European Insurance Risk Excess DAC

Solvency and Financial Condition Report
Reporting period ended 31 December 2017

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SUMMARY

This Report refers to the business of European Insurance Risk Excess DAC ('EIRE', 'the Company'), an insurance captive, authorised and supervised by the Central Bank of Ireland ('CBI'). 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 December 2017.

EIRE has prepared this report in accordance with the relevant articles of the Commission Delegated Regulation (EU) 2015/35, together with the Guidelines on reporting and public disclosure issued by EIOPA.

EIRE did not write any business since 2015. During 2016, the ultimate Parent Company Merck & Co Inc., undertook a strategic review of the Company to consider the feasibility of it continuing to operate and in 2017 EIRE entered into a run-off status. The Company intends to novate its outstanding liabilities to the group's other main captive Company, after which the process to liquidate EIRE will commence.

The Board has identified the key risks to which EIRE 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. The Company has established a comprehensive suite of risk policies and implemented a series of internal controls to ensure that EIRE can be managed in accordance with its governance and risk management systems. Documented escalation mechanisms are in place to ensure that any breaches in risk limits and tolerances, internal controls and governance requirements can be reported promptly to the appropriate individuals.

Risks to which the Company is exposed are well understood and are used to determine the level of solvency and capital required over a forward looking three year business planning period. The results of this exercise are used to better inform decision making within the Company.

There were no material changes to EIRE's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management over the reporting period.

As at 31 December 2017, the Company had eligible own funds of USD 51.1m available to meet its Solvency Capital Requirement ('SCR') & Minimum Capital Requirement ('MCR') of USD 3.4m and USD 4.4m respectively.

The Board of Directors is satisfied that the Company has adequate and appropriate capital to support its business plans.

There were no instances of non-compliance with the capital requirements during the period.

A. Business & Performance

A.1 Business

EIRE was incorporated in Ireland in 2002 and in line with the requirements of the Companies Act 2014 converted to a designated activity company (DAC), Limited by shares, effective 5 February 2016. EIRE is authorised by the Central Bank of Ireland ('CBI'), under the European Union (Insurance and Reinsurance) Regulations 2015 (SI 485), to carry out the business of non-life insurance. The principal activity of the Company was to underwrite insurance risks of the subsidiaries of the risk of the Merck & Co, Inc., a global pharmaceutical company headquartered in the United States. EIRE is a captive insurance undertaking, underwriting only the risks of its parent group.

The Company's business address and registered office is 3rd Floor, The Metropolitan Building, James Joyce Street, Dublin 1, Ireland.

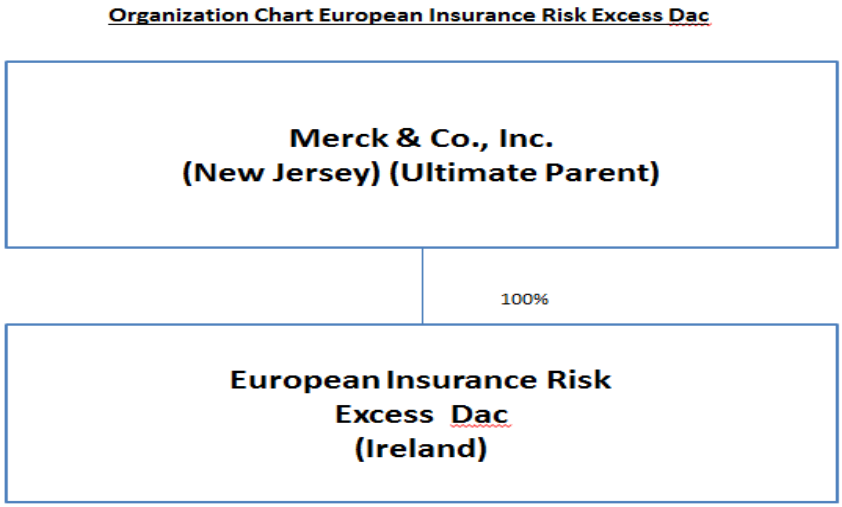
It has received a licence from the Central Bank of Ireland to write the following classes of business;

3 Land Vehicles
7 Goods in Transit
8 Fire and Natural Forces
9 Other Damage to Property
10 Motor Vehicle Liability
13 General Liability
16 Miscellaneous Financial Loss

The insurance supervision division at the CBI may be contacted at their offices in New Wapping Street, North Wall Quay, Dublin 1, Ireland.

PricewaterhouseCoopers is the appointed external auditor of the Company and is located at One Spencer Dock, North Wall Quay, Dublin 2.

The Company is a wholly owned subsidiary of MSD Human Health Holdings BV (Netherlands), and its ultimate parent is Merck & Co, Inc. The Company's ownership structure is as follows:



The Company did not write any new business during 2017.

The operation of the Company is subject to the local regulatory requirements in Ireland. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions, for example capital adequacy to minimise the risk of default and insolvency on the part of the Company to meet unforeseen liabilities as they arise.

EIRE conducts all of its significant business activities from its office in Ireland, including:

There have been no significant events during the reporting period which have had a material impact on the Company.

A.2 Underwriting Performance

EIRE is licensed by the CBI to write Class 3 - Land Vehicles; Class 7 - Goods in Transit; Class 8 - Fire and Natural Forces; Class 9 - Other Damage to Property; Class 10 - Motor Vehicle Liability; Class 13 - General Liability and Class 16 - Miscellaneous Financial Loss.

Historically, EIRE had previously written the following **Solvency II lines of business**;

- Fire and Other Damage to Property
- General Liability

EIRE provided direct insurance cover in respect of Fire and Other Damage to Property from 2002 until 2015. In 2013, by deed of novation, Organon Biosciences Reinsurance Limited ('Organon'), transferred its outstanding liabilities to EIRE. Organon provided reinsurance cover in respect of General Liability in 2007 and 2008 only. EIRE did not renew any insurance policies since the expiration of the property and business interruption program on 1 June 2015. The Company is in a run-off status since early 2017.

The Company's underwriting performance for the reporting period ended 31 December 2017 and the comparative period is set out below. Amounts are presented in USD, which is the Company's functional currency:

	2017	**2016**
Gross and Net Premiums written and earned	-	-
Gross Claims Incurred		
- General Liability	(201,191)	-
Expenses Incurred	(235,507)	(205,912)
Underwriting Result	**(436,698)**	**(205,912)**

The Company did not hold any technical provisions at 31 December 2016 due to no outstanding claims, and, no anticipated claims. Following notification of a new loss in 2017 that related to the 2007 underwriting year, and, to support the intended novation and transfer of the Company's liabilities, EIRE's Head of Actuarial Function undertook an actuarial valuation of the Company's claims reserves and recommended that a provision be held by the Company for incurred but not reported claims ("IBNR") of USD 200,000. This is the main driver behind the claims incurred for the year ended 31 December 2017.

A.3 Investment Performance

In line with the Company's documented investment policy, Investments during the period included cash and short term deposits.

Income arising from Investment activities for the reporting period was USD 496K (2015: USD 194k), the increase is predominantly due to the favorable movement in interest rates during the period.

A.4 Performance of other activities

EIRE does not engage in any activities other than those associated with captive insurance and has not entered into any leasing agreements.

A.5 Other Information

There are no other material items to report in this section.

B. System of Governance

B.1 General information on the system of governance

In order to meet the requirements for sound corporate governance, ensuring efficient conduct of business and to protect the interests of the Company's stakeholders, the Company has a comprehensive Governance and Risk Management system in place.

The Board of the Company acknowledges its responsibility to ensure that risks are fully understood and appropriately managed and has taken appropriate steps to ensure that risk management, reporting and control processes have been put in place in a manner which reflects the nature and scale of the captive's activities.

The Governance and Risk Management System of the Company may be described as relying on four cornerstones:

1) Governance Framework, aligned with the Company's strategic objectives, providing top level oversight by the Board, clear ownership and accountability for risks, as well as clear escalating and reporting channels.
2) Risk Management System, details the Company's strategic objectives in documented Risk Policies. For each risk, limits and operational checkpoints as well as functional identification mitigation and monitoring processes are documented.
3) A series of Internal Controls, defining the architecture of processes required to manage the Company in accordance with its Governance and risk management framework.
4) A Risk Register, combining operational and risk management processes to deliver a descriptive analysis of material risks threatening at least one of the Company's global strategy objectives.

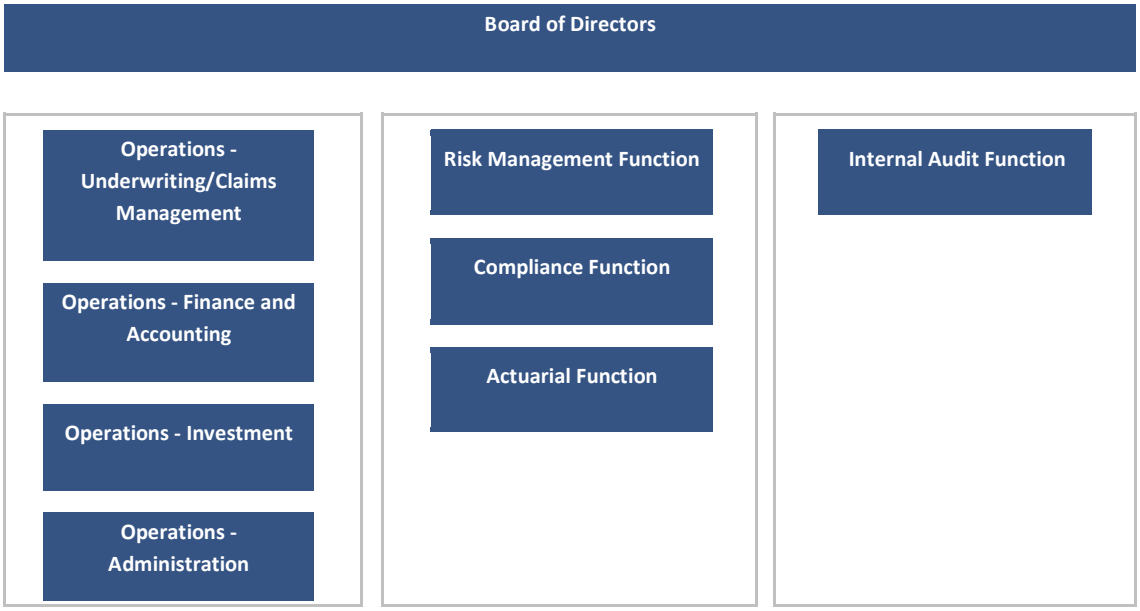
There have been no material changes to this structure in the period. EIRE implemented the above system in advance of the inception of Solvency II.

In order to achieve the Company's objectives, the Board has established a system of governance with the following core components:

- the Board of Directors is the focal point of the governance system and is ultimately accountable and responsible for the performance and conduct of the Company and, as such, must have at its disposal all required capabilities to achieve its duties;

- all authority emanates from the Board of Directors and responsibilities are delegated in such a manner so as to ensure that no one individual has unfettered powers of decision;
- an embedded Compliance Function aiming to ensure the continuous compliance of the Company with all applicable legal, regulatory and administrative requirements;
- an appropriate segregation of duties in order to enable the Risk Management, Internal Audit, Actuarial and Compliance Function to perform independent risk and business control mitigation, monitoring and reporting tasks;
- a meaningful and practical approach in documenting policies and strategies to formalise all processes in an efficient and fit-for-purpose manner; and
- structured reporting processes to enable an appropriate escalation of risks and issues to the Board of Directors in order to ensure a clear and comprehensive information process allowing the Board to conduct business in an efficient and prudent manner in line with the strategic objectives.

According to these principles, the chosen governance model is one of "three lines of defence" which is illustrated as follows:



1st line of defence **Risk and control embedded in the business**	**2nd line of defence** **The oversight functions**	**3rd line of defence** **Provides independent assurance**
Primary accountability within the context of day-to-day operations. The first line of defence ensures that operations are carried out correctly and that risk exposures are managed, controlled and reported in accordance with the risk appetite and risk policies set out by the board.	The 2nd line is in charge of defining, developing, implementing and maintaining risk frameworks, policies and procedures. It defines the business guidelines and oversees the operations. It monitors and ensures that operations, policies and strategies are adequately aligned.	The 3rd line challenges the design and effectiveness of risk management, compliance, control and governance processes. In order to achieve the necessary independence and objectivity, Internal Audit is an independent function that reports directly to the Board.

Key Functions

The key functions of Risk Management, Internal Audit, Actuarial, Compliance and Operations have clear and defined lines of reporting directly to the Board. This is facilitated by the straightforward nature of the Company's structure and fit-for-purpose documented policies and procedures which are clearly communicated and well understood by all relevant parties. The Board has ensured that the key functions are appropriately resourced and have the necessary authority and operational independence to perform their roles. The Company has engaged Aon Insurance Managers (Dublin) Limited ('AIMD') for the provision of management services, under the terms of an outsourced service and management agreement which is overseen by the Board of Directors.

Remuneration and material transactions

The members of the Board of Directors with the exception of the Independent Non-Executive Director receive no remuneration for their services as directors to the Company. There are no employees and consequently no remuneration is paid.

As a captive insurer, claim payments relate to insured risks of the shareholder group. Other than these transactions which arise in the normal course of business, the Company had no other material transactions during the reporting period with members of the shareholder group and none with members of the Board of Directors.

B.2 Fit & Proper Requirements

EIRE has documented its Fitness & Probity policy setting out the Company's approach to the selection and assessment of the persons who effectively run the Company or are responsible for other key functions.

In selecting individuals as directors or function holders, the Company takes account of the following factors:

- specific requirements of the role
- the skills, experience and relevant qualifications of the proposed individual
- results of due diligence enquiries
- conflicts of interest
- time requirements and other commitments
- competence and integrity
- financial soundness

Consideration is given to ensuring an appropriate mix of knowledge, skills and experience across the Board of Directors and for those roles where specialist skills are required e.g. Head of Actuarial Function, only those individuals possessing the pertinent qualifications and expertise will be considered.

For those roles which are prescribed by the CBI as Controlled Functions (CFs) and Pre-approval Controlled Functions (PCFs), the Compliance function adopts appropriate control and due diligence processes in the selection and vetting of such individuals to ensure that they meet the regulator's fit and proper criteria. Written approval from the CBI is obtained prior to the appointment of PCFs. Appointed individuals are required to maintain on-going compliance with the Standards of Fitness & Probity and the guidance issued by the CBI. This is assessed by the Company on an annual basis.

B.3 Risk Management System

The Company's Risk Management System:

- sets out the level of risk acceptable by the Company (Risk Appetite and risk tolerance);
- identifies the risks which represent a threat to the achievement of its strategic objectives;
- identifies, defines and regularly measures key risk indicators enabling an efficient monitoring of risks;
- defines the appropriate actions to reduce the Company's risk exposure;
- ensures the risk management framework is implemented in day-to-day business processes; and

- regularly reviews controls and mitigation actions to ensure that they remain relevant and effective.

In order to achieve these objectives, the Risk Management System of the Company has been clearly documented and specified through specific risk management policies for each key risk category. The key risk categories for which the Company has set up specific control and monitoring mechanisms are:

- Underwriting/Reserving
- Asset Liability Management ("ALM")
- Investment
- Liquidity and concentration
- Operational
- Reinsurance and other risk mitigation techniques
- Strategic
-

In addition to these, an outsourcing policy defining the key rules and criteria to be followed by each service provider has been determined.

Own Risk and Solvency Assessment

The Company performs an Own Risk and Solvency Assessment ('ORSA') process annually in order to provide its Board of Directors with a forward looking risk and capital assessment. The adequacy of the available capital, the Risk Appetite Framework and the appropriateness of the risk limits is assessed for the business planning period, considering the evolving risk profile. To this end, risks and scenarios to which the Company is exposed during the business planning period and which may affect the capacity to meet its insurance obligations or pose a threat to the achievement of its business objectives are taken into account.

Stress testing and scenario analysis are used to assess whether the available and future capital are sufficient in both expected and stressed situations. 3 year business projections, stresses and scenarios are compiled by the Operations Functions with input and agreement from the Board of Directors to ensure that these are appropriate for the Company.

Capital and solvency projections are conducted by the Actuarial Function and validated by the Risk Management Function. Where applicable, any future additional capital needs will be identified and aligned to the Company's capital management plan i.e. defining the measures to restore the Company's solvency margin should the assumed scenarios occur.

In line with CBI requirements, the Head of Actuarial Function provides an actuarial opinion to the Board of Directors in respect of the ORSA process. The results of the ORSA process are presented to the Board for review and challenge. Following feedback and approval from the Board, the Company's ORSA report is finalised and results submitted to the CBI within 2 weeks.

Stakeholder	Expectation	ORSA Report
Board of Directors	Matching projected risks vs the Risk Appetite framework.	Will provide a clear and prospective understanding of critical risk exposures and their relationship with Risk Appetite boundaries.
Shareholders	Detailed and prospective understanding about the risk of bankruptcy and potential need for future additional capital.	Will provide a plan for capital needs on the time horizon of the financial planning.
Supervisory Authority	Detailed and prospective understand of potential ORSA deviations compared to the SCR under Pillar I.	Will gather information about projected Solvency, explanations about deviations due to specific critical risks exposures.

The ORSA-Process described above ensures that ORSA is integrated into the decision-making and business planning process. Furthermore monitoring procedures as set out in the risk management policies ensure that risk exposures are measured on a regular basis triggering exception reports for the Board.

The capital risk appetite for EIRE is to sustain its capital at a level sufficient to meet the SCR and MCR at all times. As the Company does not currently write any business, the Company holds a comfortable Solvency Ratio of 1504% and minimum capital requirement of 1151% as at 31 December 2017. The Board of Directors continues to maintain a prudent approach to capital to ensure that EIRE is in a comfortable position to meet both its MCR and SCR obligations. The MCR has increased since the prior year due to an increase in the absolute minimum capital requirement. EIRE now holds a reserve for general liability exposures on the balance sheet and as a result the AMCR has increased to €3.7m ($4.44m). As this is greater than the SCR, the capital requirement for EIRE is based on the AMCR.

Should EIRE find itself in the position where capital would need to be replenished, Merck will provide additional capital to ensure that SCR/MCR compliance can be demonstrated. Merck is expected to continue to have ample capacity to provide this support to EIRE.

Compliance Function

The Compliance Function is an integral component of the Company's governance system. The Company has a dedicated Head of Compliance reporting to the Board of Directors, supported by a Compliance Officer who coordinates the activities of the Compliance Function.

The mission of the Compliance Function is:

The responsibilities of the Compliance Function include:

- utilisation of compliance management practices that contribute to the use of sound, responsible and sustainable business practices by the Company;
- presentation of an annual compliance plan to the Board of Directors, outlining specific areas which it will focus on during a particular year;
- promotion of a culture of compliance within the organisation;
- maintenance of a comprehensive compliance risk management control and reporting system in conjunction with the Risk Management Function to assist in managing the compliance risk faced by the Company;
- consideration of possible future changes in the legal environment and their potential effect on the Company as well as providing regular compliance and regulatory updates to the Board of Directors;
- identification and communication throughout the Company the laws, regulations and codes of conduct to which the Company is subject and assisting to embed compliance with these in the way the Company does business; and
- investigation and follow up of compliance breaches, ensuring timely reporting to the Board and in certain circumstances to outside bodies such as the CBI.

The Company has a Compliance Charter and Compliance Plan in place for the year 2017/18 which was reviewed and approved during the year. There were no compliance issues to report during the year.

B.4 Internal Control System

The Internal Control System embedded in the Company's operations is a mix of actions and processes undertaken by all stakeholders within the Company to provide reasonable assurance that the strategic objectives will be achieved.

In order to achieve the aforementioned objectives, the Internal Control framework of the Company is structured around five complementary components.

Component	Contents
1) Control environment	A strong "risk and control" culture is embedded within the Company's operations through the continuous oversight of the Board of Directors and the communication to all internal stakeholders of all governance and risk principles through the present manual.
2) Risk assessment	Procedures and policies are detailed and formalized in order to disclose the way of identifying, managing, controlling, mitigating and reporting issues relating to each risk category.
3) Reporting channels	Clear and structured reporting processes are in place enabling the Board of Directors to have access to relevant, complete, reliable, correct and timely communication related to internal as well as external events.
4) Monitoring process	The appropriate escalation of significant issues to the Board of Directors, the ongoing involvement of all internal stakeholders as well as the Internal Audit process enables to Company to continuously monitor and adapt when necessary its Internal Control System.
5) Control activities	The Company developed a comprehensive set of preventive, detective or corrective control actions embedded in its daily operations, as formalized hereafter.

In order to set out how the Internal Control System is implemented, the Company's processes and related control activities are documented, monitored and reviewed on a regular basis.

These items are designed by the Risk Management Function, approved by the Board of Directors and evaluated by the Internal Audit Function. They are reviewed as often as necessary but at least annually.

B.5 Internal Audit Function

Purpose and Objectives

The purpose of the Internal Audit Function is to serve as an independent function that objectively evaluates and recommends improvements with respect to the Company’s Internal Control System by facilitating an objective and independent assessment of the processes and controls in place.

It assists the Company in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes employed by the Company. The audit approach is risk based and in line with an annual audit plan which is provided by the Head of Internal Audit to the Board of Directors.

The Internal Audit Function and the appointed Head of Internal Audit report directly to the Board of Directors.

Independence and Impartiality

The Company’s Internal Audit Function has been established to be independent of the activities audited, the operational functions and the Board of Directors.

The Internal Audit Function is free to report its findings and appraisals and to disclose them to the Board as required. This principle of independence ensures that the Internal Audit Function reports directly to the Board of the Company.

B.6 Actuarial Function

The Company has established an effective Actuarial Function, including a nominated Head of Actuarial Function ('HoAF') approved by the CBI, which carries out the following key tasks:

- coordination of the calculation of technical provisions.
- ensuring the appropriateness of the methodologies, underlying models and assumptions made in the calculation of technical provisions;
- assessment of the sufficiency and quality of the data used in the calculation of technical provisions. Where relevant, the Actuarial Function will provide recommendations on internal procedures to improve data quality;
- estimation of Solvency II technical provisions (both claims and premium provisions)
- comparison of best estimates against experience;
- reporting to the Board of Directors on the calculation, reliability and adequacy of technical provisions;
- calculation of the Solvency and Minimum Capital Requirements at the balance sheet date;
- ensuring results of technical provisions can efficiently feed into solvency capital calculations and Quantitative Reporting Templates (QRTs) on both a quarterly and annual basis;
- contributing to the effective implementation of the Risk Management System, in particular:
    i. with regard to risk modelling underlying the calculation of the Solvency and Minimum Capital Requirements; and
    ii. the application of stress scenarios to the solvency calculations as part of the Company's ORSA process.
- provision of opinions on:
    - Technical provisions
    - Solvency position
    - Underwriting Policy
    - Reinsurance arrangements
    - ORSA

The HoAF reports to the Board of Directors and issues a report in writing at least annually documenting all of the material tasks that have been undertaken by the Actuarial Function during the reporting period.

In establishing the Company's Actuarial Function, the Board of Directors has ensured that the persons involved have the requisite qualifications and demonstrable experience in the area of non-life reserving and are fully conversant with the Solvency II requirements for the calculation of Technical Provisions.

B.7 Outsourcing

All functions and activities of the Company are eligible to be outsourced provided that specific criteria are satisfied in each instance.

The Board is responsible for the approval and termination of all outsourcing arrangements of critical or important functions or activities. Critical or important functions or activities include key functions relating to the Company's System of Governance and all functions within the Company that are fundamental to carry out its core business. The Board is responsible for ensuring notification to the CBI is made in a timely manner prior to the outsourcing of critical or important functions or activities, and thereafter where there have been material developments in relation to the service provider.

The objectives of EIRE's Outsourcing Policy are to ensure that the outsourcing of critical or important operational functions or activities does not lead to:

- Reduction in the Board's responsibility for, or influence over, key functions of the Company;
- Material impairment of the quality of the Company's System of Governance;
- Any impairment of the Company's ability to meet its regulatory requirements;

- Non adherence to the Company's approved policies and procedures;
- Undue increases in operational risk or cost;
- Material impairment of the Company's ability to fulfil its obligations to stakeholders;
- Conflicts of Interest;
- Breach of the Company's data protection obligations.

The Board is responsible for assessing the risks associated with the outsourcing of critical or important functions or activities, carrying out the appropriate due diligence on the outsourced service provider and for reviewing the performance of outsourced service providers against their agreed and documented Service Level Agreements ('SLA').

The management of the Company is coordinated and carried out at its place of business in Ireland. EIRE engages outsourced service providers in order to access the expertise and strength and depth of resources necessary to manage the specific requirements of a regulated captive insurance company operating on a global basis.

Critical or important function	Outsourced Service Provider	Jurisdiction
Underwriting administration	Aon Insurance Managers (Dublin) Limited (AIMD)	Ireland
Claims administration	AIMD	Ireland
Finance and accounting	AIMD	Ireland
Compliance Function	AIMD	Ireland
Risk Management Function	AIMD	Ireland
Actuarial Function	Aon UK Limited (Aon UK)	United Kingdom
Internal Audit Function	Aon Commercial Services Ireland Limited	Ireland

B.8 Any Other Information

The Board is satisfied, based on its assessment of the frameworks which have been established and are in use, that the Company's system of governance is appropriate and adequate for the nature, scale and complexity of the risks inherent in its business operations.

There are no other material items to report in this section.

C. Risk Profile

The Risk Appetite Framework 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 sets out:

- 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.

The Company's Risk Register combines operational and risk management processes to deliver a descriptive analysis of material risks threatening at least one of the Company's strategic objectives.

The Board's annual ORSA process is based on the company's current and expected risk profile over the business planning period and supports the Board in achieving its strategic objectives by taking a structured and combined approach of strategy, risk management and capital management.

C.1 Underwriting Risk

The company has not written any business since the expiry date of the last insurance contracts entered into in 2015. The Company seeks to ensure that it has sufficient assets to meet the costs of potential claims over time, but the uncertainty surrounding the severity and frequency of claims can lead to variation in the Company's performance over the short term. Whilst considerable judgment is involved, the Directors ensure that suitable processes are in place to ensure the reliability, sufficiency and adequacy of the statistical and accounting data to be considered on the loss reserving exercises.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its underwriting exposures.

For the financial year ended 31 December 2017, EIRE was granted an exemption from the CBI in respect of the Actuarial report on the Technical Provisions and the Actuarial Opinion on the Technical Provisions.

As part of the Company's ORSA process, stress and scenario tests incorporating differing claims experience are considered. The impact of the Company experiencing a late notification of a claim for EUR 500K was considered as part of the ORSA carried out in the reporting period. While this scenario resulted in a reduction in the Company's available capital, the regulatory solvency requirements were still achieved.

C.2 Market Risk

The risk of future changes in market prices, which would result in devaluation of investable assets, may result from several factors, including, but not limited to, value, liquidity, duration, composition, interest rates, foreign exchange rates and market fluctuations. The Company diversifies its portfolio to reduce the exposure to market fluctuations and market risk concentrations.

EIRE has an investment strategy in place in line with its Risk Appetite Framework and the related 'Prudent Person' regulatory requirements. The Company endeavours to:

- prudently invest with consideration of the prevailing financial market environment;
- ensure the Company invests appropriately so as not to result in the Company failing to meet its Solvency Capital Requirements;
- ensure that the Company holds assets of sufficient value and liquidity to meet all liabilities as they become due;
- maximise investment return within the levels of risk as defined by the Company's Risk Appetite;
- ensure compliance with the Liquidity Strategy and Policy;
- ensure compliance with the Asset-Liability Management Strategy and Policy; and

- ensure effective risk management of investments at all times, with due consideration of the risks associated with investments and procedures to monitor, manage and report these risks in a timely manner as part of the Company's overall Risk Management System.

Interest rate risk arises on the return on the Company's investments including cash and deposits with credit institutions.
The Company is exposed to currency risk to the extent its assets and liabilities are denominated in a currency different from its functional currency. The Company seeks to mitigate currency risk by matching the assets and liabilities which arise in different currencies. The ultimate settlement of potential claims may be in currencies other than the USD. The Company's exposure to foreign exchange risk arises with respect to Euro.

As part of the Company's ORSA process, stress and scenario tests incorporating the impact of the downgrade of Citibank from A to BB. While this scenario resulted in a reduction in the Company's available capital, the regulatory solvency requirements were still achieved.

C.3 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company has identified credit risks associated with the cash and deposits it has placed with third party banking and investing institutions. The Company manages these risks by establishing an investment policy, which ensures that cash is held with highly rated financial institutions; the investment policy is reviewed on a regular basis by the Board.

C.4 Liquidity Risk

The Company is exposed if proceeds from financial assets are not sufficient to fund obligations arising from its past insurance contracts. The Company can be exposed to daily calls on its available investment assets, principally from insurance claims. Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial obligations.

The Company has determined that liquidity risk does not represent a significant exposure to its business. This assessment is based on the fact that the Company has its investments held in highly liquid assets which it can access immediately or within a very short time frame without incurring material costs or penalties. Investments are in compliance with the Company's investment guidelines.

C.5 Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud, or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications, or can lead to financial loss. The Company has a rigorous control framework and monitoring process in place to manage operational risk. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education, and assessment processes. Outsourced activities are monitored and managed in the same manner in line with the Outsourcing policy.

The Company cannot expect to eliminate all operational risk, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risk.

In addition, EIRE is subject to Internal and External Audit review.

EIRE maintains a regulatory dialogue with the CBI to mitigate the risk of any potential sanction or compliance breach as well as using expert, industry leading, service providers to provide its outsourced functions which helps avoid any material error or delay. In order to ensure the quality of the outsourced functions is as high as

possible, EIRE puts in place service level agreements outlining key performance indicators against which its outsourced service providers can be monitored and assessed.

C.6 Other Material Risk

Strategic Risk

Strategic risk is the risk of loss arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes i.e. the risk associated with implementing the wrong strategy or failing to correctly implement the chosen strategy.

The control and monitoring actions/principles underlying the strategic risk management of the Company are:

- Review at least annually the appropriateness of the high level overall objectives for the Company; the major risks facing the Company and the Risk Appetite for each of these major risks identified. The Board of Directors will ensure continuing appropriateness, at least annually and revisions shall be affected where necessary.
- Ensure the Company Strategy is implemented correctly including approval, review and, monitoring of agreed Key Performance Indicators for the Company.
- Ensure all plans are regularly reviewed to ensure that Risk Tolerances are not exceeded individually or in total.

C.7 Any other information

No other material risks have been identified.

D. Valuation for Solvency Purposes

D.1 Assets

EIRE prepares its financial statements on an Irish GAAP basis, including financial reporting standard applicable in UK and Republic of Ireland (FRS 102 & FRS 103), the provisions of the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations 2015. The differences between the financial statement basis and the Solvency II valuation rules are driven by the requirement for all assets and liabilities to be valued on a market consistent fair value basis under Solvency II.

At the end of the current reporting period EIRE has total assets valued at USD 51,443,728 (2016: USD 51,156,226) for solvency purposes. This total comprises the following categories of assets:

- **Deposits other than cash equivalents (USD$'000s): USD 2,930 (2016: USD 2,903)**

  This amount represents short term deposits with an original maturity of three months or less and is stated at market value for both solvency and financial statement purposes, the only difference being the inclusion of accrued interest in the above balance. Accrued interest is disclosed as a separate line item in the financial statements.

- **Cash and cash equivalents (USD$'000s): USD 48,514 (2016: USD 48,080)**

  Cash and cash equivalents comprise cash at banks. Carrying amounts approximate fair value due to the liquid nature of the assets. The only difference being the inclusion of accrued interest in the above balance. Accrued interest is disclosed as a separate line item in the financial statements.

D.2 Technical Provisions

The technical provisions of EIRE relate to General Liability and amounts at 31 December 2017, gross and net are set out below in USD:

SII Line of Business	Claim Provision	Best Estimate	Risk Margin	Technical Provisions
General Liability	201,191	241,019	15,304	256,323

These amounts comply in all material respects with the relevant Solvency II requirements.

The starting point for the calculation of the Solvency II technical provisions is the amounts which have been calculated for the financial statements reserving basis. Within the financial statements, full provision is made for the estimated cost of all claims notified but not settled at the period-end using the best information available at that time. Provision is made for the cost of claims incurred but not reported and at the period-end, and potential development on outstanding claims estimates (together regarded as IBNR reserves). In addition, an estimate is made for future claims handling expenses relating to claims outstanding at the period-end.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. In estimating the cost of claims notified but not paid, the Company has regard to claims circumstances as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. The IBNR provision is established having regard for the results of a valuation on a best-estimate basis by an independent actuary together with a margin for uncertainty which has been determined by management.

Claims projections have been carried out using a range of standard actuarial methods.

Solvency II requires undertakings to hold technical provisions which correspond to the amount they would have to pay to transfer their (re)insurance obligations immediately to another undertaking. This value comprises a **best estimate** and a **risk margin**, intended to represent a market consistent valuation**.** The technical provisions take account of the time value of money by discounting using a risk-free interest rate term structure as at the valuation date. There is no allowance for prudence in the calculation of best estimates.

The best estimate is calculated by considering all future cash inflows and outflows required to settle the existing (re)insurance obligations over their lifetime. It represents the mean outcome of all possible scenarios, taking account of how likely they are to occur and their potential variability. In this regard, the best estimate is a probability-weighted average of future cash flows, allowing for the time value of money.

The Solvency II best estimate is calculated gross. The best estimate is made up of a claims provision relating to past and future exposures respectively. Claims payments in the claims provision have been projected at annual intervals using annual paid development patterns.

The Solvency II claims provision is equivalent to the expected net present value of the best estimate claims reserve, with additional allowances to allow for all possible outcomes through the inclusion of provision for Events Not in Data (ENID) and the future expenses that will be incurred in servicing the existing reinsurance obligations.

The Solvency II risk margin is intended to represent an amount that EIRE would be required to pay, in excess of the best estimate of the liabilities, for a third party to assume the risk of running of the existing liabilities. The actuarial calculation of the risk margin is consistent with the Solvency II regulations, applying a 6% cost of capital to the amount of capital required at the beginning of each year to support the run-off of the insurance obligations. These future costs of capital are then discounted to the valuation date and summed to calculate the amount of risk margin required.

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 Control Framework described in Section B4 above.

In calculating its technical provisions on a Solvency II basis, EIRE has not applied any of the following items:

- matching adjustment referred to in Article 77b of Directive 2009/138/EC;
- volatility adjustment referred to in Article 77d of Directive 2009/138/EC;
- transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC; and
- transitional deduction referred to in Article 308d of Directive 2009/138/EC.

D.3 Other Liabilities

Other liabilities of USD 61k (2016: USD 49k) relate to accrued expenses and Corporation tax payable and are classified as payables (trade, not insurance). The reinsurance payable amount of USD 75.00 is included in the Technical provisions calculation.

D.4 Alternative Methods of Valuation

No alternative methods were used.

D.5 Any other Information

There is no other information to report.

E. Capital Management

E.1 Own funds

The Company has put in place a Capital Management policy to ensure that 'Own Fund' items, both at issue and subsequently, meet the requirements of the Solvency II capital regime. The objectives of the policy are to ensure that on an on-going basis the Company has:

- own fund items available to meet its capital requirements; and
- developed processes to ensure the appropriateness of its own fund items.

As part of the annual review of the medium-term capital plan, the Company reviews the level, composition and classification of own fund items to ensure they continue to meet its own solvency needs, and its regulatory obligations in respect of Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR). A 3 year forward looking time horizon is used for business planning purposes and any anticipated changes to the Company's business and risk profile are factored into the ORSA process to assess the solvency and capital needs over this business planning period. 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 insurance business. Should additional funds be required outside of that, they will be advanced by the shareholder.

The Company's own funds consist of the following items:

- Issued Share Capital;
- Share Premium account;
- Capital Contribution; and
- Retained Earnings.

Any change to the share capital requires the approval of the Shareholder and the Board. Retained earnings are adjusted on a monthly basis to take account of the profits/losses earned in the period together with any Solvency II valuation adjustments.

The payment of dividends is considered on an annual basis by the Board as part of its medium-term capital assessment. Potential dividends will be considered as part of the Company's ORSA process to ensure that the Company will continue to meet its solvency needs over the business planning period.

Any other qualifying own fund item requires the review and approval of the Board. In such instances, the Board must ensure that the terms and conditions of any own fund item are clear and unambiguous in relation to the capital classification.

Own fund items at the end of reporting period and the prior year comparative period are as follows:

	2017 USD	**2016 USD**
Ordinary paid up share capital	5,000,100	5,000,100
Share Premium Account	8,734,900	8,734,900
Capital Contributions	20,000,000	20,000,000
Reconciliation reserve	17,391,297	17,371,987
Total basic own funds	**51,126,297**	**51,106,987**

The reconciliation reserve represents the Company's retained profits as adjusted for Solvency II valuation principals. The adjustments which arise in the application of these principles are shown in the equity reconciliation below.

At the end of the current reporting period eligible own funds available to meet the Company's SCR are USD 51,126,297 (2016: USD 51,106,987) comprised solely of Tier 1 capital. Eligible own funds available to meet the Company's MCR are USD 51,126,297 (2016: USD 51,106,987), comprised solely of Tier 1 capital.

The equity position as shown in the Company's 2017 period-end financial statements can be reconciled to the basic own funds balance under Solvency II as follows:

	2017 USD	2016 USD
Total shareholders' funds	51,181,526	51,107,129
Adjustments to regulatory basis;		
Technical Reserves	(55,206)	
Insurance and Intermediaries Receivables	75	(68)
Payables (Trade, Not Insurance)	(98)	(74)
Solvency II Own funds	51,126,297	51,106,987

Adjustments are made to technical provisions in line with the valuation methodologies set out in section D.2 above. In addition, EIRE Reinsurance creditor relating to claims payable are included within the technical provision calculation, given that they are all within credit terms. Accrued liabilities have been discounted. These adjustments are reflected in the Company's reconciliation reserve.

EIRE has no ancillary own funds and there are no transitional arrangements impacting its capital calculations.

E.2 Solvency capital requirement and minimum capital requirement

At the end of the current reporting period, EIRE SCR and MCR have been calculated as USD 3,400,375 (2016: USD 3,332,000) and USD 4,440,000 (2016: USD 2,635,000) respectively.

The SCR is intended to correspond to the capital the Company needs to hold in order to limit the probability of ruin, in the following 12 months, to 0.5%, i.e. ruin would occur less than once in every 200 years. The SCR calculated at the end of the current reporting period, relates to the capital required to support the business over the prospective 12 months; covering existing liabilities during 2018. Based on the Company's eligible own funds of USD 51,126,297 (2016: USD 51,106,987) the Company has a solvency ratio at 31 December 2017 of 1504%.

The SCR has been calculated using the standard formula and without the application of any undertaking specific parameters.

The split of SCR by risk modules is shown below, together with the prior year comparative:

Risk Charge	2017 USD '000	2016 USD '000	Change USD '000
Premium/Reserve Risk	80	-	80
Catastrophe Risk	-	-	-
Lapse Risk	-	-	-
Diversification Benefit	-	-	-
Non-Life Underwriting Risk	**80**	**-**	**80**
Premium/Reserve Risk	-	-	-
Health Underwriting Risk	**-**	**-**	**-**
Counterparty Default Risk	3,254	3,225	29
Interest Rate Risk	-	4	(4)

Equity Risk	-	-	-
Spread Risk	36	36	-
Currency FX Risk	28	30	(1)
Property Risk	-	-	-
Concentration Risk	326	323	3
Diversification Benefit	*(61)*	*(65)*	*4*
Market Risk	**330**	**327**	**3**
Diversification Benefit	*(271)*	*(230)*	*(40)*
BSCR	**3,393**	**3,322**	**71**
Operational Risk	8	-	8
Tax Adjustments	-	-	-
SCR	3,400	3,322	79
Available Capital	51,126	51,107	19
Surplus/Deficit	47,726	47,785	**(63)**
Solvency Ratio	1504%	1539%	(-35%)
MCR	4,440	2,635	1,805
Available Capital	51,126	51,107	19
Surplus/Deficit	46,686	48,472	**(1,789)**
Solvency Ratio	1151%	1939%	(788%)

The movement on the SCR from the prior year is mainly driven by the Non-Life Underwriting Risk module as it now holds technical provisions which it did not in the prior year analysis. The reserve presented in the financial statements was used as the starting point in calculating the claims provision. An additional Solvency II expense load was added to this estimate and the full amount was discounted using a benchmark payment pattern to derive the claims provision. The risk margin was calculated consistently with the EIOPA guidelines.

The counterparty default risk module should reflect possible losses due to "unexpected default, or deterioration in the credit standing of the counterparties and debtors of undertakings over the forthcoming twelve months". For the purposes of the standard formula SCR analysis, counterparties have to be classified as either:

- Type 1 exposures which include reinsurance arrangements and "cash at bank"; or
- Type 2 exposures which include receivables from intermediaries.

EIRE only has Type 1 exposures for which the capital charge is based on the rating of each individual counterparty and the loss given on default of that counterparty. The only counterparty default risk exposures EIRE has relate to cash accounts held at Citibank. The total exposure is USD 48.5m.

The market risk capital charge is USD 330.2k (2016: USD 327k), allowing for a diversification benefit of USD 60.6k (2016: USD 65k).

The majority of EIRE's assets and liabilities are denominated in USD with some exposure to EUR. The capital charge for currency risk is USD 28.2k (2016: USD 30k).

EIRE has 2 counterparties where the exposure is in excess of the concentration risk threshold. The overall concentration risk charge is USD 326.2k (2016: USD 323k).

Spread risk reflects the sensitivity of the values of assets, liabilities and financial instruments to changes in the level of credit spreads over the risk-free interest rate term structure. The calculation includes money market instruments and other instruments sensitive to credit risk. The capital charge for spread risk is USD 36.5k (2016: USD 36k).

As neither the upwards or downwards shock cause a decrease in EIRE's own funds, the capital charge for interest rate risk is nil (2016: USD 4k).

The basic SCR is USD 3.4m (2016: USD 3.3m), allowing for a diversification benefit of USD 270.7k (2016 USD 230k).

The MCR is calculated through a prescribed formula based on the net technical provisions (excluding the risk margin) and net written premium. It is also constrained to be between 25% and 45% of the SCR. Further to this, SI 485 sets out absolute minimum MCR values for non-life and life insurers, reinsurers and captives. In the case of EIRE, as a non-life captive insurer this absolute floor is EUR 3,700,000 (2016: EUR 3,700,000). Having carried out the calculations and applied the relevant limits, the resultant MCR for the Company translates to USD 4,440,000 (2016: USD 2,635,000) at the period end.

E.3 Use of duration-based equity risk sub module in calculation of the solvency capital requirement

There was no use of duration based equity risk sub module in the calculation of the SCR.

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

EIRE used the standard formula in determining its SCR and MCR and did not rely on any internal model.

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

There are no instances of non-compliance with the MCR and SCR.

E.6 Any other information

There is no other information to report.

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

Appendices

1. The following QRT forms for the year ended 31 December 2017 have been included for reference

   S.02.01.02 – Balance sheet

   S.05.01.02 – Premiums, claims and expenses by Line of Business

   S.05.02.01 – Premiums, claims and expenses by Country

   S.17.01.02 – Non Life Technical Provisions

   S.19.01.21 – Claims Developments tables

   S23.01.01 – Own Funds

   S25.01.01 – Solvency Capital Requirement using standard formula

   S28.01.01 – Minimum Capital Requirement

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**	2,930
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	2,930
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	
Non-life and health similar to non-life	**R0280**	
Non-life excluding health	**R0290**	
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	
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**	48,514
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	51,444

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	256
Technical provisions – non-life (excluding health)	**R0520**	256
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	241
Risk margin	**R0550**	15
Technical provisions - health (similar to non-life)	**R0560**	
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
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**	
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**	61
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	317
Excess of assets over liabilities	**R1000**	51,126

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**
Premiums written										
Gross - Direct Business	**R0110**									
Gross - Proportional reinsurance accepted	**R0120**									
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**									
Net	**R0200**									
Premiums earned										
Gross - Direct Business	**R0210**									
Gross - Proportional reinsurance accepted	**R0220**									
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**									
Net	**R0300**									
Claims incurred										
Gross - Direct Business	**R0310**								200	
Gross - Proportional reinsurance accepted	**R0320**									
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**									
Net	**R0400**								200	
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**							13	202	
Other expenses	**R1200**									
Total expenses	**R1300**									

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**			Line of business for: **accepted non-proportional reinsurance**				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written									
Gross - Direct Business	**R0110**								
Gross - Proportional reinsurance accepted	**R0120**								
Gross - Non-proportional reinsurance accepted	**R0130**								
Reinsurers' share	**R0140**								
Net	**R0200**								
Premiums earned									
Gross - Direct Business	**R0210**								
Gross - Proportional reinsurance accepted	**R0220**								
Gross - Non-proportional reinsurance accepted	**R0230**								
Reinsurers' share	**R0240**								
Net	**R0300**								
Claims incurred									
Gross - Direct Business	**R0310**								200
Gross - Proportional reinsurance accepted	**R0320**								
Gross - Non-proportional reinsurance accepted	**R0330**								
Reinsurers' share	**R0340**								
Net	**R0400**								200
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**								215
Other expenses	**R1200**								
Total expenses	**R1300**								215

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		FR	GB	IT			
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140							
Net	R0200							
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240							
Net	R0300							
Claims incurred								
Gross - Direct Business	R0310	200						200
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340							
Net	R0400	200						200
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	215						215
Other expenses	R1200							
Total expenses	R1300							215

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**
Technical provisions calculated as a whole	**R0010**									
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**									
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	**R0060**									
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**									
Net Best Estimate of Premium Provisions	**R0150**									
Claims provisions										
Gross	**R0160**								241	
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**								241	
Total Best estimate - gross	**R0260**								241	
Total Best estimate - net	**R0270**								241	
Risk margin	**R0280**								15	
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	**R0290**									
Best estimate	**R0300**									
Risk margin	**R0310**									

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**
Technical provisions - total										
Technical provisions - total	**R0320**								256	
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**									
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**								256	

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	R0060								
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140								
Net Best Estimate of Premium Provisions	R0150								
Claims provisions									
Gross	R0160								241
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								241
Total Best estimate - gross	R0260								241
Total Best estimate - net	R0270								241
Risk margin	R0280								15
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	R0290								
Best estimate	R0300								
Risk margin	R0310								

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0110	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions - total									
Technical provisions - total	**R0320**								256
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**								
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**								256

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	1

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

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											-	R0100	-	-
N-9	R0160												R0160	-	-
N-8	R0170												R0170	-	-
N-7	R0180												R0180	-	-
N-6	R0190												R0190	-	-
N-5	R0200												R0200	-	-
N-4	R0210												R0210	-	-
N-3	R0220												R0220	-	-
N-2	R0230												R0230	-	-
N-1	R0240												R0240	-	-
N	R0250	0											R0250	0	0
													Total R0260	0	0

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Non-life Insurance Claims Information

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year											Year end (discounted
												C0360
Prior	R0100											R0100	
N-9	R0160										242	R0160	241
N-8	R0170											R0170	
N-7	R0180											R0180	
N-6	R0190											R0190	
N-5	R0200											R0200	
N-4	R0210											R0210	
N-3	R0220											R0220	
N-2	R0230											R0230	
N-1	R0240											R0240	
N	R0250											R0250	
											Total	R0260	241

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Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	5,000	5,000			
Share premium account related to ordinary share capital	R0030	8,735	8,735			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	20,000	20,000			
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	17,391	17,391			
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	51,126	51,126			
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

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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**	51,126	51,126			
Total available own funds to meet the MCR	**R0510**	51,126	51,126			
Total eligible own funds to meet the SCR	**R0540**	51,126	51,126			
Total eligible own funds to meet the MCR	**R0550**	51,126	51,126			
SCR	**R0580**	3,400				
MCR	**R0600**	4,440				
Ratio of Eligible own funds to SCR	**R0620**	1504%				
Ratio of Eligible own funds to MCR	**R0640**	1151%				

Reconciliation reserve		
Excess of assets over liabilities	**R0700**	51,126
Own shares (held directly and indirectly)	**R0710**	
Foreseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	33,735
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Reconciliation reserve	**R0760**	17,391
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**	

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	330		
Counterparty default risk	R0020	3,254		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	80		
Diversification	R0060	- 271		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	3,393		
Calculation of Solvency Capital Requirement				
Operational risk	R0130	8		
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	3,400		
Capital add-on already set	R0210			
Solvency capital requirement	R0220	3,400		
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			

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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	25

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090	241	
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
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	25
SCR	R0310	3,400
MCR cap	R0320	1,530
MCR floor	R0330	850
Combined MCR	R0340	850
Absolute floor of the MCR	R0350	4,440
Minimum Capital Requirement	**R0400**	**4,440**