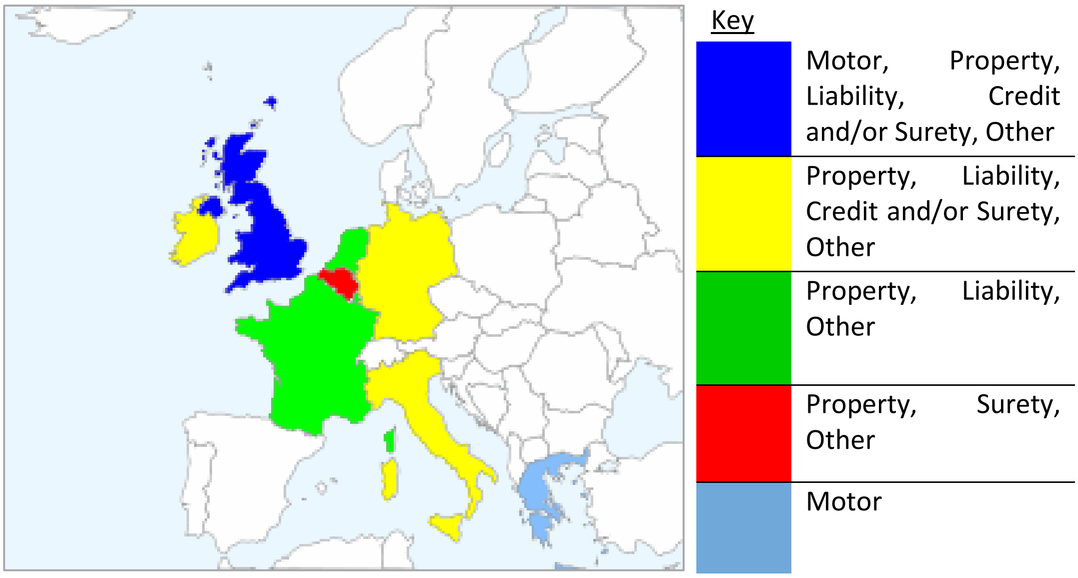
UK
A regulated insurance intermediary, EISLs main business is to sell surety bonds and building warranty products, primarily on behalf of EICL. It is also responsible for policy administration and claims handling (within authority limits) on these lines.

**Ramshorn Investments Limited ('RIL')**

UK
RIL is a property holding company for one specific property investment in the UK.

| | |
|---|---|
| **Skylark Investments Limited ('SIL')** | Guernsey<br>SIL is a subsidiary of EICL and holds some of EICL's property investments. |

EICL is authorised to carry out business in the territories highlighted on the map below:




1.7. During the period the Company decided to cease writing United Kingdom motor business as a result of the solvency capital required to maintain this business. This took effect from 1 July 2016.

There have been no other significant events that have occurred in the reporting period that have had a material impact on the Company.

1.8. The material undertakings in the Group are EHGL, as the insurance holding company, EICL, as the insurance company, and EISL, as the insurance intermediary. The results and net assets of each of the material undertakings are as follows:

| Undertaking | Profit | Net Assets |
|---|---:|---:|
| EHGL | £1,519,497 | £5,747,700 |
| EICL | £5,329,851 | £19,564,383 |
| EISL | £100,650 | £281,571 |

1.9. In addition to the above material undertakings, whose contribution to the achievement of the Group strategy is via their core roles in the provision of insurance related undertakings, the Group also has Ramshorn Investments Limited and Skylark Investments Limited as subsidiaries. Both are property holding undertakings which are structured in order to facilitate the specific ownership structures of these investments.

## 2. Underwriting Performance

2.1. EHGL's underwriting performance follows EICL's as EICL is the only insurance entity in the Group.

2.2. The premium written by class and by territory for the year ended 30 June 2016 is as follows:

| | UK | Greece | France | Ireland | Netherlands | Germany |
|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Motor | 63,183 | 23,827 | - | - | - | - |
| Property | - | - | 3,629 | 3,148 | 1,791 | 354 |
| Credit & Surety | 1,982 | - | - | - | - | - |
| Legal Expenses | 134 | - | - | - | - | - |
| Miscellaneous | 5,820 | - | - | - | - | - |

2.3. All premiums written are single premium policies (i.e. one single premium to cover the life of the policy).

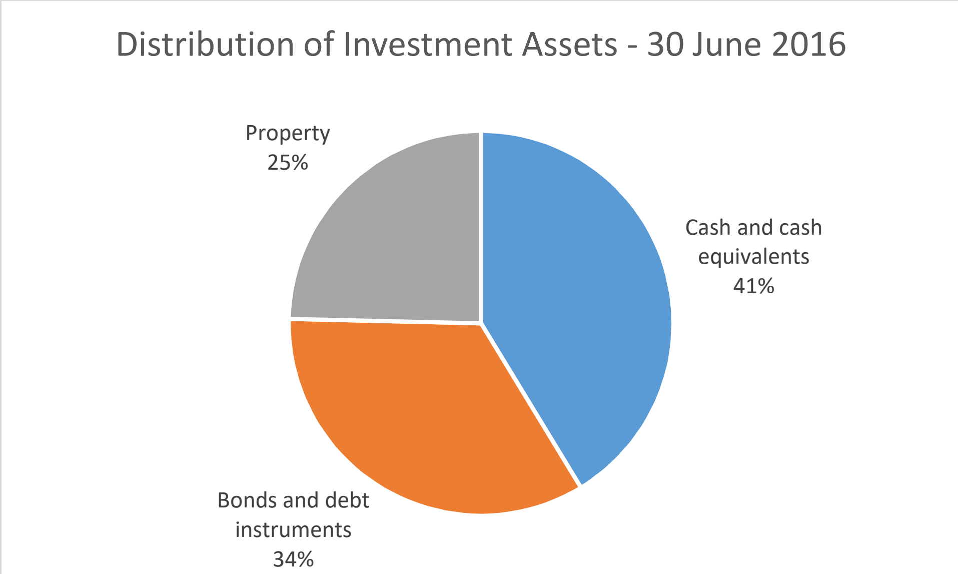
2.4. Underwriting performance has been positive with technical profits reported in all lines of business. The technical profit reported for the year ended 30 June 2016 in the management accounts was £1,663,171.

## 3. Investment Performance

3.1. EGHL's investments comprise predominantly cash or cash equivalents (including money market funds). The income on these investments for the year ended 30 June 2016 has been immaterial.

3.2. The Group holds an investment portfolio via EISL which comprises debt and equity investments which was valued at £157,257 as at 30 June 2016. EISL recorded interest and dividend income totalling £13,374 for the year ended 30 June 2016, and a loss arising from fair value adjustments of £29,312 in the same period.

3.3. The Investment assets held by the Company are as follows:




## 4. Performance of Other Activities

4.1. There have been no other significant activities undertaken by the Group or the Company other than its insurance and related activities.

## 5. Any Other Information

5.1. There are no other material matters in respect to the business or performance of the Group or the Company.

# B. System of Governance

## 1. General Information on System of Governance

### EHGL Group

The EHGL Board retains ultimate responsibility for the governance of itself and its subsidiaries, however it is not prescriptive in how any subsidiary should meet its obligations. EHGL takes a risk based approach to the system of governance it expects to be implemented, depending on the complexity, nature, size of the business, whether it is subject to regulation, and the level of risk it presents to Group. The level of reporting required is also proportional to these factors.

Governance requirements are largely set by regulatory and legal requirements, however EHGL also considers any additional measures it considers necessary to manage the risk of the subsidiary and will implement these on a case by case basis.

An EHGL director and shareholder sits on all subsidiary Boards. EHGL has no Committees.

EHGL Directors receive no remuneration, two being shareholders and two being provided by the Company Manager.

There have been no dividends paid to the shareholders during the reporting period.

**EHGL Board of Directors:**

| | |
|---|---|
| William Bidwell | (shareholder) |
| Kenneth Acott | (shareholder) |
| Jamie Polson | (Robus Corporate Services (Guernsey) Limited) |
| Simon Walker | (Robus Corporate Services (Guernsey) Limited) |

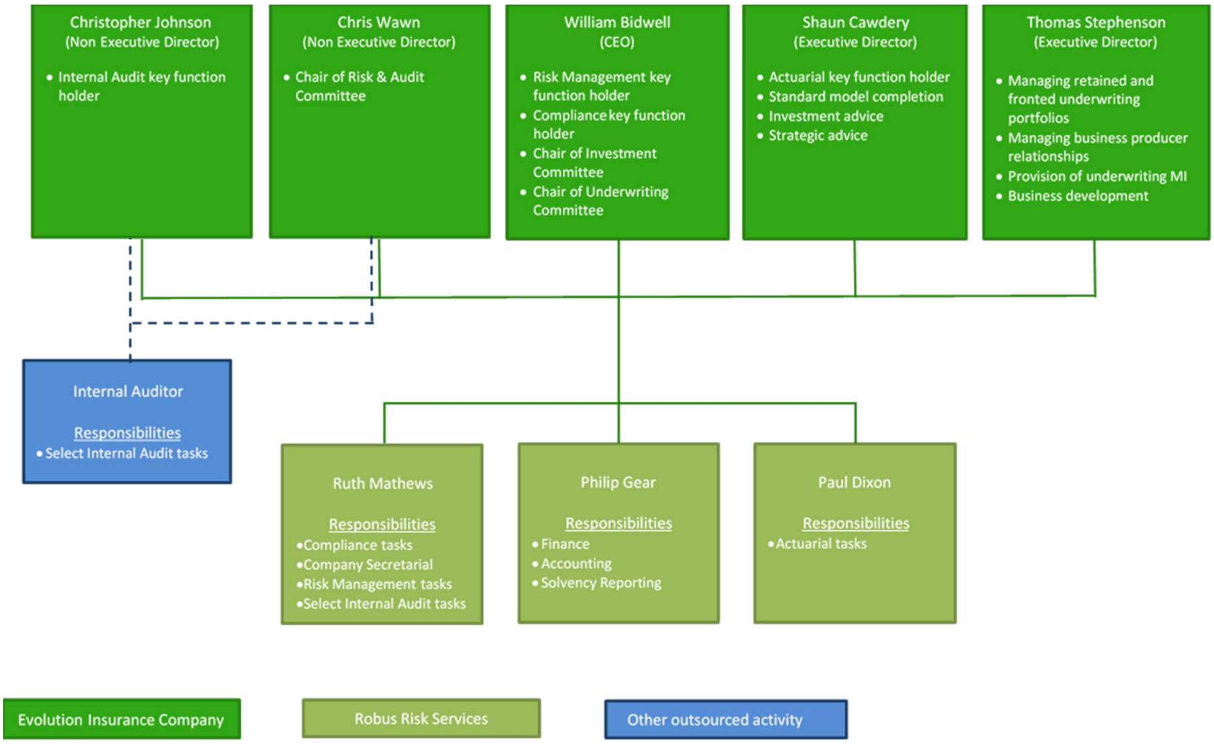
## EICL System of Governance

*Board and Committee Structure*


Terms of Reference describe the purpose, responsibilities, membership and authority delegated from the Board for each Committee. Relevant attendees are invited to Committees as determined by the Committee, for example the Companys investment consultant, P-Solve Meridian, attends each Investment Committee meeting.

In September 2015, the Board resolved to delegate oversight of Risk Management to the Audit Committee, renaming it the Risk and Audit Committee.

*Roles and Responsibilities*




EICL has no employees. Directors' remuneration will be approved by the Board, or if it is inappropriate to discuss at board level, it will be discussed with and approved by shareholders. A Director shall abstain from discussion and decisions regarding his/her own remuneration to avoid conflicts of interest.

Directors fees were paid to the NEDs and CEO totalling £48k during the reporting period. The remaining Director is remunerated through the insurance management contract that the Company has with Robus Risk Services (Gibraltar) Limited ('RRS').

There have been no dividends paid to the parent company during the reporting period.

## 2. Fit and Proper Requirements

The Group recognises the value of the fit and proper requirements in that a company run in a fit and proper manner, by fit and proper directors and other individuals holding key functions or roles, will benefit from the knowledge and experience brought to the company and is more likely to be successful. In addition, the risks associated with a badly run business (largely regulatory, financial or reputational risks) will be diminished.

There is no definition for 'fit and proper', however the term includes amongst other considerations the concepts of honesty, solvency and competence.

The basic elements of the fit and proper assessment are:

- honesty, integrity and reputation (e.g. treating customer fairly, proper respect of legal, regulatory and professional obligations, prudent approach to business);

- competence, ability to conduct business and organisation (e.g. adherence to 'four-eyes' principle, having a robust corporate governance structure, declaration of conflicts of interest, Directors having appropriate skills, knowledge and experience);
- financial position (e.g. ensuring the Company has sufficient financial resources to meet commitments on a continuous basis, and is robust enough to withstand business risks)

The Group Boards ensure that any candidates for a position on a Board, or for other key functions or roles, shall be assessed to ensure that they fulfil fit and proper requirements. This includes reviewing the CV of the candidate, an in-depth interview, obtaining references (both personal and professional), and carrying out due diligence checks. Due diligence checks include verification of identification and address, and searches on due diligence databases. The candidate is also asked to declare any interests so the relevant Board can review whether they conflict with the Company's interests. All conflicts of Interest identified are recorded on a Log and reviewed at each board meeting.

## 3. Risk Management System including ORSA

### EHGL Group

EHGL Board is responsible for Group Risk Management. EICL has a risk management framework which is used for the Group, and this is described in some detail below. It is implemented within each subsidiary at a level proportionate to the complexity, nature, size of the business, whether it is subject to regulation, and the level of risk it presents to Group.

As a minimum, all regulated companies will have a Risk Register which the EHGL Board will review and consider. EHGL will also identify any risks specific to Group or aggregated at Group level through the interdependencies between the subsidiaries including intra-group transactions, and considering risk concentration.

EICL completes the Group solvency calculation and monitors Group solvency on behalf of EHGL and will liaise with the Group Board as necessary to ensure that the Group SCR is met and that risks to Group solvency are monitored and managed.

EICL is responsible for completing an Own Risk Solvency Assessment ('ORSA') for the Group, incorporating EHGL and a solo ORSA on EICL. One supervisory report on both ORSAs is collated.

### EICL Risk Management System

*Risk Management Roles and Responsibilities*
The Risk Management Key Function Holder is responsible for the function and effectiveness of the Risk Framework, supported by the Risk and Audit Committee ('RAC') on behalf of the Board. Should any risk management tasks be outsourced, the function holder is also responsible for the outsourced relationship, including monitoring the scope of work, service levels and for challenging the results.

The key function holder and RAC reviews, monitors and updates as required, all the components of the Framework, engaging other members of the Board, key function or key role holders, as necessary, and oversees the ORSA process. However, the Board collectively are responsible for the implementation of the Frameworks components.

The Risk Management Framework is applied to all companies in the EHGL Group proportionate to the regulatory status and risk presented by the individual subsidiary.

The Risk Register is a central log of all risks identified in the business. It is owned by and is the responsibility of the RAC and risk management key function holder to maintain and review the document. It includes the risk owner, risk description, risk factors, mitigating controls and measures and risk appetite.

*The Risk Management Process*

The process of risk management is a continuous and systematic one, comprising 5 elements:

a) **Identification**. All directors of EICL ensure that risks are identified relating to their respective areas of responsibility, and in addition collectively identify risks to the overall business. This includes risks outside the control of the company.
b) **Assessment**. Only risks material to the business are included in the Risk Register. Risks are assessed according to a matrix to evaluate their impact on the business if they materialised, and the probability of the risk materialising. The assessment is carried out on the risk with no mitigating controls in place ('gross' scores), and with mitigating controls in place ('net' scores).
c) **Response**. All risks will be dealt with as and when they arise, by the responsible director, the RAC, the function holder, or the Board as appropriate. Decisions will be recorded on the Risk Register, and detailed in the minutes of the relevant meeting.
d) **Monitoring**. A register of all identified risks is maintained by the RAC, the 'Risk Register'. The RAC will review all items contained therein at least quarterly. Risk controls on the risk register are incorporated into the Company's Compliance Monitoring Programme. Risks pertaining to a particular area of the business are included in any internal audit. The RAC also monitors the Company's adherence to stated risk appetites and tolerances.
e) **Reporting**. All directors will report risk events as and when they occur, and ensure they are considered at the appropriate meeting. They will ensure the Risk Register is updated with regard to states and degree of risk.

*Risk Appetite and Tolerances*

**Risk Appetite**

Risk appetite is the nature and extent of the significant risks the Board is willing to take in achieving its strategic objectives; those risks that it wants to actively engage with.

EICL has four levels of risk appetite: Hungry; Open; Cautious; and Averse. Each level represents the Company's willingness to either actively seek opportunities associated with a risk, or at the other extreme, the willingness to apply the resources required to reduce the risk to the minimum possible level, termed 'mitigating measures'.

The Board's risk appetite for the areas of risk within the business are stated in the Risk Register. The Board delegates review of the risk appetites to the RAC. The reviews are undertaken at each Committee meeting and recorded in the minutes of said meeting. The RAC proposes any recommended changes to risk appetite to the Board for approval. If the RAC identifies that the Company's risk appetite is being exceeded, or close to being exceeded, it will alert the Board who will decide whether to apply additional mitigating measures to reduce the risk back into the risk appetite, or whether to review the Company's stated risk appetite.

**Risk Tolerances**

Risk tolerance is the boundaries of risk taking outside of which the Company is not prepared to venture in pursuit of its business objectives; the amount of risk the Board will allow the Company to deal with.

Risk Tolerances are expressed in absolute terms as 'lines in the sand' beyond which the Company will not go without prior Board approval. It is therefore not necessarily appropriate or possible to attribute a risk tolerance to all risks. The RAC considers the Company's material risks and chooses those for which a risk tolerance is relevant and meaningful for the business, and which can be measured and monitored. In doing this it also takes into account the risks' net scores from the Risk Register. The conclusions of the discussion are recorded in the Risk Tolerance Statement and recommended to the Board for approval.

Risk tolerances are monitored by the business. Should the level of a risk have breached the tolerance levels, or be about to breach them, the Board is alerted and decides an appropriate course of action, or amends the risk tolerance, as deemed apposite.

*Risk Reporting*
The Risk Register is reported at each RAC meeting for review and discussion. New or emerging risks identified may be reported to the RAC by any of the Directors, or key function or role holders, for consideration and possible addition to the Register. The RAC may escalate these risks to the Board for consideration if it is deemed necessary.

The RAC provides a report to the Board at each meeting, highlighting any areas for particular attention. This includes adherence to risk appetite and tolerance.

*Own Risk Solvency Assessment ('ORSA') Policy*
EICL is responsible for completing an Own Risk Solvency Assessment ('ORSA') for the Group, incorporating EHGL. The Group ORSA includes a solo ORSA on EICL, as the only insurance entity in the Group.

The ORSAs main purpose is to ensure that the Group and the Company assess all the risks inherent to their businesses and determines the corresponding capital needs, or identifies other means needed to mitigate these risks.

It particularly considers situations in which the Group or Company face adverse conditions ('stressed scenarios'), and the capital needs and mitigation measures necessary in these scenarios, to ensure that the business is prepared for, and robust enough to weather, adverse conditions without detriment to stakeholders.

While the Risk Register focuses on risks from a bottom-up viewpoint, the ORSA takes a top-down approach, linking business objectives, business risks, business planning and capital planning. The results of the ORSA also feed back into the risk management process, ensuring that all risks identified are incorporated into the assessment, management, monitoring and reporting cycle.

The respective Boards will also use the output of the ORSAs to review the overall risk profile, and whether the profile exceeds or approaches the risk tolerance limits set by the Boards. If this is the case, the Boards will decide whether to amend the risk tolerance limit to one which is more appropriate, or whether the risk of exceeding limits should be mitigated with further capital.

When determining appropriate stress or scenario testing to be applied, the respective Boards shall take the approach of considering 'worst plausible case' possible, and also reverse stress tests.

The ORSA shall be completed using actual results not more than six months old, and the most recent business plan available, to make it as accurate as possible. The data will be taken from the management accounts to ensure it is of sufficient quality to assure confidence in the results of the assessment.

The EICL Board carries out the ORSAs at least annually on the basis that solvency needs and capital position are not volatile, and the business' risk profile is stable. However, it will also carry out additional ORSAs in any of the following instances:

- a 50% deviation from business plan with respect to technical profit across retained books;
- a 25% increase in gross written premium on retained lines against the business plan;
- new lines or classes of business to consider; and
- notification from the Investment Committee of a breach in investment risk tolerances.

The EICL Board is responsible for performing the assessment, but may delegate items to senior management if deemed appropriate.

Each time the Board completes an ORSA it will minute the assessment and its outcome. The results and conclusions of the assessment will be communicated to relevant staff, once approved by the Board.

A supervisory report will be prepared each time an ORSA is performed, and at least annually. Since EICL is a member of a Group, a single ORSA report will be submitted covering both Group and EICL's ORSAs.

The internal report and the supervisory report will usually be the same document.

*ORSA Process*

1) The Board carries out the initial assessment, encompassing:
    a. Review of business objectives and draft business plan;
    b. Identification of risks to meeting business objectives and plan;
    c. Review of risk profile against risk tolerances and appetites;
    d. Consideration of appropriate scenario/stress tests to be applied to each risk area, reverse stress tests, & whether the tests applied by the SII standard model agree with the Company's risk profile;
    e. Where these differ, agree more appropriate scenario/stress tests to be applied;
    f. Identification of areas where risk may be mitigated by diversification or accentuated by risk aggregation.
2) The business planning process begins and the first draft business plan circulated
3) The ORSA is completed using the parameters set during step 1).
4) The results are considered by the Board, along with the results of the standard model, to determine the required regulatory capital under the Solvency II rules. In drawing its conclusions, the Board considers whether it has sufficient capital to mitigate its risks, whether additional capital needs to be sourced, whether any capital buffer should be applied, or whether the business plan should be amended. It will also analyse whether it does and will comply on a continuous basis with its SCR, and receive an opinion from the actuarial function on whether it will comply continuously with the requirements regarding the calculation of technical provisions, and identifying any risks arising from uncertainties related to this calculation.
5) If the business plan needs to be amended after consideration of capital, the cycle returns to step 2.
6) If not, the Board either approves the ORSA and business plan, or waits until the availability of capital is confirmed at which point the plan will be approved or the cycle returns to step 2.
7) When the business plan is approved, a report will be compiled containing the results and conclusions of the ORSA, which the Board will then approve for internal distribution to relevant staff and submission to the Regulator.

## 4. Internal Control System

EHGL Group Internal Control System

EHGL Board is responsible for the Group Internal Control System. Internal controls are implemented within each subsidiary at a level proportionate to the complexity, nature, size of the business, whether it is subject to regulation, and the level of risk it presents to Group.

As a minimum, all companies will have sound reporting and accounting procedures to enable the respective Boards to adequately monitor their business. The majority of subsidiaries are subject to statutory audit which independently reviews their internal control systems.

EICL Internal Control System

The Company's internal controls are part of its compliance framework, being the first line of defence in the 'three lines of defence' model the Company has implemented:

1. Business Operations - Internal Controls
   The measures that are incorporated into systems and processes to control day-to-day activities. There shall be adequate controls implemented to ensure compliance and to highlight any significant breakdown in controls or inadequacy of process.

2. Oversight Functions
   The Company's committees and functions which oversee internal controls, including drafting and implementing policies and procedures, and monitoring against compliance with them. This includes the compliance and risk management functions.

3. Independent Assurance Providers
   The Internal Audit function (see the Internal Audit Policy for more detail) and RAC. The appointment of External Auditors also provides independent assurance.

The company has implemented policies which describe the Boards approach to key areas of the business, and procedures, where appropriate, which describe how the Board fulfils its policies. The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the internal control system, however day-to-day oversight is provided by the compliance key function holder and the Compliance Officer. In practice, the RAC, other Directors and key role holders also necessarily participate in the management of the system.

The Compliance Officer is responsible for ensuring that all company policies are reviewed at least annually to make certain that they are still fit for purpose, in liaison with the Directors as appropriate. The relevant area of the business is responsible for ensuring that their procedure(s) are up to date and reflect how the business operates. All reviews are recorded and versions controlled. All amendments are submitted to the Board or relevant Committee for approval.

There is a compliance monitoring programme in place to audit that EICL fulfils all its legislative and regulatory requirements, and adheres to its policies and procedures. This is completed by the Compliance Officer on a quarterly basis and forms part of the compliance report to the Board.

*Compliance Function*

The Compliance Functions aim is:

- To ensure the Company's continuing compliance in relation to its regulatory and legal obligations consistent with EICL's agreed appetite for regulatory or legal risk;

- To minimise the risks to EICL of material financial loss or damage to reputation arising from the potential failure to comply with regulatory or legal requirements;
- To ensure that EICL's arrangements in relation to compliance are sufficiently robust, proportionate, efficient and effective;
- To ensure that EICL's arrangements in relation to compliance are subject to review at appropriate intervals to ensure their continuing fitness for purpose; and
- In conjunction with the Board, to ensure an organisational culture is in place which promotes a high standard of business integrity and regulatory compliance.

The Compliance key function holder is responsible for the completion of compliance tasks, although the tasks are delegated to the Compliance Officer ('CO'). The key function holder is a Director and, along with the Compliance Officer, has direct access to both the Board and the RAC.

The CO is responsible for identifying and evaluating compliance risk, overseeing the implementation of controls for the risks identified, and monitoring their efficacy through the Compliance Monitoring Programme. The CO reports to the key function holder and Board at each meeting and will provide advice to the business when requested. It is acknowledged that these two roles need to be carefully balanced as the different approaches required by the proactive 'trusted advisor' and the more reactive 'independent watchdog' of the business may be at odds. If any conflict of interest should arise, the Compliance Officer shall follow the Company's Conflicts of Interest Policy.

The Compliance Function also liaises with regulatory bodies and authorities and provides updates on changes in legislation and regulatory requirements.

The Board supports the compliance function and shall make available such resource as is necessary, and provide access to all relevant documentation and information from the business, for the Compliance Function fulfil its aims.

## 5. Internal Audit Function

### EHGL Group Internal Audit Function

All Group companies revolve around EICL, and are therefore considered by EICL's internal audit function and included in EICL's internal audit activity, which is described below.

### EICL Internal Audit Function

EICL supports Internal Audit as an independent and objective assurance and consulting activity designed to add value and improve the Company's operations. It assists EICL in accomplishing its objectives by bringing an independent, systemic and disciplined approach to the process of evaluating and improving the effectiveness of the Company's risk management, control and governance processes.

The RACs responsibilities are set by the Board through its terms of reference. In turn, the RAC defines the responsibilities of, and oversees, the Internal Audit function, which is headed by the Internal Audit key function holder.

Internal audit exists to provide the Company with independent assessments of the quality of internal controls and administrative processes, and provide recommendations and suggestions for continuous improvement. It provides advisory services to management, will conduct investigations on an ad hoc basis as requested by management, and has responsibility for assisting in the development and operation of the risk management framework. It will also audit providers of material services to ensure that the agreements governing these relationships are being adhered to, including intragroup relationships.

Internal audits are conducted by resource appointed by the RAC which is appropriately skilled, experienced and independent to carry out the audit to the RAC's standards.

To carry out its work effectively and to retain integrity of the function, Internal Audit acts independently of line management. The RAC and the key function holder are responsible for the planning, management and performance of Internal Audit and have a direct reporting line to the Board to raise any issues identified. The majority of RAC members and the key function holder are non-executive directors and therefore independent of the day-to-day running of the business.

**Audit Plan**
The RAC prepares a three year internal audit plan every year, reviewing and revising the three year plan in accordance with business priorities and risk areas. The extent and frequency of the audits included within the plan are also risk-based, depending on various factors such as results of previous audits, relative risk associated with the activity, materiality, and adequacy of systems of internal control. It will also consider the output of external audit and external reserve reviews, liaising with any independent parties as necessary.

The plan includes specific coverage of the key operational areas of the business i.e. underwriting, claims, reinsurance, accounting, investment and compliance.

The plan is presented to the Board for approval. Should the plan significantly change for any reason during the year, it will be resubmitted to the Board for authorisation.

Throughout the year, performance against the annual plan are monitored by the RAC and any significant deviations reported to the Board as required.

**Audit Reporting**
An audit report is prepared and issued by the Internal Auditor following the conclusion of each audit, including any management responses. These reports are presented to the RAC at the next meeting, or sooner if matters arising require immediate attention.

A log of all internal audit recommendations raised during individual audits are collated and the status of action points are monitored to completion by the RAC.

An annual review of internal audit activity is reported to the Board. This includes a review of performance against the annual audit plan and review of the Audit Recommendations Log.

## 6. Actuarial Function

EICL is the only insurance entity in the Group and therefore the only one for which it is relevant to have an actuarial function, however EICLs actuarial function supports Group activity where required, for example the Group solvency calculation and ORSA.

EICL's actuarial function is the responsibility of the key function holder, who reports directly to the Board. The tasks of the actuarial function are outsourced to Robus Risk Services (Gibraltar) Limited, the Company's insurance manager. The key function holder is also responsible for overseeing this outsourced relationship including monitoring the scope of work, service levels and challenging the results.

The actuarial function is responsible for:

a) Coordination of the calculation of technical provisions;
b) Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
c) Assessing the sufficiency and quality of the data used in the calculation of technical provisions;
d) Comparing best estimates against experience;
e) Informing the Board of the reliability and adequacy of the calculation of technical provisions;
f) Expressing an opinion on the overall underwriting policy;
g) Expressing an opinion on the adequacy of reinsurance arrangements; and
h) Contributing to the effective implementation of the risk-management system.

Each of these activities is undertaken on an at least annual basis and the outcome reported to the Board in an internal actuarial report.

## 7. Outsourcing

Outsourcing is the use of a third party (either an affiliated entity within the same group or an external entity) to perform activities on a continuing basis that would normally be undertaken by the company. The third party to whom an activity is outsourced is a 'service provider'.

Each Board shall ensure that an outsourcing arrangement shall not diminish the company's ability to fulfil its obligations to customers or its regulator, nor impede effective supervision by its regulator (should it be regulated).

Fundamental responsibilities such as the setting of strategies and policies, the oversight of the operation of the company's processes, and the final responsibility for customers, shall not be outsourced.

The respective Boards consider outsourcing where they believe that there is an advantage to the company and customer by using a service provider e.g. access to specialist resource, provision of services in the same jurisdiction as the customer, cost benefits.

### EHGL Outsourcing

EHGL is a holding company and has little operational activity. The company's management is outsourced to Robus Corporate Services (Guernsey) Limited, primarily consisting of the provision of accounting and company secretarial functions.

### EICL Outsourcing

EICL is reliant on a number of material service providers; due to the risk this presents, EICL has an outsourcing policy which describes how it takes the decision to outsource, how a service provider is selected, and how the relationship is defined, managed and monitored. The Company takes a risk based approach to all of these activities.

*Material Service Providers in the Reporting Period:*

| **Service Provider** | **Service Provided** | **Jurisdiction Located** |
|---|---|---|
| Robus Risk Services (Gibraltar) Limited | Insurance Management<br>(compliance tasks, risk management tasks, company secretarial, accounting, banking & investments, regulatory reporting, actuarial tasks, some internal audit tasks) | Gibraltar |
| First Central Insurance Management Limited | Claims handling & policy fulfilment<br>UK motor business<br>UK motor ancillaries business | UK |
| Premier Insurance Consultants Limited | Claims handling & policy fulfilment<br>UK motor ancillaries | UK |
| Phoenix Financial Consultants Limited | Claims handling & policy fulfilment<br>UK motor ancillaries | UK |
| MyCom | Claims handling & policy fulfilment<br>Gadget insurance | Belgium |
| Nequs Insurance & Reinsurance Brokers SA | Claims handling, policy fulfilment & IPT compliance<br>Motor and personal accident | Greece |
| Guaranteed Conveyancing Solutions Limited | Claims handling & policy fulfilment<br>Legal indemnity | UK |
| Evolution Insurance Solutions Limited | Claims handling, policy fulfilment & IPT compliance<br>Surety bonds & building warranty | UK<br>Ireland<br>Italy |
| Sennocke International | Claims handling & policy fulfilment<br>Building warranty | UK<br>Ireland |
| Federation of Master Builders | Claims handling & policy fulfilment<br>Building warranty | UK<br>Ireland |
| Fiscal Reps | IPT compliance | Belgium |
| PwC | Internal audit tasks | Gibraltar |

## 8. Adequacy of the System of Governance

The Group aims to continuously improve its compliance and governance systems by ensuring that they are reviewed, evaluated, and recommendations are made to the Board(s) regarding enhancing and developing the systems, including the outcomes from compliance monitoring programmes, root cause analysis from complaints, breaches and risk events, and incremental development as the systems mature. It also considers relevant industry advice and guidelines, for example the UK Financial Reporting Council's Corporate Governance Code, implementing these as appropriate for the size and complexity of the Group companies.

Internal audits and external audits provide independent evaluation of the Group's and individual companies' system of governance. Recommendations from these audits are considered by the relevant Boards and implemented proportionate to the business' risks.

# C. Risk Profile

## 1. Underwriting Risk

EICL is the only company in the EHGL Group which is exposed to underwriting risk, the Group's underwriting risk is therefore the same as EICLs.

EICL takes a conservative approach to underwriting risk, prioritising the financial security of the Company, adherence to regulatory requirements, and protection of its policy holders, however it is open to investigating and developing innovative insurance products within these bounds.

Underwriting risk is identified and assessed using management information provided by the intermediaries, including GWP, claims reserves, loss ratio, large loss claims details and complaints data. Intermediary reviews are also carried out according to a risk based schedule, to review adherence to contractual requirements including delegated underwriting authority parameters; the outcome of these reviews is also part of EICLs assessment of underwriting risk. There has been no change to this methodology over the reporting period.

This information is reviewed by the Underwriting Committee and used in decision making to manage and mitigate underwriting risk, ensuring it is consistent with EICL's risk appetite. The Underwriting Committee reports to the Board on a quarterly basis and will also escalate decisions to the Board if these lie outside of the Committee's Terms of Reference.

EICL underwrites a mix of business that can broadly be split into two – 'retained' lines and 'fronted' lines.

Retained lines are distributed through intermediaries, the majority of which have underwriting authority delegated to them by EICL to allow them to bind business on behalf of the Company. This presents a risk in that the intermediary could bind the business on underwriting risks outside of EICL's risk appetite which is mitigated by:

- The majority of intermediaries are connected parties;
- Delegated authority limits are specified in the contracts with the intermediary;
- Intermediaries are provided with rates and underwriting guidelines which are regularly reviewed by the Underwriting Committee to ensure they are fit for purpose;
- The performance of intermediaries, including adherence to delegated authority limits, is closely monitored by the Underwriting Committee, which also conducts intermediary reviews according to the risk presented by the intermediary.

Fronted lines are those where 100% of the underwriting risk is mitigated by the use of reinsurance, and therefore EICL retains no underwriting risk on these lines. There are other types of risk associated with these lines, and these are discussed below.

The Company is exposed to catastrophic risks in relation to its retained lines, particularly the credit and surety line of business, since there are no non-proportional reinsurance treaties in place on this line of business (see Section D [2.8]). This risk is mitigated via close oversight and monitoring of the intermediary and checking adherence to the delegated authority, including limiting the exposure to any one surety bond to a maximum of £500k.

The Company is not exposed to lapse risk on its lines of business.

Reinsurance is used to mitigate the underwriting risk on retained lines, according to the Company's underwriting risk appetite and within its capacity as determined by its regulatory capital requirements.

The Company is also exposed to reserving risk (the risk that claims reserves are not sufficient to meet insurance liabilities) which is linked to underwriting risk. This is mitigated by:

- the Underwriting Committee regularly reviews claims reserves, particularly large loss claims, to ensure they are appropriate;
- the Company has a prudent reserving philosophy;
- delegated authority holders are monitored to ensure they are adhering to the reserving philosophy and guidelines;
- internally assessing the data quality and methodology used to calculate the reserves;
- engaging external actuaries to independently review claims reserves at least annually.

The efficacy of risk mitigation techniques used is regularly evaluated by the Underwriting Committee as part of their assessment of Underwriting Risk; mitigating measures are adjusted in accordance with the findings.

Underwriting concentration risk is limited due to the spread of classes, jurisdictions and distribution channels. Where there is a significant concentration, this is mitigated via reinsurance arrangements.

There has been no material change to the risks that the Company is exposed to in the reporting period.

## 2. Market Risk

EHGL has no exposure to market risks as it holds funds in cash or cash equivalents only.

### EICL

*Currency*

The Group and the Company are exposed to two currencies, the Euro ("EUR") and British Sterling ("GBP"). All investments are held in GBP and therefore present no currency risk to the Company. The Company holds a Euro cash account for Euro premium funds and claims payments, to minimise the number of currency exchanges necessary, however it is exposed to currency risk as its accounting currency is GBP and the exchange rate will affect the value of transactions and balances. EICL receives a small number of premiums in United States Dollars ("USD") although the timing and quantum of these receipts is known in advance and so measures are taken to ensure that there is no overnight exposure to USD.

The Investment Committee will consider currency exposure on a quarterly basis and make recommendations to the Board. Further, Robus Risk Services (Gibraltar) Ltd ("RRS"), the Company's insurance manager, monitors the EURGBP exchange rate on a monthly basis or more regularly where there are significant movements in the currency pair, assesses the currency risk on behalf of EICL, and will make recommendations via consultation with representatives of the Board regarding when to make foreign exchange transactions to mitigate the risk.

Losses or gains due to foreign exchange transactions are reported to the Board through the monthly management accounts. The Board reviews the efficacy of the mitigating measures and will consider whether they could be improved.

The currency risk has fluctuated considerably over the reporting period due to the economic conditions in the EU and the UK.

*Property*
EICL has a property investment portfolio, the majority of which consists of commercial properties which are then leased to provide a return on capital. Given the tenant covenants in place, these commercial properties are not subject to the same market fluctuations as residential properties, and therefore are considered to be lower risk. Properties, while all based in the UK, are still geographically spread to mitigate catastrophe risk, and all have insurance to cover damage and loss of rental income.

The property portfolio presents a liquidity risk in that it may take time to sell and realise cash.

The material risks presented by the property portfolio have not significantly changed over the reporting period, however the concentration of the risks have as the proportion of the assets invested in property has increased.

The Investment Committee assesses and monitors the risks presented by the property portfolio, ensuring that they lay within the Company's investment risk appetite and that investments are made in accordance with the Investment Policy. This encompasses thorough due diligence prior to any property purchase to evaluate the purchase risk, including the sale price vs market price, location, marketability, quality of tenant covenant etc. The Investment Committee considers the make-up of the entire investment portfolio, including the diversification benefit and concentration risk presented by the property portfolio, and determines limits for each type of asset.

The Investment Policy is reviewed at least annually to ensure that the mitigating guidelines in place are still appropriate for the Company and the risk environment in which it operates.

*Interest rate*
Interest rate risk arises as a result of the impact of interest yield curves on future payments to be made in respect of claims and receipts from the Group and Company's investments. The interest yield curves in the UK and Europe have decreased in the reporting period which reflects the decreases in base rates applied by Central Banks, particularly the Bank of England and the European Central Bank. The decline in interest yield curves has continued to date as a result of continuing economic uncertainty resulting from the UK's referendum and, more recently, the US Presidential election.

The Group and Company's exposure to interest rates arises primarily from the Company's bond portfolio (as bond values are susceptible to changes in interest rates), and the settlement of future claims (as the discount rates applied to claims settlement projections are impacted by interest yield curves). While commercial property values are also impacted by underlying interest rates, since changes in interest rates can affect access to finance and tenant covenants, the impact is less certain and therefore property prices have not been stressed based on changes in interest rates.

Interest rate risk is assessed and monitored by the Investment Committee, supported by RRS. The Company and the Group consider the prudent person principle (see [4]) in considering the investment assets and how they match to the expected payment profile of the Company's technical liabilities. Maximum duration limits (seven years) are also imposed on conventional fixed income assets in order to ensure that interest rate exposure on the bond portfolio is appropriate, while the property portfolio assists in hedging against longer term changes in the interest rate yield curve. The Investment Committee reviews the effectiveness of the mitigating measures, considers how they could be improved, and makes recommendations to the Board.

*Concentration*
The Investment Committee reviews the investment portfolio and assesses the concentration risk that the Company is exposed to, to ensure that it is within EICL's risk appetite and is in accordance with the Investment Policy. The concentration exposure arises in respect of positions taken in the Company and the Group's bond portfolio, secured loans, property exposure and counterparties in respect of its cash holdings and reinsurance recoveries. Concentration exposure is assessed in respect to exposure to any single name. In respect to properties, concentration exposure is considered where the individual properties are part of the same building. Concentration exposure is calculated based on the proportion of the single name exposure (or grouped property exposure) relative to the investment assets as a whole.

Concentration risk has changed over the reporting period as the investment mix has changed with the addition of further investment properties and secured loans.

Concentration risk in the bond portfolio is mitigated by limiting exposure to any one single name to 3% of the portfolio. Concentration risk on property acquisitions is easier to control since the concentration exposure is considered as part of the due diligence on acquisition. Ongoing monitoring of the concentration risk is undertaken by the Investment Committee which monitors investment holdings against the Investment Policy, which is reviewed at least annually to ensure that the mitigating guidelines in place are still appropriate for the Company and the risk environment in which it operates.

Concentration of counterparties in respect of cash and reinsurance exposures is considered with credit risk in section 3.

*Spread*
Spread risk is the sensitivity of the values of investments, primarily bonds and secured loans in respect of the Company and the Group, to changes in the level or in the volatility of credit spreads. As credit spreads will typically be narrower for well rated securities than for poorly rated securities (and for short duration rather than long duration securities), the Company and Group specifies credit quality limits to the conventional fixed income assets in its Investment Policy.

The Investment Policy is reviewed at least annually to ensure that the mitigating guidelines in place are still appropriate for the Company and the risk environment in which it operates.

The Investment Committee reviews the investment portfolio and assesses a value-at-risk ("VaR") given the duration and rating of the underlying assets, based on the expected loss with a 99.5% level of confidence. This is therefore considered the likely loss in the portfolio in a 1-in-200 year event. This assessment is undertaken in conjunction with the Company's investment advisors.

Investment market risk is also identified, assessed and monitored through the Risk Register on which key market risks are recorded. See Risk Management Framework above for further detail.

## 3. Credit Risk
Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

EHGL is exposed to very low levels of credit risk which is mitigated by investment in the Standard Life Money Market Fund.

EICL

Key areas where the Company is exposed to credit risk are:

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders;
- Amounts due from insurance intermediaries; and
- Amounts held with banks and other financial institutions

The Underwriting Committee assesses the counterparty credit risk by reviewing the reinsurers share of insurance liabilities, and amounts overdue from the other counterparties listed above (including how long overdue they are) at each Committee meeting. It monitors these amounts and whether they are in line with EICL's risk appetite, implementing additional risk mitigation measures or escalating to the Board if the risk appetite is exceeded.

Credit risk presented by reinsurers is mitigated by:

- using 'A' rated reinsurers or better wherever possible;
- monitoring the credit rating of current and historic rated reinsurers;
- implementing alternative mitigation measures such as 'pay as paid' clauses in the contract or collaterised arrangements via 'funds withheld' accounts, for non-rated reinsurers;
- using a select number of reinsurers (reducing contagion risk).

As at 30 June 2016, the largest risk exposure (net of collateral) in respect of the panel of reinsurers amounted to 36.6% of the net exposures. This exposure is with an A rated counterparty.

Credit risk presented by insurance contract holders and insurance intermediaries is mitigated by:

- carrying out due diligence on the financial stability of counterparties prior to entering into business relationships, and ongoing monitoring of same;
- some insurance intermediaries are connected parties;
- ensuring payment terms are included in business contracts.

Credit risk is also identified, assessed and monitored through the Risk Register on which key market risks are recorded. See Risk Management Framework above for further detail.

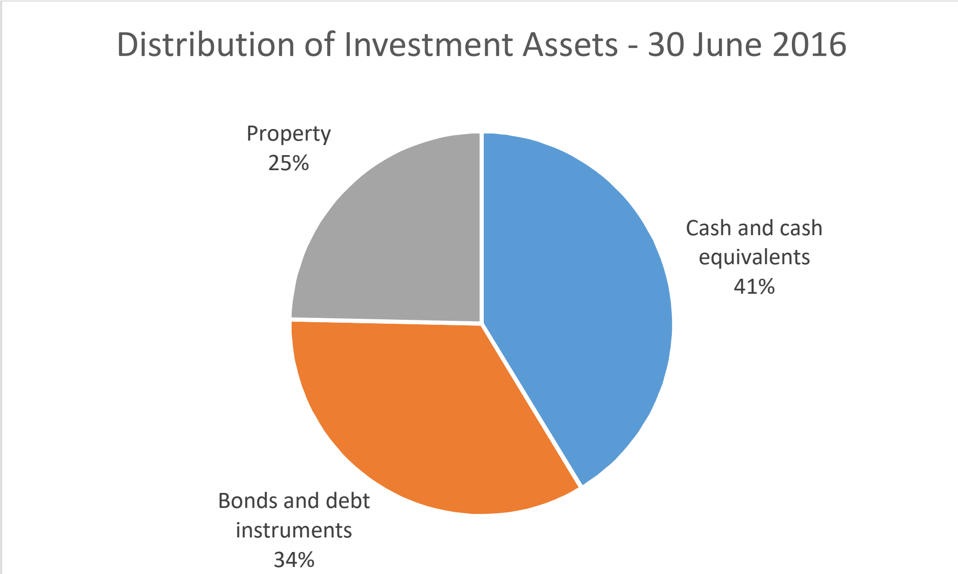
The risk mitigation measures outlined above are reviewed at least annually by the Underwriting Committee and/or Board to ensure that they are still effective and appropriate for the Company and the risk environment in which it operates.

## 4. Prudent person principle

The Group and the Company are required to invest the assets used to cover the minimum capital requirement and the solvency capital requirement in accordance with the 'prudent person principle'. The prudent person principle defines that the assets must be invested in a manner that a 'prudent person' would – that is that the decisions are generally accepted as being sound for the average person.

The Group and the Company forecast the cash needed over a three year horizon based on the three year business plan, taking into account liquidity of the assets. The bond portfolio in particular is invested in short dated instruments which, along with the cash and cash equivalents held, are designed to approximate the nature and duration of the insurance liabilities. In addition, the Company is exposed to some medium to long term business for which the commercial property portfolio is considered a good investment to counter the long term effects of inflation.

The assets of the Company are distributed as follows based on the asset class of the underlying exposure:




## 5. Liquidity Risk

Liquidity risk is the risk that cash may not be available to pay the obligations when they are due.

EHGL is exposed to very low levels of liquidity risk which is fully mitigated by investment in the Standard Life Money Market Fund.

EICL

Liquidity risk is assessed and monitored by RRS on behalf of EICL on a day-to-day basis, ensuring that there are sufficient funds available to meet both immediate and foreseeable cash flow requirements. This is done by reviewing balances in bank accounts and investments against expected requirements, bearing in mind maturities of investments and notice periods for withdrawals. Investments and cash are reviewed by the Board quarterly. The Investment Committee may set guidelines for the management of liquidity in the Investment Policy. The Investment Policy is reviewed at least annually to ensure that the mitigating guidelines in place are still appropriate for the Company and the risk environment in which it operates.

The property portfolio presents the greatest liquidity risk to the Company as property is likely to take some time to sell and a forced sale may result in a reduced return. This is mitigated by the Investment Committee adhering to the Investment Policy, and monitoring liquidity risk.

Liquidity risk is also identified, assessed and monitored through the Risk Register on which key market risks are recorded. See Risk Management Framework above for further detail.

The expected profit included in future premiums is £1,199,128.

## 6. Operational Risk

EHGL

EHGL is exposed to a low level of operational risk, being a holding company which outsources its operational functions to a company manager, Robus Corporate Services (Guernsey) Limited ('RCS').

This risk is mitigated by RCS having a comprehensive Business Continuity Plan in place. It is also exposed to a low level of crime risk, which is mitigated through the operational procedures RCS has in place around the finance function (e.g. two authorisers on payments) which are reviewed as part of EHGL's external audit.

EICL

Operational risk is identified, assessed and monitored by the Risk & Audit Committee ('RAC') with oversight from the Board, and recorded on the Risk Register. See Risk Management Framework above for further detail.

Mitigating measures are also recorded on the Risk Register and are monitored on a risk based frequency. Should the 'net' (post-control) risk assessment score increase, and at least annually, the RAC will consider if the controls for that risk should be improved or augmented.

There have been no material changes to the operational risks the Company is exposed to over the reporting period.

Key operational risks are:

- Material service provider risk
  (A material service provider fails to meet its contractual obligations or goes into liquidation.)

  Mitigated by having an Outsourcing Policy which includes that contracts must be in place with all material service providers, that appropriate risk assessment and due diligence must be conducted before entering into a new outsourcing arrangement, that service providers' stability and performance are monitored regularly, and that contingencies must be considered. Also mitigated by using a range of service providers to avoid reliance on any single provider; the exception to this is the use of an insurance manager. Contagion risk is unlikely amongst material service providers, and therefore the stress test is if any one service provider fails. The only scenario which would have a material impact on the business is if the insurance manager could not operate in the medium to long term.

- Regulatory & legal risk

  This risk is mitigated by having sound corporate governance and internal controls, and a strong compliance culture. Internal controls are regularly monitored through the compliance monitoring programme and are also subject to internal audit. Regulatory compliance is reviewed monthly. The outcome of the compliance monitoring programme, and the breaches and complaints logs, are presented to and reviewed by the Board each quarter. If any recurrent issues are identified, additional or changes to existing controls will be considered to resolve the root cause.

  The Company has Directors & Officers insurance in place to mitigate the risk of litigation against directors and key role holders.

  The Company is currently in transitional measures because it does not meet its solvency capital requirement. Since the situation is controlled, is being monitored, and the regulator is fully aware of it, there is no requirement to mitigate it with a capital allocation, it is mitigated by the Company's business and capital planning and prudent approach, which will ensure it trades into meeting its SCR. This is the only material change to regulatory and legal risk over the reporting period, the Company having comfortably met its solvency required minimum margin under the Solvency I regulatory regime.

The stress test applied to this risk is that the FSC revokes EICL's insurance licence, which is the worst plausible case scenario in regards to regulatory and legal risk.

- Reputation risk
  (A legal or regulatory breach, poor customer service, or market/jurisdiction insurer failures give the Company a bad reputation, effecting its ability to write business or form new business relationships)

  Mitigation of a legal or regulatory breach is described above. Poor customer service is mitigated by ensuring that all intermediaries are regulated in their respective jurisdiction, by complaints monitoring and root cause analysis, and by carrying out intermediary reviews. It is not possible to mitigate against the effect of market/jurisdiction insurer failures.

  The only lines which are sold under the 'Evolution' brand, and would have a material impact on the business if they were effected by reputation risk, are surety bonds and Nequs Greek motor business. Surety bonds and Nequs have both been stressed by assuming 3 months loss of profit on each book whilst the products are rebranded and relaunched.

- Financial crime risk
  (EICL is used as a vehicle for financial crime, e.g. money laundering, or suffers directly from financial crime e.g. is defrauded by a customer, employee or intermediary. Increased claims costs because of fraudulent claims effects EICL's profitability and potentially its solvency.)

  This risk is largely mitigated by having robust internal controls and corporate governance, including adhering to the 'four-eyes principle'. Internal controls are regularly monitored through the compliance monitoring programme and are also subject to internal audit. The outcome of the compliance monitoring programme, and the breaches log, are presented to and reviewed by the Board each quarter. If any recurrent issues are identified additional or changes to existing controls will be considered to resolve the root cause. Adherence to delegated authority limits are reviewed as described above under Underwriting Risk; a stress test of a fraudulent surety bond being issued, and a claim being made under that bond, has been applied (the only line where the Company could potentially incur a cost from a fraudulent policy being issued).

## 7. Other Material Risks

<u>'Brexit'</u>
The UK voted to leave the EU in the referendum which took place on the 23rd June 2016; since Gibraltar is a member of the EU through its relationship with the UK, it will also leave the EU if/when the UK does. This presents the Company with the risk that it will be unable to passport into EU jurisdictions from Gibraltar, and therefore unable to continue these lines of business.

The terms of the exit and arrangements for continued trade with the EU are not known and are unlikely to be clarified for a substantial period of time, which makes the risk very difficult to assess and respond to at this time, including stress testing. There is confidence that there will be no issue with trade between Gibraltar and the UK.

The Board continues to monitor the situation and consider whether contingency arrangements should be investigated to mitigate the risk, thus enabling the Company to continue writing business in the EU after the UK exits.

# D. Valuation for Solvency Purposes

## 1. Assets

1.1. As at 30 June 2016, the Group held the following assets:

| Asset Class | GAAP Accounts Value (£) | Look Through Adj. (£) | Reclassification for Solvency purposes (£) | Solvency Valuation Adj. (£) | Solvency Value (£) | Explanation of differences |
|---|---|---|---|---|---|---|
| Fixed assets | 93,063 | - | - | - | 93,063 | See [1.3.1] |
| Property | 12,088,740 | - | - | - | 12,088,740 | See [1.3.2] |
| Financial investments | 36,909,046 | (18,556,505) | (18,178,523) | - | 174,018 | See [1.3.3] |
| Bonds and secured loans | - | 16,536,826 | - | 262,036 | 16,798,862 | See [1.3.4] and [1.3.5] |
| Intermediary receivables | 55,305,719 | - | (55,305,719) | - | - | See [1.3.6] |
| Reinsurers share of unearned premiums | 42,706,439 | - | - | (42,706,439) | - | See [1.3.7] |
| Reinsurance share of claims reserves / Reinsurance share of technical provisions | 64,744,745 | - | (41,446,291) | 32,296,992 | 55,595,446 | See [2.5.2] |
| Cash and equivalents | 17,430,425 | 5,207,179 | - | - | 22,637,604 | See [1.3.8] |
| Prepayments and accrued income | 47,749 | - | - | (47,749) | - | See [1.3.9] |
| Deferred acquisition costs | 10,507,259 | - | - | (10,507,259) | - | See [1.3.9] |
| Other assets | 3,933,248 | (3,187,500) | - | (262,038) | 483,710 | See [1.3.10] |
| Deferred tax asset | - | - | - | 85,269 | 85,269 | See [1.3.11] |
| **TOTAL** | **243,766,433** | **-** | **(114,930,533)** | **(20,879,188)** | **107,956,712** | |

Reclassifications for solvency purposes are reclassifications to the technical provisions, whereas solvency valuation adjustments are valuation differences applied on a line-by-line basis.

1.2. As at 30 June 2016, the Company held the following assets:

| Asset Class | GAAP Accounts Value (£) | Look Through (£) | Reclassification for Solvency purposes (£) | Solvency Valuation Adj. (£) | Solvency Value (£) | Explanation of differences |
|---|---|---|---|---|---|---|
| Property | 10,901,540 | 1,187,200 | - | - | 12,088,740 | See [1.3.2] |
| Investment in group undertakings | 1,187,200 | (1,187,200) | - | - | - | Look through to underlying property |
| Financial investments | 36,735,028 | (18,556,505) | (18,178,523) | - | - | See [1.3.3] |
| Bonds and secured loans | - | 16,536,826 | - | 262,036 | 16,798,862 | See [1.3.4] and [1.3.5] |
| Intermediary receivables | 55,305,719 | - | (55,305,719) | - | - | See [1.3.61.3.5] |
| Reinsurers share of unearned premiums | 42,706,439 | - | - | (42,706,439) | - | See [1.3.7] |
| Reinsurance share of claims reserves / Reinsurance share of technical provisions | 64,744,745 | - | (41,446,291) | 32,296,992 | 55,595,446 | See [2.5.2] |
| Cash and equivalents | 15,164,604 | 5,207,179 | - | - | 20,371,783 | See [1.3.8] |
| Prepayments and accrued income | 47,040 | - | - | (47,749) | - | See [1.3.9] |
| Deferred acquisition costs | 10,507,259 | - | - | (10,507,259) | - | See [1.3.9] |
| Other assets | 3,700,088 | (3,187,500) | - | (262,038) | 250,550 | See [1.3.10] |
| Deferred tax asset | - | - | - | 85,269 | 85,269 | See [1.3.11] |
| **TOTAL** | **240,999,662** | **-** | **(114,930,533)** | **(20,879,188)** | **105,190,650** | |

Reclassifications for solvency purposes are reclassifications to the technical provisions, whereas solvency valuation adjustments are valuation differences applied on a line-by-line basis.

1.3. The valuation principles applied to these assets are consistent with those used in the GAAP accounts, notably:

1.3.1 Fixed assets – these are valued at the lower of their amortised cost or net realisable value.

1.3.2 Property – these are valued based on the most recent external valuation report, or cost if the acquisition was less than three years ago. Properties are valued at least every three years.

1.3.3 Other financial investments – all of the financial investments for the company have been looked through to identify the underlying exposures or reclassified to technical provisions where they relate to collateral arrangements. There remain some residual exposures in the Group which have been classified as equity exposures and valued based on their market price as at 30 June 2016.

1.3.4 Government and corporate bonds – these are quoted instruments in active markets and therefore the market price as at 30 June 2016 has been applied.

1.3.5 Secured loans – these are based on the expected amounts recoverable under contract as at 30 June 2016, discounted to present value where the expected recovery is greater than one year.

1.3.6 Intermediary receivables – valued based on the best estimate of the recoverable value, discounted to present value where the expected recovery is greater than one year. Reclassified for solvency purposes to net off technical provisions (see [2.5.5]).

1.3.7 Reinsurance share of unearned premiums – the reinsurance share of unearned premiums reserve comprises the reinsurer's share of the proportion of gross premiums written which is to be earned in the following or subsequent financial years. For policies with a defined period of insurance, the unearned premiums reserve is calculated by apportioning premiums over the period to which they relate on a pro rata basis adjusted to take account of the incidence of risk. In instances where the period of insurance is not finite, premiums are fully earned on the date of inception of the policy and an appropriate loss reserve is immediately created. The unearned premiums are not recognised for solvency purposes.

1.3.8 Cash and equivalents – valued at the amount held at the period end, translated using the year end exchange rate where appropriate.

1.3.9 Prepayments and deferred acquisition costs – valued based on the estimated unutilised benefit as at 30 June 2016.

1.3.10 Other assets – valued based on the best estimate of the recoverable or realisable value. Adjustments for solvency purposes include the look through to reclassify long term loans and a reclassification of accrued interest arising on bonds and secured loans.

1.3.11 Deferred tax asset – valued based on the expected tax benefit once the valuation adjustments to transition to solvency valuations unwind.

## 2. Technical Provisions

2.1 The GAAP Accounts of both the Group and the Company include provisions for claims incurred based on earned premiums which consider all reasonably foreseeable best estimates. This includes reserves for claims incurred plus a provision for claims incurred but not yet reported (IBNR). The Group and the Company also considers any amounts recoverable from reinsurance contracts in respect of its claims reserves and IBNR. All data in section [2] below relates to both the Group and the Company unless stated.

2.2 The technical provisions by line of business are as follows:

| Line of business | Technical provisions (excluding risk margin) (£) | Risk margin (£) | Technical provisions (£) |
|---|---|---|---|
| Motor vehicle liability insurance | 71,999,560 | 1,733,140 | 73,732,700 |
| Other motor insurance | 8,959,033 | 272,002 | 9,231,035 |
| Fire and other damage to property insurance | (4,549,313) | 5,485 | (4,543,828) |
| Credit and suretyship insurance | 1,580,255 | 149,990 | 1,730,245 |
| Legal expenses insurance | 31,727 | 2,232 | 33,959 |
| Miscellaneous financial loss insurance | 2,642,082 | 79,373 | 2,721,455 |
| Total | 80,663,344 | 2,242,222 | 82,905,566 |

Negative technical provisions arise where future premiums exceed provisions for claims.

2.3 The key areas of uncertainty around technical provisions are as follows:

2.3.1 Estimation of outstanding loss reserves (“OSLR”) – while information about claims is generally available, assessing the cost of settling the claim is subject to some uncertainty.

2.3.2 Estimation of the losses relating to claims which have been incurred but not reported (“IBNR”) – this is generally subject to a greater degree of uncertainty than estimating the OSLR since the nature of the claims is not known at the time of reserving.

2.3.3 Estimation of claims arising on business which have not yet expired (“unexpired risks”) – this is uncertain as the claims have not yet been incurred, but are expected to be incurred on the business which the Company has written.

2.3.4 Market environment – changes in the market environment increase the inherent uncertainty affecting the business. In particular, claims inflation, propensity for UK motor claims to settle through periodic payment orders (“PPOs”) and the Legal Aid, Sentencing and Punishment or Offenders (“LASPO”) Act have all impacted the market environment in recent years.

2.3.5 Events not in data (‘ENID loading’) – estimating a provision for events not in data is subject to considerable uncertainty as the events being reserved have not been observed.

2.3.6 Run-off expenses – the estimation of the change in expense base for run off of the Company is inherently uncertain due to the estimations around the period of the run off, base costs and inflation.

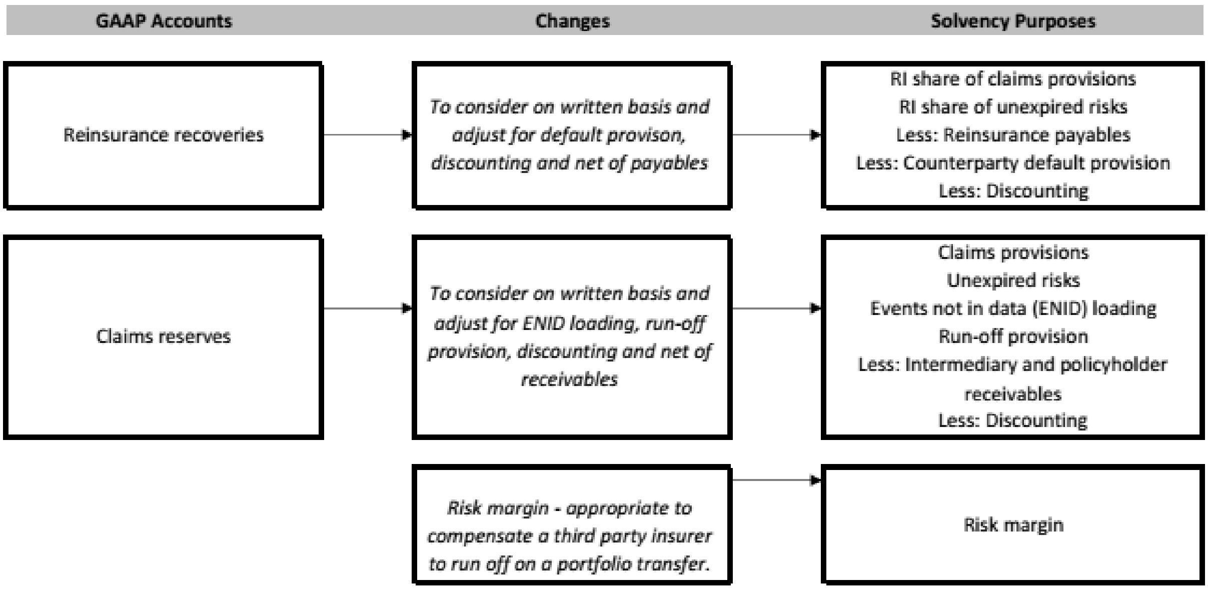
2.3.7 Risk margin – the risk margin, being the margin payable to transfer the business to another insurance carrier, is uncertain due to the requirement to forecast future solvency capital requirements over the period of a run off. This therefore shares the same uncertainties of the run off expenses provision considered at [2.3.6], as well as the inherent uncertainties around forecasting future solvency capital requirements.

2.4 The Company manages the risks around these uncertainties via the following actions:

2.4.1 Ongoing monitoring of claims, including regular reviews of claims handling functions.

2.4.2 Maintaining a number of reinsurance arrangement to limit the impact of adverse claims development (see [2.8]).
2.4.3 Internal controls through the underwriting committee and actuarial function which monitor claims development and reinsurance arrangements.
2.4.4 Regular external actuarial reviews.

2.5 The changes required to transition from GAAP accounts to technical provisions for solvency purposes are consistent for all lines of business, and are noted below:




We shall consider each of these adjustments to transition from GAAP accounts to solvency technical provisions.

2.5.1 Claims provisions – The Company and the Group have made no adjustments to its claims provisions in its GAAP accounts in recording the claims provisions for solvency purposes. The Company and Group have considered whether adjustments may be required as a result of contract boundaries and believe there are no such adjustments required. The claims provisions as at 30 June 2016 is £91,617,599.

2.5.2 Reinsurance share of claims provisions – The Company and the Group have made no adjustments to its reinsurance recoveries in its GAAP accounts in recording the reinsurance share of claims provisions for solvency purposes. The reinsurance share of claims provisions as at 30 June 2016 is £64,744,745.

2.5.3 Unexpired risks – The Company and the Group have estimated the claims which will be payable on unexpired risks (sometimes termed 'premium provisions') based on the ultimate loss ratios and large loss experience from the claims provisions. The premiums provision as at 30 June 2016 is £43,477,470.

2.5.4 Reinsurance share of unexpired risks – The Company and the Group have estimated the amounts recoverable on unexpired risks (sometimes termed 'premium provisions') based on the ultimate loss ratios and large loss experience from the claims provisions. The reinsurance share of premium provisions as at 30 June 2016 is £34,470,476.

2.5.5 Intermediary and policyholder receivables – Intermediary and policyholder receivables are netted off the technical provisions for solvency purposes. There are no valuation differences between GAAP accounts and intermediary and policyholder receivables for solvency purposes. The net insurance receivables as at 30 June 2016 is £55,305,719.

2.5.6 Reinsurance payables – Net reinsurance payables are netted off the reinsurance recoveries for solvency purposes. There are no valuation differences between GAAP Accounts and net reinsurance payables for solvency purposes. The net reinsurance payables (being reinsurance payables less financial investments held for collateral arrangements per [1.3.2]) as at 30 June 2016 is £41,446,291.

2.5.7 Events not in data loading – Technical provisions for solvency purposes are required to allow for all possible events, including those that may not have been historically realised before. Such events not presented in a set of observable historical loss data are often called events not in data ("ENID"). This is a difference in valuation methodology compared to the GAAP accounts which consider best estimates which can be reasonably foreseen, and therefore leads to a loading on the technical provisions to consider the probability weighted effect of events which have not previously been observed.

The Company and Group have undertaken an assessment of previously unobserved events for each line of business and sought to consider the probability weighted effect of such events and, given the business model, believe that such unobserved events are unlikely. As such, the ENID loading applied by the Company and the Group as at 30 June 2016 was £73,871.

2.5.8 Counterparty default provision – The Company and the Group have considered a provision for default by one or more of its reinsurance providers. The provision is based on the total exposure to the counterparty, the rating of the counterparty and the existence of any collateral arrangements with the counterparty. The Company and Group estimate the counterparty default provision and consider each of the exposures, net of collateral arrangements in existence, apply the estimated probability of default by rating, and derive a weighted average probability of default.

The Company and Group have calculated the weighted average probability of default of reinsurers as 1.52%, and thus the counterparty default adjustment is £1,465,715.

2.5.9 Run-off provision – Technical provisions for solvency purposes are required to take account of all expenses that will be incurred in servicing insurance obligations. This is commonly referred to as a 'run-off' provision as it therefore considers all future expenses which would be incurred to allow the existing obligations to run-off.

The Company and the Group have considered a run-off period of seven years and estimated the level of future expenses based on the current level of expenses, considering the decrease in activity in the period, underlying expense inflation and an estimated minimum level of costs which would be incurred in any one year. The run-off provision applied by the Company and the Group as at 30 June 2016 was £1,815,171.

2.5.10 Discounting – Discounting has been applied in the technical provisions based on the sterling yield curve as at 30 June 2016 as issued by the European Insurance and Occupational Pensions Authority ("EIOPA"). The impact of discounting on the technical provisions is £1,015,046, and on the reinsurance share of technical provisions the impact of discounting is £707,768.

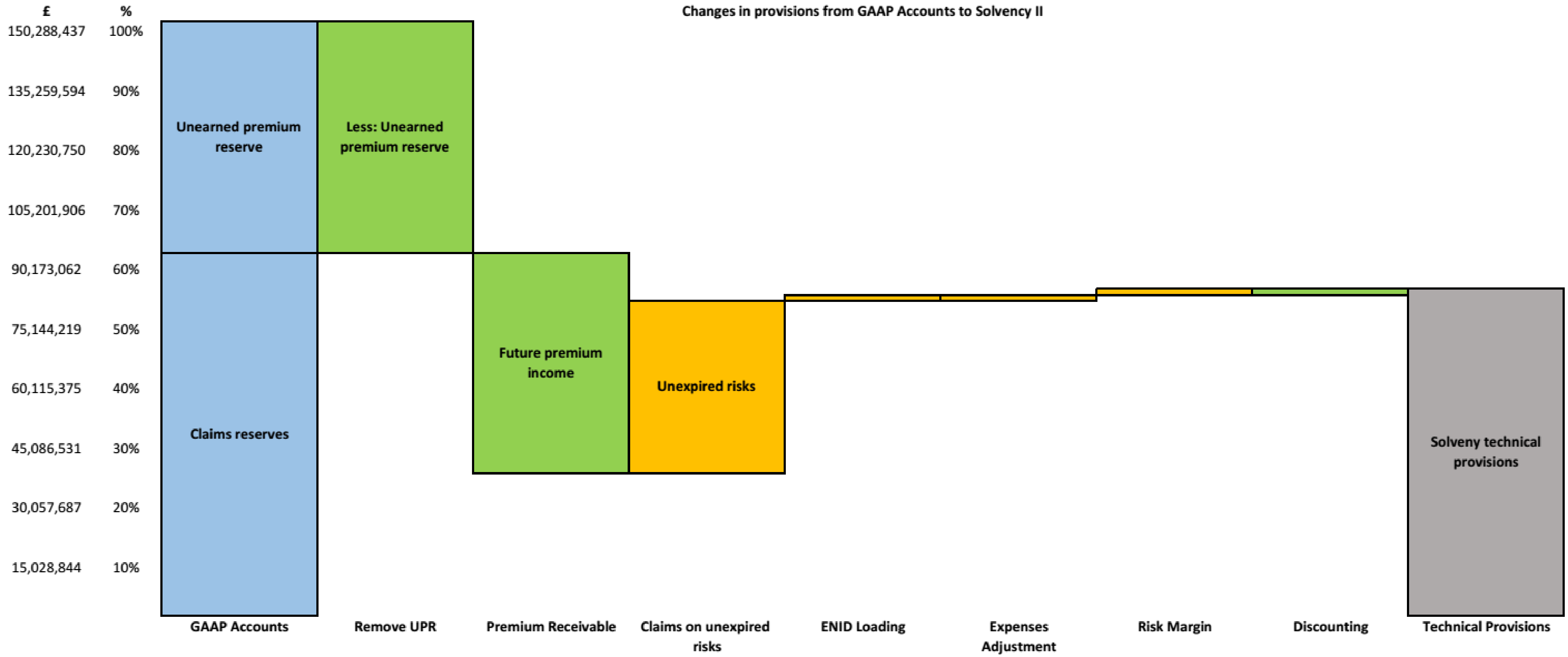
2.5.11 Risk Margin – The risk margin has been considered to ensure that the value of the technical provisions is equivalent to the amount that would be expected to have to be paid to a third party insurance company in order to take over and meet the insurance obligations of the Company. The risk margin has been calculated based on the estimated capital requirements to run off the Company's obligations, and applying a cost of capital of 6%.

The capital required to run-off the portfolio is based on the future estimated SCR's, taking account of underwriting risk and reinsurance counterparty risk.

This results in a risk margin of £2,242,197

2.6 Neither the Group nor the Company have applied the matching adjustment, volatility adjustment, transitional risk-free interest term structure or the transitional deduction in calculating its technical provisions.

2.7 The changes to technical provisions highlighted above are reflected in the waterfall diagram below:



2.8 The Group and the Company have entered into various reinsurance arrangements, as follows, for each line of business:

2.8.1 Motor vehicle liability and other motor insurance – The Company caps its underwriting risk at £500,000 for UK policies and €500,000 for Greek policies via non-proportional ("XoL") treaties. The panel of reinsurers in the XoL treaties are predominately counterparties with good ratings from a well-known rating agency. The Company also has a stop-loss arrangement in place which caps the maximum loss across the whole UK motor book in each six month period. In respect of the UK motor business, the company also has a proportional ("QS") treaty for which the company holds collateral via a fund withheld arrangement. In respect of its Greek motor business, the company has a QS treaty with a counterparty with good ratings from a well-known rating agency.

2.8.2 Fire and other damage to property – The Company has a QS treaty with an unrated reinsurer in respect of its Irish, French, German and Netherlands business. While the reinsurer is unrated, there is a cut through provision to a rated panel of reinsurers.

2.8.3 Credit and suretyship – There are no reinsurance arrangements for this line of business in the UK and Ireland.

2.8.4 Legal expenses – There are no reinsurance arrangements for this line of business in the UK, Ireland or Italy.

2.8.5 Miscellaneous financial loss – The Company has a range of different QS reinsurance arrangements for different books of business written in this line of business. Most of the reinsurance arrangements are with unrated reinsurers but with collateral arrangements in place.

## 3. Other Liabilities

3.1 As at 30 June 2016, the Group recorded the following classes of liabilities for solvency purposes:

| Liability | GAAP Accounts Value (£) | Solvency Value (£) | Explanation of Differences |
|---|---:|---:|---:|
| Reinsurance share of deferred acquisition costs | 7,763,883 | - | Not recognised for solvency purposes |
| Accruals | 55,502 | 55,502 | None |
| Provisions | 142,335 | - | Not recognised for solvency purposes |
| Reinsurance accounts payable | 59,624,815 | - | Reclassified to technical provisions (see [2.5.6]) |
| Other creditors, including corporation tax and IPT | 6,126,233 | 6,126,233 | None |

There have been no valuation adjustments for solvency purposes other than to include accrued interest within the valuation of bonds.

3.2 As at 30 June 2016, the Company recorded the following classes of liabilities for solvency purposes:

| Liability | GAAP Accounts Value (£) | Solvency Value (£) | Explanation of Differences |
|---|---|---|---|
| Reinsurance share of deferred acquisition costs | 7,763,883 | - | Not recognised for solvency purposes |
| Accruals | 55,502 | 55,502 | None |
| Provisions | 135,000 | - | Not recognised for solvency purposes |
| Reinsurance accounts payable | 59,624,815 | - | Reclassified to technical provisions (see [2.5.6]) |
| Other creditors, including corporation tax and IPT | 3,630,141 | 3,630,141 | None |

There have been no valuation adjustments for solvency purposes other than to include accrued interest within the valuation of bonds.

## 4. Alternative Methods for Valuation

Not applicable for the Group or the Company.

## 5. Any Other Information

Not applicable for the Group or the Company.

# E. Capital Management

## 1. Own Funds

1.1. The Group and the Company undertake an Own Risk and Solvency Assessment ("ORSA") exercise at least annually, or when the risk profile of the Group or the Company changes. The ORSA exercise incorporates the business planning process which is typically considered over a three-year time horizon. There have been no significant changes since 1 January 2016.

1.2. The Company and Group classifies its own funds as tier 1, tier 2 or tier 3 depending on the characteristics of the capital. Tier 1 capital is the best form of capital for the purposes of absorbing losses.

The Group's own funds are as follows.

| Own fund item | Tier | £ | % |
|---|---|---|---|
| Share capital and share premium | 1 | 661,963 | 3.5% |
| Revaluation reserve | 1 | 375,712 | 2.0% |
| Capital redemption reserve | 1 | 4,462 | 0.0% |
| Reconciliation reserve | 1 | 17,657,540 | 94.0% |
| Deferred tax asset | 3 | 85,271 | 0.5% |
| | | 18,784,948 | 100.0% |

The Company's own funds are as follows.

| Own fund item | Tier | £ | % |
|---|---|---|---|
| Share capital and share premium | 1 | 5,621,100 | 30.2% |
| Revaluation reserve | 1 | 1,526 | 0.0% |
| Reconciliation reserve | 1 | 12,891,544 | 69.3% |
| Deferred tax asset | 3 | 85,271 | 0.5% |
| | | 18,599,441 | 100.0% |

The reconciliation reserve represents retained earnings and reconciliation adjustments from GAAP balance sheet to SII balance sheet.

1.3. Only the Company and Group's tier 1 own funds may be used towards meeting the Minimum Capital Requirement.

## 2. Solvency Capital Requirements & Minimum Capital Requirements

2.1. The SCR of the Group as at 30 June 2016 was £20,642,997. The SCR of the Company as at 30 June 2016 was £20,550,808. The MCR of the Company as at 30 June 2016 was £5,987,389.

The final amount of the SCR in respect of both the Company and the Group remains subject to supervisory assessment.

2.2. The SCR of the Company and Group is made up as follows:

2.2.1. The Company and the Group are exposed to market risks derived predominately from the assets held by the Company and the Group to meet its insurance liabilities, although exposures to shocks in interest rates and currency rates also consider the exposure from underwriting risks.

| MARKET RISK | Company £ | Group £ |
|---|---:|---:|
| Interest rate risk | 156,234 | 1,000 |
| Spread risk | 937,950 | 937,950 |
| Equity risk | - | 72,809 |
| Currency risk | 236,505 | 276,243 |
| Property risk | 3,022,185 | 3,022,185 |
| Concentration risk | 1,250,653 | 1,247,964 |
| Market risk diversification | (1,733,222) | (1,623,594) |
| **MARKET RISK TOTAL** | **3,870,305** | **3,934,558** |

2.2.2. The Company and Group are exposed to counterparty risks in the form of cash deposits and recoveries from reinsurers (type 1) and from receivables from intermediaries, policyholders and other debtors (type 2).

| COUNTERPARTY RISK | Company £ | Group £ |
|---|---:|---:|
| Type 1 risk | 1,944,197 | 2,009,224 |
| Type 2 risk | 779,300 | 814,274 |
| Market risk diversification | (142,823) | (148,781) |
| **COUNTERPARTY RISK TOTAL** | **2,580,674** | **2,674,717** |

2.2.3. The Company and Group are exposed to non-life underwriting risk as a result of the insurance policies it sells. The risks are based on volatility around earned premium sand claims reserves, and to catastrophe events to which the Company and Group may be exposed.

| NON-LIFE UNDERWRITING RISK | Company £ | Group £ |
|---|---:|---:|
| Premium and reserve risk | 14,079,888 | 14,079,888 |
| Catastrophe risk | 1,862,041 | 1,862,041 |
| Non-life diversification | (1,285,220) | (1,285,220) |
| **NON-LIFE UNDERWRITING RISK TOTAL** | **14,656,709** | **14,656,709** |

2.2.4. The final solvency capital requirement of the Company and the Group is the aggregation of the market, counterparty and non-life underwriting risks, less a credit for diversification, and then an additional charge to represent the operational risks faced by the Company and the Group.

| **SOLVENCY CAPITAL REQUIREMENT** | **Company £** | **Group £** |
|---|---:|---:|
| Market risks | 3,870,305 | 3,934,558 |
| Counterparty risks | 2,580,674 | 2,674,717 |
| Non-life underwriting risks | 14,656,709 | 14,656,709 |
| Basic SCR diversification | (3,568,035) | (3,637,818) |
| Operational risks | 3,011,157 | 3,011,157 |
| **SOLVECNY CAPITAL REQUIREMENT** | **20,550,808** | **20,639,323** |

2.3. Neither the Company nor the Group have utilised simplified calculations in applying the standard model and there has been no use of undertaking specific parameters in the non-life underwriting risk calculations.

2.4. The inputs used to calculate the MCR of the Company are as follows:

| **Line of business** | **Net (of reinsurance) best estimate and technical provisions calculated as a whole (£)** | **Net (of reinsurance) written premiums in the last 12 months (£)** |
|---|---:|---:|
| Motor vehicle liability insurance | 27,256,978 | 12,587,523 |
| Other motor insurance | 8,678,862 | 13,147,649 |
| Fire and other damage to property insurance | 12,073 | 0 |
| Credit and suretyship insurance | 1,580,255 | 1,977,610 |
| Legal expenses insurance | 31,727 | 134,319 |
| Miscellaneous financial loss insurance | 1,338,142 | 694,065 |

2.5. This is the first period in which the Solvency Capital Requirement and Minimum Capital Requirement have been reported and therefore no changes have been disclosed.

## 3. Non-Compliance with the MCR and Non-Compliance with the SCR

3.1. The Company and Group have maintained capital sufficient to meet its minimum capital requirement throughout the period covered by this report.

3.2. The Solvency II rules allow insurance companies and groups to take advantage of transitional arrangements in relation to meeting the solvency capital requirement subject to certain conditions being met, such as meeting their capital requirements under the previous legislation as at 31 December 2015, and subject to submitting a quarterly progress report to the regulator regarding the progress made in meeting the solvency capital requirement.

The Company and the Group took advantage of these transitional arrangements and have been working closely with the Gibraltar Financial Services Commission to ensure the own funds of the Company and the Group meet the solvency capital requirement within the two-year transitional window. Based on the business plans, the Company and the Group expect that own funds will meet the solvency capital requirement as at 31 December 2016 as a result of continuing positive underwriting performance and the impacts from adjusting the risk profile of the Company and the Group following the cessation of the UK motor book.

The Company and the Group expect to exit the transitional arrangements in Q1 2017 and it is envisaged that the solvency capital requirement will continue to fall significantly during 2017, giving the Company and the Group significant additional capacity to seek new lines of business and maintain an appropriate buffer over the solvency capital requirement.

## 4. Any Other Information

The directors do not consider that there is any further information which should be disclosed regarding the capital management of the Company or the Group.

## F. Quantitative Reporting Templates

**P.02.01.02**
**- Balance sheet**

Contents

| | | 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 | 0 |
| R0070 | Investments (other than assets held for index-linked and unit-linked contracts) | 37,199 |
| R0080 | Property (other than for own use) | 12,089 |
| R0090 | Holdings in related undertakings, including participations | 0 |
| R0100 | Equities | 0 |
| R0110 | Equities - listed | 0 |
| R0120 | Equities - unlisted | 0 |
| R0130 | Bonds | 12,670 |
| R0140 | Government Bonds | 0 |
| R0150 | Corporate Bonds | 12,321 |
| R0160 | Structured notes | 0 |
| R0170 | Collateralised securities | 349 |
| R0180 | Collective Investments Undertakings | 11,216 |
| R0190 | Derivatives | 0 |
| R0200 | Deposits other than cash equivalents | 1,225 |
| R0210 | Other investments | 0 |
| R0220 | Assets held for index-linked and unit-linked contracts | 0 |
| R0230 | Loans and mortgages | 3,284 |
| R0240 | Loans on policies | 0 |
| R0250 | Loans and mortgages to individuals | 0 |
| R0260 | Other loans and mortgages | 3,284 |
| R0270 | Reinsurance recoverables from: | 55,595 |
| R0280 | Non-life and health similar to non-life | 54,381 |
| R0290 | Non-life excluding health | 54,381 |
| R0300 | Health similar to non-life | 0 |
| R0310 | Life and health similar to life, excluding health and index-linked and unit-linked | 1,215 |
| R0320 | Health similar to life | 0 |
| R0330 | Life excluding health and index-linked and unit-linked | 1,215 |
| R0340 | Life index-linked and unit-linked | 0 |
| R0350 | Deposits to cedants | 0 |
| R0360 | Insurance and intermediaries receivables | 0 |
| R0370 | Reinsurance receivables | 0 |
| 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 | 11,781 |
| R0420 | Any other assets, not elsewhere shown | 336 |
| R0500 | **Total assets** | 108,196 |

| | | Solvency II value |
|---|---|---|
| | **Liabilities** | C0010 |
| R0510 | Technical provisions – non-life | 81,691 |
| R0520 | Technical provisions – non-life (excluding health) | 81,691 |
| R0530 | TP calculated as a whole | 0 |
| R0540 | Best Estimate | 79,449 |
| R0550 | Risk margin | 2,242 |
| 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) | 1,215 |
| 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) | 1,215 |
| R0660 | TP calculated as a whole | 0 |
| R0670 | Best Estimate | 1,215 |
| R0680 | Risk margin | 0 |
| 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 | 3,005 |
| R0800 | Debts owed to credit institutions | 0 |
| R0810 | Financial liabilities other than debts owed to credit institutions | 0 |
| R0820 | Insurance & intermediaries payables | 0 |
| R0830 | Reinsurance payables | 0 |
| R0840 | Payables (trade, not insurance) | 0 |
| R0850 | Subordinated liabilities | 0 |
| R0860 | Subordinated liabilities not in Basic Own Funds | 0 |
| R0870 | Subordinated liabilities in Basic Own Funds | 0 |
| R0880 | Any other liabilities, not elsewhere shown | 3,686 |
| R0900 | **Total liabilities** | 89,596 |
| R1000 | **Excess of assets over liabilities** | 18,599 |

**P.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 | 64,988 | 22,303 | 0 | 8,922 | 0 | 1,982 | 134 | 0 | 5,820 | | | | | 104,149 |
| R0120 | Gross - Proportional reinsurance accepted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | 0 |
| R0130 | Gross - Non-proportional reinsurance accepted | | | | | | | | | | | | | 0 | 0 | 0 | 0 | 0 |
| R0140 | Reinsurers' share | 0 | 0 | 0 | 42,729 | 14,243 | 0 | 8,922 | 0 | 0 | 0 | 0 | 5,120 | 0 | 0 | 0 | 0 | 71,015 |
| R0200 | Net | 0 | 0 | 0 | 22,258 | 8,060 | 0 | 0 | 0 | 1,982 | 134 | 0 | 699 | 0 | 0 | 0 | 0 | 33,134 |
| | **Premiums earned** | | | | | | | | | | | | | | | | | |
| R0210 | Gross - Direct Business | 0 | 0 | 0 | 56,754 | 19,530 | 0 | 6,909 | 0 | 2,067 | 128 | 0 | 5,673 | | | | | 91,060 |
| R0220 | Gross - Proportional reinsurance accepted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | 0 |
| R0230 | Gross - Non-proportional reinsurance accepted | | | | | | | | | | | | | 0 | 0 | 0 | 0 | 0 |
| R0240 | Reinsurers' share | 0 | 0 | 0 | 22,258 | 23,563 | 0 | 6,909 | 0 | 0 | 0 | 0 | 4,791 | 0 | 0 | 0 | 0 | 57,521 |
| R0300 | Net | 0 | 0 | 0 | 34,495 | -4,034 | 0 | 0 | 0 | 2,067 | 128 | 0 | 882 | 0 | 0 | 0 | 0 | 33,539 |
| | **Claims incurred** | | | | | | | | | | | | | | | | | |
| R0310 | Gross - Direct Business | 0 | 0 | 0 | 62,311 | 20,965 | 0 | 2,349 | 0 | 696 | 14 | 0 | 1,604 | | | | | 87,941 |
| R0320 | Gross - Proportional reinsurance accepted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | 0 |
| R0330 | Gross - Non-proportional reinsurance accepted | | | | | | | | | | | | | 0 | 0 | 0 | 0 | 0 |
| R0340 | Reinsurers' share | 0 | 0 | 0 | 44,110 | 14,703 | 0 | 2,349 | 0 | -2 | 0 | 0 | 1,201 | 0 | 0 | 0 | 0 | 62,361 |
| R0400 | Net | 0 | 0 | 0 | 18,201 | 6,262 | 0 | 0 | 0 | 698 | 14 | 0 | 403 | 0 | 0 | 0 | 0 | 25,579 |
| | **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 | 4,713 | 1,902 | 0 | 49 | 0 | 659 | 97 | 0 | 370 | 0 | 0 | 0 | 0 | 7,791 |
| R1200 | **Other expenses** | | | | | | | | | | | | | | | | | 0 |
| R1300 | **Total expenses** | | | | | | | | | | | | | | | | | 7,791 |

**P.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** | | **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 than health insurance obligations | Health reinsurance | Life-reinsurance | |
| | | 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 | 1,215 | 0 | 0 | 1,215 |
| R1620 | Reinsurers' share | 0 | 0 | 0 | 0 | 0 | 1,215 | 0 | 0 | 1,215 |
| R1700 | Net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **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 |

**P.05.02.01**
**- Premiums, claims and expenses by country**

Contents

| | | 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 | GR | 0 | 0 | 0 | |
| | | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | C0140 |
| | **Premiums written** | | | | | | | |
| R0110 | Gross - Direct Business | 0 | 71,109 | 24,118 | 0 | 0 | 0 | 95,227 |
| R0120 | Gross - Proportional reinsurance accepted | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R0130 | Gross - Non-proportional reinsurance accepted | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R0140 | Reinsurers' share | 0 | 42,558 | 24,118 | 0 | 0 | 0 | 66,676 |
| R0200 | Net | 0 | 28,551 | 0 | 0 | 0 | 0 | 28,551 |
| | **Premiums earned** | | | | | | | |
| R0210 | Gross - Direct Business | 0 | 65,891 | 18,260 | 0 | 0 | 0 | 84,152 |
| R0220 | Gross - Proportional reinsurance accepted | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R0230 | Gross - Non-proportional reinsurance accepted | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R0240 | Reinsurers' share | 0 | 34,962 | 18,260 | 0 | 0 | 0 | 53,223 |
| R0300 | Net | 0 | 30,929 | 0 | 0 | 0 | 0 | 30,929 |
| | **Claims incurred** | | | | | | | |
| R0310 | Gross - Direct Business | 0 | 69,160 | 16,431 | 0 | 0 | 0 | 85,591 |
| R0320 | Gross - Proportional reinsurance accepted | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R0330 | Gross - Non-proportional reinsurance accepted | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R0340 | Reinsurers' share | 0 | 43,581 | 16,431 | 0 | 0 | 0 | 60,012 |
| R0400 | Net | 0 | 25,579 | 0 | 0 | 0 | 0 | 25,579 |
| | **Changes in other technical provisions** | | | | | | | |
| R0410 | Gross - Direct Business | 0 | 9,378 | 8,975 | 0 | 0 | 0 | 18,353 |
| 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 | 2,768 | 8,975 | 0 | 0 | 0 | 11,743 |
| R0500 | Net | 0 | 6,610 | 0 | 0 | 0 | 0 | 6,610 |
| R0550 | **Expenses incurred** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R1200 | **Other expenses** | | | | | | | 577 |
| R1300 | **Total expenses** | | | | | | | 577 |

| | | 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 | GR | 0 | 0 | 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 | 1,215 | 0 | 0 | 0 | 0 | 1,215 |
| R1620 | Reinsurers' share | 0 | 1,215 | 0 | 0 | 0 | 0 | 1,215 |
| R1700 | Net | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **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 |

**P.12.01.02**
**- Life and Health SLT Technical Provisions**

Contents

| | | 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, including Unit-Linked)** | Health insurance (direct business) | | | Annuities stemming from non-life insurance contracts and relating to health insurance | 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 |
| 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 | 1,215 | 0 | 1,215 | | 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 | 1,215 | 0 | 1,215 | | 0 | 0 | 0 | 0 | 0 |
| R0090 | Best estimate minus recoverables from reinsurance/SPV and Finite Re - total | 0 | | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| R0100 | **Risk Margin** | 0 | 0 | | | 0 | | | 0 | 0 | 0 | 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 | | | 1,215 | 0 | 1,215 | 0 | | | 0 | 0 | 0 |

**P.17.01.02**
**- Non-Life Technical Provisions**

Contents

| | | 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 |
| 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 | 7,477 | -12,541 | 0 | -9,190 | 0 | 710 | 11 | 0 | 341 | 0 | 0 | 0 | 0 | -13,192 |
| R0140 | Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | 0 | 0 | 0 | 16,197 | 2,041 | 0 | 0 | 0 | 0 | 0 | 0 | 520 | 0 | 0 | 0 | 0 | 18,758 |
| R0150 | Net Best Estimate of Premium Provisions | 0 | 0 | 0 | -8,720 | -14,582 | 0 | -9,190 | 0 | 710 | 11 | 0 | -179 | 0 | 0 | 0 | 0 | -31,950 |
| | **Claims provisions** | | | | | | | | | | | | | | | | | |
| R0160 | Gross | 0 | 0 | 0 | 63,308 | 21,500 | 0 | 4,640 | 0 | 870 | 21 | 0 | 2,301 | 0 | 0 | 0 | 0 | 92,641 |
| R0240 | Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | 0 | 0 | 0 | 33,406 | 4,314 | 0 | -3,398 | 0 | 0 | 0 | 0 | 1,300 | 0 | 0 | 0 | 0 | 35,623 |
| R0250 | Net Best Estimate of Claims Provisions | 0 | 0 | 0 | 29,902 | 17,186 | 0 | 8,038 | 0 | 870 | 21 | 0 | 1,001 | 0 | 0 | 0 | 0 | 57,018 |
| R0260 | **Total Best estimate - gross** | 0 | 0 | 0 | 70,785 | 8,959 | 0 | -4,549 | 0 | 1,580 | 32 | 0 | 2,642 | 0 | 0 | 0 | 0 | 79,449 |
| R0270 | **Total Best estimate - net** | 0 | 0 | 0 | 21,182 | 2,604 | 0 | -1,152 | 0 | 1,580 | 32 | 0 | 822 | 0 | 0 | 0 | 0 | 25,068 |
| R0280 | **Risk margin** | 0 | 0 | 0 | 1,733 | 272 | 0 | 5 | 0 | 150 | 2 | 0 | 79 | 0 | 0 | 0 | 0 | 2,242 |
| | **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 | 72,518 | 9,231 | 0 | -4,544 | 0 | 1,730 | 34 | 0 | 2,721 | 0 | 0 | 0 | 0 | 81,691 |
| R0330 | Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | 0 | 0 | 0 | 49,603 | 6,355 | 0 | -3,398 | 0 | 0 | 0 | 0 | 1,821 | 0 | 0 | 0 | 0 | 54,381 |
| R0340 | Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total | 0 | 0 | 0 | 22,915 | 2,876 | 0 | -1,146 | 0 | 1,730 | 34 | 0 | 901 | 0 | 0 | 0 | 0 | 27,310 |

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

Contents

### Total Non-Life Business

| | | | |
|---|---|---|---|
| Z0010 | Accident year / Underwriting year | **Z0010** | Accident year [AY] |

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

**Development year**

| | Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | | In Current year | Sum of years (cumulative) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | | C0170 | C0180 |
| R0100 | **Prior** | | | | | | | | | | | | | 0 | 0 |
| R0160 | **N-9** | | | | | | | | | | | | | 0 | 0 |
| R0170 | **N-8** | | | | | | | | | | | | | 0 | 0 |
| R0180 | **N-7** | | | | | | | | | | | | | 0 | 0 |
| R0190 | **N-6** | | | 1 | 10 | 84 | 4 | 16 | | | | | | 16 | 115 |
| R0200 | **N-5** | | 22 | 3 | 40 | 0 | 14 | | | | | | | 14 | 79 |
| R0210 | **N-4** | 41 | 540 | 88 | 0 | 6 | | | | | | | | 6 | 675 |
| R0220 | **N-3** | 79 | 1,331 | 0 | 0 | | | | | | | | | 0 | 1,411 |
| R0230 | **N-2** | 83 | 83 | 354 | | | | | | | | | | 354 | 520 |
| R0240 | **N-1** | 244 | 200 | | | | | | | | | | | 200 | 444 |
| R0250 | **N** | 63 | | | | | | | | | | | | 63 | 63 |
| R0260 | | | | | | | | | | | | | **Total** | 654 | 3,306 |

### Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

**Development year**

| | Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | | Year end (discounted data) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0290 | C0300 | | C0360 |
| R0100 | **Prior** | | | | | | | | | | | | | |
| R0160 | **N-9** | | | | | | | | | | | | | |
| R0170 | **N-8** | | | | | | | | | | | | | |
| R0180 | **N-7** | | | | | | | | | | | | | |
| R0190 | **N-6** | | | | | | | -251 | | | | | | |
| R0200 | **N-5** | | | | | | 11 | | | | | | | |
| R0210 | **N-4** | | | | | 52 | | | | | | | | |
| R0220 | **N-3** | | | | -107 | | | | | | | | | 310 |
| R0230 | **N-2** | | | 165 | | | | | | | | | | 621 |
| R0240 | **N-1** | | 515 | | | | | | | | | | | 931 |
| R0250 | **N** | 794 | | | | | | | | | | | | 1,182 |
| R0260 | | | | | | | | | | | | | **Total** | 3,044 |

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

Contents

**Total Non-Life Business**

| | | | |
|---|---|---|---|
| Z0010 | Accident year / Underwriting year | **Z0010** | Underwriting year [UWY] |

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

**Development year**

| | Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | | In Current year | Sum of years (cumulative) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | | C0170 | C0180 |
| R0100 | **Prior** | | | | | | | | | | | | | 0 | 0 |
| R0160 | **N-9** | | | | | | | | | | | | | 0 | 0 |
| R0170 | **N-8** | | | | | | | | | | | | | 0 | 0 |
| R0180 | **N-7** | | | | | | | | | | | | | 0 | 0 |
| R0190 | **N-6** | | | | | | | | | | | | | 0 | 0 |
| R0200 | **N-5** | | | | | | | | | | | | | 0 | 0 |
| R0210 | **N-4** | 1,195 | 10,689 | 5,097 | 2,010 | 3,210 | | | | | | | | 3,210 | 22,201 |
| R0220 | **N-3** | 6,183 | 13,525 | 5,356 | 3,332 | | | | | | | | | 3,332 | 28,396 |
| R0230 | **N-2** | 9,631 | 22,830 | 10,954 | | | | | | | | | | 10,954 | 43,415 |
| R0240 | **N-1** | 9,606 | 25,248 | | | | | | | | | | | 25,248 | 34,854 |
| R0250 | **N** | 14,420 | | | | | | | | | | | | 14,420 | 14,420 |
| R0260 | | | | | | | | | | | | | **Total** | 57,164 | 143,286 |

**Gross undiscounted Best Estimate Claims Provisions**
(absolute amount)

**Development year**

| | Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | | Year end (discounted data) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0290 | C0300 | | C0360 |
| R0100 | **Prior** | | | | | | | | | | | | | |
| R0160 | **N-9** | | | | | | | | | | | | | |
| R0170 | **N-8** | | | | | | | | | | | | | |
| R0180 | **N-7** | | | | | | | | | | | | | |
| R0190 | **N-6** | | | | | | | 366 | | | | | | |
| R0200 | **N-5** | | | | | | 0 | | | | | | | |
| R0210 | **N-4** | | | | | 3,262 | | | | | | | | 3,234 |
| R0220 | **N-3** | | | | 4,018 | | | | | | | | | 4,276 |
| R0230 | **N-2** | | | 17,222 | | | | | | | | | | 17,663 |
| R0240 | **N-1** | | 32,737 | | | | | | | | | | | 31,647 |
| R0250 | **N** | 31,338 | | | | | | | | | | | | 32,759 |
| R0260 | | | | | | | | | | | | | **Total** | 89,580 |

**P.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) | 502 | 502 | | 0 | |
| R0030 | Share premium account related to ordinary share capital | 5,119 | 5,119 | | 0 | |
| R0040 | Initial 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 | 12,977 | 12,977 | | | |
| R0140 | Subordinated liabilities | 0 | | 0 | 0 | 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 | 2 | 2 | 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 | |
| R0290 | **Total basic own funds after deductions** | 18,599 | 18,599 | 0 | 0 | 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 | 18,599 | 18,599 | 0 | 0 | 0 |
| R0510 | Total available own funds to meet the MCR | 18,599 | 18,599 | 0 | 0 | |
| R0540 | Total eligible own funds to meet the SCR | 18,599 | 18,599 | 0 | 0 | 0 |
| R0550 | Total eligible own funds to meet the MCR | 18,599 | 18,599 | 0 | 0 | |
| R0580 | **SCR** | 20,551 | | | | |
| R0600 | **MCR** | 5,987 | | | | |
| R0620 | **Ratio of Eligible own funds to SCR** | 0.9050 | | | | |
| R0640 | **Ratio of Eligible own funds to MCR** | 3.1064 | | | | |

| | | C0060 |
|---|---|---|
| | **Reconciliation reserve** | |
| R0700 | Excess of assets over liabilities | 18,599 |
| R0710 | Own shares (held directly and indirectly) | 0 |
| R0720 | Foreseeable dividends, distributions and charges | 0 |
| R0730 | Other basic own fund items | 5,623 |
| R0740 | Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | 0 |
| R0760 | **Reconciliation reserve** | 12,977 |
| | **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

| | | Gross solvency capital requirement | USP | Simplifications |
|---|---|---|---|---|
| | | C0110 | C0090 | C0100 |
| R0010 | Market risk | 3,870 | | |
| R0020 | Counterparty default risk | 2,581 | | |
| R0030 | Life underwriting risk | 0 | | |
| R0040 | Health underwriting risk | 0 | | |
| R0050 | Non-life underwriting risk | 14,657 | | |
| R0060 | Diversification | -3,568 | | |
| R0070 | Intangible asset risk | 0 | | |
| R0100 | **Basic Solvency Capital Requirement** | 17,540 | | |

| | | |
|---|---|---|
| | **Calculation of Solvency Capital Requirement** | C0100 |
| R0130 | Operational risk | 3,011 |
| 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** | 20,551 |
| R0210 | Capital add-on already set | 0 |
| R0220 | **Solvency capital requirement** | 20,551 |
| | **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

| | | |
|---|---|---|
| R0010 | **Linear formula component for non-life insurance and reinsurance obligations** | 5,987 |

| | | 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 | 27,257 | 12,588 |
| R0060 | Other motor insurance and proportional reinsurance | 8,679 | 13,148 |
| R0070 | Marine, aviation and transport insurance and proportional reinsurance | 0 | 0 |
| R0080 | Fire and other damage to property insurance and proportional reinsurance | 12 | 0 |
| R0090 | General liability insurance and proportional reinsurance | 0 | 0 |
| R0100 | Credit and suretyship insurance and proportional reinsurance | 1,580 | 1,978 |
| R0110 | Legal expenses insurance and proportional reinsurance | 32 | 134 |
| R0120 | Assistance and proportional reinsurance | 0 | 0 |
| R0130 | Miscellaneous financial loss insurance and proportional reinsurance | 1,338 | 694 |
| 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 | 0 |

| | | 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 | | |
| R0220 | Obligations with profit participation - future discretionary benefits | | |
| R0230 | Index-linked and unit-linked insurance obligations | | |
| R0240 | Other life (re)insurance and health (re)insurance obligations | | |
| R0250 | Total capital at risk for all life (re)insurance obligations | | |

| | **Overall MCR calculation** | C0070 |
|---|---|---|
| R0300 | Linear MCR | 5,987 |
| R0310 | SCR | 20,551 |
| R0320 | MCR cap | 9,248 |
| R0330 | MCR floor | 5,138 |
| R0340 | Combined MCR | 5,987 |
| R0350 | Absolute floor of the MCR | 1,796 |

| | | C0070 |
|---|---|---|
| R0400 | **Minimum Capital Requirement** | 5,987 |