Alpitour Reinsurance Company dac

Solvency and Financial Condition Report
for the reporting period ended 31 October 2017

Approved by the Board of Directors on 23 February 2018

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Summary

This Report refers to the business of Alpitour Reinsurance Company dac ('the Company', 'ARC'), an authorised reinsurer supervised by the Central Bank of Ireland. It provides the reader with information on the Company's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management for the reporting period ended 31 October 2017.

ARC is a subsidiary of Alpitour S.p.A., Italy's preeminent tourist organisation. ARC's business strategy is to act as a reinsurer in respect of a defined portion of the travel and associated risks of Alpitour Group clients and in this way enhance the service offering of its parent group. Reinsurance is accepted under a quota share arrangement with Europ Assistance Italia S.p.A, a member of the Generali Group.

An underwriting profit of EUR3,755,073 was recorded for the reporting period which reflected a 13% increase on the prior year result (EUR3,318,182). Retrocession cover continued in place to mitigate the risk of exposure to higher value claim events. The Board re-assesses the need for retrocession on an annual basis and carefully monitors loss emergence and trends each quarter.

The overall strategic objective of the Company with respect to its investment policy is to preserve principal value while covering its technical reserve requirements and meeting its ongoing cash flow needs. Given the short-term nature of its travel risk exposures, the practice is to retain funds to meet such liabilities in a group cash pool balance. Diversification of risk is achieved by also holding a balanced portfolio of corporate and government bonds.

The Board of the Company is ultimately accountable and responsible for the performance and conduct of ARC and in addition to its Chief Executive Officer has appointed four key function holders (Compliance, Internal Audit, Risk Management and Actuarial) and a Management Services Provider to ensure the Company is governed effectively and in line with its regulatory obligations.

The Board has identified the key risks to which ARC is exposed and established appropriate corporate governance, risk management and reporting mechanisms to ensure that the identified risks remain relevant, and that they are managed and reported on with appropriate levels of detail and frequency. Documented escalation mechanisms are in place to ensure that breaches in risk tolerances, internal controls and governance requirements are reported promptly to the appropriate individuals. The current risk profile of the Company and its underlying drivers are well understood and appropriate for the nature, scale and complexity of the business and within its risk appetite.

There have been no material changes over the reporting period in respect of the Company's business and performance, system of governance, risk profile and capital management.

The Company's assets are valued on an economic basis in line with FRS 102 and its technical provisions include a discounted best estimate plus risk margin.

The Company has calculated its own solvency needs through an assessment of its risks, business plans and financial and capital projections over the next three years. The results of this exercise are used to better inform decision making within the Company.

As at 31 October 2017, the Company had basic own funds of EUR15,601,376 available to meet its Solvency Capital Requirement of EUR7,895,245. This 198% solvency coverage is in line with the Company's risk appetite. The Minimum Capital Requirement was also satisfactorily met at the period-end. There were no instances of non-compliance with the capital requirements during the period.

A. Business and Performance

A.1 Business

General Information

Alpitour Reinsurance Company dac was incorporated on the 23rd of April 1997 as a reinsurer of certain contractual risks arising out of the tourism business undertaken by the Alpitour Group. The Company converted to a designated activity company limited by shares under the Companies Act 2014 on 15 July 2016.

The Company holds a Certificate of Authorisation from the Central Bank of Ireland ('CBOI') to carry out the business of reinsurance (Ref. No.: C40425) pursuant to the European Union (Insurance and Reinsurance) Regulations 2015 (SI 485). Its registered office and place of business is 13 Fitzwilliam Street Upper, Dublin 2.

The Insurance Supervision Team of the Central Bank of Ireland may be contacted at:

General Insurance Supervision
Central Bank of Ireland
New Wapping Street
North Wall Quay
Dublin 1
Tel: +353 1 224 4000

The Company's external auditors are:

Deloitte
Deloitte & Touche House
29 Earlsfort Terrace
Dublin 2
D02 AY28
Tel: +353 1 417 2200

The Company is a wholly owned subsidiary of Alpitour S.p.A, a company incorporated in Italy. ARC is the only (re)insurance company within the Alpitour Group and has no branches.

Alpitour was founded in 1947 as a small travel agency that specialised in short trips on trains and buses during special events.

Today, and for the last 70 years, the Alpitour Group is the most important and multi-faceted Italian tourist organisation with five divisions as part of its identity: Tour Operating, Aviation, Hotel Management, Incoming and Travel Agencies.

Setting the standard for quality, service and flexibility, Alpitour has become the recognized Italian leader in the tourism sector. A long path lived with passion, innovation and reliability, which has allowed Alpitour to accompany generations of Italians in choosing their holiday trips.

Business Details

The principal activity of the Company is to provide reinsurance coverage on a quota share basis in respect of a range of travel and associated assistance risks underwritten by Europ Assistance in Italy on behalf of Italian customers of Alpitour S.p.A. and associated companies. The coverages provided are categorised as proportional reinsurance under the following lines of business:

- Medical expense (including accident)
- Marine, Aviation & Transport
- Legal expense
- Assistance
- Miscellaneous Financial Loss

The nature of the risks reinsured is such that losses are short-tail in nature with an average claims cost of less than EUR1,000 across the book and EUR10,000 for large claims with the highest individual settlement typically not greater than EUR75,000. The book is characterised by high frequency and low severity.

The policy for the excess of loss retrocession purchased as a risk mitigant last period, expired on 17 March 2017 and it was resolved by the Board to extend the policy to 31 October 2017, to align it with the Company's financial period. This risk mitigation continues to limit the Company's net claims exposure to EUR500,000 each and every claim/and or series of claims arising out of one event. There have been no other significant changes in the business or other events in the reporting period which had a material impact on the Company.

A.2 Underwriting Performance

Results for the reporting periods ended 31 October 2017 and 2016 are shown below:

		2017 EUR	2016 EUR
Premiums earned	**- gross**	11,811,250	10,099,666
	- reinsurers' share	(18,456)	(11,544)
	- net	11,792,794	10,088,122
	Claims paid – gross and net amount	(6,543,058)	(5,438,167)
	Change in provision for claims – gross and net amount	(88,198)	(26,438)
Claims incurred, gross and net of reinsurance		(6,631,256)	(5,464,605)
Fronting Fees		(47,245)	(40,399)
Claims Handling Fees		(1,028,886)	(943,471)
Success Fee		(73,659)	(94,485)
Administrative expenses		(256,675)	(226,980)
Underwriting result		**3,755,073**	**3,318,182**

The underwriting performance for the year was ahead of the comparative period on account of an increase in insured passengers gained in 2017 resulting in higher earned premiums. However, aligned to this increase was an increase in claims activity with a year on year increase of 26% in claims reported. As noted in Section A1 the Company extended its retrocession cover to the end of 2017 to mitigate its exposure to large losses. The comparative cost in 2016 was €11,544 as the policy was only incepted mid-year on 18 March 2016.

Gross premiums assumed and earned are split by line of business as follows:

	2017 EUR	2016 EUR
Medical expense	5,608,001	4,714,838
Marine, aviation & transport	212,514	215,837
Legal expense	51,815	35,543
Assistance	1,837,562	1,477,282
Miscellaneous financial loss	4,101,358	3,656,166
	11,811,250	**10,099,666**

The higher premium volumes in 2017 reflected changed market conditions in the tourism sector. All lines of business showed an increase, apart from Marine, aviation & transport (albeit only a 1.5% reduction), as a result of the following factors:

- An increased number of passengers opted for foreign holiday locations outside of Italy during 2017 which resulted in a higher uptake in both the Company's medical and miscellaneous financial loss (incl. cancellation and refunds on holidays) covers;
- Medical expense for 2017 included premiums of EUR158,611 for Accident cover. This cover was only added as a new class in April 2016 and the related premium reported last period was EUR78,555;
- Legal expense cover is specific to one particular underlying insurance policy which sold well during the period recording a 46% increase on premium written in the prior period.

Claims incurred are split by proportional reinsurance line of business as follows:

2017 EUR	**Medical expense**	**Marine, aviation and transport**	**Legal expense**	**Assistance**	**Misc. financial loss**	**TOTAL**
Claims paid	(1,069,310)	(37,018)	-	(817,358)	(4,619,372)	(6,543,058)
Change in provision for claims – gross and net amount	(55,305)	(24,311)	-	(66,365)	57,783	(88,198)
Claims incurred, gross and net of reinsurance	(1,124,615)	(61,329)	-	(883,723)	(4,561,589)	(6,631,256)

2016 EUR	**Medical expense**	**Marine, aviation and transport**	**Legal expense**	**Assistance**	**Misc. financial loss**	**TOTAL**
Claims paid	(837,764)	(36,741)	-	(636,198)	(3,927,464)	(5,438,167)
Change in provision for claims – gross and net amount	(44,226)	33,694	-	55,688	(71,594)	(26,438)
Claims incurred, gross and net of reinsurance	(881,990)	(3,047)	-	(580,510)	(3,999,058)	(5,464,605)

Claims reported increased in 2017 by 1,798 at a cost of EUR1.335m and comprised the following year-on-year trends:

- Miscellaneous financial loss claims showed a 10% increase in the number of claims reported at an increased average cost per claim of €63;
- Medical expense claims reported were up by 669 at a cost of EUR301,102 and primarily related to medical costs incurred abroad;
- Despite a 62% increase in the number of reported Baggage claims, the average cost per claim reduced by EUR79;
- In terms of Assistance claims, there was a strong increase in health repatriation and medical airplane claims at a cost of EUR517,748 compared to a cost of EUR354,963 in 2016. However, the related average cost per these claims reduced by EUR13,727. Claim numbers and costs in respect of return of body claims also upped significantly by 9 and EUR111,908 respectively.

Fronting fees represent 0.4% of gross premiums in both years. The minimum percentage fee for claims handling payable to the fronting insurer is 8.8%. No such fee is payable on written premium relating to the guaranteed fees payable to agents included within the Miscellaneous financial loss line of business. In 2016, the percentage was 9.34%, reflecting an adjustment relating to underwriting year 2013/2014. Where applicable, such adjustments are applied retrospectively according to a pre-agreed scale based on the loss ratios reached in each year. Both the fronting and claims handling fees reflect the rates agreed under the quota share reinsurance arrangement in place. The success fee is also a contractual obligation payable over a 5 year term for services in connection with the renewal of the reinsurance agreement in 2013. These fees are applied consistently across each line of business.

Administrative expenses increased on the prior reporting period reflecting additional costs associated with reporting and the key functions under Solvency II.

A.3 Investment Performance

In line with its investment policy, the Company holds a portfolio of corporate and government bonds and participates in a cash pooling arrangement with Alpitour S.p.A.. Its net investment return for the reporting and comparative period was as follows:

	2017 EUR	2016 EUR
Income from fixed income securities	174,005	163,300
Income from accounts with credit institutions	32	(530)
Income from cash pool	22,523	19,548
Investment management expenses	(9,521)	(10,306)
Unrealised (loss) / gain on investments	(87,641)	51,874
Net investment return	99,398	223,886

The increased return from fixed income securities was driven by the inclusion of a full year's interest on the additional bonds purchased in July 2016. The average coupon rate on these bonds is 1.6%. No term deposits were held during the reporting year. The small income earned was on a cash balance held in a client asset account by the investment managers. The Company has been a participant in the Alpitour Group cash pooling scheme since 2012. The pooled balance is repayable on demand. Interest accrues on the balance at a rate of 1 month Euribor plus 25 basis points. The year-on-year favourable variance on income from the cash pool reflected a higher average pool balance held throughout this year compared to 2016. The unrealised loss on investments was due to adverse market movements in the pricing of the bonds held. Investment management expenses are payable as a percentage of the average value of the bond portfolio. As a result of the fall in value of the portfolio in 2017, a reduced expense resulted compared to last period.

A.4 Performance of other activities

The Company does not carry out any other activities other than the reinsurance business described in A.1 above and has not entered into any leasing agreements.

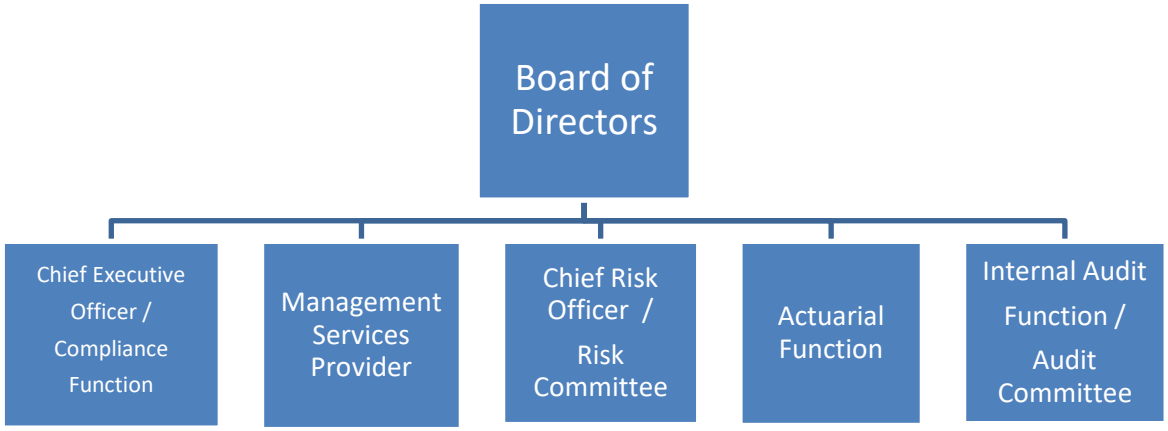
A.5 Any other information

There are no other material matters to disclose in relation to the Company's business.

B. System of Governance

B.1 General information on the system of governance

The organisational structure of the Company is as follows:



The Board of the Company is the focal point of the corporate governance regime. It is ultimately accountable and responsible for the performance and conduct of the Company. The Board has a paramount role to ensure that the Company satisfies all regulatory and statutory requirements related to its operations and has appointed four key function holders (Compliance, Internal Audit, Risk Management and Actuarial) and a Management Services Provider to ensure adherence to these obligations. Function holders report to the Board directly or through the Chairman of a Sub-Committee established by the Board. In reporting to the Board, the holders of the above positions ensure that they provide information which is timely, accurate and sufficiently detailed so as to enable the Board to make informed decisions and discharge its duties appropriately.

The Directors are responsible for monitoring performance of the Company on behalf of its ultimate shareholder. In this context, the Board has defined the Company's strategic objectives, which are reviewed annually.

Authority for all actions and expenditure within the Company flows from the Board who have put in place the necessary systems of internal control within the Company to ensure that business is undertaken in a controlled and responsible manner.

The Company has formalised and documented its governance structures and responsibilities within its Corporate Governance Manual (CGM) which is updated, together with the supporting policies, and reviewed by the Board on an annual basis.

Board of Directors

The Board is comprised of only those persons with sufficient knowledge of the Company's business and the environment in which it operates so as to properly contribute to the effective running of the Company and the achievement of its objectives.

The Board members have:

- The necessary knowledge, skills, experience, expertise, competencies, professionalism, fitness, probity and integrity to carry out their duties;
- A full understanding of the nature of the Company's business, material activities and related risks;
- A full understanding of their individual direct and indirect responsibilities and collective responsibilities; and

- An understanding of the Company's financial statements and key performance drivers.

The Company is controlled and directed through the Board which consists of the following senior personnel as at the reporting date who have been selected to ensure that the Company is being run by individuals of appropriate expertise and integrity and who meet the criteria set out above:

R. Graham Heather
Stefano Bianchi
Eamonn Brennan
Guglielmo Distefano
David Sweetman

Notwithstanding any third-party/group management arrangements or delegated authorities which are established, the Board formally acknowledges its responsibility for the following areas:

- The effective, prudent and ethical oversight of the Company;
- Ensuring that risk and compliance are properly managed;
- Establishing the strategy and policies of the Company and overseeing and monitoring their implementation;
- Setting the corporate tone with regard to governance, ethics and general behaviour;
- Establishment, review and approval of systems of internal control, risk management, regulatory compliance and codes of conduct to ensure that the Company is compliant with relevant laws, regulations and codes of conduct; and
- Accountability for the Company's performance and results.

The Board may delegate authority to sub-committees or management to act on their behalf in respect of certain matters but, where the Board does so, it has documented mechanisms in place regarding the activities delegated and the monitoring of the exercise of such delegated functions. Activities are delegated and allocated in such a manner that no one individual has unfettered control of the business. The Board cannot abrogate its responsibility for functions delegated.

The Terms of Reference of the Board are fully documented and are reviewed annually to ensure that they continue to be appropriate and reflective of the Board's obligations.

As documented in the CGM, the key responsibilities of the Board are to:

a. Ensure the appropriate knowledge, skills, experience and commitment exists within the Board of Directors to oversee the Company effectively.
b. Set out the corporate governance principles, responsibilities, and commitments appropriate to the Company and ensure they are communicated throughout the Company.
c. Establish policies and strategies to ensure compliance with principles, responsibilities, and commitments and to establish procedures for monitoring and evaluating the progress towards them. Adherence to the policies and strategies must be reviewed annually.
d. Establish standards of business conduct and ethical behaviour for directors, senior management and other personnel. These include policies on conflicts of interest.
e. Establish procedures for the appointment, disciplinary procedures and dismissal of senior management, including the establishment of a remuneration policy that is reviewed periodically. The remuneration policy will not include incentives that would encourage imprudent or reckless behaviour.
f. Satisfy itself that the Company is organised in a way that promotes the effective and prudent management of the undertaking and the Board of Directors' oversight of that management. In this context, the Board of Directors must satisfy itself as to the existence of a risk management function, proportionate to the nature, scale and complexity of the insurance undertaking's business that monitors the risks related to the type of business undertaken.
g. Establish an appropriate compliance, internal audit, actuarial and risk management function and establish the applicable checks and balances for each function.
h. Determine and review the Company's strategic direction.

i. Approve and oversee the management of all renewal processes, including signing off inwards reinsurance and outwards reinsurance programmes as necessary.
j. Keep under review and maintain the Company's capital and liquidity positions.
k. Review and approve proposals for the allocation of capital and other resources.
l. Approve material acquisitions and disposals of assets.
m. Approval of and review of compliance with the Risk Appetite Statement.
n. Approve material joint ventures, strategic partnerships and alliances which are significant in terms of the business of the Company.
o. Receive Quarterly Business and Financial Reports and review actual performance in the light of the Company's strategy, objectives, corporate and business plans and budgets.
p. Consider and approve the Company's procedures for reviewing and monitoring risk, and receive regular reports thereon.
q. Approve the Company's annual audited financial statements and any other published financial statements or other material significant statements issued.
r. Determine dividend policy.
s. Review and approve the annual compliance policy, together with Company's annual Compliance and Directors' Accuracy statements which form part of and accompany the return to the CBOI.
t. Review and approve annually all policies of the Company.
u. Review and, as appropriate, agree changes in the terms of reference of sub committees that could be established by the Board.
v. Collectively ensure that the Company complies with all relevant laws, regulations and any established codes of conduct.
w. Ensure that the Non-Executive Directors are given adequate training support in relation to the operations and the performance of the Company.
x. Identify a Compliance Officer.
y. Identify a Chief Risk Officer
z. Ensure an open and transparent communication with the CBOI.
aa. Take an active role in the Own Risk & Solvency Assessment processes and develop the appropriate responses for the Company.

Delegated Authorities

In furtherance of the effective operation of the Company's activities, the Board has seen fit to delegate the following roles to the persons/bodies noted:

Activity	**Individual/Body Responsible**
Transfer of funds/payments in line with established bank mandate	Authorised Signatories
Approval of general expenses <EUR500,000	Authorised Signatories

The Board reserves the right to withdraw or amend such delegated authorities at any time should they see fit to do so.

Audit Committee

The Company's Audit Committee is comprised of all members of the Board. Based on their individual careers and expertise, it is regarded that each Director brings valuable skills and knowledge which maximise the effectiveness of the Audit Committee. The Chairman is an independent non-executive director who is not the Chairman of the Board.

The Audit Committee meets at least twice a year and carries out the following activities:

- Consideration of the appointment of external and internal auditors and assessment of their respective independence and objectivity;
- Review of the relationship with external auditors, including consideration of audit fees and other fees paid for non-audit services (e.g. tax compliance / advice);
- Engagement with the internal audit team and agreement on the scope of their annual reviews;
- Review of the audited financial statements and annual regulatory reporting submissions and recommendation to the Board for their approval;

- Monitor the effectiveness and adequacy of the Company's system of internal control procedures;
- Review of any reports released by the internal auditor;
- Review of consistency of accounting policies both on a year to year basis and across the Company;
- Review of the Company's operational framework and its supporting control log at least annually, to ensure that all the operational risks are captured in a concise manner to enable the monitoring of same risks on a quarterly basis; and
- Reporting to the Board on all Audit Committee meetings and making recommendations for their approval as required.

The Audit Committee has documented its terms of reference and these are reviewed annually by the committee members and the Board. Proceedings of committee meetings are minuted and distributed as part of the meeting materials for the next cycle of meetings. In the interim, oral reports are provided by the Chairman of the Audit Committee to the Board on Committee meetings that immediately precede a Board meeting.

Risk Committee

The Board has established a Risk Committee whose responsibilities include:

- Oversight and advice to the Board on the Company's current risk exposures and future risk strategy;
- Advising the Board on the effectiveness of strategies and policies with respect to maintaining, on an ongoing basis, amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the Company;
- Advising the Board on risk appetite and tolerance for future strategy, taking account of the Board's overall risk appetite and the current financial position of the Company;
- Working with the Chief Risk Officer to ensure the development and on-going maintenance of an effective risk management system within the Company that is effective and proportionate to the nature, scale and complexity of the risks inherent in the business;
- Reviewing and recommending the risk appetite metrics for each of the major risk classes identified;
- Reviewing the Company's risk register for on-going appropriateness and implement any recommendations it deems necessary;
- Reviewing and challenging the Company's overall risk profile, capital and funding position;
- Monitoring and challenging actual risk exposures and recommending appropriate actions which it considers should be taken to manage exposures within the risk appetite parameters set by the Board;
- Reviewing risk implications relating to proposed new/existing business developments within the Company's Own Risk and Solvency Assessment framework;
- Reviewing claims information in terms of identifying emerging trends, deterioration of loss ratios, specific serious claims and other general claims issues that in its opinion warrants special attention by the Board and /or management.

The Risk Committee typically meets prior to a Board meeting but at a minimum it holds two meetings per year. It consists of at least three persons, the majority of whom are non-executive directors, independent non-executive directors or a combination of both. The Chairman shall be a non-executive director or an independent non-executive director but cannot be the Chairman of the Company. He shall be appointed from the Committee membership. An oral report is provided by the Chairman of the Risk Committee to the Board following each meeting and minutes are provided at the next cycle of meetings. Similar to the Audit Committee, the Risk Committee has documented its terms of reference and these are reviewed annually by the committee members and the Board.

Key Functions

The main roles and responsibilities of the key functions are as follows:

<u>Compliance</u>

- Ensure the Company is kept up to date with the CBOI's compliance standards;

- Obtain the approval of the Board of Directors for policy statements on compliance with the Regulations, with the requirements of the CBOI and with any other applicable legislation; and
- Monitor the implementation of compliance procedures and to report periodically to the Board of Directors thereon.

Actuarial

- Review of the reliability and adequacy of the calculation of technical provisions, including the appropriateness of methodologies adopted and the sufficiency and quality of data used;
- Comparison of best estimates against experience;
- Express an opinion on the Company's overall underwriting policy;
- Express an opinion on the adequacy of reinsurance arrangements; and
- Contribute to the effective implementation of the Company's risk management system.

Internal Audit

- Review and assess compliance with, and the efficacy of, the Company's governance arrangements, operational procedures and internal controls;
- Report to the Board on scope of work to be carried out and subsequent findings and recommendations; and
- Check to ensure that any agreed recommendations arising from internal audit reviews are implemented by the Board.

Risk Management

- Monitoring and managing the risks to which the Company is exposed;
- Reporting into the Risk Committee and Board on the Company's risks and the processes established to identify and manage risks;
- Ensuring that risk management is well integrated into the organisation structure of the Company and its decision making processes; and
- Reporting to the Board through the Risk Committee on the current status of any risks identified which need to be brought to their attention.

The Board ensures that the function holders have the necessary authority, resources and operational independence to carry out their tasks. This is achieved by ensuring clear documented terms of reference, policies and procedures are in place and agreed by all parties and by having an open communication channel between the Board, the sub-committees and the function holders. The Company's size and straightforward structure also facilitates timely and efficient reporting by the function holders to the Board.

Remuneration

In accordance with the Company's documented remuneration policy, employee remuneration is established by reference to Irish market rates and terms and conditions of employment are set out in a documented employment contract, signed by both parties.

Directors who are not employees of the Company but who are employed by another group company or the Management Services Provider receive no remuneration for the performance of their duties as Directors. Independent Non-Executive Directors receive remuneration based on Irish market standard rates. All Directors receive a letter of appointment setting out the terms and conditions of their role. Directors are entitled to the reimbursement of normal business expenses associated with their travel to the Company's main place of business for the purpose of discharging their duties as Directors.

Changes and Material Transactions

There have been no material changes to the Company's system of Governance during the reporting period. The Company did not enter into any material transactions with members of the Board of Directors.

A dividend of EUR6,000,000 was declared and paid during the current reporting period following consideration by the Board as part of the Company's Own Risk & Solvency Assessment.

B.2 Fit and proper requirements

The Company acknowledges its responsibilities with respect to ensuring the fitness and probity of those individuals carrying out controlled functions on its behalf. The relevant Pre-approval Controlled Functions (PCF) applicable to the Company have been identified and the individuals being proposed for a PCF role will be subject to the appropriate level of due diligence in order for the Company to confirm that they are:

(a) competent and capable;
(b) honest, ethical and act with integrity; and
(c) financially sound.

As part of its Corporate Governance regime the Company has adopted a policy which sets out the minimum operational standards, roles and responsibilities pertaining to Fitness & Probity. All persons proposed for a PCF role must complete an Individual Questionnaire (IQ) providing details on their:

- experience
- qualifications
- reputation and character
- other responsibilities
- shareholding links to the Company

Qualifications and experience are double checked by the Compliance Officer against appropriate support and confirmation is obtained that the individual has no judgements or disqualifications against them. Certification is also provided by the individual that they will abide by the Standards of Fitness & Probity and the Guidance issued by the CBOI. Pending successful completion of these actions, the IQ is reviewed and approved by an existing PCF and submitted to the CBOI for processing and approval.

For each proposed PCF role, including key functions, the Company requires that the individual being proposed has the skills, knowledge and expertise commensurate with the role. This is assessed both in terms of the requirements for specific individual functions and also in terms of the composite when looking at the make-up of the overall Board. For functions which require specific qualifications or skills e.g. actuarial, only individuals who possess the necessary qualifications and experience in that field will be considered for the role. The Fitness & Probity of function holders is re-assessed on an annual basis.

B.3 Risk management system including the own risk and solvency assessment

The Company has taken appropriate actions in order to:

- embed risk management as a key function within its governance structure; and
- develop and maintain effective processes and reporting procedures to identify, measure, monitor, manage and report, on a continuous basis, the risks to which the Company is exposed.

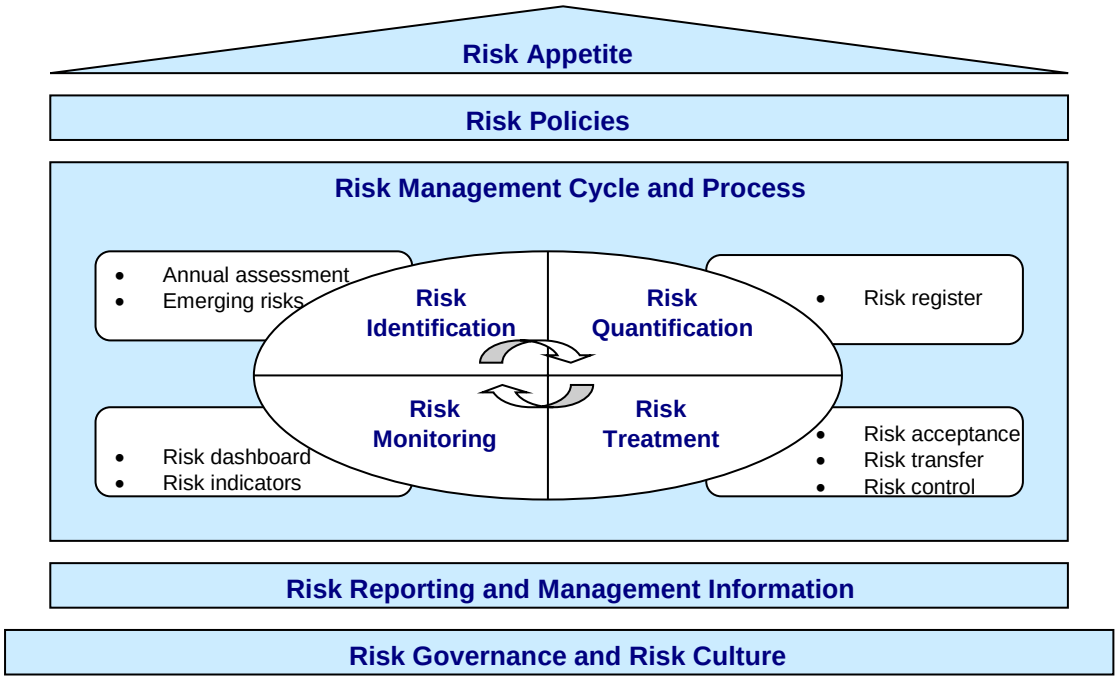
Risk refers to the effect of uncertainty on the Company's ability to meet its objectives. Risk management is a systematic approach to protect the business resources and income against losses and unexpected events so that objectives of the Company can be achieved without unnecessary disruption.

Roles and Responsibilities

The Board of Directors acknowledges its responsibility to establish a risk management system and have appointed a Chief Risk Officer ('CRO') who is responsible for carrying out the Risk Management Function and ensuring that the risk management system is implemented and well-integrated into the organisation structure of the Company and its decision-making processes.

Risk Management System

The Company's risk management system is made up of a number of components as illustrated below:



The Company's strategy towards risk is set out in its documented Risk Appetite Statement, and supporting Risk Policies. These are reviewed by the CRO and the Board on an annual basis or in the event of a material change in circumstances for the Company or the environment in which it operates.

The Risk Appetite Statement adopted by the Board sets out the level of risk that the Company is prepared to accept in the pursuit of its strategic objectives. It defines:

- the Company's overall philosophy to risk taking and the expectations of shareholders;
- the Company's tolerance to loss of capital, profit volatility and other specified measures; and
- the risk limits that are acceptable in terms of exposures to different types of risk.

In addition to its financial results, the Company's performance is measured on a quarterly basis in terms of its compliance with the adopted Risk Appetite. A 'heat-map' reporting system is used to clearly illustrate where risks are within appetite or where various trigger levels have been breached and the appropriate escalation procedures followed.

Risks are categorised into six groups based on the interpretations within SI 485:

- Underwriting risk
- Market risk
- Credit risk
- Liquidity risk
- Operational risk
- Concentration risk

The key risks to which the Company is exposed have been identified by the Risk Management Function and agreed by the Board and will be re-assessed and validated annually by them in terms of the Company's risk appetite and tolerance within the context for future strategy. A formal risk register has been developed and is reviewed by the CRO and Risk Committee at each Risk Committee meeting. Each identified risk has an owner assigned to it who is responsible for taking any action or implementing any changes identified by the CRO. Such actions/changes are recorded in the Risk Committee meeting minutes. A copy of the related minutes is included in the meeting papers of the next Board meeting.

The Board of Directors has delegated the responsibility for reporting on compliance with the triggers established in the risk appetite and the performance of the internal control framework to the CRO who utilises management information supplied by the Management Services Provider.

An escalation mechanism is in place to ensure the timely reporting of breaches in triggers to the appropriate body. Reporting of management information on all key risks takes place at each Risk Committee and Board meeting. All management information shall be:

i. timely;
ii. validated;
iii. comprehensive;
iv. reliable; and
v. presented in a manner that highlights any relevant issues.

Underpinning the risk management system is a governance framework and an organisational culture which embodies a high standard of accountability and ownership.

With respect to the management of risks identified in the Risk Appetite Statement and risk register, the following policies have been established by the Board:

- Conflicts of Interest
- Compliance
- Outsourcing
- Fitness and probity
- Underwriting and reserving
- Retrocession
- Reporting of corporate governance deviations
- IT systems
- Remuneration
- Investment, liquidity and asset /liability management
- Own Risk and Solvency Assessment
- Capital management
- Internal Control
- Internal Audit
- Reporting and disclosure

Review

The established risk management system is reviewed on an annual basis. The review will take into account the results of the Company's annual Own Risk and Solvency Assessment and the insights gained during the performance of this assessment. Any proposed amendments/enhancements will be presented for approval by the Board at their final board meeting of each year. The review will be carried out by the Management Services Provider, under the direction of the CRO, against the criteria of:

- Appropriateness
- Adequacy
- Relevance
- Transparency
- Accountability
- Legal/Regulatory Compliance

Own Risk and Solvency Assessment ('ORSA')

The key stakeholders and their relevant responsibilities with respect to the Company's ORSA are set out below:

The Board of Directors					
• Approve ORSA Policy and review annually for applicability • Implement business strategy in conjunction with parent company • Establish risk appetite and tolerances • Identify relevant stresses and scenarios for use in capital calculations • Reinsurance planning and structuring • Investment policy and asset allocation			• Challenge the ORSA assumptions and findings • Consider and assess the output from the ORSA processes and then develop the appropriate responses for the Company • Sign-off on ORSA prior to submission to the Central Bank of Ireland • Embed the ORSA as part of the Company's decision making process		
Shareholder	**Chief Risk Officer (CRO)**	**Chief Executive Officer (CEO)**	**Management Services Provider (MSP)**	**Actuarial Function (HoAF)**	**Internal Audit**
• Set overall business strategy • Budgeting and business planning • Provide input into stress and scenario analysis	• Manage stress and scenario testing • Oversee the setting of the risk appetite and tolerances	• Manage ORSA process • Oversee work of Management Services Provider in respect of the ORSA	• Profit & Loss account and Balance Sheet projections • Capital calculations • Conduct stress and scenario testing • Documentation and reporting	• Provide input into stress and scenario analysis • Provide opinion on ORSA process	• Consider review of the ORSA as part of their schedule of work

In line with the Company's documented ORSA policy and assuming business-as-usual conditions, the ORSA is performed on an annual basis during the third and fourth quarter of the Company's financial year so that the findings can be discussed and approved by the Board of Directors and reported to the CBOI prior to the calendar year-end. A more frequent ORSA is not deemed necessary due to the straightforward nature of the Company's activities and risk profile and the fact that the Company's financial position and solvency needs are not subject to significant volatility. The calendar of annual ORSA activities, by reference to the Company's financial year, is as follows:

Process Step	Description	Responsibilities	Timeframe
Step 1	Review of the documented policy and process as to how the forward-looking assessment is to be performed, by whom, how often and what is involved ('the ORSA policy'). Review of the Company's governance structure and risk management framework.	CRO/MSP Board	Quarter 3 Quarter 4 Board meeting

Process Step	Description	Responsibilities	Timeframe
Step 2	3-year financial business planning, considering relevant parameters (premium levels/products/expenses/claims/investment strategy)	CRO/CEO/MSP working with Shareholder to define business plan assumptions	Quarter 3
Step 3	Identify via discussion, the stresses and scenarios that could impact the financial position, solvency and risk profile of the Company and also a scenario that could cause the business to fail	CRO/CEO/MSP to lead and facilitate discussion with the Board and document output. HoAF to review.	Quarter 3
Step 4	Solvency assessment • on the projected 31 October balance sheet under Solvency II calculations; and under • stresses and scenarios The output will be circulated to the Board for consideration and challenge and for the Board to draw its conclusions on the results of the assessment and any actions required.	MSP/HoAF Board	Quarter 4 Quarter 4
Step 5	Document the assessment in qualitative and quantitative terms including the methods and assumptions used and the conclusion of the assessment in an internal report for the Board to consider and approve.	MSP HoAF Board	Quarter 4 Board meeting(s) cycle to consider and review and approve
Step 6	Report to the CBoI via the on-line reporting tool	MSP	Within 2 weeks of the Board approval

In the event that certain defined triggers occur, the CRO will initiate the performance of an ad-hoc ORSA and will co-ordinate with the Management Services Provider to establish the scope (whether a full or partial assessment), time-frame and deadlines for its performance.

The triggers for an ad-hoc ORSA are:

- A change in the group structure, financial position or business profile that significantly changes the risk, business or solvency profile of the Company
- The launch of a new (non-travel related) line of business
- A breach in a risk appetite limit
- A sudden significant reduction in solvency coverage

The main objectives of the ORSA with respect to risk management are to:

1. Foster internal risk management within the Company.
2. Enhance management awareness of the interrelationships between risks
3. Increase understanding of the relationship between overall risk exposure and the capital needed to support it.

The ORSA process creates the link between risk management, capital management and strategic planning. The risks identified in the above processes are used to inform the stress and scenario tests

which form part of the solvency assessment. The resultant findings provide a better understanding to the Board of the impact of key risk drivers on the operations of the Company and will in turn better inform the setting and update of the Risk Appetite.

The Company uses the ORSA process to determine its own solvency needs. This involves the:

- calculation of the required Solvency and Minimum Capital Requirements under the standard formula over a 3 year projection period based on the Company's budget for that period;
- application of stresses and scenarios across the projection period which are based on the key risk drivers for the Company (taken from risk appetite statement);
- consideration of a reverse stress scenario which includes a set of circumstances which could cause the business to fail;
- review of the output by the Board and refinement and recalculation to take account of alternative scenarios; and
- determination by the Board of a threshold level of solvency capital coverage appropriate for the Company's own needs over the planning period with a lower trigger set as a review point to determine whether the contributing circumstances indicate that a capital injection is required. These capital coverage levels have been incorporated into the Company's Risk Appetite Statement.

B.4 Internal control system

Internal control system

The Company has established and documented an appropriate system of internal control which satisfies the following objectives:

- Operational risks are identified and effectively managed
- Key processes and activities are documented
- Company assets are safeguarded
- The reliability and integrity of financial information is maintained consistently
- Compliance with Company policies, procedures, applicable laws and regulation is achieved

All accounting and expense transactional procedures of the Company are fully documented and maintained in a procedures document which forms part of the Company's permanent files. This document is updated on an annual basis by the Management Services Provider to ensure accuracy and on-going relevance and is presented to the Board.

An Operational Risk Assessment and Control Framework has been established for the Company. This reflects the operational risks which have been identified by the Risk Management Function and agreed by the Board as relevant to the Company's operations and the activities and internal processes in place for managing those risks. On a quarterly basis, compliance against this framework is documented in a log. At each Audit Committee meeting, the most recent quarterly completed Operational Controls Log is presented to the Committee for review. The appropriateness of this framework will be re-assessed by the Audit Committee on an annual basis and reported to the Board as required. The risk tolerance limit for operational risk is included within the Company's Risk Appetite Statement.

Controls established reflect the following principles:

- Segregation of duties
- Authorisation and approval
- Custodial; and security arrangements
- Timely and accurate review and reconciliation

There have been no control issues or weaknesses identified in the reporting period.

Compliance function

The Company is fully committed to compliance with the requirements of the CBOI and all applicable legislation and regulations (collectively known as the Company's 'Compliance Obligations'). In order to

ensure that the Company's activities remain within the boundaries of these Compliance Obligations the Board of Directors has appointed a Head of Compliance / Compliance Officer to assume responsibility for the discharge of the Company's Compliance Function.

In order to demonstrate the Company's ongoing commitment to compliance, a submission is made by the appointed Head of Compliance to the Board of Directors at each Board meeting. This report addresses how the Company is achieving compliance, whether there are any breaches and how such breaches are being rectified.

The Compliance Function is reinforced by a formal framework of compliance checklists which are reviewed by the Head of Compliance, who will then report to the Board on the results of this review at each Board meeting. Compliance action points are considered and addressed by the Board and the considerations recorded in the relevant minutes.

B.5 Internal audit function

The Board has the responsibility to establish and maintain an effective internal audit function which is objective and independent from the Company's operational functions.

The Head of Internal Audit (HoIA) is Stefano Bianchi who is responsible for:

- leading the preparation of an annual audit plan for the Company based on a methodical assessment of the Company's risks, governance system and the nature of its activities, including expected developments;
- leading the implementation of the annual internal audit plan;
- directing the work of any outsourced service providers who have been engaged to carry out internal audit testing;
- ensuring that the requirements of the Company's outsourcing policy are complied with for the selection of parties to perform internal audit testing;
- reviewing the output of annual internal audit testing; and
- reporting findings to the Board and the other Key Functions.

The HoIA may also carry out special audit tasks at the request of the Board where significant breaches in the Company's policies or internal control framework have been identified.

The Board recognises the added value to be derived from internal audit through the review and assessment of compliance with, and the efficacy of, its governance arrangements and operational procedures.

An internal audit plan, comprising a programme of proportionate audits of internal controls, governance arrangements and operational procedures will be developed, implemented and reviewed annually.

The internal audit function is structured according to the following principles:

- the HoIA has the necessary skills and expertise required for the role and meets the Fitness & Probity due diligence criteria;
- the Company has taken appropriate measures to order to mitigate the risk of any conflict of interest within the internal audit function;
- the HoIA does not perform any operational functions for the Company and is free from undue influence by any other key functions;
- the Board shall not place undue influence on the HoIA in the performance of its duties; and
- the internal audit approach shall be proportionate ensuring that the responsibilities of the function are fulfilled while recognising the small scale of the Company.

The Company recognises the value in seeking external, professional support to conduct internal audits. This is particularly relevant for areas where specialist knowledge is not available in-house and given the size of the Company to ensure that an independent and objective view is provided. Mazars have been engaged to carry out internal audit activities under the direction of the HoIA.

B.6 Actuarial function

The position of Head of Actuarial Function (HoAF) for the Company is outsourced to Dermot Marron, Allied Risk Insurance and Reinsurance Services Limited. He has been approved by the CBOI to perform this function. The outsourcing of this function reflects the fact that, as a reinsurer of specific business relating to the activities of the parent group, the Company does not have the in-house specialist skills required for this function. The engagement of an industry specialist who has the support of a wider team in carrying out their duties is the most efficient approach for the Company. The Board is satisfied that there are no conflicts of interest impacting the HoAF's work.

A documented Services Level Agreement is in place effective from 1 December 2017. The HoAF reports directly to the Board.

B.7 Outsourcing

The Company has a documented outsourcing policy which the Board reviews on an annual basis as part of its scheduled review of the Company's CGM. This policy is specific to the Company and outlines its approach to the identification, justification, implementation and management of outsourcing arrangements for any Company function. The policy sets out the operational standards and roles and responsibilities with respect to outsourcing and the approach to be adopted for:

- Business needs analyses
- Due diligence
- Contracts
- Implementation of outsourcing arrangements
- Ongoing monitoring and oversight
- Decommissioning

In line with EIOPA's guidelines on the System of Governance, the following four key functions of the system of governance are deemed critical or important functions and have been identified as such in the Company's outsourcing policy:

  - Risk Management
  - Internal Audit
  - Actuarial
  - Compliance

The Actuarial function is fully outsourced and Internal Audit is partially outsourced. In addition, the Company considers Management & Administration (including financial and regulatory reporting) to be a critical and important outsourced function. The Company also engages third party service providers for investment management and tax compliance activities.

Service providers for these outsourced functions are located in Ireland.

B.8 Any other information

The Board considers that the Company's system of governance is adequate and appropriate for the nature, scale and complexity of the risks associated with the Company's operations. The development of the system of governance, as documented in the Company's CGM and supporting policies, has been carried out in such a manner so as to ensure that the framework, policies and procedures are tailored to the Company's specific risks and are fit for purpose.

The appropriateness of the system of governance is formally reviewed on an annual basis by the Board and documented via written resolution and/or the minutes of the meeting at which the updates/changes are approved. Responsibility for ensuring that this review is completed on a timely basis rests with the Head of Compliance.

No other material information to report.

C. Risk Profile

C.1 Underwriting Risk

The Company is exposed to underwriting risk which can arise from inadequate pricing or an adverse change in the value of reinsurance liabilities due to inadequate provisioning assumptions.

The Company underwrites reinsurance on a quota share basis in respect of a range of travel and associated assistance risks underwritten by Europ Assistance, the fronting company, on behalf of customers of Alpitour S.p.A. and associated companies. Terms and conditions of such underwriting procedures are set out in a Reinsurance Agreement between the two parties.

The Board formally reviews the need to purchase retrocession on at least an annual basis.

Pricing is determined by reference to:

- Open market / competitor pricing
- Marketing / sales trends in the tourism business
- Cost of administration and operational costs
- Cost of external reinsurance - if any.
- Historical claims experience.

Pricing is reviewed annually following submission of detailed statistics relating to trends in written premiums and claims to ensure premium income is sufficient to cover expected claims and expenses.

The Company assesses the risk of inadequate provisioning by evaluating the outturn over time of claims settlements against initial provisions.

There have been no changes to the basis by which the Company's underwriting risk exposures are assessed in the reporting period. The reinsurance of accident cover is regarded as complimentary to the overall portfolio of travel risks being reinsured.

The Company is only accepting the underwriting risk in respect of one quota share reinsurance contract, relating to risks associated with the customers of its parent group. Therefore the types of concentration risks that may be experienced in commercial reinsurers are not applicable to this Company. While the original insureds are almost all Italian, differing age profiles, holiday types and the variety of holiday destinations provides diversification of risk. For this reason the Company is exposed to worldwide risks. The business reinsured comprises high volume / low severity exposures of a very short-tail nature. The policy conditions stipulate varying time limits for reporting a claim, depending on the type of claim.

The quota-share reinsurance programme is short tail in nature and the ultimate cost of loss events tends to fall within a loss ratio band of 50-60% on average over the years.

Underwriting risk is managed through:

- the adoption of documented controls and policies in relation to the underwriting and reserving processes;
- the setting of a risk appetite by the Board with reporting triggers and limits which are monitored and escalated as in accordance with the Company's documented policy;
- the consideration of event losses for the risks it reinsures which can be met through the Company's capital base and/or risk mitigation; and
- the calculation of technical provisions in a prudent manner using appropriate and consistent data.

The Company assesses the adequacy of premium to cover claims and associated expenses through its review of quarterly financial reports and by reviewing the loss and combined ratios at a portfolio level for each financial period. Performance against the loss ratio appetite and triggers in the risk appetite statement is measured on a quarterly basis and reviewed by the Risk Committee who in turn report to the Board. These review processes ensure that the mechanisms adopted by the Company for the management of underwriting risk are monitored for continuing effectiveness.

As part of the Company's ORSA process, stress and scenario tests incorporating differing claims experience are considered. Three scenarios were considered in the 2017 ORSA:

- Scenario 1 - Loss ratio of 65% for all projection years
- Scenario 2 - Loss ratio of 50% for all projection years
- Scenario 3 (reverse stress test) – loss ratio of 85% in 2018 reverting to 56% for 2019 and 2020. These have been calculated based on a probable but extreme claims event scenario agreed as appropriate by the Board members.

Findings showed that the capital requirements for non-life and health underwriting risk were consistent across all scenarios. In addition, the Company carried out sensitivity tests showing the impact on profit before tax and shareholders' equity in the financial statements. For each item tested the impact of a change in a single factor is shown, with other assumptions unchanged.

	Pre-tax profit		Shareholder's equity	
	2017	2016	2017	2016
	EUR	EUR	EUR	EUR
12.5% increase in loss ratios				
- Gross and net	(1,476,406)	(1,262,383)	(1,291,855)	(1,104,585)
Doubling of Margin for Uncertainty				
- Gross and net	(50,000)	(87,000)	(43,750)	(76,125)

The Company's method for sensitivity testing is consistent for both years.

The Board has taken account of the findings of these stress and sensitivity tests in its decision making.

C.2 Market Risk

The Company is exposed to market risk as part of its business by virtue of:

- Interest rate risk – which may arise due to a mismatch in asset / liability durational matching.
- Concentration risk – where the quantum of an individual asset is such that its impairment would have a significant impact on the Company.
- Spread risk – which can arise from assets held due to changes in credit spreads over the risk free interest rate term structure.

As the claims exposures are short-tail in nature, the Company mitigates against interest rate risk by holding sufficient funds in liquid cash through its participation in a Group cash pooling arrangement.

A risk appetite with appropriate reporting and escalation triggers has been set for the desired credit rating for bonds held by the Company. In addition, a monetary limit has been established for the aggregate cost of bonds to be purchased relative to the Company's overall level of funds available for investment. Within this limit the Company holds a diverse portfolio of corporate bonds and one holding of an Italian government bond. This diversification assists in the management of concentration risk.

The market risks to which the Company is exposed are subjected to specific stress and sensitivity testing as part of the Company's ORSA process. Bond credit ratings were lowered to a rating of B and interest rates increased by 1-3%. These factors caused an increase in market risk of 2.3 times at its highest across the projection period. This level of an increase in the capital required for market risk can be absorbed by the Company's capital base.

Prudent person principle

The Company has adopted a written investment policy which it reviews on an annual basis. The overall strategic objective of the Company with respect to its investment policy is to preserve principal value and increase the value of investments while covering its technical reserve and solvency capital requirements and meeting its ongoing cash flow needs.

The Board has developed the investment policy having due regard to:

- the Company's solvency needs;
- the nature of the risks being underwritten by the Company;
- the regulatory requirements to match its technical liabilities;
- the expected pay-out patterns for claims;
- market, credit, liquidity, operational and legal risk;
- the need to invest in secure assets;
- asset diversification; and
- settlement risk.

The guiding principles of the policy are as follows:

- To meet all liabilities as they fall due by matching term, nature and currency of investments to the term, nature and currency of the liabilities;
- Investments should be diversified and adequately spread with counterparties that meet the rating criteria specified in the investment policy; and
- To maximise the investment return subject to the constraints imposed.

The Board of Directors, having taken account of those factors set out above, has deemed that funds received by the Company should only be invested according to the following categories:

- Deposits with approved credit institutions within the EU with appropriate diversification across institutions which must carry a minimum rating of A
- Loans to affiliate companies and/or Group pooling scheme
- Government and Corporate bonds in board approved EU countries which have a minimum rating of BBB+, apart from Italian Government bonds which may be held / purchased independently of this rating

The investment policy contains procedures to be followed in the event of an asset downgrade. Minimum credit ratings are prescribed within the policy together with guidelines on currency exposure.

The assets and liabilities of the Company are managed in order to protect it from any materially negative financial consequences arising from changes in interest rates. The profile of the risk underwritten by the Company is such that the majority of claims are paid out within one year from the end of the related underwriting period. For this reason the Company is not exposed to significant claims inflation and it is therefore considered appropriate to hold a larger portion of funds in liquid cash and to balance this with an appropriately sized and diverse bond portfolio.

C.3 Credit Risk

The primary area of credit risk under Solvency II arises from the cash pool balance with the parent group and net balances due from the fronting insurer. The credit institutions with which the Company places its cash assets are also relevant but not as material. As a result the counterparty balances are largely unrated. These factors have been identified as part of the process for setting the Company's risk appetite and appropriate tolerances and limits have been put in place. Monitoring against pre-determined triggers is carried out by the Risk Committee on a quarterly basis.

Prior to any decision being made to change the mix of and/or exposure to counterparties, the implications on the Company's Solvency Capital Requirement and Minimum Capital Requirement are calculated and assessed to ensure that the proposed action is within appetite.

Credit risk primarily arises from the cash pool balance advanced to Alpitour S.p.A.. While various scenarios involving the quantum and stressed value of this balance are considered under the Company's ORSA process, the Company is satisfied that the parent group has sufficient liquidity to be in a position to repay the current value of the balance advanced.

Prior to any decision being made to materially change the cash pool amount, the implications on the Company's Solvency Capital Requirement and Minimum Capital Requirement are calculated and assessed to ensure that the proposed action is within appetite.

The Company's investment policy, described in C2 above, also sets out the criteria for the selection of counterparties for the placement of cash balances.

C.4 Liquidity risk

Following the payment of a EUR6m dividend just prior to the end of the reporting period sourced from the cash pool, approximately 37% of the Company's investments and cash balances are held in the cash pool ensuring sufficient cash is on hand to meet claims payments as they fall due and to cover any unexpected cash outflows.

The Board has taken the decision that a further refinement in the matching of claims pay-out and asset maturity patterns is not required given the relatively short tail nature of the business. Thus the maintenance of available cash is the most appropriate for the nature, scale and complexity of the Company's business.

C.5 Operational risk

Operational risks to which the Company is exposed have been assessed using the Operational Risk Assessment and Control Framework described in Section B4 above. There have been no changes to this approach during the reporting period.

The Company does not consider that it is exposed to material residual risk in this area due to the formality that has been created around the Company's processes and procedures including those for financial and regulatory reporting.

There is no specific risk concentration associated with this category as internal controls include appropriate segregation of duties.

C.6 Other material risks

There are no other material risks to which the Company is exposed.

C.7 Any other information

There are no other items to report in this area.

D. Valuation for Solvency Purposes

D.1 Assets

The Company's total assets at 31 October 2017 of EUR13,442,068 comprise the following items:

Bonds	EUR6,310,718

Comprising corporate bonds of EUR3,625,459 and government bonds of EUR2,685,259, this category represents the Company's fixed income investments together with any accrued interest at the balance sheet date. The bonds are measured at fair value using quoted market prices in active markets. For the purposes of the Company's financial statements, accrued interest is shown as part of the 'Prepayments and accrued interest' balance.

Reinsurance recoverable	(EUR19,052)

This amount represents the discounted future cash flows relating to the premium provision for the retrocession cover in place. A nil amount is included in the financial statements as all premium for this retrocession policy was earned as at the reporting date. The difference between the two amounts reflects the differing valuation basis.

Insurance and intermediaries receivables	EUR3,200,916

This amount represents the undiscounted net amount receivable from the fronting insurer at the balance sheet date. No allowance has been made for doubtful debts and the amounts are not considered overdue. The net balance comprises premium less claims payable, claims handling fees and fronting fees. The amounts are presented as separate asset and liability balances in the financial statements but have been netted here as right of offset has been confirmed.

Cash & cash equivalents	EUR3,948,650

The category represents the fair value of cash balances of EUR168,661 held with counterparty banks, and the cash pool balance of EUR3,779,989 held with Alpitour S.p.A. at the balance sheet date. For the purposes of the Company's financial statements, accrued interest on the cash pool balance is shown as part of the 'Prepayments and accrued interest' balance.

Any other assets, not elsewhere shown	EUR837

This represents a prepaid expense amount which is not considered material relative to the total value of the Company's assets. The taxation balance receivable in the financial statements is discussed under section D3 as it has been netted against payable amounts. The impact is not material to the balance sheet.

Other than

- the valuation of reinsurance balances on a best estimate basis;
- the inclusion of accrued interest in a different category; and
- the netting of tax receivable and fronting insurer balances

there are no other asset valuation differences between the financial statements and the solvency calculations. The financial statements have been prepared in accordance with Financial Reporting Standards 102 and 103 (FRS 102 and 103), the requirements of the Companies Acts 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations, 2015.

Information on how the Company invests its assets and manages risk in this area, including how it achieves compliance with the 'prudent person principle', is set out in Sections C2 – C4 above. Operational risks relating to the Company's assets are managed using the Operational Risk Assessment and Control Framework described in Section B4 above.

D.2 Technical provisions

The technical provisions at 31 October 2017 comprise the following amounts by line of business:

	Gross best estimate EUR	Risk Margin EUR	Total gross technical provisions EUR	Recoverable from reinsurance contracts EUR	Total net technical provisions EUR
Medical expense	(4,005,321)	77,023	(3,928,298)	-	(3,928,298)
Marine, aviation & transport	(69,268)	8,584	(60,684)	-	(60,684)
Legal expense	(49,683)	967	(48,716)	-	(48,716)
Assistance	(416,361)	50,664	(365,697)	19,052	(384,749)
Miscellaneous financial loss	1,392,195	147,931	1,540,126	-	1,540,126
Total	**(3,148,438)**	**285,169**	**(2,863,269)**	**19,052**	**(2,882,321)**

The line of business analysis used to segment the Company's claims data is consistent with the underlying risks for the reinsurance business being accepted by the Company. Best estimate claims provisions have been calculated based on the expected losses for the reporting period by reference to reported and paid losses and historical experience per each line of business.

Best estimate premium provisions have also been calculated for business written but not yet incepted up to 31 October 2018. This calculation is based on:

- projected premium by line of business
- expected losses
- expenses to be incurred in servicing the business

As the business is expected to be profitable in line with historical patterns, this results in a best estimate which is a negative premium provision i.e.an asset rather than a liability. Due to the fact the premium provision exceeds the claim provision this accounts for the overall negative numbers presented in the table above.

Best estimates have been adjusted to allow for all possible outcomes through the inclusion of provisions for Events Not in Data (ENID) and the future expenses that will be incurred in servicing the existing reinsurance obligations. The resultant future cash flow projections were then discounted, applying the yield curve published by EIOPA in October 2017. This approach reflects the nature, scale and complexity of the Company's business and the short tail nature of the underlying risks.

Given the short duration of the underlying risk period in travel related products the Company considers premium to be earned as it is accepted and as a result there is no unexpired risk, unearned premium or lapse provision at 31 October.

The reinsurance recoverable amount relates to the premium provision in respect of the retrocession purchased by the Company. This has been allocated completely to the assistance line of business given its relative immateriality to the total value of technical provisions.

The risk margin is calculated using Method 1 from Guideline 61 of the Solvency II "Guidelines on the valuation of technical provisions". The Solvency Capital Requirement used in this calculation relates to non-life and health underwriting risk and operational risk only.

The material difference between the calculation of gross technical provisions for solvency purposes and the financial statements is the removal of an explicit margin for uncertainty as calculated by the Head

of Actuarial Function, from the financial statement amounts and the addition of the following amounts in the Solvency II calculations:

(Amounts expressed in EUR)

	2017	2016
Removal of margin for uncertainty	(405,606)	(87,000)
Risk margin on technical provisions	285,169	213,442
Provision for Events Not In Data	10,000	11,300
Provision for expenses	96,827	(5,048,891)
Premium provision for written but not yet incepted business	(5,974,097)	1,172,487
Provision for expenses in premium provision	1,366,068	85,118
Discounting of technical provisions	(11,236)	(2,259)
	(4,632,875)	**(3,655,803)**

In conjunction with actuarial involvement, the Company considers the approach adopted to be appropriate and the resultant calculated technical provisions to be adequate. While actual experience can differ from the expected outcome, the underlying claims are not exposed to significant volatility given the nature of the business.

Information on how the Company manages risk in the area of underwriting and reserving is set out in Section C1 above. Operational risks relating to the Company's technical provisions and claims data are managed using the Operational Risk Assessment and Control Framework described in Section B4 above.

The Company is satisfied that it has access to sufficient historical claims data on an annual basis for the calculation of its technical provisions and that this data is accurate and appropriate for the Company's needs.

Claims data has been compiled in data triangles on a consistent basis for the last 13-year period for each line of business. The Company recognises a limitation in the matching of premiums and claims by line of business to particular underwriting years given the nature of the high volume, low value underlying polices. Losses are attributed to the month in which the claim is registered with the fronting insurer while premiums are attributed to the month of holiday departure. So there will always be an element of natural misalignment of premiums and claims between underwriting periods. The work required and associated costs to collate historical data on a more granular basis would have been disproportionate to any benefit to be gained from an analytical, loss reserving or business management perspective.

Claims management processes by the Company and the fronting insurer are appropriate and adequate given the nature of the underlying risks. Significant reporting delays are not experienced.

D.3 Other liabilities

The deferred tax liability of EUR576,728 represents 12.5% of the Solvency II valuation adjustments to net technical provisions.

Other liabilities of EUR127,233 comprise corporation tax receivable of EUR29,810, an accrual in respect of the success fee of EUR47,942 and expense accruals of EUR109,101. These amounts are valued on the same basis as used in the financial statements and are expected to be settled within one year. Balances have not been discounted and are considered to be the fair value amounts.

D.4 Alternative methods for valuation

Due to the fact that there is no quoted market price in active markets for assets which are the same or similar to the company's cash pool, this is valued at fair value based on the present value of the amount receivable.

D.5 Any other information

There are no other items to report in this area.

E. Capital Management

E.1 Own funds

The primary capital management objectives of the Company are to maintain a strong capital base to support the development of its business and to meet regulatory and solvency capital requirements at all times. It is intended that the Company's capital needs will be managed out of its existing pool of own funds and the efficient management of the Company's reinsurance business. Should additional funds be required outside of that, they will be advanced by the shareholder. The Company's documented capital management policy outlines the Company's approach to distributions and its medium term capital management plan. There have been no material changes to this approach from the prior year.

Distributions will only be considered in those circumstances where the Company is deemed to have surplus funds over and above those required for its own solvency needs. Whilst being mindful that the Company is part of a wider Group, it is the Board's responsibility to ultimately determine whether it is appropriate for the Company to declare a dividend to its sole shareholder. In assessing whether or not to declare a dividend, the Board will take account of the financial position of the Company, its Risk Appetite tolerances and limits, its own assessment of its regulatory capital requirements (current and forward looking over a three year planning horizon) as well as its liquidity position.

At 31 October 2017 and 2016 the Company's own funds in Euro were as follows:

	2017	2016
Tier 1 – unrestricted		
Ordinary share capital	2,500,000	2,500,000
Reconciliation reserve	13,101,376	14,897,380
Total basic own funds	**15,601,376**	**17,397,380**

The movement in basic own funds in the reporting period reflects the profits of the Company as adjusted for Solvency II valuation items net of a distribution of EUR6m in the reporting period. The reconciliation reserve at the end of the current reporting represents the retained earnings of the Company as adjusted for Solvency II valuation differences.

The eligible amount of own funds available to cover the Solvency Capital Requirement and Minimum Capital Requirement at 31 October 2017 is EUR15,628,953 of Tier 1 unrestricted funds.

The equity position shown in the Company's financial statements at 31 October 2017 can be reconciled to the basic own funds balance as follows:

(Amounts expressed in EUR)	**2017**	**2016**
Shareholder's funds per the FRS financial statements	11,564,275	14,198,537
Removal of margin for uncertainty	405,606	87,000
Risk margin on technical provisions	(285,169)	(213,442)
Provision for Events Not In Data in technical provisions	(10,000)	(11,300)
Provision for expenses in claims provision	(96,827)	(85,118)
Premium provision for written but not yet incepted business	5,974,097	5,048,891
Provision for expenses in premium provision	(1,366,068)	(1,172,487)
Discounting of technical provisions	11,236	2,259
Reinsurance recoverable and other immaterial items	(19,046)	17
Net deferred tax liability	(576,728)	(456,977)
Total basic own funds	**15,601,376**	**17,397,380**

The most significant reconciling items relate to the different basis of reserving for technical provisions under Solvency II. The margin for uncertainty as calculated per the Company's Reserve Report 2017 prepared by Dermot Marron, Head of Actuarial Function, is deducted from the booked technical provisions within the financial statements balance. As a result, the starting point for the calculation of the Solvency II technical provisions is the actuarial best estimate. The inclusion of a risk margin is to ensure that the value of technical provisions is equivalent to the amount (re)insurance undertakings

would require in order to take over and meet the Company's reinsurance obligations. Solvency II also requires the Company to allow for all possible outcomes in setting its technical provisions and not just the reasonably foreseeable. The technical provisions have therefore been adjusted to include a provision for Events Not in Data (ENID) as they pertain to the Company's reinsurance programme.

Inclusion of a provision for written but not yet incepted business has the greatest impact. This reflects the fact the Company is committed to a reinsurance programme through to 31 October 2018 and the amount calculated reflects one year's expected profitability. A further provision has been included for expenses that will be incurred in servicing this business and the existing reinsurance obligations. The adjustment for discounting is not significant due to the short tail nature of the claims.

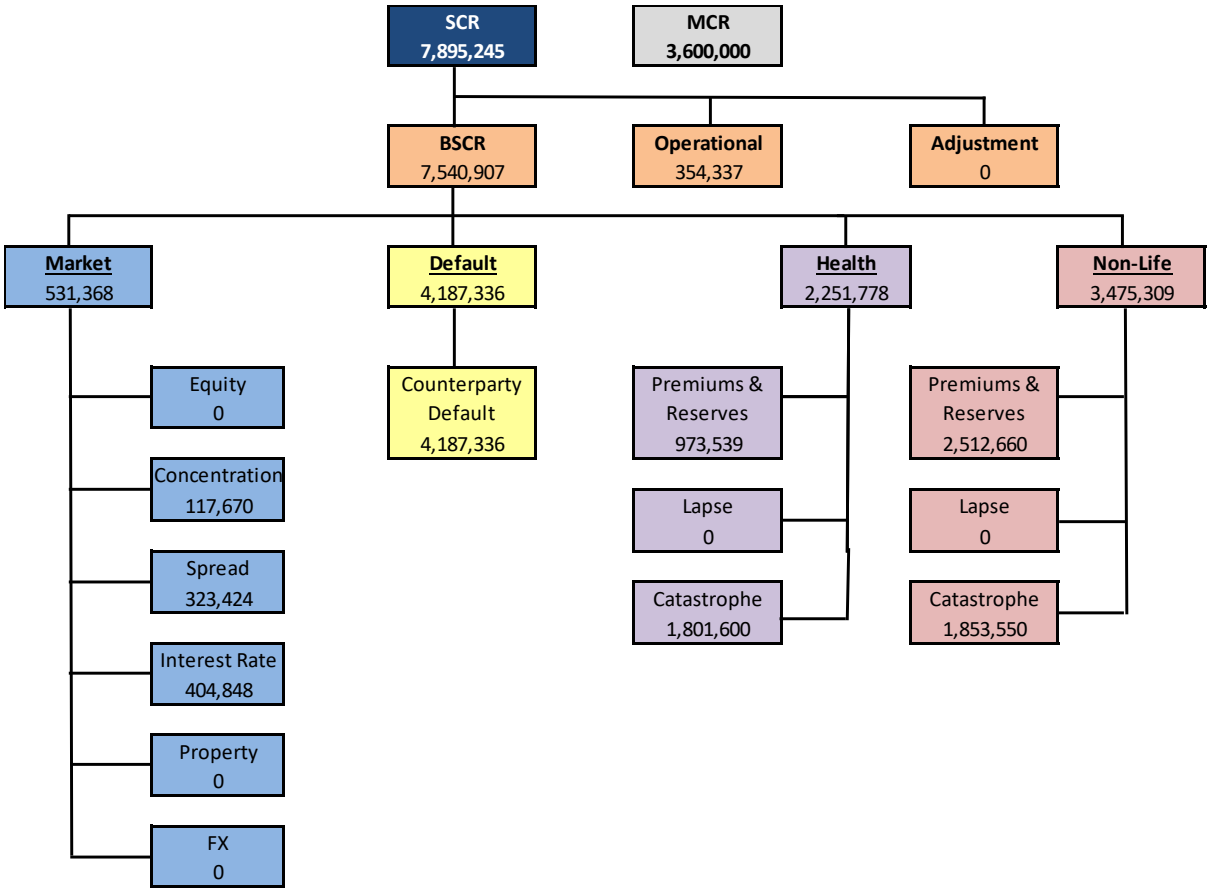
The deferred tax adjustment is calculated at 12.5% of the undiscounted adjustments to the technical provisions.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Company's 31 October 2017 Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) are shown in the table below.

	SCR	MCR
Capital required (EUR)	**7,895,245**	3,600,000

The SCR has been calculated utilising the standard formula and the analysis by risk module is as follows:



In the non-life risk module, the risk margin on the technical provisions has been calculated using EIOPA's technical simplification 1. This is considered appropriate given the nature, scale and complexity of the Company's reinsurance business. The Company has not utilised undertaking specific parameters.

The MCR is EUR3,600,000 being the absolute floor amount and has been calculated in accordance with Article 248 of the Commission Delegated Regulations (EU) 2015/35 taking into account the calculation at 25% of the SCR and the linear calculation for non-life reinsurance obligations:

Minimum Capital Requirement (MCR)

MCR	3,600,000

Total MCR NL	1,211,275
Cap	3,552,860
Floor	1,973,811

Parameters	
Cap	45%
Floor	25%
AMCR	3,600,000

Line of Business	Net Technical Provisions	Net Premium Written	Paremeters		MCR NL
			α	β	
Medical Expense	0	5,608,001	5%	5%	263576
Marine, Aviation & Transport	0	212,514	10%	14%	29,752
Legal Expenses	0	51,815	11%	7%	3,420
Assistance	0	1,826,042	19%	9%	155,214
Miscellaneous Financial Loss	1,392,195	4,101,358	19%	12%	759,314

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The Company is not using the duration-based equity risk sub-module in the calculation of its SCR.

E.4 Differences between the standard formula and any internal model used

The Company has only used the standard formula for its capital calculations.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

The Company was compliant with its obligations to meet its Solvency and Minimum Capital Requirements in the period under review and the prior comparative period.

E.6 Any other information

There are no other items to report in this area.

Note: Tables within this report contain minor rounding differences in certain instances due to amounts being displayed as whole numbers while the source workings underlying the annual reporting templates are calculated to two decimal places. These differences are immaterial.

Quantitative Reporting Templates

Annex I
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**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	6,311
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	6,311
Government Bonds	**R0140**	2,685
Corporate Bonds	**R0150**	3,625
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	
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**	-19
Non-life and health similar to non-life	**R0280**	-19
Non-life excluding health	**R0290**	-19
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**	
Insurance and intermediaries receivables	**R0360**	3,201
Reinsurance receivables	**R0370**	
Receivables (trade, not insurance)	**R0380**	
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	3,949
Any other assets, not elsewhere shown	**R0420**	1
Total assets	**R0500**	13,442

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	-2,863
Technical provisions – non-life (excluding health)	**R0520**	1,065
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	857
Risk margin	**R0550**	208
Technical provisions - health (similar to non-life)	**R0560**	-3,928
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	-4,005
Risk margin	**R0590**	77
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**	577
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	127
Total liabilities	**R0900**	-2,159
Excess of assets over liabilities	**R1000**	15,601

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)**					Total
		Medical expense insurance	Marine, aviation and transport insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	
		C0010	**C0060**	**C0100**	**C0110**	**C0120**	**C0200**
Premiums written							
Gross - Direct Business	**R0110**						
Gross - Proportional reinsurance accepted	**R0120**	5,608	213	52	1,838	4,101	11,811
Gross - Non-proportional reinsurance accepted	**R0130**						
Reinsurers'share	**R0140**				12		12
Net	**R0200**	5,608	213	52	1,826	4,101	11,800
Premiums earned							
Gross - Direct Business	**R0210**						
Gross - Proportional reinsurance accepted	**R0220**	5,608	213	52	1,838	4,101	11,811
Gross - Non-proportional reinsurance accepted	**R0230**						
Reinsurers'share	**R0240**				18		18
Net	**R0300**	5,608	213	52	1,819	4,101	11,793
Claims incurred							
Gross - Direct Business	**R0310**						
Gross - Proportional reinsurance accepted	**R0320**	1,094	53		869	4,615	6,631
Gross - Non-proportional reinsurance accepted	**R0330**						
Reinsurers'share	**R0340**						
Net	**R0400**	1,094	53		869	4,615	6,631
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**	678	26	6	222	484	1,416
Other expenses	**R1200**						
Total expenses	**R1300**						1,416

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

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010			IT	0	0	0	0	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	0	0	0	0	0	0	0
R0120	Gross - Proportional reinsurance accepted	0	11,811	0	0	0	0	11,811
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140	Reinsurers' share	12	0	0	0	0	0	12
R0200	Net	-12	11,811	0	0	0	0	11,800
	Premiums earned							
R0210	Gross - Direct Business	0	0	0	0	0	0	0
R0220	Gross - Proportional reinsurance accepted	0	11,811	0	0	0	0	11,811
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240	Reinsurers' share	18	0	0	0	0	0	18
R0300	Net	-18	11,811	0	0	0	0	11,793
	Claims incurred							
R0310	Gross - Direct Business	0	0	0	0	0	0	0
R0320	Gross - Proportional reinsurance accepted	0	6,631	0	0	0	0	6,631
R0330	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0340	Reinsurers' share	0	0	0	0	0	0	0
R0400	Net	0	6,631	0	0	0	0	6,631
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0430	Gross - Non- proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers'share	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	266	1,150	0	0	0	0	1,416
R1200	**Other expenses**							0
R1300	**Total expenses**							1,416

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance					
		Medical expense insurance	Marine, aviation and transport insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	**Total Non-Life obligation**
		C0020	**C0070**	**C0110**	**C0120**	**C0130**	**C0180**
Technical provisions calculated as a whole	**R0010**						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**						
Technical provisions calculated as a sum of BE and RM							
Best estimate							
Premium provisions							
Gross	**R0060**	-4,401	-131	-50	-761	720	**-4,623**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**				-19		**-19**
Net Best Estimate of Premium Provisions	**R0150**	-4,401	-131	-50	-742	720	**-4,604**
Claims provisions							
Gross	**R0160**	395	62		345	673	**1,475**
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**	395	62		345	673	**1,475**
Total Best estimate - gross	**R0260**	-4,005	-69	-50	-416	1,392	**-3,148**
Total Best estimate - net	**R0270**	-4,005	-69	-50	-397	1,392	**-3,129**
Risk margin	**R0280**	77	9	1	51	148	**285**
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	**R0290**						
Best estimate	**R0300**						
Risk margin	**R0310**						
Technical provisions - total							
Technical provisions - total	**R0320**	-3,928	-61	-49	-366	1,540	**-2,863**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**				-19		**-19**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	-3,928	-61	-49	-347	1,540	**-2,844**

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

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

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

		Development year												
	Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**		**In Current year**	**Sum of years (cumulative)**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**		**C0170**	**C0180**
Prior	**R0100**											-4	**R0100**	-4	19,410
2008	**R0160**	6,148	1,108	31	8	1	-1		1	0	0		**R0160**	0	7,298
2009	**R0170**	5,386	1,379	9	9	1	2	13	2	-4			**R0170**	-4	6,798
2010	**R0180**	6,191	900	25	13	3	0	3	-1				**R0180**	-1	7,133
2011	**R0190**	5,336	1,009	31	3	4	-1	0					**R0190**	0	6,382
2012	**R0200**	4,399	761	65	24	1	6						**R0200**	6	5,256
2013	**R0210**	4,410	753	23	3	-1							**R0210**	-1	5,188
2014	**R0220**	4,155	709	22	4								**R0220**	4	4,890
2015	**R0230**	5,127	644	11									**R0230**	11	5,782
2016	**R0240**	4,764	719										**R0240**	719	5,483
2017	**R0250**	5,812											**R0250**	5,812	5,812
													Total **R0260**	6,543	79,434

Annex I
S.19.01.21
Non-life Insurance Claims Information

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	Development year											Year end (discounted
		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												R0100
2008	R0160										3		R0160 3
2009	R0170									3			R0170 3
2010	R0180							15	2				R0180 2
2011	R0190						1	3					R0190 3
2012	R0200					2	4						R0200 4
2013	R0210				7	5							R0210 5
2014	R0220			21	10								R0220 10
2015	R0230		328	18									R0230 18
2016	R0240	1,317	40										R0240 40
2017	R0250	1,383											R0250 1,386
	Total												R0260 1,475

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	2,500	2,500			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type u	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	13,101	13,101			
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	15,601	15,601			
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					

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	15,601	15,601			
Total available own funds to meet the MCR	**R0510**	15,601	15,601			
Total eligible own funds to meet the SCR	**R0540**	15,601	15,601			
Total eligible own funds to meet the MCR	**R0550**	15,601	15,601			
SCR	**R0580**	7,895				
MCR	**R0600**	3,600				
Ratio of Eligible own funds to SCR	**R0620**	2				
Ratio of Eligible own funds to MCR	**R0640**	4				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	15,601
Own shares (held directly and indirectly)	**R0710**	
Foreseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	2,500
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Reconciliation reserve	**R0760**	13,101
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	
Total Expected profits included in future premiums (EPIFP)	**R0790**	

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	531		
Counterparty default risk	R0020	4,187		
Life underwriting risk	R0030			
Health underwriting risk	R0040	2,252		
Non-life underwriting risk	R0050	3,475		
Diversification	R0060	-2,905		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	7,541		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	354
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	7,895
Capital add-on already set	R0210	
Solvency capital requirement	R0220	7,895
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	1,211

		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		5,608
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		213
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		52
Assistance and proportional reinsurance	R0120		1,826
Miscellaneous financial loss insurance and proportional reinsurance	R0130	1,392	4,101
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	R0200	

		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	1,211
SCR	R0310	7,895
MCR cap	R0320	3,553
MCR floor	R0330	1,974
Combined MCR	R0340	1,974
Absolute floor of the MCR	R0350	3,600
		C0070
Minimum Capital Requirement	R0400	3,600