Pharma International Insurance Company Dac

Solvency and Financial Condition Report

Reporting period ended 31 December 2017

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SUMMARY

This Report refers to the business of Pharma International Insurance Company Dac ('PIIDAC', 'the Company'), a captive insurer, authorised and supervised by the Central Bank of Ireland. It provides the reader with information on the Company's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management for the reporting period ended 31 December 2017.

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

On 3 June 2016 the Parent Company, Shire Plc completed an acquisition with Baxalta Incorporated (Baxalta) creating a leading global biotechnology company focused on serving patients with rare diseases and other highly specialized conditions. Prior to this, Baxalta insured a number of it's risks through its own captive insurance company. These risks were transferred to PIIDAC starting with a new property & business interruption programme on 1 October 2016, with all risks incorporated by 1 May 2017. All other exposures were incepted on a pro rata basis from 1 May 2017.

The Company's business strategy is to provide coverage for risks of the Shire Group. The impact of insurance risk volatility on the Company's capital base is mitigated through the implementation of a diversified insurance programme with appropriate limits.

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

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

As part of the integration of the Baxalta risks into the Company business profile there was an increase to PIIDAC level of business and performance during 2017. There were no material changes to the system of governance, risk profile, valuation for solvency purposes and capital management over the reporting period.

As at 31 December 2017, the Company had eligible own funds of USD 179,234,893 available to meet its Solvency Capital Requirement (SCR) of USD 115,047,283; resulting is a Solvency Ratio of 156% which is in line with the Company's risk appetite. The Board of Directors is satisfied that the Company has adequate and appropriate capital to support its business plans. The Minimum Capital Requirement (MCR) was also satisfactorily met at the period-end. There were no instances of non-compliance with the capital requirements during the period.

A. BUSINESS & PERFORMANCE

A.1 Business

Pharma International Insurance Company DAC was incorporated in Ireland in 2002 and in line with the requirements of the Companies Act 2014 converted to a designated activity company (DAC), limited by shares, effective 23 December 2015. The principal activity of the Company is the provision of insurance to certain companies within the Shire Group. PIIDAC is a captive insurance undertaking, underwriting only the risks of its parent group.

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

PIIDAC is authorised by the Central Bank of Ireland ('CBI'), under the European Union (Insurance and Reinsurance) Regulations 2015 (SI 485), to carry out the business of non-life insurance.

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

2 - Sickness
7 - Goods in Transit
8 - Fire and Natural Forces
9 - Other damage to Property
13 - General Liability
14 - Credit
16- Miscellaneous Financial Loss

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

Deloitte is the appointed external auditor of the Company and is located at Deloitte & Touche House, Earlsfort Terrace, Dublin 2, Ireland.

The Company's immediate parent undertaking is Shire Pharmaceuticals Holdings Ireland Limited which is incorporated in Ireland. The ultimate parent undertaking is Shire PLC, incorporated in Jersey. The Company's ownership structure is as follows:



Details on other Group subsidiaries and related undertakings are published within the Shire plc Annual Report and Financial Statements, 2017, which is available to download at

http://investors.shire.com/presentations-and-reports/annual-and-interim-reports/year-2018.aspx

The majority of business (c. 92%) written by the captive relates to direct insurance of Shire's US & European operations. Rest-of-world risks are written through a fronting insurer with 100% of the risk being ceded to PIIDAC for the layer reinsured. As a result, the principle of economic substance over legal form has been applied and these risks have been considered as direct insurance for the purposes of Solvency II.

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

PIIDAC'S conducts all of its significant business activities from its office in Ireland, including:

- underwriting;
- premium invoicing and collection;
- claims reserving and payments; and
- investing.

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

A.2 Underwriting Performance

PIIDAC'S business is the provision of insurance in a manner which enhances the risk management, economic and administrative efficiency of the Shire group. Insurance is provided under six regulatory lines of business, Medical Expense, Marine, Aviation and Transport, Fire & Other Damage to Property, General Liability, Credit and Suretyship and Miscellaneous Financial Loss.

The Company's underwriting performance for these lines of business for the reporting period ended 31 December 2017 and the comparative period is set out below. Amounts are presented in United States Dollars (USD), which is the Company's functional currency:

	2017 USD	2016 USD
Gross and Net premiums written and earned		
- General Liability Insurance	62,011,424	39,099,186
- Credit and Suretyship Insurance	1,583,873	1,956,360
- Marine, Aviation and Transport Insurance	1,635,000	520,162
- Fire & other Damage to Property Insurance	8,921,167	2,023,456
- Miscellaneous Financial Loss	3,423,043	2,510,057
- Medical Expense Insurance	-	2,355,332
	77,574,507	48,464,553

Gross and Net claims incurred		
- General Liability Insurance	(44,098,128)	5,412,051)
- Credit and Surety Insurance	(1,583,873)	-
- Marine, Aviation and Transport Insurance	(296,838)	(2,335,020)
- Fire & other Damage to Property Insurance	(12,606,537)	(157,915)
- Miscellaneous Financial Loss	(912,990)	(111,674)
- Medical Expense Insurance	1,269,367	(1,205,529)
	(58,228,999)	(19,222,189)
Change in equalisation reserve	1,391,033	(234,763)
Expenses incurred	(1,026,198)	(1,065,644)
Underwriting profit	**19,710,343**	**27,941,957**

Premiums written relate to business incepted during the period and as the period of risk is commensurate with the reporting period, there is no unearned portion at the period end.

The increase in premium written and earned on the prior year is reflective of the Baxalta exposures written and earned during the period.

PIIDAC did not write Medical Expense Insurance during 2017. There was an increase in the Gross and Net claims incurred during the period which was parallel to the Increase in the Gross and Net premium written following the inclusion of the Baxalta coverages into PIIDAC business program during the period.

As the requirement to hold an equalisation reserve in the accounts is no longer relevant, PIIDAC released the equalisation reserve during the period and subsequently following advice from the Actuarial Function included a provision in the incurred but not reported reserve (IBNR) for credit and surety.

Provision is made for notified losses on all underwriting years. As PIIDAC does not purchase any Outward Reinsurance cover, the net technical provisions are equal to the gross technical provisions. At an overall level the ultimates have increased due to the addition of a new policy year. This increase is driven by the Product Liability class where the increase in ultimate from the latest policy is larger than the release of ultimates on prior policy years. This is caused by the increase in the limit on this policy from USD 195m to USD 615m. The ultimates for this class are based on applying market loss ratios to the premiums, with the increase in ultimate reflecting the increase in exposure.

The experience over the last year across all classes has been significantly more benign than expected based on previous projections. At an overall level, USD 26.6m has been released from previous reserve estimates. The main driver of this movement is the experience on the Liability classes, with no losses reported on the Product Recall or Product Liability classes.

A.3 Investment Performance

In line with the Company's documented investment policy, investments during the period included an Intercompany deposit, short term-debt instruments and cash and deposits with a range of credit institutions. Income arising from investment activities for the reporting period was USD 2,200,592

(2016: USD 857,413), the increase is predominantly due to the increase in funds being placed on deposits and the favourable movement in market interest rates during the period.

The Company has no investments in securitised asset classes and all investment income is recognised in the Company's income statement.

A.4 Performance of other activities

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

A.5 Any other information

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

B. SYSTEM OF GOVERNANCE

B.1 General information on the system of governance

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

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

During 2017 the Board of Directors implemented an Executive Committee titled the "Underwriting and Claims Committee". The function of the Committee is to support and assist the Board in overseeing the underwriting and claims management functions of PIIDAC and to ensure that these functions comply with the objectives and policies set out by the Board as well as those established in law and regulation.

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

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

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

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

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

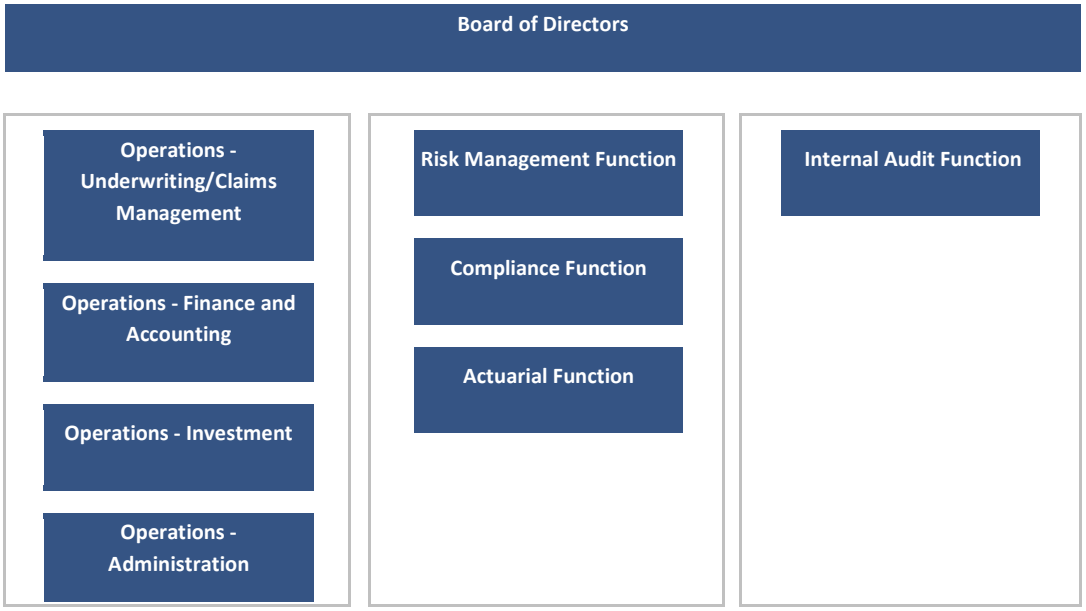
There have been no material changes to this structure in the period. PIIDAC implemented the above system in advance of the inception of Solvency II.

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

- the Board of Directors is the focal point of the governance system and is ultimately accountable and responsible for the performance and conduct of the Company and, as such, must have at its disposal all required capabilities to achieve its duties;
- all authority emanates from the Board of Directors and responsibilities are delegated in such a manner so as to ensure that no one individual has unfettered powers of decision;
- an embedded Compliance Function aiming to ensure the continuous compliance of the Company with all applicable legal, regulatory and administrative requirements;

- an appropriate segregation of duties in order to enable the Risk Management, Internal Audit, Actuarial and Compliance Function to perform independent risk and business control mitigation, monitoring and reporting tasks;
- a meaningful and practical approach in documenting policies and strategies to formalise all processes in an efficient and fit-for-purpose manner; and
- structured reporting processes to enable an appropriate escalation of risks and issues to the Board of Directors in order to ensure a clear and comprehensive information process allowing the Board to conduct business in an efficient and prudent manner in line with the strategic objectives.

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



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

Key Functions

The key functions of Risk Management, Internal Audit, Actuarial, Compliance and Operations have clear and defined lines of reporting directly to the Board. This is facilitated by the straightforward nature of the Company's structure and fit-for-purpose documented policies and procedures which are clearly communicated and well understood by all relevant parties. The Board has ensured that

the key functions are appropriately resourced and have the necessary authority and operational independence to perform their roles. The Company has engaged Aon Insurance Managers (Dublin) Limited ('AIMD') for the provision of management services, under the terms of an outsourced service and management agreement which is overseen by the Board of Directors.

Remuneration and material transactions

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

As a captive insurer, all PIIDAC inward premiums flows and claims payments relate to insured risks of the shareholder group. The management of the treasury function of PIIDAC has been outsourced to Shire Ireland Finance Trading Limited a subsidiary of Shire Plc. In line with the service level agreement an agreed fee is invoiced on an annual basis for the services acquired. PIIDAC has an Intercompany deposit with another Shire subsidiary. Other than these transactions which arise in the normal course of business, the Company had no other material transactions during the reporting period with members of the shareholder group and none with members of the Board of Directors.

B.2 Fit and proper requirements

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

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

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

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

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

B.3 Risk Management System including the own risk and solvency assessment

The Company's Risk Management System:

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

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

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

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

Own Risk and Solvency Assessment

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

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

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

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

The ORSA report provides clarity over projected risk assessments and solvency needs to three different stakeholders:

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

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

The capital risk appetite for PIIDAC is to sustain its capital at a level sufficient to meet the Regulatory Solvency Capital Requirement at all times. The Board of Directors maintains a prudent approach to capital to ensure that PIIDAC is in a comfortable position to meet this obligation.

B.4 Internal Control System

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

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

Component	Contents
1) Control environment	A strong "risk and control" culture is embedded within the Company's operations through the continuous oversight of the Board of Directors and the communication to all internal stakeholders of all governance and risk principles through the Company's governance manual.
2) Risk assessment	Procedures and policies are detailed and formalised in order to disclose the way of identifying, managing, controlling, mitigating and reporting issues relating to each risk category.
3) Reporting channels	Clear and structured reporting processes are in place enabling the Board of

	Directors to have access to relevant, complete, reliable, correct and timely communication related to internal as well as external events.
4) Monitoring process	The appropriate escalation of significant issues to the Board of Directors, the ongoing involvement of all internal stakeholders as well as the Internal Audit process enables the Company to continuously monitor and adapt when necessary its Internal Control System.
5) Control activities	The Company has developed a comprehensive set of preventive, detective or corrective control actions embedded in its daily operations.

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

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

Compliance Function

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

The responsibilities of the Compliance Function include:

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

B.5 Internal Audit Function

Purpose and Objectives

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

It assists the Company in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes

employed by the Company. The audit approach is risk based and in line with an annual audit plan which is provided by the Head of Internal Audit to the Board of Directors.

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

Independence and Impartiality

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

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

B.6 Actuarial Function

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

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

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

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

B.7 Outsourcing

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

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

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

- Reduction in the Board's responsibility for, or influence over, key functions of the Company;
- Material impairment of the quality of the Company's System of Governance;
- Any impairment of the Company's ability to meet its regulatory requirements;
- Non adherence to the Company's approved policies and procedures;
- Undue increases in operational risk or cost;
- Material impairment of the Company's ability to fulfil its obligations to stakeholders;
- Conflicts of Interest;
- Breach of the Company's data protection obligations.

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

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

The following critical or important functions / activities are outsourced:

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

B.8 Any other information

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

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

C. RISK PROFILE

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

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

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

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

C.1 Underwriting risk

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

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

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

The Company manages these risks through it's Underwriting and Clams Committee with the support of external expertise to assist in the review of the pricing adequacy. The Company also monitors emerging issues and factors for their potential impact on the Company's pricing and claims reserving.

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

Annual support and certification is provided by the Company's Actuarial Function.

As part of the Company's ORSA process, stress and scenario tests incorporating differing claims experience are considered. The impact of the Company experiencing a large product liability loss of USD 200m and a large general liability loss of USD 10m was considered as part of the ORSA carried out in the reporting period. In the event of such an unlikely scenario, additional capital will be provided by the parent to restore the Company's solvency position.

Sensitivity analysis is also performed for underwriting risks by selecting conservative movements in the ultimate loss ratios ('ULRs') used in the estimation of claims reserves for financial statements purposes and holding all other assumptions constant.

	Gross claims reserve US$	Net claims reserve US$	Impact on PBT for the year US$
31 December 2017			
Increase in Reserves by 10%	144,401,146	144,401,146	(13,127,377)
Decrease in Reserves by 10%	118,146,392	118,146,392	13,127,377
31 December 2016			
Increase in Reserves by 10%	83,354,165	83,354,165	(7,577,651)
Decrease in Reserves by 10%	68,198,863	68,198,863	7,577,651

C.2 Market risk

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

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

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

Interest rate risk arises on the return on the Company's investments including cash and deposits with credit institutions. The sensitivity analysis of net income to fluctuation in interest rate is shown below:

12 month period	**Estimated approximate effects on net income**	
Sensitivity Test	31 December 2017 US$'000	31 December 2016 US$'000
Shift up 100 basis points	2,383	2,226
Shift down 100 basis points	-2,383	-2,226

The Company is exposed to currency risk to the extent its assets and liabilities are denominated in a currency different from its functional currency. The Company seeks to mitigate currency risk by matching the assets and liabilities which arise in different currencies. The ultimate settlement of loss reserves may be in currencies other than the USD. The Company's exposure to foreign exchange risk arises with respect to Euro.

The Intercompany deposit is secured by a parental guarantee by the Parent Company Shire Plc. This allows the PIIDAC to use the credit rating when calculating the concentration risk and spread risk changes due to this exposure. The current rating of Shire Plc is BBB-.

As part of the Company's ORSA process, stress and scenario tests incorporating the impact of the credit rating of Shire Plc have been downgraded to BB from its current rating BBB-. While this scenario resulted in a reduction in the Company's available capital which could be easily remedied by recalling funds from the Intercompany deposit.

C.3 Credit risk

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

- Cash and cash equivalents
- Intercompany Deposit
- Insurance balances receivable (Intra Group)

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

The Company has Standby Letter of Credits in place that are used to support technical provisions due to various third party insurance companies (the beneficiaries) under reinsurance contracts entered into by the Company.

C.4 Liquidity risk

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

The Company has determined that liquidity risk does not represent a significant exposure to its business. This assessment is based on the fact that the Company has its investments held in highly liquid assets which it can access immediately or within a very short time frame without incurring

material costs or penalties. Investments are in compliance with the Company's investment guidelines.

C.5 Operational risk

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

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

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

PIIDAC maintains a regulatory dialogue with the CBI to mitigate the risk of any potential sanction or compliance breach as well as using expert, industry leading, service providers to provide its outsourced functions which helps avoid any material error or delay. In order to ensure the quality of the outsourced functions is as high as possible, PIIDAC puts in place service level agreements outlining key performance indicators against which its outsourced service providers can be monitored and assessed.

C.6 Other material Risks

Strategic Risk

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

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

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

Sensitivity Risk

The Actuarial Function assesses annually the sensitivity of its estimate of the Company’s unpaid claim liabilities of varying the key assumptions underlying its analysis. Given the nature of the Company’s exposures, the key assumptions underlying the actuarial analysis are subject to a range of reasonable interpretations.

No other material risks have been identified.

C.7 Any other information

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

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

PIIDAC prepares its financial statements on a going concern basis in accordance with the Financial Reporting Council of the UK, including financial reporting standard applicable in UK and Republic of Ireland (FRS 102 & FRS 103), the provisions of the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations 2015. There are a number of differences between the financial statement basis and the Solvency II valuation rules. Most of these differences are driven by the requirement for all assets and liabilities to be valued on a market consistent fair value basis under Solvency II. Assets relating to unpaid premium is included in the technical provision balance.

At the end of the current reporting period PIIDAC has total assets valued at USD 255,450,131 for solvency purposes. This total comprises the following categories of assets:

- Deposits other than cash equivalents USD 10,942,403

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

- Board approved Intercompany Deposit USD 213,662,097

  The Investment in group undertakings represents an intercompany deposit to Shire Ireland Finance Trading Limited an subsidiary of Shire Plc registered in the Ireland. The amount is stated at market value for both solvency and financial statement purposes, the only difference being the inclusion of accrued interest in the above balance. Accrued Interest is disclosed as a separate line item in the financial statements.

- Other Financial Investments USD 29,560,474

  This amount represents the collateral held against the Standby Letters of Credits supporting the technical provisions of the Company. The amount is stated at market value for both solvency and financial statement purposes, the only difference being the inclusion of accrued interest in the above balance. Accrued interest is disclosed as a separate line item in the financial statements.

- Insurance and Intermediaries Receivables USD 252,009

  This amount represents the premium outstanding relating to the 2016 underwriting and financial year which is outside of credit terms. The amount is stated at market value for both solvency and financial statement purposes.

- Receivables (trade not Insurance) USD 929,701

  The receivable asset arises from an overpayment of preliminary tax paid in respect of the 2016 financial year. The amount is stated using the EURO:USD FX conversion rate at 31 December 2017. The amount is revalued for solvency purposes.

- Cash and cash equivalents USD 103,447

  Cash and cash equivalents comprise cash at banks. Carrying amounts approximate fair value due to the liquid nature of the assets. There are no valuation adjustments for solvency purposes.

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

D.2 Technical Provisions

The technical provisions of PIIDAC relate to Marine, Aviation and Transport Insurance (Marine), Fire & other Damage to Property (Property), General Liability (Liability) , Credit and Suretyship Insurance (Credit) & Miscellaneous Financial Loss (Misc) and amounts at 31 December 2017, gross and net are set out below in USD:

SII Line of Business	Claim Provision	Premium Provision	Best Estimate	Risk Margin	Technical Provisions
Marine	3,651	(102)	3,549	340	3,889
Property	6,761	(92)	6,669	1,142	7,811
Liability	38,204	(11,043)	27,161	8,638	35,799
Credit	(1,047)	0	(1,047)	44	(1,003)
Misc	(2,468)	0	(2,468)	77	(2,391)
Total	**45,100**	**(11,236)**	**33,864**	**10,241**	**44,105**

The reduction in the technical provisions from the financial statements amount of USD 131.2M is driven by the inclusion of profit on business bound but not yet incepted, the current unpaid premiums, and the removal of prudence on existing reserves.

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

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

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

Claims projections have been carried out using a range of standard actuarial methods, including the Chain Ladder (CL), the Incurred Bornhuetter-Ferguson method (IBF), the loss Ratio Method (IELR) and the Generalised Cape Cod (GCC) method. The CL method estimates the ratio by which cumulative claims to date will increase (or decrease) at annual intervals from the date of policy inception. The 12 to 24 month ratio (for example) is estimated by taking the average ratio observed in policies 24 months or more from their date of inception. The IBF method is a blended method of claims development where estimates of ultimate claims derived using a loss development (or Chain Ladder) method are blended with the estimates derived using alternative methods. It is often blended with estimates using the IELR method. The GCC method is a Bornhuetter-Ferguson methodology in which the exposure based ultimate claims estimates are derived by considering the ratios of the Chain Ladder ultimates to exposure measures. An expected ratio is calculated for each policy period based on a weighted average adjusted for any significant trend, using a decay factor of 75%. The IELR is an exposure based expected loss approach that often applies the average ultimate loss ratio for earlier years of the portfolio to more recent exposures (e.g. turnover). It is sometimes referred to as the Initial Expected Loss Ratio method.

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

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

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

The Solvency II claims provision is equivalent to the expected net present value of the best estimate claims reserve, with additional allowances to allow for all possible outcomes through the inclusion of provisions for Events Not in Data (ENID) and the future expenses that will be incurred in servicing the existing reinsurance obligations. The claims provision also includes all unpaid premium relating to earned exposures that are within payment terms.

Under the Solvency II contract boundary definition, any policies which have been bound, even if unincepted as at the valuation date, must be considered in the premium provision. The Solvency II premium provision is therefore equivalent to the expected net present value of the following cash inflows and outflows, relating to unearned exposure from incepted contracts and exposure from unincepted contracts bound as at the valuation date:

- Cash flows from future premiums in relation to future claims;
- Cash flows arising from future claim events (e.g. claims payments);

- Cash flows arising from loss adjustment expenses in respect of claims events occurring after the valuation date;
- Cash flows arising from the ongoing administration of policies in-force as at the valuation date; and
- Cash flows arising from salvage and subrogation.

PIIDAC has included the risks incepting on 1 January 2018 in its calculation of the premium provision for the current reporting period. This is because the Company is obliged to accept this business as at the valuation date, having concluded its underwriting discussions at Board level and committed to the provision of coverage as part of Shire's Plc overall global Insurance programme. Estimates are "best estimates" in the sense that they are intended to be a probability-weighted average of all possible outcomes.

PIIDAC has employed techniques and assumptions that are appropriate for the purpose of calculating its Solvency II technical provisions. The actual amounts required to meet future claim payments may differ from estimates for a number of reasons, such as model specification error, parameter error and random error due to the inherent uncertainty in insurance. External environment risk factors may cause material deviations in estimates of technical provisions, including persistent negative interest rates, inflation and currency exchange rate fluctuations.

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

The resultant differences between the value of technical provisions for solvency purposes and the financial statements at 31 December 2017 are shown below (USD'000):

	Gross	**Net**
Claims provisions on financial statements basis	**131,274**	**131,274**
Adjustment to best estimate (removal of prudence)	(28,404)	(28,404)
Provision for Events Not In Data	12,573	12,573
Solvency II Expenses	1,548	1,548
Unpaid inwards cash flows	(66,887)	(66,887)
Discounting	(5,004)	(5,004)
Solvency II claims provisions	**45,100**	**45,100**
Expected losses on new policies	81,569	81,569
Provision for expenses in premium provision	1,198	1,198
Counterparty default	-	-
Unpaid inwards cash flows	(91,932)	(91,932)
Discounting	(2,071)	(2,071)
Solvency II premium provisions	**(11,236)**	**(11,236)**
Risk margin on technical provisions	**10,241**	**10,241**
Total Solvency II technical provisions	**44,105**	**44,105**

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

The Company is satisfied that it has access to sufficient historical claims data on an annual basis for the calculation of its technical provisions and that this data is accurate and appropriate for the Company's needs. Claims management processes by the Company are appropriate and adequate given the nature of the underlying risks. Significant reporting delays are not experienced.

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

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

D.3 Other liabilities

Other liabilities of USD 178,021 relate to accrued expenses and are classified as any other liabilities, not elsewhere shown for solvency purposes. This amount is USD 1,603 lower than that disclosed in the financial statements due to the application of discounting to the accruals balance.

There is also a deferred tax liability in relation to the recognised profit when restating the balance sheet for SII.

D.4 Alternative methods for valuation

No alternative methods were used.

D.5 Any other information

There is no other information to report.

E. CAPITAL MANAGEMENT

E.1 Own funds

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

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

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

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

- Issued Share Capital; and
- Retained Earnings.

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

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

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

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

	2017 USD	2016 USD
Ordinary paid up share capital	95,000,000	95,000,000
Reconciliation reserve	84,234,893	54,502,646
Total basic own funds	179,234,893	149,502,646

The movement in basic own funds during the reporting period reflects the profitability of the Company and is driven by the recognition of profit on policies bound prior to the valuation date. The reconciliation reserve represents the Company's retained profits as adjusted for Solvency II valuation principals. The adjustments which arise in the application of these principles are shown in the equity reconciliation below.

At the end of the current reporting period eligible own funds available to meet the Company's SCR are USD 179,234,893 comprised solely of Tier 1 capital. Eligible own funds available to meet the Company's MCR are USD 179,234,893, comprised solely of Tier 1 capital.

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

	2017 USD
Equity per the Company's financial statements	**191,707,527**
Adjustments to technical provisions	87,169,033
Removal of insurance debtors and creditors	(67,675,632)
Removal of prepayments	(26,513)
Discounting of debtors and creditors	(7,041)
Deferred tax liability	(2,432,481)
Restricted funds (Ring fenced Letter of Credits)	(29,500,000)
Own funds	**179,234,893**

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

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

E.2 Solvency capital requirement and minimum capital requirement

At the end of the current reporting period, PIIDAC SCR and MCR have been calculated as USD 115,047,283 and USD 28,761,821 respectively.

The SCR is intended to correspond to the capital the Company needs to hold in order to limit the probability of ruin, in the following 12 months, to 0.5%, i.e. ruin would occur less than once in every 200 years. The SCR calculated at the end of the current reporting period, relates to the capital required to support the business over the prospective 12 months; covering both existing liabilities and business written during 2018. Based on the Company's eligible own funds of USD 179,234,893 the Company has a solvency ratio at 31 December 2017 of 156%.

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

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

Risk Charge	2017 USD'000	2016 USD'000	Change USD'000
Premium/Reserve Risk	37,621	30,546	7,075
Catastrophe Risk	73,285	12,024	61,261
Lapse Risk	4,494	364	4,130
Diversification Benefit	*(24,931)*	*(7,418)*	*(17,513)*
Non-Life Underwriting Risk	**90,469**	**35,517**	**54,952**
Premium/Reserve Risk	-	332	(332)
Health Underwriting Risk	**-**	**332**	**(332)**
Counterparty Default Risk	**12,316**	**11,808**	**508**
Interest Rate Risk	7,640	1,618	6,022
Equity Risk	-	-	-
Spread Risk	24,112	9,187	14,925
Currency FX Risk	-	674	(674)
Property Risk	-	-	-
Concentration Risk	56,850	52,427	4,423
Diversification Benefit	*(26,317)*	*(10,618)*	*(15,699)*
Market Risk	**62,285**	**53,289**	**8,996**
Diversification Benefit	*(36,497)*	*(23,927)*	*(12,570)*
BSCR	**128,573**	**77,019**	**51,554**
Operational Risk	**2,909**	**2,136**	**773**
Tax Adjustments	(16,435)	(9,894)	(6,541)
SCR	**115,047**	**69,260**	**45,787**
Available Capital	179,235	149,503	29,732
Surplus/Deficit	**64,188**	**80,242**	**(16,054)**
Solvency Ratio	156%	216%	(-60%)
MCR	**28,762**	17,315	11,447

The movement on the SCR from the prior year is mainly driven by the Non-Life Underwriting Risk module. The non-life catastrophe has increased by USD 61,261 which is driven by the increase in the

liability element of man-made catastrophe risk charge. The risk charge is based on the forecast earned premium for the 12 months following the valuation date.

The non-life premium / reserve risk charge has increased by USD 7.0m, driven by an increase in the premiums forecast to be earned over the 12 months following the valuation date, leading to an increase in the premium volume measure. The increase in the premium volume measure is offset by a decrease in the reserve risk volume measure since 31 December 2016.

The reserve risk volume measure is equal to the current claims provisions. The main factor for the decrease in the claims provisions since 31 December 2016 is the addition of unpaid premium relating to expired policies. The 2017 policies were invoiced in November 2017 and were a receivable at 31 December 2017. As all amounts were within credit terms they were therefore included in the claims provisions. Removing these premiums from the claims provision increases the reserve volume measure to USD 102.3m from USD 42.0m, increasing the premium / reserve risk charge to USD 48.4m from USD 37.0m. Allowing for diversification, the increase on the overall SCR would be USD 5.3m, equivalent to a decrease in the solvency ratio of 3%.

The Lapse Risk Lapse risk has increased by USD 4.1m due to increase in expected profit on bound policies.

Since 31 December 2016 both concentration and spread risk have increased. The increase in spread risk is driven by the increase of the value of the intercompany deposit with Shire Ireland Finance Trading Limited, as well as the renewal of this contract for a further five years. This has increased the duration of the loan which is a key component of the spread risk calculation. The increase in concentration risk is driven purely by the increase in the value of the deposit.

Available capital has increased USD 29.1m since the previous year-end. The increase is driven by the recognition of profit on policies bound prior to the valuation date.

The MCR is calculated through a prescribed formula based on the net technical provisions (excluding the risk margin) and net written premium. It is also constrained to be between 25% and 45% of the SCR. Further to this, SI 485 sets out absolute minimum MCR values for non-life and life insurers, reinsurers and captives. In the case of PIIDAC, as a non-life captive insurer this absolute floor is EUR 3,700,000. Having carried out the calculations and applied the relevant limits, the resultant MCR for the Company is USD 28,761,821.

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

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

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

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

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

ANNEX I – QUANTITATIVE REPORTING TEMPLATES

The following reporting templates are appended to this report:

S.02.01.02 – Balance sheet*

S.05.01.02 – Premiums, claims and expenses

S.05.02.01 - Premiums, claims and expenses by country

S.17.01.02 – Non Life technical provisions*

S.19.01.21 – Claim development triangles*

S23.01.01 – Own funds*

S25.01.21 – SCR using standard formula*

S28.01.01 – MCR*

*templates subject to external audit.

Amounts are in USD'000

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	40,503
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	10,942
Other investments	**R0210**	29,560
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	213,662
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	213,662
Reinsurance recoverables from:	**R0270**	
Non-life and health similar to non-life	**R0280**	
Non-life excluding health	**R0290**	
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	252
Reinsurance receivables	**R0370**	
Receivables (trade, not insurance)	**R0380**	930
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**	103
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	255,450

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	44,105
Technical provisions – non-life (excluding health)	**R0520**	44,105
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	33,864
Risk margin	**R0550**	10,241
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**	2,432
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	178
Total liabilities	**R0900**	46,715
Excess of assets over liabilities	**R1000**	208,735

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**						75	6,067	57,278	1,584
Gross - Proportional reinsurance accepted	**R0120**						1,560	4,734		
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**									
Net	**R0200**						1,635	6,067	62,011	1,584
Premiums earned										
Gross - Direct Business	**R0210**						75	6,067	57,278	1,584
Gross - Proportional reinsurance accepted	**R0220**						1,560	2,855	4,734	
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**									
Net	**R0300**						1,635	8,922	62,012	1,584
Claims incurred										
Gross - Direct Business	**R0310**	-1,269						5,367	41,532	193
Gross - Proportional reinsurance accepted	**R0320**						297	7,204	1,935	
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**									
Net	**R0400**	-1,269					297	12,571	43,467	193
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**						74	158	917	13
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**			3,422					68,426
Gross - Proportional reinsurance accepted	**R0120**								6,294
Gross - Non-proportional reinsurance accepted	**R0130**								
Reinsurers' share	**R0140**								
Net	**R0200**			3,422					74,719
Premiums earned									
Gross - Direct Business	**R0210**			3,422					68,426
Gross - Proportional reinsurance accepted	**R0220**								9,149
Gross - Non-proportional reinsurance accepted	**R0230**								
Reinsurers' share	**R0240**								
Net	**R0300**			3,422					77,575
Claims incurred									
Gross - Direct Business	**R0310**			1,413					47,236
Gross - Proportional reinsurance accepted	**R0320**								9,436
Gross - Non-proportional reinsurance accepted	**R0330**								
Reinsurers' share	**R0340**								
Net	**R0400**			1,413					56,672
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**			29					1,191
Other expenses	**R1200**								0
Total expenses	**R1300**								1,191

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

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		US	BM				
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	**R0110**	58,125	7,082	0.00				65,207
Gross - Proportional reinsurance accepted	**R0120**			6,294				6,294
Gross - Non-proportional reinsurance accepted	**R0130**							
Reinsurers' share	**R0140**							
Net	**R0200**							
Premiums earned								
Gross - Direct Business	**R0210**	58,125	7,082					65,207
Gross - Proportional reinsurance accepted	**R0220**			6,294				6,294
Gross - Non-proportional reinsurance accepted	**R0230**							
Reinsurers' share	**R0240**							
Net	**R0300**							
Claims incurred								
Gross - Direct Business	**R0310**	42,001	4,290					46,291
Gross - Proportional reinsurance accepted	**R0320**			5,083				5,083
Gross - Non-proportional reinsurance accepted	**R0330**							
Reinsurers' share	**R0340**							
Net	**R0400**							
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**	487	59	450				997
Other expenses	**R1200**							
Total expenses	**R1300**							

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**						-102	-92	-11,042	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**									
Net Best Estimate of Premium Provisions	**R0150**						-102	-92	-11,042	
Claims provisions										
Gross	**R0160**						3,651	6,761	38,204	-1,047
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**									
Net Best Estimate of Claims Provisions	**R0250**						3,651	6,761	38,204	-1,047
Total Best estimate - gross	**R0260**						3,549	6,669	27,161	-1,047
Total Best estimate - net	**R0270**						3,549	6,669	27,161	-1,047
Risk margin	**R0280**						340	1,142	8,638	44
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	**R0290**									
Best estimate	**R0300**									
Risk margin	**R0310**									

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**
Technical provisions - total										
Technical provisions - total	**R0320**						3,889	7,811	35,799	-1,003
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**									
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**						3,889	7,811	35,799	-1,003

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0110	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	**R0060**								-11,236
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**								
Net Best Estimate of Premium Provisions	**R0150**								-11,236
Claims provisions									
Gross	**R0160**			-2,468					45,100
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**								
Net Best Estimate of Claims Provisions	**R0250**			-2,468					45,100
Total Best estimate - gross	**R0260**			-2,468					33,864
Total Best estimate - net	**R0270**			-2,468					33,864
Risk margin	**R0280**			77					10,241
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	**R0290**								
Best estimate	**R0300**								
Risk margin	**R0310**								

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0110	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions - total									
Technical provisions - total	**R0320**			-2,391					44,105
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**								
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**			-2,391					44,105

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	

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

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											0	R0100	0	-
N-9	R0160	0			460								R0160	0	460
N-8	R0170	0											R0170	0	
N-7	R0180	0	29	260	-95	352							R0180	0	546
N-6	R0190	0	53			104							R0190	0	157
N-5	R0200	0											R0200	0	
N-4	R0210	175	227										R0210	0	402
N-3	R0220	0	14	1									R0220	0	15
N-2	R0230	0		20									R0230	20	20
N-1	R0240	0	2,464										R0240	2,464	2,464
N	R0250	0											R0250	0	-
													Total R0260	2,484	4,064

Annex I
S.19.01.21
Non-life Insurance Claims Information

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											45
N-9	R0160									21	15	
N-8	R0170								105	69		
N-7	R0180							219	150			
N-6	R0190						425	303				
N-5	R0200						-					
N-4	R0210				2,602	1,786						
N-3	R0220			10,776	6,716							
N-2	R0230		21,388	14,809								
N-1	R0240	39,899	24,361									
N	R0250	2,138										

		Year end (discounted data)
		C0360
	R0100	41
	R0160	12
	R0170	59
	R0180	134
	R0190	276
	R0200	-
	R0210	1,647
	R0220	6,275
	R0230	13,809
	R0240	22,748
	R0250	103
Total	R0260	45,104

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	95,000	95,000			
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					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	84,235	84,235			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	179,235	179,235			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	179,235	179,235			
Total available own funds to meet the MCR	**R0510**	179,235	179,235			
Total eligible own funds to meet the SCR	**R0540**	179,235	179,235			
Total eligible own funds to meet the MCR	**R0550**	179,235	179,235			
SCR	**R0580**	115,047				
MCR	**R0600**	28,762				
Ratio of Eligible own funds to SCR	**R0620**	1.56				
Ratio of Eligible own funds to MCR	**R0640**	6.23				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	208,735
Own shares (held directly and indirectly)	**R0710**	
Foreseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	95,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	29,500
Reconciliation reserve	**R0760**	84,235
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	22,060
Total Expected profits included in future premiums (EPIFP)	**R0790**	22,060

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	62,285		
Counterparty default risk	R0020	12,316		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	90,469		
Diversification	R0060	-36,497		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	128,573		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	2,909
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-16,435
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	115,047
Capital add-on already set	R0210	
Solvency capital requirement	R0220	115,047
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	13,194

		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	3,549	1,635
Fire and other damage to property insurance and proportional reinsurance	R0080	6,669	6,067
General liability insurance and proportional reinsurance	R0090	27,161	62,011
Credit and suretyship insurance and proportional reinsurance	R0100		1,584
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		3,422
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	13,194
SCR	R0310	115,047
MCR cap	R0320	51,771
MCR floor	R0330	28,762
Combined MCR	R0340	28,762
Absolute floor of the MCR	R0350	4,437
		C0070
Minimum Capital Requirement	R0400	28,762