SCOTTISH RE (DUBLIN) DAC

SOLVENCY AND FINANCIAL CONDITION REPORT

As at 31 December 2017

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Summary

Overview of Company

Scottish Re (Dublin) dac ("Company", "SRD") is a limited liability company incorporated and domiciled in the Republic of Ireland ("Ireland") since December 2000. Its principal activity of reinsurance of life assurance business.

Effective 1 October 2009, SRD entered into a modified coinsurance reinsurance agreement with Scottish Re (U.S.), Inc. ("SRUS") for the reinsurance of business originally ceded to SRUS by Penn Mutual Life Insurance Company (Harbourton) ("Penn Mutual Life"). Under this agreement certain individual single premium deferred annuities, as well as individual flexible premium deferred annuities are coinsured by SRUS. SRUS cedes 90% of the above Penn Mutual Life treaty on a modified coinsurance basis to SRD.

In 2012, SRUS began the recapture of its excess retrocession business up to a $3 million retention on the 2000 through 2004 pool years as the business crossed its ten-year policy anniversary dates. All the business subject to the U.S. National Association of Insurance Commissioners ("NAIC") Valuation of Life Insurance Regulation, commonly referred to as Valuation of Life Insurance Policies Regulation reserving requirements, written by SRUS between 1 January 2004 and 31 December 2004, was ceded to the Orkney Re II plc ("Orkney Re II") Special Purpose Vehicle (below a transaction maximum retention limit of $0.5 million). SRUS retained liability for individual exposures above the Orkney Re II transaction retention limit up to SRUS' then current maximum retention of $2 million, with all individual exposures above this retention limit ceded to third party excess retrocessionaires.

In 2014, SRUS created an internal excess retrocession agreement with SRD for the recaptured excess retrocession business on the treaties ceded to Orkney Re II for individual exposures between the old and revised retention limits (i.e., for individual exposures between $2 million and $3 million). The 2004 excess retrocession pool was originally ceded to six retrocessionaires. The internal excess retrocession is on consistent terms as the external excess retrocession business.

The business consists of fifty-seven (57) underlying treaties of business written by SRUS between 1 January 2004 and 31 December 2004. The business primarily is comprised of guaranteed level premium term life insurance which is subject to the statutory reserve requirements of Valuation of Life Insurance Policies Regulation. The defined block of business is a closed block of business.

The business was recaptured on the policy anniversary and was immediately ceded to SRD.

SRD also has in place the following intra-group agreements:

- Access to Collateral Support Agreement dated 1 January 2001 between Scottish Annuity & Life Insurance Company (Cayman) Ltd. ("SALIC") and SRD;
- Net Worth Maintenance ("NWM") Agreement dated 1 January 2002 between SALIC and SRD (as amended);
- Support Service Agreement dated 1 January 2002 between SRUS and SRD;
- Support Service Agreement dated 1 January 2003 between Scottish Holdings, Inc. ("SHI") and SRD; and
- Support Service Agreement dated 1 June 2017 between Scottish Re Life (Bermuda) Limited ("SRLB") and SRD

Pursuant to a 2008 agreement, SALIC agreed to limit any fees payable to it in respect of the Collateral Support Agreement and the NWM Agreement. There was also a waiver letter from SRUS, SHI, and Scottish Re Group Limited ("SRGL") waiving the fees to which they would otherwise be entitled pursuant to the three service agreements referred to above. These waiver letters were signed during 2008 and were for an indefinite time period. In December 2015, SRD received notice that fees for the three service agreements would be charged from 1 January 2016. Fees under the NWM Agreement were reinstated with SRD's agreement beginning 1 January 2016.

The Company reports under Financial Reporting Standards 101 ("FRS 101") and Solvency II.

SRD is required by the Central Bank of Ireland (the "Central Bank", or "CBI") to maintain a minimum level of paid up share capital. The Central Bank has put certain restrictions in place on the ability of SRD to make dividend payments from profits available for distribution within the meaning of the Act.

As is allowed under FRS101, the Company reclassified its capital contributions to the retained loss account, creating a revenue reserve account. With effect from 13 December 2016, based on the approval letter obtained from the Central Bank, SRD transferred all of the capital contributions made to date, US$533,699,585 to the retained earnings account, creating a positive revenue reserve account of US$9,987,408. This enabled SRD to declare a distribution by way of a return on capital to its parent company and sole shareholder (as the above meets the criteria for distributable profits under the Act), SALIC, of US$7 million. The distribution to owner of US$7 million was approved by the Central Bank on 13 December 2016..

EVENTS SUBSEQUENT TO YEAR END

The subsequent events disclosed in this report have been evaluated by Company management up to and including the date these financial statements were available to be issued on 1 May 2018.

Scottish Re Group Limited Winding Up Proceedings

On 17 May 2017, SRD's ultimate parent company, SRGL, commenced voluntary provisional winding up proceedings in Bermuda (where SRGL maintains its principal executive office) and filed for parallel winding up proceedings in the Cayman Islands (where SRGL is incorporated).

In connection with the Bermuda proceedings, on 18 May 2017, the Supreme Court of Bermuda granted an order appointing personnel from Finance & Risk Services Ltd. of Bermuda and Kalo (Cayman) Limited of the Cayman Islands as Joint Provisional Liquidators ("JPLs") of SRGL. As such, these JPLs worked with the SRGL Board of Directors (the "SRGL Board") and SRGL management to effect a restructuring plan for SRGL, which involves the sale of SRGL's immediate subsidiary, SALIC. SRGL pro-actively filed these winding up petitions in an effort to facilitate the restructuring process and to maximize value to SRGL's stakeholders.

On 24 January 2018, in connection with its authorisation of the SALIC/SHI Chapter 11 and the Sale and Restructuring (each as defined below), the SRGL Board voted to authorize the JPLs to move forward with the winding up proceedings of SRGL, and seek appointment as the Joint Official Liquidators ("JOLs") of SRGL, thereby assuming full control of SRGL. A hearing on the SRGL winding up proceedings took place in Bermuda on 30 January 2018, and in the Cayman Islands on 15 February 2018. These hearings resulted in the entry of orders by the respective Bermuda and Cayman Islands courts for the winding up of SRGL and the appointment of the JOLs to carry out the winding up proceedings. Following these hearings, the JOLs now hold full executive responsibility of SRGL, and replaced the SRGL Board, which has effectively been dissolved.

Subsequent to the entry of the Bermuda and Cayman Islands orders appointing the JOLs, the JOLs sought and received a stay in the Bermuda proceedings and now will carry out the winding up of SRGL through the Cayman Islands proceedings. The winding up of SRGL does not have a material impact on the financial affairs of the Company.

Sale and Restructuring Plan and the Commencement of Chapter 11 Proceedings

On 29 January 2018, SRGL announced that it had commenced, on 28 January 2018, implementation of a sale and restructuring plan for SALIC and SALIC's U.S. subsidiary, SHI.

The sale and restructuring plan is being implemented through U.S. Chapter 11 insolvency proceedings for SALIC and SHI in the United States Bankruptcy Court of Delaware on 28 January 2018 (the "SALIC/SHI Chapter 11").

In connection with the SALIC/SHI Chapter 11, SRGL announced that a stock purchase agreement (the "SPA") had been executed between SALIC and SHI, on the one hand, and HSCM Bermuda Fund Ltd., a Bermuda-domiciled investment fund (the "Buyer") managed by Hudson Structured Capital Management ("Hudson Structured"), on the other.

Upon closing of the SPA, Buyer will own 100% of the stock of the reorganized SALIC. Hudson Structured has caused the Buyer to execute certain documents associated with the SALIC/SHI Chapter 11 in order for the Buyer to act as plan sponsor of the SALIC/SHI Chapter 11.

The SALIC/SHI Chapter 11 is a critical step in the Company's sale and restructuring plan, which in addition to the sale of SALIC and SHI, also includes the sale to Hudson Structured of certain of SALIC's subsidiaries, including SRUS and SRD (the "Sale and Restructuring").

Certain of the SALIC's subsidiaries, such as the Company, SRUS, and SRLB (together, the "Non-Debtors"), are not debtors in the SALIC/SHI Chapter 11 and as such, contracts and relationships between the Non-Debtors and their reinsurance and other counterparties, vendors, and employees are largely unaffected by the SALIC/SHI Chapter 11 filing.

SALIC faced acute liquidity issues in the first quarter of 2018 as a result of the historically adverse performance of the Scottish Re Group's (the "Group") legacy book of yearly renewable term reinsurance business, and the growing strain created by payments coming due in the first quarter of 2018 on twenty (20) consecutive quarters of accrued and deferred interest on certain trust preferred securities guaranteed by SALIC.

Two of SALIC's wholly-owned subsidiaries, SHI and Scottish Financial (Luxembourg) S.á r.l. ("SFL"), entered into a series of capital markets transactions from 2002 to 2004 in which those entities sold bonds to various trusts. Those trusts in turn issued Capital and Trust Preferred Securities to the market. SALIC guaranteed the payment and other obligations of SHI and SFL in connection with the Capital and Trust Preferred Securities transactions. Currently, $86 million of aggregate principal amount of Capital and Trust Preferred Securities obligations (plus an additional $43 million of Capital and Trust Preferred Securities owned by SALIC's parent, SRGL) remain outstanding. As permitted under the terms of the Capital and Trust Preferred Securities, SHI and SFL began deferring interest payments thereon in the first quarter of 2013. Interest may only be deferred on the Capital and Trust Preferred Securities for a maximum of twenty (20) consecutive quarters, and, as a result, accrued and deferred interest in an amount of approximately $20.5 million (plus an additional $10.6 million of deferred interest amounts owing to SRGL in respect of the Capital and Trust Preferred Securities held by SRGL) was required to be paid in the first quarter of 2018.

SHI and SFL lacked the resources to make these payments, and SALIC was unable to pay the Capital and Trust Preferred Securities deferred interest and still meet its other obligations, including reinsurance obligations to third-party ceding companies, as well as to SRUS, in 2018.

SALIC devised and executed a restructuring plan to try and resolve its liquidity issue in a timely fashion and to maximize value to its stakeholders. Among the steps taken by SALIC were the engagement of Keefe, Bruyette & Woods, Inc. a *Stifel Company*, to identify a buyer, and retention of legal counsel in New York, Delaware, Bermuda and the Cayman Islands very familiar with SALIC and insurance restructuring options.

With the liquidity constraint facing SALIC, the SALIC/SHI Chapter 11 process is designed to:

- Permit SALIC to continue as a going concern during the reorganization process, and to continue to provide uninterrupted performance of its obligations to its third-party and affiliated reinsurance counterparties and business partners;
- Permit the SALIC businesses, post-reorganization and under new ownership, to continue to actively participate in the U.S. life reinsurance and annuity industries;
- Provide SALIC and (as a result of SRGL's ownership of certain of the Capital and Trust Preferred Securities) SRGL, with the opportunity to maximize value for their stakeholders;
- Permit SALIC to address legacy liabilities in a manner that is fair to creditors; and
- Preserve the existing jobs of the employees of SALIC and its subsidiaries.

The SPA is subject to certain closing conditions related to the SALIC/SHI Chapter 11, as well as the receipt by the Buyer of all required regulatory approvals necessary to effectuate a change of control of SALIC, SRUS, SRD, and SRLB. In connection with the SALIC/SHI Chapter 11, on February 28, 2018, the Bankruptcy Court entered an Order Approving Bidding Procedures In Connection With An Auction For Plan Sponsorship or Other Alternative Transaction that essentially establishes a framework for an auction process during the pendency of the SALIC/SHI Chapter 11 proceedings in which alternative restructuring transactions from other parties may be offered to and considered by SALIC/SHI in consultation with the Official Committee of Unsecured Creditors appointed in SALIC/SHI Chapter 11 cases.

The designation of the winning bidder is subject to Bankruptcy Court approval. If no qualified bids are submitted in accordance with the bidding procedures approved by the Bankruptcy Court, Hudson Structured is expected to be confirmed as the winning bidder. Thereafter, subject to the Bankruptcy Court's approval of an accompanying disclosure statement, SALIC/SHI will solicit votes from eligible creditors on a Chapter 11 plan of reorganization incorporating the terms of the SPA or the terms of an alternative restructuring transaction, as appropriate, and request the Bankruptcy Court to confirm the plan. SALIC is hopeful that the Sale and Restructuring will be approved by the third quarter of 2018, including receiving the aforementioned regulatory approvals, as well as having the SALIC/SHI restructuring plan confirmed by the U.S. Bankruptcy Court.

In conjunction with the SALIC/SHI Chapter 11, SALIC filed a number of first day motions on 30 January 2018, that are intended to allow it to operate in the ordinary course of business during the restructuring process. SFL, which is not expected to be acquired as part of the Sale and Restructuring, filed a petition with the Luxembourg District Court for liquidation under Luxembourg's Commercial Code on 16 April 2018.

It is currently anticipated that the SALIC/SHI Chapter 11 will not have a material impact on the financial affairs of the Company.

Approval

This document was approved by the Company's Board of Directors (the "Board") on 1 May 2018.

Section A: Business & Performance

A1. Business

SRD is incorporated in the Republic of Ireland and is a company limited by shares.

The address of the registered office is:
2 Grand Canal Square
Dublin 2
Republic of Ireland

This Solvency and Financial Condition Report ("SFCR") covers SRD on a solo basis.

Under Solvency II, the group supervisor of SRD is the Central Bank.

The Central Bank Desk Officer of the Company is:

Eamonn Henry
Central Bank of Ireland
3 Upper Mayor Street
Dublin 2
Republic of Ireland

The external auditor of the Company is:

EisnerAmper Audit Limited
Chartered Accountants & Statutory Auditors
6 The Courtyard Building
Carmanhall Hall
Sandyford
Dublin 18
Republic of Ireland

The signing audit partner of the Company at EisnerAmper Audit Limited ("EisnerAmper") is Ray Kelly.

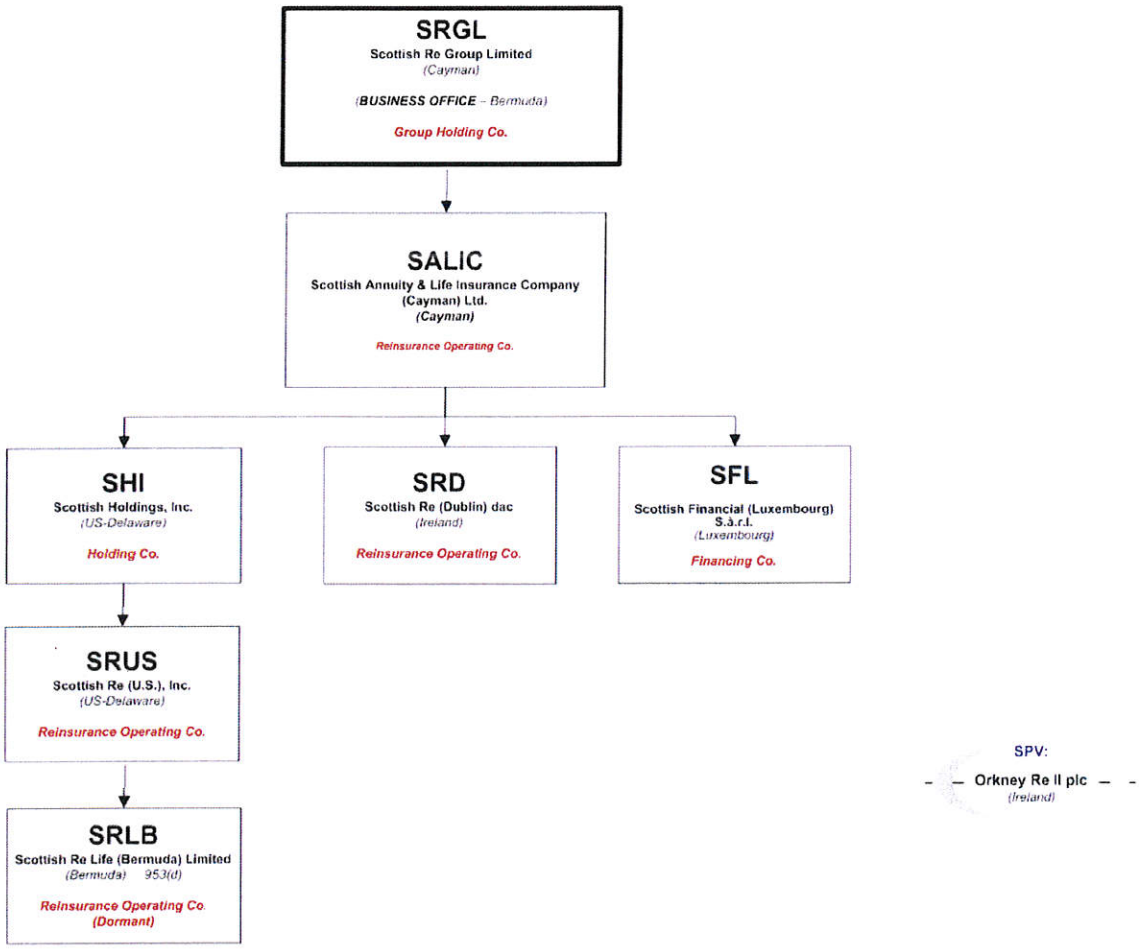
The legal advisor of the Company is:

William Fry Solicitors
2 Grand Canal Square
Dublin 2
Republic of Ireland

The Company's immediate parent company is SALIC, a company incorporated in the Cayman Islands, which is not an EEA State.

The Company's ultimate parent is SRGL, a company incorporated in the Cayman Islands, which is not an EEA State.

The chart below shows the structure of Scottish Re Group Limited:



Orkney Re II plc is a special purpose vehicle (orphan company) which is consolidated into the SRGL Financial Statements.

A2. Underwriting performance

The table below shows a breakout of the Net Technical reserves under FRS 101.

TABLE 5.5 SRD IRISH RESERVES AS OF 31 DECEMBER 2017 ($000S):			
SRUS Treaty	**2017**	**2016**	**Movement**
Account Value	3,612	3,867	(255)
Additional Guarantee	1,483	1,650	(167)
Total (Penn Mutual)	**5,094**	**5,517**	**(423)**
Unearned Premium Reserve	1,629	1,594	35
Incurred But Not Reported Reserve	738	669	69
Pending Claims	750	1,676	(926)
Total (Guaranteed Level Premium Term Life Treaty)	**3,116**	**3,940**	**(824)**
Grand Total	**8,211**	**9,457**	**(1,246)**

A3. Investment performance

Investment income

Investment income is comprised of interest and realised gains. Realised losses are included in investment expenses and charges. Realised gains and losses on sale or maturity of investments are determined by specific identification as the difference between the proceeds and carrying value of the investment. Unrealised gains and losses are separately disclosed and included in the income statement, and are determined by specific identification as the difference between cost and market value.

Below is a summary of the investment income and expense for the year: (US$, 000):

	2017 US$	2016 US$
Interest on financial investments	440	554
Interest credited on deposits with cedent	(141)	(147)
Investment management charges	(12)	(20)
Unrealised losses on investments	(9)	(55)
Profit/(loss) on embedded derivative	5	(12)

Below is a summary of the Investment Portfolio in (US$, 000):

Asset class	2017	% total	2016	% total
Cash and cash equivalents	101	1%	134	1%
Deposits to cedants	3,612	27%	3,867	19%
Deposits other than cash equivalents	816	6%	2,607	13%
Government bonds	144	1%	280	1%
Corporate bonds	6,511	49%	10,684	53%
Collateralised securities	2,118	16%	2,552	13%
Total	**13,302**		**20,124**	

A4. Performance of other activities

Operating expenses for the year totalled US$1,115,555 (US$958,910); the increase was the result of charges such as audit fees, inter-company fees, net worth maintenance fees, and actuarial fees for the implementation of Solvency II.

A5. Any other information

The Company's key financial and other performance indicators during the year were as follows (US$, 000):

	2017 US$	2016 US$
Gross premium written	3,272	3,248
Profits/(loss) on ordinary activities	1,466	(34)
Deposits with ceding undertakings	3,612	3,867
Financial investments at fair value	1,557	5,611
Available for sale financial assets	8,032	10,512
Net technical provisions	8,211	9,457

In December 2016, the Company and the CBI approved a return of capital to the parent, SALIC, of US$7 million.

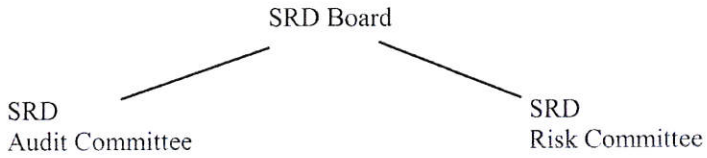
Section B: System of Governance

B1. General information on the system of governance

The Board has the responsibility to ensure that the principles of sound uncompromising good governance are observed.

The Company recognises the importance of strong corporate governance and has established a well-defined governance framework, system of control and committee structure.

Overview of the Board and sub-committees



The Corporate Governance Code Insurance Undertakings (2015) (the "Code") requires the Company to provide evidence of fitness and probity of all directors ("Directors") and key management. All Directors and key management of the Company have previously completed appropriate questionnaires regarding their qualifications for the positions to which they have been appointed and have been approved by the Central Bank. New Directors and senior managers will complete the Fit and Proper Individual Questionnaire for approval by the Central Bank as required by the Fit and Proper Requirements paper.

The Company must have sufficient resources within Ireland to set strategic direction, and have the ability for decision-making, control, and accountability. The Company currently has a strong and active Board, which include Jim Ruane and Alex Tully as independent non-executive directors, Gregg Klingenberg (Chief Executive Officer ("CEO") of SRGL), TJ Keller (Executive Vice President, Chief Financial Officer of SRGL), and Karina Lynch (CEO of SRD). Karina Lynch also acts as Compliance Officer of the Company and is based in Ireland.

The Company has appointed Mark Harris (Senior Vice President, Finance Manager of SRLB) as its Chief Risk Officer, and Head of Internal Audit.

Jim Ruane and Alex Tully are considered Independent Non-Executive Directors ("INEDs") and satisfy all defined requirements of INEDs in Ireland. The Company's corporate governance guidelines require at least one INED to be present at any Board meeting in order to meet a quorum.

From time to time, the Directors consider the composition and size of the Board as it relates to the ability to adequately oversee Company operations.

Each Board member has agreed to defined time commitments required to fulfill their responsibilities. Alex Tully was appointed as Chairman of the Board on 18 October 2017.

The Directors, with the assistance of management, continually monitor and approve the targeted minimum solvency level. The Company set a solvency target at 175% under Solvency II in 2016. The retrocession strategy for the Company is also reviewed periodically and approved by the Directors. Human resource policies covering appointment, disciplinary procedures, and dismissal of senior management (including remuneration) have been adopted by the Board. The Company has defined contribution pension scheme in place with an annual contribution rate of 15% of eligible pensionable earnings.

The Company utilises support from other SRGL affiliates in the U.S. and Bermuda, primarily in the form of information technology, actuarial and accounting support services. With this support, management of the Company oversees the daily operations, provides the Board with recommendations for review and approval on objectives, strategy, business plans, and major policies, and provides the Board with comprehensive, relevant, and timely information to fulfill their responsibilities.

All material contracts entered into by the Company are reviewed by the SRGL legal department pursuant to the support services agreement and by local Irish counsel as necessary. Investment management is outsourced with oversight by the Board, who receive regular investment reports.

The Company has established effective internal controls and systems to communicate information between management and the Board.

The Board will continue to monitor the Company's corporate governance structures, particularly in the context of any new business underwritten by the Company, to ensure that it has levels of oversight in operation that are consistent with and proportionate to the size and complexity of its business and to ensure that it has internal governance mechanisms in place which are commensurate with the standards of the Central Bank's corporate governance guidelines and in compliance with the Code.

B2. Fitness and proper requirements

Requirements for skills, knowledge and expertise

The Company ensures that all persons who effectively run the Company or have other key functions are fit to provide sound and prudent management through their professional qualifications, knowledge and experience and are proper by being of good repute and integrity.

In order to ensure that Senior Managers / Company Directors of the Company are fit, they are recruited giving due regard to interview requirements, referencing, relevant skills, personal and professional background and other checks as required and relevant to the role to be undertaken.

In order to ensure that Senior Managers / Company Directors are proper, they are subjected to a variety of checks at the commencement of their assessment.

B3. Risk management system including the own risk and solvency assessment

The Company is aligned with the Group's risk management system. The Group's risk management system is articulated in a number of policies and frameworks, overarched by the Enterprise Risk Management Framework ("ERM Framework").

The Company has developed a comprehensive set of risk policies, frameworks and guidelines to ensure that adequate processes and procedures are in place to manage all types of risk. These documents are aligned with the current regulatory requirements under the Solvency II regime and adopted by the CBI.

The Group adopts the 'three lines of defense' governance model:

The 1st Line of Defense – Business Management

Business management makes up the first line of defense. Overall, the first line of defense 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.

The 2nd Line of Defense – Oversight

The second line of defense functions comprise of the risk management function and the compliance function. These are independent functions that provide limited assurance to the Board with regards to the adequacy and effectiveness of the overall risk management system. These functions have the authority to communicate with any employee and obtain timely access to any records required to carry out its responsibilities.

The 3rd Line of Defense – Assurance

The third line of defense comprises of the Company's independent assurance functions, i.e. internal and external audit, that provide an independent and balanced view of the effectiveness of the first and second line functions as defined above.

Own Risk and Solvency Assessment ("ORSA")

The ORSA is required under Article 45 of Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (the "Solvency II Directive"). The Solvency II Directive requires that insurance and reinsurance undertakings shall perform the ORSA regularly, at least annually, and without any delay following any significant change in their risk profile.

The Company approved it annual ORSA on 15 November 2017.

No adhoc ORSA was deemed required in 2017

The Board of the Company retains responsibility in respect of the ORSA process and has an active role steering the process and challenging the results.

B4. Internal control system

The Company maintains a financial control framework that governs financial and regulatory reporting in the company. This framework aims to ensure that:

- All the risks that pertain to the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework have been identified and documented;

- There are controls (manual and automated) in place to address these risks and they are adequately designed to prevent or detect material misstatements in the financial statements and disclosures; and

- The controls identified operate as they are supposed to and are appropriately evidenced.

The financial control framework is subject to annual review of the appropriateness and effectiveness of the controls. This review is conducted by the Internal Audit function and the results submitted to the Audit Committee.

The FRS 101 financial statements are also subject to rigorous controls in the production and review leading up to publishing. The actuarial liabilities are produced using best practice actuarial practices that are subject to review by the Risk Committee. The statements are also subject to internal review and external audit review. They are presented to the Audit Committee and Board for sign-off prior to publishing.

B5. Internal audit system

The internal audit function is part of the third line of defense in the Company.

The internal audit function of the Company is managed by the Head of Internal Audit who is an employee of the group and reports into the chair of the Audit Committee, which is a Independent Non-Executive Director role. This reporting structure ensures independence of the internal audit function.

The internal audit in the Company is implemented through the following process:

An audit plan is created on an annual basis and ensures sufficient evidence will be obtained to evaluate the effectiveness of the risk management and control processes across the business. The plan includes a review of the major risk management processes operating across the business and a selection of the key risks identified from those processes. The audit plan also gives special consideration to those operations most affected by recent or expected changes. The proposed plan is flexible so that adjustments can be made during the year as a result of changes in management strategies, external conditions, major risk areas, or revised expectations in respect of achieving the business' objectives. Any proposed changes or update in the plan are reported to the Audit Committee for their review and agreement before they are incorporated into ongoing work. The Audit Committee review and approve the plan at least annually.

Based on the annual plan, the internal audit activity evaluates the adequacy and effectiveness of controls encompassing the business' governance, operations, and information systems. This includes:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with laws, regulations, and contracts.

In determining the proposed audit plan, the Head of Internal Audit considers relevant work that will be performed by other areas, e.g. Compliance Assurance, External Audit. To minimise duplication of effort and inefficiencies the work planned, or recently completed, by management in its assessments of the risk management process, controls and quality improvement processes, as well as the work planned by the external auditors, are considered in determining the expected coverage of the audit plan for the coming year.

The Audit Committee and the Board requires that the Head of Internal Audit performs sufficient audit work and gathers other available information during the year so as to form a judgement regarding the adequacy and effectiveness of the risk management and control processes. The Head of Internal Audit communicates overall judgement regarding the Company's risk management process and system of controls to the Audit Committee Board of Directors.

During 2017 an internal audit was conducted on the investments of the Company.

B6. Actuarial function

The Company provides for an Actuarial Function as specified in the CBI Solvency II guidance.

The position of Head of the Actuarial Function is held by Padraic O'Malley of Milliman Limited ("Milliman"), who has a wealth of experience in the Irish reinsurance industry.

Padraic O'Malley is a Fellow of the Society of Actuaries in Ireland and has complied continuously with the specific professional obligations this requires. He is an Approved Person under the regime.

The Head of the Actuarial Function is supported by staff in the Scottish Re Group and colleagues within Milliman.

B7. Outsourcing

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

The Board ensures that any outsourcing arrangement does not diminish the Company's ability to fulfill its obligations to customers or its regulator, nor impede effective supervision by its regulator.

Fundamental responsibilities such as the setting of strategies and policies, the oversight of the operation of the Company's processes, and the final responsibility for customers, shall not be outsourced.

The Board approves all outsourcing and considers outsourcing where they believe that there is an advantage to the Company and customer by using a service provider e.g. access to specialist resource, provision of services in the same jurisdiction as the customer, cost benefits.

SRD Outsourcing

Service Provider	**Services Provided**	**Jurisdiction Located**
Milliman	Actuarial Services	Republic of Ireland
PWC	Tax Consulting Services	Republic of Ireland
William Fry	Legal Services	Republic of Ireland
Wilton Secretarial	Company Secretary	Republic of Ireland
Aon Hewitt	Payroll Services	Republic of Ireland (ceased on 31 Dec 2017)
Brendan J McLoughlin	Payroll Services	Republic of Ireland (from 01 Jan 2018)
Scottish Re Group	Underwriting, Legal, Tax, HR	USA/Bermuda/Grand Cayman

B8. Any other information

There is no other information on its general corporate governance of the Company which the Company believes needs to be disclosed at this time.

Section C: Risk Profile

The Company accepts reinsurance treaties from within the Scottish Re Group and is open to accepting further business from within the Scottish Re Group.

There are two reinsurance treaties on the balance sheet as at end 2017, both treaties are with the Scottish Re Group. Under the Penn Mutual treaty, the Company shares in the risk associated with a block of single premium and flexible premium deferred annuities. Under the second treaty the Company shares in the risk associated with a block of US term insurance business. The second treaty is written on a yearly renewable basis and is referred to as the yearly renewable term ("YRT") treaty.

The Company sets out its risk appetite in its risk appetite statement. The Company has set a solvency ratio at 175% on a Solvency II basis.

In addition, the Company has a parental guarantee with SALIC which ensures that it will meet its reinsurance obligations and maintain its target solvency ratio. The amount of capital currently held by the Company is in excess of this level.

The Risk Appetite will be reviewed prior to writing any new treaties to ensure that the Company is comfortable with the risks presented by the new treaty.

C1. Underwriting risk

C1.1 Risk exposure

The Company is exposed to the following underwriting risks:

- Lapse risk
- Expense risk
- Mortality risk, including catastrophe risk
- Longevity risk

The following table summarises the capital requirements in respect of these risks, at year-end 2017 and year-end 2016. The figures are calculated on a standard formula basis.

Life Underwriting Risk ($'000)	2017	2016
Lapse Risk	2,634	3,598
Mortality Risk	2,303	2,590
Expense Risk	912	866
Catastrophe Risk	1,152	1,246
Longevity Risk	92	104
Diversification	**(2,479)**	**(2,863)**
Total Life Underwriting Risk	**4,613**	**5,540**

See S.05.01.01.02 Basic Capital Requirement in Appendix 1 for further information.

Underwriting risks are assessed using a number of different methodologies, including:

- Sensitivities
- Capital Requirements and own solvency needs assessments
- Scenario testing

Mortality Risk

There is significant mortality risk attaching to the YRT Treaty, as this is pure term insurance business and the development of future mortality rates will determine the profitability of the treaty. There is also risk arising from variability of claims experience given the number of lives covered and this risk is reflected through the catastrophe solvency capital requirement ("SCR").

There is limited mortality risk on the Penn Mutual Treaty as the death benefit is equal to the account value.

Persistency Risk

The Company has a significant exposure to lapse risk because the future profits embedded in the Best Estimate Liability ("BEL") calculation are dependent upon the number of underlying policies that remain inforce.

Expense Risk

Expense risk represents the risk that expenses are higher than expected and that expense inflation increases more than projected. This is a relatively material risk for the Company given the scale of the inforce business.

Longevity Risk

The Company has a limited amount of longevity exposure associated with the Penn Mutual treaty. The longevity risk arises because if the underlying policyholders live longer than expected then the cost of the guarantees will increase accordingly.

C1.2 Risk concentration

The Company has some exposure to mortality risk concentration given the number of lives covered under the YRT treaty and the potential for large claims arising from a number of deaths.

C1.3 Risk mitigation

Mortality risk is mitigated through the high profitability attaching to the YRT treaty and the parental guarantee that is in place, which ensures that the Company will hold sufficient capital to meet its target solvency ratio.

C1.4 Risk sensitivity

The sensitivity of the life underwriting risks can be seen in the results of the SCR shocks, the results of which are detailed above. Lapse risk is the most significant life underwriting risk and an increase in lapses (as per the standard formula shock) would result in the future profits embedded in the inforce business falling by $2.6 million.

The assumptions and methodology used for these risk sensitivities are consistent with those outlined in Section D2.

C2. Market risk

C2.1 Risk exposure

The Company is exposed to the following market risks:

- Spread risk
- Currency risk
- Interest rate risk
- Concentration risk

The following table summarises the capital requirements in respect of these risks, at year-end 2017 and year-end 2016. The figures are calculated on a standard formula basis.

Market Risk ($'000)	2017	2016
Spread Risk	1,279	1,658
Currency Risk	941	957
Interest Rate Risk	436	460
Concentration Risk	147	199
Diversification	- **922**	- **1,053**
Total Market Risk	**1,882**	**2,220**

Underwriting risks are assessed using a number of different methodologies, including:

- Sensitivities
- Capital Requirements and own solvency needs assessments
- Scenario testing

Interest Rate Risk

There is interest rate risk associated with the Penn Mutual Treaty because there is an investment guarantee associated with the underlying business. The underlying policies minimum guaranteed rate of 4% per annum. There is a risk that the Company will not be able to cover the guarantee from the yields available in the market. The current low interest environment means that it is likely that the 4% guaranteed level will not be achieved in the short to medium term.

There is also market risk associated with the other investments of the Company. The Company invests in bonds and asset backed securities so that a movement in interest rates will result in the market value of assets moving accordingly.

Foreign Exchange Risk

The Company has some limited currency risk. Most of the Company's income, liabilities and assets are denominated in USD. Most of the Company's expenses are denominated in Euros, which leads to a small amount of currency risk.

Credit Risk

The Company assumes a certain amount of credit spread exposure through investment in bonds and asset backed securities. Any increase in spreads would result in the market value of the assets held declining.

C2.2 Risk concentration

The Company does not have any material risk concentrations in relation to market risk, as assets are diversified across a wide range of issuers and asset-types.

C2.3 Risk mitigation

Market risks are mitigated through diversification and ongoing monitoring of the investments.

The Board is responsible for monitoring the investment performance and the Risk Committee is responsible for monitoring the associated risks arising from investments.

Assets are invested in accordance with the prudent person principle, based on the Company's Investment policy.

C2.4 Risk sensitivity

The sensitivity of the market risks can be seen in the results of the SCR shocks, the results of which are detailed above. Spread risk is the most significant of the risks and a significant movement in spreads would result in the Company's assets declining in value.

The assumptions and methodology used for these risk sensitivities are consistent with those outlined in Section D2.

C3. Credit risk

C3.1 Risk Exposure

Counterparty risk primarily arises in relation to the deposits with banks and reinsurance receivables, noting that risks arising from credit spreads are covered under market risk. The Company has a significant amount of cash holdings. The Company had US$101,384 cash as at 31 December 2017 and a reinsurance receivable of US$651,441. The Company is exposed to the risk of default on these holdings.

The following table summarises the capital requirements in respect of these risks, at year-end 2017 and 2016.

Counterparty Risk $'000	2017	2016
Type 1	277	126
Type 2	-	-
Diversification	-	-
Total Counterparty Risk	**277**	**126**

C3.2 Risk concentration

The Company does not have any material risk concentrations in relation to counterparty risk.

C3.3 Risk mitigation

Counterparty risks are mitigated through diversification and ongoing monitoring of the investments.

C3.4 Risk sensitivity

The counterparty default SCR illustrates the low level of risk arising from counterparty risk.

C4. Liquidity risk

C4.1 Risk exposure

Liquidity risk refers to the risk that undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due. The Company qualitatively assesses its exposure to liquidity risk as "Low" because of the high quality liquid assets held.

There has been no material change in the liquidity exposure of the Company over the past year.

Liquidity risks are assessed using a number of different methodologies, including:

- Sensitivities
- Key Risk Indicators
- Scenario testing

The Company has a negative BEL but does not rely upon this negative liability to offset any positive liability, so does not consider that any liquidity risk arises from this source.

C4.2 Risk concentration

The Company does not have any material risk concentrations in relation to liquidity risk.

C4.3 Risk mitigation

Liquidity risks are mitigated through the nature and sufficiency of assets held to match the liabilities. The Expected Profits in Future Premiums ("EPIFP") equals $5.6 million.

C4.4 Risk sensitivity

As part of the ORSA process, the Company considers scenarios that could potentially result in liquidity difficulties. These scenarios have never resulted in any funding difficulties for the Company.

C5. Operational risk

C5.1 Risk exposure

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events.

The Company qualitatively assesses its exposure to operational risk as "Low" because of the limited number of transactions undertaken.

The Company is exposed to a range of operational risks, including:

- Key person risk
- Fraud
- IT risk
- Data security / cyber risk
- Regulatory and compliance risk
- Administration risk

Regulatory risk includes risks relating to the existing solvency position and the Company's compliance with the existing legislation. It also includes potential changes to the regulatory framework, both in Ireland and in the U.S., which could impact upon the Company's business model.

It is expected that the Company will not be liable for Irish corporation tax in the medium term due to significant historical tax losses. Financial projections of the business assume that no tax will be payable during the projection time horizon.

The following table summarises the capital requirements in respect of these risks, at year-end 2017 and 2016.

Operational Risk $'000	2017	2016
Total Operational Risk	**126**	**136**

C5.2 Risk concentration

The Company does have some risk concentration given the reliance on certain key persons. The Company has considered these exposures and how best to manage the risks.

C5.3 Risk mitigation

The Company has a number of mitigants in place in relation to operational risk, including control activities, internal and external audit and contingency plans.

C5.4 Risk sensitivity

Given the nature of operational risks, the Company does not calculate any quantitative risk sensitivities. However operational risk is considered qualitatively in both the ORSA and the regular Risk Updates provided to the Risk Committee.

C6. Other material risks

Given the scale of the Company, there are some exposures to the group, which is relied upon for various support services. The two treaties are also within the group, so that the exposure to the group is an important risk consideration.

C7. Any other information

There is no other information on the Companies Risk Profile to disclosure at this time.

Section D: Valuation for Solvency Purposes

D1. Assets

The following table outlines the main categories of assets and their value as at 31 December 2017 in $'000:

Asset Category	31/12/2017	31/12/2016
Investments	9,589	16,123
Deposits with cedants	3,612	3,867
Reinsurance Receivables	651	511
Cash and Cash Equivalents	101	134
Other Assets	230	269
Total Assets	**14,183**	**20,904**

The deduction on assets was mainly due to the return of capital of US$7 million to the shareholder.

Financial assets measured at fair value are valued based on market prices at the valuation date, where a market price is available. Where a market price is not available then these assets are valued using observable inputs. The Company does not have any financial assets in this category that are valued using significant unobservable inputs.

The Company considers whether a market can be considered active taking into consideration a number of factors including:

- quoted prices readily and regularly available;
- those prices represent actual and regularly occurring market transactions on an arm's length basis; and
- Whether it is possible to trade without affecting the price

Receivables and Other assets are generally valued at face value. Deposits with banks are valued at face value.

Deposits with cedants represents funds held by Scottish Re US in relation to the Penn Mutual Treaty.

There are no material differences between the valuation bases, methods or assumptions used to value assets on a Solvency II basis and those used for FRS 101 purposes.

There is no retrocession in place, and hence no reinsurance asset.

There are no leasing arrangements or investments in related undertakings.

The Company does not account for a deferred tax assets.

No changes were made to the recognition and valuation bases or estimations used during the period.

See S.02.01.02 Balance Sheet in Appendix 1 for further information.

D2. Technical provision

The table below outlines the technical provisions as at 31 December 2017 in $'000s:

Technical Provisions	31/12/2017	31/12/2016
Unit Liability	3,612	3,867
Best Estimate Liability	-2,646	-4,102
Risk Margin	1,578	1,994
Gross Technical Provisions	**2,544**	**1,759**

In the valuation of technical provisions, unit-linked liabilities are unbundled and the unit liability is calculated as "technical provisions calculated as a whole". The value of the unit-linked liability is set equal to the value of the matching assets.

The BEL is calculated by projecting forward the future income and outgo on the unit-linked policies and discounting the cashflows back to the valuation date. A deterministic projection is used for the YRT treaty and the BEL for the Penn Mutual treaty is evaluated through the use of a number of deterministic scenarios to which probabilities are attached to reflect the possibility of varying market conditions.

The risk margin is calculated using the cost of capital approach set out in the Directive. The steps involved in this calculation are set out below:

- Firstly, the Solvency II capital requirement relating to non-hedgeable risks is projected for each future year (until the expiry of all contracts);
- The SCR in each future year is then multiplied by the prescribed cost of capital rate (6% p.a.) to get the cost of holding the Solvency II capital requirement in each future year; and
- These cost-of-capital figures are then discounted to a single present value using the risk-free yield curve to determine the overall risk margin.

This projection involves the use of risk drivers to estimate the SCR for different risk sub-modules at each future time period rather than performing a full recalculation of the SCR for each sub-module at each point.

The main assumptions required to calculate the BEL are those relating to policyholder lapses and mortality. The mortality assumption is determined based on an investigation of the Company's experience over the past number of years. Lapse assumptions are determined based on group investigations of surrender experience.

There are no management actions that impact directly upon the calculation of the technical provisions but there is a management action in place which impacts upon the calculation of the lapse SCR calculation and thus has a second-order impact on the risk margin. The management action in question states that premiums would increase in the event of claims exceeding premiums by more than 20% in any year from 2024 onwards.

The Company does not apply the matching adjustment, volatility adjustment or any transitional provisions.

There is no retrocession in place and hence no reinsurance asset or liability.

The Company has not used any significant simplified methods to calculate technical provisions.

Uncertainty of Technical Provisions
Uncertainty arises primarily in relation to the key assumptions specified above and the development of experience against these assumptions. This uncertainty can be seen in the SCR amounts required in respect of lapse and mortality risk.

Material Differences with the Financial Statements
The table below outlines the technical provisions included in the Solvency II balance sheet relative to those included in the financial statements as at 31 December 2017 in $'000's:

Solvency II			Financial Statements
Unit Liability	3,612	Unit Liability	3,612
BEL	(2,646)	Technical Provisions	4,599
Risk Margin	1,578		
Total Technical Provisions	**2,544**	**Total Technical Provisions**	**8,211**

There are significant differences in the technical provisions held. In the financial statements an Unearned Premium Reserve ("UPR") is held in respect of the YRT treaty, whereas under Solvency II, the BEL for this treaty reflects the profits expected to emerge in the future and a negative liability is held. No risk margin is held within the financial statements.

The assumptions are generally consistent between financial statements and Solvency II, with the financial statement assumptions containing some additional margins for prudence that are not included in the Solvency II best estimate assumptions.

See S.05.01.01.02, S.12.01.01.02 Life Forms in Appendix 1 for further information.

D3. Other liabilities

The other liabilities of the Company, excluding technical provisions, are shown in the following table as at 31 December 2017 in $'000s. The table also shows the value of other liabilities shown in the financial statements.

	Solvency II		Financial Statements
Other Liabilities	16	Other Liabilities	16
Reinsurance Payables	106	Reinsurance Payables	106
Trade Payables	42	Trade Payables	42
Total Other Liabilities	**164**	**Total Other Liabilities**	**164**

Reinsurance and trade payables represent the face value of the amount owed to creditors and there are no differences compared to the values in the financial statements.

No Deferred Tax Liability ("DTL") is recognised given the historic tax losses available to offset any taxes arising on future profits.

There are no liabilities in respect of leasing arrangements or employee benefits.

There were no changes to the recognition and valuation bases used or on estimations during the reporting period.

There are not any material assumptions or judgements made in relation to the recognition or valuation of the "Other Liabilities".

D4. Alternate methods for valuation

The Company does not use any alternative methods for valuation of its assets

D5. Any other information

The Company does not have any other material information on the valuation of assets or liabilities.

Section E: Capital Management

E1. Own funds

The following table outlines the Company's own funds as at 31 December 2017 in $'000:

Own Fund Item	31/12/2017	31/12/2016
Ordinary Share Capital	1,250	1,250
Reconciliation Reserve	10,225	10,682
Other items approved by Supervisor	0	0
Total Own Funds	**11,475**	**11,932**

The Company only holds Tier 1 basic own funds. Therefore, the eligible amount of own funds to cover the SCR and minimum capital requirement ("MCR") is $11.5 million. The item approved by the Supervisory authorities was a number of capital contributions. There are no own fund items subject to transitional arrangements and no deductions from own funds or restrictions affecting the availability of 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. These should be of sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation. The Company holds regular meetings of senior management, which are at least quarterly, in which the ratio of eligible own funds over SCR and MCR are reviewed.

The following table reconciles the Solvency II own funds to the shareholder equity shown in the financial statements:

Reconciliation	$'000's
Share Capital	1,250
Capital Contribution	0
Retained Earnings	4,558
Return of capital	0
Shareholder Equity Financial Statements	**5,808**
Remove FS technical provisions	8,211
Add SII Technical provisions	-2,544
Solvency II Own Funds	**11,475**

The reconciliation reserve is effectively equal to the retained earnings in the financial statements plus all of the adjustments outlined above in moving from financial statements to own funds under Solvency II.

See S.23.01.01.01 Own funds in Appendix 1 for further information.

E2. Solvency Capital Requirement and Minimum Capital Requirements

Solvency Capital Requirement

The SCR and MCR figures at year-end 2017 in $'000's are as follows:

Capital requirements	31 Dec 2017	31 Dec 2016
SCR	5,616	6,638
MCR	4,317	3,795

The SCR is calculated using the standard formula and the split of the SCR by risk module is as follows:

Capital requirements ($'000's)	31 Dec 2017	31 Dec 2016
Market Risk	1,882	2,220
Underwriting risk	4,613	5,540
Counterparty risk	277	126
Operational	126	136
Diversification	(1,282)	(1,384)
Loss Adjusting Capacity Deferred Tax	0	0
SCR	**5,616**	**6,638**

The Company does not use any simplified calculations or any Company specific parameters in the calculation of the SCR. There are currently no capital add-ons applied by the regulator.

No loss absorbing capacity of deferred tax is recognised when calculating the capital requirements.

See S.25.01.01.21 Basic Capital & SCR Requirement's in Appendix 1 for further information.

MCR Inputs

The inputs used in the calculation of the MCR are as follows:

- The technical provisions on the unit linked business (excluding the risk margin) is US$5.1 million
- The total capital at risk US$792 million.
- SCR amount as calculated for the Company. Details of the SCR amounts are set out above. The MCR is capped and floored at 25% and 45% of the SCR.
- The absolute floor of €3.6 million.

The absolute floor of €3.6 million, or $4.3 million, applies as at end 2017.

See S.28.01.05 Overall MCR Calculation in Appendix 1 for further information.

Material Movements in MCR and SCR over the year

The SCR reduced slightly over the year driven by a reduction in underwriting risk. The MCR didn't change over the year in euro's as the absolute floor applied at both points, but currency movements resulted in an increase in the amount in US dollars.

E3. Use of the duration based equity risk sub-module in the calculation of the Solvency Capital Requirements

The Company does not use duration based equity risk sub-module in the calculation of the SCR.

E4. Difference between the standard formula and any internal model used

The Company does not use an internal model for its Solvency II calculations.

E5. Non-compliance with MRC and significant non-compliance with the SCR

There has been no non-compliance with the MCR or SCR during the year ending 31 December 2017.

E6. Any other information

There are no other material disclosures under capital management.

APPENDIX I

Annex I
S.02.01.02
Balance sheet

		Solvency II value
		C0010
Assets		
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	9,589,191
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	R0130	8,772,841
Government Bonds	R0140	143,884
Corporate Bonds	R0150	6,510,551
Structured notes	R0160	
Collateralised securities	R0170	2,118,406
Collective Investments Undertakings	R0180	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	816,350
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	
Non-life and health similar to non-life	R0280	
Non-life excluding health	R0290	
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	3,611,852
Insurance and intermediaries receivables	R0360	
Reinsurance receivables	R0370	651,441
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	101,384
Any other assets, not elsewhere shown	R0420	229,009
Total assets	R0500	14,182,877

Annex I
S.02.01.02
Balance sheet

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	**R0510**	
Technical provisions – non-life (excluding health)	**R0520**	
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	
Risk margin	**R0550**	
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**	- 2,550,562
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**	- 2,550,562
TP calculated as a whole	**R0660**	-
Best Estimate	**R0670**	- 4,128,444
Risk margin	**R0680**	1,577,882
Technical provisions – index-linked and unit-linked	**R0690**	5,094,363
TP calculated as a whole	**R0700**	3,611,852
Best Estimate	**R0710**	1,482,511
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	105,520
Payables (trade, not insurance)	**R0840**	42,135
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	16,251
Total liabilities	**R0900**	2,707,706
Excess of assets over liabilities	**R1000**	11,475,171

S.05.01.01.02 Life
Z Axis:

				Life reinsurance obligations		Total
				Health reinsurance	Life reinsurance	
				C0270	C0280	C0300
Premiums written	Gross		R1410		3,272,061	3,272,061
	Reinsurers' share		R1420			
	Net		R1500		3,272,061	3,272,061
Premiums earned	Gross		R1510		3,272,061	3,272,061
	Reinsurers' share		R1520			
	Net		R1600		3,272,061	3,272,061
Claims incurred	Gross		R1610		962,031	962,031
	Reinsurers' share		R1620			
	Net		R1700		962,031	962,031
Changes in other technical provisions	Gross		R1710			
	Reinsurers' share		R1720			
	Net		R1800			
Expenses incurred			R1900		1,132,013	1,132,013
	Administrative expenses	Gross	R1910		11,971	11,971
		Reinsurers' share	R1920			
		Net	R2000		11,971	11,971
	Investment management expenses	Gross	R2010		4,487	4,487
		Reinsurers' share	R2020			
		Net	R2100		4,487	4,487
	Claims management expenses	Gross	R2110			
		Reinsurers' share	R2120			
		Net	R2200			
	Acquisition expenses	Gross	R2210		0	0
		Reinsurers' share	R2220			
		Net	R2300		0	0
	Overhead expenses	Gross	R2310		1,115,555	1,115,555
		Reinsurers' share	R2320			
		Net	R2400		1,115,555	1,115,555
Other expenses			R2500			151,770
Total expenses			R2600			1,283,783
Total amount of surrenders			R2700			0

S.12.01.02.01 Life and Health SLT Technical Provisions

					Insurance with profit participation	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)	Health insurance (direct business)		
								C0160	Contracts without options and guarantees C0170	Contracts with options or guarantees C0180
					C0020	C0100	C0150			
Solvency II	Technical provisions calculated as a whole			R0010		3,611,852	3,611,852			
	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole			R0020						
	Technical provisions calculated as a sum of BE and RM	Best Estimate	Gross Best Estimate	R0030		(2,645,933)	(2,645,933)			
			Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080						
			Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		(2,645,933)	(2,645,933)			
		Risk Margin		R0100		1,577,882	1,577,882			
		Amount of the transitional on Technical Provisions	Technical Provisions calculated as a whole	R0110						
			Best estimate	R0120						
			Risk margin	R0130						
	Technical provisions - total			R0200		2,543,801	2,543,801			

Annex I
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	1,250,000				
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	10,225,171				
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	11,475,171				
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	11,475,171	11,475,171			
Total available own funds to meet the MCR	R0510	11,475,171	11,475,171			
Total eligible own funds to meet the SCR	R0540	11,475,171	11,475,171			
Total eligible own funds to meet the MCR	R0550	11,475,171	11,475,171			
SCR	R0580	5,616,262				
MCR	R0600	4,317,480				
Ratio of Eligible own funds to SCR	R0620	204.32%				
Ratio of Eligible own funds to MCR	R0640	265.78%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	
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	1,881,519		
Counterparty default risk	R0020	276,582		
Life underwriting risk	R0030	4,613,460		
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	- 1,281,663		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	5,489,898		

		C0100
Calculation of Solvency Capital Requirement		
Operational risk	R0130	126,364
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	5,616,262
Capital add-on already set	R0210	
Solvency capital requirement	R0220	5,616,262
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	

S.28.01.01.05 Overall MCR calculation

Z Axis:

		C0070
Linear MCR	R0300	589,835
SCR	R0310	5,616,262
MCR cap	R0320	2,527,318
MCR floor	R0330	1,404,065
Combined MCR	R0340	1,404,065
Absolute floor of the MCR	R0350	4,317,480
Minimum Capital Requirement	R0400	4,317,480

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	

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
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		

S.28.01.01.04 Total capital at risk for all life (re)insurance obligations

Z Axis:

			Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
			C0050	C0060
Amount calculated based on obligations	Obligations with profit participation - guaranteed benefits	R0210		
	Obligations with profit participation - future discretionary benefits	R0220		
	Index-linked and unit-linked insurance obligations	R0230	5,094,363	
	Other life (re)insurance and health (re)insurance obligations	R0240		
	Total capital at risk for all life (re)insurance obligations	R0250		791,677,414