



Ironshore Europe DAC

Solvency & Financial Condition Report ("SFCR")

**For Year Ending:
31st December 2017**

Document Control Sheet

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Contents

Summary

A. Business and Performance

- A.1 Business
- A.2 Underwriting Performance
- A.3 Investment Performance
- A.4 Performance of other Activities
- A.5 Any Other Information

B. System of Governance

- B.1 General Information on the System of Governance
- B.2 'Fit and Proper' requirements
- B.3 Risk Management System including the Own Risk and Solvency Assessment
- B.4 Internal Control System
- B.5 Internal Audit Function
- B.6 Actuarial Function
- B.7 Outsourcing
- B.8 Any Other Information

C. Risk Profile

- C.1 Underwriting Risk
- C.2 Market Risk
- C.3 Credit Risk
- C.4 Liquidity Risk
- C.5 Operational Risk
- C.6 Other Material Risks
- C.7 Any Other Information

D. Valuation for Solvency Purposes

- D.1 Assets
- D.2 Technical Provisions
- D.3 Other Liabilities
- D.4 Alternative Methods for Valuation
- D.5 Valuation – Other Material Information

E. Capital Management

- E.1 Own Funds
- E.2 Solvency Capital Requirement and Minimum Capital Requirement



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

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

E.5 Non-Compliance with the Minimum Capital Requirements or significant non-compliance with the Solvency Capital Requirement

E.6 Capital Management – Other Material Information

Appendix A: Ironshore Group Structure

ANNEX: Annual Quantitative Reporting Templates (QRT's)



Summary

The Solvency II regime, a harmonised EU-wide regulatory framework for Insurance Companies, came into force with effect from 1 January 2016. The regime requires reporting and public disclosure arrangements to be put in place by insurers and some of that is required to be published on the Company's public website. This document is the second version of the Solvency and Financial Condition Report ("SFCR") that is required to be published by Ironshore Europe Designated Activity Company ("IEDAC" or "the Company").

This report covers the Business and Performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. The ultimate administrative body that has the responsibility for all of these matters is the Company's Board of Directors. The Board is supported in discharging this responsibility by Company's governance structures, including its Committees, Senior Management and Internal Control Functions.

The Company has continuously complied with all aspects of the Solvency II regulations from the date of implementation on 1 January 2016 to year-end 31 December 2017, including its capital requirements.

Ironshore Europe DAC is a subsidiary of Ironshore Inc. ("Ironshore"). During 2016 Ironshore was a wholly owned subsidiary of Fosun International Limited ("Fosun"). On 5 December 2016 Fosun agreed to sell all of its equity interests in Ironshore to Liberty Mutual Group, Inc. ("Liberty"). The acquisition of Ironshore by Liberty was completed on 1 May 2017.

A. Business and Performance

A.1 Business

Ironshore Europe DAC (hereinafter referred to as "IEDAC", "the Company" or "the Undertaking") is a wholly owned subsidiary of Ironshore Inc., whose ultimate parent company is Liberty Mutual Holding Company Inc. (hereinafter referred to as Liberty Mutual, LMHC, or the ultimate parent Company).

Liberty is a diversified global insurer and fourth largest property and casualty insurer in the U.S. based on 2016 direct written premium. The Company also ranks 75th on the Fortune 100 list of largest corporations in the U.S. based on 2016 revenue. As of December 31, 2017, LMHC had \$142.5 billion in consolidated assets, \$121.8 billion in consolidated liabilities, and \$39.4 billion in annual consolidated revenue. LMHC employs more than 50,000 people in over 800 offices throughout the world.

LMHC, through its subsidiaries and affiliated companies, offers a wide range of property, casualty and life insurance products and services to individuals and businesses alike.

From an operating viewpoint, the LMHC operates substantially through three businesses with each operating independently of the others with dedicated sales, underwriting, claims, actuarial, financial and certain information technology resources. Management considers this structure facilitates each business unit to execute its business strategy and/or to make acquisitions without impacting or disrupting the operations of the Company's other business units.

Subsequent to year-end 2017, Liberty Mutual announced that it has entered into a definitive agreement to sell Liberty Life Assurance Company of Boston to Lincoln Financial Group. The sale is expected to be completed by the end of the second quarter of 2018, pending regulatory approvals and other customary closing conditions.



In early 2018, Liberty Mutual announced the realignment of its businesses to enhance the company's ability to meet the changing needs of consumer and business customers. Liberty Mutual's realignment features the following:

- Global Retail Markets (GRM) combining Global Consumer Markets with Business Insurance and Accident and Health organizations formerly in Commercial insurance.
- Global Risk Solutions (GRS) which brings together Liberty's Global Specialty, Ironshore, National Insurance and the Global Reinsurance Strategy Group into a single business.

These actions will allow the organization to focus on property and casualty insurance, and to take full advantage of the Company's scale, products, and capabilities globally.

IEDAC is a non-life insurance company operating in Ireland. IEDAC closed the 2017 financial year with net earned premiums of \$21.7 million dollars (\$28 million dollars in 2016). Total IEDAC net loss after taxes for 2017 was \$12.3 million dollars (\$8.2 million dollars net profit after taxes in 2016).

The Company's registered address is 2 Shelbourne Buildings, Shelbourne Road, Ballsbridge, Dublin 4, Republic of Ireland.

IEDAC is regulated by the Central Bank of Ireland (CBI), North Wall Quay, Spencer Dock, PO Box 11517, Dublin 1, Republic of Ireland.

At the global level the Group supervision is undertaken by the Division of Insurance of the Commonwealth of Massachusetts, located in 1000 Washington Street, 8th Floor, Boston, MA 02118, US.

The Company's external auditor is EY, Chartered Accountants and Statutory Audit Firm, with an address at Harcourt Centre, Harcourt Street, Dublin 2, Ireland.

The Company's financial year end is 31 December.

A.2 Underwriting Performance

The Company prepares its financial statements under International Financial Reporting Standards ("IFRS"), and accordingly the underwriting performance information given in this section is on an IFRS basis.



The Company writes a large product portfolio, spanning seven Solvency II lines of business. The table below shows the Company's premiums, claims and expenses split by Solvency II lines of business for the year ended 31 December 2017:

2017	Medical Expenses	Income Protection	Marine, Aviation and Transport	Fire and Other Damage to property	General Liability	Credit and Suretyship	Misc Financial Loss	Total
Net premium earned	-	40	560	12,895	2,493	5,958	(228)	21,718
Net claims incurred	1	(16)	416	11,004	10,210	6,672	730	29,017
Expenses incurred	-	101	1,096	10,038	(2,447)	508	1,366	10,662
Net result	(1)	(45)	(951)	(8,147)	(5,270)	(1,221)	(2,325)	(17,960)
Net loss ratio	-	-38%	74%	85%	410%	112%	-319%	134%
Combined ratio	-	211%	270%	163%	311%	120%	-917%	183%

For the purposes of this analysis direct, proportional reinsurance and non-proportional reinsurance have not been separately presented, rather the SII line of business to which the obligations relate has been presented, regardless of whether insurance or reinsurance. This is consistent with how the Company manages the business.

In the year ended 31 December 2017, the Company produced a pre-tax loss of \$14.7m, of which \$18m related to underwriting activities. Underwriting activities achieved a net loss ratio of 134% and a combined ratio of 183%.

The overall result is predominantly driven by a number of large losses in the year. These were mainly in the general liability line of the business which reported a net loss ratio of 410% and a combined ratio of 311%. The longer tail nature of the risks in this class can add significant variability to reserve estimates. Despite some large claims activity in this line during the period as indicated by the net loss ratio of 410%, this line benefitted significantly from negative expenses incurred, as a result of ceding commissions on outward reinsurance protections exceeding expenses incurred on the inward business.

The Company utilises reinsurance to limit the exposure on individual risks, protecting against catastrophic risks, and controlling the aggregate exposure of the Company. Reinsurance may be purchased at several levels ranging from reinsurance of risks assumed on individual contracts to reinsurance covering a portfolio of policies or the book of business as a whole. The most material reinsurance arrangement is a whole account quota share purchased from another Ironshore group company, Ironshore Insurance Ltd. ("IIL"), based in Bermuda. Under the terms of this arrangement, the company cedes 80% of all risks to IIL and earns a ceding commission of 30%.



The comparative results by Solvency II lines of business for the year ended 31 December 2016 were as follows:

2016	Medical Expenses	Income Protection	Marine, Aviation and Transport	Fire and Other Damage to Property	General Liability	Credit and Suretyship	Misc Financial Loss	Total
Net premium earned	-	93	1,263	9,772	11,691	4,928	248	27,995
Net claims incurred	(260)	21	1,138	3,654	10,986	3,545	136	19,220
Expenses incurred	-	89	36	5,892	(4,056)	1,296	(122)	3,135
Net result	260	(17)	89	226	4,761	87	234	5,640
Net loss ratio	-	23%	90%	37%	94%	72%	55%	69%
Combined ratio	-	119%	93%	98%	59%	98%	6%	80%

The reconciliation from the Solvency II figures presented in QRT S.05.01 to pre-tax IFRS (loss) / profit is as follows:

	2017 US'000s	2016 US '000s
Net result from underwriting activities	(17,960)	5,640
Investment income (excl. investment mgmt. expenses)	2,583	3,134
Consortia income	322	213
Foreign exchange gains (losses)	396	(16)
(Loss) / profit before taxation	(14,659)	8,971

The geographical spread of gross premium written is presented in the table below. In this analysis risks are categorized by country based on the location of the insured.

	2017 US'000s	2016 US '000s
Ireland	6,383	7,279
Other EU	85,210	63,691
United States	125,869	105,942
Other	61,972	57,716
Total	279,434	234,628

A.3 Investment Performance

The primary objective of the investment portfolio is the preservation of capital. This is the foundation upon which the investment strategy is based, which reflects the company's low appetite for financial market loss over a short, medium or long term.

With effect from 1st July 2017 the investment portfolio has been managed exclusively by Liberty Mutual Investments ('LMI'). Prior to this it was managed by Conning Asset Management Limited ('Conning'). The investment portfolio is held in Fixed Income Investment Grade securities, with an average credit quality of 'A-' or better.

There have been no material or significant changes in investment strategy during 2017 when compared with the prior year.

A.3.1 - Income and Expenses with respect to Investment Activities

The table below shows the composition of the investment portfolio at the year-end and at the end of the previous financial year:

	2017	2016
	US\$000	US\$000
Government Bonds	27,091	22,645
Agency and Corporate Debt Securities	119,697	97,961
Covered Bonds and Securitized Bonds	9,321	17,935
	<u>156,109</u>	<u>138,541</u>

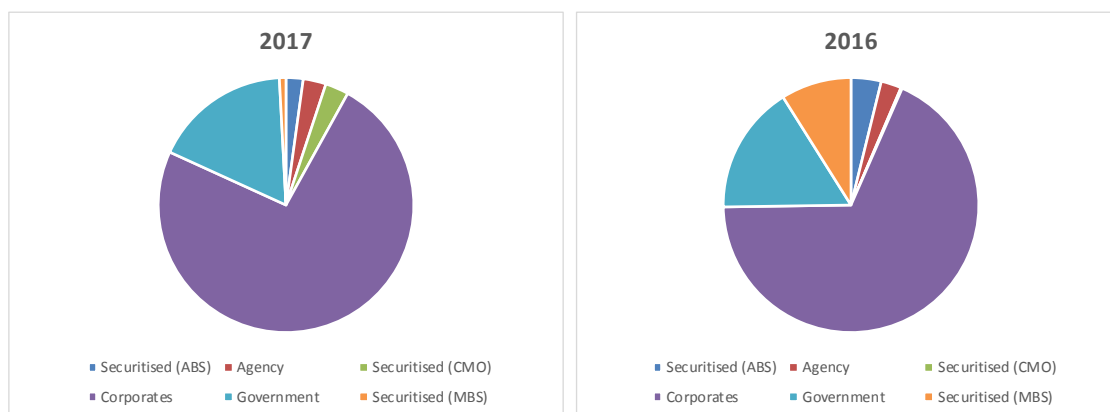
This next table below provides a summary of investment performance in 2017 and for the comparative period, showing income and expenses with respect to investment activities:

	2017			2016		
	Recognised in:			Recognised in:		
	Income	Equity	Total	Income	Equity	Total
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Interest income	2,942	-	2,942	2,417	-	2,417
Realised (losses) gains	(50)	-	(50)	318	-	318
Unrealised (losses) gains	(153)	(731)	(884)	399	(653)	(254)
Investment fees	(166)	-	(166)	(196)	-	(196)
	<u>2,573</u>	<u>(731)</u>	<u>1,842</u>	<u>2,938</u>	<u>(653)</u>	<u>2,285</u>

The majority of the investment fees incurred are charged by the investment managers and the decrease is attributable to the Liberty Mutual Investments' acquisitions of the portfolio during the year. Fees are leveraged based on a sliding scale applied to the closing value of assets under management at each period end.

A.3.2 – Analysis of Investment Performance, total and by asset class

The table below illustrates the composition of the Company’s investment portfolio at the balance sheet date and at the prior year-end. As stated above the investment restrictions and appetite did not change significantly during 2017 or the prior year, although there has been some rebalancing where a greater proportion of the total is now held in Corporate Bonds with a reduction in the amounts held in Covered Bonds and Securitized investments.



The portfolio return during 2017 and the prior period was as follows :

	Weighted Average 2017*	Weighted Average 2016*
Treasuries	1.69%	1.37%
Governments	1.49%	0.84%
Corporates	2.00%	2.04%
MBS	1.73%	1.32%
ABS	0.02%	2.86%
Total	1.78%	1.91%

* Approximated, using year-end holdings by currency.

With 93% of the assets in the Company denominated in US Dollars the US market was the main driver of investment returns during the year.

A.3.3 – Investments in Securitized Assets

The Company’s investment mandate states that the Company may invest in securitized obligations as part of its ongoing investment operations.

The Company’s potential market risk exposure to such investments is managed via a well-defined mandate given to LMI including specific parameters around credit quality and restrictions within classes of securitized assets.

The risk is also managed by holding a well-diversified portfolio; at all times LMI are directed to maintain a portfolio that is not only diversified at the security level but also within the deal structures. This covers all areas including geographic, servicer, insurer, and all other areas of potential concentration.

The list below shows approved forms of Securitised Assets and restrictions imposed within each category:

- **Investments in Securities backed by first lien residential mortgages backed by one of the U.S. Government Agencies (MBS), and collateralised mortgage obligations backed by U.S. Government Agencies (CMOs).**

Investments in MBS and CMOs are limited to Passthroughs, Planned Amortization Classes (PACs), Targeted Amortization Classes (TACs), Very Accurately Defined Maturities (VADMs), Sequentials, and other tranches with similar risk characteristics. These investments are limited to those with a U.S. Government Agency implied rating or a AAA rating.

- **CMBS securities**, limited to senior tranches rated AAA with a diversified collateral pool.
- **ABS securities**, limited to those backed by credit card debt, auto loans, utilities, equipment leases, and dealer floorplans
- **Covered Bonds**,
- **RMBS backed by European (including U.K.) residential mortgages**, limited to senior tranches rated AAA with a diversified collateral pool
- **CLOs**, limited to senior tranches rated AAA

A.4 Performance of Other Activities

The Company provides underwriting services to three third party insurance entities under a consortium arrangement. Fee income earned during the year in respect of consortium activity was \$0.3m.

A.5 Any Other Information

The Company has no other material information to disclose.

B. System of Governance

B.1 General Information on the system of Governance

B.1.1 Overview of system of Governance

The Company is classified as a Medium Low Risk firm under the Central Bank of Ireland's risk-based framework for the supervision of regulated firms, known as PRISM (Probability Risk and Impact System) and is subject to the Central Bank of Ireland's Corporate Governance Requirements for Insurance Undertakings 2015 (the "Requirements").

Board

The Company's Board of Directors carries responsibility for the oversight of the business and sets its strategy and risk appetite. The Board determines the overall strategy of the Company, supervises

senior management and addresses key matters in the areas of strategy, finance, structure and organisation and business development. In particular, the Board approves the annual plans developed by management and reviews and approves the annual financial statements.

The Board supervises management and monitors its performance through reporting and controlling processes. Regular reporting by the CEO and other executives to the Board provides for appropriate information and updates, including key data for the core business, financial information and legal and regulatory updates.

Under section 7 of the Requirements, the Board of an insurance undertaking shall be of sufficient size and expertise to oversee adequately the operations of the insurance undertaking and shall have a minimum of five directors (majority to be INED's and Group NEDs, with at least 2 INED's).

As of the 31st December 2017, the IEDAC Board was composed of thirteen directors, had three Independent Non-Executive Directors – Dick O'Driscoll, Dr. Andreas Beerli and Allan Kaufman, who bring independent thought, challenge and critical thinking to both the Board and Board Sub-Committees. Under the Requirements, Group directors shall act critically and independently in order to exercise objective and independent judgement.

Director	Position	Audit Cttee	Risk Cttee
Allan Kaufman	INED and Chairman of the Board		
Dick O'Driscoll	INED and Chair of the Audit Committee	✓	✓
Dr. Andreas Beerli	INED and Chair of the Risk Committee	✓	✓
Fiona Marry	Chief Executive Officer		✓
Iain Lever	Chief Financial Officer		
Chris Horton	Group NED		
Kevin Kelley	Group NED		
Mitch Blaser	Group NED	✓	
Mark Wheeler	Executive Director		✓
Krishnan Ethirajan	Chief Operating Officer		
Timothy Glover	Branch Manager and Chief Underwriting Officer		
Nigel Davenport	Group NED		
Frank Robinson	Group NED		

The Company is committed to high standards of corporate governance. The Board has completed an annual review of Governance and its Committee structures in line with the Corporate Governance Requirements for Insurance Undertakings 2015.

The following Committees and Control Functions have been established by the Board (and its Committees) to assist it in discharging its obligations and operated throughout the year under review. Each Committee operates under defined terms of reference and reports to the Board at each Board meeting.



Audit Committee

Composition and membership: Ironshore Europe is required to have an Audit Committee to consist of at least three Non-Executive Directors, the majority to be independent. Currently, Dick O’Driscoll (Chairperson), Dr. Andreas Beerli (INED) and Mitch Blaser (NED), serve on this committee.

The Audit Committee Terms of Reference provides that the Audit Committee, as a whole, should have;

- (i) an understanding of IFRS and financial statements,
- (ii) experience in preparing, auditing, analysing or evaluating financial statements
- (iii) an understanding of internal controls and procedures for financial reporting,
- (iv) and understanding of audit committee functions.

To facilitate an ongoing exchange of information between the Risk Committee and the Audit Committee, the Chairperson of the Audit Committee is a member of the Risk Committee and the Chairperson of the Risk Committee is a member of the Audit Committee.

The Audit Committee meets at least four times a year and the Terms of Reference are reviewed on an annual basis.

The external auditors, internal auditors, and management attend these meetings by invitation in order to, inter alia, discuss auditors’ reports, review and assess the auditing concept and the examination process, and to assess the activities of both external and internal auditors.

Risk Committee

Composition and membership: Ironshore Europe is required to have a Risk Committee as part of the Corporate Governance Requirements. The Committee consists of four members. Currently Dr. Andreas Beerli, Dick O’Driscoll, Fiona Marry and Mark Wheeler serve on this Committee.

In general, the Risk Committee:

- i) oversees the Risk governance framework, including risk management and control, risk policies, their implementation and the risk strategy and the monitoring of operational risks,
- ii) reviews the methodologies for risk measurement and the company’s adherence to its risk limits and reviews the performance of the Risk Management Function,
- iii) reviews, with business management and the Risk Management Function, the entities general policies and procedures and satisfies itself that effective systems of risk management are established and maintained, and
- iv) receives periodic reports from the IEDAC Risk Management Function and assesses whether significant issues of a risk management and control nature are being appropriately addressed by management in a timely manner.

The Risk Committee meets at least four times a year and the Terms of Reference are reviewed on an annual basis.

Other Board sub-committees

As of yet, the entity has decided not to have a separate Remuneration and Nomination committee, as allowable under the Requirements.

Management and Control Functions.

IEDAC has strong management team, led by Fiona Marry (CEO), Iain Lever (CFO), Krishnan Ethirajan (COO) and Tim Glover (CUO). Each of the above has a wealth of experience and is ably supported by strong middle management and Group resources. In addition, each of the above has been approved by the CBI as PCF role holders.

Fiona Marry	<ul style="list-style-type: none"> – Chief Executive Officer. – Over 26 years of insurance experience. – Joined the company in 2010.
Iain Lever	<ul style="list-style-type: none"> – Chief Financial Officer. – Over 17 years of insurance experience. – Joined the company in 2012.
Krishnan Ethirajan	<ul style="list-style-type: none"> – Chief Operating Officer. – Over 15 years of insurance experience. – Joined the Board in 2017.
Tim Glover	<ul style="list-style-type: none"> – Chief Underwriting Officer. – Over 28 years of insurance experience. – Joined the Board in 2017

Management Committees

International Underwriting Committee

The Underwriting Committee meets quarterly to review the underwriting performance of the Company and to review reports from the underwriting and related functions. The minutes of the Underwriting Committee are reviewed by the Board with the Chairman representing the Committee at the Board.

Product Innovation Group (PIG)

The Company is part of a focused product innovation group that meets monthly to discuss new business opportunities. The committee has representation from each of the profit centres and industry practices. For IEDAC, PIG is also updated on a quarterly basis at the Underwriting Committee.

Product Oversight Group

As part of the review of any new products or lines of business discussed as part of the business planning process the level of product risk is assessed in line with conduct risk requirements. The Product Oversight Group (POG), which has authority delegated from the Board, as per its terms of reference, is responsible for this assessment to ensure that all lines of business are selling products that are in line with the Company's risk appetite.



Control Functions

Compliance Function

IEDAC adheres to all of the Corporate Governance Requirements for Insurance Undertakings; Reserving Requirements; Fitness and Probity; Whistleblowing. Board Training is given by various functions (including compliance) on a quarterly basis.

The Compliance Officer attends the quarterly Risk, Underwriting, Audit Committee and Board meeting and gives an update to each of any new developments or issues that may have arisen in the previous quarter. The Compliance Framework, Fitness and Probity Manual, and Compliance plan are all submitted on at least an annual basis to the Board for review and approval.

Management and the Company are responsible for notifying the Compliance Officer of any breach of applicable laws and regulations that fall within the scope of their responsibilities. Upon receipt of notification, the Compliance Officer records the relevant breach item in the Company's breach register and discusses remedial actions with the management concerned. Where material, reporting is made to the Board and its Committees.

Risk Management

The Risk Management Function is responsible for identifying and communicating all risks faced by the business. In particular, the overall objective is to ensure that all areas of the business are operating within the stated risk appetite of the Board. Through the framework, Risk Management aims to recognise areas of concern that need remedial work to ensure that issues are being controlled effectively. All risks and controls are reviewed quarterly by Risk Management and the control/risk owner during structured meetings and an opinion given on the level of risk which exists. All risk information is reported to the quarterly Risk Committee meeting for challenge and review by all members. A Risk Appetite Statement; Risk Management Framework and ORSA document are submitted annually to the Risk Committee and the Board for review and approval.

Remuneration Policy

The Company's remuneration policy is to provide a fixed based salary along with an annual performance based bonus which varies in accordance with both the Company's and individual's performance. Bonus compensation structure is based primarily on underwriting income by Company and Line of Business (LOB), not top line growth. This structure helps the prevention of poor underwriting selection. We emphasize pay-for-performance and design our executive pay practices to provide incentives that drive business results and reward financial outcomes. Our Named Executive Officers (NEO) receive incentive awards that are funded based on Company performance relative to underwriting income, investment income, and change in book value, standard measures of growth and operational performance in our industry. Actual awards for the NEOs are earned based on a combination of corporate and individual performance. There is a strong correlation between the Company's performance and executive compensation awards on both a relative and absolute basis.

Our executive compensation program is intended to focus on our strategic priorities and drive the decision-making to promote our Company's most important financial and business goals. In partnership with the Compensation Committee of Ironshore Inc., the Group have fostered an executive compensation program that seeks to drive a performance culture, align long-term economic interests of key employees with both the short and long term interests of our shareholders; and reward successful results. At Ironshore, we expect our executive team to possess and demonstrate accountability for results, strong leadership and management competencies.

B.2 Fit and Proper Requirements

The Company has adopted a Fitness and Probity Manual, which sets out the due diligence checks that must be performed in the following areas and which aligns with the Central Bank of Ireland's Guidance on Fitness and Probity Standards 2017. These include:

- i) Compliance with the minimum competency code, where relevant
- ii) Professional qualification(s)
- iii) Continuous Professional Development
- iv) Interview and application
- v) References
- vi) Record of previous experience
- vii) Record of experience gained outside the State
- viii) Concurrent Responsibilities
- ix) Individual Questionnaire

For key Control Functions (referred to as Pre-approved Control Functions or "PCFs"), approval from the CBI is required prior to appointment by the Company's Board.

B.3 Risk Management System including the Own Risk and Solvency Assessment

B.3.1 Description of Risk Management Systems

The Risk Management Function facilitates and co-ordinates risk management activity across the Company and reports to the International CRO and Risk Committee. It is responsible for establishing and operating IEDAC's Risk Management Framework, strategy and policies in keeping with IEDAC principles.

The Risk Management Function is supported by two systems: RiskShore and Magique.

RiskShore is a web based Risk Monitoring and Risk Reporting system which is managed through Business Owners and their respective subordinates who are responsible for monitoring their risks and reporting any risk events. After a risk event has been logged the system automatically issues an email notification to Risk Management and Senior IEDAC Management as assigned. To ensure good governance, all Business Owners are required to log either a 'Nil Return' or if appropriate a risk event each month to ensure no risk events have been missed. The broader base of active RiskShore users is the cornerstone to IEDAC embedded risk culture.

Magique is IEDAC's risk management software system, which facilitates the recording, quantification, assessment and controlling of risks (Risk and Control Register). The information held within the repository is detailed and provides an opportunity, on a regular basis, to review the risks and to ensure that all key information is being analysed by management and the Risk Management Function. Magique also provides a full reporting suite for both high level and granular reporting which allows for easy analysis of the key risks and controls to the business.

B.3.2 Risk Management Core Functions and Strategies

IEDAC Risk Management's core functions covers a wide spectrum of duties, from developing and distributing tools, techniques, methodologies, common risk language, risk framework, analysis, reporting, communication and training, ensuring IEDAC monitoring of risk management processes and policies is managed to a high standard. Critical to achieving this objective is our focus on defining risk



management standards, identifying, developing and updating key risk indicators ('KRI's'), key controls and mitigating actions. Overlaying these actions is our facilitating of risk assessments to ensure that all existing, new and emerging risks are appropriately captured and managed; and as a consequence updating of risk policies and the risk register as required and escalating issues where appropriate through management and investigation of risk events.

Other core functions include maintaining and developing strong relationships with all departments of the Company, and with Ironshore group through weekly meetings with the International and Group CRO's to review IEDAC risk activities and key objectives and with external risk partners as appropriate.

Finally, producing risk reports for the Board, Committees and others as required, submitting all information necessary to meet statutory and regulatory requirements on time to the appropriate Committees, Boards and external bodies.

B.3.3 How Risk is integrated into the decision making process

The identification of new and emerging risks, and movements in known and registered risks, is primarily managed through Quarterly Assessments by the appropriate risk owners through the RiskShore system and by way of formal follow-up interviews with the risk management team. These risks represent significant events that could severely impact the operational capability of the Company. These include but are not limited to the following; risk aggregation, loss reserving, failure of IT, failure to appropriately calculate account pricing and new, or emerging risks. In addition, through the monitoring and reporting of risk events from a broader base of Business Owners and or their respective subordinates via IEDAC's RiskShore system. These risks specifically focussed on the operational risks associated to that business unit and as such are varied in their impact from being informative to critical to that unit and/or the Company as a whole in terms of IEDAC's objectives and performance.

The collective findings are reviewed by the International CRO and Risk Management team and then passed to the Risk Committee for review and challenge. In turn, the Risk Committee will then submit those findings and their recommendations to the Board for their review and challenge.

Any actions emanating from the recommendations approved by the Board will then be incorporated in IEDAC business strategy

B.3.4 Description of the ORSA process and how the ORSA is integrated into the Company and its business decision making processes.

The ORSA process includes contributions from both internal and external parties from finance, actuarial and risk, in addition to review and challenge from the International and Group CRO's, Risk Committee and IEDAC Board.

In terms of the actual process, this is initiated by creating a planned timetable identifying the critical milestones and identifying the key persons responsible for delivering the work required to achieve those milestones. This is reviewed with the International and Group CRO's.

Once this has been completed the process of execution begins, including risk management review of the previous ORSA, with considerations to enhancing the report from both a content and structure perspective. In parallel, risk management, in association with the finance team, will meet and review objectives and timings with the Company's external partner, Willis Towers Watson, specifically focused on reviewing Standard Formula requirements, reviewing various scenarios that would impact the SCR levels, such as counterparty risk, significant movement in revenue projections from a growth or reduction perspective. Consideration is given to additional scenarios based on discussions with the Risk Committee and Board. Discussions with the Head of Actuarial Function (HoAF) ensure our

approach is in keeping with their expectations and gain any additional insight that the HoAF may suggest as part of the Actuarial Opinion process.

Through the ORSA process, the Risk Appetite Statement key tolerances are reviewed and results, tolerances and KRI's (business performance measurements) are assessed. These include; property modelling and marginal VaR metrics, reserve and credit risk, counterparty default and counterparty investments risk in addition to counterparty risk from reinsurance by credit rating and review of investment return valuation, portfolio analysis and duration, liquidity and cash balance reports.

Throughout this review and analysis process as those results are presented the first draft of the report is prepared for presentation to key stakeholders, for their review and challenge.

Once all feed-back has been incorporated and sign off received from the HoAF, the ORSA report is presented to the International and Group CRO's, the Risk Committee and ultimately the Board. Electronic filing is then made in accordance with regulatory requirements.

Integrating the key findings of the ORSA in to the decision making process is through reviewing those findings to assess whether those findings would have a direct impact on the business objectives and dependencies to support our business. The ORSA key findings are then subsequently reviewed during the Quarterly review process against the current market and operational environment to assess any changes in our forward looking strategies.

B.3.5 How often is the ORSA reviewed and approved

The ORSA has been carried out in accordance with the ORSA policy agreed by the Board in September 2017. The Policy states that the ORSA is performed annually, however within the ORSA there are several scenarios that would trigger a review of the ORSA, these include:

- a. Premium growth exceeding plan by 30% or failure of growth to meet plan by 30%.
- b. Acquisition exceeding 25% of annual revenues.
- c. Entry into a new line of business with projected revenues exceeding 25% of annual revenue.
- d. Material deterioration of IEDAC loss reserves.

B.4 Internal Control System

B.4.1 Description of the Internal Control System

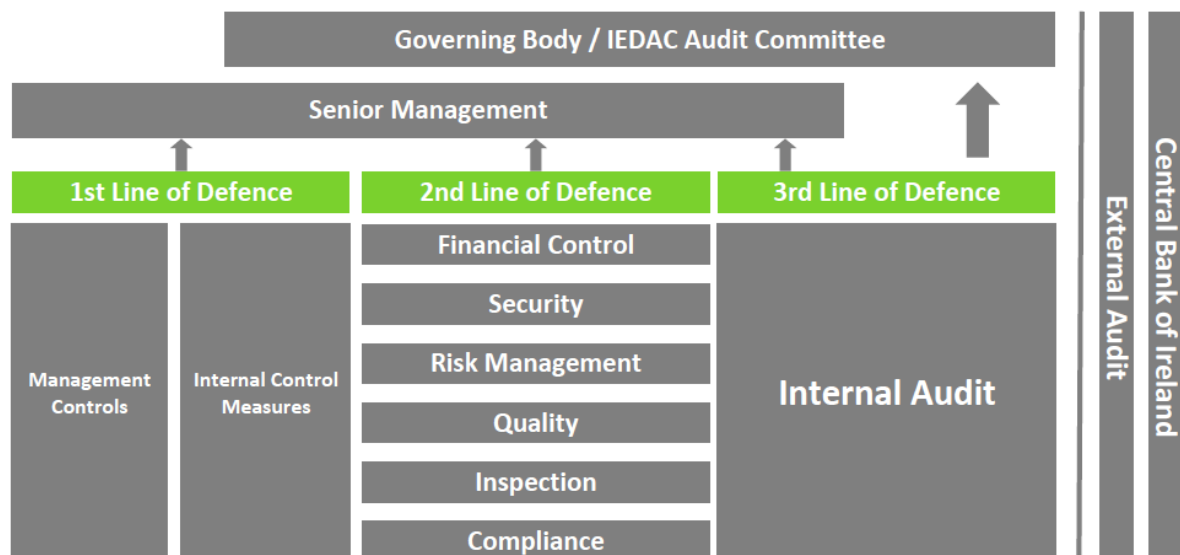
IEDAC utilises the internal control model that comprises three lines of defence. The three lines of defence addresses how specific duties related to risk and control are assigned and managed within the organisation. The three separate lines of defence are organized in the framework developed by the Institute of Internal Auditors (IIA) and each line performs the following activities:

1. Functions that own and manage risk and control (front line operating management): The majority of employees comprise the first line of defence. Senior management and oversight committees have responsibility setting the company's objectives, defining strategies to achieve those objectives, and establishing governance structures. Operational management identifies, assesses, controls, and mitigates risks, guiding the development and implementation of internal policies and procedures and ensuring that activities are consistent with goals and objectives. Managers design and implement detailed policies and procedures that serve as controls and supervise execution of those procedures by their employees.

Functions that monitor risk and control in support of management (Risk Management and Compliance Functions): Risk Management assists risk owners in defining the target risk

exposure and reporting adequate risk-related information throughout the organization. The Compliance function monitors various specific risks such as noncompliance with applicable laws and regulations.

2. The function that provides independent assurance to the Board and senior management concerning the effectiveness of management of risk and control (Internal Audit): Internal Audit provides senior management and the Audit Committee of IEDAC with assurance based on independence and objectivity. Internal Audit provides assurance on the effectiveness of governance, risk management, and internal controls, including the manner in which the first and second lines of defence achieve risk management and control objectives. The Internal Controls team within the Internal Audit function provides independent testing of management’s controls. Some of this work is relied upon by the external auditors, who also perform a necessary independence function.



B.4.2 Compliance Function Implementation

The Compliance Function is a key part of the Company’s overall corporate governance structure. The function is responsible for the monitoring, managing, and reporting of the Compliance risks to which the Company is exposed. Compliance monitoring occurs in line with an annually approved compliance plan, to check that the Company and its service providers are adhering to its obligations. Compliance reports are issued to the Board assessing the effectiveness and adequacy of compliance within the Company.

Management of the Company, and its service providers, are responsible for notifying the Head of Compliance of any breach of applicable laws and regulations that fall within the scope of their responsibilities. Upon receipt of notification, this is recorded in the Company’s breach register and remedial actions discussed with the management concerned. Where material, reporting is made to the Board, its Committees and, where appropriate, the CBI.

B.5 Internal Audit

B.5.1 Internal Audit Function Implementation

The Internal Audit manager for IEDAC reports directly to the Audit Committee Chairman of the IEDAC Board. The Internal Audit manager also reports into the Liberty Mutual Corporate Internal Audit department, a global function that provides supervision and support over the execution of risk-based audit plans. The IEDAC Internal Audit manager may perform audits with support from service providers where regulatory audits are required and additional skill sets or benchmarking to industry is beneficial.

Internal Audit works in support of the Board of Directors and in collaboration with management and external auditors to assess the effectiveness of the internal controls framework devised by the Company. The internal controls framework consists of policies, procedures and activities that safeguard the assets of the Company to ensure that the financial reporting of the Company is reliable, and prevent and detect fraudulent activities. Internal Audit accomplishes this by evaluating business processes, strategy and the risks that are present within the company. Consistent with the Company's needs, the Internal Audit manager develops and executes a flexible, risk-based audit plan to determine the priorities of the internal audit activity. Risks considered when building the audit plan include financial, operational, compliance, strategic and reputation risks. Internal Audit is also responsible for auditing information systems and the controls embedded within those systems to support organisational processes and goals. Audit assignments are designed to ensure that the Company is functioning in the most efficient manner, and that controls are adequate and effective. Audit activities are complemented by periodic follow-up procedures for confirmation of remedial actions.

Through the execution of this plan, the department is able to determine whether the Company's governance processes are adequate and functioning in a manner to ensure the following: significant financial, managerial, and operating information is accurate, reliable and timely; employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations; resources are acquired economically, used efficiently, and adequately protected; programs, plans, and objectives are achieved; quality and continuous improvement are fostered in the Company's control process; and, significant legislative and regulatory issues impacting the Company are recognised and addressed appropriately.

The purpose, scope, authority and responsibilities of the Internal Audit Function are set out within the Internal Audit Charter, which has been reviewed and approved by the Audit Committee and the Board. The Charter is reviewed and updated on an annual basis, or more frequently, if required.

B.5.2 Independence & Objectivity

Internal Audit's independence and objectivity depends largely on having no operational responsibility for or authority over any of the activities subject to review. Further, the internal audit review and appraisal does not relieve other personnel in the organisation of the responsibilities assigned to them. Internal Audit can, however, make recommendations regarding the quality of those operations or adequacy of internal controls in the normal course of the reviews. While Internal Audit may take an active role in the formulation of policy or development of new systems (process or technical), it will be an advisory capacity only, with final decisions and implementation being the responsibility of appropriate management.



B.6 Actuarial Function

IEDAC's Actuarial Function (AF) is supported by a number of teams across the Ironshore Group. These include: Group Reserving, Group Pricing and the Head of Actuarial Function (HoAF). The AF is responsible for the actuarial work of the Company but has the facility in place to discharge duties to external service providers. The AF is predominately responsible for the calculation of the GAAP Reserves of the Company. The AF recommend the level of reserves required on a best estimate basis.

B.6.1 Willis Towers Watson

IEDAC have entered into an outsourcing arrangement with Willis Tower Watson (WTW) to provide the following services to the Actuarial Function for the purpose of meeting its Solvency II obligations - quarterly calculation of technical provisions, annual validation of technical provisions and calculation of the Solvency Capital Requirement using the Standard Formula.

B.6.2 Head of Actuarial Function

The HoAF position is held by the Chief Actuary for Ironshore International. The following areas fall under his responsibility:

B.6.3 Quarterly calculation of the Technical Provisions

WTW calculate the technical provisions using GAAP data provided by IEDAC Finance and Group Reserving. A key responsibility of the HoAF is to "coordinate the calculation of the technical provisions" and provide a report to the Board on the technical provisions (TPs). This includes the HoAF's own views on the TPs, including setting out how the requirements of Solvency II have been met and the reliance he has placed on the work / report of WTW. The HoAF interprets deviations of best estimates against experience, ensures the appropriateness of the methodologies and underlying models used, as well as the assumptions made in the calculation of the technical provisions.

B.6.4 Calculation of the SCR

WTW calculate the SCR based on inputs provided by IEDAC Finance. The HoAF provides the Risk Management Function with his perspective on the elements of the SCR calculation that are within his area of expertise, notably the risk margin which forms part of the technical provisions.

B.6.5 Actuarial Opinion on the ORSA

The HoAF provides an actuarial opinion to the Board in respect of the Own Risk and Solvency Assessment ("ORSA") process undertaken during the year. This opinion covers the range of risks and the adequacy of stress scenarios considered as part of the ORSA process, the appropriateness of the financial projections included within the ORSA process and whether the undertaking is continuously complying with the requirements regarding the calculation of TPs and potential risks arising from the uncertainties connected to this calculation.

B.6.6 Underwriting Opinion & Reinsurance Opinion

Each year, the HoAF provides an opinion on the underwriting policy and an opinion on the reinsurance arrangements of the Company.

B.6.7 Actuarial Function report

The HoAF produces a written report at least annually, which documents all the tasks that have been undertaken by the Actuarial Function. This report summarises the work undertaken and refers back to the individual reports produced throughout the year.

B.6.8 Appropriateness of the Standard Formula

As part of the ORSA, the Company assesses the appropriateness of the standard formula in calculating the Company's Solvency Capital Requirement.

B.6.9 Validation of the Technical Provisions

The Technical Provisions (TPs) are validated at least once a year. This validation is performed by a team within WTW who are independent from the actuaries who prepared the technical provisions in the first instance. The results of this validation are approved by the HoAF.

B.6.10 Risk

The HoAF contributes to the effective implementation of the risk management system.

B.7 Outsourcing

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

The Board is responsible for ensuring that an outsourcing arrangement does not diminish the Company's ability to fulfil its obligations to customers or its regulator, nor impede effective supervision by its regulator. Fundamental responsibilities such as the setting of strategies and policies, the oversight of the operation of the Company's processes, and the final responsibility for customers, are not outsourced.

To this end the Board have established an Outsourcing Policy. The aim of this Policy is to outline prudent practices in relation to the senior management of the Company's outsourcing arrangements, consistent with the requirement of Article 46 of the Solvency II Directive.

Adherence to this policy will ensure that the operational and financial risks associated with outsourcing arrangements are properly managed. The policy also ensures that outsourcing arrangements are subject to appropriate due diligence, approval and on-going monitoring.

The Outsourcing Policy outlines the procedures to meet the above and also incorporates the requirements of the Guidelines on Outsourcing published by the Central Bank of Ireland ("CBI") in 2016.

IEDAC's material outsourcing arrangements are the contract between the Ironshore group, including all its subsidiaries, and Genpact (India) and the outsourcing of elements of the Actuarial Function to Willis Towers Watson.

B.8 Any other information

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

C. Risk Profile

Risk Summary

The undertaking's Solvency Capital Requirement (SCR) is used to assess IEDAC's ability to meet all of its regulatory capital obligations under normal and stressed conditions. The Company uses the Standard Formula as defined by the European Regulator (EIOPA) to calculate the SCR. The Company's SCR at 31 December 2017 was 54.2 million US Dollars (41.0 million US Dollars in 2016).

In order for IEDAC to be able to properly reflect its risk profile, all material risks affecting it are considered as part of IEDAC's risk management framework, insofar they may adversely impact the achievement of its goals.

The aforementioned exercise covers both quantitative as well as qualitative risks (e.g. Group / Contagion / Liquidity etc.), and is undertaken both on ongoing conditions as well as part of stressed scenarios, informing IEDAC ORSA policy, as well as its Capital management strategy, including capital needs, transferability and fungibility as appropriate.

The Company has undertaken stress testing as part of its annual Own Risk and Solvency Assessment (ORSA) process. The results of same provide assurance that IEDAC can withstand both plausible and extreme shocks over its planning horizon.

C.1 Underwriting Risk

IEDAC has a high appetite for underwriting risk over the near, medium and long term. This is primarily managed through the setting of underwriting limits, guidelines, premiums and pricing targets on at least an annual basis through the business planning process. Underwriting Authorities are issued in accordance with underwriters' experience. Peer reviews are subsequently performed to attest the appropriateness of the underwriting decision.

C.2 Market Risk

The Company has a low appetite for regulatory, operational, and financial risks over the near term.

The investment policy has seen no significant changes and remains conservative, reflected in the asset quality held in the investment portfolio. Conversely it is also reflected in the relatively modest rates of return over this period. The portfolio is high grade, in low risk investments and is well diversified.

There have been no purchases of investments which sit outside the dictate of IEDAC's investment management policy.

There are no intentions at the date of writing for any significant structural changes in investments in the foreseeable future or any intention to amend the existing investment strategy.

C.3 Credit Risk

IEDAC is exposed to credit risk through its investment portfolio and from the likelihood of a counterparty i.e. a reinsurer or broker, to fail to pay amounts owed. The Company's credit risk appetite is low over a short, medium and long term. All reinsurance is placed with carriers that have an S&P rating of A or above. The most material reinsurance arrangement is an internal quota share purchased from another Ironshore group company, Ironshore Insurance Ltd, based in Bermuda. Net recoverables under this arrangement are fully collateralised. IEDAC's Reinsurance Strategy also benefits from the Ironshore Group reinsurance program protections. The Company also purchases its own external reinsurance protection where deemed necessary and in line with its strategy to manage the degree of



net risk carried by IEDAC to an appropriate level. Broker counterparty risk is monitored on an ongoing basis and receivables are actively followed up with intermediaries as they fall due. In the investment portfolio, risks are mitigated by constraining and monitoring the credit quality and concentration of the portfolio. Cash balances are held with an A-rated bank.

C.4 Liquidity Risk

The appetite and current exposure for liquidity risk is low on a short, medium and long term. The liquidity risk policy, which is part of the Investment Risk Framework, sets limits for cash required to meet expected cash flows. The Company has maintained cash balances in USD, Euro and GBP well in excess of the stated tolerances consistently over the reporting period.

C.5 Operational Risk

IEDAC has a low appetite for regulatory, operational, and financial risks over the short term. IEDAC seeks to minimize regulatory, operational and credit risk exposure that impacts on its reputation, brand or ability to conduct business. All Operational activities remained within tolerance through 2017, with the exception of a minor breach to the expense tolerance. The Q3 result was 0.3% outside of (below) tolerance. Following discussion at the Risk Committee, it was agreed that the tolerance would be amended to only capture deviations which were above plan.

There was one breach to an operational KRI during 2017. The result of the Genpact Firm Order Accuracy KRI for Q2 was 2% below the tolerance level of 95%. This was due to an experienced team member's departure; whose replacement was less experienced. All the errors were detected by the Centre of Excellence (COE). Following additional training for the team members, the KRI has been above tolerance in the subsequent quarters.

C.6 Other Material Risks

The risk tolerance is for the Solvency Capital Requirement (SCR) is that the solvency coverage ratio does not fall below 135%. Throughout the reporting period the result has been in excess of this minimum tolerance.

The entity recognizes that along with the benefits of being part of the Liberty Mutual Group there is also a risk that matters could arise in one part of the organization that may negatively impact other parts of the organization.

C.7 Any other information

The Company has no other material information to disclose regarding its risk profile.

D. Valuation for Solvency Purposes

D.1 Assets

	Solvency II Value	Reclass for Solvency II	Solvency II valuation adjustment	Financial Statements	Reference
	US\$000	US\$000	US\$000	US\$000	
Investments	156,936	-	-	156,936	D.1.1
Deferred acquisition costs	-	34,440	-	34,440	D.1.2
Deferred tax asset	1,598	-	-	1,598	D.1.3
Reinsurance recoverables	433,382	130,464	86,110	649,956	D.1.4
Insurance and intermediaries receivables	6,182	135,899	-	142,081	D.1.5
Reinsurance receivables	20,889	-	-	20,889	D.1.6
Cash and cash equivalents	32,054	-	-	32,054	D.1.7
Any other assets	2,406	-	-	2,406	D.1.6
Total assets	653,447	300,803	86,110	1,040,360	

D.1.1 investments

The Company's investments in fixed maturity securities are carried at fair value under Solvency II. Fair values are based on quoted market prices at the reporting date or observable market data. Investment transactions are recorded on a trade date basis with balances pending settlement recorded as receivable for investments sold or payable for investments purchased. The value of investments in the financial statements is the same as for Solvency II.

D.1.2 Deferred acquisition costs

Deferred acquisition costs arise from accrual accounting in the IFRS financial statements and are unrelated to the timing of the acquisition cost cash flows which is the criteria under which Solvency II technical provisions are recognised. Future acquisition cost cash flows are values in Solvency II technical provisions.

D.1.3 Deferred tax asset

The Company recognise deferred tax assets based on future profits which will be available to utilise those assets. The deferred tax assets are valued for Solvency II purposes on the same basis as the financial statements.

D.1.4 Reinsurance recoverables

The economic value of the reinsurance recoverable is calculated as a best estimate, which corresponds to the probability-weighted average of future cash-flows, taking account of the time value of money. Technical provisions are discussed in Section D.2

D.1.5 Insurance and intermediaries receivables

Premium debtors are reclassified under the Solvency II economic balance sheet. In the financial statements these balances comprise netted down amounts and include premiums now due and premiums not yet due. In the economic balance sheet the 'not yet due' amounts are reclassified to technical provisions and are further split between claims provisions for the earned element of 'not yet due' and premium provisions for the unearned element.

As a result of this reclassification, the premium debtor balances are significantly reduced in the economic balance sheet as compared with the financial statements.

D.1.6 Reinsurance receivables and any other assets

Reinsurance receivables and all other assets are valued for Solvency II purposes on the same basis as the financial statements. There were no changes to any of the recognition criteria or valuation methods during the year.

D.1.7 Cash and cash equivalents

Cash and cash equivalents have an original maturity of ninety days or less. Balances held at the reporting date are denominated in Euro, Sterling and United States Dollars. Cash and cash equivalents are valued at fair value and are not adjusted or reclassified in the economic balance sheet.

D.2 Technical Provisions

	Solvency II Value	Reclass for Solvency II	Solvency II valuation adjustment	Financial Statements
	US\$000	US\$000	US\$000	US\$000
Technical provisions	510,434	135,898	84,372	730,704
Risk margin	7,708	-	(7,708)	-
Total technical provisions	<u>518,142</u>	<u>135,898</u>	<u>76,664</u>	<u>730,704</u>

The valuation of technical provisions follows the transfer value principle, under which the value of technical provisions shall correspond to the current amount the insurer would have to pay if it was to transfer its insurance obligations immediately to another insurer. To achieve a valuation consistent with this principle, the technical provisions are calculated as a best estimate plus a risk margin. The best estimate corresponds to the probability-weighted average of future cash-flows, taking account of the time value of money. The risk margin represents the cost of providing an amount of eligible own funds equal to the solvency capital requirement necessary to support the insurance and reinsurance obligations over the lifetime thereof.

SII introduces a legal obligations concept to accounting under which all existing contracts must be valued, whether the contracts have incepted or not. For this purpose, the total technical provisions are split into earned and unearned elements. These are designated the claims and premium provision respectively.

D.2.1 Bases, methods and main assumptions for the valuation of technical provisions

Value of technical provisions as at 31 December 2017 by SII line of business

	Total best estimate - gross	Total best estimate - net	Risk Margin
	US\$000	US\$000	US\$000
Medical expense insurance	3	1	1
Income protection insurance	(594)	(52)	12
Marine, aviation and transport insurance	5,404	1,332	993
Fire and other damage to property insurance	96,244	14,710	1,249
General liability insurance	338,938	43,699	1,731
Credit and suretyship insurance	(3,987)	8,996	1,563
Miscellaneous financial loss	7,025	920	355
Non-proportional health reinsurance	9	0	3
Non-proportional casualty reinsurance	28,185	3,519	949
Non-proportional marine, aviation and transport reinsurance	542	61	98
Non-proportional property reinsurance	38,665	3,867	754
	<u>510,434</u>	<u>77,053</u>	<u>7,708</u>

The Company is relatively young having commenced operations in 2010, and accordingly does not have a significant quantity of data and claims development history. The context for the calculation of technical provisions is therefore one of using the Company's data where appropriate, but necessarily supplementing this with external benchmarks and the use of expert judgment. The business written by the Company is also relatively standard. Accordingly, the assumptions and actuarial techniques used are relatively standard; extensive use is made of the chain-ladder and Bornhuetter-Ferguson techniques. As the business matures and its experience develops it is expected that the use of the Company's own data will increase.

Each reserving class contains homogenous risks based on the Company's assessment of the underlying policies. Each reserving class includes risks which have similar characteristics (for example, in terms of underwriting policy, claims settlement patterns, risk profile of policyholders, likely policyholder behaviour, product features including guarantees, future management actions and expense structure) to ensure that there is a sufficient volume of data for projections purposes but at the same time allowing the Company to manage the business at a sufficiently granular level.

Calculating technical provisions at a reserving class level also allows for the calculation of reinsurance recoveries (and hence the calculation of the net best estimate reserves) to be carried out at a sufficiently granular level with regards to the reinsurance programs in place. Reinsurance is typically purchased to cover specific reserving classes and performing calculations at reserving class level will ensure that sufficient allowance is made for the impact of any changes in the reinsurance structure over time.

Having established estimates of gross IBNR, and hence gross reserves, by reserving class and accident year, reinsurance is then applied to produce the equivalent net reserves.

The approach used for netted down the gross reserves is undertaken at a class level as follows:

- Quota share recoveries are allowed for in proportion to the earned premium ceded to the quota shares, and



- Outstanding claims on the excess of loss and facultative reinsurance treaties are allowed for, but no IBNR recoveries are allowed for.

It is assumed that the Company will purchase a reinsurance program for future years consistent with that described in the Company's Business Plan, which is generally set at the same coverage and cost as purchased in the previous year.

D.2.2 The level of uncertainty associated with the value of technical provisions

Estimates of Solvency II technical provisions are subject to potentially large errors of estimations, since the ultimate amounts of cash inflows (such as premiums) and cash outflows (such as claims and expenses) are subject to the outcome of events that have not yet occurred. Examples of these events include jury decisions, court interpretations, legislative changes, changes in the medical condition of claimants, public attitudes, social / economic conditions such as inflation, returns on assets backing the liabilities and the ultimate level of business written for legally obliged contracts at the valuation date. Any estimate of future cashflows is subject to the inherent limitation on one's ability to predict the aggregate course of future events. The estimate of the Solvency II technical provisions represents a point estimate of the provisions as at the year end.

The uncertainty arising under insurance contracts may be characterised under a number of specific headings, such as:

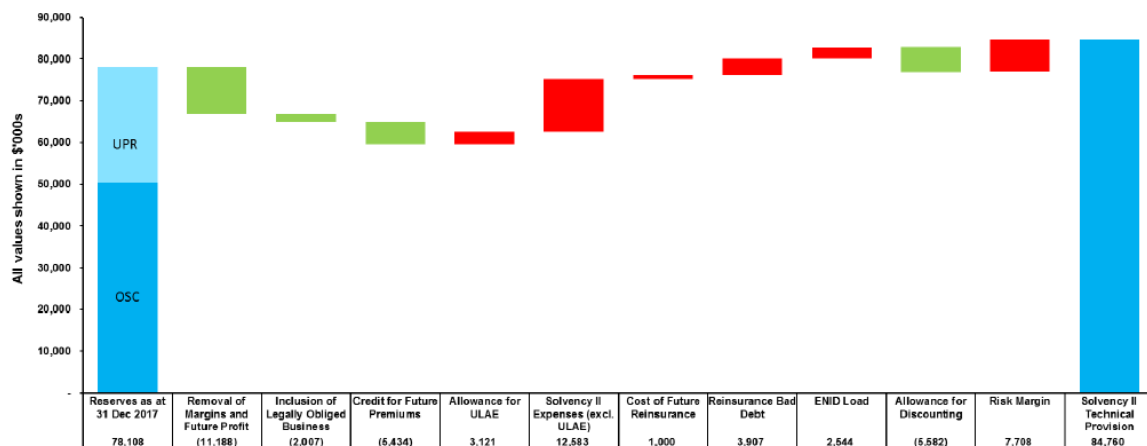
- uncertainty as to whether an event has occurred which would give rise to a policyholder suffering an insured loss,
- uncertainty as to the extent of policy coverage and limits applicable,
- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring, and
- uncertainty over the timing of a settlement to a policyholder for a loss suffered.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks. The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual costs of settlement of outstanding claims provisions can vary from initial estimates. The Company seeks to provide appropriate levels of claims provisions, taking the known facts and experience into account.

The Company actively manages the risks around uncertainties through on-going monitoring of claims and mitigates its gross exposure to claims through the purchase of reinsurance. The Underwriting Committee and Actuarial Function monitor claims developments and reinsurance arrangements.

D.2.3 Material differences between the bases, methods and main assumptions used by the Company for the valuation for solvency purposes and those used for their valuation in the financial statements

The changes to technical provisions as at 31 December 2017 are reflected in the waterfall diagram below:



The calculation of technical provisions under SII is significantly different from the current reserves in the IFRS financial statements. Technical provisions are reported by SII lines of business, with calculations performed at a homogeneous risk group and currency level. The differences include (but are not limited to) the following:

- Removal of margins and future profit: No implicit or explicit margins are held within technical provisions to give a “true best estimate” for solvency purposes. The Company policy is to book its IFRS reserves at best estimate and hence there is no requirement to adjust the IFRS reserves to remove any such implicit or explicit margins.
- Inclusion of legally obliged business: Contracts need to be recognised on a “legal obligation basis”. For instance policies incepting on or after 1 January which have been legally agreed in the period running up to 31 December in the preceding year are required to be included within the technical provisions as at 31 December. This will therefore generally include all renewals incepting on the first day of the forthcoming period.
- Credit for future premiums: There is no requirement to hold an unearned premium reserve or other non-monetary items. Instead future premium on legally obliged business is estimated (on a best estimate basis) and, to the extent it relates to unearned business, is included in “premium provisions”. There is also an element of future premium, where it relates to earned business, within the claims provision. Technical provisions include premium (and reinsurance premium) already included as Debtors and Creditors within the IFRS Balance Sheet. All such premium is allocated to technical provisions, unless it is overdue at the Balance Sheet date.
- Unallocated Loss Adjustment Expenses (‘ULAE’): These represent the cost of managing claims within technical provisions. ULAE is allowed for based on the Company’s held reserves at the

balance sheet date, using actual amounts for each class for the earned reserve and an average percentage for the unearned reserve.

- Solvency II expenses: The claims and premium provisions include an allocation of all expense cashflows related to running off all liabilities (including allocated / unallocated claims handling expenses, ongoing admin expenses and subrogation / salvage), but on a “going concern” basis.
- Cost of future reinsurance: Allowance is made within technical provisions for the cost of future premiums relating to incepted Losses Occurring During reinsurance contracts. There is also an allowance for a share of the cost of excess of loss contracts which have not yet been renewed but which are likely to be renewed at a point in the future that allows the current unearned business to benefit from them.
- Reinsurance bad debt: technical provisions include an allowance for counterparty default.
- Binary events: Inclusion of the valuation of very low probability extreme events, including latent claims, referred to as “events not in data”, by SII class of business. The aim of this is to ensure that the technical provisions represent the mean of the full range of possible future outcomes, and not just the range of outcomes included within the data used to calculate the IFRS reserves.
- Allowance for discounting: Both inwards gross and outwards reinsurance provisions are valued on a cashflow basis . This introduces the concept of discounting (the time value of money) to the Balance Sheet. Technical provisions are discounted (within present value calculations) using risk-free interest rate term structures published by EIOPA.
- Risk margin: technical provisions include a Risk Margin in addition to the discounted best estimate. The Risk Margin calculation allows for the discounted cost of holding the required SCR during the run-off of the risks. The relevant SCR is that calculated using the Standard Formula, on the basis that the run-off liabilities are transferred to a “reference undertaking”.

D.2.4 Matching adjustment

The matching adjustment referred to in Article 77b of Directive 2009/138/EC has not been applied.

D.2.5 Volatility adjustment

The volatility adjustment referred to in Article 77d of Directive 2009/138/EC has not been used by the Company.

D.2.6 The transitional risk-free interest rate-term

The transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC has not been applied by the Company.

D.2.6 The transitional deduction

The transitional deduction referred to in Article 308d of Directive 2009/138/EC has not been applied by the Company.

D.2.7 Reinsurance contracts

In the normal course of business, the Company seeks to mitigate its gross exposure to claims through the purchase of reinsurance. The Company participates in a quota share agreement across all risks with Ironshore Insurance Limited, a company registered in Bermuda. The Company also participates

in a number of group purchased global reinsurance policies for certain risks and, where considered to be appropriate, purchases additional facultative reinsurance protection on certain risks.

The Company does not have any special purpose vehicles.

D.2.8 Material changes in the assumptions made in the calculation of technical provisions

There have been no material changes in the assumptions made in the calculation of the technical provisions compared to the previous reporting period.

D.3 Other liabilities

As at 31 December 2017, the Company reported the following liabilities for Solvency II purposes:

	Solvency II Value US\$000	Reclass for Solvency II US\$000	Solvency II valuation adjustment US\$000	Financial Statements US\$000
Reinsurance payables	-	184,068		184,068
Payables (trade, not insurance)	22,944	-	-	22,944
Deferred tax liabilities	1,674	-	(1,674)	-
Total liabilities excluding technical provisions	24,618	184,068	(1,674)	207,012

The reinsurance share of deferred acquisitions costs are not recognised for solvency purposes. Deferred acquisition costs arise from accrual accounting in the IFRS financial statements and are unrelated to the timing of the acquisition cost cash flows which is the criteria under which Solvency II technical provisions are recognised. Future acquisition cost cash flows are valued in Solvency II technical provisions.

Reinsurance creditors are reclassified under the Solvency II economic balance sheet. In the financial statements these balances comprise netted down amounts and include payables now due and payables not yet due. In the economic balance sheet the 'not yet due' amounts are reclassified to reinsurance technical provisions and are further split between claims provisions for the earned element of 'not yet due' and premium provisions for the unearned element. As a result of this reclassification, the reinsurance payables balance is significantly reduced in the economic balance sheet as compared with the financial statements.

Deferred tax is calculated on the reconciliation movement between the GAAP balance sheet and the Solvency II economic balance sheet.

There have been no other valuation adjustments for solvency purposes.

D.4 Alternative valuation methods

The Company has not applied alternative valuation methods as set out in Article 10 (5) and Article 263 of the Commission Delegated Regulation (EU) 2015/35.

D.5 Valuation - Other material information

The Company has no other material information to disclose regarding its valuation for Solvency purposes.

E. Capital Management

E.1 Own funds overview

The Company classifies its own funds as tier 1, which is the best form of capital for absorbing losses. There are no restrictions on the availability of eligible own funds to support the SCR and MCR.

IEDAC carries out an Own Risk and Solvency Assessment (ORSA) exercise at least annually, or when the risk profile of the Company changes. The ORSA comprises an assessment of the capital requirements based on the current risk profile, and potential changes to that profile over the next three years.

E.1.1 Capital management objective

As the Company's risk profile and strategic plans change, so will its capital needs. The Board of Directors of the Company recognise the importance of having a plan for addressing capital requirements to meet its strategic plans for growth and in times of crisis. The Company has a Capital Management Policy which seeks to provide a thorough and realistic structure for maintaining an efficient level of capital. Shortfalls will be managed by setting out actions that may be undertaken based on the severity and urgency of the deficit.

The successful execution of the Capital Management Policy requires a set of risk management standards to be embedded within the Company to promote consistency and best practice in the identification, assessment, monitoring and updating of risk as well as a commitment to employing leading practices in the management of the risks faced by it. IEDAC seeks to maintain a risk ownership environment which recognises the accountability for risk management within the business units. The Risk Function has developed a framework which allows risk owners to identify, assess, mitigate, monitor and report risk exposure. The risk owners' responsibilities and obligations of the Company to enable risk owners to fulfil these responsibilities are clearly set out in the Company's Risk Management Framework.

E.1.2 Contingency capital planning and time horizon for business planning

The standard formula is used to calculate the Solvency II capital requirement and capital assessment. The future plans of the Company positively seek growth. The plans will be adapted year on year to reflect changes in market conditions and availability of capital.

Contingency short and medium term

Capital management is closely aligned with the business planning process and utilises the risk appetite to guide business decisions. When creating the business plan for future time periods risk management review any new business opportunities and consider any implications this will have on the overall risk exposure. If the new business alters the profile of the Company in such a way that the risk appetite statement does not provide a realistic point of measurement then revised risk appetite measures will be designed in keeping with the new profile of the Company and submitted to the Board for approval.

Contingency long term

The Company's strategy is to consistently deliver superior profitable growth through a balanced and diversified portfolio with a keen focus on execution. This is accomplished through revenue growth, expense management, investment management, focus on underwriting specialty lines and developing top talent. Belonging to the Liberty Mutual Group has the advantage of providing the Company with access to potential guarantees and capital to cover the capital requirements.

E.1.3 Structure, amount and quality of own funds

The Company's own funds are made up of ordinary share capital, capital contributions and a reconciliation reserve.

The table below shows the capital components, all of which fall under Tier 1.

	<u>As at 31 December 2017</u>		<u>As at 31 December 2016</u>	
	Total	Tier 1 Unrestricted	Total	Tier 1 Unrestricted
	US\$000	US\$000	US\$000	US\$000
Ordinary share capital (gross of own shares)	2,500	2,500	2,500	2,500
Reconciliation reserve	(1,923)	(1,923)	11,203	11,203
Other own fund items approved by the supervisory authority as basic own funds not specified above	110,111	110,111	110,111	110,111
Total available own funds to meet the SCR	110,688	110,688	123,815	123,815

Share capital

The Company has \$2.5 million of ordinary share capital. Ordinary shares in issue in the Company rank pari passu. All ordinary shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Company. Ordinary share capital is classified as Tier 1 in accordance with Article 94 (1) of Directive 2009/138/EC and meets the criteria set out in Article of 93 of that Directive.

Capital contributions

The Company has \$110.1 million of capital contributions. Funds contributed by the Company's immediate parent undertaking, Ironshore Inc., are to fund the insurance operations of the Company and are not given in return for any rights such as voting rights, a share in the profits nor a share in the surplus assets of the Company on liquidation. The Company has received approval from the Central Bank of Ireland to classify its retrospective capital contributions as Tier 1.

Reconciliation reserve

The reconciliation reserve equals the excess of assets over liabilities less other basic own fund items, as at the reporting date. The reconciliation reserve consists of accumulated comprehensive income of the Company, the cost of share based payment awards accounted for as additional capital contribution, and movements between the IFRS balance sheet and Solvency II economic balance sheet.

The reconciliation reserve is recognised in full under Tier 1 unrestricted basic own funds.

E.1.4 Eligible own funds to cover Solvency Capital Requirement

The Company had the following eligible own funds to cover the Solvency Capital Requirement at 31 December 2017:

	<u>As at 31 December 2017</u>		<u>As at 31 December 2016</u>	
	Total	Tier 1 Unrestricted	Total	Tier 1 Unrestricted
	US\$000	US\$000	US\$000	US\$000
Total available own funds to meet the SCR	110,688	110,688	123,815	123,815

The amount included under “Other own fund items approved by the supervisory authority as basic own funds not specified above” represent capital contributions received by the Company from Ironshore Inc. The Central Bank of Ireland has approved the treatment of these capital contributions as Tier 1 Own Funds pursuant to the Solvency II Directive.

There was no material change in the eligible own funds to cover the Solvency Capital Requirement during the period.

E.1.5 Eligible own funds to cover Minimum Capital Requirement

The eligible own funds presented in table E.1.4 above are available in full to cover the Minimum Capital Requirement.

E.1.6 Explanation of any material differences between equity as shown in the Financial Statements and the excess of assets over liabilities as calculated for solvency purposes

As discussed in section D, ‘Valuation for solvency purposes’, there are a number of reconciliation movements between the economic balance sheet and the IFRS financial statements. The table below shows a waterfall of the movement from IFRS equity to the excess of assets over liabilities under Solvency II. The main adjustments are to the technical provisions. The movement from IFRS technical reserves to Solvency II technical provisions is discussed in section D.2.3 *Material differences between bases, methods and main assumptions used by the Company for the valuation for solvency purposes and those used for their valuation in the financial statements.*



E.1.7 Transitional arrangements

The Company does not have any basic own fund items that are subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of Directive 2009/138/EC.

E.1.8 Ancillary own funds

The Company does not have any ancillary own funds.

E.1.9 Items deducted from own funds

The Company does not deduct any items from own funds nor are there any restrictions affecting the availability and transferability of own funds within the undertaking.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

IEDAC calculates the SCR by means of the Standard Formula.

The SCR is designed to cover all aspects of the Company's risk profile. It includes an assessment of exposure to catastrophic events, reserve deterioration, asset risk, counterparty risk, the reinsurance program, operational risk and the calculation of an 'economic consistent balance sheet'. This involves a different set of calculations from treatment under IFRS. Due to the breadth of data required to perform the calculation there are a number of different teams involved in preparing the information. The Company has a Solvency Capital Framework in place which provides a guide to those involved in calculating the standard formula; articulates formal responsibilities and sign-offs required in supplying the data for the SCR and documents the process undertaken to calculate the SCR.

E.2.1 Solvency Capital Requirement and Minimum Capital Requirement as at 31 December 2017

The table below shows IEDAC's SCR and MCR as at 31 December 2017. Please note the final amount of the SCR is still subject to supervisory assessment.

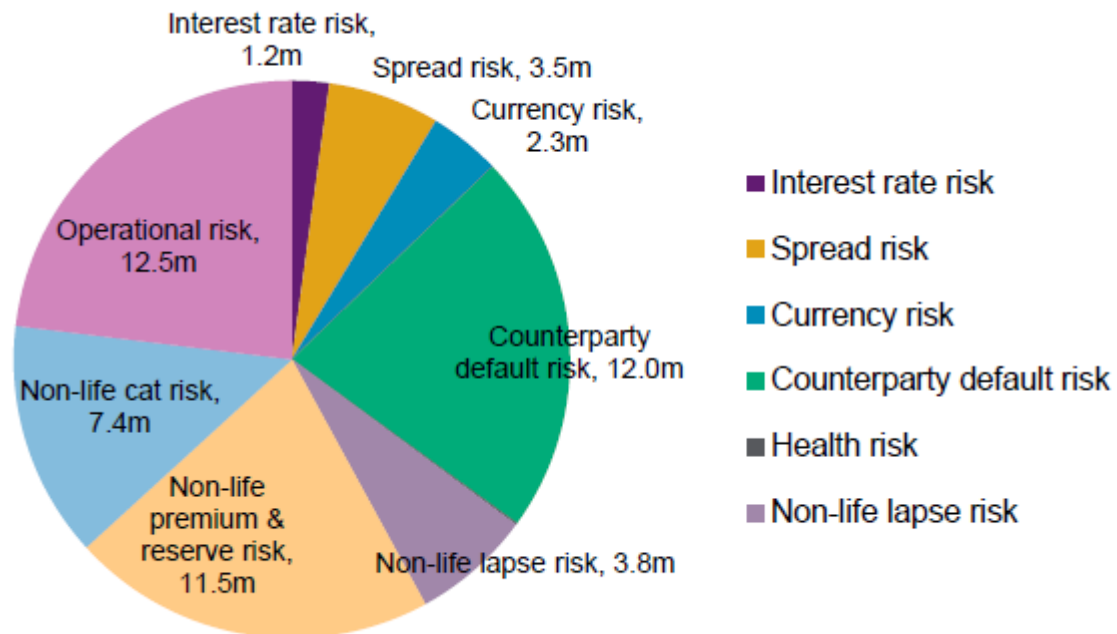
	<u>As at 31 December 2017</u>		<u>As at 31 December 2016</u>	
	US\$000	Ratio of eligible own funds	US\$000	Ratio of eligible own funds
Own funds	110,688	110,688	123,815	123,815
SCR	54,158	204.38%	40,986	302.09%
MCR	13,540	817.51%	10,246	1208.36%

E.2.2 Solvency Capital Requirement by risk modules

The key components of the SCR are:

- Premium and reserve risk of \$11.5 million (21% of total)
- Operational risk of \$12.5 million (23% of total)
- Counterparty default risk of \$12.0 million (22%)
- Non-Life Cat Risk of \$7.4 million (14% of total)
- Spread risk of \$3.5 million (7% of total)
- Non-Life lapse risk of \$3.8 million (7% of total)
- Currency risk of \$2.3 million (4% of total)
- Interest rate risk of \$1.2 million (2% of total)

Below is a breakdown of the SCR by risk module as at 31 December 2017.



The following table gives a summary of the capital components of the SCR

Risk Category		As at 31 December 2017 Values in \$000's
Market Risk	Interest rate risk	2,078
	Equity Risk	0
	Property Risk	0
	Spread risk	6,261
	Currency Risk	4,010
	Concentration Risk	0
	Diversification	(3,613)
	Total Market Risk	8,736
Counterparty Default risk	Type 1 (Reinsurer Default Risk, etc)	7,926
	Type 2 (Intermediary / Policyholder Default risk)	8,206
	Diversification	(1,042)
	Total Counterparty Default Risk	15,090
Non-Life Underwriting Risk	Premium and Reserve Risk (ex Catastrophe Risk)	20,949
	Non-life Catastrophe Risk	13,532
	Lapse Risk	6,863
	Diversification	(12,869)
	Total Non-Life Underwriting Risk	28,475
Health Underwriting Risk	Health Non SLT Risk	66
	Health Catastrophe Risk	0
	Diversification	0
	Total Health Underwriting Risk	66
Diversification Between Risk Categories		(10,706)
BSCR		41,660
Operational Risk		12,498
Total Solvency Capital Required (SCR)		54,158
MCR	<i>Pre-corridor MCR</i>	11,404
	<i>Minimum Capital Requirement (MCR)</i>	13,540

E.2.3 Simplified calculations

The SCR, calculated using the Standard Formula, incorporates the simplification that allows the total risk mitigating effect to be allocated to individual reinsurers in line with their expected recoveries as a proportion of expected recoveries from all reinsurers, as set out in Article 107 of the Delegated Acts. The Company believes that this is a reasonable approach given that the reinsurance cover is predominantly proportional, with the main reinsurer and percentage ceded remaining constant over time.

The Company does not apply any other simplifications to the standard formula.

E.2.4 Undertaking specific parameters

The Company does not apply any undertaking-specific parameters to the standard formula pursuant to Article 104(7) of Directive 2009/138/EC.

E.2.5 Option provided for in Article 51(2) of Directive 2009/138/EC

The Company has not received any imposed capital add-ons or imposed undertaking specific parameters.

E.2.6 Significant deviations from the assumptions underlying the standard formula calculation

The Company is not required to adopt any undertaking specific parameters in accordance with Article 110 of Directive 2009/138/EC, nor has the supervisory authority applied any capital add-on to the SCR.

E.2.7 Inputs used to calculate the Minimum Capital Requirement

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

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole US\$000	Net (of reinsurance) written premiums in the last 12 months US\$000
Income protection insurance and proportional reinsurance	-	67
Marine, aviation and transport insurance and proportional reinsurance	1,332	557
Fire and other damage to property insurance and proportional reinsurance	14,710	13,113
General liability insurance and proportional reinsurance	43,699	1,739
Credit and suretyship insurance and proportional reinsurance	8,996	5,082
Miscellaneous financial loss insurance and proportional reinsurance	920	636
Non-proportional health reinsurance	0	-
Non-proportional casualty reinsurance	3,519	268
Non-proportional marine, aviation and transport reinsurance	61	-
Non-proportional property reinsurance	3,867	1,539

E.2.8 Material change to the Solvency Capital Requirement and the Minimum Capital Requirement over the reporting period

There was no material change to the SCR or MCR during the reporting period.

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

The Company does not use the duration-based equity risk sub-module set out in Article 304 of Directive 2009/138/EC.



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

The Company does not use an internal model to calculate the SCR.

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

The Company has been continuously compliant with both the MCR and the SCR throughout the reporting period.

E.6 Capital Management - Other material information

The Company has no other material information to disclose regarding its capital management.

Ironshore Europe Designated Activity Company

Solvency and Financial Condition Report

Disclosures

31 December

2017

(Monetary amounts in USD thousands)

General information

Undertaking name	Ironshore Europe Designated Activity Company
Undertaking identification code	635400ZZGS5FDNUIJX46
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	IE
Language of reporting	en
Reporting reference date	31 December 2017
Currency used for reporting	USD
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

- 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 - Non-Life insurance claims
- S.23.01.01 - Own Funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
		C0010
Assets		
R0030	Intangible assets	
R0040	Deferred tax assets	1,598
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	99
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	156,936
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	156,936
R0140	<i>Government Bonds</i>	22,484
R0150	<i>Corporate Bonds</i>	130,976
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	3,476
R0180	<i>Collective Investments Undertakings</i>	0
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	433,382
R0280	<i>Non-life and health similar to non-life</i>	433,382
R0290	<i>Non-life excluding health</i>	433,913
R0300	<i>Health similar to non-life</i>	-531
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
R0320	<i>Health similar to life</i>	
R0330	<i>Life excluding health and index-linked and unit-linked</i>	
R0340	<i>Life index-linked and unit-linked</i>	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	6,182
R0370	Reinsurance receivables	20,889
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	32,054
R0420	Any other assets, not elsewhere shown	2,306
R0500	Total assets	653,447

S.02.01.02

Balance sheet

		Solvency II value
		C0010
Liabilities		
R0510	Technical provisions - non-life	518,142
R0520	<i>Technical provisions - non-life (excluding health)</i>	518,708
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	511,016
R0550	<i>Risk margin</i>	7,692
R0560	<i>Technical provisions - health (similar to non-life)</i>	-566
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	-582
R0590	<i>Risk margin</i>	16
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	
R0630	<i>Best Estimate</i>	
R0640	<i>Risk margin</i>	
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0
R0660	<i>TP calculated as a whole</i>	
R0670	<i>Best Estimate</i>	
R0680	<i>Risk margin</i>	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	
R0710	<i>Best Estimate</i>	
R0720	<i>Risk margin</i>	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	1,674
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	22,944
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	
R0900	Total liabilities	542,760
R1000	Excess of assets over liabilities	110,688

5.05.01.02

Premiums, claims and expenses by line of business

Non-life

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total	
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property		
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200	
Premiums written																	
R0110	Gross - Direct Business																194,055
R0120	Gross - Proportional reinsurance accepted																48,379
R0130	Gross - Non-proportional reinsurance accepted																37,000
R0140	Reinsurers' share																256,460
R0200	Net																22,973
Premiums earned																	
R0210	Gross - Direct Business																187,809
R0220	Gross - Proportional reinsurance accepted																48,363
R0230	Gross - Non-proportional reinsurance accepted																35,422
R0240	Reinsurers' share																249,877
R0300	Net																21,718
Claims incurred																	
R0310	Gross - Direct Business																275,873
R0320	Gross - Proportional reinsurance accepted																38,156
R0330	Gross - Non-proportional reinsurance accepted																35,163
R0340	Reinsurers' share																320,176
R0400	Net																29,016
Changes in other technical provisions																	
R0410	Gross - Direct Business																0
R0420	Gross - Proportional reinsurance accepted																0
R0430	Gross - Non-proportional reinsurance accepted																0
R0440	Reinsurers' share																0
R0500	Net																0
R0550	Expenses incurred																10,662
R1200	Other expenses																
R1300	Total expenses																10,662

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020

Accident year / underwriting year

Gross Claims Paid (non-cumulative)													
(absolute amount)													
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Development year										In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior										0	0	0
R0160	0	0	0	0	0	0	0	0	0	0	0	0	0
R0170	0	0	0	0	0	0	0	0	0	0	0	0	0
R0180	0	0	0	0	0	0	0	0	0	0	0	0	0
R0190	0	95	747	5,815	7,627	4,904	4,018					4,018	23,207
R0200	2,218	9,071	13,882	35,276	12,927	-1,716						-1,716	71,657
R0210	3,625	12,914	13,614	4,229	23,721							23,721	58,102
R0220	910	24,888	57,343	27,613								27,613	110,755
R0230	3,095	17,762	17,719									17,719	38,576
R0240	5,919	23,517										23,517	29,436
R0250	17,933											17,933	17,933
R0260	Total											112,805	349,665

Gross Undiscounted Best Estimate Claims Provisions													
(absolute amount)													
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
	Development year										Year end (discounted data)		
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior										0	0	
R0160	0	0	0	0	0	0	0	0	0	0	0	0	0
R0170	0	0	0	0	0	0	0	0	0	0	0	0	0
R0180	0	0	0	0	0	0	0	0	0	0	0	0	0
R0190	0	0	0	0	0	3,834	17,046					16,368	16,368
R0200	0	0	0	0	-10,799	19,622						18,753	18,753
R0210	0	0	0	57,125	24,989							23,466	23,466
R0220	0	0	75,423	80,145								75,544	75,544
R0230	0	78,351	111,913									104,016	104,016
R0240	53,845	100,460										94,757	94,757
R0250	114,669											107,708	107,708
R0260	Total											440,611	

S.23.01.01

Own Funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above

R0220 Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

R0230 Deductions for participations in financial and credit institutions

R0290 Total basic own funds after deductions

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR

R0580 SCR

R0600 MCR

R0620 Ratio of Eligible own funds to SCR

R0640 Ratio of Eligible own funds to MCR

Reconciliation reserve

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

Expected profits

R0770	Expected profits included in future premiums (EPIFP) - Life business
R0780	Expected profits included in future premiums (EPIFP) - Non- life business
R0790	Total Expected profits included in future premiums (EPIFP)

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
2,500	2,500		0	
0	0		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
-1,924	-1,924			
0		0	0	0
0				0
110,111	110,111	0	0	0
0				
0				
110,688	110,688	0	0	0
0				
0				
0				
0				
0				
0				
0				
0			0	0
110,688	110,688	0	0	0
110,688	110,688	0	0	
110,688	110,688	0	0	0
110,688	110,688	0	0	
54,158				
13,540				
204.38%				
817.51%				
C0060				
110,688				
0				
112,611				
0				
-1,924				
7,016				
7,016				

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

R0010 MCR_{NL} Result

C0010

11,404

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0020	C0030
	1	
	0	67
	0	
	0	
	0	
	1,332	557
	14,710	13,113
	43,699	1,739
	8,996	5,082
	0	
	0	
	920	636
	0	
	3,519	268
	61	
	3,867	1,539

R0020	Medical expense insurance and proportional reinsurance
R0030	Income protection insurance and proportional reinsurance
R0040	Workers' compensation insurance and proportional reinsurance
R0050	Motor vehicle liability insurance and proportional reinsurance
R0060	Other motor insurance and proportional reinsurance
R0070	Marine, aviation and transport insurance and proportional reinsurance
R0080	Fire and other damage to property insurance and proportional reinsurance
R0090	General liability insurance and proportional reinsurance
R0100	Credit and suretyship insurance and proportional reinsurance
R0110	Legal expenses insurance and proportional reinsurance
R0120	Assistance and proportional reinsurance
R0130	Miscellaneous financial loss insurance and proportional reinsurance
R0140	Non-proportional health reinsurance
R0150	Non-proportional casualty reinsurance
R0160	Non-proportional marine, aviation and transport reinsurance
R0170	Non-proportional property reinsurance

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0050	C0060

R0210	Obligations with profit participation - guaranteed benefits
R0220	Obligations with profit participation - future discretionary benefits
R0230	Index-linked and unit-linked insurance obligations
R0240	Other life (re)insurance and health (re)insurance obligations
R0250	Total capital at risk for all life (re)insurance obligations

Overall MCR calculation

C0070

R0300	Linear MCR	11,404
R0310	SCR	54,158
R0320	MCR cap	24,371
R0330	MCR floor	13,540
R0340	Combined MCR	13,540
R0350	Absolute floor of the MCR	4,306
R0400	Minimum Capital Requirement	13,540