TYRE REINSURANCE (IRELAND) DAC

Solvency and Financial Condition Report

For Financial Year Ending 31st December 2017 (the "reporting period")

Executive Summary

Tyre Reinsurance (Ireland) DAC ("Tyre Re" or "the Company" or "the undertaking") is a captive reinsurance company domiciled in Ireland, forms part of the Continental AG Group and is regulated by the Central Bank of Ireland.

The purpose of this report is to satisfy the public disclosure requirements under the European Union (Insurance & Reinsurance) Regulations 2015 including the applicable European Commission Delegated Regulations and European Commission Implementing Regulations.

The primary strategic objective and purpose of the Company is to support the risk management and risk transfer programs of the Continental AG Group and its subsidiaries. As a captive re-insurance company, it is an efficient mechanism for the Continental AG Group to retain risk, which they can afford to retain due to the size of their balance sheet and levels of sustainable profitability. In addition, the Company has played an important role in managing the insurance market's perception of the Continental AG Group and its exposures. The very establishment of a captive sends a strong message to the reinsurance market that Continental AG:

- has analysed its exposures and determined what level of risk it is prepared to retain
- is prepared to commit its own capital to support that retention of risk
- has taken a long-term decision to retain risk and may have a growing appetite for risk retention

These factors lead insurers to understand that there will be competition for premium not just from their competitors but also from within the Continental AG Group in the form of the captive. The Company will not simply provide reinsurance coverage to the Continental AG Group; the intention is that its presence will complement the Group's risk management framework and strategy. With its only customer being Continental AG Group, the Company is in a strong position to adapt and grow as its customer needs grow.

This report provides the reader with a more in depth look at the Company's business and performance, systems of governance, risk profile and solvency and capital positions.

The Company has performed very well over the reporting period with a profit after tax of €7,599,988. The Company has also complied with all aspects of the Solvency II Regulations.

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

Where there is, limited detail provided in a particular section, a proportionate approach has been taken due to the scale, nature and complexity of the Company.

Section A: Business and performance

A.1 Business

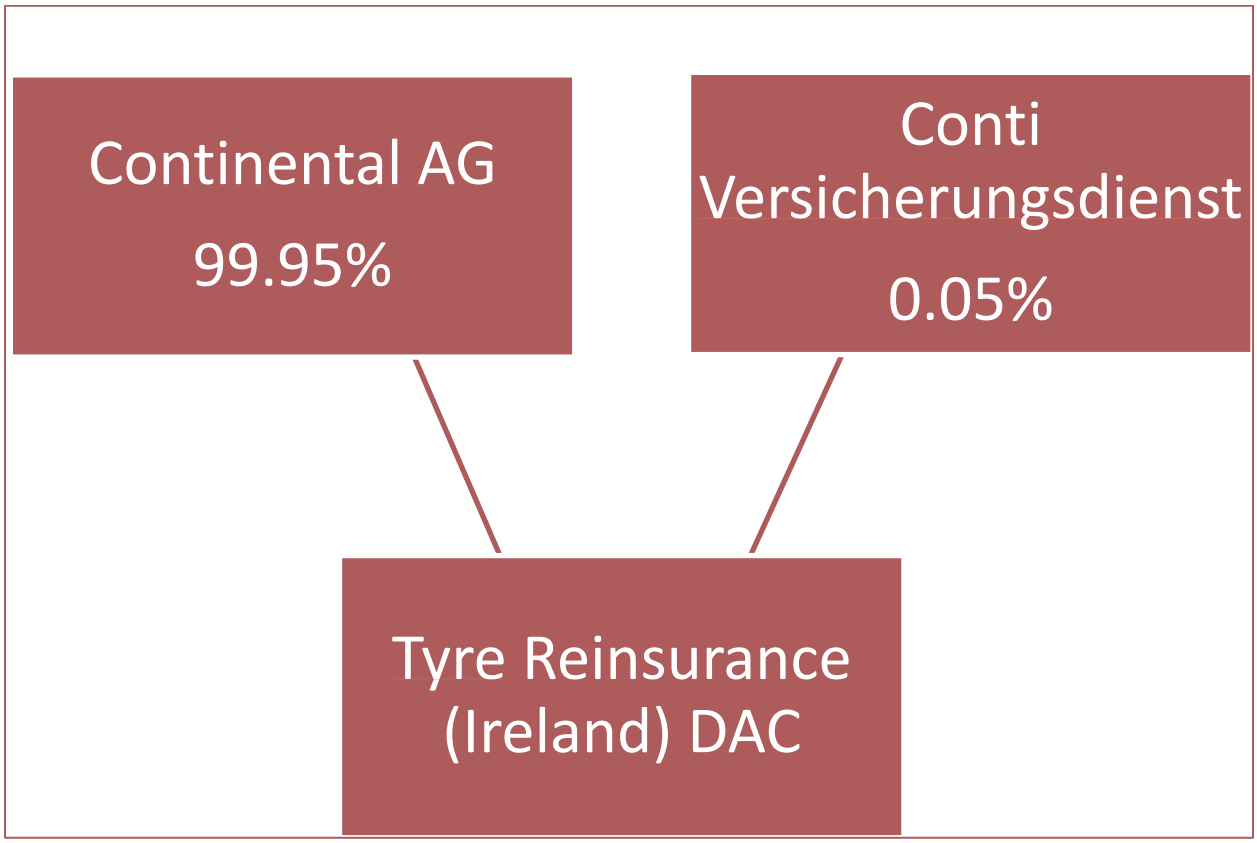
(a) the name and legal form of the undertaking is Tyre Reinsurance (Ireland) Designated Activity Company.

(b) the name and contact details of the supervisory authority responsible for financial supervision of the undertaking is the Insurance Supervision Division of the Central Bank of Ireland, New Wapping Street, North Wall Quay, Dublin 1, D01 F7X3, Ireland. Telephone: +353 1 224 6000.

(c) the name and contact details of the external auditor of the undertaking is BDO, Statutory Audit Firm, Beaux Lane House, Mercer Street Lower, Dublin 2, Ireland. Telephone +353 1 470 0000.

(d) the undertaking is 100% owned by Continental AG Group.

(e) details of the undertaking's position within the legal structure of the Continental AG Group is summarised as follows;



(f) the Company reinsures only Property and Business Interruption risks and the Company's material geographical area where it carries out its business is Europe.

(g) with the very low level of reported reinsurance claims incurred, no significant business or other events have occurred over the reporting period that have had a material impact on the Company.

A.2 Underwriting Performance

The underwriting performance of the Company has continued to be very positive with an underwriting profit reported of €8,554,294 over the reporting period, compared to €9,125,577 over the previous reporting period.

	2017	2016
Earned Premiums	10,590,072	8,574,118
Allocated Investment Return	1,242	698
Other Technical Income	-	2,309,302
Claims Incurred	(3,000)	(52,450)
Net Operating Expenses	(2,034,020)	(1,706,091)
Underwriting Profit	8,554,294	9,125,577

A.3 Investment Performance

(a) the Company maintains its investments in cash equivalents and short term deposits with EU regulated credit institutions and an intercompany loan with the Company's ultimate holding company Continental AG with a maturity of less than 1 year. The income on these investments over the reporting period was €132,648 compared to €61,582 over the previous reporting period.

The below table summarizes the deposits by counterparty together with interest income as reported in the financial statements.

	2017	2016	Movement	% Movement
Cash at Bank				
Bank of Ireland EUR	157,793	229,661	(71,868)	(31.3%)
Ulster Bank EUR	17,421,335	20,066,740	(2,645,405)	(13.2%)
RaboDirect EUR	5,000,000	4,999,864	136	0%
Total Cash at Bank	22,579,128	25,296,265	(2,717,137)	(10.7%)
Intercompany Loan				
Continental AG	25,000,000	15,000,000	10,000,000	66.7%
Bank Interest Income	1,662	9,358	(7,696)	(82.2%)
Intercompany Loan Interest	130,986	52,224	78,762	150.8%
Total Interest Income	132,648	61,582	71,066	115.4%

(b) no gains or losses were recognized directly in equity.

(c) the Company had no investments in securitisation, during the reporting period or previous reporting period.

A.4 Performance of other activities

There have been no other significant activities undertaken by the Company other than its captive reinsurance activities.

A.5 Any other information

There have been no other material developments regarding the business and performance of the Company during the reporting period.

Section B: System of Governance

B.1 General information on the system of governance

(a) As a captive reinsurance entity, the Company has no direct employees. All key functions, whilst outsourced, are the responsibility of the Board – refer to further paragraphs within this section for additional information on outsourcing. The Board includes senior individuals within the Continental AG Group. Given the size, nature and complexity of the Company, the establishment of Board Sub-committees has not been necessary.

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

The Company's Board has ultimate responsibility for the oversight of the business and sets its strategy and risk appetite. The Board also has responsibility for ensuring that an adequate and effective system of internal controls is maintained in the Company. The Company is committed to maintaining high standards of Corporate Governance. The Company takes a risk-based approach to the system of governance taking into consideration the nature, scale and complexity of its business.

The Board has four directors who meet formally at least twice annually and there is additional interaction between members of the Board throughout each financial year:

Mr Klaus Braukmann, Executive Director
Mr Frank Coyle, Non-Executive Director
Mr Christian Mueller, Non-Executive Director
Mr David Riordan, Non-Executive Director

A suite of policy documentation and checklists supports the corporate governance regime of the business ensuring robust procedures and a strong internal control environment at all times. Oversight controls around key business processes and outsourced activities are a focus of the work undertaken by the Internal Audit function.

The Board of Directors also undertakes completion of an annual Board performance questionnaire. The results of the questionnaire are tabled at the subsequent Board meeting for discussion and consideration.

(b) no material changes in the system of governance have taken place over the reporting period;

(c) due to the scale, nature and complexity of the Company, with no full-time employees, the Company has not required the establishment of a remuneration policy

(d) as a captive reinsurance undertaking, it is common to have material transactions with its shareholders. The Company has provided Continental AG with an intercompany loan. The amount of the loan at the end of the reporting period was €25,000,000. Interest is earned on the loan at a commercial rate of interest prevailing in the Continental AG Group. The Company may request repayment of the loan, in whole or in part, on demand without qualification.

B.2 Fit and proper requirements

(a) the Company has adopted a Fitness and Probity Policy which sets out the due diligence checks that must be performed in accordance with the Central Bank of Ireland's Guidance on Fitness and Probity Standards. The Company recognises the importance and value of the fit and proper requirements and it has a system in place to review the ability, competence, skills and integrity of candidates for a position on the Board or for other Key Functions.

Selection and recruitment process for Key Function Holders (referred to as Pre-Approval Control Functions or PCF's):

- Preparation of a written job description outlining the duties and responsibilities for the role.
- Completion of an assessment of the level of fitness and probity required for the role.
- Advertisement of the position where required.
- Interview process to match suitable candidates to the specific role.
- Completion of fitness and probity due diligence referred to below.
- Upon Central Bank of Ireland approval, a letter of appointment is issued and training provided.

(b) the process for assessing the fitness and the propriety of the persons in PCF positions is summarised as follows:

- Interview and application
- The Company conducts its own fitness and probity due diligence before proposing a person for appointment to a PCF. The due diligence required is referenced within the Central Bank of Ireland's Guidance on Fitness and Probity Standards. The following is captured:

    - Evidence of a relevant professional qualification.
    - Confirmation of continuous professional development.
    - Evidence of professional membership of an organisation (where applicable).
    - Reference checks.
    - Review record of previous experience, including a review of curriculum vitae.
    - Record of experience gained outside the State (where applicable) - consider the extent to which the person can demonstrate competency that relates specifically to the function within the State.
    - Review of list of directorships and concurrent responsibilities.
    - Checks are also undertaken with the Regulator, Companies Registration Office and a judgment debt check is performed.
    - Signed Fitness and Probity declarations.
    - Individual Questionnaire

- A PCF holder from the Company will review the Individual Questionnaire, complete a declaration on behalf of the Company and submit the Individual Questionnaire to the Central Bank of Ireland for assessment.
- As part of the continuing obligations, annual declarations are sought from all PCF's; each PCF file is reviewed and an annual PCF return is submitted to the Central Bank of Ireland via the online reporting system.

B.3 Risk management system

(a) the Company has established a number of risk management policies including a Risk Appetite Statement which includes an escalation procedure, an Operational Risk Policy and Capital Risk and Capital Management Policy. The Company defines operational risk as the risk of loss arising from people, processes or systems, or external events. This includes risks such as regulatory risk and operational risks such as fraud risk, IT risk, market risk and reputational risk. It excludes quantifiable risks. Quantifiable risks are set out in the Company's Risk Appetite Statement. The Risk Appetite Statement is subject to a detailed annual review by the Board. The Company aims for zero operational risk loss events, and whilst such risk cannot be eliminated completely, the strategy is to minimise such risk through a robust governance framework, systems and controls.

(b) the risk management system including the risk management function are implemented and integrated into the organisational structure and decision-making processes of the Company via:

- review and ongoing maintenance of risk related policies by the Board
- adherence with and annual review of the Company's Risk Appetite Statement
- adequately resourced critical functions of risk management, compliance and actuarial staffed by experienced professionals
- adequately resourced internal audit function with a regular review cycle
- business continuity planning
- succession plan for key roles
- monthly underwriting and financial reporting

The management and monitoring of risks to the business is an on-going process which is integrated into the overall organisational structure of the Company. The Own Risk and Solvency Assessment process referred to in the following paragraph is a key component in the Company's risk management and decision making processes.

The primary strategic objective and purpose of the Company is to support the risk management and risk transfer programs of the Continental AG Group and its subsidiaries. This objective has remained core to the business of the Company and there are no plans to change this business strategy.

B.4 Own risk and solvency assessment ("ORSA")

ORSA Process

In line with the Company's ORSA policy, a full ORSA is performed each year. A full or partial ORSA would also be performed in the event of a known or expected event that could cause the risk profile of the Company to change.

The objective of the ORSA process is to enable the Board to assess capital adequacy in light of the assessment of its risks and the potential impacts of its risk environment, and to enable it to make appropriate strategic decisions. The Board requires that the ORSA process produces meaningful reports on the adequacy of the Company's capital and risk sensitivities so that the output can be used in shaping the future strategy and risk appetite.

Risk Identification

The first step in the ORSA process was to consider and identify which risks should be assessed. In addition, claims were assessed to identify any new or increasing areas of risk.

Financial Projections

The Profit and Loss Account and Balance Sheet of the Company were projected for each of the next 4 years. The accounts were projected on a GAAP basis and converted to Solvency II balance sheets to calculate the solvency capital requirements.

Using the projected Balance Sheet, the Company's capital requirements were also calculated for each of the next 3 years on a Solvency II basis. The Board was then able to use these projections to see the medium-term position of the Company in relation to the capital requirements over the period. An outline of the results of these financial projections can be found below: (the Accounting Basis used is FRS102)

2017

Tyre Re Assets (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Goodwill		
Deferred Acquisition Costs	326	
Intangible Assets		-
Deferred Tax Assets	-	64
Pension benefit surplus		-
Property, plant & equipement held for own use		-
Investments	-	-
Property (Other than Own Use)		-
Participations and related undertakings		-
Equities (Other than Participations)	-	-
Equities (Other than Participations) - Listed		-
Equities (Other than Participations) - Unlisted		-
Bonds	-	-
Government and Multilateral Banks		-
Corporate		-
Structured Notes		-
Collateralised Securities		-
Collective Investments Undertakings		-
Derivatives		-
Deposits other than cash equivalents	-	-
Other Investments		-
Mortgages and Loans Made	25,003	25,003
Mortgages & loans to individuals		-
Other Mortgages & loans	25,003	25,003
Loans on Policies		-
Reinsurance recoverables	-	-
Reinsurance share of TP - non-life excluding health		-
Reinsurance share of TP - health similar to non-life		-
Deposits to cedants		-
Insurance & Intermediaries Receivables		-
Reinsurance Receivables	-	-
Receivables (trade, not insurance)	-	-
Own Shares		-
Amounts due in respect of own fund items or initial fund called up but not yet paid in		-
Cash & Cash Equivalents	22,453	22,453
Any Other Assets, Not Elsewhere Shown		-
Total assets	**47,783**	**47,521**

Tyre Re Liabilities (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Gross Technical Provisions – Non-Life (Excluding Health)	401	588
TP calculated as a whole (Best estimate + Risk margin)	401	
Best Estimate		- 669
Risk Margin		1,257
Gross Technical Provisions - Health (Similar to Non-Life)	-	-
TP calculated as a whole (Best estimate + Risk margin)		
Best Estimate		-
Risk margin		-
Other Technical Provisions		
Contingent Liabilities		-
Provisions Other Than Technical Provisions		-
Pension Benefit Obligations		-
Deposits from Reinsurers		-
Deferred Tax Liabilities		-
Derivatives		-
Debts owed to credit institutions		-
Financial liabilities other than debts owed to credit institutions		-
Insurance & intermediaries payables		-
Reinsurance payables	-	-
Payables (trade, not insurance)	643	643
Subordinated liabilities	-	-
Subordinated liabilities not in BOF		-
Subordinated liabilities in BOF		-
Any other liabilities, not elsewhere shown		-
Total liabilities	**1,044**	**1,231**

Assets less Liabilities	**46,739**	**46,289**

2018

Tyre Re Assets (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Goodwill		
Deferred Acquisition Costs	-	
Intangible Assets		-
Deferred Tax Assets	-	50
Pension benefit surplus		-
Property, plant & equipement held for own use		-
Investments	-	-
Property (Other than Own Use)		-
Participations and related undertakings		-
Equities (Other than Participations)	-	-
Equities (Other than Participations) - Listed		-
Equities (Other than Participations) - Unlisted		-
Bonds	-	-
Government and Multilateral Banks		-
Corporate		-
Structured Notes		-
Collateralised Securities		-
Collective Investments Undertakings		-
Derivatives		-
Deposits other than cash equivalents	-	-
Other Investments		-
Mortgages and Loans Made	25,000	25,000
Mortgages & loans to individuals		-
Other Mortgages & loans	25,000	25,000
Loans on Policies		-
Reinsurance recoverables	-	-
Reinsurance share of TP - non-life excluding health		-
Reinsurance share of TP - health similar to non-life		-
Deposits to cedants		-
Insurance & Intermediaries Receivables		-
Reinsurance Receivables	45	45
Receivables (trade, not insurance)	-	-
Own Shares		-
Amounts due in respect of own fund items or initial fund called up but not yet paid in		-
Cash & Cash Equivalents	28,524	28,524
Any Other Assets, Not Elsewhere Shown		-
Total assets	**53,569**	**53,620**

Tyre Re Liabilities (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Gross Technical Provisions – Non-Life (Excluding Health)	3,398	3,802
TP calculated as a whole (Best estimate + Risk margin)	3,398	
Best Estimate		2,310
Risk Margin		1,492
Gross Technical Provisions - Health (Similar to Non-Life)	-	-
TP calculated as a whole (Best estimate + Risk margin)		
Best Estimate		-
Risk margin		-
Other Technical Provisions		
Contingent Liabilities		-
Provisions Other Than Technical Provisions		-
Pension Benefit Obligations		-
Deposits from Reinsurers		-
Deferred Tax Liabilities		-
Derivatives		-
Debts owed to credit institutions		-
Financial liabilities other than debts owed to credit institutions		-
Insurance & intermediaries payables		-
Reinsurance payables	-	-
Payables (trade, not insurance)	118	118
Subordinated liabilities	-	-
Subordinated liabilities not in BOF		-
Subordinated liabilities in BOF		-
Any other liabilities, not elsewhere shown		-
Total liabilities	**3,516**	**3,920**

Assets less Liabilities	**50,053**	**49,700**

2019

Tyre Re Assets (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Goodwill		
Deferred Acquisition Costs	-	
Intangible Assets		-
Deferred Tax Assets	-	51
Pension benefit surplus		-
Property, plant & equipement held for own use		-
Investments	-	-
Property (Other than Own Use)		-
Participations and related undertakings		-
Equities (Other than Participations)	-	-
Equities (Other than Participations) - Listed		-
Equities (Other than Participations) - Unlisted		-
Bonds	-	-
Government and Multilateral Banks		-
Corporate		-
Structured Notes		-
Collateralised Securities		-
Collective Investments Undertakings		-
Derivatives		-
Deposits other than cash equivalents	-	-
Other Investments		-
Mortgages and Loans Made	25,000	25,000
Mortgages & loans to individuals		-
Other Mortgages & loans	25,000	25,000
Loans on Policies		-
Reinsurance recoverables	-	-
Reinsurance share of TP - non-life excluding health		-
Reinsurance share of TP - health similar to non-life		-
Deposits to cedants		-
Insurance & Intermediaries Receivables		-
Reinsurance Receivables	45	45
Receivables (trade, not insurance)	-	-
Own Shares		-
Amounts due in respect of own fund items or initial fund called up but not yet paid in		-
Cash & Cash Equivalents	31,005	31,005
Any Other Assets, Not Elsewhere Shown		-
Total assets	**56,050**	**56,101**

Tyre Re Liabilities (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Gross Technical Provisions – Non-Life (Excluding Health)	3,398	3,805
TP calculated as a whole (Best estimate + Risk margin)	3,398	
Best Estimate		2,299
Risk Margin		1,506
Gross Technical Provisions - Health (Similar to Non-Life)	-	-
TP calculated as a whole (Best estimate + Risk margin)		
Best Estimate		-
Risk margin		-
Other Technical Provisions		
Contingent Liabilities		-
Provisions Other Than Technical Provisions		-
Pension Benefit Obligations		-
Deposits from Reinsurers		-
Deferred Tax Liabilities		-
Derivatives		-
Debts owed to credit institutions		-
Financial liabilities other than debts owed to credit institutions		-
Insurance & intermediaries payables		-
Reinsurance payables	-	-
Payables (trade, not insurance)	118	118
Subordinated liabilities	-	-
Subordinated liabilities not in BOF		-
Subordinated liabilities in BOF		-
Any other liabilities, not elsewhere shown		-
Total liabilities	**3,516**	**3,923**

Assets less Liabilities	**52,534**	**52,178**

2020

Tyre Re Assets (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Goodwill		
Deferred Acquisition Costs	-	
Intangible Assets		-
Deferred Tax Assets	-	51
Pension benefit surplus		-
Property, plant & equipement held for own use		-
Investments	-	-
Property (Other than Own Use)		-
Participations and related undertakings		-
Equities (Other than Participations)	-	-
Equities (Other than Participations) - Listed		-
Equities (Other than Participations) - Unlisted		-
Bonds	-	-
Government and Multilateral Banks		-
Corporate		-
Structured Notes		-
Collateralised Securities		-
Collective Investments Undertakings		-
Derivatives		-
Deposits other than cash equivalents	-	-
Other Investments		-
Mortgages and Loans Made	25,000	25,000
Mortgages & loans to individuals		-
Other Mortgages & loans	25,000	25,000
Loans on Policies		-
Reinsurance recoverables	-	-
Reinsurance share of TP - non-life excluding health		-
Reinsurance share of TP - health similar to non-life		-
Deposits to cedants		-
Insurance & Intermediaries Receivables		-
Reinsurance Receivables	45	45
Receivables (trade, not insurance)	-	-
Own Shares		-
Amounts due in respect of own fund items or initial fund called up but not yet paid in		-
Cash & Cash Equivalents	33,496	33,496
Any Other Assets, Not Elsewhere Shown		-
Total assets	**58,541**	**58,592**

Tyre Re Liabilities (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Gross Technical Provisions – Non-Life (Excluding Health)	3,398	3,809
TP calculated as a whole (Best estimate + Risk margin)	3,398	
Best Estimate		2,288
Risk Margin		1,521
Gross Technical Provisions - Health (Similar to Non-Life)	-	-
TP calculated as a whole (Best estimate + Risk margin)		
Best Estimate		-
Risk margin		-
Other Technical Provisions		
Contingent Liabilities		-
Provisions Other Than Technical Provisions		-
Pension Benefit Obligations		-
Deposits from Reinsurers		-
Deferred Tax Liabilities		-
Derivatives		-
Debts owed to credit institutions		-
Financial liabilities other than debts owed to credit institutions		-
Insurance & intermediaries payables		-
Reinsurance payables	-	-
Payables (trade, not insurance)	118	118
Subordinated liabilities	-	-
Subordinated liabilities not in BOF		-
Subordinated liabilities in BOF		-
Any other liabilities, not elsewhere shown		-
Total liabilities	**3,516**	**3,927**

Assets less Liabilities	**55,025**	**54,665**

Stress & Scenario Testing

The third step of this ORSA process was for the Board and Management to examine the impact of a range of stresses and scenarios on the Company's solvency position. These included both quantitative and qualitative scenarios, and also a reverse stress test approach to identify how severe a loss would have to be to result in a breach of solvency. The proposed stresses and scenario tests were circulated to the Board for consideration, with additions made following Board feedback.

A more detailed description of the approach taken for this exercise and also an overview of its results is presented in the section titled "Risk Sensitivities".

Qualitative Discussion of Risks

The ORSA Process involves a thorough discussion of qualitative risks. A qualitative consideration of Operational Risk was also considered.

Board and Management Discussion and Review

The final step in the ORSA Process was the presentation of the Draft Projections, Stress and Scenario Tests to the Board and Management. This prompted further discussion and review of the Scenario and Stress Tests, with further scenarios being considered at the request of the Board.

Board Sign-off

Following this final iteration, the final ORSA Report was reviewed and approved by the Board.

Integration into Decision-making process

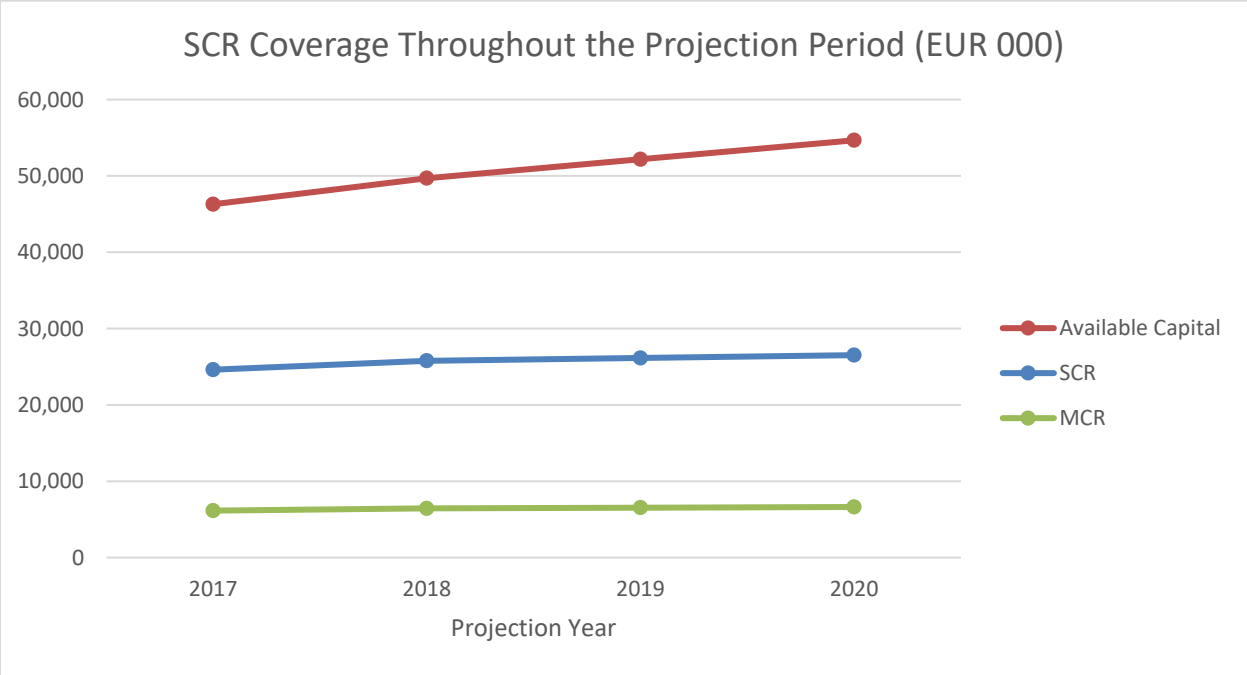
The results of the ORSA projections were used to inform, inter alia, adequacy of retrocession arrangements, limit and retention structure, dividend payment, and investment policy including the level of inter-company lending. Recent examples include:

- Assessment of the limit and retention structure;
- Assessment of the level of inter-company lending in terms of capital charge and risk.

Results

The following table summarises the Company's forecast base case SCR / MCR position, using the Standard Formula, over a 4-year projection period:

Period Ended:	2017	2018	2019	2020
EUR 000				
SCR	24,617	25,779	26,147	26,519
Available Capital SCR	46,289	49,700	52,178	54,665
SCR Coverage Ratio	188%	193%	200%	206%
SCR Margin	21,672	23,921	26,031	28,146
MCR	6,154	6,445	6,537	6,630
Available Capital MCR	46,225	49,650	52,127	54,614
MCR Coverage Ratio	751%	770%	797%	824%
MCR Margin	40,135	43,255	45,641	48,036



B.5 Internal control

(a) *Internal Control System*

The principal control framework for the Company are its controls set at Board level. These controls include the Board approved policies, reports, terms of reference, schedule of matters and minutes of board meetings. The policies describe the Board's approach to key areas of the business. The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the internal control system, however day-to-day oversight is provided by the

Compliance Officer. In practice, other Directors and key role holders also participate in the management of the system. The Company's internal controls are part of its compliance framework. Various measures are incorporated into systems and processes to control day-to-day activities. The Company implements adequate controls to ensure compliance and to highlight any significant breakdown in controls or inadequacy of process.

The Compliance Officer is responsible for ensuring that all Company policies are fit for purpose. The relevant area of the business is responsible for ensuring that procedures are up to date and reflect how the business operates. All amendments are submitted to the Board for approval. There is a compliance monitoring programme in place to review all of the Company's regulatory requirements. This is completed by the Compliance Officer on a regular basis and forms part of the compliance report to the Board.

The Company has established the four key independent control functions required under the Corporate Governance Requirements for Captive Insurance and Captive Reinsurance Undertakings 2015 - actuarial, internal audit, compliance and risk management. These functions are responsible for providing oversight of and challenge to the business and for providing assurance to the Board in relation to the Company's control framework.

Where any functions or activities are outsourced, the Company expects that any outsourcing entity manages its control framework to the same standards as the Company and to adhere to the Company's policies and procedures and to employ fit and proper people in its controlled functions. The Company has a Service Level Agreement in place with each outsourced entity with Key Performance Indicators set to ensure regular reporting to the Board. Attestations are also received from the Service Provider in respect to the ongoing fitness and probity of its Key Control Functions. Any significant or material event that occurs requires immediate reporting to the Board.

(b) Compliance Function

The Board supports the Compliance Function and shall make available such resource as is necessary. It provides access to all relevant documentation and information from the business for the Compliance Function to fulfil its role.

A Compliance Officer is appointed through a formal outsourcing arrangement with Allied Risk Management Limited who have responsibility for the Compliance Function. The Compliance Officer ensures the Company's continuing compliance in relation to its regulatory and legal obligations. It aims to minimise the risks to the Company of material financial loss or reputational damage arising from the potential failure to comply with legal or regulatory requirements. The Compliance Officer liaises with regulatory bodies and authorities and provides updates on changes in legislation and regulatory requirements.

The Compliance Officer has responsibility for the implementation of the Company's Compliance strategy and effective compliance processes and is responsible for the monitoring, managing and reporting of compliance risks to which the Company is exposed. It ensures that arrangements are sufficiently robust, proportionate, effective and efficient. The Compliance Officer is responsible for identifying and evaluating compliance risk, overseeing the implementation of controls for the risks identified, and monitoring their efficiency through Compliance monitoring.

Compliance auditing occurs to check that the Company is adhering to its obligations. Compliance reports are issued to the Board assessing the effectiveness and adequacy of compliance within the Company. The activities of the Compliance function are subject to periodic review by Internal Audit.

On an ongoing basis, the Compliance Officer strives to ensure that there is an organisational culture in place which promotes a high standard of integrity and regulatory compliance.

B.6 Internal audit function

The Internal Audit Function which was established during 2016 is governed by the Company's internal audit policy and is an integral part of the Company's internal control framework. It is implemented on an outsourced basis with Mr Gerard Hunt, 10 Clanwilliam Square, Dublin 2.

- The function provides independent and objective assurance services through a formal outsourcing arrangement in respect of the Company's processes with due regard to the adequacy of the governance, risk management and internal control framework;
- Audits are conducted with a Board approved Internal Audit Plan;
- The Head of Internal Audit reports to the Board which oversees the risk based Audit Plan and outcomes thereof;

- Internal Audit Reports can highlight any significant control failings or weaknesses identified and the impact they have had, or may have and the actions and timings which management have agreed to take to rectify them;
- Internal Audit prepare an annual report for the Board which provides a chosen assessment of the effectiveness of the Company's systems of risk management and internal controls during the reporting period.

It is the responsibility of the Internal Audit Function to independently, but proportionately, assess the effectiveness of the internal control system, governance and risk management systems and to provide to the Board an evaluation of the adequacy of such systems and controls. The Head of Internal Audit has a duty to highlight any significant control failings or weaknesses identified and the impact they have had, or may have and the actions and timings which management have agreed to take to rectify them.

It is the objective of the Internal Audit Function to provide independent assurance that risk management processes are operating effectively and in accordance with required legislation and regulation. To ensure this, effective controls are in place to mitigate risks or reduce those risks to an acceptable level in accordance with the Company's defined risk appetite.

The Internal Audit Function has unrestricted access to senior management and the Board. It is independent from the day-to-day operations of the business which allows it maintain its independence and objectivity from the activities it reviews. The current structure enables the Head of Internal Audit to provide an independent opinion regarding a system, process or control.

B.7 Actuarial function

The Actuarial Function is outsourced to Allied Risk Management. Allied Risk Management's actuaries attend every board meeting and receive regular updates on claim activity. The Company's Technical Provisions are subject to quarterly review with a report presented annually detailing the Actuarial Function's Best Estimate claims reserves and Solvency II Technical Provisions.

The responsibilities of the Actuarial Function, in line with guidance from the Central Bank of Ireland and the Society of Actuaries, include, but are not limited to implementing/overseeing the following:

- coordinate the calculation of technical provisions;
- ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- assess the sufficiency and quality of the data used in the calculation of technical provisions;
- compare best estimates against experience;

- inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
- oversee the calculation of technical provisions in the cases set out in Article 82;
- express an opinion on the overall underwriting policy;
- express an opinion on the adequacy of reinsurance arrangements; and
- contribute to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and assessment

B.8 Outsourcing

The Company has an outsourcing policy the purpose of which is to establish the requirements for identifying, justifying, and implementing outsourcing arrangements for the Company's critical or important operational functions or activities. This policy has been approved by the Board. The Board ensures that an outsourcing arrangement shall not diminish the Company's ability to fulfil its regulatory obligations.

The Outsourcing Policy sets out the following:

- Definition of outsourcing
- Outsourcing risks
- Risk mitigation
- Board and management responsibility
- Assessment and due diligence on Outsourced Service Provider
- Essential requirements for inclusion in Service Level Agreements
- Management and oversight of Outsourced activities
- Reporting requirements
- Table of Outsourced Service Providers
- Business continuity and contingency planning

The Company only enters into an Outsourcing arrangement where there is a sound commercial basis for doing so and where it can be effectively managed. A full due diligence process is undertaken prior to any final decision being made as to whether to outsource a material business activity. In undertaking this assessment, the Company adheres to the Central Bank of Ireland Notification Process for (Re)Insurance Undertakings when Outsourcing Critical or Important Function or Activities under Solvency II Regulations.

The following is a list of the critical or important functions the Company has Outsourced and the jurisdiction in which the Outsourced Service Providers are located:

Outsourced Activity	Outsourced Provider	Jurisdiction
Actuarial Function	Allied Risk Management Limited	Ireland
Internal Audit Function	Gerard Hunt	Ireland
Compliance Function	Allied Risk Management Limited	Ireland
Risk Management Function	Allied Risk Management Limited	Ireland

B.9 Assessment of the adequacy of the system of governance

Considering the nature, scale and complexity of the risks inherent in the business, the Company is very satisfied with its assessment of the adequacy and appropriateness of its system of governance.

B.10 Any other disclosures

There is no other material information regarding the system of governance of the Company.

Section C: Risk Profile

C.1 Risk Profile

The Company has a limit and retention structure, a prudent investment policy, and proactively manages and monitors its claims very closely. As the captive reinsurer of Continental AG the Company's risks are almost completely linked to those of the Continental group. In particular, its asset risk depends on the financial strength of Continental and the recoverability of the intercompany loan, whilst its underwriting risk depends on the claims emanating from the Group. In this regard, the promotion of a strong risk culture across the Group is very important in terms of Continental's risks.

The Company uses the Solvency II Standard Formula as its measure of economic capital in the quantitative assessment of risk presented below.

(a) Underwriting risk

As the Company has an event limit of EUR 10M and an aggregate limit of EUR 25M there is potential for some large claims to emerge relative to the size of the balance sheet. As the captive insurer of Continental AG the Company's risk depends to a large degree on the risk management and risk culture of the parent group. Continental AG has invested heavily in fire prevention measures in recent years, reducing the likelihood of a claim.

As a property insurer Climate Change is also a risk to the Company; whilst no definite causal link has been established there is some evidence to suggest that the increased frequency and severity of extreme weather events that could cause claims over the past number of years is due to Climate Change.

A quantitative breakdown of the underwriting risk as measured by the Solvency II Standard Formula is as follows:

	SCR (EUR 000)
Premium and Reserve Risk	5,528
Catastrophe Risk	16,831
Non-life lapse	251
Diversification Credit	(3,625)
Non-life Underwriting Risk SCR	**18,985**

Lapse risk has been calculated in a literal interpretation of the Solvency II technical specifications; however, this is not considered to be a risk for the Company whatsoever.

Tyre Re only writes non-proportional property reinsurance so the catastrophe risk is as follows:

	SCR (EUR 000)
Natural Catastrophe Risk	-
Non Proportional Property Reinsurance Risk	16,831
Man-Made Catastrophe Risk	-
Other Non-Life Catastrophe Risk	-
Diversification Credit	-
Aggregated NL Cat Risk Module Net SCR	16,831
Aggregated Catastrophe Risk Mitigation	-
Total Non-Life catastrophe risk Final Net SCR	**16,831**

Underwriting Risk Mitigation

The Company has a limit and retention structure in place to mitigate underwriting risk. The appropriateness of this structure is assessed in the ORSA process.

(b) Market risk

The Company monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market currency risk, interest rate risk, credit risk and liquidity risk.

The Company's principal transactions are carried out in Euro (EUR) and its business exposure to foreign exchange risks is minimal. Due to the limited exposure, the Company considers it unnecessary to attempt to mitigate foreign exchange fluctuations.

Interest rate risk is that the value of future cashflows of a financial investment will fluctuate due to changes in interest rates.

The Company has significant exposure to the parent group through the intercompany loan to Continental AG. Such a loan has to be on commercial terms. The Board is comfortable with the counterparty risk of Continental.

Spread Risk & Concentration Risk

The loan to Continental AG is considered in this module, as are any term deposits or investment assets other than cash or demand deposits (as at 31 December 2017 the Company had no such assets). The SCR charge for the intercompany loan is high, reflecting the high proportion of the Company's assets represented by the loan and Continental's credit rating.

In simple terms, the concentration risk charge for the loan is approximately 27% of the loan amount, whilst the spread risk charge is 2.5% of the loan amount.

Currency Risk

Tyre Re has business interests throughout the world. Therefore, it has exposures in various currencies as well as Euro, whilst its assets are all denominated in Euro. The Standard Formula Currency Risk charge is 25% of the mismatch in currency exposure; this is estimated this as EUR 127k.

(c) Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation, thus causing the company to incur a financial loss.

The balance of the Company's investment assets is with three banks – Bank of Ireland, Ulster Bank and Rabobank. Rabobank is well-rated, and the exposure is well-diversified overall.

	Loans to group undertakings and debtors arising out of insurance operations	Financial investments and cash at bank
	€	€
Credit risk 2017		
Financial institutions	25,005,000	25,005,000
Credit risk 2016		
Financial institutions	15,002,521	25,296,265

The following table provides information regarding the aggregated credit risk exposure of financial assets:

	Loans to group undertakings and debtors arising out of reinsurance operations	Financial investments and cash at bank
Credit ratings 2017		
A+	-	22%
BBB+	100%	-
BBB	-	78%
	100%	**100%**
	Loans to group undertakings and debtors arising out of reinsurance operations	**Financial investments and cash at bank**
Credit ratings 2016		
A+	-	20%
BB+	100%	-
BBB	-	80%
	100%	**100%**

(d) Liquidity risk

The Company has financial investments, cash at bank and loans to group undertakings of €47,579,128 during the reporting period (2016: €40,296,265) of which €22,579,128 (2016: €25,296,265) is available on demand and is in excess of the Company's total liabilities of €617,667 (2016: €932,313). As such, the Company has determined that liquidity risk does not represent a significant risk to its business.

(e) Operational risk

The Company's operational risk is considered low but is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including but not limited to the following risks:

- outsourcing
- business continuity planning
- reputational
- compliance and regulatory

As a captive reinsurer writing property risks only with very few claims in its history, operational risk is very limited (compared to a retail insurer for example).

The Company is managed by Allied Risk Management, a professional captive management company with over twenty-five years' experience in captive management. The Company has a full suite of governance policies and processes which further limit operational risk.

The introduction of Solvency II with its governance requirements (including the requirement for Internal Control, Internal Audit, Actuarial and Risk functions) assists in further reducing operational risk.

(f) Other material risks

There are no other material risks identified by the Company.

C.2 (a) risk measures

The Company uses the Solvency II Standard Formula as its measure for the quantitative assessment of risk as detailed further in the previous paragraphs. The Company also has an established Risk Appetite Statement to assess risks in the Company and a description of the measures used therein are as follows: there have been no material changes over the reporting period:

Green	Green represents the **Risk Appetite** of the Company, it represents the level of risk the Company is willing and able to accept to satisfy its strategic objectives
Amber	Amber represents **Risk Tolerances** and acceptable variances which will be brought to the attention of Board and will require monitoring
Red	Red represents the **Limit** for each risk, (where possible) it indicates when action needs to be taken to stop or change a situation which is may result in an unacceptable level of risk to the Company

C.2 (b) the nature of material risk exposures

The material risk that the Company is exposed to is the risk of adverse claims experience. This is addressed under Underwriting Risk above and Technical Provisions below. There have been no material changes over the reporting period.

C.2 (c) investments in accordance with the 'prudent person principle'

The Company is required to invest all assets and particularly assets used to cover the minimum capital requirement and the solvency capital requirement in accordance with the 'prudent person principle'. The prudent person principle defines that the assets must be invested in a manner acceptable to a 'prudent person' – that is that the decisions are generally accepted as being sound for the average person.

The Company maintains its assets in cash equivalents and short term deposits with EU regulated credit institutions and intercompany loans with the company's ultimate holding company Continental AG with a maturity of less than 1 year.

C.3 The nature of material risk concentrations

The Continental group has operations throughout the world and as such the Company is not exposed to geographical concentrations of risk. The Company only writes non-proportional property reinsurance.

Concentration risk is managed through the limit system, whereby the Company cannot lose more than the event or aggregate limit on any one claim or series of claims.

The Company has concentration risk in its investment portfolio with the exposure to the Continental AG group through intercompany lending.

C.4 Risk mitigation practices

The Company's main risk mitigation technique is to control its exposure through event and aggregate limits.

The Company has no retrocession in place.

C.5 Liquidity Risk

The Expected Profit in Future Premiums calculated in accordance with Article 260(2) of the Delegated Acts is a loss of EUR 628k.

C.6 Risk sensitivities

In its ORSA Process the Company considered a number of both quantitative and qualitative stress and scenarios, including reverse stress tests. These were as follows:

Quantitative:

- A large loss is notified which causes the Company to breach its SCR before the Company can be recapitalised.

Reverse Stress tests

- Loss required to breach SCR – c. EUR 19M
- Loss required to breach MCR – c. EUR 46M

Quantitative

Scenario	Event	DESCRIPTION	Impact
Credit Event	Credit Drop	Downgrade of Continental Group from BBB+ to BB in 2018**.**	Increase in Solvency II capital requirement of approx. EUR 2.1M, reducing the SCR coverage ratio to 151%.
Bank Credit Event	Insolvency	Insolvency of Ulster Bank with 50% recovery in 2018	Immediate loss of approx. EUR 10.6M with corresponding decrease in available capital; Solvency II SCR coverage ratio would fall to 158%.
Limit loss of 10M in 2018	Single Large Property Loss	Additional loss of EUR 10M in 2018	Immediate loss of approx. EUR 10M with corresponding decrease in available capital; Solvency II SCR coverage ratio would fall to 141%.
Aggregate Limit Loss of 25M in 2019	Aggregate Limit Property Loss	The Company suffers aggregate losses equal to the aggregate limit of EUR 25M in 2019	Immediate loss of approx. EUR 25M with corresponding decrease in available capital; Solvency II SCR coverage ratio would fall to 101% MCR coverage remains comfortable at approx. 8.4M. Note that the SCR increases significantly when the losses are in reserves (despite the fact that they cannot deteriorate) until they are paid.

C.7 Any other disclosures

There is no other material information regarding the risk profile of the Company during the reporting period.

Section D: Regulatory balance sheet

D.1 (a) Assets; As at 31st December 2017, the Company held the following assets:

Tyre Reinsurance (Ireland) DAC Assets (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Goodwill		
Deferred Acquisition Costs		
Intangible Assets		-
Deferred Tax Assets		67
Pension benefit surplus		-
Property, plant & equipement held for own use		-
Investments	-	-
Property (Other than Own Use)		-
Participations and related undertakings		-
Equities (Other than Participations)	-	-
Equities (Other than Participations) - Listed		-
Equities (Other than Participations) - Unlisted		-
Bonds	-	-
Government and Multilateral Banks		-
Corporate		-
Structured Notes		-
Collateralised Securities		-
Collective Investments Undertakings		-
Derivatives		-
Deposits other than cash equivalents		-
Other Investments		-
Mortgages and Loans Made	25,005	25,005
Mortgages & loans to individuals		-
Other Mortgages & loans	25,005	25,005
Loans on Policies		-
Reinsurance recoverables	-	-
Reinsurance share of TP - non-life excluding health		-
Reinsurance share of TP - health similar to non-life		-
Deposits to cedants		-
Insurance & Intermediaries Receivables		-
Reinsurance Receivables		-
Receivables (trade, not insurance)		-
Own Shares		-
Amounts due in respect of own fund items or initial fund called up but not yet paid in		-
Cash & Cash Equivalents	22,579	22,579
Any Other Assets, Not Elsewhere Shown		-
Total assets	**47,584**	**47,651**

Recognition

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

Initial measurement

All financial assets are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Realised and unrealised gains and losses arising from changes in the fair value of investments are presented in the non-technical profit and loss account in the period in which they arise. Interest income is recognised when earned. Expenses are recognised when incurred.

D.1 (b) There are no material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and those used for its valuation in financial statements.

D.2 Technical provisions

EUR 000

Line of Business	Gross Best Estimate Liability	Risk Margin	Recoverables from Reinsurance contracts and SPVs	Total Technical Provisions net of Recoverables
Non-Proportional Property	(223)	1,163	-	939

Given the sparsity of claims in the Company's history, individual case reserves were reviewed in all cases. Loss estimation for the Company has been very accurate. In four of the eight claims on the Company's book since 2012, there has been no movement in recent years. Based on this, there is little that actuarial review can add to the claim reserving process other than an experience review of the open outstanding claims. Therefore, the Company's booked reserves are taken as the Best Estimate reserves.

Solvency II Technical Provisions must include any claims and expenses relating to legally bound but not incepted business, any expenses incurred in the servicing of insurance or reinsurance agreements, and any payables or receivables which are past due.

The Premium Provision was calculated using Expected Loss Ratios based on the Company's own experience and benchmark data.

The main risk to the adequacy of the Company's claim reserves is the emergence of a large claim or claims. This risk is quite low for Property reinsurance, as losses in this class are typically instantaneous and known immediately.

A second risk to the adequacy of the Company's reserves is the deterioration of an existing claim or claims. Having reviewed the claims reports for a number of the largest claims this risk is viewed as low, with the Company taking an appropriate approach to claim reserving.

The view is that the Company's approach to reserving (as outlined in the Company's Reserving Policy) is such that case reserves and IBNR are adequate and there is timely reporting and recognition of losses.

During 2016 an analysis was performed of reporting delays in order to assess the adequacy of the IBNR. Notification delays are very short, with Tyre Re typically becoming aware of claims within 24 hours of the loss occurring.

In respect of the Premium Provision the volatility of the actual underwriting result is much higher for a captive reinsurer writing a relatively small number of risks compared to a commercial insurer.

D.3 (a) Other liabilities

As at 31st December 2016, the Company recorded the following liabilities for solvency purposes

Tyre Reinsurance (Ireland) DAC Liabilities (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Gross Technical Provisions – Non-Life (Excluding Health)	401	939
TP calculated as a whole (Best estimate + Risk margin)	401	
Best Estimate		- 223
Risk Margin		1,163
Gross Technical Provisions - Health (Similar to Non-Life)	-	-
TP calculated as a whole (Best estimate + Risk margin)		
Best Estimate		-
Risk margin		-
Other Technical Provisions		
Contingent Liabilities		-
Provisions Other Than Technical Provisions		-
Pension Benefit Obligations		-
Deposits from Reinsurers		-
Deferred Tax Liabilities		-
Derivatives		-
Debts owed to credit institutions		-
Financial liabilities other than debts owed to credit institutions		-
Insurance & intermediaries payables		-
Reinsurance payables		-
Payables (trade, not insurance)	217	217
Subordinated liabilities	-	-
Subordinated liabilities not in BOF		-
Subordinated liabilities in BOF		-
Any other liabilities, not elsewhere shown		-
Total liabilities	**618**	**1,156**

Assets less Liabilities	**46,966**	**46,495**

D.3 (b) There are no material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and those used for its valuation in financial statements.

D.4 Any other disclosures

There are no other disclosures for the Company under this section.

Section E. Capital management

E.1 (a) The Company has a documented Capital Management Policy and there is no appetite for losses resulting from a breach of the solvency margin. In addition, the ORSA process is an integral part of the Company's Capital Management process. The outputs of the Actuarial Function Report are also used in the Company's decision-making process in respect of capital management.

The Company is a designated activity company whose shares are fully paid up. It has no debt financing nor does it have any plans to raise debt or issue new shares in the short or medium term.

The Company's own funds are invested in cash, short term deposits or short-term loans to its parent group. There is no intention to change this policy.

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

- Own funds to be maintained at an agreed level in excess of the SCR (or MCR where relevant),
- No capital is planned to be issued in the short or medium term;
- No dividends are anticipated in the short or medium term; and
- Own fund items are to be invested in external bank deposits, cash or loaned to its parent group in accordance with the Board's approved counterparty limits as set out in the Company's Investment Policy.

E.1 (b), (c) and (d) Own funds

Own Funds Item	Value at 31 December 2017 (EUR 000)
Tier 1 unrestricted	46,428
Tier 1 restricted	-
Tier 2 basic	-
Tier 2 ancillary	-
Tier 3	67
Tier 3 ancillary	-

E.1 (e) The equity as shown in the undertaking's financial statements is EUR 471k greater than the excess of assets over liabilities as calculated for solvency purposes; this difference is due mainly to the inclusion of the risk margin in the Solvency II Technical Provisions. In addition, the Solvency II Technical Provisions must include any claims and expenses relating to legally bound but not incepted business.

Reconciliation	
Irish GAAP Available Capital	46,966
+/- tax	*67*
- Risk Margin	*(1,163)*
+ Profit on UPR	*628*
- Expenses	*(23)*
+/- Discounting	*20*
Solvency II Available Capital	***46,495***

E.1 (f) The Company has no own-fund items subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of Directive 2009/138/EC

E.1 (g) The Company has no items of ancillary own funds.

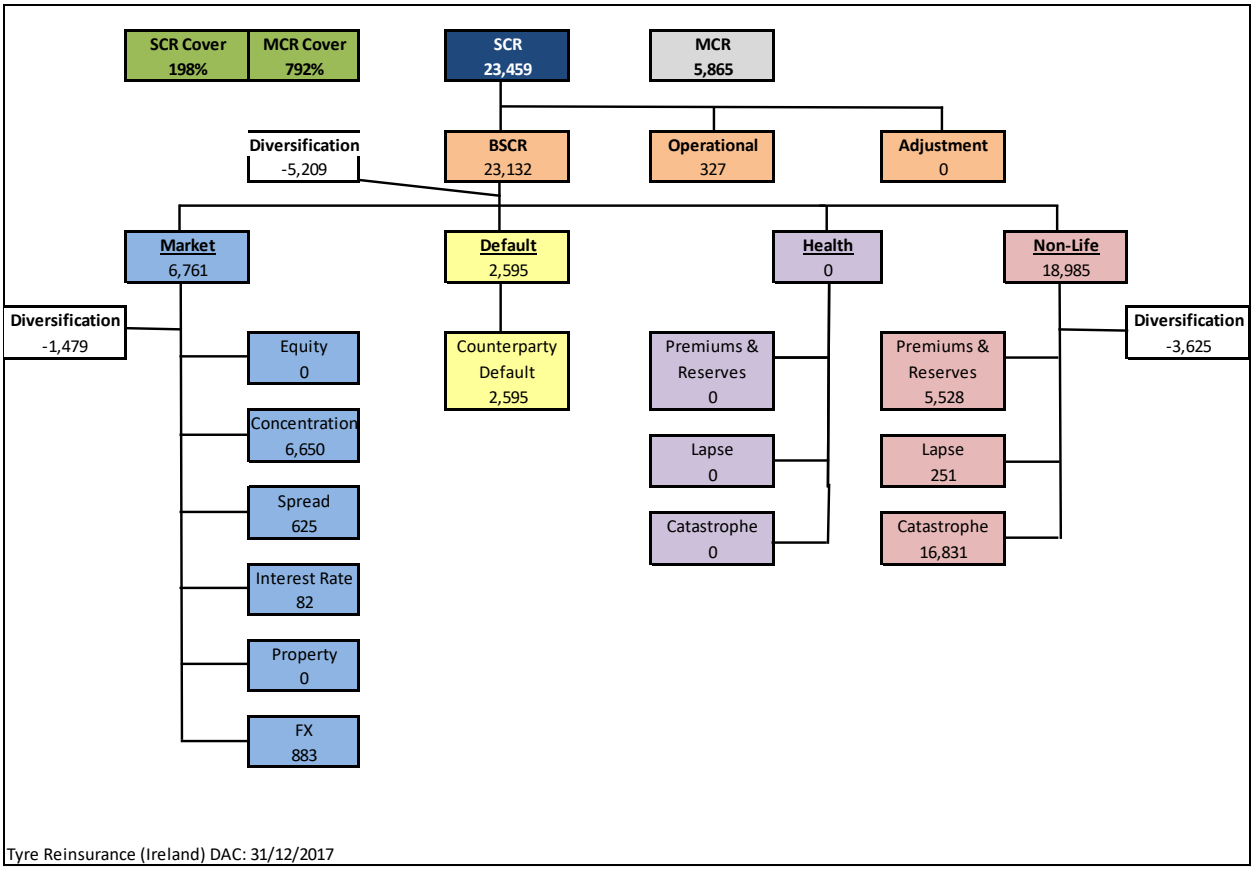
E.1 (h) The Company has no items deducted from own funds.

E.2 Minimum capital requirement and solvency capital requirement

(a)

Solvency	Capital requirement	Eligible capital	Solvency ratio
SCR	23,459	46,495	198.2%
MCR	5,865	46,428	791.7%

(b)



(c) The Company does not use simplified calculations for any risk modules or sub-modules of the Standard Formula.

(d) The Company does not use undertaking-specific parameters pursuant to Article 104(7) of Directive 2009/138/EC

(e) The Company is not required to apply any undertaking-specific parameters in accordance with Article 110 of Directive 2009/138/EC and is not subject to any capital add-on.

(f) The MCR as calculated using premium volume is as follows:

Line of Business	Net Technical Provisions	Net Premium Written	Parameters		MCR NL
			α	β	
Non-Proportional Property	-	10,590	19%	16%	1,684
Total	-	10,590			**1,684**

Since the figure of EUR 1.684M is less than the floor of 25% of the SCR, the floor of 25% of the SCR is applied – i.e. EUR 5.865M.

There has been no material change in the Company's SCR or MCR over the reporting period other than change due to organic growth of the Company.

E.3 *The Company is not using the duration-based equity risk sub-module in the calculation of its SCR*

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

An internal model is not used by the Company.

E.5 Non-compliance with the minimum capital requirement and significant non-compliance with the solvency capital requirement

There has been full compliance with Minimum Capital Requirement and the Solvency Capital Requirement.

E.6 Any other disclosures

There is no other material information regarding the capital management of the Company.

Means of Disclosure

The Company does not own or maintain a website related to its business, nor is it a member of a trade association. The Company will provide an electronic copy of this report to any person who requests a copy of this report.

Appendix

S.02.01.02

Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	67
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**	
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**	
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	25,005
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	25,005
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**	
Reinsurance receivables	**R0370**	
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	**R0400**	
Cash and cash equivalents	**R0410**	22,579
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	47,651

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	939
Technical provisions – non-life (excluding health)	**R0520**	939
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	-223
Risk margin	**R0550**	1,163
Technical provisions - health (similar to non-life)	**R0560**	
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	217
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	1,156
Excess of assets over liabilities	**R1000**	46,495

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:				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**																	
Gross - Proportional reinsurance accepted	**R0120**																	
Gross - Non-proportional reinsurance accepted	**R0130**																10,590	10,590
Reinsurers' share	**R0140**																	
Net	**R0200**																10,590	10,590
Premiums earned																		
Gross - Direct Business	**R0210**																	
Gross - Proportional reinsurance accepted	**R0220**																	
Gross - Non-proportional reinsurance accepted	**R0230**																10,590	10,590
Reinsurers' share	**R0240**																	
Net	**R0300**																10,590	10,590
Claims incurred																		
Gross - Direct Business	**R0310**																	
Gross - Proportional reinsurance accepted	**R0320**																	
Gross - Non-proportional reinsurance accepted	**R0330**																3	3
Reinsurers' share	**R0340**																	
Net	**R0400**																3	3
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**																2,034	2,034
Other expenses	**R1200**																	
Total expenses	**R1300**																	2,034

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

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

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		DE					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130		10,590					10,590
Reinsurers' share	R0140							
Net	R0200		10,590					10,590
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230		10,590					10,590
Reinsurers' share	R0240							
Net	R0300		10,590					10,590
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330		3					3
Reinsurers' share	R0340							
Net	R0400		3					3
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		2,034					2,034
Other expenses	R1200							
Total expenses	R1300							2,034

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

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400							
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410							
Reinsurers' share	R1420							
Net	R1500							
Premiums earned								
Gross	R1510							
Reinsurers' share	R1520							
Net	R1600							
Claims incurred								
Gross	R1610							
Reinsurers' share	R1620							
Net	R1700							
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900							
Other expenses	R2500							
Total expenses	R2600							

S.17.01.02

Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	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																-633	-633
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																-633	-633
Claims provisions																		
Gross	R0160																410	410
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																410	410
Total Best estimate - gross	R0260																-223	-223
Total Best estimate - net	R0270																-223	-223
Risk margin	R0280																1,163	1,163
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	R0290																	
Best estimate	R0300																	
Risk margin	R0310																	
Technical provisions - total																		
Technical provisions - total	R0320																939	939
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																939	939

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	Underwriting year [UWY]

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

Year		Development year 1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											R0100		
2008	R0160											R0160		
2009	R0170											R0170		
2010	R0180											R0180		
2011	R0190	5,250	13	3								R0190		5,266
2012	R0200		1,500	2,030	19							R0200		3,549
2013	R0210	4,697	1,526	2,720	10							R0210		8,953
2014	R0220		12,235	19	18							R0220	18	12,272
2015	R0230		1	0								R0230	0	1
2016	R0240	2										R0240		2
2017	R0250											R0250		
												Total R0260	18	30,043

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year		Development year 1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											R0100	
2008	R0160											R0160	
2009	R0170											R0170	
2010	R0180											R0180	
2011	R0190											R0190	
2012	R0200											R0200	
2013	R0210											R0210	
2014	R0220			65	48							R0220	48
2015	R0230		50	50								R0230	49
2016	R0240	300	50									R0240	50
2017	R0250	265										R0250	263
												Total R0260	410

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	1,023	1,023			
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	45,405	45,405			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	67				67
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	46,495	46,428			67
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	46,495	46,428			67
Total available own funds to meet the MCR	R0510	46,428	46,428			
Total eligible own funds to meet the SCR	R0540	46,495	46,428			67
Total eligible own funds to meet the MCR	R0550	46,428	46,428			
SCR	R0580	23,459				
MCR	R0600	5,865				
Ratio of Eligible own funds to SCR	R0620	2				
Ratio of Eligible own funds to MCR	R0640	8				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	46,495
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	1,090
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	45,405
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	633
Total Expected profits included in future premiums (EPIFP)	R0790	633

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	6,761		
Counterparty default risk	R0020	2,595		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	18,985		
Diversification	R0060	-5,209		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	23,132		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	327
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	23,459
Capital add-on already set	R0210	
Solvency capital requirement	R0220	23,459
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

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	1,684

		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		10,590

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	1,684
SCR	R0310	23,459
MCR cap	R0320	10,556
MCR floor	R0330	5,865
Combined MCR	R0340	5,865
Absolute floor of the MCR	R0350	1,200
		C0070
Minimum Capital Requirement	R0400	5,865