NEIL Overseas

NEIL Overseas dac

Solvency and Financial Condition Report ("SFCR") for the financial year ended 31 December 2017

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Executive Summary

The new, harmonized EU-wide regulatory regime for Insurance Companies, known as Solvency II, came into force with effect from 1 January 2016. The regime requires new reporting and public disclosure arrangements to be put in place by (re)insurers. This document is the second version of the Solvency and Financial Condition Report ("SFCR") that is required to be prepared by NEIL Overseas dac (''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.

Company Background

NEIL Overseas dac is a company incorporated in Ireland and authorised by the Central Bank of Ireland to carry out the following classes of non-life insurance business:

- Class 7: Goods in Transit;
- Class 8: Fire and Natural Forces;
- Class 9: Other Damage to Property;
- Class 13: General Liability;
- Class 16: Miscellaneous Financial Loss.

The Company was granted authorisation to carry on insurance business by the Minister for Enterprise and Employment, with effect from 8 December 1998.

The Company's principal activity is underwriting for nuclear power stations in the European Union. Policies are available for both property and business interruption (accidental outage) coverage.

Business and Performance

The Company had a result on its technical account non-life insurance business of US$ 3,752,000 profit (2016 loss: US$ 2,542,000).

The directors consider the level of business and the financial position of the Company to be satisfactory.

The Company's assets are prudently invested, providing access to funds at short notice taking into account the liquidity requirements of the business and the nature and timing of the insurance liabilities.

System of Governance

The Company is subject to the Central Bank of Ireland's Corporate Governance Code for Credit Institutions and Insurance Undertakings ("The Code"). The corporate governance principles of the Company are implemented via the following Corporate Governance Framework:

- Board of Directors
- Board Sub-Committees
- Outsourced Service Providers
- Internal Control Framework
- Risk Management Framework
- Compliance Function
- Audit – Internal & External

The Company adopts three lines of defence in managing its risks. The Board of Directors, critical functions and the audit and risk committees in place are as follows:

Name	Status on Board	Membership and Status on Board and Sub-Committees	PCF
B.Sassi	NED/Chair	Chair of BOD	PCF-2 & PCF-3
S.Woods	ED	Member of BOD	PCF-1, 8,11,18 & 43
I. Britchfield	INED	Member of All	PCF-2
I. Clancy	INED	Member of BOD Chairman of the Audit Committee	PCF-2 & PCF-4
M. Moore	INED	Member of All	PCF-2
M. Kolodner	NED	Member of All	PCF-2

Outsourced Activities

The following is a list of the important outsourced operational functions together with the jurisdiction in which the service providers of such functions or activities are located:

Service Outsourced	Jurisdiction
Internal Audit (under NEIL Direction)	USA
Head of Internal Audit Function	USA
Head of Actuarial Function	EU
Head of Risk Management Function	USA
Solvency II QRT preparation and SCR calculations	EU
Investment Managers (under NEIL Direction)	EU
Support with key activities including Underwriting and Claims support.	USA

Risk Profile

The following table outlines the material risks to which the Company is exposed as well as the undiversified capital charge associated with the risks.

Risk	Capital Charge US$ '000
Market Risk	8,550
Counterparty Default Risk	7,975
Non-Life Underwriting Risk	22,166

These risks are described in further detail in Section C of this report.

Valuation for Solvency Purposes

The Company assets and liabilities, under Solvency II methodology, are valued at best estimate. This differs in some respects from the GAAP valuations for financial statements. In particular, the technical provisions for the Solvency II balance sheet represent the present value of future claim payments. A risk margin is also included in technical provisions, which represents the cost of holding the solvency capital requirement. Section D of this report shows the comparison between the Solvency II balance sheet and the Financial Statements.

Capital Management

The objective of own funds management is to maintain, at all times, sufficient own funds to cover the SCR and MCR with an appropriate buffer. As part of own funds management, the Company prepares ongoing annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the basis of the ORSA contains a five year projection of funding requirements and helps focus actions for future funding.

The Company is a single shareholder entity, whose ordinary shares are fully paid up. It has no debt financing nor does it have plans to raise debt or issue new share capital over the five year time horizon used for business planning.

The Company has also received $72million in capital contributions since its inception. These contributions are irrevocable, non-refundable and will not result in a grant by the Company of any rights or the assumption by the Company and of any obligations to the parent or any third party. These capital contributions have been approved by the CBI as Tier 1 Own Funds as per the Solvency II Directive.

At the end of 2017, the Company had a surplus of assets over liabilities of US$72.6m on a Solvency II valuation basis. This compares to a SCR requirement of US$31.5m and indicates a solvency cover ratio of 230%. The MCR coverage ratio is 920%.

A BUSINESS AND PERFORMANCE

A.1 Business and Performance

A.1.1 Name and legal form of the undertaking
NEIL Overseas dac (the "Company") is incorporated in the Republic of Ireland and is a private company limited by shares.

A.1.2 Name of the Supervisory Authority responsible for the financial supervision of the undertaking
The Company is regulated by the Central Bank of Ireland (CBI). The CBI can be contacted at:
Central Bank of Ireland, PO Box 559, New Wapping Street, North Wall Quay, Dublin 1, Ireland.

A.1.3 External auditor of the undertaking
The independent auditors of the Company are:
Deloitte, Chartered Accountants and Statutory Audit Firm, Deloitte & Touche House, Earlsfort Terrace, Dublin 2, Ireland.

A.1.4 Holders of Qualifying Holdings in the Undertaking
The Company is wholly owned by Nuclear Electric Insurance Limited, a company incorporated in Bermuda.

A.1.5 Legal Structure of the Group
Nuclear Electric Insurance Limited is also the ultimate parent company.

A.1.6 Material lines of business and geographical areas
The Company's principal activity is underwriting for nuclear power plants in the European Union. Policies are available for both property and business interruption (accidental outage) coverage.

The material geographical areas are member states of the European Union and for the purposes of capital reporting these are categorised as Region 2 (Western Europe) and Region 4 (Southern Europe).

A.1.7 Significant Business events during the reporting period
No material events occurred during the year that would merit disclosure.

A.2 Underwriting Performance

The premium income written by the Company was derived principally from the coverage of the nuclear power plants in Belgium owned by Electrabel, the Belgian utility, as well as the partial insurance of some units in France in which Electrabel has a financial interest. Coverage is also provided on all the nuclear power plants in Spain owned by the Spanish utilities of Endesa, Iberdrola, Gas Natural, Nuclenor and EDP España. Additional coverage is also available for Insureds of NEIL Overseas who are Members of Nuclear Electric Insurance Limited. Typically, this would be the provision of support on conventional power plant programs. Additional premium is also earned through participation on non-Member programs.

The insurance of nuclear power plants is a specialised undertaking with a risk profile of losses being of low frequency but high severity. The Company insures nuclear plants and their generating units for: 1) the costs associated with certain long-term interruptions of electric generation due to accidental physical damage to insured sites; 2) decontamination expenses incurred at such sites arising from

nuclear contamination; and 3) other risks of direct physical loss at such sites, including certain premature decommissioning costs under the Company's programs. The claims arising in 2017 are typical of the nature of the risk as described above which occur in the normal course of business.

The Company has entered into an excess of loss reinsurance agreement with its parent, Nuclear Electric Insurance Limited (NEIL). The Company has an annual aggregate retention of US$10M with losses above this being ceded to NEIL. Within this agreement, the Company is also a Named Insured on excess of loss treaties that NEIL has executed with commercial markets

The Company writes the following lines of business: Property Damage and Business Interruption (Accidental Outage) risks (Classes 8 & 9) and for the purposes of capital reporting this is categorised as Fire and Other Damage to Property insurance.

The Company has determined that the US$ is the functional currency.

The Company had a result on its technical account non-life insurance business of US$ 3,752,000 profit (2016 loss: US$ 2,542,000).

The table below shows a summary of the technical (underwriting) account for the year ended 31 December 2017 (based on Irish GAAP):

Fire and Other Damage to Property (EU)	**31/12/2017**	**31/12/2016**
	US$'000	**US$'000**
Gross premiums	25,028	25,740
Reinsurers' share of premiums	(17,077)	(17,328)
Net claims incurred	(2,727)	(8,943)
Net operating expenses	(2,249)	(2,686)
Investment income	777	675
Balance on the technical account	**3,752**	**(2,542)**

The improvement in the balance on the technical account from 2016 to 2017 is mainly due to a reduction in claims incurred.

A.3 Investment Performance

A.3.1 Income and expenses arising by asset class
The Company has an investment strategy which complies with the requirements of "the prudent person principle".

As at 31 December 2017 the Company's investment portfolio comprised the following asset classes:

Asset Class	31/12/2017		31/12/2016	
	Amount US$'000	% of portfolio	Amount US$'000	% of portfolio
Fixed Income Securities	97,824	94%	82,458	87%
Cash Deposits	6,286	6%	12,212	13%
Total	**104,110**	**100%**	**94,670**	**100%**

The table below sets out the investment returns by asset class:

Debt securities and other fixed income securities	31/12/2017	31/12/2016
	Total US$'000	Total US$'000
Net investment income	2,129	1,849
Net realised gain/(loss)	190	(716)
Investment management expense	(135)	(111)
Change in unrealised FX fair value	1,070	(475)
Changes in fair value	(63)	1,314
Net investment result	**3,191**	**1,861**

The Company had income and gains from investment activity of US$ 3,191,000 (2016 gain: US$ 1,861,000). The full year return of the portfolio was 2.4% (2016: 3%), an underperformance of the benchmark by 14bps.

A.3.2 Gains and losses recognised directly in equity
No gains and losses have been recognised directly in equity.

A.3.3 Investments in securitisation
There are no investments in securitisation.

A.4 Performance of Other Activities

A.4.1 There have been no other significant activities undertaken by the company other than its insurance and related activities.
The Company leases office space under an operating lease, which expires in October 2019.

A.5 Any Other Information
There are no other material matters in respect of the business and performance of the Company.

B SYSTEM OF GOVERNANCE

B.1 General Information on the system of governance

B.1.1 Role and responsibilities of the administrative, management or supervisory body and key functions.

The Company is classified as a Low Risk firm under the Central Bank of Ireland's risk-based framework for the supervision of regulated firms, known as PRISM or Probability Risk and Impact SysteM and has a requirement to comply with the provisions of the Central Bank of Ireland's Corporate Governance Code for Credit Institutions and Insurance Undertakings ("The Code").

Board of Directors:

The current composition of the Board of Directors is as follows:

Name	Status on Board	Membership and Status on Board and Sub-Committees	PCF
B.Sassi	NED/Chair	Chair of BOD	PCF-2 & PCF-3
S.Woods	ED	Member of BOD	PCF-1, 8,11,18 & 43
I. Britchfield	INED	Member of All	PCF-2
I. Clancy	INED	Member of BOD Chairman of the Audit Committee	PCF-2 & PCF-4
M. Moore	INED	Member of All	PCF-2
M. Kolodner	NED	Member of All	PCF-2

The responsibilities of the Board include:

- Ensuring the effective, prudent and ethical oversight of the business;
- Setting the business strategy and risk appetite;
- Ensuring that risk and compliance are effectively managed in the Company;
- Ensuring that the solvency capital requirements and minimum capital requirements are maintained at all times.

Sub-Committees:

The following sub-committees have been established:

- Audit Committee

  The Audit Committee is responsible for assisting the Board in terms of the financial reporting processes, internal controls, performance of the internal and external audit processes and any other matters that may impact the financial results of the Company.

  The Committee meets four times a year and the Chair of the Committee is an independent Non-Executive Director who is also a member of the Board.

- Risk Committee – Subsumed into the Board

  The Risk Committee has been subsumed into the Board and is responsible for assisting the Board in discharging its responsibilities for:

  - The effectiveness of the Company's risk management systems;
  - The implementation and maintenance of the Company's risk strategy;
  - Solvency II oversight;
  - Investment issues oversight;
  - Timely reporting of material deviations from the defined risk appetite;
  - Monitoring the effectiveness and independence of the Risk Management Function.

Independent Control Functions:

The Company has established the four key control functions in line with Solvency II requirements – risk management, compliance, actuarial, and internal audit. These functions, each possessing distinct responsibilities, are tasked with providing oversight of and challenge to the business and for providing assurance to the Board in relation to the Company's control framework.

Risk Management Function

The role of the Company's risk management function is to identify and evaluate the major risks facing the Company and to facilitate the implementation of the risk management system. The Board of Directors has appointed a Chief Risk Officer to undertake this role. The roles and responsibilities of the risk management function are set out within the Risk Management Policy. The role of Chief Risk Officer is held by the Group Director of Risk.

Compliance Function

In order to effectively monitor and report on The Company's requirement to be in compliance with all applicable laws and regulatory requirements the Board of Directors has appointed a Compliance Officer to undertake this role. The roles and responsibilities of the Compliance Officer are set out within the Compliance Policy. The Compliance Officer reports to the Board.

Actuarial Function

To ensure compliance with Solvency II obligations, the role of the Head of Actuarial Function ("HoAF") is outsourced to a third party provider. The HoAF reports to the Board.

Internal Audit Function

The internal audit function is outsourced to PricewaterhouseCoopers. The scope of internal audit activities includes the examination and evaluation of the effectiveness of the internal control, risk management, governance systems and processes of the entire licensed entity, including the Company's outsourced activities. The Internal Audit function reports to the Audit Committee. The Head of Internal Audit role is outsourced at Group level.

B.1.2 Material changes in the system of governance that have taken place over the reporting period.

Board of Directors

The following Director resignations took place within the last year:

Richard White resigned 21 April 2017

Audit Committee

Richard White resigned 21 April 2017

Risk Committee

Richard White resigned 21 April 2017

Other PCF roles

Mr. David O'Connor resigned from the position of Head of Actuarial Function (PCF-48) on 20 September 2017. Mr. Keith Morrison took over this role, also effective 20 September 2017.

B.1.3 Remuneration policy for the administrative, management or supervisory body and employees

B.1.3.1 Remuneration policy for the administrative, management or supervisory body and employees

The objective of the Company's Remuneration policy is to provide principles and guidelines for the Board and employees in the implementation of the Company's remuneration practices and procedures.

The Company achieves this through a robust performance management practice, which ensures equitable and, where appropriate, competitively benchmarked pay levels with incentives geared to agreed performance outcomes.

The variable remuneration potential for senior staff and directors is currently limited within the range of 5-30% of basic salary, this measure is in place to promote sound and effective risk management and not to promote excessive risk taking.

B.1.3.2 Information on the individual and collective performance criteria on which any entitlement to share options, shares or variable components of remuneration is based

The Company maintains an Annual Incentive Compensation Plan to reward performance each year. The incentive award is based upon the degree of

achievement of department and overall company objectives for the plan period as measured by the Company's Balanced Scorecard result.

B.1.3.3 Main characteristics of supplementary pension or early retirement schemes for the members of the administrative, management or supervisory body and other key function holders

The Company's pension plan is funded entirely by the Company.

The Company pays Pension scheme contributions of 15.7% of basic salary for eligible employees.

An employee who is at least 18 years or older, becomes a plan participant on the first day of the month following the employee's completing one year of service with the Company.

The employees can contribute AVC's (Additional Voluntary Contributions) which can be a fixed amount or percentage of salary. These payments are a tax-efficient way of saving.

The Company contribution is 15.7% of basic salary for eligible employees. A contribution of 15.7% is also allowed on annual or short term bonus incentives.

There are no early retirement schemes currently in place at the Company.

B.1.3.4 Material transactions during the reporting period with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body.

In addition to the excess of loss reinsurance agreement with NEIL and payment for services for those outsourced functions set out in section B.7 of this report; there were no material transactions with the Shareholder, with persons who exercise a significant influence on the undertaking and with members of the administrative, management or supervisory body.

B.2 Fit and Proper requirements

B.2.1 Requirements for skills, knowledge and expertise

On 1 October 2010, Part 3 of the Central Bank Reform Act 2010 introduced a harmonised statutory system for the regulation by the CBI of persons performing Controlled Functions ('CFs') and Pre-Approval Controlled Functions ('PCFs') in regulated financial service providers.

On 1 December 2011 the CBI issued the Fitness & Probity Standards under Section 50 of the Central Bank Reform Act 2010 which all persons performing Controlled Functions or Pre-Approval Controlled Functions should, at a minimum, comply with.

Guidance for (Re)Insurance Undertakings on the Fitness & Probity Amendments 2015 further assist companies in complying with their obligations brought in by the Solvency II (European Union (Insurance and Reinsurance) Regulations 2015 S.I. 485 of 2015).

The Company has adopted a Fitness and Probity Policy (reviewed by the Board on an annual basis) with the purpose of ensuring that:

- persons holding key positions within the Company are assessed in terms of their fitness and probity in relation to a proposed role and on an ongoing basis;
- effective procedures are in place to undertake this assessment;
- the results of such an assessment are documented;
- the Board is satisfied that it can conclude that persons holding key positions are fit and proper;
- responsibility is assigned to ensure fitness and probity is monitored on a continuous basis;
- approval is sought from the Central Bank of Ireland ('CBI') prior to the appointment of persons performing Pre-Approval Control Functions.

B.2.2 Process for assessing the fitness and the propriety of the persons who effectively run the undertaking or have other key functions

The Policy outlines the procedures that must be followed for assessing the fitness and probity of persons performing CFs and PCFS while also stipulating the requirements for instances when either of these functions are outsourced to a regulated or unregulated entity.

It also focuses on the documentation, controls and governance that are required to be in place to ensure compliance with the abovementioned Code and Regulations.

This is achieved in the main by means of internal checklists, documentary evidence of qualifications proving suitability for the role in question, references, regulatory authority, companies' office and police authority checks and self-certifications from the applicant in the form of Curricula Vitae and the CBI Individual Questionnaires.

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

B.3.1 Risk management system

The Company uses the Standard Formula to assess the solvency and capital requirements.

The Company performs an Own Risk and Solvency Assessment ("ORSA") at least annually. The main purpose of performing the ORSA is to ensure that the Company engages in a process of assessing all risks inherent in the business and determining the corresponding capital needs.

In order to ensure effective risk governance, the risk management system has been designed to identify, assess, manage and monitor and report exposure to risk. This is an ongoing process that is subject to continuous review and development.

Planning

Risk Management is an integral part of the planning processes and is incorporated into the Company's long-range planning, annual business planning, and ongoing operational activities. While long-range plans (aka Strategic Plans) and Annual Business Plans are prepared at the Parent level, the Company's risk profile and Company specific business objectives are factored on an integrated basis into NEIL's Strategic Plan and Annual Business Planning processes.

Risk Identification and Assessment

Company specific Strategic Risk Assessments (SRAs) are conducted to re-evaluate known risks and identify potential emerging risks. The Company's SRA approach is consistent with its Parent and includes the following components:

- Identification and creation of a key risk inventory;
- Evaluation and prioritisation of risks;
- Determination of risk response;
- Review of the control environment;

Those risks deemed most critical to the Company are summarised and monitored via the Risk Dashboard and Key Risk Indicators. Since SRA is a continuous process, risks are assessed during the quarterly review of the Risk Dashboard and KRIs while the SRA "heat map" is updated at least annually as part of the Company's own risk assessment process. Findings from the SRA are integrated and considered in the preparation of a three year audit plan.

Measuring, Monitoring, Managing and Reporting Key Risks

The Risk Dashboard summarizes the key risks identified during the SRA process and are supplemented by Key Risk Indicators (KRIs), which measure performance of individual risk elements in relation to defined tolerances.

The Risk Dashboard and KRIs are reviewed quarterly by Management and the Board and may be complemented with remediation plans and other information as appropriate. Risk monitoring and management is a continuous process and will be undertaken as conditions change and/or when new opportunities or material risks are identified.

Major New Projects

Risk considerations shall be taken into account prior to all major new projects and reviewed regularly throughout the project lifecycle, with significant new risks reported to the Board for further consideration as early as practicable. Project risk assessments shall be reviewed and updated by the Risk Owner at appropriate intervals. If circumstances change significantly at any time, a new risk assessment shall be performed to capture key changes and to re-evaluate material risks.

Financial Modelling & Analysis

Financial modelling and analysis is conducted on a regular basis in order to confirm capital adequacy, stress test the portfolio, and validate business assumptions. Capital adequacy is assessed utilising the Standard Model, as well as forward looking capital forecasting models in support of the ORSA process. Stress testing of the portfolio under extreme adverse scenarios is conducted regularly in support of the ORSA and business planning processes.

Financial Modelling & Analysis is a continuous process and will be undertaken as conditions change and/or when new opportunities or material risks are identified.

B.3.2 Implementation of the Risk management system

The Company recognises the need to have appropriate governance, monitoring and reporting processes and procedures which enable the Company to identify, assess, manage, monitor and report the risks it is or might be exposed to.

Responsibility for risk management is spread throughout the Company and the wider NEIL group. Appropriate internal reporting procedures and feedback loops ensure that information on the risk management framework is actively monitored and managed by all relevant functions and the Board.

The Board of Directors is ultimately responsible for the risk management framework and internal control, including approval of the Company strategy and business planning.

The Company adopts the "three lines of defence" governance model:

1st Line of Defence – Business Management:

The first line of defence is responsible for the day to day management of risk and control within the business operations as well as delivering the strategy and optimising business performance within an agreed governance and risk framework.

2nd Line of Defence – Oversight:

The second lines of defence functions are made up of the risk management function, the compliance function and the actuarial function. The risk management function is responsible for the oversight of the ongoing development of the risk management framework, strategy, related resource plan and making recommendations to the Board thereon.

The Compliance Function is recognised as a key part of the Company's internal control system which should identify, assess, monitor and report on the compliance risk exposure of the Company. The Compliance Function also shares its responsibilities with other Company Functions who are responsible for their specific areas.

The role of the actuarial function is outsourced to third party provider via the terms of a written SLA. In addition to calculation of the technical provisions, the actuarial function is responsible for providing the Actuarial Opinion on Technical Provisions; the Actuarial Report on Technical Provisions; Opinions on Underwriting Policy, Reinsurance arrangements, and the ORSA process as well as an overall Actuarial Function Report.

3rd Line of Defence – Independent Assessment:

Internal Audit Function: The Board has established an Internal Audit Function that is an independent function within the Company with a remit to examine and evaluate the functioning, effectiveness and efficiency of the internal control system and other elements of the system of governance of the Company.

The Board (including Risk Committee) includes three highly skilled and experienced independent Non-Executive Directors.

Further details on the composition and responsibilities of the Board (including Risk Committee) are outlined in Section B1.1.

The Audit Committee includes three highly skilled and experienced independent Non-Executive Directors.

Further details on the composition and responsibilities of the Audit Committee are outlined in Section B1.1.

B.3.3 ORSA

B.3.3.1 ORSA process

The Company prepares an ORSA on an annual basis and on an ad-hoc basis, if circumstances materially change. The objective of the ORSA process is to enable the Board to assess its capital adequacy in light of the assessments of its risks and the potential impacts of its risk environment, and to enable the Company to make appropriate strategic decisions.

In designing its ORSA, the Company incorporates its risks and their implications into short and long term decision making. The assessment approach is conducted on an enterprise and integrated basis, and includes a Risk Appetite Statement, Risk Assessment, Capital Management and Business Strategy.

Primary components of the Company's ORSA include:

Risk Philosophy/Framework: The Company, in conjunction with its Parent company NEIL, protects its financial strength and optimizes risk-adjusted returns by:

- Managing risks within defined tolerance levels
- Measuring risk in an integrated manner across underwriting, investment and operational exposures, and by
- Maintaining well-defined reporting and governance processes

The Company's risk management framework seeks to identify, assess, measure, monitor and manage risks on an integrated basis as further outlined in its Risk Management Policy

Governance Framework: The Company's Governance Framework is designed to deliver an effective system of governance which provides for sound and prudent management of the business, while being scaled for the complexity of the company. The organisational structure allows for the effective transmission of information, and where possible, appropriate segregation of responsibilities. Governance policies are documented, approved by the Board and regularly reviewed.

The Company's key governance and control documents are outlined in its Governance Framework. The Framework and supporting documents are available in the Company's Own Risk and Solvency Assessment (ORSA) resource library.

Strategic Risk Identification and Assessment: As detailed in the Company's Risk Management Policy, Strategic Risk Assessments (SRAs) are conducted to evaluate known risks and identify potential emerging risks to the Company. The SRA process includes: identification and creation of a key risk inventory, evaluation and prioritization of risks, determination of risk response, and review of the control environment.

Findings from the SRA are integrated and considered in the preparation of the internal audit plan. Those risks deemed most critical to the Company are

summarised in the Risk Matrix / Key Risk Indicators and presented in the Enterprise Risk Dashboard, which is updated quarterly.

Risk Appetite: Appetites and tolerance limits for the risks identified are set by the Board, which provide a basis for allocating risk capacity against the Company's exposure to particular risk categories.

Capital Solvency (point-in-time/forecast/stress and scenario testing): Financial modelling and analysis is conducted annually in order to confirm capital adequacy, stress test the portfolio, and validate business assumptions. Capital adequacy is assessed utilising the Standard Model, as well as forward looking capital forecasting models in support of the ORSA and ORSA processes.

All solvency capital assumptions are to be consistent with the Company's current risk profile. Stress testing of the portfolio under adverse scenarios is conducted annually in support of the ORSA and in preparation for the ORSA and business planning process.

Additional financial modelling and analysis may be conducted to evaluate the cost/benefit of alternative resources and review the economic analysis of primary risk transfer mechanisms (e.g., reinsurance). Financial Modelling & Analysis is a continuous process and will be undertaken as conditions change and/or when new opportunities or material risks are identified. The time horizon of the Company's forecast are set annually based on the company outlook and operating conditions. The stress scenarios are sufficient to provide an adequate basis for assessing the overall solvency needs, and will involve a mixture of realistic and more extreme tests.

Reverse stress testing is completed to determine the adverse scenarios that could potentially cause a significant breach in the Company's own risk appetite tolerances.

Forecast Business Activities, Risk Profile, Capital and Solvency: Analysis of the forecast business activities, risk profile (quantitative and qualitative), calculation and analysis of regulatory and economic capital, analysis of solvency margin cover and description and assessment of risk mitigation techniques.

Actuarial: The Company's Actuarial Charter further outlines the roles and responsibilities of its expert third party resources, including calculation of the Company's technical provisions and standard model support.

The HoAF provides an annual actuarial opinion to the Board regarding the range of risks and the adequacy of the scenarios, including financial provisions, considered as part of each ORSA process.

Reporting: A report is generated following the completion of every Own Risk and Solvency Assessment. The report will act as a record of each assessment. An internal report will be presented under the following headings:

- Introduction
- Method and Assumptions
- Overall Solvency Needs
- Conclusions and Action Plans
- Review & Approval
- Distribution

B.3.3.2 ORSA review and approval process

The results and conclusions from each internal ORSA assessment report are

reviewed and challenged by the Company Board, which may result in revision and reworking of the report.

Once the Company Board approves the final draft of the assessment report, the Low Risk own-risk and solvency assessment supervisory report ('ORSA supervisory report Low') is submitted to the CBI within 2 weeks.

The final report is then circulated to all relevant Company and NEIL staff.

The results and conclusions from each ORSA are reviewed against relevant Company policies and procedures as part of the Risk Management Framework.

B.3.3.3 Statement explaining how the undertaking has determined its own solvency needs given its risk profile and how its capital management activities and its risk management system interact with each other.

The Company determines the solvency capital and assesses the overall solvency needs using the Solvency II standard formula.

A five year base case projection of the Solvency II Balance Sheets and Solvency Capital Requirements position is produced using the standard formula. The results are subjected to a range of scenario testing that is reviewed by management and challenged by the Board and, where appropriate, potential management actions are noted and conclusions drawn

The Company has sufficient capital to meet its base case SCR for its current and projected business activities over the 5 year business planning horizon.

The results of the ORSA show that the Company has sufficient eligible capital own funds to:

• Maintain a comfortable margin over its Overall Solvency Needs for its current and projected business activities over the business planning horizon;
• Continue to meet internal and regulatory solvency targets for capital management;
• Continue its business on a going concern basis over the business planning horizon.

B.4 Internal Control System

B.4.1 Description of the internal control system

The Company has adopted an Internal Control Policy (reviewed by the Board on an annual basis) The objectives of the Internal Control Policy and system are to provide Management with appropriate information to inform decision making and provide reasonable assurance that:

• Assets are safeguarded against loss from unauthorised use or disposition;
• Transactions are executed in accordance with Management's authoristaion and recorded properly to permit the preparation of the financial statements in accordance with generally accepted accounting principles and statutory reporting requirements;
• There is compliance with laws, regulations and Company policies.

The Company's internal control framework is reviewed with the Board of Directors to ensure effective compliance with legislation.

An assigned Director has primary responsibility for the Company's Internal Control Policy and system. This Director ensures that policies and procedures are adopted that provide adequate control and accountability for operations, programs and resources. Designated individuals implement and maintain systems of internal control for their respective areas that provide reasonable assurance that the internal control standards defined within this policy are addressed.

The Parent Company has created Compliance and Controls Committee (C&CC), to which the Company's Compliance Officer is a standing member. The C&CC is responsible for promoting and monitoring the use of effective controls and control awareness throughout the Company.

Primary Roles and Responsibilities of the Committee include preparation of an Annual Compliance Report, program assessment, coordination of the Three Year Internal Audit Plan, remediation plan review, compliance monitoring, occurrence assessment, training, communication, Compliance and Control Register implementation.

A Parent Company internal audit plan is prepared on an annual basis that includes testing for the Company's processes and activities. The Parent Company, working with Company Management and the internal audit function are responsible for the timing of the scheduled tests based on business needs and risk assessment. Reports are provided on the status of schedule attainment, testing activities and findings to Management and the Audit Committee of the Board.

The compliance function also reports to the Board of Directors regarding Company compliance with the relevant legislation.

B.4.2 Implementation of the compliance function

The Board of the Company has ultimate responsibility for its compliance objective.

To help achieve this aim the Board has established a Compliance Function, staffed by an appointed Compliance Officer, to supplement not supplant, the responsibilities of the Board to ensure compliance with legislation and applicable requirements.

The role of the Board appointed Compliance Officer is to:

- Assist the Board with ensuring ongoing compliance with legislation and applicable requirements;
- Enhance the Company's awareness of compliance matters;
- Monitor the understanding of the legal and regulatory environment;
- Creation and maintenance of a compliance register;
- Completion of a compliance risk assessment on a regular basis;
- Management of compliance obligations (e.g. breach reporting);
- Monitoring and evaluation (e.g. regular review of the Compliance Register);
- Communication and reporting;
- Reviewing staff training processes so as to ensure appropriate compliance competencies.

The Compliance Officer prepares a Compliance Officer report for the Board at each board meeting which outlines the following:

- Details of regulatory correspondence with the Company
- Details of regulatory developments
- Details of which controls were tested since the last report and the results of the tests

- Conclusions and recommendations on the Company's compliance with insurance legislation and guidelines.
- Solvency II transition updates
- Compliance plan activities
- Application of recommendations of the Insurance Supervision Directorate of the Central Bank.

B.5 Internal audit function

B.5.1 Implementation of the internal audit function

The Company has outsourced its Internal Audit Function to PricewaterhouseCoopers. The internal audit function possesses a remit to provide reasonable assurance as to the effectiveness and efficiency of the overall control environment for the Company's Audit Committee of the Board of Directors and Management. The Head of Internal Audit reports to the Company's Chairman of the Audit Committee.

In this regard, Internal Audit participates with management as an independent and objective business partner in identifying and assessing the priority of business risks.

To this end, the Internal Audit Function is mandated to:

- Examine and evaluate the policies, procedures and systems which are in place to ensure:
    - Effective and efficient operations;
    - Reliable financial reporting and integrity of information;
    - Compliance with applicable legal and regulatory requirements;
    - Safeguarding of assets; and,
    - Effective internal control practices are employed.
- Provide management with advice and recommendations on controls over their business operations and processes;
- Provide management with advice and recommendations to improve the reliability, integrity and security of management and financial information;
- Coordinate with the external auditors to ensure key risks are addressed and to ensure audit duplication is avoided whenever possible;
- Assist management in ascertaining the extent of compliance with applicable laws and regulation to which the Company is subject or will be subject; and,
- Communicate the principles of the risk-based audit approach and the basis of the Audit Plan to Company management, the Audit Committee and the NEIL Compliance and Controls Committee.

B.5.2 Independence of the internal audit function
The function provides independent and objective assurance services, via an Internal Audit Agreement between the Company and PricewaterhouseCoopers.

B.6 Actuarial function

The role of the Actuarial Function is outsourced to third party provider, Willis Towers Watson, via the terms of a written SLA.

The key role of the Head of Actuarial Function (HoAF) is to provide the following services as part of the Annual Actuarial Function Report:

- Opinion on Underwriting Policy;
- Opinion on Technical Provisions;
- Opinion on Reinsurance Arrangements;
- Contribution to the Risk Management System;
- Contribution to calculation of capital requirements;
- Opinion on the ORSA process.

B.7 Outsourcing

The Company has established an Outsourcing Policy which sets out the requirements for identifying, justifying and implementing material outsourcing arrangements. This Policy has been adopted by the Company and includes the following:

- Definition of outsourcing and critical outsourcing;
- Board and Management responsibility;
- Due Diligence;
- Service Level Agreements;
- Management and control of the Outsourcing Relationship;
- Final approval;
- Compliance.

The Company's outsourcing arrangements are subject to annual review and the findings of the report, along with the Outsourcing Policy are reviewed by the Board.

The following is a list of the important outsourced operational functions together with the jurisdiction in which the service providers of such functions or activities are located:

Critical Outsourcing Arrangements				
Outsourced Provider	**Service Outsourced**	**Internal/External**	**Jurisdiction**	**Outsourcing Oversight**
Marsh Management Services (Dublin) Limited	QRT preparation and SCR calculations	External	EU	Head of Compliance (PCF-13)
PGIM	Investment Managers (under NEIL Direction)	External	EU	
NEIL	Support with key activities including Underwriting and Claims support.	Internal	USA	
PricewaterhouseCoopers	Internal Audit (under NEIL Direction)	External	USA	
Willis Towers Watson	Head of Actuarial Function	External	EU	
NEIL	Head of Risk Management Function	Internal	USA	
NEIL	Head of Internal Audit Function	Internal	USA	

B.8 Assessment of the adequacy of the system of governance of the insurance or reinsurance undertaking to the nature, scale and complexity of the risks

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 operations of the Company.

B.9 Any other material information regarding the system of governance of the Company

No material changes regarding the system of governance of the Company took place, aside from the fact that certain functions, including actuarial function, internal audit function and risk management functions were finalised and approved by the CBI in line with Solvency II requirements and those already disclosed in Section B1.2.

C RISK PROFILE

The Company's long term risk management objectives are aligned with its parent and the common Risk Philosophy Statement is outlined below:

- Managing risks within defined tolerance levels;
- Measuring risk in an integrated manner across underwriting, investment and operational exposures;
- Maintaining well-defined reporting and governance processes.

Company specific Strategic Risk Assessments (SRAs) are conducted to re-evaluate known risks and identify emerging risks. The Company's SRA approach is consistent with its Parent and includes the following components:

- Identification and creation of a key risk inventory;
- Evaluation and prioritization of risks;
- Determination of risk response;
- Review of the control environment.

C.1 Underwriting risk

C.1.1 Key underwriting risks

Underwriting risk at 31 December comprises 57% of the undiversified basic SCR.

The key underwriting risks to which the Company is exposed to are set out below:

Non-life premium and reserve risk

The Company accepts insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss.

Underwriting risk arises from two sources – inappropriate underwriting (premium risk) and adverse claims development (reserve risk).

While the Board retains ultimate authority for underwriting, the Company's underwriting and claim reserving practices are supported by its parent company (NEIL) and an affiliate (NEIL Services) respectively.

Underwriting objectives are outlined in the parent's Insurance Department Policies and Guidelines while claims reserving practices are outlined in NEIL Services Claims Department Manual. Key risk considerations addressed in the respective policies include the classes and characteristics of the insurance business the Company is willing to accept, premium adequacy, underwriting limits, claims assessments and claims payment processes.

Non-life catastrophe risk

The risk of a major natural or man-made event occurring is considered as part of the Company's reinsurance policy and arrangements.

Catastrophic modeling of NEIL Overseas insureds is conducted annually through the application of expert third party systems (e.g. RMS) and results are incorporated into NEIL Overseas Loss Estimation and Pricing processes.

C.1.2 Material Risk Concentrations

Natural catastrophe is considered as part of the safety case for each of the Company's Members Nuclear Power Plant locations. Due to the physical separation of the sites, the concentration element is most relevant for earthquake, with the majority of plants in low or between low and moderate risk zones.

Geographic Risk Concentration is considered as part of the catastrophic modelling, which is included within the loss estimate process.

Design based risk concentrations are mitigated by the coordinated exchange of operational experience worldwide within the Nuclear Industry; the nature of the plant designs and the emerging risk and project enterprise risk programs in place.

C.1.3 Assessment and risk mitigation techniques used for underwriting risks

The Company monitors and controls risks via various methods, including:

- Having in place clear underwriting and reserving philosophies and procedures and controls in relation to pricing and reserving;
- Retaining risk within an approved risk appetite and solvency requirements;
- Monitoring changing environment and market conditions that affect risk;
- Quarterly performance reporting highlighting performance of key underwriting metrics (KRIs);
- Using reinsurance to reduce underwriting risk;
- The ORSA includes stress and scenario testing which is used to assess the risks under stressed conditions;
- Independent opinions on the reasonableness and adequacy of the overall underwriting policy, technical provisions and reinsurance arrangements are provided by the Head of Actuarial Function on an annual basis.

C.2 Market risk

C.2.1 Material market risks

Market risk is the risk arising from the level of volatility of market prices of financial instruments. Exposure to market risk is measured by the impact of movements in the level of financial variables such as stock prices, interest rates, real estate prices and exchange rates. Market risk is arrived at using the assumptions and calculations methods contained in the Standard Formula.

Investments objectives are outlined in the Company's Investment Policy Guidelines and Objectives. Key risk considerations in development of the guidelines include: permitted investment classes, derivative usage, credit risk, market risk, concentration risk, liquidity risk, asset liability management and interest rate sensitivity.

The table below outlines the material components of the market risk module as at 31 December 2017.

Market Risk sub-module	US$'000
Concentration	2,898
Spread	7,227
Interest rate	3,320
Currency	262

Concentration Risk: the risk that excessive exposure to counterparty will impact on the solvency of Company.

Concentration risk is a product of the investments held, being the deposit accounts and bonds.

Spread Risk: the sensitivity of the value of investments, primarily bonds and deposits in respect of the Company, to changes in the level or in the volatility of credit spreads.

Spread risk is also a product of the investments held, being the deposit accounts and bonds.

Interest Rate Risk: the risk that the Company is exposed to lower returns or loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets arising from changes in underlying interest rates.

Interest rate risk arises primarily from the Company's bond portfolio and the settlement of future claims.

Currency Risk: the risk that the Company is exposed to higher or lower returns as a direct or indirect result of fluctuations in the value of, or income from, specific assets or liabilities arising from changes in underlying exchange rates.

Currency risk is not considered material given the nature the Company's business.

C.2.2 Material Risk Concentrations

Concentration risk arises in respect of the deposits with credit institutions and the bonds. However, noting that point the Company continues to hold a well-diversified bond portfolio to ensure there is no over concentration of material market risks.

C.2.3 Prudent person principle applied to market risks

The high quality and conservative investments are a consequence of the investment assets being prudently invested, taking into account the liquidity requirements of the business and the nature and timing of the insurance liabilities.

C.2.4 Assessment and risk mitigation techniques used for market risks

The Company monitors and controls risks via various methods, including:

- Compliance with the investment policies and guidelines as approved by the Company's Board of Directors;
- Quarterly KRIs

- Retaining risk within an approved risk appetite and solvency requirements;
- Monitoring changing environment and market conditions that affect risk;
- Diversifying and limiting investment risk through ongoing review and management metrics;
- The ORSA includes stress and scenario testing which is used to assess the risks under stressed conditions.

C.3 Credit risk

C.3.1 Material credit risks

Credit risk at 31 December comprises 21% of the undiversified basic SCR.

Credit risk is the risk that the Company is exposed to lower returns or loss if another party fails to perform its financial obligations towards the Company. The counterparty default risk module in the Standard Formula is mainly driven by cash at bank and the reinsurer's share of technical provisions.

Reinsurance counterparties:

The main reinsurance counterparty with which the Company has a treaty (NEIL) is highly rated and has a credit quality step of 2.

Banking counterparties:

Cash at bank is kept to a minimum and invested with highly reputable and creditworthy institutions.

C.3.2 Material Risk Concentrations

While the significant reinsurance provided by NEIL could be considered a material risk concentration to the Company, this is mitigated by the unique relationship between the Company and NEIL; the fact that currently almost all coverage is provided to NEIL Members; and the exceptionally strong surplus position of NEIL.

C.3.3 Prudent person principle applied to credit risks

Counterparties are selected by taking into account the credit rating and reputation of each entity. Credit ratings are used as a way of properly identifying and managing the risk attached to a counterparty.

C.3.4 Assessment and risk mitigation techniques used for credit risks

The Company monitors and controls risks via various methods, including:

- Compliance with the investment policies and guidelines as approved by the Company's Board of Directors;
- Retaining risk within an approved risk appetite and solvency requirements;
- Quarterly KRIs
- Monitoring changing environment and market conditions that affect risk;
- NEIL's reinsurance guidelines limit reinsurer participation, percentage, total aggregate exposure and minimum credit rating;

- NEIL's reinsurer credit rating is monitored in the Company's Key Risk Indicators (KRIs);
- The ORSA includes stress and scenario testing which is used to assess the risks under stressed conditions.

C.4 Liquidity risk

C.4.1 Material liquidity risks

The Company has considered the risk of a lack of liquidity available to pay claimants and has determined that no specific allocation of capital is considered necessary for this risk, as investments are managed such that no less than 90% of the investments could be liquidated without significant market impact over a period of several months or less.
Liquidity objectives and constraints are outlined in the Company's Investment Policy Guidelines and Objectives.

C.4.2 Prudent person principle applied to liquidity risks

The investment assets are prudently invested taking into account the liquidity requirements of the business and the nature and timing of the insurance liabilities. The investment funds are primarily publicly traded securities which can be liquidated without significant impact over a period of several months or less.

C.4.3 Assessment and risk mitigation techniques used for liquidity risks

The Company monitors and controls risks via various methods, including:

- Compliance with the investment policies and guidelines as approved by the Company's Board of Directors;
- Retaining risk within an approved risk appetite and solvency requirements;
- Monitoring changing environment and market conditions that affect risk;
- Quarterly KRIs
- Forecasts are prepared regularly to predict required liquidity levels over both the short and medium term.
- The ORSA includes stress and scenario testing which is used to assess the risks under stressed conditions.

C.5 Operational risk

C.5.1 Material operational risks

Operational risks are addressed in the capital requirement as an addition to the BSCR to the extent that they have not been explicitly covered in other risk modules. The operational risk capital charge as at 31 December 2017 is US$976k.

The Company defines operational risk as the risk of loss resulting from failed internal processes, people and systems or from external events. Operational risks which can result in losses include internal fraud, external fraud, employments practices, system failures and disregard of company policies.

C.5.2 Assessment and risk mitigation techniques used for operational risks

The Company monitors and controls risks via various methods, including:

- Internal controls;
- Monitoring and internal reporting;
- Business continuity plans;
- High standards of ethics and integrity through a Code of Conduct;
- Commitment of effective corporate governance.

C.6 Other material risks

The Company has included a range of non-quantifiable risks in its Strategic Risk Assessment and ORSA process. Documented associated actions exist for each of these risks and they are reviewed on a quarterly basis by the Board of Directors.

Sample risks include:

- Outsourcing;
- Crisis Management;
- Reputational and Member Engagement;
- Regulatory and Compliance;
- Loss Prevention.

The Board considers that these non-quantifiable risks that are not captured by the standard model are covered by the application of a specified strategic solvency target,

C.7 Amount of expected profit included in future premiums as calculated in accordance with Article 260(2)

Nil.

C.8 Stress and sensitivity tests

The Company's ORSA contains five scenarios, which reflect stresses on premium risk, underwriting risk and counterparty default risk.

The results of the stress testing evidence that the Company is prudently capitalised on a net of reinsurance basis as a consequence of its low aggregate loss retention. Traditional insurance risks such as underwriting and reserve risks are therefore not material on a stand-alone basis under the Company's operating model.

Three scenarios were identified within the ORSA that could result in a breach of capital requirements. These were:

- A 1 in 200 year loss event, where as a result of increased counterparty risk, due to the large reliance of external insurance, the SCR could be breached until such time as the loss is settled and paid by the reinsurer.

- A severe catastrophe, affecting the risks insured by the Company, in a combination with catastrophe events covering the risks insured by the parent would result in exhaustion of own funds. It should be noted that the probability of such an event is remote given the probabilities of a single catastrophe loss.

- The Company incurs a significant drop in insured units (50%), a resultant annual loss would be realized and require Management attention to rectify (though capital position remains comfortably above the MCR and SCR throughout the proforma period).

Under its risk tolerance limits the Company aims to maintain a specified strategic solvency target. Where a breach of this solvency ratio is identified, as highlighted above, the Company has an action plan in place. The action taken will be to alert the Central Bank of Ireland to the upcoming change and to call a meeting of the Board to confirm the capital actions needed to respond to ensure available capital remains in excess of the SCR.

C.9 Any Other Information

The Company has identified all material risks through its risk register and there is no other material information regarding the risk profile of the Company that warrants disclosure.

D VALUATION for SOLVENCY PURPOSES

D.1 Assets

D.1.1 Local GAAP and Solvency II Valuations

The table below sets out the value of the Company's assets as at 31 December 2017:

	31/12/2017		31/12/2016	
	Assets per GAAP	**Assets per Solvency II**	**Assets per GAAP**	**Assets per Solvency II**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Fixed Income Securities	97,824	97,936	82,458	82,916
Deposits other than cash equivalents	-	6,642	-	12,145
Cash and Cash Equivalents	6,286	286	12,212	376
Reinsurance recoverables	6,384	4,911	18,278	17,555
Reinsurance Receivables	3,019	3,019	1,456	1,456
Property	74	74	67	67
Deferred Tax Asset	-	86	-	-
Accrued Interest	754	-	767	-
Other Assets	63	63	65	65
Total assets	**114,404**	**113,018**	**115,303**	**114,580**

The Company's assets are recognised and valued using the following principles:

Fixed Income Securities
These are quoted instruments in active markets and therefore the market price as at 31 December 2017 has been applied. Adjustments for solvency purposes relate to the reclass of accrued interest on fixed income securities (being valuation at "dirty price": price of a bond valued including any interest that has accrued since issue of the most recent coupon payment).

Cash and cash equivalents
Cash and cash equivalents are balances held on current accounts with credit institutions, they are valued at current market value.

Adjustments for solvency purposes relate to a reclassification of term deposits from Cash and Cash Equivalents to Deposits other than Cash equivalents.

Deposits other than cash equivalents
Adjustments for solvency purposes relate to a reclassification of term deposits from Cash and Cash Equivalents to Deposits other than Cash Equivalents.
These are quoted instruments in active markets and therefore the market price as at 31 December 2017 has been applied.

Reinsurance recoverables

Reinsurance recoverables are comprised of the reinsurer's share of unearned premiums and a provision for amounts recoverable from the related reinsurance contract.

Adjustments for solvency purposes relates to the application of the Solvency II best estimate valuation. The fair value of these combined technical provisions is calculated by discounting estimated future cash-flows (best estimates) based on estimated duration of each provision (payment pattern), using the risk-free interest rates curve.

Reduction in reinsurance recoverables from 2016 to 2017 is mainly due to the payment of a large claim reserve in 2017 and the collection of the corresponding recoverable.

Deferred tax asset

The Company has recorded a deferred tax asset as the cash flows from their relevant Basic Own Funds items result in a decrease in available capital when moving from Solvency I to Solvency II and the Company has therefore recognised future tax receivable on this capital.

D.2 Technical Provisions

D.2.1 Local GAAP and Solvency II Valuations

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

The table below shows an analysis of the technical provisions as at 31 December 2017:

Insurance Class	**31/12/2017**		**31/12/2016**	
Fire and other damage to property	**TPs per GAAP**	**TPs per Solvency II**	**TPs per GAAP**	**TPs per Solvency II**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Best estimate of liabilities (BEL)	35,145	32,528	38,485	35,307
Risk margin	-	1,836	-	1,918
Total technical provisions	**35,145**	**34,364**	**38,485**	**37,226**

The GAAP accounts of the Company include provisions for claims incurred and claims incurred but not reported, which consider all reasonably foreseeable best estimates. An unearned premium reserve is also included, relating to gross premiums written that have not yet expired by the end of the financial period by reference to the full term of the insurance policies to which such premiums written relate.

The Solvency II technical provisions are made up of a best estimate of the claims, premiums and expenses cash flows that are discounted to give an estimate of the provisions. A risk margin is then added.

A number of adjustments were made to the GAAP provisions in order to obtain the Solvency II technical provisions. Key points to note are as follows:
Cash-flows and discounting: Cash-flows have been discounted using the USD risk free yield curve as at 31 December 2017 as published by the European Insurance and Occupational Pensions Authority ("EIOPA").

Solvency II classes of business: Classes of business have been allocated to Solvency II line of business on the following basis: All classes have been allocated to "Fire and other damage to property".

Inclusion of unearned business: The expected claims on unearned business have been calculated using an expected loss ratio applied to the gross of reinsurance unearned premium reserve.

Expenses: An allowance has been made for claims handling expenses.

Risk Margin
The risk margin has been calculated separately by determining the cost of providing an amount of eligible own funds equal to the Solvency Capital Requirement necessary to support the insurance and reinsurance obligations The annual cost of capital is taken to be 6% of the capital estimated at each future point, discounted to the valuation date using the same risk free yield curve as that used to determine the best estimate technical provisions.

D.2.2 Uncertainty associated with the value of Technical Provisions

All estimates of unpaid loss reserves are inherently uncertain. The key areas of uncertainty of the technical provisions are driven by the uncertainty of the underlying booked reserves. Hence, the key area of particular uncertainty relating to the Company's liabilities is:

Given the high limits underwritten by the Company and the low level of retentions, the main uncertainty arises from the possibility that the reinsurers may fail to respond to a valid claim either through insolvency or dispute. However, given that at the current level of expected recoveries, the counterparty is the Company's parent Nuclear Electric Insurance Limited (NEIL) and so default is unlikely.

D.2.3 Solvency II and local GAAP valuation differences of Technical Provisions by material line of business

See analysis in Section D2.1 - all classes have been allocated to "Fire and other damage to property".

D.2.4 The Company does not apply the matching adjustment referred to in Article 77b of Directive 2009/138/EC.

D.2.5 The Company does not use the volatility adjustment referred to in Article 77d of Directive 2009/138/EC.

D.2.6 The Company does not apply the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC.

D.2.7 The Company does not apply the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

D.2.8 Recoverables from reinsurance and special purpose vehicles

The Company entered into an excess of loss reinsurance agreement with its parent, NEIL. The Company has an annual aggregate retention of US$10M with losses above this being ceded to NEIL.

Total reinsurance recoverables (Solvency II valuation basis) at 31 December 2017 were US$4.9m (2016: US$17.6m). An analysis of the components of same together with an overview of the Solvency II valuation bases has been provided in Section D1.1.

D.3 Other liabilities

Other liabilities at 31 December 2017 were US$6m (2016: US$4.1m) and are mainly composed of amounts due to policyholders, retiree medical benefits payable, accrued expenses and taxation liabilities. There were no differences between the Local GAAP and Solvency II valuations.

D.4 Alternative Methods for Valuation

The Company does not use any alternative methods for valuation.

D.5 Any Other Information

There are no other material matters in respect of the valuation of assets and liabilities.

E CAPITAL MANAGEMENT

E.1 Own funds

E.1.1 Objective, policies and processes for managing own funds

The objective of own funds management is to maintain, at all times, sufficient own funds to cover the SCR and MCR with an appropriate buffer. As part of own funds management, the Company prepares ongoing annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the basis of the ORSA contains a five year projection of funding requirements and helps focus actions for future funding.

The Company is a single shareholder entity whose ordinary shares are fully paid up. It has no debt financing nor does it have plans to raise debt or issue new shares capital over the five year time horizon used for business planning.

The Company has also received $72million in capital contributions since its inception. These contributions are irrevocable, non-refundable and will not result in a grant by the Company of any rights or the assumption by the Company and obligations to the parent or any third party. These capital contributions have been approved by the CBI as Tier 1 Own Funds as per the Solvency II Directive.

The medium-term capital management plan set by the Board is as follows:

- Current capital management is to conservatively manage the capital in accordance with the Company's Investment Policy Guidelines and Objectives;
- There is no short, medium or long term policy to pay a dividend. However, as part of its capital management strategy, the Company shall consider, on an annual basis, its ability to pay a dividend to the sole shareholder;
- Own funds to be maintained at an agreed level in excess of the SCR.

E.1.2 Own funds analysed by tiers

An analysis of own funds is shown below:

Date	Description	Tier 1 US$000	Tier 3 US$000	Total US$000
1 January 2017	Opening balance comprising: Ordinary share capital Capital contributions Reconciliation reserve	 10,000 72,000 (8,807)	 -	 10,000 72,000 (8,807)
	Movement in the Reconciliation reserve (comprising retained earnings and Solvency II adjustments) for the year ended 31 December 2017	(661)	-	(661)
	Deferred tax asset		86	86
31 December 2017	Closing balance	72,532	86	72,618
	Represented by:			
	Ordinary share capital	10,000	-	10,000
	Capital contributions	72,000	-	72,000
	Reconciliation reserve	(9,468)	-	(9,468)
	Deferred tax asset	-	86	86
	Total Basic own funds after deductions	**72,532**	**86**	**72,618**

The Company's ordinary share capital, capital contributions and reconciliation reserve are all available as tier 1 unrestricted own funds as per Article 69 (a)(1) of the Delegated Regulation. The negative reconciliation reserve equals the excess of liabilities over assets less other basic own fund items, as at the reporting date. There are no foreseeable dividends or own shares held. The Company has no tier 1 restricted own funds, no tier 2 own funds and tier 3 own funds of US$86k.

E.1.3 Eligible amount of own funds to cover the Solvency Capital Requirement, classified by tiers.

The eligible amount of own funds to cover the Solvency Capital Requirement is US$72.6m. This is comprised of Tier 1 unrestricted Basic Own Funds of US$72.5m and Tier 3 Basic Own Funds of €86K.

E.1.4 Eligible amount of own funds to cover the Minimum Capital Requirement, classified by tiers.

The eligible amount of own funds to cover the Minimum Capital Requirement is US$72.5m. This is comprised of Tier 1 unrestricted Basic Own Funds of US$72.5m.

E.1.5 Difference between equity as shown in the financial statements and the Solvency II value excess of assets over liabilities.

The following table reconciles the differences (reconciliation reserve) between the equity in the financial statements and the excess of the assets over liabilities as calculated for solvency purposes.

Reconciliation of Basic Own Funds to Equity as per financial statements as at 31 December 2017	
	US'$000
Solvency II - Basic Own Funds	72,618
Total Equity as per financial statements	73,223
Difference:	**(605)**
Represented by:	
Difference between Net Technical Provisions and BEL	1,145
Risk Margin	(1,836)
Deferred tax asset	86
Difference:	**(605)**

E.1.6 None of the Company's own funds are subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of Directive 2009/138/EC.

E.1.7 Tier 3 funds are made up of an amount equal to the value of deferred tax assets.

E.1.8 No deductions are applied to own funds and there are no material restrictions affecting their availability and transferability.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Amount of Solvency Capital Requirement and Minimum Capital Requirement

The table below shows the total SCR and MCR at 31 December 2017:

	US$'000
SCR	31,532
MCR	7,883

The final amount of the SCR remains subject to supervisory assessment.

E.2.2 Solvency Capital Requirement split by risk modules

The table below shows the SCR components by risk module (using the Standard Formula) at 31 December 2017.

	2017 US$'000	2016 US$'000
Market risk	8,550	9,475
Counterparty default risk	7,975	8,913
Non-life underwriting risk	22,166	20,772
Diversification	-8,134	-8,836
Basic Solvency Capital Requirement	30,557	30,544
Operational Risk	976	1,059
Overall Solvency Capital Requirement	**31,532**	**31,603**

Available Capital	**72,618**	**73,193**
SCR Cover	***230%***	***232%***

E.2.3 Simplified calculations are not used for any of the risk modules or sub-modules.

E.2.4 The Company does not use undertaking specific parameters in its computation.

E.2.5 The Minimum Capital Requirement is calculated using the Standard Formula specifications.

The table below shows the inputs into the MCR calculation as at 31 December 2017.

Minimum Capital Requirement (MCR)

MCR	7,883,108

Total MCR NL	3,209,406
Cap	14,189,595
Floor	7,883,108

Parameters	
Cap	45%
Floor	25%
AMCR	2,998,250

Line of Business	Net Technical Provisions	Net Premium Written	Paremeters		MCR NL
			α	β	
Medical Expense	0	0	5%	5%	0
Income Protection	0	0	13%	9%	0
Workers' Compensation	0	0	11%	8%	0
Motor Vehicle Liability	0	0	9%	9%	0
Other Motor	0	0	8%	8%	0
Marine, Aviation & Transport	0	0	10%	14%	0
Fire & Other Damage to Property	27,616,736	8,179,111	9%	8%	3,209,406
General liability insurance	0	0	10%	13%	0
Credit & Suretyship	0	0	18%	11%	0
Legal Expenses	0	0	11%	7%	0
Assistance	0	0	19%	9%	0
Miscellaneous Financial Loss	0	0	19%	12%	0
NPR - Health	0	0	19%	16%	0
NRP - Property	0	0	19%	16%	0
NPR - Casualty	0	0	19%	16%	0
NPR - Marine, Aviation & Transport	0	0	19%	16%	0

E.2.6 There were no material changes to the Solvency Capital Requirement and to the Minimum Capital Requirement over the reporting period.

E.3 Any use of the equity risk sub-module in the calculation of the Solvency Capital Requirement.

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

E.4 Internal model information.

The Company applies the Standard Formula model and does not use an internal model to calculate the Solvency Capital Requirement.

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

There were no breaches of the Solvency Capital Requirement (and hence the Minimum Capital Requirement) over the reporting period.

E.6 Any other information.

There are no other material matters in respect of the valuation of capital management.

F TEMPLATES

The following QRTs are required for the SFCR.

QRT ref	QRT Template name
S.02.01	Balance Sheet
S.05.01/.02	Premiums, claims and expenses by Line of Business and Country
S.17.01	Technical Provisions
S.19.01	Non-Life insurance claims
S.23.01	Own Funds
S.25.01	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01	Minimum Capital Requirement

The templates are included at the end of the report.

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	86
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	74
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	104,578
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	-
Equities	**R0100**	-
Equities - listed	**R0110**	-
Equities - unlisted	**R0120**	-
Bonds	**R0130**	97,936
Government Bonds	**R0140**	13,983
Corporate Bonds	**R0150**	82,999
Structured notes	**R0160**	-
Collateralised securities	**R0170**	954
Collective Investments Undertakings	**R0180**	-
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	6,642
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**	4,911
Non-life and health similar to non-life	**R0280**	4,911
Non-life excluding health	**R0290**	4,911
Health similar to non-life	**R0300**	-
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	-
Insurance and intermediaries receivables	**R0360**	-
Reinsurance receivables	**R0370**	3,019
Receivables (trade, not insurance)	**R0380**	-
Own shares (held directly)	**R0390**	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	-
Cash and cash equivalents	**R0410**	287
Any other assets, not elsewhere shown	**R0420**	63
Total assets	**R0500**	113,018

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	34,364
Technical provisions – non-life (excluding health)	**R0520**	34,364
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	32,528
Risk margin	**R0550**	1,836
Technical provisions - health (similar to non-life)	**R0560**	-
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	-
Risk margin	**R0590**	-
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	-
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	-
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Insurance & intermediaries payables	**R0820**	4,225
Reinsurance payables	**R0830**	-
Payables (trade, not insurance)	**R0840**	1,755
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in BOF	**R0860**	-
Subordinated liabilities in BOF	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	56
Total liabilities	**R0900**	40,400
Excess of assets over liabilities	**R1000**	72,618

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**							25,028		
Gross - Proportional reinsurance accepted	**R0120**									
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**							16,849		
Net	**R0200**							8,179		
Premiums earned										
Gross - Direct Business	**R0210**							24,329		
Gross - Proportional reinsurance accepted	**R0220**									
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**							16,378		
Net	**R0300**							7,951		
Claims incurred										
Gross - Direct Business	**R0310**							3,541		
Gross - Proportional reinsurance accepted	**R0320**									
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**							814		
Net	**R0400**							2,728		
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**							547		
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**								25,028
Gross - Proportional reinsurance accepted	**R0120**								
Gross - Non-proportional reinsurance accepted	**R0130**								
Reinsurers' share	**R0140**								16,849
Net	**R0200**								8,179
Premiums earned									
Gross - Direct Business	**R0210**								24,329
Gross - Proportional reinsurance accepted	**R0220**								
Gross - Non-proportional reinsurance accepted	**R0230**								
Reinsurers' share	**R0240**								16,378
Net	**R0300**								7,951
Claims incurred									
Gross - Direct Business	**R0310**								3,541
Gross - Proportional reinsurance accepted	**R0320**								
Gross - Non-proportional reinsurance accepted	**R0330**								
Reinsurers' share	**R0340**								814
Net	**R0400**								2,728
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**								547
Other expenses	**R1200**								2,909
Total expenses	**R1300**								3,456

Annex I
S.05.01.02
Non-life premiums, claims and expenses by country (Top 5 and home country)

			Home country	Top 5 countries (by amount of gross premium written) - non-life obligations					Total Top 5 and home country
			Home country	BE	FR	ES	GB		
Premiums written	Gross - Direct Business	R0110	0	12,273	469	11,830	148		24,720
	Gross - Proportional reinsurance accepted	R0120	0	0	0	308	0		308
	Gross - Non-proportional reinsurance accepted	R0130							
	Reinsurers' share	R0140	0	8,262	316	8,171	100		16,849
	Net	R0200	0	4,011	153	3,967	48		8,179
Premiums earned	Gross - Direct Business	R0210	0	12,454	467	11,167	86		24,174
	Gross - Proportional reinsurance accepted	R0220	0	0	0	155	0		155
	Gross - Non-proportional reinsurance accepted	R0230							
	Reinsurers' share	R0240	0	8,384	314	7,622	58		16,378
	Net	R0300	0	4,070	153	3,700	28		7,951
Claims incurred	Gross - Direct Business	R0310	0	(214)	0	1,500	0		1,286
	Gross - Proportional reinsurance accepted	R0320	0	0	0	0	0		0
	Gross - Non-proportional reinsurance accepted	R0330							
	Reinsurers' share	R0340	0	28	0	0	0		28
	Net	R0400	0	(242)	0	1,500	0		1,258
Changes in other technical provisions	Gross - Direct Business	R0410	0	4,655	0	(2,413)	13		2,255
	Gross - Proportional reinsurance accepted	R0420	0	0	0	0	0		0
	Gross - Non-proportional reinsurance accepted	R0430							
	Reinsurers' share	R0440	0	1,006	0	(220)	0		786
	Net	R0500	0	3,649	0	(2,193)	13		1,469
Expenses incurred		R0550	0	309	10	228	0		547
Other expenses		R1200							1,703
Total expenses		R1300							2,250

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							4,797		
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140							4,543		
Net Best Estimate of Premium Provisions	R0150							254		
Claims provisions										
Gross	R0160							27,731		
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240							368		
Net Best Estimate of Claims Provisions	R0250							27,363		
Total Best estimate - gross	R0260							32,528		
Total Best estimate - net	R0270							27,617		
Risk margin	R0280							1,836		
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	R0290									
Best estimate	R0300									
Risk margin	R0310									

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions - total										
Technical provisions - total	R0320							34,364		
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330							4,911		
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340							29,453		

		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								4,797
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140								4,543
Net Best Estimate of Premium Provisions	R0150								254
Claims provisions									
Gross	R0160								27,731
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240								368
Net Best Estimate of Claims Provisions	R0250								27,363
Total Best estimate - gross	R0260								32,528
Total Best estimate - net	R0270								27,617
Risk margin	R0280								1,836
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	R0290								
Best estimate	R0300								
Risk margin	R0310								

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				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								34,364
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330								4,911
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340								29,453

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	**Z0010**	Accident Year

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**											-	**R0100**	-	17,746
N-9	**R0160**	3,690	11,730	-	-	-	-	-	-	-	-		**R0160**	-	15,420
N-8	**R0170**	-	49	7,393	-	-	-	-	-	-			**R0170**	-	7,442
N-7	**R0180**	2	-	2,945	-	-	-	-	-				**R0180**	-	2,947
N-6	**R0190**	-	-	-	-	-	-	-					**R0190**	-	-
N-5	**R0200**	-	-	3,949	-	-	-						**R0200**	-	3,949
N-4	**R0210**	-	-	-	-	-							**R0210**	-	-
N-3	**R0220**	-	23,113	6,252	13,179								**R0220**	13,179	42,544
N-2	**R0230**	-	-	-									**R0230**	-	-
N-1	**R0240**	-	-										**R0240**	-	-
N	**R0250**	-											**R0250**	-	-
												Total	**R0260**	13,179	90,048

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year												
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**		**Year end (discounted**
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**		**C0360**
Prior	**R0100**											-	**R0100**	-
N-9	**R0160**	11,730	-	-	-	-	-	-	-	-	-		**R0160**	-
N-8	**R0170**	9,033	11,219	3,885	3,964	-	-	-	-	-			**R0170**	-
N-7	**R0180**	1,246	3,186	-	-	-	-	-	-				**R0180**	-
N-6	**R0190**	-	-	-	-	-	-	-					**R0190**	-
N-5	**R0200**	4,250	4,250	-	-	-	-						**R0200**	-
N-4	**R0210**	-	-	-	-	-							**R0210**	-
N-3	**R0220**	38,000	23,750	13,440	-								**R0220**	-
N-2	**R0230**	7,500	7,644	7,936									**R0230**	7,866
N-1	**R0240**	10,322	8,892										**R0240**	8,812
N	**R0250**	11,230											**R0250**	11,055
												Total	**R0260**	27,733

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	10,000	10,000			
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	72,000	72,000			
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	- 9,468	- 9,468			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	86				86
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	72,618	72,532			86
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	72,618	72,532			86
Total available own funds to meet the MCR	R0510	72,532	72,532			
Total eligible own funds to meet the SCR	R0540	72,618	72,532			
Total eligible own funds to meet the MCR	R0550	72,532	72,532			
SCR	R0580	31,532				
MCR	R0600	7,883				
Ratio of Eligible own funds to SCR	R0620	230%				
Ratio of Eligible own funds to MCR	R0640	920%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	72,618
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	82,086
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve	R0760	- 9,468
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	8,550		
Counterparty default risk	R0020	7,975		
Life underwriting risk	R0030	-		
Health underwriting risk	R0040	-		
Non-life underwriting risk	R0050	22,166		
Diversification	R0060	- 8,135		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	30,556		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	976
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	31,532
Capital add-on already set	R0210	
Solvency capital requirement	R0220	31,532
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	3,209

		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	27,617	8,179
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	R0200	-

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

Overall MCR calculation

		C0070
Linear MCR	R0300	3,209
SCR	R0310	31,532
MCR cap	R0320	14,190
MCR floor	R0330	7,883
Combined MCR	R0340	7,883
Absolute floor of the MCR	R0350	2,998
		C0070
Minimum Capital Requirement	R0400	7,883