



ALD
Automotive

2018

**ALD Re DAC
SOLVENCY &
FINANCIAL
CONDITION
REPORT**

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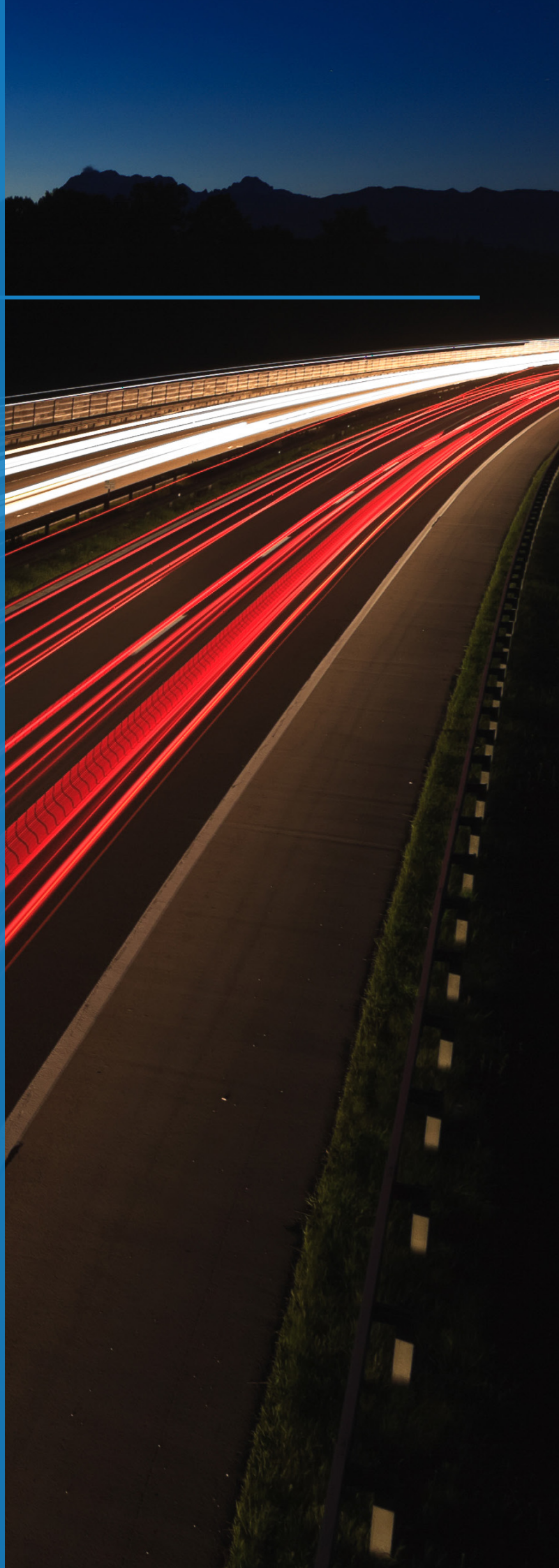
Executive Summary

ALD Re Designated Activity Company (“ALD Re” or the “Company”) is a non-life reinsurer based in Ireland and regulated by the Central Bank of Ireland. The Company was established in 2005 by ALD Automotive (“ALD Group”). ALD Re’s principal activity is to provide reinsurance coverage for third party motor vehicle liability insurance, own damage risks and other related covers associated with the vehicle fleets of ALD Group. ALD Group is a leading global player in Full Service Leasing and Fleet management. It is ranked number 1 in Europe, and number 2 in the world, with over 1.66 million vehicles under contract in 43 countries as at the end of 2018.

ALD Re provides reinsurance coverage to approximately 350,000 vehicles within the group, with live risks in 24 countries (19 where underwriting continues and 5 in run-off). ALD Re engages in business activity primarily within member states of the European Union as well as, Norway, Russia and Switzerland. ALD Re is part of the group of companies known as ALD Group. The parent company is ALD S.A, which is 79.82% owned by Société Générale and 20.18% publicly owned (Paris Stock exchange). ALD S.A was first listed in 2017, through an initial Public offering (IPO) of shares.

This report covers the business and performance of the Company, system of governance, risk profile, valuation for solvency purposes and capital management. The ultimate administrative body that has responsibility for these matters is the Company’s Board of Directors, with the support of its sub-Committees, the Executive Management team and Company control functions.

This report has been prepared in accordance with the Board approved policy on Reporting and Public Disclosure. To ensure accuracy, completeness and consistency of the report, a number of controls have been deployed, including comparison to other Solvency II reports, a detailed review of the requirements as per the Solvency II Directive, and a detailed review process by management, the Audit Committee and the Board. The Board approved the report on 10 April 2019.





Business Performance

Based on its financial accounts prepared under generally accepted accounting principles (GAAP), the Company's after-tax profit for the financial year ended 31 December 2018 was €20,195k (2017: €28,375k). Shareholders' funds as at 31 December 2018 were €99,924k (2017: €111,875k). The Directors have declared a final dividend of €22,000k on 2018 distributable earnings (2017: €30,000k).

The Company demonstrated a strong underwriting performance with an increase in net earned premium of 5% to €129,974k (2017: €123,836k) and a combined operating ratio of 79% (2017; 79%). The investment net return was a net loss of 1.5% (Net Loss €4,471k) versus a net gain of 2.9% in 2017 (Net Gain €6,055k).

There were no significant changes to the Company or significant events during the reporting period.

System of Governance

There were no significant changes or events during the reporting period that have impacted on the Company.

Risk Profile

There were no significant changes or events during the reporting period that have impacted on the Company.

Valuation for Solvency Purposes

There were no significant changes or events during the reporting period that have impacted on the Company.

Capital Management

In accordance with the Solvency II Directive, the Company has calculated its Solvency Capital Requirement ("SCR") to be €60,763k. The Company has eligible own funds of €118,815k (Tier 1) giving an SCR coverage of 196%. As further explained in Chapter E, the SCR composition has changed and increased modestly over the period, and the eligible own funds has reduced primarily due to a lower financial result in 2018 versus 2017.

The Minimum Solvency Requirement ("MCR") is calculated as being €19,469k, giving a MCR coverage of 610%. There has been no instance of non-compliance with the SCR or MCR during the period. Further detail is provided in Chapter C.

There were no significant changes to the Company or significant events during the reporting period.

All figures in the report are €'000 referenced as "k"

A BUSINESS AND PERFORMANCE

Based on its financial accounts prepared under Irish generally accepted accounting principles (GAAP), the Company's after tax profit for the financial year ended 31 December 2018 was €20,195k (2017: €28,375k). The underwriting performance has been strong with a technical result of €27,318k (2017: €25,275k), however the investment performance has been lower than the previous year, with a net investment loss of €4,471k (2017: net gain of €6,055k) which has led to overall reduction in profits after tax. Shareholders' funds as at 31 December 2018 were €99,924k (2017: €111,875k). The Directors have declared a final dividend of €22,000k on 2018 distributable earnings (2017: €30,000k).

A.1 Business

Name and Legal Form

ALD Re Designated Activity Company ("ALD Re" or "the Company") is a private company limited by shares. ALD Re is a regulated motor reinsurer.

ALD Re's direct parent undertaking is ALD International SAS & Co KG which is in turn a 100% owned subsidiary of ALD S.A. ALD S.A is the parent company to the ALD group ("ALD Group").

ALD S.A. is a 79.82% subsidiary of Société Générale and 20.18% publicly owned (Paris Stock Exchange). ALD S.A. registered address is 1-3 Rue Eugene et Armand Peugeot, Corosa 92500 Rueil- Malmaison, Paris, France. Société Générale has its registered office at 29, boulevard Haussmann, 75009 Paris (France) and is listed on the Paris Stock Exchange.

Supervision

ALD Re is authorised by the Central Bank of Ireland which is the supervisory authority responsible for financial supervision in Ireland. The Central Bank of Ireland is located at; New Wapping Street, North Wall Quay, Dublin 1, Ireland.

External Auditor

The Company's independent external auditor is EY whose registered address is Harcourt Centre, Harcourt Street Dublin 2, Ireland. EY were appointed in 2017.

Significant events

There have been no significant events during the year ended 31 December 2018 that have had a material impact on the Company or its results for the financial year end 31 December 2018.



A.2 Underwriting Performance

The Company provides reinsurance cover on the following lines of business as defined by Directive 2009/138/EC ("the Solvency II Directive"):

- Motor vehicle liability insurance
- Other motor vehicle insurance
- Ancillary covers (Including income protection & legal expenses)

The Company monitors all lines of business on a country by country basis and on an aggregate basis for financial statement purposes. The table below is underwriting result by line of business, reconciled to the financial statement profit. The majority of the business reinsured is in the EU, with some business reinsured in Norway, Switzerland and Russia.

FIGURE 1; UNDERWRITING RESULT BY LINE OF BUSINESS | VALUES IN €'000

Premiums, claims and expenses by line of business	Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Legal expenses insurance	Total	
	2018					2017
Premiums written						
Gross - Proportional reinsurance accepted	3,841	78,155	53,337	1,905	137,238	114,266
Reinsurers' share	-	1,563	-	-	1,563	998
Net	3,841	76,592	53,337	1,905	135,675	113,268
Premiums earned						
Gross - Proportional reinsurance accepted	3,557	74,830	51,439	1,711	131,537	124,834
Reinsurers' share	-	1,563	-	-	1,563	998
Net	3,557	73,267	51,439	1,711	129,974	123,836
Claims incurred						
Gross - Proportional reinsurance accepted	950	47,312	33,191	60	81,513	81,157
Reinsurers' share	-	(1,334)	-	-	(1,334)	591
Net	950	48,646	33,191	60	82,847	80,566
Expenses incurred	655	11,947	6,862	345	19,809	17,995
Technical Result (Net Premium less Claims and Expenses)	1,952	12,674	11,386	1,306	27,318	25,275
Per Financial Statements						
Net Investment Return					(3,824)	7,579
Profit on Ordinary activities before taxation					23,494	32,254
Tax on profit on ordinary activities					(3,299)	(3,879)
PROFIT FOR THE FINANCIAL YEAR					20,195	28,375

A.2 Underwriting Performance

The following Key Performance Indicators (KPIs) are used to monitor the underwriting performance:

- Gross Written Premium
- Net earned premium
- Combined operating ratio
- Loss ratio
- Expense ratio

The table below provides a summary of the Company's KPIs based on the 2018 audited financial statements including prior year comparatives.

FIGURE 2; PREMIUM ANALYSIS | VALUES IN €'000

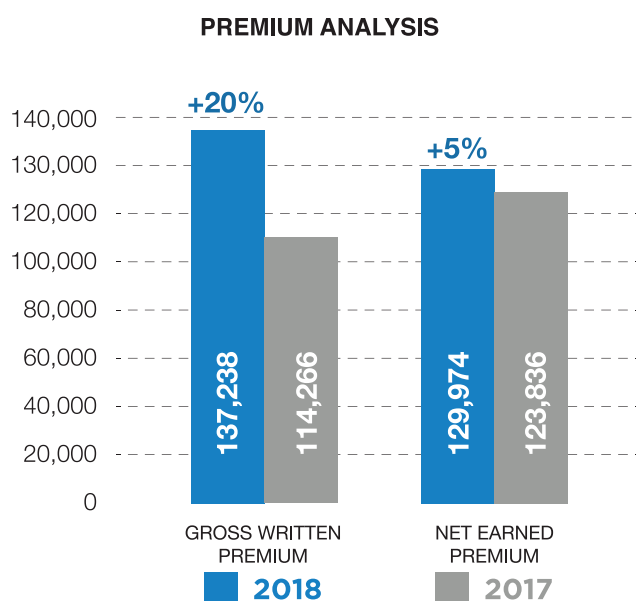
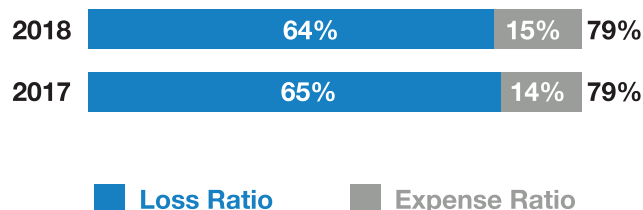


FIGURE 2; COMBINED OPERATING RATIO ANALYSIS

COMBINED OPERATING RATIO ANALYSIS



The above table includes the results recognised in the financial year in relation to all accident years (i.e. the current accident year and any reserve strengthening / release in relation to prior accident years).

The Company recorded a strong underwriting performance for the financial year end 2018. Net earned premium increased by 5% to €129,974k (2017: €123,836k). Approximately 92% of premium earned relates to business within the European Union. The increase in the net earned premium is driven by a combination of factors; organic growth in existing countries offset by a significant decrease in earned premium through a key program due to a reduction in number of vehicles in the program and the exit of two programs during 2018. The underwriting performance has been strong with a technical result of €27,318k (2017: €25,275k).

The combined operating ratio (loss ratio and expense ratio) of 79% has remained consistent with the prior year.

The overall loss ratio has improved 1%. This is the result of strong underwriting discipline and continued focus on claims best practice. In addition the Company continues to experience favourable claims run-off on prior years across most territories in which the Company provides reinsurance.

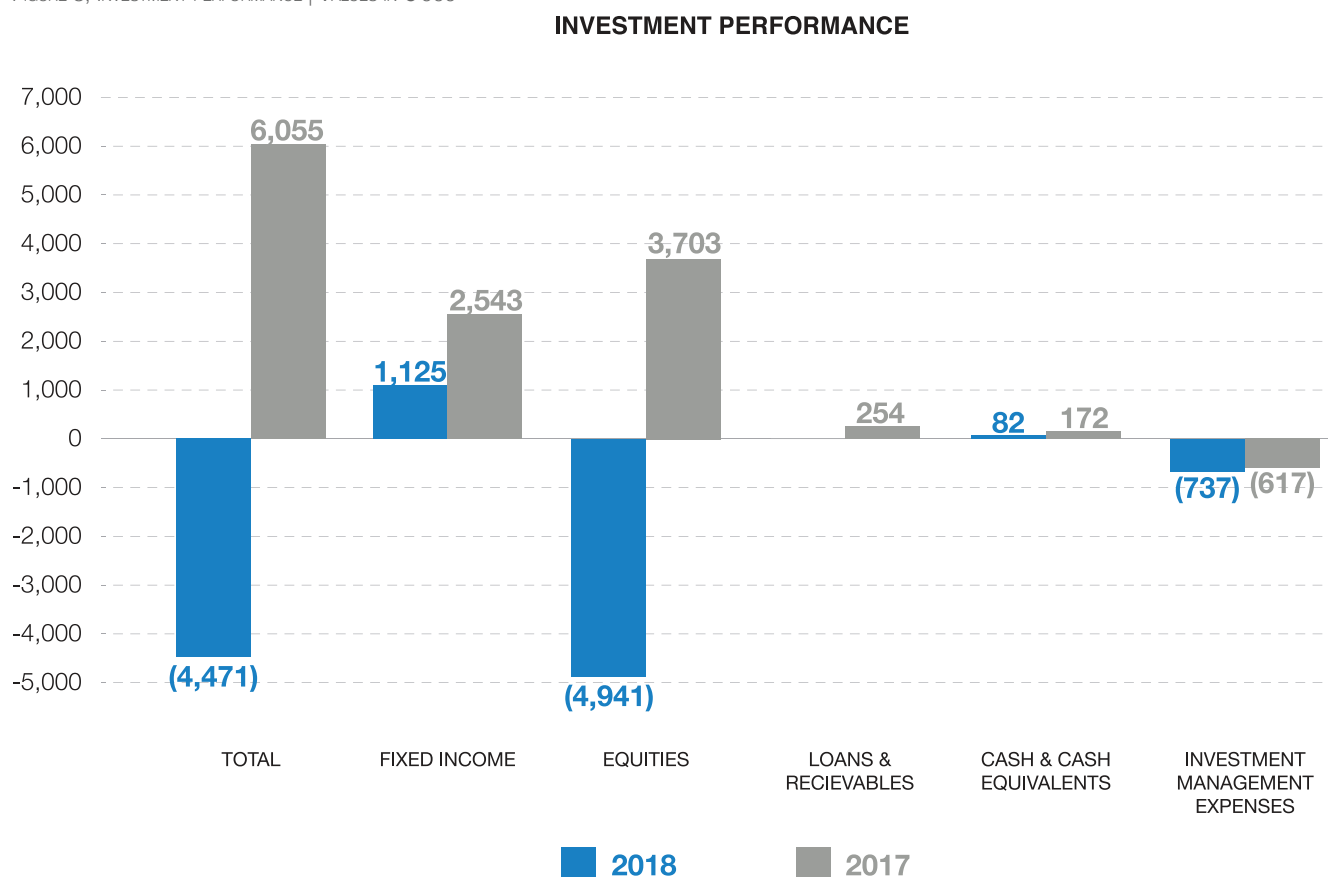
The Company's expense ratio of 15% for 2018 is a deterioration of 1% compared with the prior year driven by a combination of increased claims handling fees in one country and a change in office premises. The Company continues to strongly focus on control of its operating cost base.

A.3 Investment performance

The net investment return for the year is approximately 1.5% loss compared with 2.9% gain in the prior financial year. This significant decrease is driven by the poor performance experienced on the equity portfolio during Q4 2018, arising from market volatility.

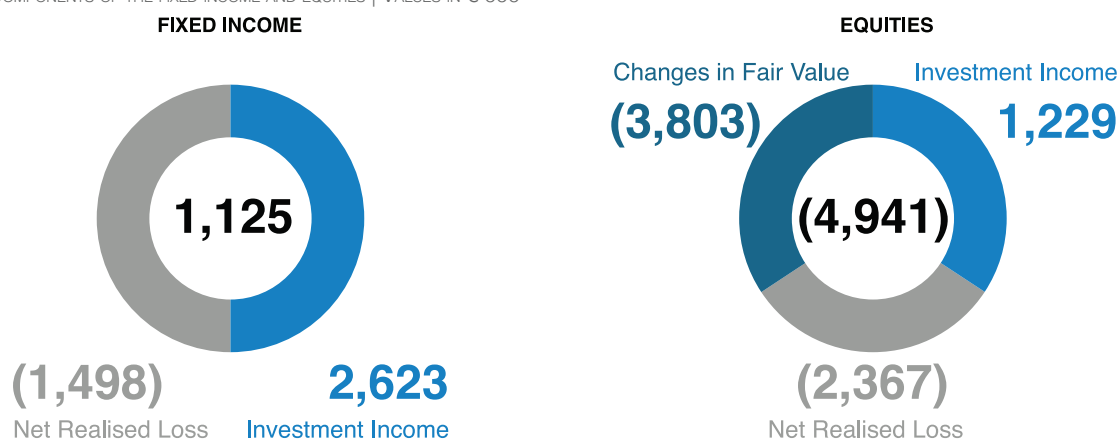
An analysis of the net investment return by investment classes is provided in the table below.

FIGURE 3; INVESTMENT PERFORMANCE | VALUES IN €'000



The components of the fixed income and equities can be further analysed as below;

FIGURE 4; COMPONENTS OF THE FIXED INCOME AND EQUITIES | VALUES IN €'000



A.3 Investment performance

Gains and losses recognised directly through equity

The Company has recognised an unrealised loss on its fixed income securities of €2,453k through the Statement of Other Comprehensive Income (2017: unrealised loss of €1,216k). The intention is to hold fixed income securities until maturity, however trading may occur in specific circumstances defined in the investment strategy.

Securitisation:

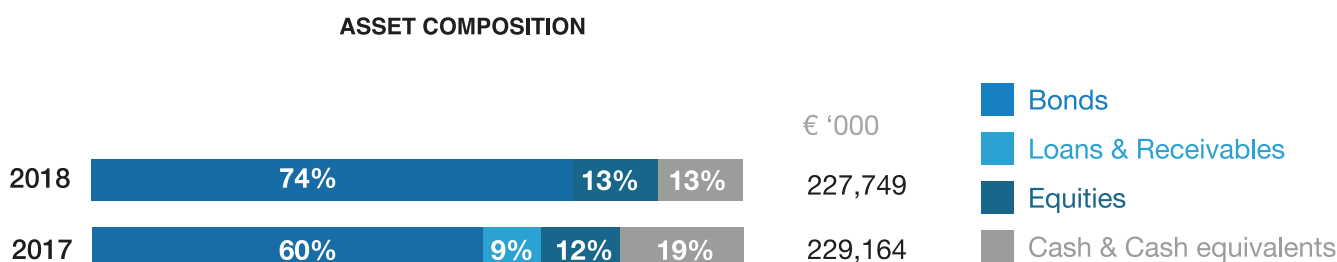
The Company's Investment Risk Policy significantly restricts the ability to invest in securitisation products.

Asset composition:

The asset composition of the Company's investment portfolio at the financial year end has been analysed as per the below chart: the total value of the financial assets and cash is €227,749k (2017: €229,164k).

Included in the prior year numbers "Loans and receivables" is an investment in an ALD Group entity ("Group security"), comprising of fixed income securities of €10,000k which in accordance with local GAAP was classified as a "loan and receivable" given that the investment is not traded on a recognised financial market. Also included in this category was a loan to an ALD Group entity of €10,000k. Both these balances were repaid during 2018 and balance to Group at end of 2018 is nil.

FIGURE 5; ASSET COMPOSITION



A.4 Performance of Other Activities

The Company has no other income outside of that recognised through its technical and non-technical profit and loss account.

A.5 Any Other Information

During the year, the company entered in to an occupational lease commitment for the business premises of the Company. There is no other material information to report.

B SYSTEM OF GOVERNANCE

The Company's system of governance consists of a framework through which the Company is directed and controlled. The Board of Directors ("The Board") has overall responsibility for the governance of the Company. The Board is responsible for setting and overseeing the business strategy of the Company. The Board is supported by an organisational structure with clearly defined roles and responsibilities. There are certain roles and responsibilities within the Company reserved exclusively for the Board, authority is delegated effectively through two sub committees and an Executive Management team to oversee the remaining activities. The sub committees of the Board are an Audit Committee and a Risk Committee. The Executive Management team consists of a Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Risk Officer and Company Actuary.

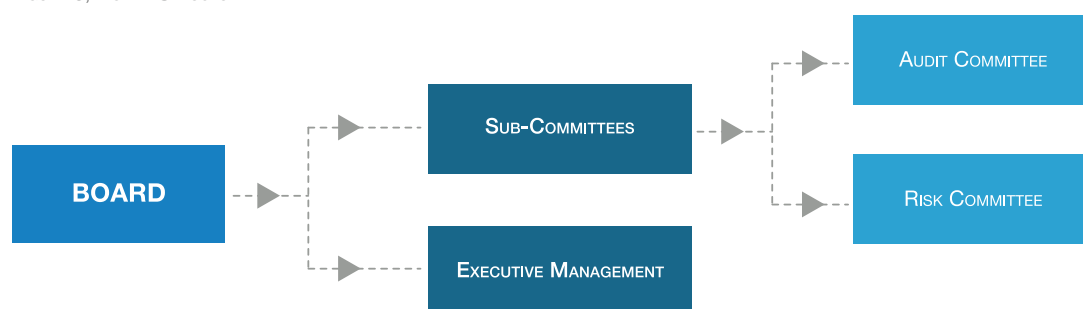
The Company has four independent control functions, Compliance, Risk, Actuarial and Internal Audit. These functions make up the second line and the third line of defence per the Company's risk management framework.

The Company considers that it has an appropriate system of governance with Board approved risk management strategies, policies, and internal control systems in place. This is reviewed annually. In addition, the Company performs an Own Risk and Solvency Assessment ("ORSA") annually.

An overview of Board and sub-committee structure has been provided below;

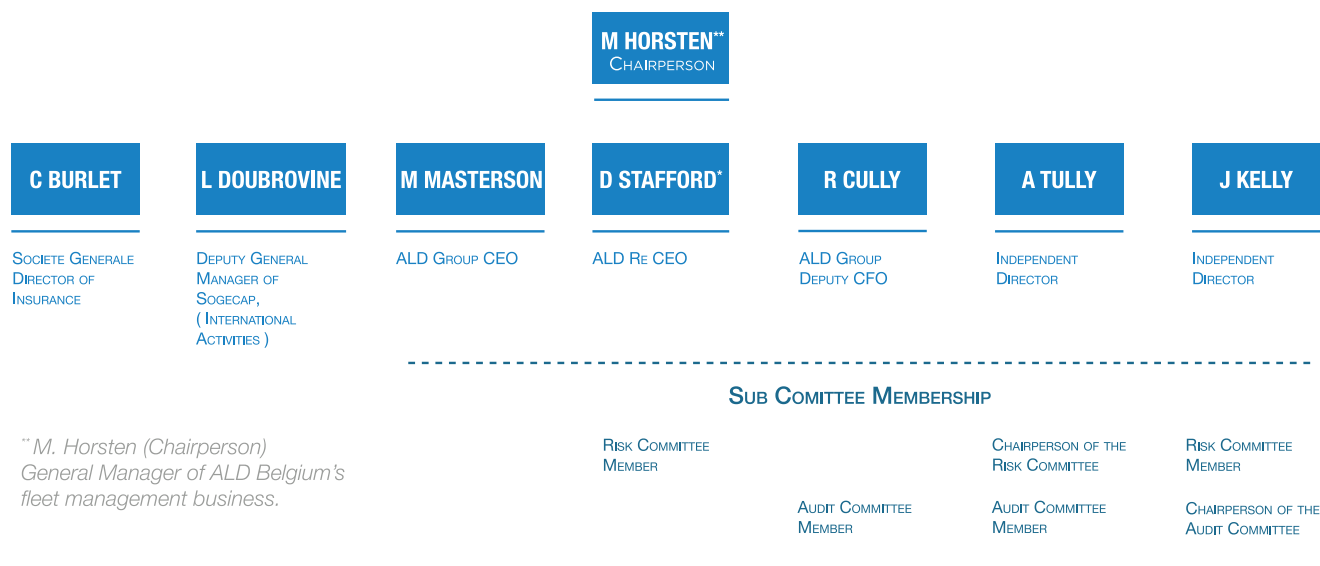
There has been no material change to the system of governance during the period.

FIGURE 6; BOARD STRUCTURE



Board Composition and membership has been provided below;

FIGURE 7; SUBCOMMITTEE STRUCTURE



** M. Horsten (Chairperson)
General Manager of ALD Belgium's
fleet management business.

* All Directors are Non executive
Directors, with the Exception of D.
Stafford who is an Executive Director

B.1 General Information on the system of Governance Overview

The Board's responsibilities are set out in detail in the Company Board Charter, these can be summarised below as follows;

- To organise and direct the affairs of the Company in a manner designed to further its best interests, while complying with its fiduciary duties and all relevant legal and regulatory requirements, and relevant corporate governance standards.
- To be the focal point of the Corporate Governance regime and be ultimately accountable and responsible for the performance and conduct of the Company and its compliance with legal and regulatory requirements.
- To have regular and robust interaction with its sub committees and Executive Management and receive regular information from them to enable the Board to fulfil its role as the focal point of the governance system.

The Board meets at least four times per year, and is made up of Non-Executive Directors, two Independent Non-Executive Directors and one Executive Director.

The Audit Committee operates under delegated authority from the Board. Its main responsibilities are to support the Board in considering activities that expose, or may expose the Company to material, financial or other risks and to assist the Board in fulfilling its oversight responsibilities.

The Audit Committee meets at least three times per year and is chaired by an Independent Non-Executive Director.

The Risk Committee operates under delegated authority from the Board. Its main responsibility is to advise the Board on risk appetite and on risk tolerance for future strategy, taking account of the Board's overall risk appetite and the current financial position of the Company. The Risk Committee draws on the work of the Audit Committee, Internal Audit and the capacity of the Company, to manage and control risks within the agreed strategy.

The Risk Committee meets at least four times per year and is chaired by an Independent Non-Executive Director.

Independent Control Functions

The Company has established four key independent control functions;

- A Risk Function headed by the Chief Risk Officer who is responsible for the implementation of the Company's risk management framework. The Chief Risk Officer has a direct reporting line to the Board and Risk Committee.
- A Compliance Function is managed by the Head of Compliance who is responsible for the implementation of the Company compliance framework. The Compliance Officer has a direct reporting line to the Board and Audit Committee (The Chief Risk Officer is also the appointed Head of Compliance).
- An Actuarial Function is managed by the Head of Actuarial Function ("HoAF"). The HoAF is outsourced to a suitably qualified individual within KPMG (Ireland); this adds an independent oversight to the Actuarial Function. The HoAF also reports to the Board and Audit Committee. The responsibilities of the HoAF are established in line with the Central Bank of Ireland guidance, and include;
 - Providing an actuarial opinion on technical provisions;
 - Providing an opinion on the undertaking's underwriting policy;
 - Providing an opinion on the adequacy of the undertakings reinsurance arrangements; and
 - Contributing to the effective implementation of the risk management system.
- **Internal Audit Function.** The Head of Internal Audit is outsourced to the Regional Chief Audit Executive from the Société Générale Group Internal audit function. The Function provides independent objective assurance services via an outsourcing arrangement in respect of the adequacy of the Company's governance, risk management and internal control framework. The Head of Internal Audit reports to the Board and Audit Committee.

All control functions report to Board sub committees and form part of the second and third line of defence. All have the necessary authority and resources and are operationally independent in performing their duties.

The Board annually reviews the governance structure of the Company and the Board and subcommittee responsibilities. The Board are satisfied that the governance structures in place are appropriate for the nature scale and complexity of the Company's business.

B.1 General Information on the system of Governance Overview

Remuneration, Employee Benefits and Practise

In order to maintain pace with the expansion, development of the business and the regulatory environment in which it operates, the Company strives to attract and retain high quality staff in key roles by offering competitive pay packages and an attractive and challenging work environment.

The Company has a remuneration policy which sets out practices that support the business, risk strategy, risk profile, objectives, values, risk management practices and long-term interests of the Company. In particular, the Company's remuneration policy aims to promote sound and effective risk management, and remuneration practices that do not promote excessive risk taking.

The Company's remuneration packages include both a fixed and variable component. The Company considers that the components are appropriately balanced to ensure that the fixed component represents a larger proportion of the total remuneration.

The variable component is based on a performance assessment of each individual, combined with the performance of the Company overall and the performance of the group to which the Company belongs. The variable proportion may contain a deferred component that considers an appropriate time horizon.

Material Transactions

The Company transacts with Société Générale group companies at arm's length in its day to day business of providing reinsurance coverage to the vehicle fleet of ALD Group. This includes transactions with group insurance companies.

In addition, the Company contracts at arm's length with Société Générale group companies for services, including investment management services and IT support.



B.2 Fit and Proper Requirements

The Company has a Board approved policy on Fitness and Probity. The policy specifies the skills, knowledge and expertise required for persons who effectively run the organisation. The required skills, knowledge and expertise are in line with the specific regulatory requirements issued by the Central Bank of Ireland.

The Company places a high level of importance on appointing persons who are fit and proper. The Company policy and approach is in line with the Central Bank Reform Act 2010 (Section 50) and the Central Bank of Ireland's fitness and probity standards.

The Company's fitness and probity policy sets out the approach for assessing the standard for each pre-approved control function(s) and control function(s) to be;

- **Competent and capable;**
- **Honest, ethical and to act with integrity; and**
- **Financially sound**

All pre-approved control functions (PCF) require Central Bank of Ireland approval and Board approval prior to appointment.

Candidate Due Diligence

The Company operates robust Human Resource recruitment and selection controls which ensure that the Company select only candidates that meet the Fitness & Probity Standards. These controls include appropriate screening of candidates and the completion of the Central Bank's Individual questionnaire by all PCF preferred candidates prior to their engagement. This includes screening amongst other things; educational qualification and work experience; bankruptcy and debt judgments; regulatory sanctions, reprimand and complaints.

Ongoing Due Diligence

The Company operates a continuous due diligence programme, which covers all relevant staff. Under this programme, training and an annual confirmation of the Fitness & Probity Standard is conducted.



B.3 Risk Management System including the Own Risk & Solvency Assessment

The Company has developed a Risk Management Strategy from its strategic objectives, which constitutes the basis of ALD Re's risk appetite, risk management framework and risk policies. The objectives of the risk management system include:

- Ensuring that the risk management system is effective and implemented to reflect the nature, scale and complexity of the risks inherent in the business.
- To promptly identify, measure, manage, monitor and report risks that affect the achievement of strategic, operational and financial objectives.
- Promoting a sound risk management culture through disciplined and informed risk taking.

Risk Appetite

The Risk Appetite Statement adopted by the Board reflects the type and level of risk the Company is prepared to accept, based on its strategic objectives. Risks are managed within the risk limits and tolerances established in the Risk Appetite Statement of the Company. The Company's risk appetite supports the risk management framework. The Company's risk appetite enables the Company to make informed business decisions, while having regard for the key risks that the Company may be exposed to in pursuit of strategic objectives.

Risk Management Framework

Risks are managed on a day-to-day basis through the Company's risk management framework. Risks are reported at all levels of the Company to ensure effective risk management throughout the organisation. The Company adopts a multistage risk management cycle which is designed to effectively identify and manage risks.

The Risk Committee receives regular reporting from the Chief Risk Officer in relation to the outcome of quarterly risk assessment's undertaken by management in line with the risk management framework. The risk assessment process encompasses the risk cycle of risk identification, measuring, managing, monitoring and reporting.

The risk framework is intended to reduce but cannot eliminate the range of possible risk issues that may impact on the Company. Similarly, the risk framework cannot provide protection with certainty against the failure of the Company to meet its business objectives or guard against material errors, losses, frauds or breaches of laws. Taking these in to account the risk management framework is intended to provide reasonable assurance that the Company will, on an ongoing basis, conduct its business in an orderly manner.

Risk Policies

The Board has approved risk policies for each of the following areas;

- Retrocession Risk
- Underwriting Risk
- Reserving Risk
- Investment Risk
- Asset-Liability Management and Liquidity Risk
- Operational Risk
- Capital Management Risk and
- Own Risk and Solvency Assessment

Risk Management Function

The risk management function is a control function and an element of the second line of defence. Its main responsibilities include:

- Establishing and embedding a risk management framework for identifying and managing risks.
- Promoting a sound risk management culture.

The responsibilities are discharged through;

- Preparing and executing of a risk based monitoring plan.
- Reporting to the Risk Committee and Board of key risks faced by the Company.
- Advising the Risk Committee and Board on decision making in respect of material changes to the Company risk profile and setting of the risk appetite statement.
- Reporting to the Risk Committee and Board on compliance with the risk appetite statement and escalating key risk issues.

B.3 Risk Management System including the Own Risk & Solvency Assessment

Three Lines of Defence

The Company operates a three line of defence model in managing its risks.

FIGURE 8; THREE LINES OF DEFENCE

FIRST LINE OF DEFENCE

BUSINESS OPERATIONS

The Company's Executive Management is responsible for the identification and assessment of risks and the implementation, effectiveness and enforcement of internal controls. Daily control activities that are embedded within the procedures of each business, facilitate management in monitoring and overseeing its internal control systems such as approvals, authorisations, verifications, reconciliations and management reviews.

SECOND LINE OF DEFENCE

OVERSIGHT & CHALLENGE

The Risk Committee, the Risk and Compliance Function and the Actuarial Function oversee the activities and controls in the company's business operations and challenge the completeness, accuracy and appropriateness of risk identification and risk assessments, and the implementation and adequacy of controls.

THIRD LINE OF DEFENCE

INDEPENDENT ASSURANCE

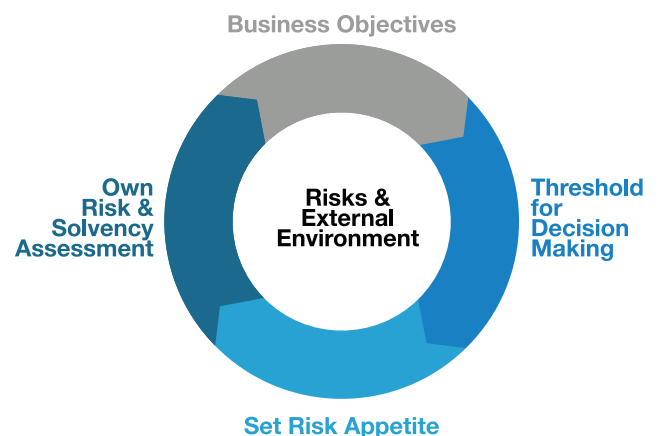
The Audit Committee and the Internal Audit Function provide independent and objective assurance on the appropriateness and effectiveness of the company's risk management and internal control systems. They ensure that controls are in place for identified risks and that those risks are being managed in line with the Risk Appetite Statement. The third line of defence also reviews the effectiveness of the first and second lines of defence and suggests improvements to be implemented as required.

Own Risk and Solvency Assessment

Each year the Company prepares an Own Risk Solvency Assessment ("ORSA"). The objectives of the ORSA process are to;

- Identify, measure, monitor, manage and report on the short and long term risks that the company faces and determine the Own solvency needs of the company.
- Form an integral part of the business strategy setting process by assessing the capital adequacy on the current business plan, taking into consideration the nature and complexity of the risks inherent in the company and the external environment.
- Assist in setting the amount of risk the Company is willing to accept; and
- Contribute to the strategic decision making process through identifying the capital implications of specific forward looking strategic initiatives.

FIGURE 9; OSRA



There is an interrelationship between business objectives, decision making, risk appetite, and the ORSA process.

B.3 Risk Management System including the Own Risk & Solvency Assessment

The ORSA process considers the capital requirements over the business planning period (currently a 3 year period) and uses the results as a key input in decision making and planning. The ORSA process is an iterative one that contributes to the development of the Company's strategy and assists in the decision making process, such as:

- Capital Management
- Product Development
- Retrocession Purchase, and
- Determination of Investment Strategies

The Board takes an active role in the ORSA process including steering how the assessment is to be performed and in reviewing and challenging the results.

The Company has a Board approved policy to guide the ORSA process. A summary of process and key activities can be summarized as in Figure 10;

The diagram below illustrates the central component, the ORSA process, in a finer level of detail. It shows that stress and scenario testing are used in tandem with the analysis of risk and the capital position to facilitate decisions about the adequacy of the Company's own funds.

FIGURE 10; ORSA PROCESS



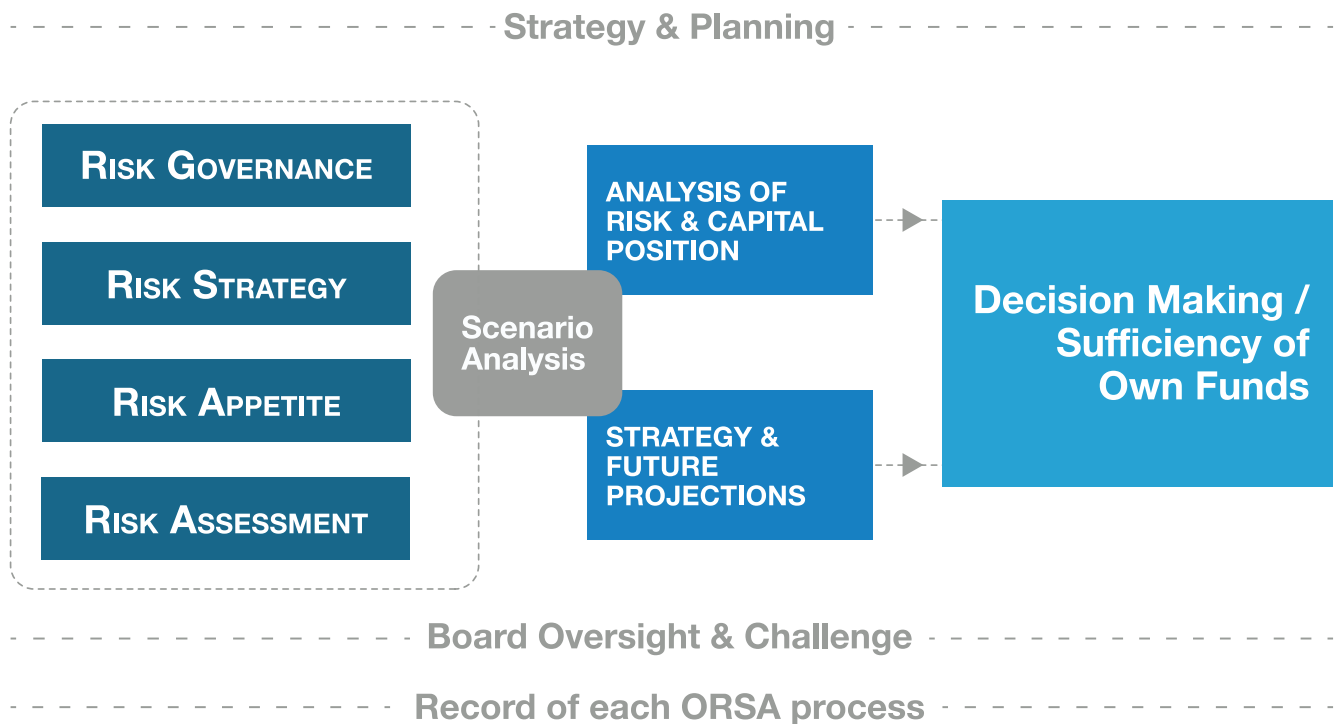
Strategy & Planning



B.3 Risk Management System including the Own Risk & Solvency Assessment

The ORSA is conducted, reviewed and approved annually by the Board. A non-regular ORSA is required to be performed upon the occurrence of any event which materially affects the risk profile of the Company.

FIGURE 11; ORSA PROCESS DETAILED



B.4 Internal Control System

The internal control system of the Company consists of six interrelated components:

- **Control environment:** this sets the tone for all components, factors include integrity, organisation structure, leadership, Board oversight and effective remuneration practices.
- **Internal control framework;** the Company operates a Three line of defence model referred to above.
- **Risk assessment:** The Company operates a risk management cycle of regular assessments of control activities; these activities include complying with procedural manuals and policies.
- **Control activities:** Risk and control activities are embedded using various methods, procedure manuals & policies, evidence & monitoring controls, training & development and remuneration practices.
- **Information and communication:** clear reporting lines and responsibilities are established.
- **Monitoring:** active monitoring occurs to ensure controls continue to operate effectively.

The Company also has specific independent control functions referred to in B.1.

Compliance Function

The compliance function is an internal control function, it provides direction, support, challenge and advice to assist management to monitor and manage compliance risk. The compliance function is an element of the second line of defence. Its main responsibilities include:

Establish and maintain a compliance framework

- To identify, measure, monitor, manage and report on compliance exposures, including emerging regulations.
- Advise on new developments/emerging obligations from a compliance perspective.
- Promote a Compliance aware culture.

The responsibilities are discharged through:

- Preparing and executing of a risk based compliance monitoring plan.
- Reporting regularly to the Audit Committee and Board on compliance issues.
- Advising the Board and Audit committee on compliance matters.
- Providing training and awareness on compliance matters.

The compliance function reports to the Board and Audit committee as an independent control function.

B.5 Internal Audit Function

The Internal Audit Function is an independent control function which examines and evaluates the effectiveness of internal controls. The function is an element of the Third Line of Defence. Its main responsibilities include;

- Independently critically evaluating and reporting on the effectiveness of internal controls;
- Evaluating compliance with policies, procedures, best practice, legislation and regulations; and,
- Putting in place follow-up procedures and timeframes to ensure remedial actions are appropriately implemented

The responsibilities are discharged through:

- Preparing and executing a risk based internal audit plan.
- Completing individual audits on areas identified in the risk based plan.
- Reporting on adequacy of risk management system and internal control to management and the Audit Committee; and
- Monitoring and reporting on the implementation of recommendations accepted by Executive Management.

The Internal Audit Function does not have any direct responsibility, authority or involvement in the activities they review. The Internal Audit Function is objective and impartial in performing its assignments. The internal audit function is not subject to instructions of the Board when evaluating and reporting the audit results.

B.6 Actuarial Function

The activities of the Actuarial Function are split between those involving the preparation work and/or analysis, which are the responsibility of the Company Actuary and the internal actuarial team, and those activities of the Head of Actuarial Function ("HoAF"), who provides independent oversight. The HoAF is outsourced to a suitably qualified individual from KPMG (Ireland).

The key activities of the Actuarial Function are in line with the Central Bank of Ireland Guidelines on the Domestic Actuarial Regime.

The HoAF responsibilities include;

- To provide an actuarial opinion on technical provisions.
- To provide an opinion on the undertakings underwriting policy.
- To provide an opinion on the adequacy of the undertakings reinsurance arrangements.
- To contribute to the effective implementation of the risk management system.

B.7 Outsourcing

The Company outsources activities and enters into outsourcing arrangements only where there is a sound commercial/strategic basis for doing so, and where the risk can be effectively managed. The Company retains full responsibility for all outsourced activities which are included in the internal control system. To ensure the effective control of outsourced activities and effectively manage the risks associated with it, the Company retains internal competence and expertise to properly manage and monitor the outsourcing arrangement. The Company outsourcing policy sets out the approach to the Outsourcing lifecycle.

- Due diligence
- Outsource Agreement
- Management, Monitoring and Risk Management
- Contingency Planning and Exit Strategy
- Annual assessment of outsourcing activities

The table provides details of the Critical and Important outsourced providers.

CRITICAL AND IMPORTANT OUTSOURCED ACTIVITIES

Activity	Description	Service Provider
Head of Actuarial Function	Provision of actuarial opinions	A suitably qualified person from KPMG
Investment Services	Provision of Investment Management support including identification of appropriate assets for investment	Société Générale Bank and Trust S.A
Internal Audit	Provision of Internal Audit services	Société Générale Regional Audit Function
IT Services	Provision of IT infrastructure services	ALD
Claims Information System	Claims information system – ECAP	ALD S.A

All outsourced providers are located within the EU. Specific members of management are responsible for each outsourced activity.

There has been no material change to outsourcing during 2018, but to note the change in IT services provider, and the addition of the outsourcing activity to ALD S.A. in respect of the claims information system during the period.

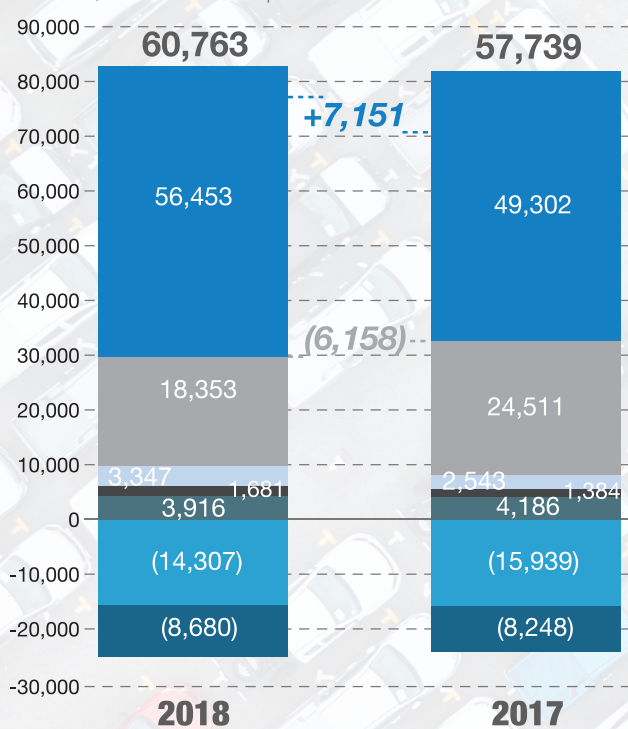
B.8 Any Other Information

No other material information regarding the system of Governance to note.

C RISK PROFILE

The Company reinsures long tail motor liability business and short tail motor own damage business. This activity is the main driver of the risk profile. The composition of the standard formula Solvency Capital Requirement ("SCR") as at 31 December 2018, with comparatives for 2017 shown below.

FIGURE 12: SCR COMPOSITION | VALUES IN €'000



- Non Life Underwriting Risk
- Market Risk
- Counterparty Default Risk
- Health Underwriting Risk
- Operational Risk
- Diversification
- LACDT

The standard formula SCR risk charge is driven by underwriting risk and market risk. The underwriting risk is the larger of the two and is driven by the volume of business written and level of technical provisions held. Market risk is the second largest driver, and this is impacted by the type and level of investments held.

The risk profile of the Company is described below regarding the following risk categories:

- Underwriting risk
- Market risk
- Credit risk
- Liquidity risk
- Operational risk

The Company uses several measures to assess such risks including stress testing and sensitivity analysis per the ORSA process. As noted in section E, the company has assessed that the Standard Formula, used for determining the Company's SCR, broadly reflects the risks to which the Company is exposed. Results of measures adopted by the Company to assess the above risk categories are provided below in addition to discussion on risk exposures, mitigation, appetite and concentration.

C.1 Underwriting Risk

Underwriting risk is the risk of failing to generate adequate return as a result of actual experience being different to the estimated experience when the insurance risk was underwritten. This includes the risk that booked claims reserves could prove ultimately inadequate.

The Company currently covers live risks in 24 countries (19 where underwriting continues and 5 in run-off) which provides a broad geographical spread and offsets, to some extent, heavy exposure in the larger territories. The Company aims to maximise insurance coverage in each territory, whilst utilising experience, research and judgement to ensure a robust and progressive underwriting process.

The main lines of business underwritten by the Company are:

- Third party Motor Vehicle Liability insurance ("MTPL")
- Other Motor Insurance ("MOD")
- Ancillary covers including income protection and legal expenses.

The Company is exposed to typical pan European motor reinsurer underwriting risks and uncertainties surrounding timing, frequency and severity of claims as a result of legal, or environmental changes. The Company is also exposed to large losses; however, the exposure is generally capped at a specified amount per event, (MTPL events and certain own damage catastrophic events).

The Company has also started, on a relatively small scale, to support the mobility risks of the future, including TPL/OD for private lease contracts and car sharing modules. The Company participates in these new product opportunities, up to pre-defined limits set by the Board, with the intention of collecting data and understanding the risks so as to be better placed to develop these products to support the future strategy of the ALD Group.

Underwriting

The Company takes a prudent approach to managing underwriting risk. Key risk metrics are defined in the company risk appetite statement, regarding underwriting risk that is reported upon on an ongoing basis. There were no material breaches of the Company's underwriting risk appetite during 2018.

The Company manages the underwriting risks through its underwriting strategy and retrocession strategy. In this regard, the Company's underwriting risk policy and retrocession risk policy provide relevant guidance to Executive Management as to how underwriting risk is to be managed. The Company's underwriting risk policies and retrocession risk policy provides details regarding underwriting appetite, pricing, and catastrophe exposure.

The Company monitors its management of underwriting risk through quarterly programme performance reviews, during which Executive Management, amongst other things, review overall performance, average premiums, vehicle exposure, assesses the frequency and severity of claims, and considers legal or environmental changes.

C.1 Underwriting Risk

Reserving

The Company takes a conservative approach to managing reserve risk. Key risk metrics are defined in the company risk appetite statement, regarding reserve risk. These are reviewed and reported on an ongoing basis. There were no material breaches of the Company's reserving risk appetite during 2018.

The Company manages the above risks through periodic reviews of the Company's claims provisions and the application of a robust reserving methodology. The provision estimates are subject to rigorous review and challenge by Executive Management, Audit Committee and the Board. The claims provisions include a margin for uncertainty to reduce the risk that the ultimate claims paid will exceed the amounts provided for. Uncertainty remains regarding the sufficiency of the provisions to address unexpected events such as claims inflation.

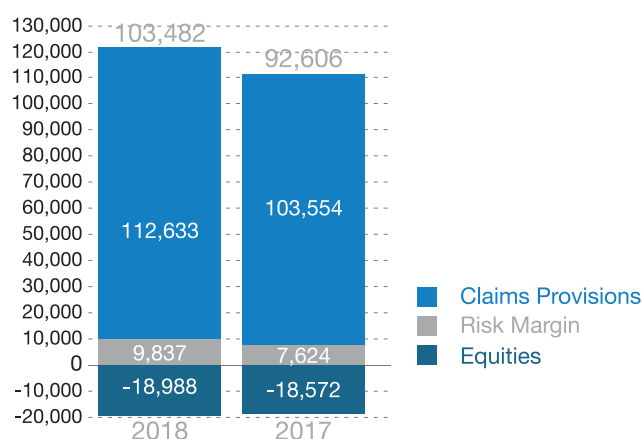
The estimation and measurement of claims provisions is a major factor in determining the company results and financial position. Additional external assurance is received on an annual basis. The Company's HoAF completes an independent assessment of the effectiveness of reinsurance arrangements, an opinion of the underwriting policy and provides an actuarial opinion and report on the adequacy of the technical provisions.

ALD Re carried out stress and scenario testing as part of the ORSA process which included stress testing for the material underwriting risks and reserve risks. For the 2018 ORSA, the projected solvency position over the business planning period was recalculated based on adverse scenarios.

The adverse stress scenarios for the largest countries included deterioration in outstanding claims reserves, underwriting deterioration (present and future) and writing new loss-making business. The result of this analysis was that the solvency position is resilient to these stresses and scenarios. These adverse events did not cause the projected SCR coverage to drop below 100%.

The total gross technical provisions, with the main components, can be analysed as follows;

FIGURE 13: GROSS TECHNICAL PROVISIONS | VALUES IN €'000



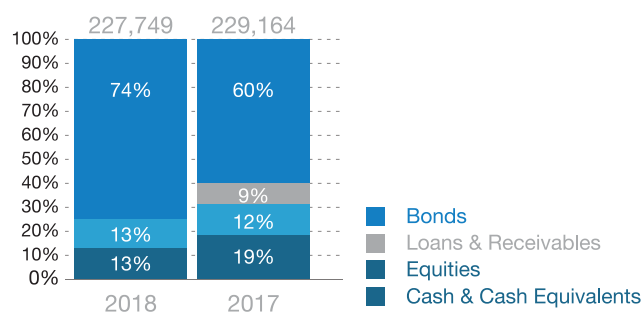
C.2 Market Risk

Market risk is the risk of loss, or of an adverse change in the financial situation, resulting directly or indirectly from fluctuations in the level and in the volatility of the market price of assets and liabilities. Market risk includes concentration, equity, interest rate, spread, and currency risks.

The Company's asset allocation is detailed in section D1. The Company invests in:

- Corporate and government bonds
- Loans and receivables
- Equities
- Cash and cash equivalents
- Collective investment undertakings

FIGURE 14: ASSET ALLOCATION | VALUES IN €'000



*Collective investment undertaking has been included with cash and Cash equivalents.

C.2 Market Risk

The Company manages market risk through an investment strategy and Investment Risk Policy. The Company's investment strategy seeks to protect regulatory capital and policyholder assets and thereafter maximise investment returns.

The Investment Risk Policy sets out an overarching principle of holding assets of an appropriate nature, currency and duration to meet the liabilities as they become due. The policy provides relevant guidance for Executive Management as to how market risk is managed.

The following are some of the market risk management practices that the Company adopts;

Concentration risk: The Company seeks to manage concentration risk through established key risk indicators which limit exposure to certain securities, countries and issuers. There are no significant concentrations to note.

Equity Risk: The Company seeks to manage equity risk through established predefined limits for investments and only invests in equities quoted on regulated exchanges.

FIGURE 15; EQUITY RISK SENSITIVITY ANALYSIS | VALUES IN €'000

EQUITY RISK SENSITIVITY ANALYSIS	SCR	AVAILABLE CAPITAL	SCR COVERAGE
Base at 31 December 2018	60,763	118,815	196%
Variation in Equity Values of 10% on the SCR 2018	60,380	116,290	193%
Base at 31 December 2017	57,739	133,169	231%
Variation in Equity Values of 10 % on the SCR 2017	57,270	130,670	228%

The table above identifies the potential impact of a 10% change in equity values on the SCR, available capital and SCR coverage.

Interest rate risk: The Company has a limited exposure to interest rate risks in respect of its fixed income securities, as asset duration is generally short term and is generally held to maturity. The Company maintains an interest rate gap as set in the Investment Risk Policy to limit interest rate risk. The limit has not been breached during 2018.

The impact from a +1% increase in interest rates on the value of fixed income securities is (€2,879k) and a -1% decrease in interest rates on the value of fixed income securities is €3,835k. The impact of a +/-1% on the SCR, available capital and SCR coverage, has been considered, the impact is deemed not to have a material impact on the risk profile of the company.

Spread Risk: The Company seeks to limit its exposure to spread risk through investing in investment grade securities for those assets that cover its technical provisions and required capital.

Currency risk: The Company seeks to limit its exposure to foreign exchange risk by ensuring the Company's financial assets are largely matched to the same currencies as insurance contract liabilities.

The Company's investment portfolio is managed by Société Générale Bank and Trust S.A. in accordance with the Company investment risk policy and investment strategy. The investment manager reports quarterly to the Risk Committee.

ALD Re carried out stress and scenario testing as part of the ORSA process which includes stress testing for the material market risks. For the 2018 ORSA, the projected solvency position over the business planning period was recalculated based on adverse stresses.

An adverse scenario was performed to consider asset downgrades, interest rate movements, equity shock as well as underwriting deterioration. This combined shock was not significant enough to reduce the SCR coverage to below 100%. In addition, a reverse stress test on reinsurance recoveries and a large counterparty failure was not so significant to reduce the SCR coverage to below 100%.

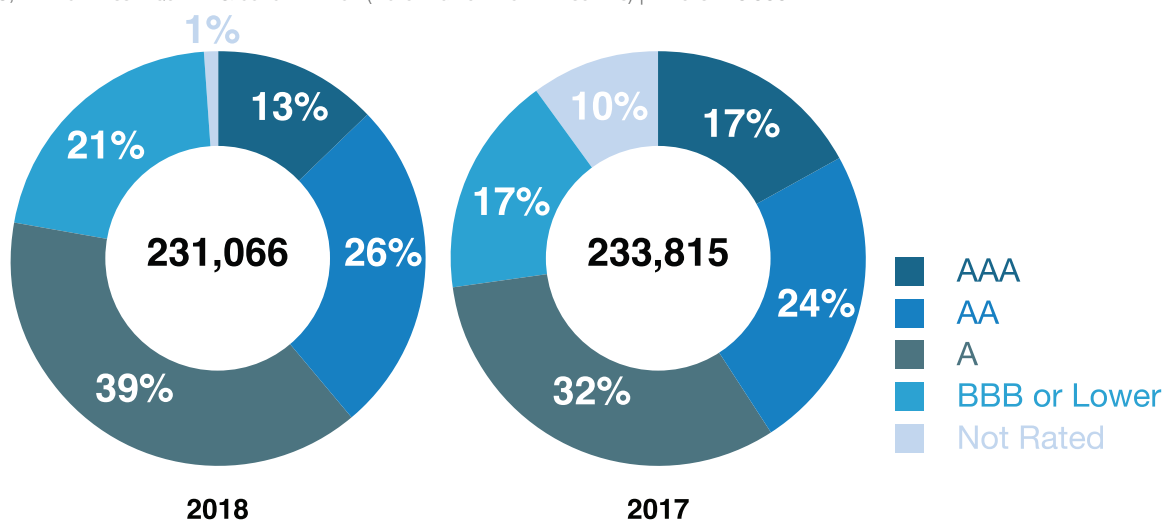
During 2018 the market risk component of the SCR decreased because a non-investment grade security matured and loan and receivable terminated which was not replaced.

C.3 Credit Risk (Default)

Credit risk is the risk of default of a counterparty on its contractual obligations resulting in financial loss to the Company. To effectively manage credit risk the Company has adopted a policy of only dealing with investment grade counterparties with the exception of assets not used to cover

technical provisions or required capital. The Company has invested in non-investment grade securities & instruments, and this is limited by having predefined limits in place. There is no significant concentration to note in respect of credit risk. Counterparties credit ratings are monitored on a regular basis.

FIGURE 16; FINANCIAL ASSET QUALITY & CONCENTRATION (INCLUDING DUE FROM REINSURERS) | VALUES IN €'000



ALD Re carried out stress and scenario testing as part of the ORSA process which included stress testing for the material credit risks. For the 2018 ORSA, the projected solvency position over the business planning period was recalculated following adverse stresses.

An adverse hypothetical stress, default of a non-investment grade counterparty was considered. The impact was not so significant to reduce the SCR coverage to below 100%.



C.4 Liquidity Risk

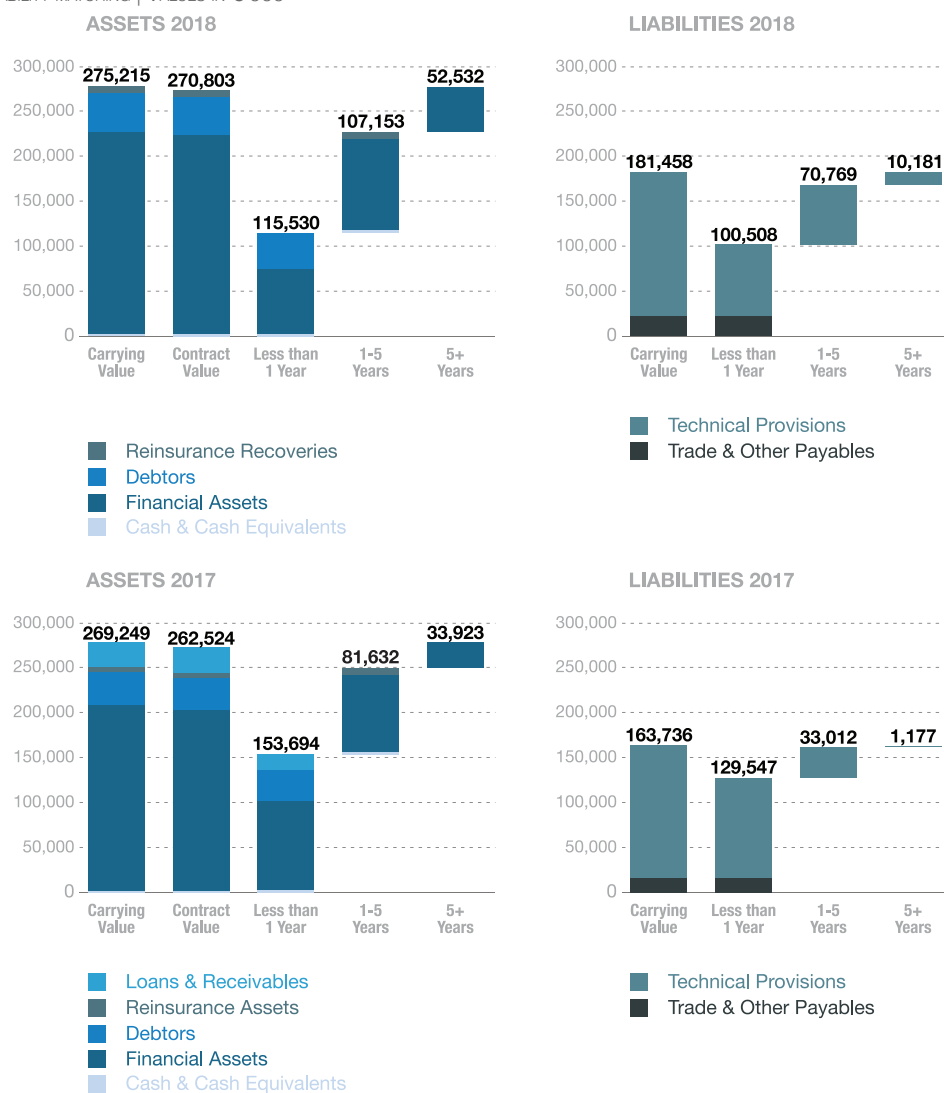
Liquidity risk is the risk that the Company cannot meet its financial obligations as they fall due.

The liquidity management process is defined within the Company's Asset Liability Management and Liquidity Risk Policy. The Company manages liquidity risk by continuously monitoring, forecasting the actual cash flows and matching the maturity profiles of assets and liabilities. Liquidity management ensures that the Company has sufficient access to funds necessary to cover reinsurance claims.

The Company's Asset Liability Management & Liquidity Risk Policy sets out overarching principles in terms of maintaining a liquid portfolio so that appropriate levels are maintained to discharge liabilities as they fall due.

The Company believes that it will generate sufficient cash from premium receipts to pay claims, acquisition costs and operating expenses in most years. To the extent that underwriting cash flows are not sufficient to cover operating cash outflow in any year, the Company may utilise cash flows generated from investments and ultimately liquidate assets from its investment portfolio. The Company ensures that its liquidity requirements are supported by maintaining a high-quality, well-balanced and liquid portfolio, and by matching the duration of its investments with that of its reinsurance liabilities. In practice, most of the Company's assets are marketable securities which could be converted into cash when required, thus there is no significant risk concentration in illiquid assets.

FIGURE 17; ASSETS LIABILITY MATCHING | VALUES IN €'000



C.4 Liquidity Risk

Key risk metrics are defined regarding liquidity risk that are reported against on an ongoing basis. There were no material breaches of the Company's liquidity risk appetite during 2018.

Prudent Person Principle

In respect of Market risk, Credit risk and Liquidity risk the company follows the prudent person principal.

The Company's investment policy is in line with the Prudent Person Principle, and the Company;

- Will only invest in assets the risks of which can be properly identified, measured, monitored, managed and controlled.

- Will only invest all assets, in particular those covering MCR and SCR, in such a way as to ensure security, quality, liquidity and availability of the portfolio.
- Will invest assets held to cover the technical provisions in a manner appropriate to the nature and duration of its insurance and reinsurance liabilities.
- Will diversify in such a way to avoid excessive reliance on any particular asset, issuer or group of undertakings or geographical area and excessive accumulation of risks as a whole in respect of MCR and SCR and Technical Provisions.

Expected Profit in Future Premiums

The expected profit included in future premiums for the Company is estimated to be €18,719k.

C.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events (whether deliberate, accidental or triggered by natural occurrence).

The Company has implemented a risk management policy to assist in managing operational risk and has also put in place a process to manage operational risk events. Operational risks including emerging risks follow the risk management processes set out in Chapter B. Key risk metrics are defined with regard to operational risk that are reported against on an ongoing basis. There were no material breaches of the Company's operational risk appetite during 2018.

Key operational risks are;

- **DATA:** risk that the company does not have appropriate processes and procedures to ensure accuracy, completeness and appropriateness of data.
- **TALENT ACQUISITION AND RETENTION:** risk of inadequate recruitment practises, development, management or retention of employees.
- **EXECUTION MANAGEMENT (POLICY & PROCEDURES):** risk to a service performance arising from a failure to carry out operational processes in an accurate, timely and complete manner.

- **COMPLIANCE:** the risk of legal, administrative or disciplinary sanctions, together with the financial loss that the company may suffer as a result of its failure to comply with all the laws and regulations.
- **SYSTEMS & IT SECURITY:** risk arising from lack of effectiveness, integrity, reliability, capacity and/or availability of systems. It is also the risk of the loss or damage arising out of unauthorised access to, use of, disclosure of, disruption of, modification or destruction to information or information systems.
- **OUTSOURCING:** the risk of failure, non-performance ineffective management and/or oversight of an outsourced service provider.

All material operational risks have specific risk mitigation plans prepared. The Company has contingency plans to reduce the risk arising from major events, such as premises being unusable, IT system failures, failure of key outsourced counterparties and loss of key staff.

In addition, the Company assess if additional capital is required for operational risk in the ORSA process, over and above the required amount specified in the SCR, standard formula calculation. No additional capital for operational risk was identified as necessary for 2018, as no scenario was identified, which if occurred in isolation would materially reduce the SCR coverage.

C.6 Other Material Risks

There are macro-economic changes including economic downturn, increased competition, changing market and mobility trends and the risk associated with changes in the taxation laws in the jurisdiction in which the company operates. The success of the company depends on its ability to react appropriately to these changes together with its distribution network partner.

Strategic risk is the risk of uncertainties impacting on the strategic objectives, this includes external events. Reliance

is placed on market insurers and ALD Group's network of entities for the distribution channel. This distribution network is a key part of the business model and is key part of the successful growth of the Company.

Strategic risk is managed by the Board and Executive management. Strategic risk management follows the processes set out in Chapter B.

C.7 Any other Information

The Company has no other material risks to note other than those outlined above.



D VALUATION FOR SOLVENCY PURPOSES

The main differences in the valuation of assets and liabilities between GAAP financial statements and Solvency II is the underlying calculation and treatment of technical provisions, insurance receivables and unearned premiums.

D.1 Assets

The following are the Company's assets as at 31 December 2018 as reported in the GAAP financial statements and as

valued in accordance with the Solvency II Directive with the main differences identified.

FIGURE 18: ASSET | VALUES IN €'000

ASSET CLASS	VALUE PER GAAP BASIS	RECLASSIFICATION FOR SOLVENCY II PURPOSES	VALUATION ADJUSTMENT	VALUE PER SOLVENCY II	2017 VALUE PER SOLVENCY II	NOTES
FINANCIAL ASSETS						
Corporate Bonds	137,985	1,133	-	139,118	125,919	1.1
Loans and receivables	-	-	-	-	10,000	-
Government Bonds	30,135	293	-	30,428	22,928	1.1
Equities	28,904	-	-	28,904	28,590	1.2
Cash and cash equivalents	30,725	(5,252)	-	25,473	31,763	1.3
Collective Investment Undertakings	-	5,380	-	5,380	11,736	1.4
Total financial assets	227,749	1,554	-	229,303	230,936	
OTHER ASSETS						
Deferred Acquisition costs	4,744	-	(4,744)	-	-	1.5
Reinsurance recoverables	3,317	-	(17)	3,300	4,619	1.6
Deposits to cedants	500	-	-	500	500	1.7
Premium receivables	43,649	-	(30,577)	13,072	8,582	1.8/2.2
Other assets	3,181	(2,326)	-	855	250	1.9
Total Other Assets	55,391	(2,326)	(35,338)	17,727	13,951	
Total assets	283,140	(772)	(35,338)	247,030	244,887	

Notes

- | | |
|---|---|
| <p>1.1 Fixed income securities (corporate bonds and government bonds) are valued at fair value under GAAP. Solvency II valuation basis prescribes market value plus accrued interest.</p> <p>1.2 Equities are valued at fair value under local GAAP and market value under Solvency II. There is no accrued interest on equities.</p> <p>1.3 Cash & Cash equivalents (includes the Cash at Bank) are valued at fair value under GAAP. Solvency II valuation basis prescribes market value plus accrued interest.</p> <p>1.4 The Company invests in liquidity funds (money market funds) which are classified as cash under GAAP. Given that there a number of underlying assets in these funds the look through approach has been adopted under Solvency II. The valuation of the funds under GAAP is fair value and Solvency II is market value. Accrued interest is negligible, so the value reported in the valuation adjustment column is nil. This is classified as a collective investment undertaking under Solvency II.</p> | <p>1.5 Deferred acquisition costs are valued under GAAP based on the estimated un-utilised benefit at year end. They are not allowable under Solvency II.</p> <p>1.6 Solvency II valuation allows for the reinsurance recoveries on insurance contracts</p> <p>1.7 Deposits to Cedants are valued at fair value under GAAP and market value Solvency II.</p> <p>1.8 Under Solvency II premium receivables relate to past due amounts only; future cash flows are included with the premium provisions within technical provisions.</p> <p>1.9 Accrued interest included in "other assets" under GAAP is reallocated among the financial assets under Solvency II.</p> |
|---|---|

D.2 Technical Provisions

The following are the Company's gross technical provisions as at 31 December 2018 as reported in the GAAP financial

statements basis and as valued in accordance with the Solvency II Directive with the main differences identified.

FIGURE 19: TECHNICAL PROVISIONS | VALUES IN €'000

ASSET CLASS	VALUE PER GAAP BASIS	RECLASSIFICATION FOR SOLVENCY II PURPOSES	VALUATION ADJUSTMENT	VALUE PER SOLVENCY II	2017 VALUE PER SOLVENCY II	NOTES
Claims provisions	125,363	-	(12,731)	112,632	103,555	2.1
Motor vehicle liability insurance	109,465	-	(10,488)	98,977	90,406	
Other motor insurance	13,807	-	(2,023)	11,784	11,366	
All other lines	2,091	-	(220)	1,871	1,783	
Premium provisions	35,234	-	(54,221)	(18,987)	(18,572)	2.2
Motor vehicle liability insurance	24,808	-	(37,154)	(12,346)	(11,199)	
Other motor insurance	10,393	-	(15,978)	(5,585)	(6,819)	
All other lines	33	-	(1,089)	(1,056)	(554)	
Risk Margin	-	-	9,837	9,837	7,623	2.3
TOTAL	160,597	-	(57,115)	103,482	92,606	

Notes

- 2.1 Claims provisions under GAAP include a Margin for Uncertainty which has been calculated in accordance with former regulatory guidance. There is explicit prudence in the booked reserves and so is not compatible with Solvency II valuation principles. The Solvency II valuation is calculated in accordance with Articles 77 to 82 of the Solvency II Directive and includes additional liabilities not included for GAAP, including Events not in Data and the expenses of running off the Company's claims.
- 2.2 Premium provisions under GAAP (or the Unearned Premium Reserve) are calculated on an accruals basis. Premium provisions under Solvency

II consider the future cashflows of the contracted business, including cashflows relating to claims, runoff expenses, and future premium receipts. The Company's premium provision is negative, as its premiums are not received in full at inception of the policy but are normally settled on a monthly basis.

- 2.3 The Risk Margin is the additional amount, in excess of the best estimate, that another undertaking would require taking over the Company's insurance obligations. The Risk Margin is calculated based on the Cost of Capital approach using the prescribed 6% cost of capital.

Uncertainty

Sources of uncertainty in the valuation of the technical provisions include:

- Changes in the frequency and severity of claims driven by demographic, legal, medical, technological, social and environmental changes, policyholder choices, or economic developments such as claims inflation; and
- The potential for future natural catastrophic events

Other

The Company does not apply the matching adjustment (Article 77b of the Solvency II Directive), volatility adjustment (Article 77d), transitional risk-free interest rate-term structure (Article 308c) or the transitional deduction (Article 308d).

There has been no material change in assumptions in the calculation of technical provisions.

D.3 Other Liabilities

The following are the Company's other liabilities as at 31 December 2018 as reported in the GAAP financial statements

and as valued in accordance with the Solvency II Directive with the main differences identified.

FIGURE 20; OTHER LIABILITIES | VALUES IN €'000

OTHER LIABILITY	VALUE PER GAAP BASIS	RECLASSIFICATION FOR SOLVENCY II PURPOSES	VALUATION ADJUSTMENT	VALUE PER SOLVENCY II	2017 VALUE PER SOLVENCY II	NOTES
Deferred Tax Liability	-	(772)	2,697	1,925	2,441	3.1
Other	22,618	-	189	22,807	16,671	3.2
TOTAL	22,618	(772)	2,886	24,732	19,112	

Notes

- 3.1 The deferred tax liability changes due to differences in the tax value of assets and liabilities between the GAAP and Solvency II bases.
- 3.2 The majority of this balance relates to claims payable.

D.4 Alternative Methods for Valuation

The Company does not use any alternative methods for valuation other than those specified in Solvency II.

D.5 Any Other Information

The Head of Actuarial Function has provided an opinion to the Board that the Technical Provisions of ALD Re comply in all material respects with the Solvency II Directive.



E CAPITAL MANAGEMENT

The Company uses the standard formula as defined by EIOPA to calculate the SCR, it has been deemed appropriate for use given the risk profile.

All the Company's Own Funds are all Tier 1, unrestricted €118,815k and eligible to cover the Solvency Capital Requirement ("SCR") €60,763k and Minimum Capital Requirement ("MCR") €19,469k. The SCR coverage ratio is 196% (2017; 231%) and the MCR coverage ratio is 610% (2017; 781%).

As outlined in Chapter B, the ORSA process has assessed the capital requirements over the plan period, and capital adequacy under a range of stress and scenarios. The ORSA process provides reasonable assurance that the Company can withstand Company specific risks over the business planning period.

E.1 Own Funds

Overview

The capital management objective is to ensure that the company has, and will have in the future, sufficient capital to pay its insurance contractual liabilities and all other creditors in full as these liabilities fall due. This means the Company must hold an appropriate amount and quality of capital to meet regulatory requirements as well as a buffer relevant to the specific capital needs. This process considers the Company's risk profile, financial condition, business model and strategies, sensitivity to changing conditions and other factors that may arise from time to time.

The Company has a Board approved Capital Management policy, setting out how capital is to be managed. Available capital is to be managed in a way which optimises the relationship between risks and return and ensures that adequate capital resources are maintained. To optimise the relationship between risk and reward, consideration of the Company's risk appetite during the formulation and implementation of business strategies is essential. The Capital Management policy specifies objectives, responsibilities, processes and procedures in relation to the management of the Company's capital.

An annual assessment of the Company's own funds is completed, and this includes;

- An assessment of the own funds to ensure they meet the capital eligibility criteria over the business planning period (currently a three-year period); and
- An assessment of the proposed own funds items per the Company's medium-term capital management plan

The ORSA process described in Chapter B is performed annually and is a key input in to the Capital Management Policy and in identifying the necessary capital to withstand company specific risks.

The company measures and calculates capital using the Standard Formula as defined by EIOPA. The Solvency Capital Requirement (SCR) measures the amount of capital which is required to be held to cover a 1/200-year event over a 1-year horizon and reflects the risk profile of the company. The MCR, lower than the SCR, is the minimum level of regulatory capital required. See further details in section E.2.

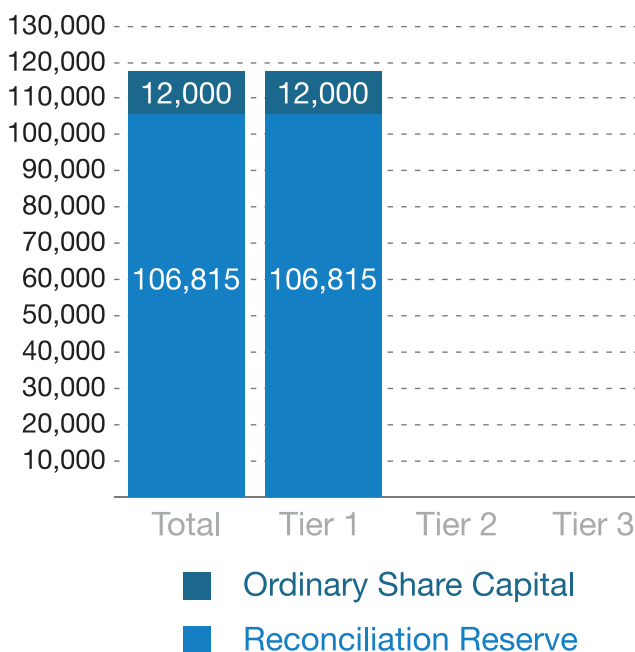


E.1 Own Funds

The Company's Own Funds are all Tier 1, unrestricted. There has been no change in the tiering structure during 2018.

Eligible Own Funds 2018

FIGURE 21; ELIGIBILITY OWN FUNDS BY TIER | VALUES IN €'000

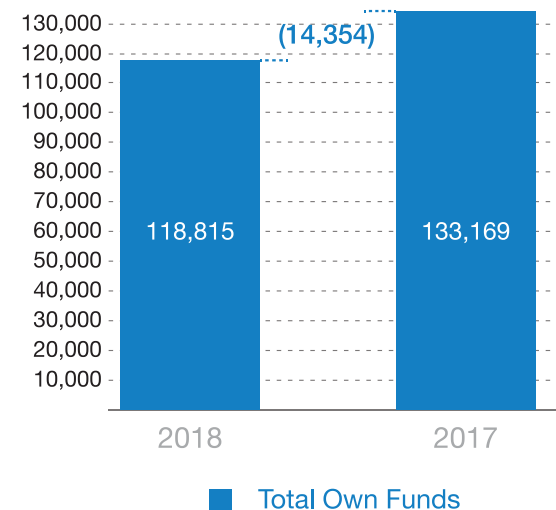


The ordinary share capital is made up of fully paid share capital.

The reconciliation reserve is made up of retained earnings and valuation differences arising from differing treatment under local GAAP and Solvency II. The retained earnings per local GAAP, is dependent on the underwriting, investment, and any unrealised profits or losses arising from investments for the year. Investment over time always contains some inherent uncertainty on asset market values and can be potentially volatile. These are described further detail in chapter D.

Both the Ordinary share capital and Reconciliation reserve is fully available to absorb losses.

FIGURE 22; COMPARISON TO PRIOR YEAR | VALUES IN €'000



Overall there has been a reduction in the own funds. The main movements are:

- The profits for 2017 were higher than 2018, prior to the dividend paid in 2018 (in respect of 2017 year-end).
- This has been a decrease in the difference between the Capital and Reserves per the GAAP Financial Statements and Solvency II own funds, primarily due to an increase in the claims provisions and risk margin.

The Company has no plans to raise debt by issuing new shares in the short or medium term. All shares issued are fully paid up.



E.1 Own Funds

The main differences in the valuation are the underlying calculation and treatment of technical provisions, insurance receivables and unearned premiums. These main differences between the two bases have been outlined in Chapter D in

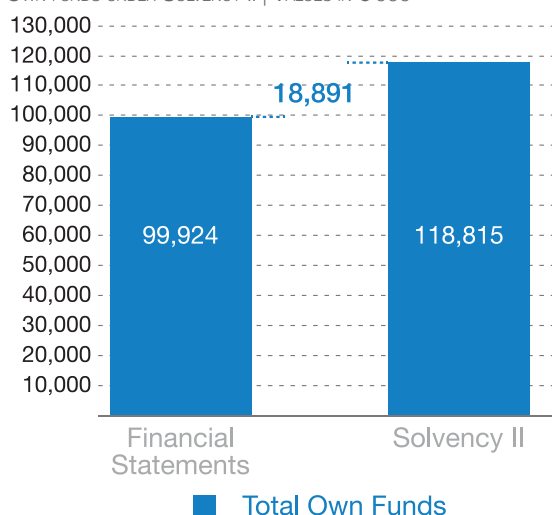
detail. Below is a quantitative analysis of the explanation of material differences between equity as per Financial Statements and excess of assets over liabilities under SII.

FIGURE 23 | VALUES IN €'000

Explanation of material differences between equity as per Financial Statements and excess of assets over liabilities under SII		2018
EQUITY PER FINANCIAL STATEMENTS		
Ordinary Share capital		12,000
Fair value reserve		(5,137)
Profit and Loss Account		93,061
Total equity		99,924
ADJUSTMENTS FOR SOLVENCY II		
Difference in Technical provisions		21,881
Deferred acquisition costs not recognised		(4,744)
Deferred tax		2,697
Other		(943)
Solvency II own funds (excess of assets over liabilities under SII)		118,815

The table below shows the differences between Capital and Reserves per the GAAP Financial Statements and the Own Funds as under Solvency II as at 31 December 2018.

FIGURE 24: CAPITAL AND RESERVES, UNDER GAAP FINANCIAL STATEMENTS AND OWN FUNDS UNDER SOLVENCY II | VALUES IN €'000



The Solvency II Own Funds are invested in cash deposits, equities, fixed income securities and Group securities and all investment in Own Funds is governed by the Company's investment strategy.

Transitional arrangements

None of the Company's Own Funds are subject to the transitional arrangements referred to in articles 308b (9) and 308b (10) of the Solvency II Directive.

Ancillary Own Funds

The Company has no ancillary own funds.

Deductions and Restrictions

No deductions are applied to Own Funds and there are no material restrictions affecting their availability and transferability.

E.2 Solvency Capital Requirement and Minimum Capital requirement

Overview

The amounts of the Company Minimum Capital Requirement ("MCR") and Solvency Capital Requirement ("SCR") as at 31 December 2018 are specified below being an MCR of €19,469k (2017; €17,057k) and an SCR of €60,763k (2017; €57,739k).

The SCR is the higher of the two measures and represents the amount of capital that must be held to ensure that the Company has sufficient capital to withstand an extreme scenario. This indicator measures the capability of an entity to manage all the risks, considered inherent to the (re)insurance industry. The extreme scenario is calibrated to be at a level around 1 in 200 years, over a 1-year time horizon.

The MCR represents the minimum amount of capital that must be held to continue in operation, holding an amount lower than this is deemed an unacceptable risk for the insured.

The main movements during the year are as follows;

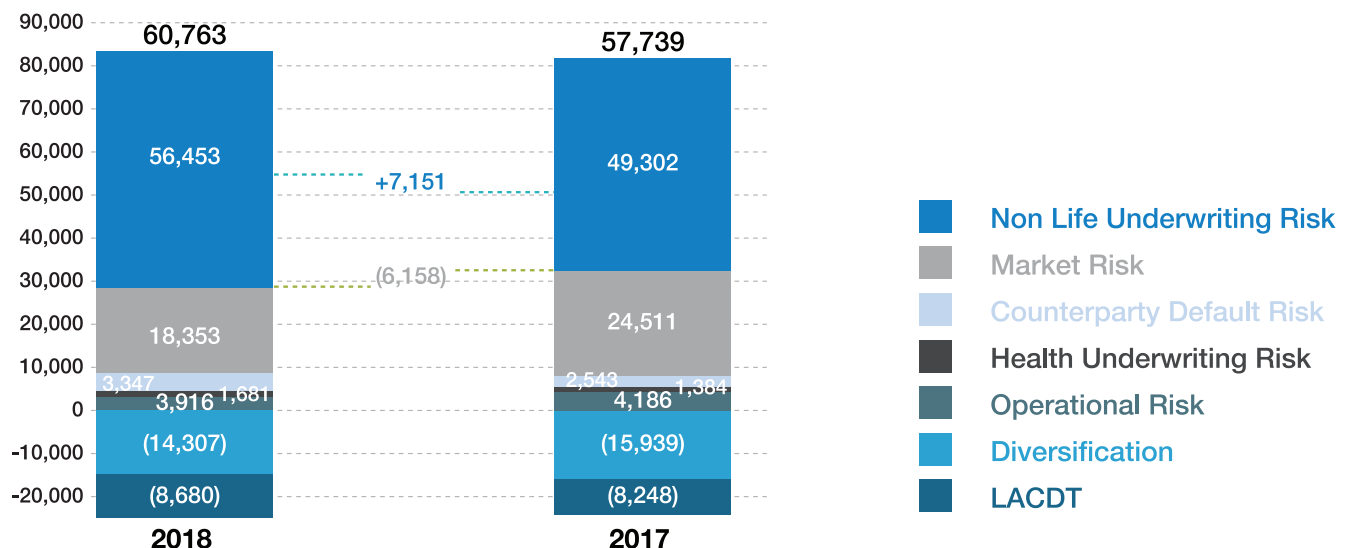
- Non-life risk charge increased primarily due to new business values and higher claims provisions. The gross claims provision increased from €103,554k to €112,633k during the period and the expected future premium has also increased.
- Market risk charge has reduced primarily due to maturity of a group security during 2018, and a nil loan to a group entity at the year end.

Solvency Capital Requirement

SCR split by risk module;

The table below shows the risk modules that make up the company's SCR as at 31 December 2018, with comparatives. The Company uses the standard formula.

FIGURE 25; SCR BY SUB-MODULE WITH COMPARATIVE | VALUES IN €'000



E.2 Solvency Capital Requirement and Minimum Capital requirement

FIGURE 26; MINIMUM CAPITAL REQUIRED (MCR) | VALUES IN €'000

Minimum Capital Required	2018	2017
Linear MCR	19,469	17,057
SCR	60,763	57,739
Combined MCR	19,469	17,057
Minimum Capital Required	19,469	17,057

The MCR has increased during the period due to the increase in written premium, from €114,266k to €137,238k and total best estimate net from €80,362k to €90,345k.

The Company does not use simplifications or undertaking specific parameters in applying the Standard Formula to calculate the SCR.

Other

The company has assessed that the standard formula broadly reflects the risks it is exposed to and uses the standard formula in determining the company's SCR.

E.3 Use of the duration- based equity risk sub module in the calculation of Solvency Capital Requirement

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

E.4 Difference between standard formula and any internal model used

The Company applies the Standard formula model as defined by EIOPA and does not use an internal model to calculate the Solvency Capital Requirement.

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

The Company has maintained sufficient capital to meet its MCR and SCR throughout the period covered by this report.

E.6 Any other information

There is no other material information to report regarding the Company's capital management

APPENDIX 1: SFCR PUBLICLY DISCLOSED QRTS

1. QRT S.02.01.01; BALANCE SHEET
2. QRT S.05.01.02; PREMIUM CLAIMS AND EXPENSES BY LINE OF BUSINESS
3. QRT S.05.02.01; PREMIUM CLAIMS AND EXPENSES BY TOP FIVE COUNTRIES
4. QRT S.17.01.02; TECHNICAL PROVISIONS FOR EACH LINE OF BUSINESS
5. QRT S.19.01.21; CLAIMS DEVELOPMENT TRIANGLES
6. QRT S.23.01.01; OWN FUNDS
7. QRT S.25.01.21; SOLVENCY CAPITAL REQUIRED
8. QRT S.28.01.21; MINIMUM CAPITAL REQUIREMENT

S.02.01.01 BALANCE SHEET

ASSETS		SOLVENCY II VALUE
		C0010
Goodwill	R0010	-
Deferred acquisition costs	R0020	-
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	512
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	203,830
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	28,904
Equities - listed	R0110	28,904
Equities - unlisted	R0120	-
Bonds	R0130	169,546
Government Bonds	R0140	30,428
Corporate Bonds	R0150	139,118
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	5,380
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	3,300
Non-life and health similar to non-life	R0280	3,300
Non-life excluding health	R0290	3,300
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	500
Insurance and intermediaries receivables	R0360	13,072
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 paid in	R0400	-
Cash and cash equivalents	R0410	25,473
Any other assets, not elsewhere shown	R0420	343
Total assets	R0500	247,030

S.02.01.01 BALANCE SHEET

LIABILITIES		SOLVENCY II VALUE
		C0010
Technical provisions – non-life	R0510	103,482
Technical provisions – non-life (excluding health)	R0520	103,559
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	93,715
Risk margin	R0550	9,845
Technical provisions - health (similar to non-life)	R0560	(77)
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	(70)
Risk margin	R0590	(7)
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	-
Risk margin	R0680	-
Technical provisions – index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	1,925
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	20,865
Reinsurance payables	R0830	-
Payables (trade, not insurance)	R0840	755
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	1,187
Total liabilities	R0900	128,214
Excess of assets over liabilities	R1000	118,815

S.05.01.02 PREMIUMS, CLAIMS & EXPENSES BY LINE OF BUSINESS

ALL FIGURES ARE IN €'000

		INCOME PROTECTION INSURANCE	MOTOR VEHICLE LIABILITY INSURANCE	OTHER MOTOR INSURANCE	LEGAL EXPENSES INSURANCE	TOTAL
		C0020	C0040	C0050	C0100	C0200
Premiums written						
Gross - Direct Business	R0110	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0120	3,841	78,155	53,337	1,905	137,238
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-
Reinsurers' share	R0140	-	1,563	-	-	1,563
Net	R0200	3,841	76,592	53,337	1,905	135,675
Premiums earned						
Gross - Direct Business	R0210	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0220	3,557	74,829	51,439	1,711	131,537
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-
Reinsurers' share	R0240	-	1,563	-	-	1,563
Net	R0300	3,557	73,265	51,439	1,711	129,973
Claims incurred						
Gross - Direct Business	R0310	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0320	950	47,312	33,191	60	81,513
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-
Reinsurers' share	R0340	-	(1,334)	-	-	(1,334)
Net	R0400	950	48,646	33,191	60	82,847
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	655	11,947	6,862	345	19,809
Other expenses	R1200	-	-	-	-	-
Total expenses	R1300	-	-	-	-	19,809

S.05.02.01 PREMIUMS, CLAIMS AND EXPENSES BY TOP 5 COUNTRIES

ALL FIGURES ARE IN €'000

		HOME COUNTRY	TOTAL TOP 5 & HOME COUNTRY	TOP 5 COUNTRIES (BY AMOUNT OF GROSS PREMIUMS WRITTEN) - NON-LIFE OBLIGATIONS				
	R0010			(IT) Italy	(FR) France	(ES) Spain	(PL) Poland	(BE) Belgium
		C0080	C0140	C0090	C0090	C0090	C0090	C0090
Premiums written								
Gross - Direct Business	R0110	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0120	-	80,985	22,048	20,181	17,494	12,820	8,442
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-	-	-
Reinsurers' share	R0140	-	1,509	-	927	410	172	-
Net	R0200	-	79,476	22,048	19,254	17,084	12,647	8,442
Premiums earned								
Gross - Direct Business	R0210	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0220	-	75,804	21,530	20,151	14,555	11,122	8,444
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-	-	-
Reinsurers' share	R0240	-	1,509	-	927	410	172	-
Net	R0300	-	74,294	21,530	19,225	14,145	10,950	8,444
Claims incurred								
Gross - Direct Business	R0310	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0320	-	47,240	13,079	14,207	7,874	5,481	6,600
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-	-	-
Reinsurers' share	R0340	-	(1,334)	-	(1,334)	-	-	-
Net	R0400	-	48,574	13,079	15,541	7,874	5,481	6,600
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	-	10,099	4,023	1,753	1,792	1,419	1,112
Other expenses	R1200	-	-	-	-	-	-	-
Total expenses	R1300	-	10,099	-	-	-	-	-

S.17.01.02 NON-LIFE TECHNICAL PROVISIONS

ALL FIGURES ARE IN €'000

		INCOME PROTECTION INSURANCE	MOTOR VEHICLE LIABILITY INSURANCE	OTHER MOTOR INSURANCE	LEGAL EXPENSES INSURANCE	TOTAL NON-LIFE OBLIGATION
		C0030	C0050	C0060	C0110	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 calculated as a whole	R0050	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM		-	-	-	-	-
Best Estimate		-	-	-	-	-
Premium provisions		-	-	-	-	-
Gross	R0060	(878)	(12,346)	(5,585)	(178)	(18,988)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	(272)	-	-	(272)
Net Best Estimate of Premium Provisions	R0150	(878)	(12,075)	(5,585)	(178)	(18,716)
Claims provisions		-	-	-	-	-
Gross	R0160	808	98,977	11,784	1,064	112,633
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	3,572	-	-	3,572
Net Best Estimate of Claims Provisions	R0250	808	95,405	11,784	1,064	109,061
Total Best estimate - gross	R0260	(70)	86,631	6,199	885	93,645
Total Best estimate - net	R0270	(70)	83,330	6,199	885	90,345
Risk margin	R0280	(7)	9,100	651	93	9,837
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	(77)	95,731	6,850	978	103,482
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	3,300	-	-	3,300
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	(77)	92,431	6,850	978	100,182

S.19.01.21 NON-LIFE INSURANCE CLAIMS INFORMATION - TOTAL NON-LIFE BUSINESS

GROSS CLAIMS PAID (NON-CUMULATIVE) (ABSOLUTE AMOUNT) | ALL FIGURES ARE IN €'000

DEVELOPMENT YEAR		0	1	2	3	4	5	6	7	8	9	10&+	CURRENT YEAR	SUM OF YEARS
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100											315	315	315
N-9	R0160	21,243	11,282	2,213	1,081	637	803	569	183	120	259		259	38,389
N-8	R0170	22,146	12,168	2,417	1,043	1,084	443	693	263	410			410	40,667
N-7	R0180	21,615	12,950	2,453	833	861	1,098	573	312				312	40,696
N-6	R0190	22,939	12,067	2,517	865	842	560	714					714	40,503
N-5	R0200	23,405	17,263	4,611	1,667	890	701						701	48,537
N-4	R0210	22,450	12,649	3,871	1,864	2,140							2,140	42,974
N-3	R0220	30,879	16,711	3,662	2,140								2,140	53,391
N-2	R0230	34,442	20,318	4,069									4,069	58,829
N-1	R0240	35,170	23,072										23,072	58,242
N	R0250	40,371											40,371	40,371
	R0260												74,502	462,914

GROSS UNDISCOUNTED BEST ESTIMATE CLAIMS PROVISIONS | ALL FIGURES ARE IN €'000

DEVELOPMENT YEAR		0	1	2	3	4	5	6	7	8	9	10&+	YEAR END (DISCOUNTED DATA)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100											1,996	1,995
N-9	R0160								865	684	709		709
N-8	R0170							1,130	806	713			713
N-7	R0180						4,903	3,841	3,510				3,505
N-6	R0190					4,045	4,840	3,956					3,952
N-5	R0200				6,565	4,376	3,711						3,715
N-4	R0210			11,637	8,687	6,257							6,251
N-3	R0220		15,940	11,055	7,679								7,678
N-2	R0230	39,762	17,250	11,934									11,917
N-1	R0240	50,173	22,339										22,273
N	R0250	50,198											49,925
	R0260												112,633

S.23.01 OWN FUNDS

ALL FIGURES ARE IN €'000

BASIC OWN FUNDS BEFORE DEDUCTION FOR PARTICIPATIONS IN OTHER FINANCIAL SECTOR AS FORESEEN IN ARTICLE 68 OF DELEGATED REGULATION (EU) 2015/35		TOTAL	TIER 1 - UNRESTRICTED	TIER 1 - RESTRICTED	TIER 2	TIER 3
		C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	12,000	12,000	-	-	-
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	106,815	106,815	-	-	-
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 shall 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 shall 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	118,815	118,815	-	-	-
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	118,815	118,815	-	-	-
Total available own funds to meet the MCR	R0510	118,815	118,815	-	-	-
Total eligible own funds to meet the SCR	R0540	118,815	118,815	-	-	-
Total eligible own funds to meet the MCR	R0550	118,815	118,815	-	-	-
SCR	R0580	60,763	-	-	-	-
MCR	R0600	19,469	-	-	-	-
Ratio of Eligible own funds to SCR	R0620	1.9554				
Ratio of Eligible own funds to MCR	R0640	6.1029				

S.23.01 OWN FUNDS (CONTINUED)

ALL FIGURES ARE IN €'000

RECONCILIATION RESERVE		
		C0060
Excess of assets over liabilities	R0700	118,815
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	12,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve	R0760	106,815
Expected profits		-
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	18,719
Total EPIFP	R0790	18,719

S.25.01 SOLVENCY CAPITAL REQUIREMENT - FOR UNDERTAKINGS ON STANDARD FORMULA

ALL FIGURES ARE IN €'000

		GROSS SOLVENCY CAPITAL REQUIREMENT	USP	SIMPLIFICATIONS
		C0110	C0090	C0120
Market risk	R0010	18,353	-	-
Counterparty default risk	R0020	3,347	-	-
Life underwriting risk	R0030	-	-	-
Health underwriting risk	R0040	1,681	-	-
Non-life underwriting risk	R0050	56,453	-	-
Diversification	R0060	(14,308)	-	-
Intangible asset risk	R0070	-	-	-
Basic Solvency Capital Requirement	R0100	65,527	-	-

S.25.01.21 CALCULATION OF SOLVENCY CAPITAL REQUIREMENT (CONTINUED)

ALL FIGURES ARE IN €'000

		C0100
Operational risk	R0130	3,916
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	(8,680)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement, excluding capital add-on	R0200	60,763
Capital add-ons already set	R0210	-
Solvency Capital Requirement	R0220	60,763
Other information on SCR		-
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-

S.28.01.21 MINIMUM CAPITAL REQUIREMENT - ONLY LIFE OR ONLY NON-LIFE INSURANCE OR REINSURANCE ACTIVITY

ALL FIGURES ARE IN €'000

LINEAR FORMULA COMPONENT FOR NON-LIFE INSURANCE AND REINSURANCE OBLIGATIONS			
		C0100	
MCRNL RESULT	R0010	19,469	
		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	-	2,309
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	83,330	78,975
Other motor insurance and proportional reinsurance	R0060	6,199	55,423
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	885	666
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.28.01.21 MINIMUM CAPITAL REQUIREMENT - ONLY LIFE OR ONLY NON-LIFE INSURANCE OR REINSURANCE ACTIVITY (CONTINUED)

ALL FIGURES ARE IN €'000

OVERALL MCR CALCULATION			C0070
Linear MCR	R0300		19,469
SCR	R0310		60,763
MCR cap	R0320		27,343
MCR floor	R0330		15,191
Combined MCR	R0340		19,469
Absolute floor of the MCR	R0350		3,700
Minimum Capital Requirement	R0400		19,469



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