Lifeguard Insurance (Dublin) DAC

Solvency and Financial Condition Report (SFCR)

Reporting period ended June 30, 2017

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EXECUTIVE SUMMARY

This Report refers to the business of Lifeguard Insurance (Dublin) DAC ('Lifeguard', 'the Company'), a captive insurer, authorised and supervised by the Central Bank of Ireland. It provides the reader with information on the Company's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management for the reporting period ended 30 June 2017. Lifeguard has prepared this report in accordance with the relevant articles of the Commission Delegated Regulation (EU) 2015/35, together with the Guidelines on reporting and public disclosure issued by EIOPA.

The Company's business strategy is to provide coverage for certain professional indemnity insurance risks, providing coverage to certain member firms of the PwC network which are primarily domiciled in the European Union. The impact of insurance risk volatility on the Company's capital base is mitigated through the purchase of reinsurance. Investment of company funds is in line with the documented investment strategy, reflecting a 'prudent person' approach to the management of counterparty, concentration, interest rate and currency risk.

The Board has identified the key risks to which Lifeguard is exposed and established appropriate corporate governance, risk management and reporting mechanisms to ensure that the identified risks remain relevant, and that they are managed and reported on with appropriate levels of detail and frequency. The Company has established a comprehensive suite of risk policies and implemented a series of internal controls to ensure that Lifeguard can be managed in accordance with its governance and risk management systems. Documented escalation mechanisms are in place to ensure that any breaches in risk limits and tolerances, internal controls and governance requirements can be reported promptly to the appropriate individuals.

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

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

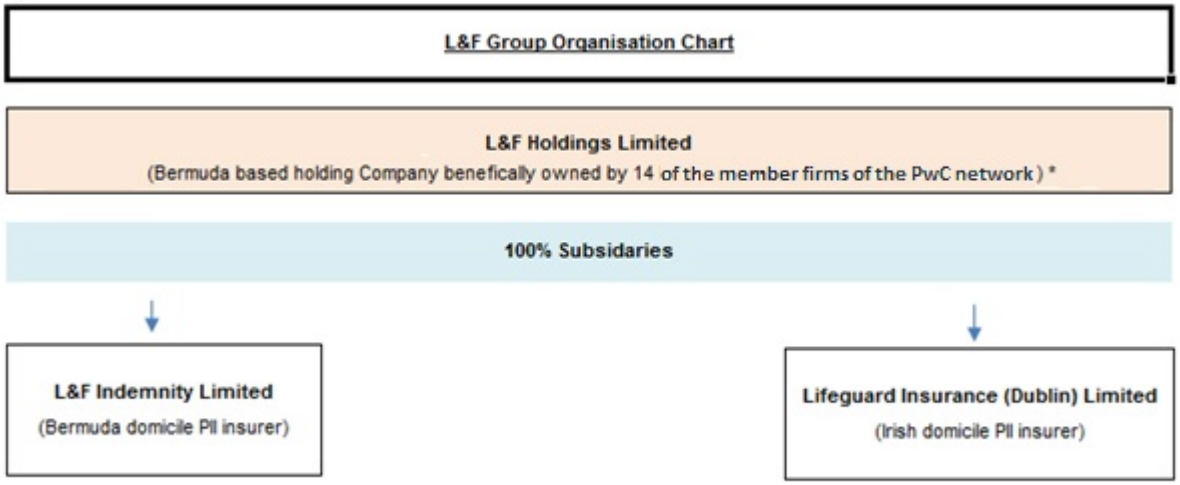
As at 30 June 2017, the Company had eligible own funds of US$54.6m (2016: US$52.1m) available to meet its Solvency Capital Requirement (SCR) of US$17.1m (2016: US$15.7m); resulting in a Solvency Ratio of 319% (2016: 332%) which is in line with the Company's risk appetite of maintaining a ratio of at least 100%. The Board of Directors is satisfied that the Company has adequate and appropriate capital to support its business plans. The Minimum Capital Requirement (MCR) was also satisfactorily met at the period-end. Lifeguard has prepared the below Solvency and Financial Condition Report in accordance with the regulations set out in Articles 292 –297 of the Solvency II Delegated Acts together with the Guidelines on reporting and public disclosure issued by EIOPA.

A. BUSINESS & PERFORMANCE

A.1 Business

The Company is engaged exclusively in the underwriting of professional indemnity insurance risks, providing coverage to certain member firms of the PwC network which are primarily domiciled in the European Union. The Company is a wholly-owned subsidiary of L&F Holdings Limited, the beneficial owners of which are various member firms of the PwC network.

The Company's insurance exposure is mitigated by setting limits of liability within its insurance programme. The Company purchases reinsurance protection from L&F Indemnity Limited, a Bermuda-domiciled insurance company, which is also a wholly-owned subsidiary of L&F Holdings Limited.



Lifeguard is authorised by the Central Bank of Ireland ('CBI'), under the European Union (Insurance and Reinsurance) Regulations 2015 (SI 485), to carry out the business of non-life insurance. The insurance supervision division at the CBI may be contacted at their offices in New Wapping Street, North Wall Quay, Dublin 1, Ireland.

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

Lifeguard conducts all of its significant business activities, including underwriting, premium invoicing & collection, claims reserving & payments, and investing from its offices in Ireland.

The Company has no employees and no remuneration was therefore paid.

The Company's external auditor is BDO, located at Beaux Lane House, Mercer Street Lower, Dublin 2.

A.2 Underwriting Performance

The principal risks and uncertainties that the Company faces are, by the very nature of the business, those for which it provides or has provided insurance cover. The Company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims over time, but the uncertainty surrounding the severity and frequency of claims can lead to significant variation in the Company's performance in the short term. Whilst considerable judgment is involved, the Directors adopt an appropriately prudent approach to the provision and valuation of adequate insurance reserves, with annual support and certification being provided by an external actuary who serves as the Head of Actuarial Function.

Lifeguard's strategic objectives are formulated in conjunction with L&F as part of its global PII arrangements. The Group strategy is to maintain minimal risk within Lifeguard. It is therefore accepted that for the foreseeable future, in accordance with its business plan, Lifeguard will maintain a quota share and stop loss reinsurance arrangement with L&F Indemnity which is considered to be the best strategic operating option available to the Company.

L&F provides quota share reinsurance to Lifeguard which covers 85% of all claim payments. In addition, Lifeguard's net exposure of 15% under the quota share arrangement is capped by annual stop loss reinsurance provided by L&F.

Premiums written relate to business incepted during the financial year.

Provision is made for notified losses on all underwriting years. Provisions are calculated gross of any reinsurance recoveries with a separate estimate being made of amounts recoverable from reinsurers.

The loss after adjusting for tax for the period ended 30 June 2017 amounted to US$1.1m (2016: Profit US$4.4m).

Gross premiums written relate to professional indemnity insurance in certain European Union countries, Israel and Iceland. All premiums resulted from contracts of insurance concluded in the Republic of Ireland. Gross premium written for period ended 30 June 2017 amounted to US$37.2m (2016: US$45.5m).

Gross claims paid during the financial year ended 30 June 2017 totalled US$22.2m (2016: US$62.3m). This compares to net claims paid of US$1.62m (2016: US$3.88m). As at 30 June 2017, the Company held gross claims provisions of US$277.8m (2016: US$259.5m), net claims provision of US$26.5m (2016: US$23.3m). Net operating expenses for the year amounted to US$0.7m (2016: US$0.9m).

A.3 Investment Performance

The Company allocates its investment portfolio in two distinct funds, as described below;

Hedging Pool - The Company has developed an asset allocation strategy that seeks to align investment holdings with the risk and volatilities associated with underlying claims liabilities utilizing a term structure of USD and EURO sovereign debt instruments with similar duration and currency as the underlying claims reserves to provide a natural hedge to interest rates and exchange rate fluctuations.

Surplus Pool - Those assets in excess of this matching program are available to invest. The Company has however resolved not to put these assets at risk at this time and accordingly maintains a short duration relatively risk free asset pool in respect of these cash assets.

The investment loss for the year amounted to US$12k (and includes interest income as well as gains and losses on investments and foreign exchange revaluation as at 30 June 2017), compared to an income of US$1m in 2016.

A.4 Performance of other activities

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

A.5 Other Information

In relation to Lifeguard's obligations to its policyholders on the basis of confidentiality and sensitivity of certain information and in accordance with Article 53(1) and (2) of Directive 2009/138/EC the Company has been granted a waiver from the Central Bank of Ireland from the following disclosures:

- Information by material geographical areas;
- Qualitative and quantitative information on underwriting performance by material geographical areas over the reporting period, together with a comparison of the information reported in the previous reporting period; and
- Qualitative Reporting Template ("QRT") S.05.02.01 - Premium, claims and expenses by country.

There are related party transactions; all reinsurance is obtained from L&F Indemnity Limited.

In respect of relevant quantitative information for this report please see the Annual QRT extract in Appendix 1.

B. SYSTEM OF GOVERNANCE

B.1 System of Governance

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

It is the responsibility of the Board of Directors to ensure that risks are fully understood and appropriately managed in accordance with this framework. Risk management, reporting and auditing processes and control processes have been put in place in a manner which reflects the nature and scale of the captive's activities.

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

1) Governance Framework, aligned with the Company's strategic objectives, providing top level oversight by the Board, clear ownership and accountability for risks, as well as clear escalating and reporting channels.

2) Risk Management System which details the Company's strategic objectives in documented Risk Policies. For each risk, limits and operational checkpoints as well as functional identification mitigation and monitoring processes are documented.

3) A series of Internal Controls, defining the architecture of processes required to manage the Company in accordance with its Governance and risk management framework.

4) A Risk Register combining operational and risk management processes to deliver a descriptive analysis of material risks threatening at least one of the Company's global strategy objectives.

There have been no material changes to this structure since the prior reporting period. Lifeguard implemented the above framework in advance of the inception of Solvency II.

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

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

• all authority emanates from the Board of Directors and responsibilities are delegated in such a manner so as to ensure that no one individual has unfettered powers of decision;

• an embedded Compliance Function aiming to ensure the continuous compliance of the Company with all applicable legal, regulatory and administrative requirements;

• an appropriate segregation of duties in order to enable the Risk Management, Internal Audit, Actuarial and Compliance Function to perform independent risk and business control mitigation, monitoring and reporting tasks;

• a meaningful and practical approach in documenting policies and strategies to formalise all processes in an efficient and fit-for-purpose manner; and

• structured reporting processes to enable an appropriate escalation of risks and issues to the Board of Directors in order to ensure a clear and comprehensive information process allowing the Board to conduct business in an efficient and prudent manner in line with the strategic objectives.

Given the limited scale and complexity of the Company, and having reviewed the risks facing the company thoroughly, the Board are satisfied that the system of governance in place is adequate.

Key Functions

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

Remuneration and material transactions

The members of the Board of Directors receive no remuneration for their services as directors to the Company. There are no employees and consequently no remuneration is paid.

The various functions assisting the Board, including the Compliance Function, have defined lines of reporting directly to the Board. In relation to any violation of relevant law by the Company the Compliance Function as well as reporting to the Board, will, in certain circumstances, also be required to report to outside bodies such as the Central Bank of Ireland.

Other than these transactions which arise in the normal course of business, the Company had no material transactions during the reporting period with members of the shareholder group and none with members of the Board of Directors.

B.2 Fit & Proper

The 'Fit and proper' requirement is the standard required by the Central Bank of Ireland when appointing pre-approved controlled function holders. Lifeguard is satisfied that appointed individuals performing controlled functions meet all relevant regulatory requirements and have a suitable level of training and qualification in order to enable them to carry out their respective duties.

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

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

Consideration is given to ensuring an appropriate mix of knowledge, skills and experience across the Board of Directors.

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

The Compliance function adopts appropriate controls in the registration of individuals across the Group ensuring that identified individuals meet the regulators' fit and proper criteria at the point of registration.

Roles and Responsibilities Detail

Key Roles	Outsourcing	Responsible
Board of Directors	No	David Law (Chairman) John Loughlin Paraic Joyce Mary Waldron Andrew Elliott (Director & Company Secretary)

Risk Management Function	Yes (External)	John Saur (Chief Risk Officer), Aon Insurance Manager's (Dublin) Limited, in conjunction with Company Secretary & Actuarial Function
Compliance Function	Yes (External)	Aon Insurance Manager's (Dublin) Limited – John McNamara current Compliance Officer
Operations - Underwriting/Claims Management	Yes (External)	Aon Insurance Managers (Dublin) Limited in conjunction with L&F
Operations - Finance and Accounting	Yes (External)	Aon Insurance Managers (Dublin) Limited
Operations – Investment	Yes (External)	Andrew Elliott and Payden & Rygel
Operations – Administration	Yes (External)	Aon Insurance Managers (Dublin) Limited
Internal Audit Function	Yes (External)	Andrew Elliott (Head of Internal Audit Function)
Actuarial Function	Yes (External)	Actuarial Function carried out by Oliver Wyman - Jeffrey Trichon (Head of Actuarial Function)

B.3 Risk Management System

The Company's Risk Management System:

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

The overriding goal of the Company's risk management strategy is to reduce, as much as possible, the Company's risk exposure as a means of minimizing the impact of unexpected events, in order to increase the likelihood of achieving the Company's strategic and business objectives.

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

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

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

Own Risk and Solvency Assessment

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

Each year, Lifeguard produces an Own Risk and Solvency Assessment ("ORSA") report. The approach may be summarized as follows:

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

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

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

The ORSA report brings clarity over projected risk assessments and solvency needs to 3 different stakeholders

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

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

The capital risk appetite for Lifeguard is to sustain its capital at a level sufficient to meet the Regulatory Solvency Capital Requirement at all times. It is not the intent to maintain a significant capital buffer in the Lifeguard balance sheet.

L&F Holdings Limited would always seek to be in a position to take prompt corrective action to replenish capital to an appropriate level in Lifeguard so that SCR compliance can be demonstrated. The L&F Holdings Group is expected to continue to have ample capacity to provide this support to Lifeguard.

B.4 Internal Control System

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

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

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

Detailed Processes and Embedded Control Activities

In order to set out how the Internal Control System is implemented the Company's processes and related control activities are documented, monitored and reviewed on a regular basis. These items are approved by the Board of Directors and evaluated by the Internal Audit Function. They are reviewed as often as necessary but at least once a year.

Compliance Function

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

The responsibilities of the Compliance Function include:

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

B.5 Internal Audit Function

Purpose & Objectives

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

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

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

Independence and Impartiality

The Company's Internal Audit Function must be independent of the activities audited and must also be independent from the operational Functions and the Board of Directors.

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

B.6 Actuarial Function

The Company has established an effective Actuarial Function, including a Head of Actuarial Function ('HoAF') Jeffrey Trichon of Oliver Wyman, which carries out the following key tasks:

- coordination of the calculation of technical provisions in conjunction with other outsourced actuarial resources;
- identify any inconsistency with the requirements set out in Articles 76 to 85 of the Solvency II Directive for the calculation of technical provisions and propose corrections as appropriate;
- explain any material effect of change of data, methodologies or assumptions between valuation dates on the amount of technical provisions if already calculated on a Solvency II basis;
- assess the consistency of the internal and external data used in the calculation of technical provisions against the data quality standards as set out in Article 82 of the Solvency II Directive. Where relevant, the Actuarial Function should provide recommendations on internal procedures to improve data quality ;
- take into consideration the interrelations between the Underwriting Policy, reinsurance arrangements and technical provisions when providing its opinion;
- report in writing at least annually to the Board of Directors. The reporting should document all material tasks that have been undertaken by the Actuarial Function, and include:
    i. Details of the Technical Provisions
    ii. Methodologies & assumptions
    iii. Data sufficiency & quality
    iv. Experience analysis
    v. Report to the Board on reliability & adequacy
    vi. Opinion on Underwriting policy
    vii. Opinion on Reinsurance arrangements.

  Their report should include any deficiencies identified and give recommendations as to how such deficiencies could be remedied.
- contribute to the effective implementation of the Risk Management System in particular:
    1. with regard to risk modelling underlying the calculation of the Solvency Capital Requirement (SCR) and MCR; and,
    2. the ORSA process.
- think critically and organize the execution of actuarial approaches
- provide an actuarial Opinion on;
    - Technical provisions
    - Solvency position
    - Underwriting Policy
    - Reinsurance arrangements
    - ORSA

Responsibility

The person in charge of the Actuarial Function shall meet all the following criteria:

- Be a duly qualified actuary;
- Have experience of more than five years in the field of insurance and / or reinsurance.

The Head of Actuarial Function is a pre-approval controlled function (PCF) under the Central Bank Reform Act 2010 (Sections 20 and 22) Regulations 2011.

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

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

B.7 Outsourcing

All functions and activities of the Company are eligible to be outsourced provided that each of the criteria detailed above are satisfied in each instance. Sub-outsourcing is allowable only in exceptional circumstances, on the condition that the sub-outsourced service provider satisfies the above criteria and subject to approval from the Board of Directors.

The Board is responsible for the approval of and termination of all outsourcing arrangements of critical or important Functions or activities. Critical or important Functions or activities include key Functions of the Company's System of Governance and all Functions within the Company that are fundamental to carry out its core business.

The Board must decide whether arrangements with third parties are deemed to fall within the scope of this outsourcing policy. The provision of services which do not form part of the Company's core activities need not be included within the scope of this policy.

The Board is responsible for ensuring notification to the supervisory authorities is made in a timely manner prior to the outsourcing of critical or important Functions or activities, and thereafter where there have been material developments in relation to the service provider.

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

- Reduction in the Board's, and where applicable a relevant sub committee's responsibility for, or influence over key Functions of the Company;
- Material impairment of the quality of the Company's System of Governance;
- Any impairment of the Company's ability to meet its regulatory requirements;
- Non adherence to the Company's approved policies and procedures;
- Undue increases in operational risk or cost;
- Material impairment of the Company's ability to fulfil its obligations to stakeholders, nor impede effective supervision by regulators;
- Conflicts of Interest;
- Breach of the Company's data protection obligations.

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

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

B.8 Any other information

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

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

C. RISK PROFILE

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

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

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

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

C.1 Underwriting Risk

The Company underwrites contracts that transfer insurance risk. The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty that the Company will have sufficient assets to satisfy the amounts payable under the contract. The Company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims over time, but the uncertainty surrounding the severity and frequency of claims can lead to significant variation in the Company's performance in the short term. Whilst considerable judgment is involved, the directors ensure that suitable processes are in place to ensure the reliability, sufficiency and adequacy of both the statistical and accounting data to be considered in the loss reserve estimation and recording process and to detail the Company's approach to the calculation of technical provisions.

As the Company is a captive insurer, it is effectively insuring the risks of one customer, its parent group, and thus is exposed to risk concentration. However, diversification is achieved through the varying geographical locations of the underlying risks.

The principal assumptions underlying the Company's estimation of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example, isolated large claim occurrences, economic conditions, internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors, such as judicial decisions and government legislation affect the estimates, especially taking account of the longer term nature of the risks which the Company underwrites.

The Company manages these risks through its underwriting strategy of arranging for an external qualified actuary to review pricing and reserve adequacy of the Company on an annual basis, the settling of appropriate policy limits and having adequate reinsurance arrangements in place. The

Company also monitors emerging issues and factors in their potential impact on the Company's pricing and claims reserving.

Given the Company is providing insurance for liability losses directly above local deductibles, the primary risk mitigation technique utilised is the purchase of a mixture of stop loss and quota share reinsurance as this provides balance sheet protection, from both claims severity and frequency, in an economically and administratively efficient manner. The effectiveness of these reinsurance arrangements is assessed on a quarterly basis through the preparation of the Company's financial accounts and reviewed at an overall level as part of the considerations for premium pricing on an annual basis.

Lifeguard will continue to maintain a quota share and stop loss reinsurance arrangement with L&F Indemnity as this is considered to be the best strategic operating option available to the Company.

L&F provides quota share reinsurance to Lifeguard which covers 85% of all claim payments. In addition, Lifeguard's net exposure of 15% under the quota share arrangement is capped by annual stop loss reinsurance provided by L&F.
The Company takes all reasonable steps to ensure that it has appropriate information regarding its underwriting exposures.

Annual support and certification is provided by an Actuarial Function.

As part of the Company's ORSA process, stress and scenario tests incorporating differing claims experience are considered. The impact of the Company experiencing two large, full limit losses was considered as part of the ORSA carried out in the reporting period. While this scenario resulted in a reduction in the Company's available capital, the regulatory solvency requirements were still achieved.

The Company also carries out a Sensitivity Analysis, the Actuarial Function assesses the impact of varying the underlying assumptions with respect to initial average severity and expected reported loss development on their Best Estimate of Lifeguard's unpaid claim liabilities and vary severity of $\pm$20% around the selected average severity as well as varying the paid and reported loss development patterns.

C.2 Market Risk

Market risk is the capital charge for all risks associated with financial markets. It is derived by using a prescribed formula and correlations, which combine the capital charges of various modules including Interest Rate, Equity, Spread, Currency, and Concentration risks.

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

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

- prudently invest with consideration of the prevailing financial market environment;
- ensure the Company invests appropriately so as not to result in the Company failing to meet its Solvency Capital Requirements;
- ensure that the Company holds assets of sufficient value and liquidity to meet all liabilities as they become due;
- maximise investment return within the levels of risk as defined by the Company's Risk Appetite;
- ensure compliance with the Liquidity Strategy and Policy;
- ensure compliance with the Asset-Liability Management Strategy and Policy; and
- ensure effective risk management of investments at all times, with due consideration of the risks associated with investments and procedures to monitor, manage and report these risks in a timely manner as part of the Company's overall Risk Management System.

The interest rate risk arises on the return on the Company's investments including cash and deposits with credit institutions

C.3 Credit Risk

Credit risk is the risk that one party to a financial instrument or financial arrangement will fail to discharge an obligation and cause the other party to incur a financial loss. The assets that are exposed to credit risk are:

- Cash and cash equivalents
- Investments and deposits with credit institutions
- Reinsurers' share of insurance liabilities
- Amounts due from reinsurers

The Company utilises custodians deemed to be of high credit quality to hold its cash and cash equivalents and deposits with credit institutions, and additionally has limits in place in relation to the amount of cash which can be held by any one financial institution.

The Company cedes a portion of risk to L&F in the normal course of business. The purchase of reinsurance does not relieve the Company of its obligation to its policyholders and accordingly a credit risk exists to the extent that any reinsurer is unable to meet the obligations assumed under such reinsurance agreements.

Lifeguard has a collateral support agreement in place with its reinsurer, L&F Indemnity Limited, that ring fences L&F assets for the benefit of Lifeguard, to provide fully pledged committed security in support of the reinsurance arrangements between the two entities and thereby reduce credit risk exposure.

C.4 Liquidity Risk

Liquidity risk is the risk of financial loss arising from an inability to quickly realise asset value to meet cash commitments associated with financial obligations.

The Company has determined that liquidity risk does not represent a significant exposure to its business. Liquidity risk is managed by Lifeguard holding a portfolio of short duration bonds, and employing an asset-liability matching strategy which matches bond maturities to our expected loss payout pattern. Investments are in compliance with the Company's investment guidelines.

Liquidity risk is further managed by a collateral support agreement between Lifeguard and its primary reinsurer, L&F Indemnity Limited, that ring fences L&F assets for the benefit of Lifeguard, to provide fully pledged committed security in support of the reinsurance arrangements between the two entities.

C.5 Operational Risk

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

The Company cannot expect to eliminate all operational risk, but by employing a rigorous control framework and by monitoring and responding to potential risks, the Company is able to mitigate the risk to an accepted tolerance level.

In addition, Lifeguard has established an Audit Committee and is subject to Internal Audit and External Audit review.

Lifeguard maintains a regulatory dialogue with Central Bank of Ireland to mitigate the risk of any potential sanction or compliance breach as well as using expert, industry leading, service providers, namely Aon, PwC and Oliver Wyman to provide its outsourced functions which helps avoid any material error or delay. In order to ensure the quality of the outsourced functions is as high as

possible, Lifeguard puts in place service level agreements and fee penalties for non-performance as well as regularly reviewing the outsourced service providers.

C.6 Other Material Risk

Strategic Risk

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

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

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

No other material risks have been identified.

C.7 Any other information

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

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

Lifeguard prepares its financial statements on a going concern basis in compliance with FRS 102 and FRS 103 issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants Ireland, being applicable UK and Irish GAAP accounting standards, and in accordance with the provisions of the Companies Act 2014 and the European Union (Insurance undertakings: Financial Statements Regulations 2015). There are a number of differences between the financial statement basis and the Solvency II valuation rules. Most of these differences are driven by the requirement for all assets and liabilities to be valued on a market consistent fair value basis under Solvency II.

Lifeguard uses the historical cost convention. It has 4 classes of assets.

- Cash and cash equivalents (US$28.9m)
- Investments (US$86.5m)
- Reinsurers' share of insurance liabilities (US$234.5m)
- Trade receivables (US$1.1m)

Cash and cash equivalents comprise cash at banks. Carrying amounts approximate fair value due to the short-term nature and high liquidity of the instruments.

Debt securities, other fixed income securities and equities are included in the balance sheet at carrying value, with realised and unrealised gains being included in the profit and loss.

The only differences in the valuation of these assets between the financial statements and the Solvency II annual Quantitative Reporting Templates ("QRT's") relate to accrued interest on the cash and equivalents and the investments, which is shown separately in the Financial Statements as well as the classification of US$1.5m in short term treasury bills as investments in the financial statements and cash and equivalents in the QRT's.

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

D.2 Technical Provisions

Provision is made for notified losses on all underwriting years. Provisions are calculated gross of any reinsurance recoveries with a separate estimate being made of amounts recoverable from reinsurers. The Company has regard to the gross and net loss positions as indicated by the claim circumstances reported to date and loss projections carried out under the direction of the Head of Actuarial Function using actuarial techniques.

Reserves for insurance contract liabilities and reinsurance assets are based upon management's best estimate of the ultimate liabilities and are determined with the assistance of, and based on, the results of the analysis performed by the Actuarial Function. The reserves include estimates for both case reserves and losses incurred but not enough reported ("IBNE").

Solvency II Technical Provisions

The Solvency II Technical Provision is comprised of a Best Estimate of Liabilities ("BEL") and a Risk Margin ("RM").

The Solvency II BEL is comprised of a provision for claims outstanding ("PCO") and a premium provision ("PP"). The PCO represents the provision for the unpaid liabilities on claims that have been incurred as of the valuation date. The PP represents the expected profit underlying the unearned portion of policies that have already incepted and any policies that have been bound but not incepted ("BBNI").

The PCO is derived from actuarial estimate of Lifeguard's FRS unpaid claim liabilities. The adjustment of FRS estimate of unpaid claim liabilities to a Solvency II basis requires that FRS unpaid claim liabilities are discounted to a present value basis. The actuary utilizes the basic RFR (risk-free rate) curves with no volatility adjustment as of 30 June 2017 as published by EIOPA to discount the cash flows underlying the PCO. These interest rates are utilized to discount all cash flows underlying the calculation of the Solvency II TPs. A provision for expenses related to the runoff of these liabilities is then added, as required by Solvency II, as the FRS estimate of unpaid claim liabilities does not include a provision for the expenses that will be incurred in running off the liabilities.

The key cashflows underlying Lifeguard's business, and therefore the BEL calculation are:

1. Premiums
   As all policies issued by Lifeguard are issued on 1 July 2017, there is zero unearned premium on the 30 June 2017 balance sheet. As a result the PP portion of the technical provisions is comprised solely of BBNI exposures, which are the 2017/18 risks as all policies are assumed to be contractually bound at the 30 June 2017 valuation date. The expected future cashflows underlying the 2017/18 exposures are calculated based on the discounted value of expected losses and expenses and the 2017/18 premiums which have not yet been received from the member firms as at 30 June 2017.

2. Claims
   The expected payout of the gross claim liabilities in each policy year is derived from the expected payout pattern underlying the local GAAP unpaid claims liabilities. The expected payout pattern is based on ground-up losses. A six month lag is applied to this development pattern to obtain the expected payout of gross insured layer losses for a given policy year.

3. Expenses
   The calculation of the expense portion of the BEL is determined based on the ratio of expected 2018 expenses (2017 actual expenses trended at a 3% inflation rate) to the undiscounted unpaid claim liabilities as at 30 June 2017. The expense ratio is applied to the undiscounted unpaid claim liabilities at the beginning of each financial year to determine the amount of expenses that will be incurred in each future financial year. The calculation is performed separately for the unpaid claim liabilities underlying the PCO and PP. These amounts are then discounted back to the present value basis and included in the derivation of the PCO and PP.

The methodology adopted implicitly assumes that Lifeguard will continue to write business into the future and that a portion of the expenses in future years will be attributable to new business, consistent with the required derivation of the expense reserve as per the current Solvency II regulations. The BEL is calculated as the sum of the PCO and the PP.

Risk Margin

The Solvency II risk margin is intended to represent an amount that Lifeguard would be required to pay, in excess of the Best Estimate of the Liabilities, for a third party to assume the risk of running of the existing liabilities. The actuarial calculation of the Solvency II risk margin is consistent with the Solvency II regulations, which applies a 6% cost of capital to the amount of capital required at the beginning of each year to support the runoff of the insurance obligations.

The Company does not apply the matching adjustment referred to in Article 77b of Directive 2009/138/EC.

The Company does not use the volatility adjustment referred to in Article 77d of Directive 2009/138/EC.

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

The Company does not apply the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

D.3 Other Liabilities

Aside from Technical provisions, the valuation of which is detailed above, Lifeguard has 2 other principal classes of liabilities;

- Deferred taxation (US$54k)

No adjustment is required to this valuation for the valuation for solvency purposes as the amount held under Irish GAAP measurement principles are deemed to be approximations of fair value.

The Solvency II Balance Sheet takes into account a deferred tax liability which occurs as the Company has recognised more Solvency II funds than Own Funds on the Irish GAAP Balance Sheet as a result of higher technical provisions. The corporation tax rate of 12.5% is applied to the difference between Solvency II Funds and Shareholders' Equity on the Irish GAAP balance sheet.

D.4 Alternative Methods of Valuation

No alternative methods were used.

D.5 Any Other Information

There is no other information to report.

E. CAPITAL MANAGEMENT

E.1 Own Funds

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

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

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

Lifeguard's own funds consist of ordinary share capital and retained earnings, as below.

	2017	2016
Authorised		
3,200,000 ordinary shares of US$1 each	3,200,000	3,200,000
Allotted, called-up and fully paid		
1,600,000 ordinary shares of US$1 each	1,600,000	1,600,000
Retained earnings		
Opening and closing balance	62,507,402	63,649,273

The loss for the year ended 30 June 2017 amounted to US$1.1m.

The Company had previously received capital contributions from L&F Holdings Limited to the value of US$50.2m. By resolution, in order to become eligible as Tier 1 capital under Solvency II, the Board, following legal and tax advice, agreed to transfer the capital contribution into retained earnings during the financial year ended 30 June 2016.

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

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

Adjustments are made to technical provisions in line with the valuation methodologies set out in section D.2 above. In addition, the debtor/creditor items relating to unpaid premium/claim balances are included within the technical provision calculation, given that they are all within credit terms. Accrued liabilities have been discounted. These adjustments are reflected in the Company's reconciliation reserve. A deferred tax liability is recognised due to the decrease in available capital between the financial statements and the regulatory own funds. The amount represents 12.5% of the above adjustments and is considered fully recoverable in line with the Company's projections

Solvency II own funds

Under Solvency II valuation principals, the eligible own funds available to meet the SCR and MCR is US$54.6m. This is comprised entirely of ordinary share capital of US$1.6m and a reconciliation reserve of US$53m that meet the requirements of Tier 1 unrestricted Basic Own Funds.

The reconciliation reserve is made up the total excess of assets and liabilities reduced by the ordinary share capital and share premium held as basic own fund items included in Tier 1. There is no adjustment for net deferred taxes given that the Company does not hold a deferred tax asset.

Lifeguard has no material ancillary own funds and there are no transitional arrangements impacting its capital calculation.There is no restriction on the transfer of own funds.

Capital management

The total capital of the Company as at 30 June 2017 consists of shareholder's equity of US$64.1m.

Management reviews capital on an ongoing basis with a view to maintaining a level of capital sufficient to cover significant balance sheet risks and regulatory requirements. As at 30 June 2017 the Company has adequate capital to meet these objectives.

E.2 Solvency Capital Requirement & Minimum Capital Requirement

Lifeguard's Solvency Capital Requirement ("SCR") as of June 30, 2017 totals US$17.1m. Lifeguard's Solvency II recognized own funds totalling US$54.6m is sufficient to meet its SCR and results in a Solvency Ratio of 319%. Lifeguard's Minimum Capital Requirement ("MCR") as of June 30, 2017 totals US$6.1m.

The SCR is intended to correspond to the capital the Company needs to hold in order to limit the probability of ruin, in the following 12 months, to 0.5%, i.e. ruin would occur less than once in every 200 years. The SCR calculated at the end of the current reporting period, relates to the capital required to support the business over the prospective 12 months; covering both existing liabilities and business written during 2017/2018.

The split of SCR by risk modules is shown in the table below, together with the prior year unaudited comparative;

Risk Item		6/30/17	6/30/16	Change
Market Risk	Interest Rate Risk	0.2	0.8	(0.6)
	FX Risk	0.2	0.0	0.2
	Total	**0.3**	**0.8**	**(0.5)**
Underwriting Risk	Premium-Reserve Risk	9.5	8.6	0.9
	Catastrophe Risk	5.5	5.6	(0.1)
	Lapse Risk	0.2	0.0	0.2
	Total	**12.1**	**11.4**	**0.7**
Counterparty Default		1.8	0.9	0.9
Diversification Benefit		(1.0)	(1.0)	(0.0)
BSCR		13.2	12.1	1.1
Operational Risk		4.0	3.6	0.3
SCR		**17.1**	**15.7**	**1.4**

Own Funds	**54.6**	**52.1**	**2.5**
Solvency Ratio	**319%**	**332%**	**-13%**

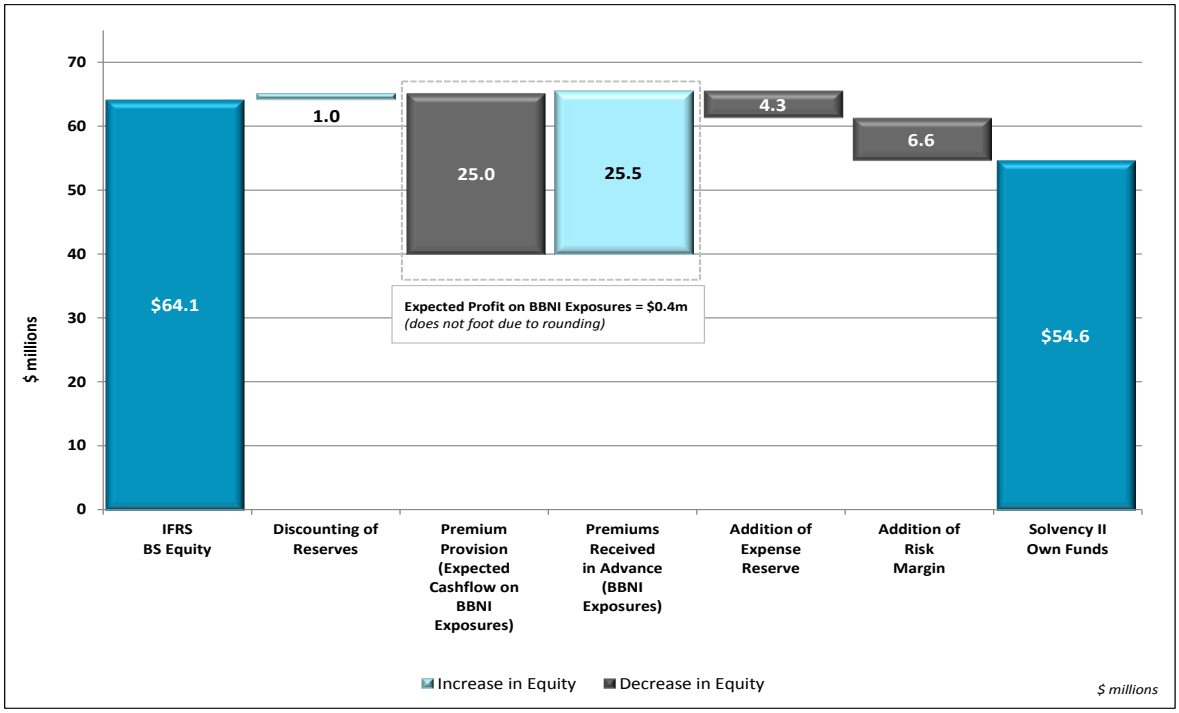
($ millions)

The primary drivers of the overall decrease in Lifeguard's SCR are:

- Interest Rate Risk: The US$0.6m decrease in interest rate risk is due to adjustments in methodology in calculating the impact of interest rate movements on asset values to provide a more granular calculation at the individual asset level.
- Premium Reserve Risk: The US$0.9m increase is largely due to an increase in the volume of net unpaid claim liabilities. Net unpaid claim liabilities increased by US$3.3m from the prior year due to the provision for the 2016/17 claims being greater than the volume of losses paid during the year ended 30 June 2017.
- Counterparty Default Risk: The US$0.9m increase is solely attributable to the increase in cash holdings resulting in the higher volume of premiums prepaid on the Company's balance sheet as at 30 June 2017.
- Operational Risk: The US$0.3m increase is due to the US$1.1m increase in the Basic Solvency Capital Requirement which is a result of increases in the underwriting risk and counterparty default capital risk charges.

The MCR is calculated through a prescribed formula based on the net technical provisions (excluding the risk margin) and net written premium. It is also constrained to be between 25% and 45% of the SCR. Further to this, SI 485 sets out absolute minimum MCR values for non-life and life insurers, reinsurers and captives. As a non-life captive insurer writing liability business, this absolute floor is EUR3.7m. Having carried out the calculations and applied the relevant limits, the resultant MCR for the Company is US$6.1m.

Lifeguard's Solvency II balance sheet equity as of June 30, 2017 totals US$54.6m. Provided below is a reconciliation of Lifeguard's FRS balance sheet equity as of June 30, 2017 totalling US$64.1m and the Solvency II balance sheet equity.



E.3 Use of Duration Based Equity Risk Sub Module in calculation of the SCR

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

E.4 Differences between the Standard formula & any Internal Model

Lifeguard used the Standard formula in determining the SCR and MCR and did not rely on any internal model.

E.5 Non-Compliance with MCR and SCR

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

E.6 Any Other Information

There is no other information to report.

In respect of relevant quantitative information for this report please see Annual QRT extract in Appendix 1.

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

ANNEX I –QUANTITATIVE REPORTING TEMPLATES

The following unaudited quantitative data has been added to Appendix 1.

S.02.01.02 – Balance sheet

S.05.01.02 – Premiums, Claims and Expenses

S.17.01.02 – Non Life technical provisions

S.19.01.21 – Claims Developments

S23.01.01 – Own Funds

S25.01.21 – SCR using standard formula

S28.01.01 – MCR

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	86,505
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	86,505
Government Bonds	**R0140**	86,505
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	234,503
Non-life and health similar to non-life	**R0280**	234,503
Non-life excluding health	**R0290**	234,503
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	14
Reinsurance receivables	**R0370**	
Receivables (trade, not insurance)	**R0380**	1,070
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	28,884
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	350,976

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	296,010
Technical provisions – non-life (excluding health)	**R0520**	296,010
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	289,365
Risk margin	**R0550**	6,645
Technical provisions - health (similar to non-life)	**R0560**	
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	54
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	168
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	120
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	296,352
Excess of assets over liabilities	**R1000**	54,624

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**
Premiums written										
Gross - Direct Business	**R0110**								37,219	
Gross - Proportional reinsurance accepted	**R0120**									
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**								33,497	
Net	**R0200**								3,722	
Premiums earned										
Gross - Direct Business	**R0210**								37,219	
Gross - Proportional reinsurance accepted	**R0220**									
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**								33,497	
Net	**R0300**								3,722	
Claims incurred										
Gross - Direct Business	**R0310**								40,461	
Gross - Proportional reinsurance accepted	**R0320**									
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**								35,568	
Net	**R0400**								4,893	
Changes in other technical provisions										
Gross - Direct Business	**R0410**									
Gross - Proportional reinsurance accepted	**R0420**									
Gross - Non- proportional reinsurance accepted	**R0430**									
Reinsurers'share	**R0440**									
Net	**R0500**									
Expenses incurred	**R0550**								747	
Other expenses	**R1200**									
Total expenses	**R1300**									

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**			Line of business for: **accepted non-proportional reinsurance**				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written									
Gross - Direct Business	**R0110**								37,219
Gross - Proportional reinsurance accepted	**R0120**								-
Gross - Non-proportional reinsurance accepted	**R0130**								-
Reinsurers' share	**R0140**								33,497
Net	**R0200**								3,722
Premiums earned									
Gross - Direct Business	**R0210**								37,219
Gross - Proportional reinsurance accepted	**R0220**								-
Gross - Non-proportional reinsurance accepted	**R0230**								-
Reinsurers' share	**R0240**								33,497
Net	**R0300**								3,722
Claims incurred									
Gross - Direct Business	**R0310**								40,461
Gross - Proportional reinsurance accepted	**R0320**								-
Gross - Non-proportional reinsurance accepted	**R0330**								-
Reinsurers' share	**R0340**								35,568
Net	**R0400**								4,893
Changes in other technical provisions									
Gross - Direct Business	**R0410**								0
Gross - Proportional reinsurance accepted	**R0420**								0
Gross - Non- proportional reinsurance accepted	**R0430**								0
Reinsurers'share	**R0440**								0
Net	**R0500**								0
Expenses incurred	**R0550**								747
Other expenses	**R1200**								
Total expenses	**R1300**								747

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

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**									
Reinsurers' share	**R1420**									
Net	**R1500**									
Premiums earned										
Gross	**R1510**									
Reinsurers' share	**R1520**									
Net	**R1600**									
Claims incurred										
Gross	**R1610**									
Reinsurers' share	**R1620**									
Net	**R1700**									
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**									
Expenses incurred	**R1900**									
Other expenses	**R2500**									
Total expenses	**R2600**									

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions calculated as a whole	R0010									
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050									
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	R0060								19,799	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140								- 5,250	
Net Best Estimate of Premium Provisions	R0150								25,049	
Claims provisions										
Gross	R0160								269,566	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240								239,753	
Net Best Estimate of Claims Provisions	R0250								29,813	
Total Best estimate - gross	R0260								289,365	
Total Best estimate - net	R0270								54,862	
Risk margin	R0280								6,645	
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	R0290									
Best estimate	R0300									
Risk margin	R0310									

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions - total										
Technical provisions - total	R0320								296,010	
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330								234,503	
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340								61,507	

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	R0060								19,799
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140								- 5,250
Net Best Estimate of Premium Provisions	R0150								25,049
Claims provisions									
Gross	R0160								269,566
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240								239,753
Net Best Estimate of Claims Provisions	R0250								29,813
Total Best estimate - gross	R0260								289,365
Total Best estimate - net	R0270								54,862
Risk margin	R0280								6,645
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	R0290								
Best estimate	R0300								
Risk margin	R0310								

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0110	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions - total									
Technical provisions - total	**R0320**								296,010
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**								234,503
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**								61,507

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	8

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

		Development year												
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100			278	826	1,589	974	253	91	19,625	776	281	R0100	20	24,693
N-9	R0160	-	-	35	-	-	-	-	- 35	-	-		R0160	-	-
N-8	R0170	-	492	1,108	7,864	4,576	5,145	3,908	30,095	6,251			R0170	6,251	59,438
N-7	R0180	-	174	67	70	8,038	-	31,359	5,114				R0180	5,114	44,821
N-6	R0190	-	3,912	40	1,270	-	-	1,082					R0190	1,082	6,304
N-5	R0200	-	74	120	267	258	9,750						R0200	9,750	10,470
N-4	R0210	-	370	-	-	-							R0210	-	370
N-3	R0220	-	-	-	-								R0220	-	-
N-2	R0230	-	-	-									R0230	-	-
N-1	R0240	-	-										R0240	-	-
N	R0250	-											R0250	-	-
													Total R0260	22,216	146,097

Annex I
S.19.01.21
Non-life Insurance Claims Information

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100											15,159	3,639
N-9	R0160	32,048	18,022	11,421	7,509	3,557	3,910	5,606	2,878	2,827	3,712		3,535
N-8	R0170	23,486	18,395	19,122	21,817	41,266	46,692	35,687	8,796	1,321			1,177
N-7	R0180	16,497	11,473	30,594	26,450	80,252	80,963	89,962	88,924				85,764
N-6	R0190	7,918	17,792	25,627	48,125	47,961	10,003	7,238					6,991
N-5	R0200	14,955	22,363	32,403	21,116	19,713	9,733						9,393
N-4	R0210	15,380	22,341	17,890	18,438	17,053							16,412
N-3	R0220	48,239	35,505	36,966	36,588								35,056
N-2	R0230	32,616	31,915	32,950									31,365
N-1	R0240	36,899	38,828										36,698
N	R0250	37,666											35,284
												Total	265,314
													R0260

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	1,600	1,600			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	53,024	53,024			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	54,624	54,624			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	54,624	54,624			
Total available own funds to meet the MCR	**R0510**	54,624	54,624			
Total eligible own funds to meet the SCR	**R0540**	54,624	54,624			
Total eligible own funds to meet the MCR	**R0550**	54,624	54,624			
SCR	**R0580**	17,127				
MCR	**R0600**	6,138				
Ratio of Eligible own funds to SCR	**R0620**	319%				
Ratio of Eligible own funds to MCR	**R0640**	890%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	54,624
Own shares (held directly and indirectly)	**R0710**	
Foreseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	1,600
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Reconciliation reserve	**R0760**	
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	422
Total Expected profits included in future premiums (EPIFP)	**R0790**	422

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	299		
Counterparty default risk	R0020	1,834		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	12,079		
Diversification	R0060	- 1,036		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	13,175		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	3,952
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	17,127
Capital add-on already set	R0210	
Solvency capital requirement	R0220	17,127
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	6,138

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090	54,862	3,722
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	R0200	0

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

Overall MCR calculation

		C0070
Linear MCR	R0300	6,138
SCR	R0310	17,127
MCR cap	R0320	7,707
MCR floor	R0330	4,282
Combined MCR	R0340	6,138
Absolute floor of the MCR	R0350	4,222
		C0070
Minimum Capital Requirement	R0400	6,138