ITX Re dac

Solvency & Financial Condition Report

For the year ended 31 January 2017

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31 January 2017

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Executive summary

The new, harmonised EU-wide regulatory regime for insurance and reinsurance undertakings, known as Solvency II, came into force with effect from 1st January 2016. The regime requires new reporting and public disclosure arrangements to be put in place by undertakings. This document has been approved by the Board of Directors of the ITX Re dac (the "**Undertaking**"), and is the first version of the Solvency and Financial Condition Report ("**SFCR**") that is required to be published by the Undertaking and is for the financial period beginning 1st February 2016 and ending on to 31st January 2017 ("**reporting period**").

This report covers the Business and Performance of the Undertaking, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. The Administrative Body that has responsibility for all of these matters is the Undertaking's Board of Directors, with the assistance of management, Risk and Operations Committee and various governance and control functions that it has put in place to monitor and manage the business.

In the thirteen months since implementation of Solvency II, there have been no material changes to the Undertaking's business, governance structure, risk profile, or solvency capital position over the reporting period.

A Business and performance

A.1 Business

The Undertaking is an Irish incorporated entity domiciled in the Republic of Ireland and is authorised by the Central Bank of Ireland to provide non-life reinsurance under the European Union (Insurance and Reinsurance) Regulations 2015 (S.I. No. 485 of 2015).

The principal activity of the Undertaking is the acceptance of reinsurance business assumed from insurance business written relating to INDUSTRIA DE DISEÑO TEXTIL, S.A. ("**INDITEX S.A.**").

The Undertaking's registered address is:

5th Floor, Block 5,
Harcourt Centre
Harcourt Road
Dublin 2.

The Undertaking's regulatory supervisor is the Central Bank of Ireland, whose address is:

Central Bank of Ireland
PO Box 559
New Wapping Street
North Wall Quay
Dublin 1.

The external auditors are Deloitte, whose address is:

Deloitte
Deloitte & Touche House
29 Earlsfort Terrace
Dublin 2.

Refer to "A2 Underwriting performance" for information on material lines of business, and geographical locations where the Undertaking carries out its business.

The Undertaking is a wholly owned subsidiary of Zara Holding II B.V. (the "**Parent**"). The ultimate parent of the Undertaking is INDITEX S.A, a Spanish domiciled entity listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

The Parent holds 100% of the qualifying holdings and voting rights of the Undertaking. The Undertaking is a captive reinsurer and does not belong to any Re/Insurance group, nor does it have any related Re/Insurance affiliates. A captive is defined by the Central Bank of Ireland[1] as "*An insurance or reinsurance undertaking, owned either by a financial undertaking other than an insurance or reinsurance undertaking or a group of insurance or reinsurance undertakings within the meaning of point (c) of Article 212(1) of Directive 2009/138/EC (the Solvency II Directive) or by a non-financial undertaking, the purpose of which is to provide insurance or reinsurance cover exclusively for the risks of the undertaking or undertakings to which it belongs or of an undertaking or undertakings of the group of which it is a member*."

A.1.1 Significant business and other events

The Solvency II regulatory framework was implemented on 1st January 2016. The Undertaking has implemented the required changes to policies, processes, data and systems, to ensure compliance with the new regulations.

During the year the Undertaking was required to re-register as a Designated Activity Company (dac), under the provisions of the Companies Act 2014.

A.2 Underwriting performance

The following is information on the Undertaking's underwriting performance for the reporting period, by Solvency II line of business and at an aggregate level, compared to the prior year ended 31st January 2016. The financial values are per the Undertaking's financial statements, which have been prepared under the historical cost convention and in accordance with Financial Reporting Standards 102 & 103 ("**FRS 102 & 103**"), as issued by the Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland (hereinafter "**Local GAAP**"). The comparative information is at an aggregate level as the segmentation of Solvency II line of business only applies from the date of Solvency II implementation:

	Accepted non-proportional reinsurance - Property 2016 €000's	**Accepted non-proportional reinsurance - Casualty 2016 €000's**	**Misc. financial loss 2016 €000's**	**Accepted non-proportional reinsurance - MAT 2016 €000's**	**Income protection insurance 2016 €000's**	**Other non-material lines of business 2016 €000's**	**Total 2016 €000's**	**Total 2015 €000's**
Gross Premiums Written	23,681	6,532	4,497	3,298	2,172	4,465	44,645	39,254
Earned Premiums Written	23,666	6,488	4,478	3,292	2,170	6,461	46,555	40,877
Claims Paid	(2,475)	(3,466)	(285)	(1,691)	(280)	(2,289)	(10,486)	(6,044)
Change in Claims and Reserves	(2,109)	(104)	(835)	(530)	(1,631)	(2,565)	(7,774)	(5,936)
Acquisition costs	(655)	(208)	(165)	(27)	(156)	(459)	(1,670)	(1,026)
Underwriting profit (loss)	18,427	2,710	3,193	1,044	103	1,148	26,625	27,871

[1] Based on the definition contained in Article 13 of Directive 2009 /138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance and, for clarity, the definition in the Requirements includes the risks of entities that are consolidated in the audited financial statements of the group.

The Solvency II lines of business reflects the reinsured activities ceded to the Undertaking. The significant risks reinsured within the above lines of business include:

- Property Damage and Miscellaneous Financial Loss
- Goods in Transit
- Liability
- Accident & Health

The following is information on the Undertaking's underwriting performance for the reporting period by material geographical area and at an aggregate level, compared to the prior year ended 31st January 2016. The financial values are per the Undertaking's Local GAAP financial statements

	EEA		**Non-EEA**		**Total**	
€000's	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Gross Premiums Written	32,874	30,879	11,772	8,375	44,645	39,254
Net Earned Premiums Written	32,209	30,183	14,527	10,694	46,555	40,877
Claims Paid	(6,6697)	(3,893)	(3,789)	(2,151)	(10,486)	(6,044)
Change in Claims and Reserves	(3,846)	(2,806)	(3,929)	(3,130)	(7,774)	(5,936)
Acquisition costs	(1,170)	(652)	(500)	(374)	(1,670)	(1,026)
Underwriting profit (loss)	20,316	22,832	6,309	5,039	26,625	27,871

A.3 Investment performance

The table below represents the investment income earned, by class of assets held by the Undertaking throughout the year, together with a comparison to prior year.

	2016 €000's	**2015 €000's**
Deposits other than cash equivalents	4	16
Cash and cash equivalents	255	213
Insurance and Intermediaries receivable	3	-
Total investment return	**262**	**229**

There are no gains or losses recognised directly within equity.

The Undertaking incurred expenses of €1,555 (2015: €457) related to the above investments.

A.4 Performance of other activities

The Undertaking did not have any other material income or expenses incurred during the reporting period, including any operating or finance leases.

A.5 Any other information

The Undertaking does not have any other material information regarding business and performance for disclosure, other than as disclosed above.

B Systems of governance

B.1 General information on the systems of governance

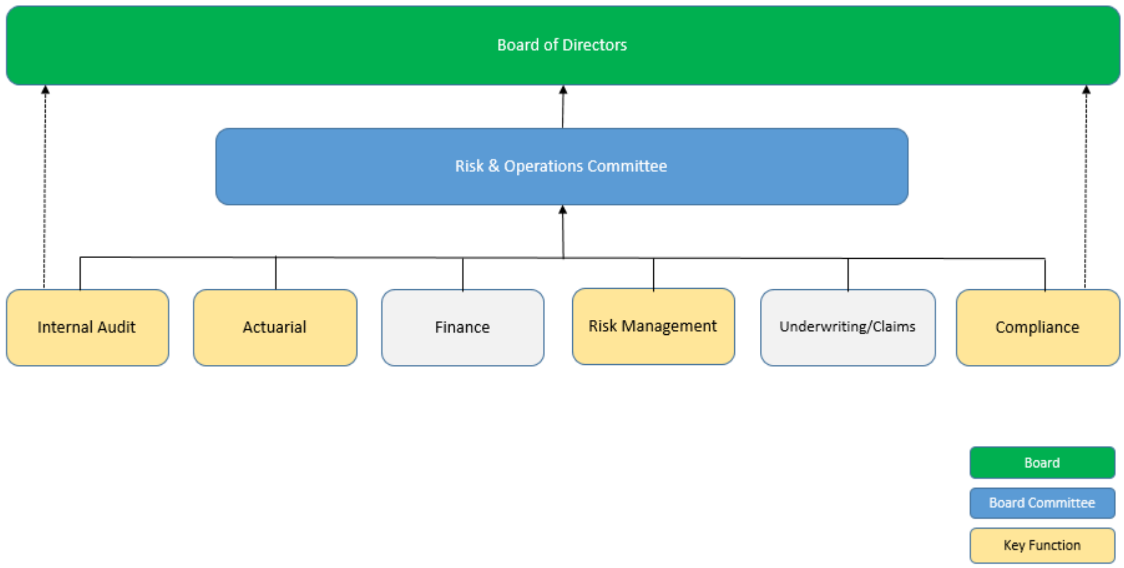
The Undertaking has a robust governance and control framework in place, which facilitates clear decision making, provides clarity over roles and responsibilities and an understanding of the Undertaking's strategic objectives. The governance and control framework structure is supported by a number of policies and strategies with Solvency II compliance at the core of each policy. Furthermore, there are a number of risk management policies as required by the Undertaking's system of governance to support the management body of the Undertaking in pursuit of its strategic objectives. The governance and control framework and supporting policies are reviewed by management and presented to the Board for approval at least annually. Through the documented policies in place, the Undertaking ensures that there is a common understanding of the following:

- The management body of the Undertaking (i.e. the Board of Directors, management and the Risk and Operations Committee) and their roles;
- A clear understanding of the Undertaking's goals and strategic objectives;
- A clear understanding of the Undertaking's risk appetite and tolerance levels;
- The membership of the Board of Directors (hereinafter the "**Board**") , its role, the frequency of meetings and the process for making changes to Board membership;
- Who is empowered to act on behalf of the Undertaking and in what capacity and to what extent; and
- How certain key individuals are appointed and resign, or are removed.

The governance and control framework defines the key areas of authority and responsibility and establishes the appropriate lines of reporting. These reporting lines are both direct and indirect, and in some instances through to parties external to the Undertaking e.g. Legal and Regulatory Bodies, External Auditor and Outsourced Service Providers. The business is structured in a manner reflective of the nature, scale and complexity of the Undertaking's operations to enable effective risk management and to carry out its activities in such a manner so as to achieve its objectives.

The governance structure ensures that there is an appropriate segregation of duties in a proportionate manner to a captive undertaking considering the nature, scale and complexity of such undertakings with the objective of ensuring that no individual has excessive access or authority that enables them to execute significant transactions on behalf of the Undertaking without the required discussions, checks and due diligence approval.

The Undertaking adopts a risk-based approach which enables the Undertaking to manage the segregation of duties in a balanced and efficient way that reflects the value that is being protected. Through the Undertaking's documented policies, there are controls in place to ensure that individuals or Committees cannot make unilateral decisions, or enter into significant transactions, without following due process and Board approval where required. This Board approval must be within the Board's terms of reference and not be to the detriment of the Undertaking's strategy. The governance structure has not materially changed within the reporting period.



B.1.2 Role of the Board

The key role of the Board is leadership and oversight of the implementation of the business strategy by management in a transparent and effective manner. The Board is the focal point of the Undertaking's corporate governance and control framework. The Board as a whole is collectively responsible for the success of the Undertaking. The Board has ultimate responsibility for the performance, conduct and reporting requirements of the Undertaking as a regulated reinsurance entity. The delegation of responsibility to the Risk and Operations Committee and management does not in any way discharge the Board of its duties and responsibilities.

The Board sets the Undertaking's strategic objectives and risk appetite and ensures that the necessary financial and human resources are in place for the Undertaking to meet its objectives. The Board also reviews the performance of directors, management, key functions and of those providing outsourced services to the Undertaking. The Board has the appropriate balance of skills, experience and knowledge of the Undertaking to enable it to discharge its duties and responsibilities effectively.

The Board is responsible for, amongst other things, the following significant responsibilities:

- Setting the Undertaking's values and standards, and ensures that its obligations to its shareholder and other key stakeholders are understood and met;
- Ensuring the effective, prudent, and ethical oversight of the Undertaking;
- Ensuring the effective and successful management of the Undertaking;
- Ensuring that risk and compliance are properly managed by the Compliance and Risk Management functions;
- Exercising appropriate oversight over each key function;
- Ensuring a remuneration framework that is in line with the risk strategy of the Undertaking is in place;
- Exercising appropriate oversight over the execution of the agreed strategies, goals and to monitor reporting of performance; and
- Monitoring and establishing internal controls to address both operational and business risks.

The Board delegates authority relating to a range of functions to management and the Risk and Operations Committee to ensure the orderly, efficient and effective running of the Undertaking's affairs. However, notwithstanding this delegation of authority, the Board retains responsibility for all delegated functions.

The Board encompasses professionals who have a diversified and intrinsic knowledge of reinsurance and captive issues including skills in the following areas: underwriting, financial, risk management, regulatory and compliance.

B.1.2.1 Role of the directors

The role of a director includes to propose strategies to the Board and, following Board scrutiny, to execute the agreed strategies to the highest possible standards. All directors are responsible for the following in addition to their fundamental fiduciary duties under Company law in Ireland:

- Ensuring they have the necessary knowledge, skills, experience, expertise, competencies, professionalism, and integrity to carry out their duties;
- They are required to have a full understanding of the Undertaking's business, activities, related risks and the financial statements;
- They are required to have a full understanding of their individual direct and indirect responsibilities and collective responsibilities;
- Ensure continuous compliance with Fit and Proper requirements at all times during their appointment as directors;
- Participate actively in the Board's decision making process and in Board committee(s) where any such committee(s) have been established;
- Participating actively in constructively challenging and developing strategies, policies and governance and control framework; and
- Exercising appropriate oversight over the execution of the agreed strategies, goals and to monitor reporting of performance.

B.1.3 Role of the Risk & Operations Committee

The Risk & Operations Committee (the "**R&OC**") is authorised by the Board to support and assist management in overseeing the operations of the Undertaking, to ensure the operations comply with the objectives and policies set out by the Board as well as those established in law and regulation. The R&OC provides the Board with recommendations for review on all aspects that concern the operations of the Undertaking, in performing its function the R&OC reports directly to the Board and acts only within such delegated authority as granted by the Board.

Members of the R&OC are appointed by the Board. The Board reviews and satisfies itself as to the relevant expertise, skill of members and their ability to commit appropriate time to the R&OC. Membership of the R&OC is reviewed and subject to renewal by the Board annually.

The Board has delegated authority to the R&OC in respect of the following key responsibilities:

- Oversee the continuous day to day management of the Undertaking's operational, financial and risk management activities. This includes, but not limited to:
    - overseeing and advising the Board on Underwriting performances;
    - monitoring the effectiveness of the Undertaking's financial policies, and assessing the Undertaking's risk to such financial areas: and
    - evaluating the effectiveness of the Undertaking's risk management system to identify, measure, monitor, manage and report risks that the Undertaking is exposed to including new and emerging risks.
- Ensure regulatory & compliance obligations are adhered; and
- Review and agree any service level agreement changes and/or remuneration amendments in respect of key outsourced activities and recommend them to the Board for approval.

B.1.4 Roles and responsibilities of key functions

The Undertaking has established four key control functions - Risk Management, Actuarial, Compliance and Internal Audit. These functions are responsible for providing oversight of and challenge to the business, and for providing assurance to the Board and R&OC in relation to the Undertaking's governance and control framework.

The role and responsibilities of each key control function is reviewed annually by the Board to ensure each key function has a clear understanding of its function and role, has the required access to information and personnel (from employees, directors to outsourced providers), is independent and free from influence, and has the human and financial resources to fulfil its role.

B.1.4.1 The role of the Risk Management Function

The Board has established a Risk Management Function ("**RMF**") with the purpose of assisting the Board in providing leadership, direction and oversight of the Undertaking's risk appetite, tolerance, risk strategy and risk management and control framework. The RMF's primary function is to identify measure, manage, monitor and report significant risks to the achievement of the Undertaking's business objectives. The Chief Risk Officer is responsible for oversight of the RMF and specific functional responsibilities include, but not limited to:

- To oversee the management of all key material risks facing the Undertaking;
- To develop a risk framework fit for purpose for the Undertaking and in line with the Board approved risk appetite;
- To provide oversight to the management of risk and highlight risks that may impact capital;
- To provide input into the capital calculation and technical reserve provisioning process;
- To work with Internal Audit and Compliance to ensure an integrated approach to independent assurance; and
- To escalate any issues (including identification of new or emerging risks) to the Board.

B.1.4.2 The role of the Actuarial Function

The Actuarial Function is performed by the Head of Actuarial Function at the Undertaking, which is outsourced by the Undertaking to a suitably qualified professional in line with the Undertaking's Outsourcing and Fit and Proper policies. Specific functional responsibilities include:

- Calculating the technical provisions, including:
    - Ensuring the appropriateness of methodologies, models and assumptions;
    - Assessing the adequacy and quality of data used;
    - Informing the Board of the reliability of the calculation.
- Analysing the movement in technical provisions, including the comparison of best estimates against experience.
- Opining on the underwriting policy and adequacy of retrocession arrangements.
- Contributing to the effective implementation of the risk management system, in particular to the modelling risk in respect of the Own Risk and Solvency Assessment ("**ORSA**") and Minimum Capital Requirement ("**MCR**") / Solvency Capital Requirements ("**SCR**") calculations.
- Providing the Board with an annual report outlining the tasks that have been undertaken by the Actuarial Function and their results, clearly identifying any shortcomings and making recommendations on how to address these.

B.1.4.3 The role of the Compliance Function

The Compliance Function is performed by the Compliance Officer. The Compliance Officer utilises compliance management practices that encourage the use of sound, responsible and sustainable business practices by the Undertaking which complement the objectives of the Undertaking. Compliance Function engages in a variety of activities and processes to identify, assess, control, measure, mitigate, monitor and report compliance risks across the Undertaking as a part of its oversight and administration of the Undertaking's Compliance Plan. Specific functional activities include, but not limited to:

- To advise the Board and management of the Undertaking's obligations under Central Bank of Ireland's regulations and other laws. This includes an assessment of the possible impact of any changes in the legal environment of the Undertaking;
- To establish, implement and maintain a Compliance Plan covering all relevant areas of the Undertaking's operations and their exposure to compliance risk;
- As part of the internal control system to ensure that the Undertaking complies with internal strategies, policies, processes and procedures;
- To assess the adequacy of the measures adopted by the Undertaking to prevent non-compliance;
- To ensure that the compliance risks facing the Undertaking are accurately identified, assessed, monitored and reported;
- To report regulatory issues to the Central Bank of Ireland as required; and
- To maintain and review the Undertaking's policies and procedures as required.

B.1.4.4 The role of the Internal Audit Function

The Internal Audit Function ("**IAF**") is performed by the Head of Internal Audit Function. The IAF provides independent assurance as to the effectiveness of the Undertaking's operations, governance and internal control framework. IAF's activities are designed to provide advice to management on improvements to the internal control environment, and monitor the implementation of strategic control initiatives and management's remediation activity.

The IAF has the following key responsibilities:

- To monitor and assess the adequacy and effectiveness of the Undertaking's governance and internal control framework;
- To advise the Board on internal audit activity and report on any significant matters arising in connection with the IAF's audit activity;
- To assess and make appropriate recommendations for improving the governance and internal control framework;
- To evaluate effectiveness and contribute to the improvement of risk management processes;
- To assist the Undertaking in maintaining effective controls, by assessing the efficiency and effectiveness thereof and by promoting continuous improvement;
- To ensure the uniform and effective enforcement of policies and procedures which make up the internal control system; and
- To give support to the assessment of the risk of fraud and the manner it is managed within the Undertaking.

B.1.5 Remuneration policy

The Undertaking has implemented a remuneration policy to set out the terms and conditions applicable to all employees and directors of the Undertaking. In summary, the objective of remuneration policy is to ensure that:

- The remuneration policy and practices are aligned with the Undertaking's Strategy, Risk Management Strategy and Risk Appetite, objectives, values and long-term interests of the Undertaking;
- The remuneration policy does not foster practices adverse to the Undertaking's interests;
- A clear, transparent and effective governance structure around remuneration is established and maintained;
- The Undertaking can attract and retain appropriately qualified and experienced members of the Board and employees with skills required to effectively manage the Undertaking;
- Remuneration motivates the Board and employees to perform in the best interests of the Undertaking and its stakeholders;
- Where performance based incentives form part of the remuneration of an employee, these incentives are aligned with the objectives of the Undertaking and the Parent; and
- Is subject to review periodically, with specific attention to preventing incentives for excessive risk-taking, the creation of conflicts of interest and generally not undermining sound and effective risk management of the Undertaking.

The Undertaking does not provide any share based or long term incentive schemes to its directors or employees. In addition, the Undertaking does not provide any supplementary pension or early retirement schemes to its directors or key function holders.

B.1.6 Material transactions with related parties

During the reporting period, there were no material transactions with the shareholders, directors' or those who exert significant influence over the Undertaking.

B.1.7 Adequacy of the systems of governance

Reviews of the corporate governance and effectiveness of the Board and the R&OC of the Undertaking are carried out on a regular basis, taking into account the requirements of the Central Bank of Ireland's "Corporate Governance Requirements for Captive Insurance and Captive Reinsurance Undertakings 2015".

Management and the Board believe that the system of governance in place at the Undertaking is adequate and effective, and is proportionate to reflect the nature, scale and complexity of the risks inherent to the entity.

B.2 Fit and proper requirements

B.2.1 Fit and proper policy

The Undertaking's Fit and Proper Policy sets out the minimum standards, in compliance with the Central Bank of Ireland's Fitness and Probity Standards and relevant legislation, to ensure that persons who effectively run the Undertaking or are responsible for other key functions, have the necessary qualities and competence in order to allow them to perform the duties and carry out the responsibilities of their position within the Undertaking.

The qualities and competence relate to the integrity demonstrated by a responsible person in personal behaviour and business conduct, soundness of judgement, a sufficient degree of knowledge and experience and appropriate professional qualifications.

B.2.2 Fit and proper assessment and requirements

Assessments of a person's fitness and propriety for a key function or directorship position is made:

- before the person is appointed;
- on at least an annual basis following appointment; and
- upon material information adverse to the assessment becoming known to the Undertaking or any other circumstances whereby the fitness or propriety of the individual may be adversely affected.

In determining a person's competence and capability for performing their role, assessments are undertaken by the Undertaking may include, but will not be limited to:

- Whether the person satisfies the relevant training and competence requirements, which may be satisfied by evidence of qualifications (e.g. diplomas, degrees and professional memberships) and capability appropriate to the corresponding position description;
- Whether the person has demonstrated by experience that they are able, or can reasonably be expected to be able, to perform the intended function. Employment and reference checks may be used to establish such ability; and
- Whether the person is compliant with the applicable Minimum Competency Code issued by the Central Bank of Ireland.

In determining a responsible person's honesty, integrity and reputation for performing his/her role, the following factors may be considered, among others:

- Has the person been convicted of any criminal offence, whether or not presently of record; particularly relevant being any offence involving dishonesty, fraud, financial crime or other offences under legislation relating to companies, building societies, industrial and provident societies, credit unions, friendly societies, banking and or other financial services, insolvency, consumer credit companies, insurance, and consumer protection, money laundering, market manipulation or insider dealing;
- Has the person had any adverse finding against him/her or settlement in civil proceedings, particularly in connection with investment or other financial business, misconduct, fraud or the formation or management of a body corporate;
- Has the person had personal involvement in any investigation or disciplinary proceeding resulting in sanction or adverse finding with any requirements or standards of any supervisory bodies / regulatory authorities, clearing houses and exchanges, professional bodies, or government bodies or agencies;
- Has the person been involved as a Responsible Person with an Undertaking, partnership or other organisation that has been refused registration, authorisation, membership or a licence to carry out a trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated, or has been expelled by the Central Bank of Ireland or government body or agency;

- Has the person been refused the right to carry on a trade, business or profession requiring a licence, registration or other authority as a result of the removal of the relevant licence or registration;
- Has the person served as a director, partner, or chief executive of a business that has gone into insolvency, liquidation or administration while personally connected with that organisation or within one year after that connection;
- Has the person been investigated, disciplined, censured, suspended or criticised by a supervisory body / regulatory authority, professional body, government body or agency, a court or tribunal, whether publicly or privately, with which such Responsible Person has been involved; and
- Has the person been dismissed or resigned, upon request, from employment or from a position of trust, fiduciary appointment or similar capacity while holding a position as a responsible person.

As part of the Undertaking's continuing obligations and reporting requirements in relation to fitness and probity, the Undertaking performs annual performance reviews and assessments of all persons who effectively run the Undertaking or are responsible for other key functions. In addition, self-attestation confirming compliance with the Fitness and Probity Standards are provided annually.

B.3 Risk management system including the Own Risk and Solvency Assessment ("ORSA")

B.3.1 Risk management system

The Undertaking has developed and implemented a risk management framework which is a comprehensive process for monitoring, reviewing, understanding, and appropriately managing and mitigating the risks associated with the Undertaking's objectives over the short, medium and long term. The Risk Management System comprises of the following:

- Risk Management Strategy which outlines the framework with which the Undertaking identifies, assesses, monitors, controls and reports on a continuous basis all key material risks facing the business;
- Risk Management Policies for each key risk class, which define the material risks faced by the Undertaking, and sets out how the Risk Management Strategy and the relevant risk appetite shall be implemented across that risk class and the control framework in place;
- Risk Management Processes and Procedures which set out the processes and procedures that the Undertaking employs to identify, assess, manage and monitor material risks the Undertaking is, or might be exposed to (emerging risks) and how these risks are reported; and
- ORSA process: the process of assessing all the risks inherent in the business and thereby determining the corresponding capital needs.

The key objectives of the Risk Management Strategy are to:

- be consistent with the strategic objectives of the Undertaking;
- operate across all the activities of the Undertaking;
- be a continuous process;
- be integrated in the decision-making process of the Undertaking;
- set out the level of risk acceptable to the Undertaking;
- set out the material risk for each key risk class of the Undertaking; and
- assign the overall risk management responsibilities for the Undertaking.

In the context of risk management the Board is responsible for the setting of and approval of the Risk Management Strategy, the review of same on an annual basis and any periodic revision.

The Board delegates authority to the Chief Risk Officer to oversee the RMF and ensure that all organisational activities and outputs comply with applicable laws and regulations, supervisory requirements and internal policies and procedures. This includes responsibility for appropriate communication of the Risk Management Strategy throughout the Undertaking and embedding its use within the business and decision making process of the Undertaking.

B.3.2 ORSA

The ORSA is a top-down strategic analysis linking the business plan to risk and capital management. The ORSA allows the Undertaking to:

- Assess the risks it faces;
- Assess the amount of capital it requires to protect against those risks; and
- Document the assessment of risks and capital requirements.

The ORSA is used to assess whether the Undertaking's risk management and solvency position is adequate, and also to consider its development in the future. It represents a fundamental part of the Risk Management System. The ORSA is linked to the Undertaking's business planning process and acts as a key management tool in the development of the Undertaking's strategy and risk and capital management.

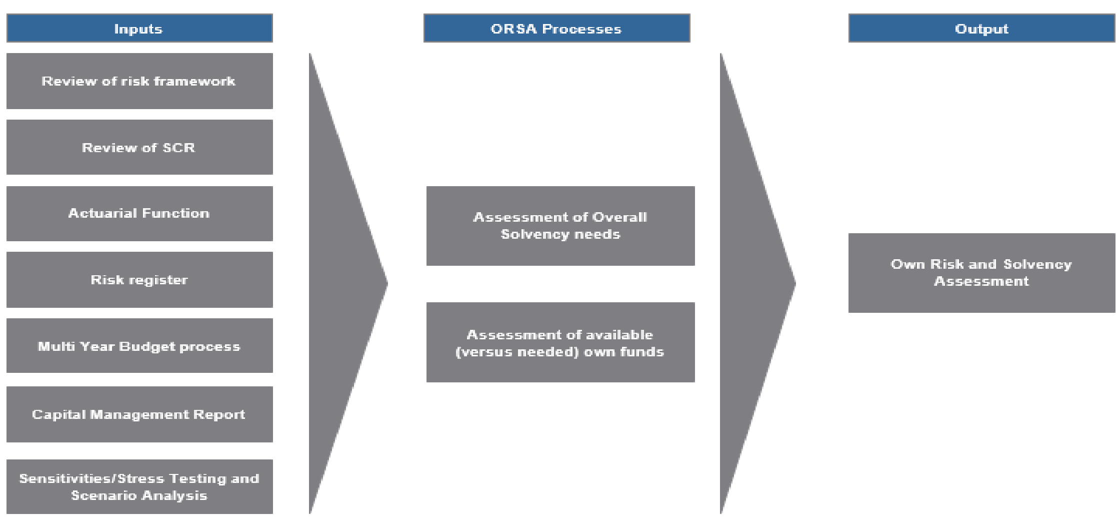
Strategic decisions are taken into consideration in the ORSA process through a forward looking assessment process. Additionally, management is aware of the implications of its decisions on the risk profile and regulatory capital requirements of the Undertaking.

Any strategic or other major decisions that may materially affect the own funds and solvency position of the Undertaking are considered through the ORSA process before such a decision is taken.

The Undertaking has processes in place to ensure that the required documentation is produced to an appropriate standard. A record of each ORSA is produced, which serves as both the internal report and support for supervisory reporting.

The ORSA process is conducted in its entirety at least annually by the Undertaking's RMF and is presented to the Board for challenge, review and approval. There will be certain events that may require the process to be run on an ad hoc basis. Such events may follow from internal decisions and external factors.

The diagram below details the key inputs, processes and outputs associated with the ORSA:



The RMF validates the outputs of each process individually, and also undertakes cross-validation between the outputs of each process, to ensure that they are consistent, or that differences are understood.

The Undertaking determined that the Solvency II standard formula would be used to calculate the required solvency capital. A three year base case projection of the Solvency II Balance Sheet and SCR position is produced using the standard formula, as well as actuarial and reserving assumptions. The results are subjected to a range of stress and scenario tests that are reviewed by management and challenged by the Board and, where appropriate, potential management actions are noted and conclusions drawn. Furthermore, the RMF, management and the Board consider its view of the Undertaking's overall solvency assessment which is subject to similar stress and scenario testing. This range of stress and scenario tests are considered appropriate to provide an adequate basis for the assessment of the Undertaking's overall solvency needs.

Assessments to date indicate that, under the standard formula and ORSA scenarios presented by management to the Board, the Undertaking is adequately capitalised. Section E sets out the capital management structure of the Undertaking. Capital is a key factor in understanding the solvency needs of the Undertaking, and this is factored in by management during the overall risk management process and through the provision of a capital management plan to the Board.

B.4 Internal control system

B.4.1 Description of the internal control system

The internal control system is designed to ensure that the Undertaking has a continuous system of accountability for and oversight of its operations and to assist the organisation in achieving its goals and objectives. The Undertaking operates a "three lines of defence" internal control system.

In the referred three lines of defence model, management control is the first line of defence in risk management, the various risk control and compliance oversight functions established by management are the second line of defence, and independent assurance is the third. Each of these defence "lines" plays a distinct role within the Undertaking's wider governance framework.

The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of risk management and internal control systems. In addition, the Board is responsible for:

- Establishing a system of continuous internal control review;
- Making management policies and guidelines available to all relevant parties;
- Establishing clear reporting and communication lines; and
- Implementing education and training about internal control system and internal control evaluations.

The Undertaking's internal controls, including administrative, accounting and reporting procedures, and internal audit and compliance functions, provide the following assurances:

- All assets are safeguarded against waste, loss or unauthorised use;
- All revenues and expenditures applicable to the Undertaking's operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over assets; and
- All the actions of the Undertaking comply with applicable laws and regulatory requirements.

B.4.2 Implementation of the Compliance Function

The Compliance Function is an independent function with responsibility for ensuring that all the actions of the Undertaking comply with applicable laws and regulatory requirements. The Compliance Function is outsourced to an external captive management company, Marsh Management Services (an entity regulated by the Central Bank of Ireland), in line with the Undertaking's approved Outsourcing and Compliance policies. In addition, the activities of the Compliance Function are carried out by appropriately skilled and experienced individuals in line with Undertaking's Fit and Proper Policy, and have been approved by the Central Bank of Ireland. The Compliance Function, as part of the internal control system, ensures that the Undertaking complies with internal strategies, policies, processes and procedures.

The Compliance Function engages in a variety of activities and processes to identify, assess, control, measure, mitigate, monitor and report compliance risks across the Undertaking as a part of its oversight and administration of the Compliance Plan.

The Compliance Function, on its own initiative, communicates with any member of the Board, employee or outsourced services provider and obtains access to any records or files necessary to enable it to discharge its responsibilities; conducts investigations of possible breaches of the Compliance Policy and requests assistance from specialists within the Undertaking or the Parent; reports to the Board on any irregularities or possible breaches disclosed by its investigations and has the right of direct access to the Board or the R&OC when this is deemed necessary.

The Board reviews and ensures that the Compliance Function is provided with sufficient and appropriate resources to ensure the compliance risk is managed effectively by the Undertaking.

The Compliance Function is governed by the Compliance Policy and reports to the Board at least annually.

B.5 Internal Audit Function

B.5.1 Implementation of internal audit function

IAF is an independent and objective assurance and consulting activity that assists the Undertaking to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

IAF is outsourced to an external audit firm, PwC, in line with the Undertaking's approved Outsourcing and Internal Audit policies. In addition, the activities of the IAF are carried out by appropriately skilled and experienced individuals in line with Undertaking's Fit and Proper Policy, and have been approved by the Central Bank of Ireland.

The purpose, authority and responsibilities of IAF are documented within the Internal Audit Policy, which is reviewed and approved annually by the Board.

IAF carries out its activities, within its remit, pursuant to an Audit Plan, and following a systematic approach in the conduct of its business, taking into account all activities and the complete system of governance in the risk analysis of the Undertaking, which is presented to the Board.

IAF prepares an Audit Plan annually, which is presented to the Board. To prepare the Audit Plan, the following shall be taken into account:

- The priorities that might be determined considering the Undertaking's risk register;
- Board requirements;
- The requests of the Undertaking; and
- The experience and judgment of the Internal Audit management.

The Audit Plan takes into account the need to allocate part of the resources to follow up on the degree of implementation of the improvement of those deficiencies identified in previous reviews.

IAF, on its own initiative or following a request of the Board, can be enabled to perform other assignments not included in the initial Audit Plan.

IAF is fully authorized within its remit:

- to request the cooperation of any employee of the Undertaking, through the relevant hierarchical line;
- to have access to the facilities where the Undertaking conducts its business; and
- to have access to any information and documentation of the Undertaking.

IAF's activities are designed to provide advice to management in improving the internal control environment, and monitor the implementation of strategic control initiatives and management's remediation activity.

B.5.2 Internal Audit independence

IAF is included in the organisational structure by means of a direct link to the Board, which ensures full independence and objectivity in the performance of its activities.

The persons carrying out the internal audit function do not assume any responsibility for any other function. In addition, IAF for the Undertaking is outsourced to an independent external audit firm to ensure further independence from the Undertaking's Board and management. No persons carrying out internal audits assume any other key function within the Undertaking.

B.6 Actuarial function

The Actuarial Function at the Undertaking is outsourced to Barnett Waddingham in line with the Undertaking's approved Outsourcing and Actuarial policies. In addition, the activities of the Actuarial Function are carried out by appropriately skilled and experienced individuals in line with Undertaking's Fit and Proper Policy, and have been approved by the Central Bank of Ireland. Refer to Section B.1.4.2 for further information on the roles and responsibilities of the Actuarial Function.

The R&OC shall report to the Board on the performance of the Actuarial Function as often as deemed necessary and at least annually. In addition, the Head of Actuarial Function will provide the Board with an annual report outlining the tasks that have been undertaken by the Actuarial Function, their results and any recommendations or suggestions for improvement.

B.7 Outsourcing

B.7.1 Outsourcing policy

The Undertaking maintains an Outsourcing Policy which is reviewed and approved annually by the Board.

The purpose of the Outsourcing Policy is to establish a prudent risk management framework in relation to the management of outsourcing arrangements and ensure compliance with the relevant regulatory requirements. The Board's objective is to ensure that outsourcing arrangements entered into by the Undertaking are subject to appropriate due diligence, approval, written agreements and on-going monitoring and that the risks associated with entering outsourcing arrangements are effectively managed.

The Outsourcing Policy applies to all "critical or important" outsourcing agreements and covers the requirements for both external outsourcing and intra-group outsourcing.

The policy addresses risks associated with outsourcing by:

- Ensuring that outsourcing risks are appropriately managed and that the Undertaking has procedures to identify, measure, monitor, manage and report these risks in a timely manner as part of the Undertaking's overall Risk Management System;
- Ensuring that there is no reduction in the responsibility and oversight of the Board and, by extension, the R&OC's responsibility for, or influence over, key functions of the Undertaking as a result of outsourcing;
- Ensuring the notification to the Central Bank of Ireland, in a timely manner, prior to the outsourcing of critical or important functions or activities including any subsequent material developments with respect to those functions or activities;
- Ensuring that all outsourced service providers meet stipulated acceptance criteria prior to appointment and that these criteria are satisfied at all times during the tenure of the appointment; and
- Ensuring that the performance of outsourced service providers shall be reviewed on an on-going basis.

In line with Central Bank of Ireland guidelines and regulations, the Board has appointed a designated individual with overall responsibility for the outsourcing of key functions. This designated individual reports to the Board and R&OC on all outsourcing activities.

B.7.2 Outsourced activities

The following key functions within the Undertaking have been outsourced to third-party administrators:

Key Functions	Third Party Administrator	Jurisdiction
Compliance	Marsh Management Services	Ireland
Internal Audit	PwC	Ireland
Actuarial Function	Barnett Waddingham	United Kingdom
Non Key Function	**Third Party Administrator**	**Jurisdiction**
Captive Manager	Marsh Management Services	Ireland

B.8 Any other information

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

The Undertaking does not have any other material information regarding systems of governance for disclosure, other than as disclosed above.

C Risk profile

The acceptance of risk is the core business of the Undertaking as a reinsurance entity. In order to achieve the Undertaking's strategic objectives, the Undertaking has identified and defined all key material risks that the Undertaking is exposed to for the purpose of assessing, mitigating and monitoring the Undertaking's exposure to each key material risk.

The risk profile provides valuable forward-looking information on the potential impact of materialisation of the Undertaking's key material risks and is an important component of the Undertaking's decision making process by providing the Board and management with a better understanding of the risks and opportunities.

To support the process of identifying, assessing, reviewing, monitoring and controlling these key material risks, the Undertaking has developed a Risk Management Policy which includes the documentation of all key material risks in a risk register which forms a central part of the Undertaking's assessing, monitoring and reporting activities and the documentation of the Undertaking's risk appetite statement which sets out the levels of risk appetite, risk tolerances and variances which the Undertaking is willing to accept for each category of key material risk in the pursuit of its strategic objectives.

The assessment of identified key material risks is performed by classifying each identified risk into categories, based on overall evaluation of the key material risk taking into account its potential impact, estimated likelihood of occurrence and the level of preparedness and controls that the Undertaking has in place.

In order to perform the assessment, a rating scale of Low, Medium, High and Strong is used depending on the materiality of the risk exposure in case of potential financial losses, or on the severity of the impact of non-financial losses.

For financial impacts, only the potential downside effect is taken into consideration, thus ignoring the upside effect realisation that the risk may have.

As part of the RMF's responsibilities, the Undertaking operates a monthly review of each risk category below which monitors the performance of risk deviations against the Undertaking's risk appetite statement, review and re-evaluation of key material risks and effectiveness of any risk mitigations in place.

Furthermore, depending on the performance or risk development, including any foreseen risks yet to develop, risk mitigation techniques are reviewed and assessed if continue to be appropriate, effective and required by the Undertaking.

C.1 Underwriting risk

The Undertaking accepts non-life reinsurance business ceded by independent, third party fronting insurance companies. The Undertaking is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Undertaking has identified a number of underwriting, reserve and claim risks of which only one is classified as a key material risk. Additionally, catastrophe risk is identified as the Undertaking's key concentration risk in respect of non-proportional reinsurance (Property) and non-proportional reinsurance (Health) business accepted. Catastrophe risk is the acceptance of risks with exposure to catastrophe scenarios, natural catastrophe, hail, earthquakes, windstorm, tsunami, terrorism, pandemic etc. The mitigation and controls in place to reduce the impact of a catastrophe risk are:

- the limiting of retention by class of business;
- acceptance of business on the basis of a net line cession;
- review and regular monitoring of claim activities and claim development patterns; and
- acceptance of business which provides diversification in terms of geographical location of insured risks. This diversification benefit is further enhanced by the wide ranging portfolio of business retained by the Undertaking.

The Undertaking has the option of purchasing retrocession where deemed necessary to provide protection on an individual or portfolio basis.

Retentions and retrocession strategies are reviewed annually to ensure existing program structures and strategies continue to be appropriate considering the strategic objectives of the Undertaking.

In performing stress and sensitivity analysis of underwriting risk, the Undertaking has considered a number of different and wide ranging scenarios to understand the impact of a deviation or variance in risk. To sufficiently stress underwriting risk, the following stresses have been applied:

- Realisation of more severe loss ratios with reference to the Undertaking's historical loss ratios including a volatility factor which is increased depending on the level of stress and sensitivity analysis being performed to account for an increase in severity and frequency of claims over the planning period;
- Incorrect pricing of existing or new business written; and
- Change in retentions of existing business.

Selecting these scenarios represents not only an increase in the frequency of claims but also includes an allowance for an increase in the severity of claims and incorporates the impact a major catastrophe loss could have over the planning period. The table below represents the Undertaking's stressed risk testing and sensitivity assessment of the impact of underwriting risk to the Undertaking's capital over the planning period (one to three years):

ORSA Risk Assessment		
Short	Medium	Long
€24,042,129	€41,628,501	€56,320,913

C.2 Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities. The objective of the Undertaking in managing its market risk is to ensure risk is managed in line with the Undertaking's risk appetite.

For the purpose of stress testing the Undertaking's investment portfolio, management and the Board have applied a default factor to the existing investments driven by the credit rating of each investment. Through using the Standard and Poor's default factor, management has looked at quantifying the default probability against the credit exposure over a specified horizon.

Market risk is not material to the Undertaking as it is exposed to minimal market risk as the Undertaking holds financial liquid investments, which would not be significantly impacted by rating downgrades.

Risk concentration is not a material consideration in the Undertaking's market risk assessment, due to the reasons as disclosed above and the nature of the liquid assets held.

C.2.1 Foreign currency risk

The Undertaking has limited exposure to currency risk as the Undertaking's financial assets are primarily matched to the same currency (Euro) as its reinsurance contract liabilities. However the Undertaking transacts business in certain other currencies - US Dollars ("**USD**") and Japanese Yen ("**JPY**"); hence exposures to exchange rate fluctuations can arise. The Undertaking maintains a hedging strategy to minimise the risk of a loss occurring from an adverse movement in foreign exchange rates which impacts non-Euro assets and liabilities held by the Undertaking. The Undertaking has no precedent for any losses arising from any mismanagement of assets or liabilities, and no related material foreign currency risk given the hedging strategy implemented by the Undertaking.

C.2.2 Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Undertaking is exposed to minimal interest rate risk as the Undertaking holds financial liquid investments at both fixed and floating interest rates. The risk is managed by the Undertaking by maintaining an appropriate mix between fixed and floating interest rates.

C.2.3 Prudent person principle

The Undertaking's primary objective in relation to market risk is to protect and preserve the Undertaking's assets. The majority of the assets on the Undertaking's balance sheet are held in cash or demand deposits. Solvency II regulations have introduced the 'Prudent Person Principle' in relation to the investment of assets. The Undertaking is required to apply this principle, and has ensured that its investment policy is aligned with this principle. The Undertaking operates a monthly review process as part of its risk appetite review which monitors the performance, financial security and concentration risk of investments. This report is presented to the Board at each board meeting.

The Undertaking takes a very prudent investment approach through taking mitigation steps against credit risk or the failure of a financial institution or individual security whilst ensuring appropriate liquidity to meet daily cash demands of the business.

C.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Undertaking. The key area of exposure to credit risk for the Undertaking is in relation to its investment portfolio and reinsurance balances receivable. The Undertaking assesses its exposure to each counterparty based on its risk appetite and taking any desired mitigation steps to reduce its credit risk. Credit risk is monitored monthly and reviewed periodically by the Board throughout the financial year.

The Undertaking takes a very prudent investment approach through taking mitigation steps against credit risk or the failure of a financial institution or individual security whilst ensuring appropriate liquidity to meet daily cash demands of the business.

The existing portfolio of assets significantly consists of bank deposits offering daily liquidity. Therefore this risk is not material, nor is it expected to materialise over the planning period.

C.3.1 Risk concentration

The Undertaking is not exposed to material risk concentrations that arise from large investments in individual counterparties and single name exposures, from a SCR calculation perspective. The Undertaking does not anticipate such risks developing over the planning period.

The Undertaking does have counterparty exposure to one financial institution for a portion of its cash and cash equivalents. This risk has been projected to remain unchanged during the planning period, on account of the Undertaking's investment strategy.

The Undertaking manages this risk through monthly monitoring of the financial institution's rating and financial position, through its risk appetite monitoring. All of the Undertaking's investments and cash have a rating of "A".

In applying stress testing to the existing investment and cash portfolio, the Undertaking has applied a default factor to the existing investment and cash holdings which is driven by the credit rating of each financial instrument. Through using the Standard and Poor's default factor, the Undertaking has analysed the default probability against the credit exposure over a specified horizon. The table below represents the Undertaking's stressed risk testing and sensitivity assessment of the impact of risk, over the planning period:

ORSA Risk Assessment		
Short	Medium	Long
€0	€0	€35,806

C.4 Liquidity risk

Liquidity risk is the risk that the Undertaking cannot meet its obligations associated with financial liabilities as they fall due. The Undertaking manages liquidity risk by matching the maturity profiles of assets and liabilities which are reviewed monthly. This ensures that the Undertaking has sufficient access to funds necessary to cover reinsurance claims and maturing liabilities. In practice, most of the Undertaking's assets are maintained in short term cash deposits so the Undertaking believes that there is no liquidity risk to the entity.

All of the Undertaking's assets (disclosed in Section D) will mature within one year, due to the highly liquid nature of the assets.

The expected profit included in future premiums at the end of the reporting period is €4,495,527.

C.5 Operational risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes and systems, from personnel or from external events. Operational risk is typically more difficult to identify and assess than other risk types. As some of the risks emanates internally, the Undertaking itself plays a part in the occurrence and unfolding of operational risks. Operational risk may materialise through personnel execution errors, frauds, and processing failures as well as through other external events either directly or indirectly. There are no operational risks that have been deemed "material" in line with the Undertaking's risk evaluation methodology taking into account the probability, impact of the risk occurring and the mitigations in place to prevent or minimise the impact of a risk.

The existing organisational and operational structure of the Undertaking reduces the exposure to many of the risks associated with operational risk. There are strong, robust internal controls in place and a clear segregation of duties which assist with mitigating against and managing this risk. The Undertaking considers the identity of various scenarios which would test the operational risk management of the Undertaking and in all cases a financial loss or the requirement to hold economic capital to accept the risk is deemed not material.

C.6 Other material risks

Base Erosion and Profit Shifting ("**BEPS**") is an OECD action plan to make updates to the international tax system. The intent is to tackle supposed loopholes and aggressive international tax planning. The overarching principle is that taxation should occur where value is created. The OECD released 15 actions; each seeking to address failures of the current tax system from different perspectives.

Due to the relatively new emergence of this regulatory area, as it concern captives, the Undertaking has classified this as a new material risk, due to the potential of not appropriately addressing the regulatory requirements to meet OECD's BEPS action plan, and reputational impact this could have. The Undertaking is continuing to closely monitor developments and working to ensure that the relevant action plans are addressed, as they become implemented to mitigate against this regulatory risk.

C.7 Any other information

The Undertaking does not have any other material information regarding risk profile for disclosure, other than as disclosed above.

D Valuation for solvency purposes

The valuation of assets for Solvency II has been determined in accordance with Article 75 Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) and related guidance.

Unless expressly stated in the notes below, the Undertaking has valued its assets and liabilities at fair value. In order to establish the fair value of assets and liabilities, the following guiding principles have been applied:

- Assets are valued at the amounts for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.
- Liabilities are valued at the amounts for which they could be transferred or settled between knowledgeable willing parties in an arm's length transaction, excluding own credit risk.

The determination of fair value of financial assets and liabilities, which comprise substantially all of the assets and liabilities of the Undertaking, is set out in Sections D.1.2 to D.3.

D.1 Assets

D.1.1 Asset valuation

The following table discloses the assets of the Undertaking as reported under Solvency II and Local GAAP valuation principles at end of the reporting period:

Assets	**Local GAAP €000's**	**Reclassification €000's**	**Valuation difference €000's**	**Solvency II value €000's**
Deferred acquisition costs	1,018	-	(1,018)	-
Property, Plant & Equipment	1	-	-	1
Deposits other than cash equivalents	-	2,042	-	2,042
Deposits to cedants	258	-	-	258
Insurance and intermediaries receivables	9,520	(8,330)	-	1,190
Receivables (trade, not insurance)	646	(17)	-	629
Cash and cash equivalents	177,333	(2,025)	-	175,308
Total assets	188,776	(8,330)	(1,018)	179,428

D.1.2 Bases of asset valuation

For each material class of asset, the following are the bases, methods and main assumptions used in the valuation for Solvency II, together with an explanation of the material differences to those reported under Local GAAP.

D.1.2.1 Deferred acquisition costs

Under Solvency II, deferred acquisition costs ("**DAC**") do not represent a recognised asset.

Under Local GAAP acquisition costs, which represent commission and other related expenses, are deferred subject to recoverability and amortised over the period in which the related premiums are earned.

D.1.2.2 Deposits other than cash equivalents

Deposits other than cash equivalents comprise of demand deposits with specified short term maturity periods. These are carried at fair value on the Solvency II and Local GAAP balance sheets. Fair value is based upon amounts due on demand as these are highly liquid assets.

Under Local GAAP demand deposits are disclosed as cash & cash equivalents, and have been reclassified for Solvency II reporting.

D.1.2.3 Deposits to cedants

Deposit to cedants represents agreed funds withheld by ceding insurers. The Undertaking believes that the fair value is represented by the amounts realisable, on account of their short term nature.

D.1.2.4 Insurance and intermediaries' receivable

Insurance and intermediaries' receivable are stated at realisable value, and relates to the amounts due from ceding insurers linked to inward reinsurance business.

These amounts are stated at fair value under Solvency II and Local GAAP. Given these assets are relatively short term, the Undertaking has determined that their realisable value reasonably approximates fair value.

Under Solvency II the receivable amounts that are not past due, are reclassified to be included in the cash in-flows of best estimate of liabilities. Further information on the best estimate of liabilities, its valuation methodology, basis and assumptions used can be found in Section D.2.

D.1.2.5 Cash and cash equivalents

Cash and cash equivalents are carried at fair value on the Solvency II and Local GAAP balance sheets. Fair value is based upon their nominal value, and any accruing interest under Solvency II, due to the short-term and highly liquid nature of the assets.

Under Local GAAP demand deposits are disclosed as cash & cash equivalents, and have been reclassified for Solvency II reporting.

D.1.2.6 Receivables (trade, not insurance)

Under Solvency II and Local GAAP, trade and other receivables are stated at fair value. Given these assets are relatively short term (less than one year), the Undertaking has determined that their carrying value reasonably approximates fair value.

Accrued Interest is reclassified from receivables to cash and cash equivalents to conform with Solvency II valuation principles.

D.2 Technical provisions

The valuation of liabilities for Solvency II has been determined in accordance with Articles 75 to 86 of the Solvency II Directive 2009/138/EC, and related guidance.

The following table discloses the liabilities of the Undertaking as reported under Solvency II and Local GAAP valuation principles at the end of the reporting period.

	Local GAAP	Reclassification	Valuation difference	Solvency II value
Liabilities	**€000's**	**€000's**	**€000's**	**€000's**
Technical Provisions	47,880	3,031	(6,075)	44,836
Unearned Premium	11,361	(11,361)	-	-
Deferred tax liabilities	-	-	632	632
Insurance & intermediaries payables	1,064	-	-	1,064
Reinsurance payables	-	-	-	-
Payables (trade, not insurance)	225	-	-	225
Total liabilities	60,530	(8,330)	(5,443)	46,757

D.2.1 Segmentation

Under Solvency II, undertakings should properly segment the business into the lines of business specified in the EIOPA guidelines. The primary segmentation should distinguish between life and non-life insurance obligations.

The non-life insurance obligations are segmented into 12 lines of business. In respect of the Undertaking, the following are the material lines of business identified by premium written:

- Non – proportional property reinsurance
- Non – proportional marine, aviation and transport reinsurance
- Non – proportional casualty reinsurance
- Income Protection
- Miscellaneous financial loss

D.2.2 Technical provisions by material line of business

Illustrated below is breakdown of gross and net technical provisions by line of business:

	Gross	Reinsurance	Net of Reinsurance
Line of business	**€000's**	**€000's**	**€000's**
Non - proportional property reinsurance:			
Best estimate	15,183	-	15,183
Risk margin	1,199	-	1,199
	16,382	-	16,382
Non - proportional casualty reinsurance:			
Best estimate	10,106	-	10,106
Risk margin	798	-	798
	10,904	-	10,904

Miscellaneous financial loss:			
Best estimate	3,990	-	3,990
Risk margin	315	-	315
	4,305	-	4,305
Non - proportional marine, aviation and transport reinsurance:			
Best estimate	2,578	-	2,578
Risk margin	204	-	204
	2,782	-	2,782
Income protection			
Best estimate	2,046	-	2,046
Risk margin	569	-	569
	2,615	-	2,615
Non material lines of business			
Best estimate	6,806	-	6,806
Risk margin	1,042	-	1,042
	7,848	-	7,848
Total technical provisions	44,836	-	44,836

D.2.3 Technical provision bases, methods and main assumptions

The Undertaking has calculated the technical provisions in accordance with Articles 76 to 86 of the Solvency II Directive 2009/138/EC. The Solvency II Directive 2009/138/EC states that the value of technical provisions shall correspond to the current amount the Undertaking would have to pay if it were to transfer the insurance and reinsurance obligations immediately to another insurance or reinsurance undertaking.

The value of the technical provisions is equal to the sum of the best estimate liability as calculated by the Actuarial Function and the risk margin allowing for the time value of money considering the estimated timing of cash flows of the best estimate liability by using benchmark settlement patterns. The assumptions and methodologies used in the calculation of technical provisions are appropriate to the nature scale and complexity of the Undertaking, being a captive, and the risks associated with its reinsurance liabilities.

Articles 296 (2) (d-g) of Delegated Regulations do not apply to the Undertaking as the Undertaking does not apply matching adjustments, volatility adjustments, transitional risk-free interest rate term structure or transitional deductions as per the Solvency II Directive 2009/138/EC.

D2.3.1 Best estimate liability

The best estimate liability for Solvency II is comprised of:

- best estimate claims provisions;
- best estimate premium provisions;
- expenses: and
- events not in data.

The best estimate claims provision is based on the best estimate reserves from the Undertaking's Actuarial Function reserve review as at 31st January 2017. The Actuarial Function uses the following standard actuarial techniques to calculate the best estimate claims provision:

- Chain Ladder Method
- Bornhuetter Ferguson Method
- Benchmarking Method

The best estimate claims provision is based on the results from all of some of the methods referenced above including allowance for other judgemental factors as well as a consideration of the time lag in claims being reported.

For all lines of business, the best estimate claims provision corresponds to the probability weighted average of future cash-flows taking account of the time value of money. The cash-flows are discounted using the relevant risk free interest rates term structures, as issued by EIOPA as at 31st January 2017.

The Undertaking estimated the timing of cash flows of the best estimate reserves by using past and assumed future settlement patterns and using benchmark settlement patterns as provided by the Actuarial Function.

The premium provision is determined on a prospective basis taking into account the expected cash-in and cash-out flows and time value of money. Future premiums relating to unexpired risks that have yet to be received are inward cash flows that act to reduce the premium provisions. In addition, expected profits from unexpired risks (calculated on a combined loss ratio basis) are recognised and reduce the Undertaking's premium provision.

For events not in data, the Undertaking has taken the position that the best estimates liabilities are sufficient to cover events not in data. The Undertaking believes that since the best estimate reserves are not simply based on a mechanical treatment of the observed loss data, but instead also incorporate benchmarks and judgements thereby ensuring this assumption is appropriate.

Technical provisions should cover any costs of future claims management expenses. However the Undertaking does include this as part of the technical provisions, as all of the Undertaking's business is written through fronting insurance companies, who in the most part are responsible for meeting the cost of any future unallocated loss adjustment expenses. These costs are met out of the fronting fees, which are paid up front by the Undertaking to each fronting insurance company as a proportion of premium ceded to the Undertaking. Any allocated loss adjustment expenses are combined with claim costs and allowed for implicitly in the technical provisions.

D2.3.2 Risk margin

The risk margin is calculated by line of business and is then added to the best estimate liability in order to obtain the technical provisions by line of business. The risk margin is calculated by:

- Aggregating the projected non-hedgeable SCR components using the EIOPA prescribed correlation matrices;
- Taking a charge of 6% per annum on the run-off of the SCR; and
- Discounting those amounts at the risk-free rates.

The risk margin represents the costs of capital necessary to support the reinsurance obligations over their future lifetimes.

D.2.3.3 Level of uncertainty associated with the value of the technical provisions

In the calculation of technical provisions, it is necessary to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from data sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates on account of inherent uncertainty regarding the calculation of technical provisions.

The Undertaking, as supported by the Actuarial Function, has not anticipated any extraordinary changes to the legal, social or economic environment (or to the interpretation of policy language) that might affect the cost, frequency, or future reporting of claims.

D.2.4 Differences between Solvency II valuation and Local GAAP

The table and the associated explanations below summarise the key differences between technical provisions under Solvency II and those presented in the Undertaking's financial statements:

Line of business	Local GAAP €000's	Solvency II €000's
Non - proportional property reinsurance:	16,601	16,382
Non - proportional casualty reinsurance:	11,220	10,904
Miscellaneous financial loss:	4,550	4,305
Non - proportional marine, aviation and transport reinsurance:	2,755	2,782
Income protection	2,214	2,615
Non material lines of business	10,540	7,848
Total technical provisions	47,880	44,836

Solvency II and Local GAAP have different rules for classifying and grouping reinsurance contracts, and these rules affect the valuation of the liabilities.

Solvency II capitalises all future profits, subject to contract boundaries, whereas Local GAAP generally does not. Section D.2.3 discusses the Solvency II method for calculation of technical provisions in more detail.

Local GAAP applies loss ratios to premiums to calculate the gross ultimate claims incurred position used to derive the technical provision, with the resulting reserves compared to results from actuarial projections as provided by the Actuarial Function.

Solvency II determines a risk margin based on the concept of the cost of capital, whereas this concept does not generally apply to Local GAAP.

D.3 Other liabilities

Please refer to Section D.2 for the table disclosing the other liabilities of the Undertaking as reported under Solvency II and Local GAAP at the end of the reporting period. For each material class of other liability, the following are the bases, methods and main assumptions used in the valuation for Solvency II, together with an explanation of the material differences to those reported under Local GAAP.

D.3.1 Deferred tax liabilities

Under Solvency II, deferred tax liability is recognised for the estimated future tax effects of temporary differences.

As disclosed throughout Section D, there are differences in the carrying value of assets and liabilities under Local GAAP and those carried under Solvency II. This gives rise to temporary differences between carrying value and tax base. The Undertaking has calculated a deferred tax liability, as the difference between the two bases. Accordingly, the two balance sheets differ.

The overall Solvency II deferred liability will be broadly neutral as the increase in the deferred tax liability will be released through the additional loss-absorbency capacity of deferred taxes in the SCR calculation, in accordance with Article 108 of the Solvency II Directive 2009/138/EC.

D.3.2 Insurance & intermediaries payable

Insurance and intermediary payables comprise of amounts payable from reinsurance accepted.

Under Local GAAP insurance and intermediary payables are stated at cost. Insurance and intermediaries payable is stated at fair value on the Solvency II balance sheet. Due to the short term nature of the obligation and no consideration of own credit risk in the valuation, the carrying value under Local GAAP is not considered materially different to the fair value under Solvency II.

D.3.3 Payables (trade, not insurance)

Other payables comprise of all non-insurance related debts, unsettled transactions or other monetary obligations owed by the Undertaking to its creditors. Under Local GAAP other payables comprise short-term payables which are recorded at cost and are an approximation of the fair value of these liabilities.

Other payables are stated at fair value on the Solvency II balance sheet. Due to the short term nature of the obligation and no consideration of own credit risk in the valuation, the carrying value under Local GAAP is not considered materially different to their fair value under Solvency II.

D.4 Any other information

The Undertaking does not employ any alternative valuation techniques to its assets or liabilities, and does not have any other material information to disclose regarding the valuation for solvency purposes, other than what has been disclosed above.

E. Capital management

The Undertaking's capital management strategy is to maximise long term shareholder value by optimising capital while maintaining the Undertaking's regulatory and solvency requirements. The strategy is formalised through a Capital Management Policy. The Capital Management Policy, which is reviewed annually, is approved by the Board and day-to-day monitoring and managing of this policy is delegated to the R&OC.

Capital management focuses on following aspects:

- Determine an adequate level of capital to protect against losses and provide finance for a pre-determined level of strategic growth;
- Ensuring that there is sufficient coverage of both the regulatory capital requirements (MCR and SCR) as well as the economic capital targets set; and
- Optimisation of the quality of available Own Funds, in respect of the capital position of the Undertaking.

The Undertaking continuously monitors and manages the quality and loss absorbing capacity of its own funds. On at least an annual basis, following the completion of the Undertaking's ORSA, management prepares a medium capital management plan outlining the amount of available funds and their quality to the Board.

The Undertaking's capital needs and stresses are considered over a three year planning horizon on a rolling basis. The capital position of the Undertaking is monitored on a monthly basis by management as part of the Undertaking's RMF. Furthermore, the capital position of the Undertaking is reviewed as part of the ORSA process which is presented to the Board.

E.1 –Own funds

The following table details the structure, amount and quality of Undertaking's basic own funds:

31 Jan 2017	**Total €000's**	**Tier 1 €000's**	**Tier 2 €000's**	**Tier 3 €000's**
Ordinary Share Capital	20,000	20,000	-	-
Reconciliation Reserve	112,671	112,671	-	-
Available and eligible Own Funds	132,671	132,671	-	-

1 Feb 2016	**Total €000's**	**Tier 1 €000's**	**Tier 2 €000's**	**Tier 3 €000's**
Ordinary Share Capital	20,000	20,000	-	-
Reconciliation Reserve	89,262	89,262	-	-
Available and eligible Own Funds	109,262	109,262	-	-

The items reported in own funds are split into three categories depending on different factors such as quality, liquidity and timeline to availability when liabilities arise.

Tier one own funds can include ordinary share capital, non-cumulative preference shares and relevant subordinated liabilities. Tier two own funds can include cumulative preference shares, and subordinated liabilities with a shorter duration. Tier three own funds can include own funds which do not satisfy the Tier one or Tier two requirements.

All of the Undertaking's own funds are categorised as Tier one for Solvency II purposes. The ordinary share capital does not have any special terms or conditions attached to it, and is fully available to absorb losses. Information on the composition of the reconciliation reserve is disclosed later within this Section. All of the Undertakings own funds are eligible to cover the SCR and MCR, with no restrictions or deductions required.

The reconciliation reserve increase reflects the profit for the year generated by the Undertaking. Refer to Section E.1.2 for further details on the reconciliation reserve.

E.1.2 – Reconciliation reserve

The following are the key elements that comprise the Undertaking's reconciliation reserve:

Reserve item	**Amount €000's**	**Commentary**
Deferred tax liability	(632)	Adjustment for Solvency II valuation differences
DAC	(1,018)	Elimination of DAC for Solvency II purposes
Technical provisions	6,075	Adjustment for Solvency II valuation difference
Retained earnings	108,246	
Reconciliation reserve - Total	**112,671**	

E.1.3 Solvency II excess assets over liabilities and financial statement equity reconciliation

Reserve item	**Amount €000's**	**Commentary**
Excess assets over liabilities	**132,671**	
Deferred tax liability	632	Adjustment for Solvency II valuation differences
DAC	1,018	Elimination of DAC for Solvency II purposes
Technical Provisions	(6,075)	Adjustment for Solvency II valuation difference
Financial statement equity	**128,246**	

E.2 – Solvency capital requirement & minimum capital requirement

For the purpose of this section, the Undertaking has adopted the "Standard Formula" approach. This method uses stresses for each of the individual risks as calibrated and provided by EIOPA.

The Undertaking's SCR and MCR requirements are:

	31 Jan 2017 €000's	1 Feb 2016 €000's
SCR	42,777	50,250
MCR	13,776	12,563

The decrease in the Undertaking's SCR is predominantly related to the risk mitigation purchased in February 2017 and the reduction in the maximum liability exposure of the Undertaking's non-proportional property retention and corresponding reduction in the Undertaking's Non-Life catastrophe capital charge.

The following table provides the calculated SCR components by risk module:

	31 Jan 2017 €000's
SCR Market risk	3,384
SCR Health risk	13,713
SCR Counterparty default risk	10,914
SCR Non-life underwriting risk	30,707
Diversification benefit	(16,705)
Basic SCR	42,013
Operational risk SCR	1,396
Adjustment for the loss absorbing capacity of deferred taxation	(632)
SCR	**42,777**

The Undertaking is not using any simplifications, or undertaking-specific parameters pursuant to Article 104(7) of the Solvency II Directive 2009/138/EC, in the calculation of the SCR.

The following table shows the information on the inputs used to calculate the MCR:

	31 Jan 2017 €000's
Net technical provisions multiplied by risk factors	7,361
Net written premium multiplied by risk factors	6,415
MCR	**13,776**

The risk factors used to apply against the net technical provisions and the net written premium are as prescribed by Annex XIX of the Delegated Regulations (EU).

E.3 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

The Undertaking has had own funds in excess of both the SCR and MCR requirements over the reporting period.

E.4 Any other information

The Undertaking does not have any other material information to disclose regarding capital management, other than what has been disclosed above.

Appendix A – Quantitative Reporting Templates

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S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	-
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	847
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	2,042,356
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	-
Equities	**R0100**	-
Equities - listed	**R0110**	-
Equities - unlisted	**R0120**	-
Bonds	**R0130**	-
Government Bonds	**R0140**	-
Corporate Bonds	**R0150**	-
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	-
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	2,042,356
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	-
Loans and mortgages	**R0230**	-
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	-
Reinsurance recoverables from:	**R0270**	-
Non-life and health similar to non-life	**R0280**	-
Non-life excluding health	**R0290**	-
Health similar to non-life	**R0300**	-
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	-
Health similar to life	**R0320**	-
Life excluding health and index-linked and unit-linked	**R0330**	-
Life index-linked and unit-linked	**R0340**	-
Deposits to cedants	**R0350**	257,658
Insurance and intermediaries receivables	**R0360**	1,190,450
Reinsurance receivables	**R0370**	-
Receivables (trade, not insurance)	**R0380**	629,307
Own shares (held directly)	**R0390**	-
Amounts due in respect of own fund items or initial fund called up but not yet	**R0400**	-
Cash and cash equivalents	**R0410**	175,307,619
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	179,428,237

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	44,835,907
Technical provisions – non-life (excluding health)	**R0520**	38,986,131
TP calculated as a whole	**R0530**	-
Best Estimate	**R0540**	36,132,934
Risk margin	**R0550**	2,853,197
Technical provisions - health (similar to non-life)	**R0560**	5,849,776
TP calculated as a whole	**R0570**	-
Best Estimate	**R0580**	4,575,699
Risk margin	**R0590**	1,274,077
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	-
Technical provisions - health (similar to life)	**R0610**	-
TP calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-
TP calculated as a whole	**R0660**	-
Best Estimate	**R0670**	-
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	-
TP calculated as a whole	**R0700**	-
Best Estimate	**R0710**	-
Risk margin	**R0720**	-
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	-
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	632,148
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Insurance & intermediaries payables	**R0820**	1,063,809
Reinsurance payables	**R0830**	-
Payables (trade, not insurance)	**R0840**	224,902
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in BOF	**R0860**	-
Subordinated liabilities in BOF	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	-
Total liabilities	**R0900**	46,756,766
Excess of assets over liabilities	**R1000**	132,671,471

Annex I
S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**								
		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
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**
Premiums written										
Gross - Direct Business	**R0110**	-	-	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	**R0120**	1,008,427	2,171,531	2,067,228	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**	-	(126)	(15,249)	-	-	-	-	-	-
Net	**R0200**	1,008,427	2,171,657	2,082,477	-	-	-	-	-	-
Premiums earned										
Gross - Direct Business	**R0210**	-	-	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	**R0220**	1,008,427	2,169,455	1,272,268	-	-	-	23,815	-	2,776,477
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**	-	(11)	(1,292)	-	-	-	-	-	-
Net	**R0300**	1,008,427	2,169,466	1,273,560	-	-	-	23,815	-	2,776,477
Claims incurred										
Gross - Direct Business	**R0310**	-	-	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	**R0320**	1,191,224	1,910,815	1,081,295	-	-	-	22,624	-	1,169,030
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**	-	-	-	-	-	-	-	-	-
Net	**R0400**	1,191,224	1,910,815	1,081,295	-	-	-	22,624	-	1,169,030
Changes in other technical provisions										
Gross - Direct Business	**R0410**	-	-	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	**R0420**	-	-	-	-	-	-	-	-	-
Gross - Non- proportional reinsurance accepted	**R0430**									
Reinsurers'share	**R0440**	-	-	-	-	-	-	-	-	-
Net	**R0500**	-	-	-	-	-	-	-	-	-
Expenses incurred	**R0550**	23,106	180,493	183,727	-	-	-	1,164	-	264,386
Other expenses	**R1200**									
Total expenses	**R1300**									

		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
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written									
Gross - Direct Business	**R0110**	-	-	-					-
Gross - Proportional reinsurance accepted	**R0120**	-	-	4,496,711					9,743,897
Gross - Non-proportional reinsurance accepted	**R0130**				1,390,552	6,531,883	3,297,511	23,681,283	34,901,229
Reinsurers' share	**R0140**	-	-	-	-	-	-	-	(15,375)
Net	**R0200**	-	-	4,496,711	1,390,552	6,531,883	3,297,511	23,681,283	44,660,501
Premiums earned									
Gross - Direct Business	**R0210**	-	-	-					-
Gross - Proportional reinsurance accepted	**R0220**	-	-	4,478,003					11,728,445
Gross - Non-proportional reinsurance accepted	**R0230**				1,378,862	6,488,370	3,292,307	23,665,542	34,825,080
Reinsurers' share	**R0240**	-	-	-	-	-	-	-	(1,303)
Net	**R0300**	-	-	4,478,003	1,378,862	6,488,370	3,292,307	23,665,542	46,554,827
Claims incurred									
Gross - Direct Business	**R0310**	-	-	-					-
Gross - Proportional reinsurance accepted	**R0320**	-	-	1,119,347					6,494,335
Gross - Non-proportional reinsurance accepted	**R0330**				1,390,508	3,569,441	2,221,432	4,583,843	11,765,224
Reinsurers' share	**R0340**	-	-	-	-	-	-	-	
Net	**R0400**	-	-	1,119,347	1,390,508	3,569,441	2,221,432	4,583,843	18,259,559
Changes in other technical provisions									
Gross - Direct Business	**R0410**	-	-	-					-
Gross - Proportional reinsurance accepted	**R0420**	-	-	-					-
Gross - Non- proportional reinsurance accepted	**R0430**				-	-	-	-	-
Reinsurers'share	**R0440**	-	-	-	-	-	-	-	-
Net	**R0500**	-	-	-	-	-	-	-	-
Expenses incurred	**R0550**	-	-	216,247	94,741	282,379	65,139	925,168	2,236,551
Other expenses	**R1200**								-
Total expenses	**R1300**								2,236,551

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S.05.02.01

Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		ES	BM	CH	IT	JP	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0120	1,008,427	2,225,275	-	-	4,238,759	2,271,437	9,743,898
Gross - Non-proportional reinsurance accepted	R0130	-	23,756,792	4,812,177	3,297,511	-		31,866,480
Reinsurers' share	R0140		-	-	-	(15,375)	-	(15,375)
Net	R0200	1,008,427	25,982,067	4,812,177	3,297,511	4,254,134	2,271,437	41,625,752
Premiums earned								
Gross - Direct Business	R0210	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0220	1,008,427	2,230,381	-	2,776,477	3,441,724	2,271,437	11,728,445
Gross - Non-proportional reinsurance accepted	R0230	-	23,705,094	4,807,657	3,292,307	-	-	31,805,059
Reinsurers' share	R0240	-	-	-	-	(1,302)	-	(1,302)
Net	R0300	1,008,427	25,935,476	4,807,657	6,068,784	3,443,026	2,271,437	43,534,806
Claims incurred								
Gross - Direct Business	R0310	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0320	1,191,224	587,509	-	1,169,030	2,058,890	554,463	5,561,115
Gross - Non-proportional reinsurance accepted	R0330	-	4,608,820	2,382,622	2,221,432	333,221	-	9,546,095
Reinsurers' share	R0340	-	-	-	-	-	-	-
Net	R0400	1,191,224	5,196,329	2,382,622	3,390,462	2,392,110	554,463	15,107,210
Changes in other technical provisions								
Gross - Direct Business	R0410	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-
Gross - Non- proportional reinsurance accepted	R0430	-	-	-	-	-	-	-
Reinsurers'share	R0440	-	-	-	-	-	-	-
Net	R0500	-	-	-	-	-	-	-
Expenses incurred	R0550	22,974	1,037,407	168,913	331,543	380,473	105,438	2,046,748
Other expenses	R1200							-
Total expenses	R1300							2,046,748

Annex I
S.17.01.02

Non-life Technical Provisions

		Direct business and accepted 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
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**
Technical provisions calculated as a whole	**R0010**	-	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	**R0060**	-	3,083	(205,936)	-	-	-	-	-	(2,227,792)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-	-	-	-	-	-	-	-	-
Net Best Estimate of Premium Provisions	**R0150**	-	3,083	(205,936)	-	-	-	-	-	(2,227,792)
Claims provisions										
Gross	**R0160**	270,685	2,043,061	489,193				23,619		6,197,770
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	-	-	-	-	-	-	-	-	-
Net Best Estimate of Claims Provisions	**R0250**	270,685	2,043,061	489,193	-	-	-	23,619	-	6,197,770
Total Best estimate - gross	**R0260**	270,685	2,046,144	283,257	-	-	-	23,619	-	3,969,978
Total Best estimate - net	**R0270**	270,685	2,046,144	283,257	-	-	-	23,619	-	3,969,978
Risk margin	**R0280**	75,371	569,737	22,367	-	-	-	1,865		313,485
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	**R0290**	-	-	-	-	-	-	-	-	-
Best estimate	**R0300**	-	-	-	-	-	-	-	-	-
Risk margin	**R0310**	-	-	-	-	-	-	-	-	-

		Direct business and accepted 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
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**
Technical provisions - total										
Technical provisions - total	**R0320**	346,056	2,615,881	305,624	-	-	-	25,484	0	4,283,463
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	-	-	-	-	-	-	-	-	-
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	346,056	2,615,881	305,624	-	-	-	25,484	-	4,283,463

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				
		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
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	**R0060**	-	-	-	-	29,639	-	-	(2,401,006)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-	-	-	-	-	-	-	-
Net Best Estimate of Premium Provisions	**R0150**	-	-	-	-	29,639	-	-	(2,401,006)
Claims provisions									
Gross	**R0160**	-	-	3,989,861	2,258,870	10,075,991	2,577,942	15,182,647	43,109,639
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	-	-	-	-	-	-	-	
Net Best Estimate of Claims Provisions	**R0250**	-	-	3,989,861	2,258,870	10,075,991	2,577,942	15,182,647	43,109,639
Total Best estimate - gross	**R0260**	-	-	3,989,861	2,258,870	10,105,630	2,577,942	15,182,647	40,708,633
Total Best estimate - net	**R0270**	-	-	3,989,861	2,258,870	10,105,630	2,577,942	15,182,647	40,708,633
Risk margin	**R0280**	-	-	315,055	628,969	797,980	203,564	1,198,881	4,127,274
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	**R0290**	-	-	-	-	-	-	-	-
Best estimate	**R0300**	-	-	-	-	-	-	-	-
Risk margin	**R0310**	-	-	-	-	-	-	-	-

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				
		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
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions - total									
Technical provisions - total	**R0320**	-	-	4,304,916	2,887,839	10,903,610	2,781,506	16,381,528	44,835,907
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	-	-	-	-	-	-	-	-
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	-	-	4,304,916	2,887,839	10,903,610	2,781,506	16,381,528	44,835,907

Annex I
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Non-life insurance claims

Total Non-Life Business

Accident year / Underwriting year	Z0010	UW

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

		Development year												In Current year	Sum of years (cumulative)
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**			
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**		**C0170**	**C0180**
Prior	**R0100**											0	**R0100**	-	725,808
N-9	**R0160**	800,494	1,150,352	1,368,388	527,332	(394,717)	385,831	13,785	2,919	3,015	(8,890)		**R0160**	(8,890)	3,848,507
N-8	**R0170**	544,606	967,795	1,117,076	584,222	338,388	43,769	3,759	8,413	1,747			**R0170**	1,747	3,609,774
N-7	**R0180**	872,218	684,488	176,591	522,594	(44,562)	10,362	13,271	60,152				**R0180**	60,152	2,295,115
N-6	**R0190**	442,125	1,646,652	530,056	52,070	14,395	113,487	8,573					**R0190**	8,573	2,807,359
N-5	**R0200**	1,490,997	2,947,203	395,641	252,118	248,287	68,269						**R0200**	68,269	5,402,514
N-4	**R0210**	1,210,941	2,276,881	1,949,584	192,596	178,102							**R0210**	178,102	5,808,104
N-3	**R0220**	2,047,358	1,969,430	238,389	396,174								**R0220**	396,174	4,651,350
N-2	**R0230**	1,436,088	3,008,016	765,758									**R0230**	765,758	5,209,862
N-1	**R0240**	2,201,349	5,632,565										**R0240**	5,632,565	7,833,914
N	**R0250**	3,383,269											**R0250**	3,383,269	3,383,269
												Total	**R0260**	10,485,719	45,575,576

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year												Year end (discounted data)
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**		
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**		**C0360**
Prior	**R0100**											5,945	**R0100**	5,860
N-9	**R0160**										44,152		**R0160**	43,432
N-8	**R0170**									164,787			**R0170**	162,156
N-7	**R0180**								143,548				**R0180**	141,341
N-6	**R0190**							6,499,643					**R0190**	6,499,342
N-5	**R0200**						336,151						**R0200**	330,561
N-4	**R0210**					841,738							**R0210**	829,332
N-3	**R0220**				778,407								**R0220**	768,136
N-2	**R0230**			2,988,993									**R0230**	2,909,160
N-1	**R0240**		9,548,126										**R0240**	9,333,590
N	**R0250**	22,501,724											**R0250**	22,086,728
												Total	**R0260**	43,109,639

Annex I

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Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	20,000,000	20,000,000		-	
Share premium account related to ordinary share capital	**R0030**	-	-		-	
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	-	-		-	
Subordinated mutual member accounts	**R0050**	-		-	-	-
Surplus funds	**R0070**	-	-			
Preference shares	**R0090**	-		-	-	-
Share premium account related to preference shares	**R0110**	-		-	-	-
Reconciliation reserve	**R0130**	112,671,471	112,671,471			
Subordinated liabilities	**R0140**	-		-	-	-
An amount equal to the value of net deferred tax assets	**R0160**	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**	-				
Deductions						
Deductions for participations in financial and credit institutions	**R0230**	-	-	-	-	
Total basic own funds after deductions	**R0290**	132,671,471	132,671,471	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	-				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	-			-	
Unpaid and uncalled preference shares callable on demand	**R0320**	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	-			-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	-			-	-
Other ancillary own funds	**R0390**	-			-	-
Total ancillary own funds	**R0400**	-			-	-
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	132,671,471	132,671,471	-	-	-
Total available own funds to meet the MCR	**R0510**	132,671,471	132,671,471	-	-	
Total eligible own funds to meet the SCR	**R0540**	132,671,471	132,671,471	-	-	-
Total eligible own funds to meet the MCR	**R0550**	132,671,471	132,671,471	-	-	
SCR	**R0580**	42,777,226				
MCR	**R0600**	13,775,879				
Ratio of Eligible own funds to SCR	**R0620**	310%				
Ratio of Eligible own funds to MCR	**R0640**	963%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	132,671,471	
Own shares (held directly and indirectly)	**R0710**	-	
Foreseeable dividends, distributions and charges	**R0720**	-	
Other basic own fund items	**R0730**	20,000,000	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-	
Reconciliation reserve	**R0760**	112,671,471	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	-	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	4,495,427	
Total Expected profits included in future premiums (EPIFP)	**R0790**	4,495,427	

Annex I
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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	3,383,891		-
Counterparty default risk	R0020	10,914,240		
Life underwriting risk	R0030	-	-	-
Health underwriting risk	R0040	13,713,227	-	-
Non-life underwriting risk	R0050	30,707,200	-	-
Diversification	R0060	(16,704,754)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	42,013,804		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	1,395,569
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	(632,148)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement excluding capital add-on	R0200	42,777,226
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	42,777,226
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	13,775,879

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	270,685	1,008,427
Income protection insurance and proportional reinsurance	R0030	2,046,144	2,171,657
Workers' compensation insurance and proportional reinsurance	R0040	283,258	2,082,477
Motor vehicle liability insurance and proportional reinsurance	R0050	-	-
Other motor insurance and proportional reinsurance	R0060	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	-	-
Fire and other damage to property insurance and proportional reinsurance	R0080	23,619	-
General liability insurance and proportional reinsurance	R0090	-	-
Credit and suretyship insurance and proportional reinsurance	R0100	3,969,978	-
Legal expenses insurance and proportional reinsurance	R0110	-	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	3,989,861	4,496,711
Non-proportional health reinsurance	R0140	2,258,870	1,390,552
Non-proportional casualty reinsurance	R0150	10,105,630	6,531,883
Non-proportional marine, aviation and transport reinsurance	R0160	2,577,942	3,297,511
Non-proportional property reinsurance	R0170	15,182,647	23,231,283

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	-

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

Overall MCR calculation

		C0070
Linear MCR	R0300	13,775,879
SCR	R0310	42,777,226
MCR cap	R0320	19,249,752
MCR floor	R0330	10,694,306
Combined MCR	R0340	13,775,879
Absolute floor of the MCR	R0350	1,200,000
		C0070
Minimum Capital Requirement	R0400	13,775,879