

Solvency and Financial Condition Report

Everest Reinsurance Company (Ireland), dac

For the Year Ending 31 December 2018

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1. SUMMARY

Approval by the Board of Directors

This report was reviewed and approved by the Board of Directors of Everest Reinsurance Company (Ireland) dac on 11 April 2019.

Independent auditors report

Narrative sections D, E.1, E.2 and E.6 of the Solvency and Financial Condition Report are subject to audit review by the Company's external auditors PriceWaterhouseCoopers (PWC).

The following Quantitative Reporting Templates ('QRTs'), which are included in the Appendix, are also subject to audit by PWC.

Template ref	Template Name
S.02.01.02	Balance Sheet
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life Claims Information
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement
S.28.01.01	Minimum Capital Requirement

The Company's reporting currency is Euro.

Key Solvency II Metrics

	€'000	€'000
Solvency II Balance Sheet	**2018**	**2017**
Assets	645,384	570,859
Technical Provisions	317,881	255,781
Other Liabilities	38,263	26,245
Excess of Assets over Liabilities	289,240	288,833
Solvency Capital Requirement (SCR)		
Underwriting Risk	99,798	85,619
Counterparty Risk	2,342	1,570
Market Risk	104,287	91,850
Diversification Benefit	(44,232)	(38,198)
Basic SCR	162,195	140,841
Operational Risk	8,152	6,967
Solvency Capital Requirement	**170,347**	**147,808**
Minimum Capital Requirement (MCR)	**42,587**	**36,952**
Eligible Own Funds		
Tier 1 Basic Own Funds	289,240	288,833
Ratio of Eligible Own Funds to SCR	170%	195%
Ratio of Eligible Own Funds to MCR	679%	782%

1.1 Business and performance

Everest Reinsurance Company (Ireland), dac ('ERCID', 'the Company') is an Irish designated activity company licensed by the Central Bank of Ireland (CBI) to write all classes of non-life reinsurance business. The ultimate parent company is Everest Re Group Ltd ('Everest Re', 'the Group') which is a global insurance and reinsurance company registered on the New York Stock Exchange.

The Company commenced writing business in 2010 and focuses on the provision of general property, casualty treaty reinsurance to (re)insurance companies ('cedants') domiciled predominantly in Continental Europe. It underwrites from its Dublin headquarters and through a branch office domiciled in Zurich, Switzerland.

The Company produces annual financial statements in accordance with Financial Reporting Standard FRS 102 & 103 ('FRS'). On this basis the Company produced a pre-tax profit for the year ended 31 December 2018 of €32.3m compared to €37.5m loss in the prior period. Gross Written Premiums ("GWP") and Net Earned Premiums ('NEP') were €220m and €72.2m respectively compared to €163m & €62.6m in the prior period.

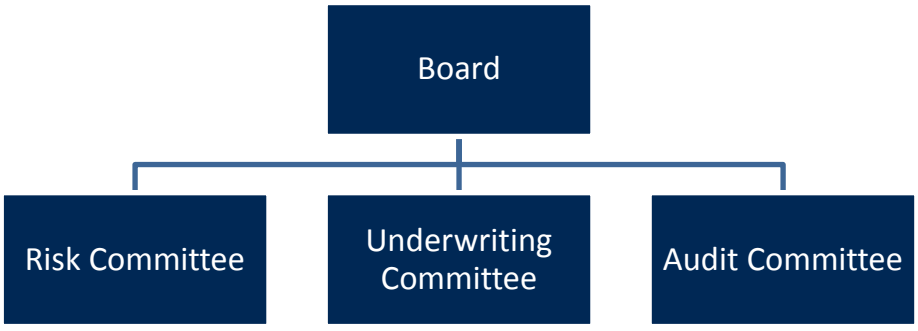
As at the period end the Company was rated 'A+ Strong' by Standard & Poor's, 'A+ Superior' by A.M Best and 'A+ Good' by Moody's.

There were no material changes to the Company's business profile in 2018 or at the time of publication.

1.2 System of governance

The Company is subject to the various requirements set out by the Central Bank of Ireland including the Corporate Governance Requirements for Insurance Undertakings 2015, the Probability Risk and Impact system ('PRISM') as well as those requirements imposed as part of the Everest Re Group.

The Company's Board of Directors sets corporate objectives and strategy and is responsible for ensuring that the Company's system of governance is appropriately maintained and delivered. The Company has set up a governance structure comprising of the Board and sub-committees as follows:



The Board recognizes the importance of strong corporate governance and oversees the framework and operation of the system through its Audit and Risk sub-committees.

The Chief Executive Officer ('CEO') is responsible for the day to day management of risk control within the business operations as well as delivering the strategy set by the Board and optimizing business performance within the governance and risk framework set by the Board.

The Chief Risk Officer ('CRO') and Compliance Officer ('CO') are functions independent from the operational departments and provide assurance to the Risk and Audit committees with regard to the overall operation and effectiveness of the risk management system.

Risk management, compliance, actuarial and internal audit are key functions in our system of governance. Each of these functions reports regularly to the Board, Risk Committee and/or Audit Committee.

Annual audits are carried out by the Internal Audit function. These provide the Board with an independent review of the activities of the CEO, CRO, CFO, CO and operational departments. Findings and recommendations are reported directly to the Audit Committee.

All persons who are either involved in the day to day running of the Company or hold positions in key functions are required to demonstrate that they have the appropriate level of fitness and probity to fulfill the requirements of those roles. Those persons holding positions in key functions are subject to the Central Bank of Ireland's Pre Approved Control Function (PCF) regime which requires pre-approval by the CBI before they can take up the position.

There were no material changes made to the Company's system of governance during 2018 or at the time of publication.

1.3 Risk profile

The Company maintains a risk register in line with the requirement of the Central Bank of Ireland's PRISM regime.

The Board of Directors set the Company's risk appetite and assesses the risk profile on a regular basis. The Company carries out an Own Risk and Solvency Assessment ('ORSA') based upon its in house economic capital model which it then compares to the Solvency Capital Requirement ('SCR') output from the SII Standard Formula model.

The Board considers that three key risks could either separately or in aggregate cause material impairment to capital:

- **Asset Risk**
  Asset or market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.
- **Catastrophe Risk**
  This is the risk that a single event or series of events, of major magnitude, usually over a short period could lead to a significant deviation in actual claims from the total expected claims.
- **Long Tail Reserving Risk**
  So-called Casualty classes of business carry a long settlement period and a risk of inherent volatility. Long-tail risk arises when actual claims experience differs adversely from the assumptions included in setting reserves, in large part due to the length of time between the occurrences of a loss, the reporting of the loss and the ultimate payment of the claim.

These risks are monitored on a regular basis using an internal economic risk model and management system. These are described in more detail in Section C below.

The Company purchases both whole account quota share and excess of loss reinsurance from Group affiliated entities to limit risk exposure, reduce volatility and to maintain a level of capital above the Solvency II SCR aligned to Board approved risk appetite. This level is set by the Risk Committee of the Board of Directors and is periodically reviewed in line with the Company's risk appetite and profile.

The Board has assessed the impact of the UK leaving the European Union in March 2019 under the so-called 'hard Brexit' scenario. The Board continues to be of the opinion that this risk does not have a negative impact on the Company's business objectives and strategy; nor does it inhibit access to cedants or the Company's ability to efficiently operate contracts of reinsurance. The Company has made appropriate changes with regard to services provided by UK based affiliated companies where external legal advice has indicated that these services could no longer be provided.

There were no material changes to the Company's risk profile during 2018.

1.4 Valuation for solvency purpose

In Section D, we set out our approach to valuing assets and liabilities under Solvency II.

The Company carried out a reconciliation of differences between the valuation of assets and liabilities made under FRS and Solvency II. These include the valuation of technical provisions and reinsurance recoveries and the exclusion of certain assets and liabilities. The reconciliation for the year ended 2018 is disclosed in section D.

There were no material changes to the Company's method of valuation for solvency purpose during 2018 or at the time of publication.

1.5 Capital management

The Company aims to hold sufficient own funds in order that it maintains a margin to cover the solvency Capital Requirement and Minimum Capital Requirement ('MCR') in line with the Board approved risk appetite. Further details on capital management policies can be found in section E.

Own funds at 31 December 2018 were €289m (prior year €289m) with a Solvency Capital Requirement of €170m (prior year €148m) resulting in a Solvency II SCR ratio of 170% (prior year 195%). The MCR at 31 December 2018 was €42m (prior year €37m). The year over year increase in required capital can be attributed to planned growth in preferred business segments such as financial lines, property catastrophe, marine and aviation.

There were no material changes to the Company's method of capital management during 2018 or at the time of publication.

A. Business and performance

A.1 Business profile

A.1.a Name and legal form of the undertaking

Everest Reinsurance Company (Ireland), dac
Incorporated in the Republic of Ireland.

Registered Address:
70 Sir John Rogerson's Quay,
Dublin 2.

A.1.b Name and contact details of the supervisory authority responsible for the financial supervision of the undertaking

The Central Bank of Ireland
New Wapping Street,
North Wall Quay,
Dublin 1

A.1.c External Auditor of the undertaking

PriceWaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1

Under the EU Audit Reform Regulation No 537/2014, Public Interest Entities (PIE) are required to mandatory rotate their auditors after ten years. ERCID became a PIE in 2009. In accordance with the legislation, the Company's existing auditors, PriceWaterhouseCoopers, were required to be replaced as statutory auditor for the year commencing 1st January 2019. As of this date PriceWaterhouseCoopers will be replaced by

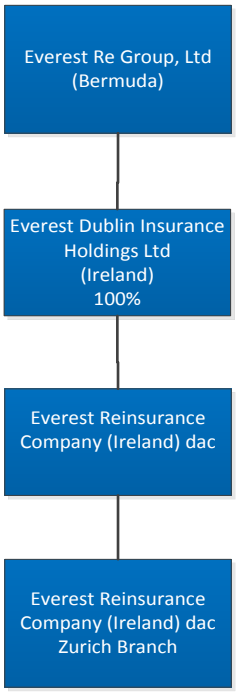
KPMG
1 Harbourmaster Place,
IFSC
Dublin 1

A.1.d Description of the holders of qualifying holdings in the undertaking

Name of Related Undertaking	Legal Form	Country	Participating Undertaking	Proportion of Ownership Interest Held by the Participating Undertaking	Proportion of Voting Rights Held by the Participating Undertaking
Everest Reinsurance Company (Ireland), dac	Limited by shares	Ireland			
Everest Dublin Insurance Holdings Limited (Ireland)	Limited by shares	Ireland	Everest Reinsurance Company (Ireland), dac	100%	100%
Everest Re Group, Ltd. (Bermuda)	Limited by shares	Bermuda	Everest Dublin Insurance Holdings Limited (Ireland)	100%	100%

A.1.e Details of the undertakings position within the legal structure of the Group

The Company is a designated activity Company and is part of the Everest Re Group



A.1.f Material lines of business and material geographical areas in which Business is carried out

Gross Premium generated by underwriting year 2018 has been sourced as follows

Line of Business

	2018	2017
Property	48%	55%
Credit & Surety	18%	9%
Motor	14%	16%
Professional Lines	13%	9%
Marine, Aviation and Transport	7%	11%
	100%	**100%**

Cedant Domicile

	2018	2017
Germany	21%	25%
France	18%	15%
Romania	14%	10%
Switzerland	10%	6%
Spain	8%	11%
UK	7%	5%
Bermuda	6%	1%
Bulgaria	5%	3%
Other	11%	24%
	100%	**100%**

A.1.g Significant business or other events over the reporting period that have had a material impact on the Company

During the third quarter of 2018 the Company incurred losses relating to Hurricanes Jebi which are reported under property line of business and within expectation.

A.2 Underwriting performance

Performance by line of business

Period ending 31 December 2018	Income Protection	Motor vehicle liability	Marine Aviation and Transport	Fire and other damage to property	General liability	Credit and suretyship	Total
	€000's	€000's	€000's	€000's	€000's	€000's	€000's
Net Earned Premium	224	13,975	5,856	33,271	7,831	11,128	72,285
Net Incurred Claims	569	9,569	3,407	16,301	3,573	4,218	37,637
Expenses Incurred	98	3,845	1,447	5,780	4,085	4,703	19,958
Underwriting Profit / (Loss)	**(443)**	**561**	**1,002**	**11,190**	**173**	**2,207**	**14,690**

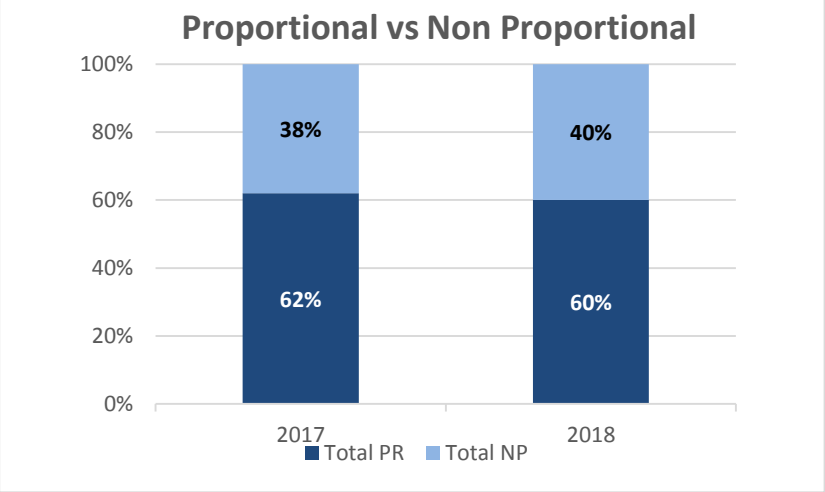
Period ending 31 December 2017	Income Protection	Motor vehicle liability	Marine Aviation and Transport	Fire and other damage to property	General liability	Credit and suretyship	Total
	€000's	€000's	€000's	€000's	€000's	€000's	€000's
Net Earned Premium	171	11,915	6,559	33,615	5,722	4,667	62,649
Net Incurred Claims	122	6,331	3,830	23,093	2,967	4,192	40,535
Expenses Incurred	97	657	1,942	11,525	1,962	1,433	17,616
Underwriting Profit / (Loss)	**(48)**	**4,927**	**787**	**(1,003)**	**793**	**(958)**	**4,498**

Performance by geographic location- Home Country and Top 5

Period ending 31 December 2018	Ireland	Germany	France	Romania	Switzerland	Spain	Total
	€000	€000	€000	€000	€000	€000	€000
Net Written Premium	947	18,393	15,541	8,400	8,013	6,724	58,018
Net Earned Premium	756	17,714	13,092	8,408	4,766	6,220	50,955
Net Incurred Claims	247	4,256	7,635	3,198	4,430	1,746	21,513

Period ending 31 December 2017	Ireland	Germany	France	Romania	Poland	Spain	Total
	€000	€000	€000	€000's	€000	€000	€000
Net Written Premium	221	16,239	8,423	7,017	3,346	6,761	61,308
Net Earned Premium	211	17,273	8,256	7,030	3,923	7,675	62,649
Net Incurred Claims	90	10,833	3,953	2,012	3,262	5,983	40,535

Proportional versus Non Proportional 2017-2018



A.3 Investment Performance

A.3.a Income and expenses arising from investments by asset class

The Board of directors is responsible for establishing investment policy and guidelines and, together with senior management, for overseeing their execution.

The Company's principal investment objectives are to ensure funds are available to meet its reinsurance obligations and to maximize after-tax investment income while maintaining a high quality diversified investment portfolio. Considering these objectives, the Company views its investment portfolio as having two components:

1) the investments needed to satisfy outstanding liabilities (its core fixed maturities portfolio) and

2) investments funded by the Company's shareholders' equity.

For the portion needed to satisfy outstanding liabilities, the Company has invested in taxable and tax-preferenced fixed income securities with 90% rated A or higher. The portfolio is externally managed by an independent, professional investment manager using portfolio guidelines approved by the Board and is adjusted periodically, consistent with current and projected market conditions and the Company's risk appetite.

The duration of an investment is based on the maturity of the security but also reflects the payment of interest and the possibility of early prepayments. The Company's fixed income investment guidelines include a general duration guideline. This investment duration guideline is established and periodically revised by management, which considers economic, and business factors, as well as the Company's average duration of potential liabilities, which, at 31 December 2018, is estimated at approximately four years, based on the estimated payouts of underwriting liabilities using standard duration calculations.

For each currency in which the Company has established substantial loss and loss adjustment expense (LAE) reserves.

The Company seeks to maintain invested assets denominated in such currency in an amount approximately equal to the estimated liabilities with any surplus held in USD.

The Company's invested assets totalled €465.5m market value as per the table below.

Investments	**Market Value 2018 €'000**	**Market Value 2017 €'000**
Government Bonds	154,084	137,079
Corporate Bonds	300,777	268,408
Collective Investment undertakings	10,704	7,714
TOTAL	**465,565**	**413,201**

The par value of the Company's investment portfolio didn't vary significantly in the period.
The split of bonds by credit rating on a par value basis is as follows:

	Par Value 2018 €'000	**Par Value 2017 €'000**
AAA	189,924	181,055
AA+	27,092	36,302
AA-	57,970	50,584
AA	40,841	45,303
A+	42,182	40,075
A-	18,730	29,080
A	76,795	29,575
BBB+	31,240	27,280
BBB-	3,220	1,670
BBB	13,380	4,240
BB	1,500	2,200
	502,874	**447,364**

A.3.b Information about any gains and losses recognized directly in equity

The Company has no gains and losses recognized directly in equity.

A.3.c Information about any investments in securitisation

The Company does not hold any investments in securitisation

A.4 Performance of other activities

The Company has the following other material income and expenses:

	2018	2017
	€'000	€'000
Foreign exchange revaluation (losses)/gains and other costs	(1,123)	(1,620)

A.5 Any other material information

The Company does not have any other material information to disclose in regard to business and performance.

B. System of governance

B.1 General Information on the system of governance

B.1.a The structure of the Company's administrative, management or supervisory body and key functions

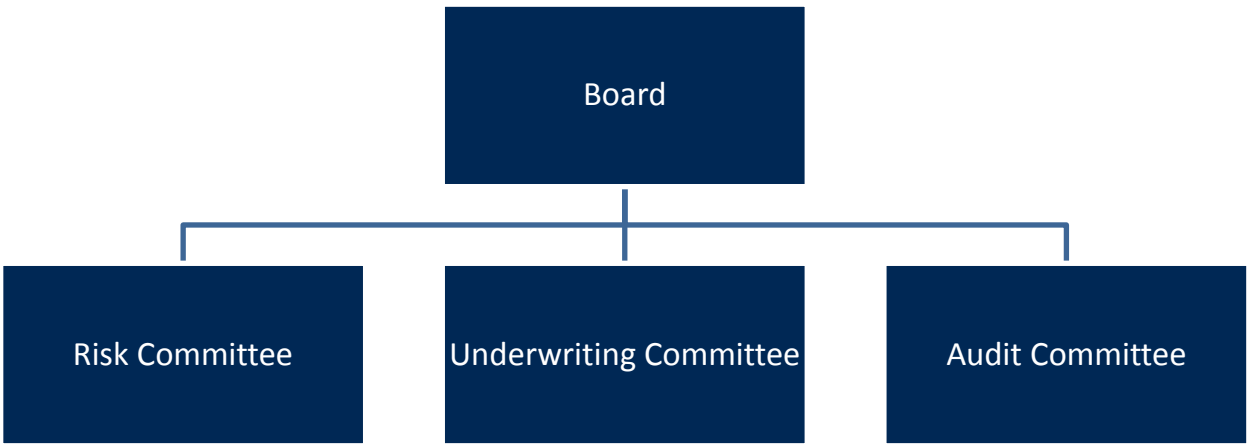
Responsibility for the design and oversight of the Company's systems of governance, in line with the Corporate Governance Requirements for Insurance Undertakings 2015 by the Central Bank of Ireland, resides with the Board of Directors.

The Board is primarily responsible for:

- Setting strategy and approval of the Company's business plan;
- ensuring that the CEO and executive management implement the strategy and report on actual performance against the business plans;
- ensuring that an appropriate system of internal control, including compliance, is in place and operating effectively;
- Assessing and monitoring the major risks facing the Company and ensuring that an appropriate risk management framework is developed and implemented by management
- Monitoring capital adequacy. Validation of the standard formula and SCR, ensuring that the minimum SCR and MCR are maintained at all times;
- ensuring that the Company complies with all relevant laws and regulations

The Board has formed a Risk Committee, Audit Committee and Underwriting Committee to which it has formally delegated specific functions. However this delegation does not remove or absolve its members of their responsibilities to the Company. Both the Board and Committees are constituted in such a way as to meet the requirements of the Central Bank of Ireland's code: *Corporate Governance Requirements for Insurance Undertakings 2015*.

Board committees



Risk committee

The Risk Committee is responsible for providing oversight and advice to the Board on current risk exposures and future risk strategy. It assists the Board in setting and monitoring the Company's risk appetite and key

risks as well as the maintenance and oversight of the risk register. It also oversees matters relating to compliance management.

The Committee is composed of two Independent Non-Executive directors ('INED's') (one of whom is its Chairman), and the CEO. It meets prior to each scheduled Board meeting and accepts presentations from the Compliance Officer and Chief Risk Officer. The Committee Chairman may call additional meetings as and when deemed appropriate, the minutes of which will be submitted to the Board at its next meeting.

The Committee's responsibilities and level of authority are set out in formal terms of reference which are annually reviewed and approved by the Board. Key responsibilities are:

- Advising the Board on risk appetite and risk tolerance taking account of the Board's overall risk appetite
- Advising the Board on proposed strategic solvency targets
- Overseeing the Company's risk management system, policies, and procedures
- Overseeing the risk management function as managed on a day to day basis by the CRO
- Liaising regularly with the CRO to ensure the development and ongoing maintenance of an effective risk management system that is effective and proportionate to the nature, scale and complexity of the risks inherent in the business
- Ensuring the effectiveness of strategies and policies with respect to maintaining, on an ongoing basis, amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the organisation
- Overseeing the Company's compliance with statutory and regulatory requirements
- Participating in and monitoring the ORSA process and outcomes and ensuring that the ORSA is implemented effectively within the Company
- Reviewing certain large transactions referred by the Underwriting Committee
- Monitoring compliance with legal and regulatory requirements and
- Review the annual compliance plan and reviewing the outcomes of the compliance monitoring programme of the Company.

Audit committee

The Audit Committee is responsible for oversight of financial reporting and associated internal controls as well as the performance of both internal and external audits. The Committee provides a link between the Board and the independent internal and external auditors.

The Committee is composed of four directors, two of whom are INED's (one of which is Chairman of the Committee) and two Non-Executive directors ('NED's'). It meets prior to each scheduled Board meeting and accepts presentations from the CEO and CFO on operational and financial matters, as well as periodic reports from the Head of Internal Audit function and external Audit Partner. The Committee Chairman may call additional meetings as and when deemed appropriate, the minutes of which will be submitted to the Board at its next meeting.

The Committee's responsibilities and level of authority are set out in formal terms of reference which are annually reviewed and approved by the Board. Key responsibilities are:

- Monitor the effectiveness of the Companies internal controls, internal audit function and information technology ('IT') systems.

- Ensure that the findings and recommendations of both the internal and external auditors are communicated to the Board and acted upon in a timely manner.
- Approve the appointment of the internal and external auditors, assessing both their independence and effectiveness.
- Review the scope of the audit plans presented by the external and internal auditors.
- Review the Company's interim and annual financial statements in conjunction with executive management and, on an annual basis, with the external auditor.
- Assess the effectiveness of the Company's internal financial control processes, investigating any material breeches and recommending corrective action if required.
- Review the Company's accounting policies and any significant matters raised by external and internal auditors.

Underwriting committee

The Underwriting Committee assists the Board in establishing and overseeing the Company's underwriting policies and procedures, and reviewing compliance with the Company's Underwriting Principles.

The Committee is composed of the Chairman of the Board, Chief Underwriting Officer, Zurich Branch Manager and Chief Financial Officer. Meetings take place so as to coincide with scheduled Board meetings or at other such times deemed to be appropriate. The Chairman of the Committee will make a report to the Board.

To fulfil its responsibilities and duties the Underwriting Committee shall:

- Delegate to underwriters levels of acceptance, defined by Premium, limit and class.
- Set aggregate limits for in all appropriate classes and territories.
- Periodically review rating and other underwriting tools and approve or amend as necessary.
- Review and sign off of risks referred by underwriters which are outside of Chief Underwriter Officer's authority limits as stated in their Letter of Authority.
- The Underwriting Committee will review all underwriting transactions which fall outside of delegated authority limits and either approve or provide underwriters with specific individual authority delegations.
- Review significant underwriting transactions where the Company's written premium exceeds a specific amount, as pre-determined by the Board on a per-cedant.
- Involve the Risk Committee in the decision process for significant signings.

General Information on Key Functions

Our risk management, compliance, actuarial and internal audit functions are the key functions in our system of governance. Each of these functions reports regularly to the Board, Risk Committee and /or Audit Committee. The functions may draw upon support from Group where appropriate but also may engage external resources (whether systems, tools or people) as required.

Risk function

Primary responsibility for the Risk function has been delegated by the Board to the Risk Committee. The Company's Chief Risk Officer ('CRO') has a standing invitation to the meetings of the Risk Committee to whom they provide a regular verbal and written report.

The CRO is responsible for ensuring that business decisions made by the executive management fall within the Company's risk appetite and strategy. The CRO is supported by the Group Enterprise Risk Management department based in New Jersey, USA.

Compliance function

The Company's compliance function is headed up by the Compliance Officer. The Compliance Officer provides periodic reports to the Risk and Audit committees and is independent from the executive functions. The key responsibilities of the Compliance Function are detailed in section B.4.5.b below. The function is primarily responsible for oversight and compliance with the requirements of the regulatory environment in which the Company operates; mitigation of risk of financial crime, data protection and ensuring adherence to internally published company policies and procedures.

Actuarial function

The actuarial function is headed by the Chief European Actuary holds the role of Head of Actuarial Function ('HoAF'), as set out by the Central Bank of Ireland's Fitness and Probity regime. The key responsibilities of the HOAF are detailed below in section B6. With effect from March 2019 the CRO assumed the role of HOAF and was approved by the CBI.

Internal Audit function

The purpose of the Internal Audit function is to provide independent, objective assurance and consulting services designed to add value and improve the Company's operations. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.

The internal audit process is outsourced by the Company to EisnerAmper Ireland. Further oversight and support is provided by the Group Internal Audit department based in New Jersey, USA who carries out periodic audits under the direction of the Group audit committee. The Board believes that this arrangement provides an enhanced level of independent oversight both from a local and global perspective.

B.1.b Material changes in the system of governance in the reporting period

There were no material changes in the system of governance in the reporting period.

B.1.c Remuneration policy

B.1.c.i Principles of remuneration policy

The Company's remuneration program is designed to attract, retain and motivate individuals whose abilities are important to the success of the Company while also ensuring that such practice is consistent with, and promotes, sound and effective risk management.

To achieve these ends, the Company's remuneration program utilizes a short-term component, consisting of a fixed base salary, plus an annual, variable, merit-based discretionary bonus. In addition to this the Company may offer a long-term component, consisting of discretionary equity awards in the form of restricted share awards of stock in Company's ultimate parent, Everest Re Group, Ltd.

Short term remuneration is designed to attract, reward and retain employees for achieving optimal performance in the current year. Long term remuneration is designed to align the interests of the Company's senior management with those of the Group's shareholders by incentivizing employees to work towards achieving the Group's long-term goals.

Remuneration is based on the level of job responsibility, individual performance and contribution to the performance of the Company.

Remuneration awards are generally intended to be reasonably competitive with the open market so as to minimise the potential for disruptive turnover amongst key roles.

Employees are also entitled to receive additional forms of compensation including:

- Company funded pension plan;
- Company paid life insurance;
- Medical insurance and;
- Disability insurance.

B.1.c.ii Information on the individual and collective performance criteria on which any entitlement to share options, shares or variable components of remuneration is based

The Company offers a long-term remuneration component through the Everest Re Group, Ltd. 2010 Stock Incentive Plan, as adopted by the Group's shareholders in May, 2010 (the '2010 Stock Incentive Plan'). Awards under the 2010 Stock Incentive Plan are intended to reinforce management's long-term perspective on corporate performance, provide an incentive for key executives to remain with the Company for the long-term, and provide a strong incentive for employees to work to increase shareholder value by aligning key executives' interests with the Group's shareholders.

Awards under the 2010 Stock Incentive Plans may take the form of share options, share appreciation rights, restricted shares or share awards. To date, the Group Board of Directors has only awarded restricted shares and non-qualified share options pursuant to the Plan. In 2018 only restricted shares were awarded. Restricted shares are awarded on the day that they are granted by the Group's Board of Directors and valued as of the grant date. Restricted share awards vest over a five year period at the rate of 20% per year and are generally forfeited if the recipient leaves the Company before vesting. Generally, upon termination of employment, the recipient loses unvested options and restricted shares and has 90 days to exercise vested options.

In general, equity awards are considered and granted to eligible individuals once per year by the Board of directors of Everest Re Group Ltd and are in the subjective judgment and discretion of the Group's Board of directors based upon recommendation received from the Company's executive management.

The Group Board has not identified any specific factors or particular criteria that must be met by particular members of the Company's senior management and does not assign any relative weighting to any factors or criteria it considers. Rather it exercises its subjective judgment and discretion by taking into account all factors that it deems relevant. Examples of factors that the Group Board has utilised include the recipient's demonstrated past and expected future performance, the recipient's level of responsibility within the Company, his/her ability to affect shareholder value, and past awards of share options, share appreciation rights, restricted shares, or share awards.

B.1.c.iii A description of the main characteristics of supplementary pension or early retirement schemes for members of the administrative, management or supervisory body and other key function holders

The Company operates a pension plan for all staff, regardless of level of seniority, on a defined contribution basis. Employees are subject to the standard rules of the schemes in place at their place of work. Independent non-executive directors of the Board receive a fixed annual fee as remuneration and are not members of the supplementary pension scheme. Members of the administrative, management or supervisory body and other key function holders who are not directly employed by the Company are subject to the schemes provided by their employer.

B.1.d Material transactions during the reporting period with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body and other key function holders

There were no material transactions during the reporting period.

B.2 Fit and proper requirements

B.2.a A description of the undertakings specific requirements concerning skills, knowledge and expertise applicable to the persons who effectively run the undertaking or have other key functions

The Company is required to fulfil the minimum requirements as set out by the CBI in Fitness and Probity Standards 2014. The Company is required to nominate employees in specific control function ('CF') roles and in certain cases obtain the pre-approval of the CBI, by completing online individual questionnaires, before appointing individuals to Pre-approved Controlled Functions ('PCF') roles.

The Company requires that a person who holds a PCF or CF role can demonstrate that they have the necessary competence and proficiency to undertake the relevant function, have a sound knowledge of the business, and their specific responsibilities together with a clear and comprehensive understanding of the legal/ regulatory obligations to undertake that function.

Chief Executive Officer ('CEO')

The CEO is designated as (PCF-8) and Executive Director (PCF-1) with overall responsibility for the operation of the Company, the CEO is the most senior executive of the Company and is the link between management and the Board. The CEO reports directly to the Chairman of the Board.

Head of Actuarial Function ('HoAF')

The role of HoAF is designated at PCF-48 by the CBI and is held by the Chief European Actuary of Everest Advisors UK Ltd, a Group affiliate. The HoAF has over twenty years of industry experience and is a Member of the Institute of French Actuaries. HoAF is supported by staffs that hold, or are training towards, internationally recognized actuarial qualifications. The actuarial function shall possess, and be able to demonstrate, appropriate knowledge of actuarial and financial mathematics commensurate with the nature, scale and complexity of the risks of the Company and:

- have the necessary skill and experience;
- have not been disqualified by their professional body;
- be competent and capable;
- be honest, ethical, and act with integrity; and
- be financially sound.

With effect from March 2019 the CRO assumed the role of HOAF and was approved by the CBI.

Chief Risk Officer ('CRO')

The role of CRO is designated at PCF-14 by the CBI and held by the Chief Actuary of the Zurich Branch. The Board has satisfied itself that:

- The CRO must demonstrate that they have relevant expertise gained in risk management or actuarial science supported by appropriate formal qualifications. They must also demonstrate continued professional development.
- The CRO has sufficient seniority and independence to influence proposals or challenge decisions which affect an insurance undertaking's exposure to risk.

With effect from March 2019 the CRO assumed the role of HOAF and was approved by the CBI.

Head of Compliance ('HoC')

The HoC is designated at PCF-12 by the CBI and held by a direct employee of the Company. The HoC is independent of the executive function. The HoC is required to demonstrate knowledge of legislation and regulatory matters impacting the Company and be able to articulate these to the Board.

Head of Internal Audit ('HoIA')

The role of HoIA is designated at PCF-13 by the CBI and held by a nominated senior officer of a firm of Dublin based Chartered Accountants and is independent of the executive function.

The internal audit plan sets out the internal audit approach and methodology which will be applied in undertaking the internal audit programmes, this facilitates:

- Production of Internal Audit Reports for the Audit Committee on the system of internal control;
- Auditing ERCID's risk management, governance and internal control arrangements through an internal audit plan, prioritised according to the key objectives and risks;
- Identifying the audit resources required to deliver the internal audit program in accordance with the required professional standards;
- Provision to senior management and the Audit Committee of recommendations resulting from audit work which are intended to improve the internal control, risk management and governance environment; and
- Co-operating and communicating effectively with ERCID's Statutory Auditors, Group Internal Audit and the CBI.

Chief Financial Officer ('CFO')

The CFO is designated at PCF-11 (Head of Finance) by the CBI and held by a direct employee of the Company, who reports to the CEO of the Company. The CFO is responsible for the financial reporting of the Company and is expected to demonstrate knowledge of accounting and regulatory matters impacting the Company and be able to articulate these to the Board.

Chief Underwriting Officer ('CUO')

The CUO is designated as PCF-18 by the CBI and is responsible for the underwriting process and strategy in the Company. The CUO is assisted in this role by the Branch Manager in Zurich (PCF-16) and his team who

operate under delegated authorities approved by the Board. The CUO and Branch Manager report to the Chairman of the Board.

B.2.b A description of the undertakings process for assessing the fitness and the propriety of the persons who effectively run the undertaking or have other key functions

Where the Company has determined that an individual is appropriate for the role of PCF, the application process is undertaken for the submission of the individual questionnaire via the CBI Online System. The process involves:

- Completing the relevant sections of the individual questionnaire ('IQ') by both the applicant and proposer
- Documentation of supporting experience and relevant qualifications
- Declaration by the proposed holder of the PCF of the accuracy and veracity of the information provided
- Declaration by an appropriate officer confirming the checks of the individual were undertaken by the Company (e.g. appropriate due diligence with regard to qualifications and experience, previous employer reference checks etc.) and confirming that the Company is satisfied that the proposed holder of the PCF is fit and proper.

When the CBI confirms their approval of the appointment, the individual may commence their PCF role within the Company. The ongoing monitoring, including annual declarations and due diligence shall be the responsibility of the Head of Compliance.

Persons undertaking CFs roles are notified in writing by the Head of Compliance of their obligations under the Fitness and Probity standard, the letter will also identify the relevant Control Function code. The ongoing monitoring, including annual declarations and due diligence shall be the responsibility by the Head of Compliance.

In the cases where employees are not required to be nominated into control function roles the Company ensures that the employees are able to fulfil the requirements of their roles by holding such professional qualifications, knowledge and experience that would be reasonably expected by a knowledgeable third party and are of good repute and integrity.

The Company has a process in place to enable an annual confirm to the CBI that the Company is in compliance with the relevant regulatory requirements under the CBI's Fitness and Probity Standards 2014 and associated CBI Guidance (the "Fitness and Probity Standards").

These processes will ensure that all relevant persons meet, and continue to meet, the Fitness and Probity Standards and fulfil any training obligations.

The Company has in place a Fitness and Probity policy document which covers:

- Recruitment of persons undertaking PCF and CF roles
- Individuals performing PCFs and CFs on a temporary basis
- Outsourcing of PCFs and CFs
- On-going due diligence of individuals performing PCFs and CFs. Each CF and PCF holder must complete annual declarations on conflicts of interests, reputation and character, and civil and criminal record
- Addressing the consequences where a person's circumstances change and can no longer able to meet the F&P standard.

B.3 Risk management system including the Own Risk and Solvency Assessment (ORSA)

B.3.a Description of the risk management system comprising strategies, processes and reporting procedures, and how the Company is able to effectively identify, measure, monitor, manage and report, on a continuous basis, the risks on an individual and aggregated level, to which the Company is or could be exposed

The assumption of risk is central to the industry in which the Company operates. The Board of Directors provides direction to executive management by setting the Company's risk appetite and identifying the principal risks faced by the Company which are articulated in a risk register based on the CBI PRISM regime. The Board has identified three key risks which it believes could have the potential to cause material impairment of the Company's solvency position based on both the ECM and standard formula SCR. At the time of reporting the Company considers the following risks to be key:

- Asset Risk
- Catastrophe Risk
- Long Tail Reserving Risk

The Board delegates to the CEO and executive management primary responsibility for day to day risk management and control. The Company utilizes three lines of defense to identify, control and mitigate risk across all of its functions and to feedback information to the Board on the efficiency of the control system.

- **First line of defense**: Operational management assumes ownership of day-to-day business processes which assess, control and mitigate operational risk. These take the form of written policies and procedures.
- **Second line of defense**: the Risk Management function, Compliance function as well as expert functions, such as Actuarial and Finance, oversee the risk management framework and provide feedback to executive management and the Board.
- **Third line of defense**: the Internal Audit function provides independent assurance to the Board in respect of the effectiveness of risk management and controls.

B.3.b Description of how the risk management system including the risk management function are implemented and integrated into the organizational structure and decision-making processes

The majority of the reinsurance contracts written by the Company incept 1st January and have twelve month duration. The Group Economic Capital Model generates the Company's internal capital requirement based on an annual plan prepared in Q4 subsequently revised in Q1 of the following year.

Underwriters are provided with guidelines and specific levels of authority that limit the size and type of risk written. Actual performance is monitored against plan both at entity and Group level. The Group ERM function provide regular updates on the key risk position versus appetite and prior period to enable the Board to monitor risk position against appetite and tolerance.

Asset Risk is assessed on a quarterly basis and investment decisions are controlled by investment guidelines. The Company chooses to invest in low volatility highly rated sovereign or corporate bonds. Asset durations and currency exposures are matched to liabilities. Surplus capital is held in a currency instructed by the single member shareholder, currently USD.

Adequacy of loss reserves are assessed by the HoAF by an annual actuarial reserve study. This study is internally verified by the Group Chief Reserving Actuary and externally by a third party actuarial opinion. The appropriateness of estimated loss ratios is assessed on a quarterly basis which includes an actual versus expected analysis by underwriting year and line of business. Any variances deemed to be significant are discussed with executive management with appropriate adjustments being made. The HoAF is required by the CBI to prepare a formal report to the Board and statement of opinion to the CBI.

Catastrophic events are deemed to be events that create a loss to the Group of US$10m or more when combining Group affiliates. These events are tracked on a quarterly basis. Exposure to Natural Catastrophe events is controlled through aggregate management by peril zone.

The Company believes that it holds an adequate surplus of capital to allow it to pursue its strategic goal of achieving market leading average ROE over the insurance cycle.

Overall volatility of solvency needs, relevant to capital is deemed to be low. ECM capital is relatively close to the SII required capital. As statutory capital stands at €373m the Board believe there is an adequate buffer in place to cover regulatory capital.

B.3.4.a The ORSA assessment process

The ORSA process can be defined as an overarching process made up of the entirety of the policies and procedures employed by business functions to:

- Identify, assess, monitor, manage and report the short and long term risks that the Company faces or may face (Risk Assessment)
- Determine the own funds necessary (Capital Requirements) to ensure that the Company's overall solvency needs are met at all times (Solvency Assessment)
- Document the outcome of the Risk Assessment and calculation of Capital Requirements in an ORSA Report.

The ORSA is the Company's own view of its future risk and solvency position. As such it is embedded into the planning and strategic decision making process. Where large or non-standard deals are being considered, their potential quantitative impact on the Company's solvency capital position will be identified and articulated to the Underwriting Committee who will consider the output in line with the Company's strategic objectives. Any such assessments will be brought to the attention of the Board if the deal is considered to be commercially viable.

The Company's approach focuses on ensuring that the ORSA process is well integrated into the Company's strategic management and decision making framework. Therefore the ORSA process forms part of the model for decision making in which the Company's solvency position is considered at all times. The Board

and executive management adopt a risk-based approach to decision making, taking into account risk and associated capital requirements.

The Company ORSA processes are grouped into "Own Risk Assessment" processes which relate to the identification and assessment of risks faced by the Company and "Solvency Assessment" processes which are used for setting the appropriate level of capital based on the Company risk profile. These processes and their outputs are embedded in the day to day "business as usual" processes and therefore not specifically identified as "ORSA processes" or "ORSA reports".

B.3.4.b Frequency of the review and approval of the ORSA by the Company's administrative, management or supervisory body

The Board of Directors reviews and approves the ORSA at least annually, or at such times when a material change in business strategy would necessitate an update to more accurately illustrate the Company's risk environment.

A "dynamic ORSA" process runs throughout the course of the year with reports being made to the Board at their regular meetings.

B.3.4.c Determination of the Company's own solvency needs given the Company's risk profile and how capital management activities and risk management system interact with one another

The Company, as part of the Everest Re Group, has access to, and utilises, the skill and expertise of a centralised Enterprise Risk Management department, headed by the Group CRO. The Company utilises a sub-set of the Group Economic Capital Model (ECM) when calculating current risk positions of its three key risks.

The Company's annual business planning process takes place during the fourth quarter. The process includes the determination of capital requirements, including SCR and internal Economic Capital Requirement (ECR), resulting from the plan in line with the strategic objectives set by management and expected market conditions.

In order to ensure that the evolving nature of the risks identified in the ORSA are adequately monitored on an ongoing basis the Chief Risk Officer maintains an open and regular dialogue with the Group Emerging Risk Committee Company.

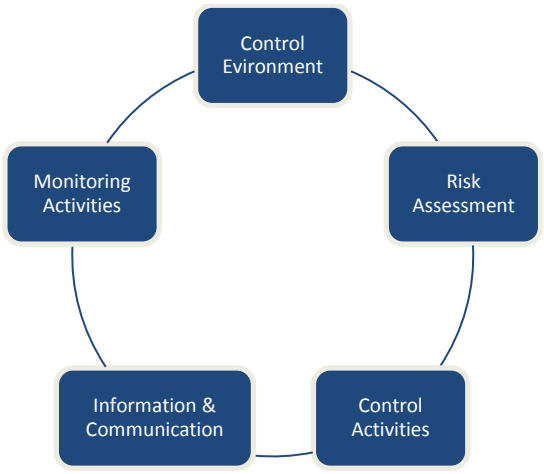
The ORSA processes and outputs used to assist Board in decision making are:

- **Risk Profile**: Assessment of the impact on the portfolio risk appetite and tolerance due to either a change in business mix or premium volumes in the proposed annual business plan.
- **Capital setting**: The SCR and ECM play a central role in calculating the necessary capital and solvency requirements resulting from the plan. The process aims to ensure that the SCR and ECR set for the following year are adequate to cover the Company's solvency needs as set by the Board.
- **Stress and scenario testing**: This is carried out to test the effect of a range of possible outcomes and set a range of acceptable parameters to ensure that the business bound remains within the risk appetite and tolerances set by the Board.

B.4 Internal control system

B.4.5.a Description of the internal control system

The Company's internal control framework has been designed to cover the following processes.



The Board of Directors, through the operation of the Audit and Risk Committees ensures that the internal control framework is maintained ensure the accuracy and timely reporting of financial and regulatory reporting. In addition to administrative and accounting procedures, the internal control framework covers the governance and oversight of:

- Underwriting;
- Calculation of technical provisions;
- Actuarial pricing and reserving;
- Claims adjustment;
- Compliance;
- Outsourcing;
- Data protection and Information Technology.

The Company's internal control framework is subject to an annual review. As part of an SEC regulated Group the Company is also subject to the requirements of Sarbanes Oxley and as such a review by the Company's external auditors on the appropriateness and effectiveness of controls. All internal controls are documented and include at least the following:

- A narrative overview of the processes and procedures;
- Identification of Key Controls;
- A risk assessment of each Key Control; and
- A management testing plan for each Key Control.

B.4.5.b Description of how the compliance function is implemented

The compliance function acts independently from other functions and departments and provides assurance to the Board in respect of the effectiveness of the risk management framework. The Compliance Officer is

not involved in any day to day operational activities, other than those required to fulfil their duties and to ensure that no conflicts of interest arise. The Compliance Officer has been given authority to access information necessary to ensure that they fulfil their duties in respect of the oversight of the Company's internal control framework.

The Compliance function works closely with the Internal and External Audit functions to ensure that any deficiencies are noted, remediation measures are implemented and all material issues are brought to the attention of the Audit and Risk Committees.

Supervision of the Company's compliance function is achieved through Board oversight together with the interaction of senior management and the CEO.

Periodic compliance risk assessments of the Company's business activities are undertaken by the Compliance Officer in conjunction with operational management. Compliance monitoring is achieved through scheduled and unscheduled reviews, incident/issue reporting, recording regulatory developments and the logging of complaints.

The Compliance Officer undertakes an annual review of the Company's procedures and practices to determine if they are being carried out in accordance with applicable regulatory requirements and best practices. The result of this review is presented to the Board for review and consideration.

B.5 Internal audit function

The purpose of the internal audit function is to determine whether the Company's risk management, internal control, and governance processes is adequate and functioning in a manner which ensures:

- Risks are appropriately identified and brought to the attention of the Board.
- Verification of the Company's assets
- The reliability and integrity of the Company's financial and regulatory information.
- Compliance with policies, standards, procedures, and applicable laws and regulations.

In addition, the internal audit function shall, as required, provide management value-added activities outside the traditional criteria of internal auditing services.

The head of internal audit function formulates an annual audit plan which is put before the Audit Committee. The plan evaluates the effectiveness of risk management and control processes across the business and selects risks in order to provide full coverage of key risks on a three year cycle. The Audit Committee and executive management may also request the inclusion of additional areas for review.

B.5.6.a Description of how the Company's internal audit function is implemented

The Company outsources the Head of Internal Audit PCF function to a third party. The Head of Internal Audit reports to the Chairman of the Audit Committee who is an Independent Non-Executive Director. The internal audit report is reviewed by the Audit Committee, and presented to the Board by its Chairman.

The mission of the Internal Audit function is to provide independent, objective assurance and consulting services designed to add value and improve the Company's operations. It helps the Company accomplish its

objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes. The Company is subject to oversight by both Group and local internal functions.

B.5.6.b Description of how the Company's internal audit function maintains its independence and objectivity from the activities it reviews

By outsourcing the internal audit function to a third party which is not engaged in any executive or operational function which relate to the day-to-day running of the Company, the Board ensures an appropriate separating of duties and independence.

In addition to this the Internal Audit departments of Everest Global Services carry out the Group Internal Audit function as directed by the Audit Committee of Everest Re Group Ltd.

B.6 Actuarial function

B.6.7 Description of how the actuarial function of the Company is implemented

The Company is required to meet the requirements of the Central Bank of Ireland's Domestic Actuarial Regime in respect of the Actuarial Function. The position of Head of Actuarial Function (HoAF) is held by The Chief European Actuary, employed by Everest Advisors (UK) Ltd. The HoAF is a graduate of *Institut des Actuaires (France)* and holds the controlled function PCF 48. The HoAF is supported by a team of qualified and part qualified actuaries with industry specific experience, as well actuarial and enterprise risk resource provided by Group.

With effect from March 2019 the CRO has assumed the role of HOAF and was approved by the CBI.

The actuarial function is required to:

- Calculate the Technical Provisions and inform the Board on the adequacy of the calculation. In addition the HoAF is required to provide an opinion and accompanying report to the Central Bank of Ireland.
- Prepare an opinion to the Board on underwriting policy and the adequacy of any reinsurance arrangements.
- Contribute to the effective design and maintenance of the Company's risk management system.
- On an annual basis provide to the Board with a statement on data quality and controls.

The Actuarial function works separately from other operational departments and reports directly to the Company Chairman. As a Company rated as Medium Low impact under the CBI PRISM regime the Company is required to appoint a Reviewing Actuary (RA) to carry out a Peer Review and deliver a report to the Board at least once every five years. The Company has appointed the RA from an affiliated company within the Everest Re Group.

The Peer Review Report shall include at least;

- A description of the scope of the review conducted including details of;
    - the work completed,
    - the processes followed,

- the extent to which the RA had access to relevant data, information, reports and staff of the undertaking,

- A commentary on assumptions, methodologies, and main uncertainties in the calculation of Technical Provisions as addressed in the Actuarial Opinion and Actuarial Report.
- An assessment of the reasonableness of the HoAF's conclusions within the Actuarial Opinion and Actuarial Report on Technical Provisions. The Peer Review Report shall be provided to the Board within 1 month of the Board receipt of the Actuarial report on Technical Provisions to which it relates, and to the Central Bank upon request.

The Board shall consider the results of the report in a timely manner and, where necessary, take appropriate action thereon.

The Board is required to notify the CBI when it has considered the report, highlighting any material issues raised by the report and, where necessary, setting out a plan of appropriate action or justifying why no action is to be taken.

B.7 Outsourcing

Description of the outsourcing policy of the Company, any outsourcing of any critical or important operational functions or activities and the jurisdiction in which the service providers of such functions or activities are located

With the exception of the outsourcing of the Internal Audit Function and payroll, the Company does not have any outsourcing arrangements in place with third parties outside of the Everest Re Group. All outsourcing arrangements are subject to service level agreements.

The Company is required to notify the CBI of any proposal to outsource critical or important functions or activities i.e. those activities which are essential to the operation of the Company as it would be unable to deliver its services to policyholders without them. The Company is required to carry out a detailed examination to ensure that the service provider has the necessary ability to carry out the outsourcing function or activity, taking into account the impact of the proposed outsourcing arrangement on the operations of the Company.

The Company has a comprehensive outsourcing policy in place which has been approved by the Board. The purpose of the Company's outsourcing policy is to:

- Clearly set out the roles and responsibilities within the Company in relation to outsourcing;
- Clearly set out those functions which the Board feel may be outsourced by the Company;
- Clearly set out the principles on which the Company outsources material functions;
- Provide a description of the processes and procedures which the Company carries out prior to outsourcing, including the assessment and impact of the outsourcing on its business;
- Provide a description of the processes and procedures post outsourcing including the review of service levels and the associated reporting and monitoring required by the Company to ensure that the outsourced service meets the same standard expected as if it remained within the Company.

The Company considers the following outsourced functions to be critical or important operational functions or activities:

Activity	Service Provider	Jurisdiction
Claims handling and adjusting	Everest Advisors (UK) Ltd	UK
Information Technology	Everest Advisors (UK) Ltd Everest Global Services	UK USA
Actuarial Function	Everest Advisors (UK) Ltd Everest Global Services	UK USA
Internal Audit	Eisner Amper Everest Global Services	Ireland USA
Investment Management	Deutsche Asset Management International GmbH Everest Global Services	Germany USA
Payroll Services	Grant Thornton PRS Services	Ireland Switzerland

B.8 Any other material information regarding the system of governance of the Company

The Company carries out a series of internal reviews as to the adequacy of the components of the systems of governance, with any deficiencies reported to the audit committee. The Board considers that the system of governance is adequate in with regard to the nature scale and complexity of the risks inherent in the Company's business.

The Company does not have any other material information to disclose in regard to system of governance.

C. Risk Profile

The Company's risk profile directly reflects the business strategy which is to accept Property & Casualty reinsurance underwriting risk. As a consequence the Company is also exposed to a range of other risks necessary to run the business. These risks are articulated and assessed in a risk register based upon the CBI PRISM regime. The risk register describes the risks to which the Company is exposed, including: asset, catastrophe, reserving, premium, mortgage, operational, credit, market/investment, liquidity, strategic, fungibility, Eurozone, concentration and environmental risks.

The Board aligns risk appetite and tolerances with its strategic goals. On at least an annual basis the Chief Risk Officer, following consultation with executive management, produces a submission to the Board regarding the effectiveness of current risk mitigating techniques and a proposal for those required in the future. These include the level of parental guaranty and proportional and excess of loss reinsurance (both with affiliated and third party companies as deemed appropriate). The Board monitors the continued effectiveness through a variety of submissions made by the Chief Risk Officer, Chief Financial Officer and Underwriting Committee at the regular Board meetings.

Stress testing and sensitivity analysis for material risks

A number of stress and scenario tests utilized to assist the Board in understanding how the Company risk profile would look under stressed conditions and to determining the associated impact on capital requirements. These tests and their results form part of the ORSA process. The types of testing performed by the Company include the following:

- **Stress and Scenario testing**: These are plausible scenarios performed as stresses to the Company's balance sheet and with the purpose of informing users about resulting changes to profitability and required capital.
- **Reverse Stress Testing:** This technique is used to consider combinations of extreme events that could result in the business model becoming unviable at the point when crystallising risks cause counterparties and other stakeholders to be unwilling to transact with or provide capital to the Company and, where relevant, existing counterparties may seek to terminate their contracts or the market Regulator may require the Company to be put into run-off due to exhaustion of regulatory capital. As the Company relies on provision of capital and rating from Everest Re Group, Ltd, this scenario would most likely take place where Group is unable, or unwilling, to recapitalise the Company.

There were no material changes in risk profile during the reporting period.

C.1 Underwriting risk

Risk measure

€000's	2018	2017
Premium and Reserve Risk	66,527	63,119
Catastrophe Risk	59,530	44,183
Lapse Risk	2,943	0
Diversification Benefit	-29,202	-21,683
Total Underwriting Risk	**99,798**	**85,619**

Underwriting risk is the risk that the total cost of claims, claims adjustment expenses and premium acquisition expenses will exceed premiums received. It can arise as a result of numerous factors, including premium (pricing) risk, reserving risk, catastrophe risk and lapse risk (the risk of non-renewal of a material part of the portfolio).

Failure to accurately assess underwriting risk and establish adequate premium rates and terms and conditions as a result of market cycle fluctuations, competition, macroeconomic trends, and regulatory/legal issues can result in reduced earnings and capital.

Premium risk

The Company manages its premium risk through approved underwriting guidelines and specific underwriting authority limits, overseen by the Board of Directors.

The Company manages its non-catastrophe underwriting risk through a cycle of planning, underwriting/pricing and monitoring. This cycle incorporates assessing accumulated exposures, establishing underwriting guidelines that take into account exposure risk, prices and coverage, and placing aggregate exposure limits. Planning primarily involves determining how much premium will be written for each line of business segment and forecasting these out to return on equity ("ROE") targets. Underwriting/pricing is carried out by underwriters using approved guidelines that place limits on the amount of business that can be written based on a variety of factors, including ceding company profile, line of business, geographic location and risk hazards.

Management regularly reviews these guidelines in response to changes in market conditions, risk versus reward analysis and the Company's underwriting risk management processes. Monitoring involves tracking premium, reported and incurred but not reported (IBNR) losses and acquisition expenses.

The Company is exposed to pricing risk to the extent that unearned premiums are insufficient to meet the related future policy costs. Evaluation is performed regularly to estimate future claims costs, related expenses, investment income and expected profit in relation to unearned premiums. Premium deficiencies, if any, are netted against deferred acquisition costs.

Reserve risk

Reserve risk arises when actual claims experience differs adversely from the assumptions included in setting reserves, in large part due to the length of time between the occurrences of a loss, the reporting of the loss and the ultimate resolution of the claim. Provisions may ultimately develop differently from the actuarial assumptions made when initially estimating the provision for claims. To the extent reserves prove to be insufficient to cover actual losses and adjustment expenses, the Company would have to recognise such reserve shortfalls and incur a charge to earnings, which could be material in the period such recognition takes place.

The Company reserves on a best estimate basis in accordance with the requirements of Solvency II. An annual reserve study of loss development is carried out by the Head of Actuarial Function ("HoAF"). The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures, including carrying out claims audits to ensure the insured is complying with all procedures as documented in reinsurance contracts and validating claims made to the Company by the reinsured.

The Company's loss reserving methodologies continuously monitor the emergence of loss and loss development trends, seeking, on a timely basis, to both adjust reserves for the impact of trends shifts and to factor the impact of such shifts into the Company's underwriting and pricing on a prospective basis.

The Company appoints an actuary external to the Company to assess the adequacy of the Company's insurance liabilities on an annual basis. The actuary uses statistical projections at a given point in time of the Company's expectations of the ultimate claims settlement for losses which occurred in the current financial year and prior. Such statistical tools analyse and extrapolate the development of paid and incurred claims to ultimate.

Natural Catastrophic ("Cat") risk

The Company is exposed to unpredictable Cat events arising from man-made or natural catastrophes that could significantly impact the operating results and financial condition of the Company. The Company manages its catastrophe-exposed risks through a cycle of planning, pricing, accumulation and post-event monitoring.

Planning primarily involves determining how much capacity the Company can absorb using return on equity targets. Accumulations of cat exposures are performed using Applied Insurance Research ("AIR") catastrophe model and Risk Management Solutions ("RMS") model.

In order to mitigate the effects of Cat events, the Company has in place a Catastrophe Excess of Loss agreement with a Group affiliated company to limit exposure to Cat losses. The Company remains liable to its policyholders with respect to ceded reinsurance if any reinsurer fails to meet the obligations it assumes.

Risk concentration

The Company writes non-life reinsurance property, casualty, catastrophe, financial and marine lines of business in Continental Europe. Accumulations of risk across different lines of business are monitored regularly.

Accumulation analysis helps to ensure that the Company is not exposed to more risk in any particular area or line of business than that set by risk appetite. The Company's accumulation strategy aims to:

- Contain underwriting loss across the Company to a manageable financial level, in line with risk appetite, which minimizes the financial impact to the balance sheet.
- Manage the accumulated underwriting risk across all lines of business so that the Company's market share of a loss is not out of line with acceptable expectations.
- Manage the Company's market share of a loss to less than the market share of the premium to that loss, i.e., profitable diversification of the book.
- Continuously enhance the Company's ability to identify, mitigate and avoid shock losses.

Risk mitigation

The Company purchases a whole account quota share and an excess of loss catastrophe protection in addition to other reinsurance from Group affiliated entities to limit underwriting risk exposure and reduce volatility in underwriting results.

Risk sensitivity

The principal assumption underlying the claims liabilities estimates is that the Company's future claims development will follow similar pattern to past claims development experience. These estimates are based on various quantitative and qualitative factors including:

- average claim costs including claim handling costs;

- trends in claims severity and frequency; and
- other factors such as inflation, expected or in-force government pricing and coverage reforms, and the level of insurance fraud.

Most or all of the qualitative factors are not directly quantifiable, particularly on a prospective basis, and the effects of these and unforeseen factors could negatively impact the Company's ability to accurately assess the risk of the insurance contracts that the Company underwrites. In addition, there may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to the Company and additional lags between the time of reporting and final settlement of claims.

The Company refines its claims liabilities estimates on an ongoing basis as claims are reported and settled. Establishing an appropriate level of claims liabilities is an inherently uncertain process and the policies surrounding this are overseen by the Actuarial function.

C.2 Market risk

Risk measure

€000's	2018	2017
Interest Rate Risk	11,231	10,962
Equity Risk	4,567	3,009
Spread Risk	15,211	15,322
Currency Risk	94,431	82,402
Property Risk	66	81
Concentration Risk	2,713	1,178
Diversification Benefit	-23,932	-21,104
Total Market risk	104,287	91,849

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company manages its market risk through a cycle of interactions between the Board of Directors, the Group Chief Investment Officer and investment managers. The Group Chief Investment Officer monitors the performance of the Company's financial instruments and approved investment policies. When appropriate, recommendations are made to the investment managers to ensure compliance with local regulatory requirements and Company capital needs.

Assets are invested in line with Board approved investment guidelines and in accordance with the 'prudent person principle'. The Board periodically reviews and monitors the security, quality, liquidity and profitability of the portfolio as a whole to ensure that it aligns with the Company's strategic goals and risk appetite.

The Company's assets are held in cash and taxed preferenced fixed income securities with 90% rated A or higher. The Board periodically adjusts investment mix consistent with current and projected market conditions and the Company's risk appetite. The Board's periodic review ensures that fixed income securities are not concentrated with individual issuer.

Interest rate risk

Movements in interest rates affect the level and timing of cash flows for the Company and the fair value of the fixed income securities. As interest rates rise, the fair value of fixed income portfolio declines and,

conversely, as interest rates decline, the fair value of fixed income portfolio rises. To minimize this risk, the Company follows investment policy guidelines in line with Company specific guidelines and objectives. The Company invests principally in fixed interest rate bonds.

Equity Risk

Equity risk arises from the level or volatility of market prices for equities. Exposure to equity risk arises in respect of all assets and liabilities whose value is sensitive to changes in equity prices. The Company generally does not invest in the equity markets and is, therefore, only mildly exposed in this area.

Spread risk

The Company is exposed to price risk arising from fluctuations in the value of financial instruments as a result of changes in the market prices and the risks inherent in all investments. The risk is managed by the Company maintaining an appropriate mix of investment instruments.

Property Risk

Property Risk arises from the volatility of real estate investments made by the Company. Similar to equity markets, the Company does invest heavily in real estate and is not exposed to any great degree in Property Risk.

Currency risk

Foreign currency risk in the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in exchange rates and produce an adverse effect on net income and capital when measured in the Company's functional currency. The Company's cash flow and earnings are subject to fluctuations due to exchange rate variation. Foreign currency risk exists by nature of the Company's global reinsurance programme and its investment strategy where it invests in non-euro assets and cash. The Company's principal transactions are carried out in Euro though it has exposure to foreign exchange risk principally with respect to Sterling and US Dollars. The Company's financial assets are denominated in Euro, Sterling and US Dollars currencies which mitigate the foreign currency exchange rate risk. For each currency in which the Company has established substantial loss and LAE reserves, the Company seeks to maintain invested assets denominated in such currency in an amount approximately equal to the estimated liabilities in order to mitigate foreign currency exposure.

Concentration risk

The Company continues to maintain an investment portfolio that is well diversified both geographically and by sector. The Company's investment mix is similar to that of a typical EU undertaking, consisting of significantly more bonds than equities. This strategy will carry forward, while limiting any concentration risks in the investment space.

Risk mitigation

While no specific risk mitigation technique is employed to decrease the Company's solvency capital requirement in regards to Market Risk, the risk itself is managed thoroughly as described above per sub-risk.

Risk sensitivity

The material portion of Market Risk for the Company is the Currency Risk. This risk is justifiably significant as the Company holds its surplus in USD. Sensitivity and stress analyses are performed by the CIO on a

quarterly basis and reported to the Board. Based on economic scenario generator output in regards to foreign exchange rates, distributions are created and analysed at various return periods. As of the date of this report, the Company remains well within its Board-approved risk appetite at a 1 in 200 return period for this risk.

C.3 Credit risk

Risk measure

€000's	2018	2017
Counterparty Risk	2,342	1,570

Credit risk is the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, of counterparties and any debtors to which the Company is exposed. The Company's credit risk exposure is concentrated primarily in its debt securities, fixed income bonds, reinsurance assets and reinsurance premium receivable.

Risk concentration

The major concentration within Credit Risk lies in the Company's reinsurance arrangements with affiliated companies. Because of the Group's robust balance sheet and rating strength, the Company does not view this concentration as a significant exposure.

Risk mitigation

The Company manages the bond portfolio credit risks by ensuring adherence to its investment policy, which is regularly reviewed by the Board of Directors and through the use of approved investment guidelines that restrict quality and diversification of bond holdings that mitigate risk. The Company policies limit and monitor its exposure to individual issuers and classes of issuers of investment securities by currency, duration, asset class and credit rating. The requirements of the Company's investment policy were met at all times during the year.

Reinsurance assets are reinsurers' share of outstanding claims, UPR and IBNR. As the Company mainly engages in internal reinsurance with affiliates and the credit risk of its affiliate is A rated, the Company does not regard the recoverability of reinsurance assets as a material credit risk. There is an immaterial reinsurance recoverable amount due from Mount Logan, an unrated external reinsurer.

The Company holds cash deposits with Barclays Bank Ireland plc, (A rated), Deutsche Bank (A), Bank of New York Mellon (AA) and HSBC France (AA).

Risk sensitivity

As the Company relies on provision of capital and rating from Everest Re Group, Ltd, reverse stress testing is performed as affiliated companies constitute a concentration within Credit Risk. This scenario would most likely take place where Group is unable, or unwilling, to recapitalise the Company. According to the ECM, the likelihood of this is quite remote.

C.4 Liquidity risk

Risk measure

€000's	2018	2017
EPIFP	4,643	98

Liquidity risk is the risk that the Company is unable to realise investments and other assets in order to settle its financial obligations when they fall due.

The Company has to meet its liabilities as and when they fall due, notably from claims arising from its general reinsurance contracts. There is therefore a risk that the cash and cash equivalents held will not be sufficient to meet its liabilities when they become due. Given the credit quality of the Company's financial assets as per the tables above, and with 78% of the portfolio having a maturity of 5 years or less, the Company is able to quickly liquidate its investments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In addition, the Company holds cash to assist in meeting its liquidity requirements, if necessary. The portfolio is externally managed by an independent, professional investment manager using portfolio guidelines approved by the Company.

Risk concentration

The Company strives to maintain a balanced, diversified, non-correlating book of business along with a well-diversified investment portfolio. The Company ensures liquid surplus is available at hand and continues surplus guaranty with affiliated companies. In this way, the Company does not have a significant concentration of liquidity risk.

Risk mitigation

The Company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims and expense outflows over time and maintains its short term cash commitments as readily available bank deposits with highly rated financial institutions.

Risk sensitivity

The Company performs stress scenario testing to ensure it retains sufficient Own Funds to meet both internal and external capital requirements. These tests consider the adverse impact of events across a range of measures including catastrophe loss, interest rate movement, loss reserve development and equity devaluation. In the case of simultaneous events, the Company remains within its Board-approved risk appetite.

Expected profit included in future premiums

The total amount of expected profit included in future premiums, calculated pursuant to Article 260(2) of Delegated Regulation (EU) 2015/35, amounts to €98.146m.

C.5 Operational risk

€000's	2018	2017
Operational Risk	8,152	6,967

Operational risk is the risk of loss arising from inadequate or failed internal processes, personnel, systems or other external events. The Company has identified and militated against a number of operational risks

including fraud, business interruption, failure of outsourcing providers, internal control failure and loss of key personnel. A wide range of checks and controls further help mitigate Operational Risk. This section is divided into four parts:

(i) Information Technology (IT)

The Company has in place a Board approved IT Policy as well as adopting the standards and policies of Group. The Company has set technical, physical, logical and procedural security defenses that include:

- Perimeter and internal defenses such as firewall products; anti-virus, anti-spam, and anti-spyware software; as well as encryption technology for laptops, backup tapes & data transmissions over the Internet.
- Physical security of hardware assets, locked facilities, and data centre environmental controls.
- Logical security over hardware, software, data and remote access, restricting access to only the appropriate people and enforcing strict password rules, including two-factor authentication.
- Procedural defenses such as documented security policies, automatic system "time-outs", and regular monitoring of areas at risk.
- An extensive Business Contingency Plan (BCP) has been developed with Group which is updated annually. In addition to internal security reviews, a Group Network Vulnerability Assessment is conducted annually by an external third party. The Company tests BCP on an annual basis.
- To mitigate the possibility of damage and loss to Everest Systems from a cyber-attack, employees are required to undergo annual cyber awareness training.

(ii) Legal

Ethical behavior by all employees is the key to reducing a number of risks, in particular, Reputation Risk and Legal / Litigation Risk. Every employee is expected to always adhere to the highest ethical standards. Local legal expertise can be accessed by ERCID as required. In addition to this, Group provides legal support in business risk (including reputational risk), regulatory, transactional and litigation contexts. All legal matters are brought to the attention of the Group's General Counsel and managed in coordination with senior management.

All materially significant legal matters are brought before the Board.

(iii) Internal Audit

Internal Audit (IA) which assists management by providing objective assurance that the major operational risks are being managed appropriately and by providing assurance that the risk management and internal control framework is operating effectively.

The mission of the Internal Audit function is to provide independent, objective assurance and consulting services designed to add value and improve the Company's operations. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes. The Company is subject to oversight by both Group and local internal functions

The Internal Audit function is co-sourced by Group Internal Audit and a local Irish firm of chartered accountants who holds the Pre-Approval Controlled title of Head of Internal Audit.

(iv) Compensation and key role succession planning

The Company compensates relevant employees with a mixture of salary, bonus and stock based awards commensurate with their level of seniority, job responsibility, individual performance and contribution to the performance of the Company.

The Company has a policy in place concerning succession planning.

C.6 Other material risks

The Risk Committee of the Board discusses emerging risks during the regular assessments of the risk register. In addition, risk identification, analysis, evaluation and monitoring of emerging risks are carried out by the Group Emerging Risk Committee. The Committee will identify new and developing risks that could lead to material adverse consequences for the Group, and then will translate those insights into actionable strategic recommendations for consideration by the ERCID Risk Committee and Board. Any recommendations, which will include the perceived size of the impact and likelihood of such emerging risks affecting the Everest Group and the Company; thereby ensuring key individuals are kept up to date on current developments. Following the risk analysis at Group level the outputs are considered by the Company and the Risk Register updated where applicable.

C.7 Any other information

The Company does not have any other material information to disclose in regard to risk.

D. Valuation for solvency purposes

The Company values assets and liabilities, other than technical provisions, according to the risk-based approach prescribed under Solvency II valuation rules and Irish GAAP.

Valuations are at fair value, being the amount which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction, using market consistent valuation methods.

Assets and liabilities are recorded in the Solvency II Market Consistent Balance Sheet ('MCBS') according to the value of expected future cash flows.
The following summarized balance sheet as at 31 December 2018 analyses the differences in valuation between the Company's annual financial statements produced under Irish GAAP and the MCBS.

		Statutory accounts value	Adjustment	Solvency II value
Assets		**€'000**	**€'000**	**€'000**
Deferred acquisition costs	R0030	8,026	(8,026)	0
Deferred tax assets	R0040	99	(99)	0
Property, plant & equipment held for own use	R0060	264	0	264
Government Bonds	R0140	152,728	1,356	154,084
Corporate Bonds	R0150	298,243	2,534	300,777
Collective Investments Undertakings	R0180	10,704	0	10,704
Reinsurance recoverable	R0270	169,425	(50,983)	118,442
Deposits to cedants	R0350	24,362	0	24,362
Insurance and intermediaries receivables	R0360	71,527	(70,451)	1,076
Reinsurance receivables	R0370	0	42	42
Receivables (trade, not insurance)	R0380	97	53	150
Cash and cash equivalents	R0410	32,431	0	32,431
Any other assets, not elsewhere shown	R0420	6,891	(3,838)	3,053
Total assets	R0500	**774,797**	**(129,412)**	**645,385**
Liabilities				
Best Estimate	R0540	241,469	28,994	270,463
Risk Margin	R0550	0	45,911	45,911
Best Estimate	R0580	0	1,279	1,279
Risk Margin	R0590	0	228	228
Other technical provisions	R0730	76,162	(76,162)	0
Deposits from reinsurers	R0770	14,321	0	14,321
Deferred tax liabilities	R0780	296	4	300
Insurance & intermediaries payables	R0820	7,449	(4,870)	2,579
Reinsurance payables	R0830	57,138	(41,130)	16,008
Payables (trade, not insurance)	R0840	973	106	1,079
Any other liabilities, not elsewhere shown	R0880	3,978	(1)	3,977
Total liabilities	R0900	**401,786**	**(45,641)**	**356,145**
Excess of assets over liabilities	R1000	**373,011**	**(83,771)**	**289,240**

D.1 Assets

D.1.a Solvency II valuation for each material class of asset expressed in €'000:

Deferred acquisition costs

Deferred acquisition costs are costs relating to contracts in force at the balance sheet date arising from the unexpired period of risk at the reporting date but which relate to a subsequent reporting period and are carried forward to subsequent reporting periods. Deferred acquisition costs are valued at nil for Solvency II purposes as it does not have a future cash flow.

Investments - Government bonds, corporate bonds and collective investment undertakings

Valuation for solvency purposes	€465,565

For fair valuation purposes investments may be classified into three levels of fair value hierarchy based on the characteristics of inputs available in the marketplace.

- Level A: value based on a readily and regularly available quoted price for an identical asset in an active market. The quoted price is usually the current bid price.
- Level B: when Level A prices are not available the price of a recent transaction for an identical asset, as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place.
- Level C: when Level A and B are not available a valuation technique can be applied to estimate what the transaction price would have been on the measurement date in an arms-length exchange motivated by normal business considerations.

The Company chooses to invest in low volatility, highly rated government or corporate bonds. No equities are held in the portfolio. Government bonds are those issued by central and regional governments and supra-national institutions. Corporate bonds are those issued by corporations. Both Government and Corporate bond investments are valued at level B. The investment in collective investment undertakings (mutual fund) is valued as Level A. Further details relating to these investments are given in section A.3.a.

Accrued investment income disclosed under Irish GAAP as 'Any other assets, not elsewhere shown' has been reclassified to Government and Corporate bonds in the MCBS.

Investment in collective investment undertakings consist of French Government 'C' bonds held in a mutual fund as collateral by a third party custodian at the request of several ceding companies. These are contractually required to cover outstanding reserves under the terms of a collateral agreement between the Company and the cedant companies. These investments are valued under hierarchy Level A.

Reinsurance recoverable

Valuation for solvency purposes	€118,442

Reinsurance recoverable balances represent recoveries due to the Company under outwards reinsurance agreements. A recalculation of the value is required under Solvency II as part of the calculation of technical provisions.

Deposits to cedants

Valuation for solvency purposes	€24,362

This balance represents cash funds held by cedants as security against future claim payments. Such balances are considered to be held at fair value under Solvency II.

Insurance and intermediaries receivables

Valuation for solvency purposes	€1,076
Valuation in financial statements	€71,527

These represent debtor balances which are greater than 90 days past due. Balances which are less than than 90 days past due are deemed to be future cash flows and reclassified as part of technical provisions. Under Solvency II amounts receivable in respect of premium accruals are excluded and subsequently included as part of technical provisions calculation.

Cash and other cash equivalents

Valuation for solvency purposes	€32,431

Cash and cash equivalents are monies held as cash on hand, cash and short term deposits held on call with banks. Such balances are considered to be held at fair value under Solvency II.

Any other assets, not elsewhere shown

Under Irish GAAP accrued investment income is included under the category 'Any other, not elsewhere shown'. This has been reclassified to Government and Corporate bonds in the MCBS.

Valuation for solvency purposes	€3,053

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

D.2 Technical provisions

D.2.abc

The Head of Actuarial Function is responsible for the oversight of the calculation of technical provisions. As at 31 December 2018 the gross technical provisions are €317.8m. The technical provisions net of reinsurance as at 31 December 2018 are €199.4m. The table below lists the Company's technical provisions by line of business.

Gross Technical Provisions - 31 December 2018 - € 000's

	Gross Technical Provisions	Gross Best Estimate	Risk Margin
Direct business and accepted proportional reinsurance			
Income protection insurance	1,133	990	143
Motor vehicle liability insurance	46,531	39,670	6,861
Marine, aviation and transport insurance	11,511	9,994	1,517
Fire and other damage to property insurance	61,655	53,293	8,362
General liability insurance	26,517	22,286	4,230
Credit and suretyship insurance	32,909	28,324	4,585
	180,256	154,557	25,699
Accepted non-proportional reinsurance			
Non-proportional health reinsurance	374	289	85
Non-proportional casualty reinsurance	76,679	64,183	12,496
Non-proportional marine, aviation and transport reinsurance	21,171	18,534	2,637
Non-proportional property reinsurance	39,401	34,179	5,222
	137,625	117,185	20,440
Total	317,881	271,742	46,139

The Company's reserving process uses generally accepted actuarial methods to estimate the amount of technical provisions required as part of an annual reserves review exercise. The process includes a detailed review by actuarial, underwriting and claims staff of each line of business and of development patterns and loss ratios.

Due to the inherent uncertainty and differences between lines of business and claims payment patterns there is an acceptable range of uncertainty included in the calculation of technical provisions. This can vary year on year depending on various factors including the nature of the underlying business and its volatility, the current economic climate, the frequency and severity of claims reported during the year, historical patterns and managements view on any of these factors.

- Best Estimate uncertainty due to future claims experience is caused by a number of external factors (i.e. legal, economic and social) which are considered during the Company's reserving process. The Company's provisions for its 3-pillared approach in Property, Casualty and Financial Lines can be impacted by, for example, catastrophe model uncertainty, litigation reform and political environment, respectively.

- WBNI (written but not incepted) uncertainty exists in the estimate of premium per the Company's definition of contract boundaries. As the major renewal date for the Company is January 1 of each year, this assumption's sensitivity is not significant, but can have a slight impact.
- As Solvency II requires payment of future claims and receipt of future premiums is discounted to present value, assumptions on payment and earning patterns can cause uncertainty. Patterns are developed based on historical information and assumed to be consistent with future cash flows. Semi-annual studies are conducted by ERM in order to develop appropriate patterns for use in SII calculations and elsewhere within the Group.
- Expense estimate uncertainty exists as historically incurred expenses are used to predict future expenses on a SII basis. Using past experience and expert judgment, operating expenses are allocated accordingly.

There is no allowance provided for any unexpired risk. Adjustments are made where the modelled calculation is thought to give unreasonable answers. These can arise where:

- The default calculated pattern for a given line of business is inadequate, distorting the expected amount, or
- Material premium or claim data is reported after the event, the omission of which may distort the actual amount.

Data and grouping of risks

Technical information relating to each treaty written, including the class grouping to which they are allocated and underwriting year written is held within the Company's underwriting and accounting systems.

Reserving data is grouped by underwriting year. Claims and premiums relating to contracts written in a calendar year i.e. policies where cover commenced in that calendar year, are grouped together, irrespective of when they reported or paid, or received or due for premiums, and irrespective of the year in which the loss occurred or the period of exposure which the premium covered.

Within each year, written premium, paid claims and reported claims information is recorded on a quarterly basis. The projection methods used by the Company make the implicit assumption that future inflation is equal to the weighted average of past inflation. This simplification is deemed to be the most robust and appropriate approach to be applied to reinsurance data, which is often less detailed and more volatile than direct insurance data.

Claims data is converted into the Company's functional currency (Euro) at the exchange rate effective at the end of the reporting period. It is then grouped by reserving product and underwriting year. This enables the Company to utilise larger volumes of data for analysis.

Wherever possible the same groupings are used for calculations required for statutory reporting and Solvency II purposed. This allows for close reconciliation of both the underlying inputs and data outputs. Catastrophe losses are monitored separately by event, with quarterly updates in the loss ultimate presented to management.

Best estimate calculation

The best estimate is a discounted probability-weighted average of future cash flows.

This estimate is based on technical items ultimate amounts that do reflect an actuarial analysis of experience to date and projections of future development using patterns and assumptions derived from internal data and/or industry information.

The claims ultimate is typically selected after considering indications from several established actuarial methods:

- Paid and reported chain ladder (CL)
- Initial expected ultimate loss ratio (IEULR)
- Reported Bornhuetter-Ferguson (BF)

The best estimate calculation is based on assumptions, models and methods that have no known bias to underestimation or overestimation (since defined as expected value) and that are internally consistent. Assumptions may be either implicit or explicit and involve interpreting past data or projecting future trends.

The ultimate is determined based on facts and circumstances known to, or reasonably foreseeable, by the Head of Actuarial Function and management at the time of the estimation.

The discount of future cash-flows is performed using the risk-free interest rate term structure provided by EIOPA.

Risk margin

The approach to calculate the risk margin is the simplification Method 2 disclosed in the hierarchy of methods presented by EIOPA.

Simplifications

The risk margin is allocated by line of business using the best estimate technical provisions, as they are deemed to be an adequate reflection of the contribution of each line of business to the overall Solvency Capital Requirement.

Governance

The HoAF is required by the Central Bank of Ireland, the Company's regulatory authority, to provide them with an annual Actuarial Opinion on Technical Provisions ("AOTPs). This provides an opinion on the compliance of the technical provisions, as reported in the annual QRT's with all relevant Solvency II requirements. In addition the HoAF is required to provide an Actuarial Report on Technical Provisions ("ARTPs") to the Board on an annual basis. The Company is required to engage a reviewing actuary to conduct a peer review of the technical provisions and the related AOTPs and ARTPs.

Details of these requirements are provided by the Central Bank of Ireland document *Domestic Actuarial Regime and Related Governance Requirements under Solvency II*.

Identification of deficiencies and recommendations on areas of improvement

The reserving framework is set by the Head of Actuarial Function and is deemed to be robust and well documented. The integrity of the data used is verified by a documented control system is regularly tested by the Compliance and Internal Audit functions. The methods used, and assumptions made, in calculating the technical provisions are deemed by the Board to be reasonable and appropriate to the nature scale and complexity of the Company. Any deficiencies identified by the peer review will be addressed by the audit committee and Board.

D.2.d The matching adjustment referred to in Article 77b of Directive 2009/138/EC is not applied

D.2.e The volatility adjustment referred to in Article 77d of Directive 2009/138/EC is not used.

D.2.f The transitional risk-free interest rate-term structure referred to in Article 308c of Directive 2009/138/EC is not applied.

D.2.g The transitional deduction referred to in Article 308d of Directive 2009/138/EC is not applied.

D.2.h.i Recoverables from Reinsurance Contracts and Special Purpose Vehicles

The Company purchases both quota share and excess of loss reinsurance from Group affiliated entities. The recoverable amounts from these contracts are calculated separately from the gross best estimate in accordance with Article 81 of Directive 2009/138/EC. The Company has no recoverable from Special Purpose Vehicles.

D.2.h.ii There have been no material changes in the relevant assumptions made in the calculation of technical provisions compared to the previous reporting period.

D.3 Other liabilities

The Company values other liabilities according to the risk-based approach of the Solvency II Directive. Valuations are at fair value being the amount which an asset could be exchanged between knowledgeable, willing parties using market consistent valuation methods.

D.3.a Solvency II valuation for each material class of other liabilities expressed in €'000:

Deposits from reinsurers
Valuation for solvency purposes €14,321
These balances represent funds held due to reinsurers and are held at fair value.

Deferred tax liability
Valuation for solvency purposes €300
The balance of deferred tax liability represents tax that is payable in the future.

Insurance and intermediaries payables
Valuation for solvency purposes €2,580

These balances represent claims payable to cedants not yet paid. These represent creditor balances which are greater than 90 days past due.

Reinsurance payables
Valuation for solvency purposes €16,008

Reinsurance payable balances represent balances due to companies in respect of outwards quota share reinsurance arrangements. Creditor balances which are aged 0 – 90 days are deemed to be future cash flows and reclassified as part of technical provisions.

Payables (trade not insurance)
Valuation for solvency purposes €1,077

These balances represent non-insurance related payables: investment and custody fees, trade and accounts payables to service providers and suppliers.

Any other liabilities, not elsewhere shown

Valuation for solvency purposes	€3,977

These balances represent inter-group payables and taxes due.

D.3.b Material differences between the valuation of other liabilities for solvency purposes and those used for valuation in financial statements

Insurance and intermediaries payables

Valuation for solvency purposes	€2,580
Valuation in financial statements	€7,449

Creditor balances which are aged 0 – 90 days are deemed to be future cash flows and reclassified as part of technical provisions. In the annual financial statements the Company has included contingent commissions payable to cedants in this category. Under Solvency II contingent commissions payable are included as part of technical provisions calculation. The balance has therefore been excluded and subsequently included as part of technical provisions calculation.

Reinsurance payables

Valuation for solvency purposes	€16,008
Valuation in financial statements	€57,138

Reinsurance payable balances represent balances due to companies in respect of outwards quota share reinsurance arrangements. Creditor balances which are aged 0 – 90 days are deemed to be future cash flows and reclassified as part of technical provisions. Under Solvency II amounts payable in respect of ceded premium accruals are excluded and subsequently included as part of technical provisions calculation.

D.4 Alternative methods of valuation

The Company does not use any alternative methods for valuation.

D.5 Any other information

The Company does not have any other material information to disclose in regard to valuation for solvency purposes.

E. Capital management

E.1 Own funds

Basic Own Funds is the excess of assets over liabilities as determined by the Solvency II MCBS.

The Company maintains own funds at a level which provides it with the opportunity to take advantage of profitable growth opportunities whilst maintaining an adequate level of cover of both SCR and MCR. It is the intention of the company to hold Tier 1 Capital as Own funds and to maintain a low risk, well diversified liquid portfolio of assets.

Throughout the period the Company has eligible own funds available to meet the SCR and MCR comprising of Capital contribution and retained earnings adjusted by the reconciliation reserve described in section E.1e & E.1.f below. The own funds ratio to SCR and MCR at the reporting period end are 169% and 679%, respectively.

E1.a Objectives, policies and processes employed by the Company for managing own funds

Ultimate responsibility for maintenance of own funds lies with the Board of Directors The Company aims to maintain sufficient own funds to cover SCR and MCR at all times. The CRO and CFO periodically report to the Board on the level of eligible own funds and the ratio of cover over the SCR and MCR. Capital adequacy is also monitored at Group level in order that, if required, the Company is able to source financial resources sufficient to cover the capital requirements of Solvency II Standard Formula, the ORSA, and major rating agencies.

The Company uses a twelve month time horizon for business planning and carried out an annual assessment of reserve adequacy.

There have been no material changes over the reporting period.

E.1.b Own funds classification

At the end of the current and previous reporting periods the entire balance of own funds is available as Tier 1 unrestricted own funds.

As at 31 December 2018 the Company's excess of assets over liabilities is comprised of issued share capital of €2, basic own funds of €200m plus a reconciliation reserve of €89m.

	2018	**2017**
	€'000	**€'000**
Capital contribution	200,000	200,000
Reconciliation Reserve	89,240	88,833
Total basic own funds after deductions	**289,240**	**288,833**

There were no significant changes in own funds by tier over the reporting period.

E.1.c Eligible amount of own funds to cover the Solvency Capital Requirement, classified by tiers

The Company's Own Funds cover 100% of the Solvency Capital Requirement.
Own Funds are represented by 100% Tier 1 unrestricted capital.

E.1.d Eligible amount of own funds to cover the Minimum Capital Requirement, classified by tiers

The Company's Own Funds cover 100% of the Minimum Capital Requirement.
Own Funds are represented by 100% Tier 1 unrestricted capital.

E.1.e Explanation of material differences between equity as shown in the Company's financial statements and the excess of assets over liabilities as calculated for solvency purposes

	2018	2017
	€000's	€000's
Capital Contribution	200,000	200,000
Retained Earnings	173,011	145,422
Equity per financial statements	**373,011**	**345,422**
Technical Provisions Adjustment	(8,277)	(28,683)
Premium Receivables	(24,409)	(19,529)
Reinsurance Recoverable	(50,982)	(5,989)
Deferred Tax	(103)	(2,388)
Solvency II Own Funds	**289,240**	**288,833**

E.1.f Key elements of the reconciliation reserve

The reconciliation reserve is calculated as follows

	2018	2017
	€000's	€000's
Retained Earnings	173,011	145,422
Technical Provisions Adjustment	(8,277)	(28,683)
Premium Receivables	(24,409)	(19,529)
Reinsurance Recoverable	(50,982)	(5,989)
Deferred Tax	(103)	(2,388)
Solvency II Own Funds	**89,240**	**88,833**

E.1.g Ancillary own funds

The Company does not hold ancillary own funds.

E.1.h Items deducted from own funds

No items were deducted from own funds.

E.2 Information regarding the Solvency Capital Requirement and Minimum Capital Requirement

The SCR covers at least the major risks, insurance, market, credit, and operational risk, and will take full account of any risk mitigation techniques that can be demonstrated and would be applied in times of stress.

MCR is designed to be the lower solvency calculation, corresponding to a solvency level, below which policyholders and beneficiaries would be exposed to an unacceptable level of risk, if the insurer were allowed to continue its operations.

E.2.a The amounts of the Company's Solvency Capital Requirement and the Minimum capital Requirement at the end of the reporting period

The Solvency Capital Requirement as at 31 December 2018 was €170.3m
The Minimum Capital Requirement as at 31 December 2018 was €42.6m

E.2.b The amount of the Company's Solvency Capital Requirement split by standard formula risk modules

	2018 €000's	2017 €000's
Underwriting Risk		
Premium and Reserve Risk	66,527	63,119
Catastrophe Risk	59,530	44,183
Lapse Risk	2,943	0
Diversification Benefit	-29,202	-21,683
	99,798	**85,619**
Counterparty Risk	**2,342**	**1,570**
Market Risk		
Interest Rate Risk	11,231	10,962
Equity Risk	4,567	3,009
Spread Risk	15,211	15,322
Currency Risk	94,431	82,402
Property Risk	66	81
Concentration Risk	2,713	1,178
Diversification Benefit	-23,932	-21,104
	104,287	**91,850**
Diversification Benefit	**-44,232**	**-38,198**
Basic SCR	**162,195**	**140,841**
Operational Risk	**8,152**	**6,967**
SCR	**170,347**	**147,808**

Whereas most risks at the end of the reporting period have remained comparable to those at the end of the previous reporting period, Catastrophe Risk and Currency Risk have experienced the most significant increases and are the main drivers behind the increase in the Company's overall SCR.

Within Catastrophe Risk, Non-proportional Property, Man-made Catastrophe Risk and Catastrophe Other have increased, year over year. NP Property and Cat Other have increased due to premium growth in non-proportional property, non-proportional casualty excluding general liability and non-proportional credit & surety reinsurance. Man-made Catastrophe Risk has increased due to additional capacity provided for marine, aviation, liability and credit and suretyship.

The increase in Currency Risk during this reporting period is due to an increase in the assets and liabilities held in foreign currencies, particularly USD.

E.2.c Information on whether and for which risk modules and sub-modules of the standard formula that the Company is using simplified calculations

The Company calculates the SCR and MCR using the Standard Formula model without simplifications.

E.2.d Information on whether and for which parameters of the standard formula that the Company is using specific parameters

The Company calculates the SCR and MCR using the Standard Formula model without using specific parameters.

E.2.e This section is not applicable

E.2.f The Company does not make use of undertaking-specific parameters. The Company's own funds include only Tier 1 unrestricted funds, without imposed capital add-ons.

E.2.g Information on the inputs used by the undertaking to calculate the Minimum Capital Requirement

The MCR has been calculated as prescribed by the Directives. A linear MCR is calculated based on parameters supplied in Annex XIX of the Directives and applied to net technical provisions without a risk margin and net written premium in the last twelve months. This value is compared to the 25% of the SCR and then the maximum of those compared to 45% of the SCR, of which the minimum is selected. This combined MCR is then compared to the AMCR (absolute floor), prescribed by the Directives according to type of company and the maximum is selected.

E.2.h There has been a material change to the SCR (2018: €170m; 2017 €147.8m) and the MCR (2018: €42.5m; 2017: €36.9m) over the reporting period. SCR has increased by 15% whereas available capital has remained nearly constant over the same period. The reasons for the increase in SCR can be found in the earlier section E.2.b. Available capital has been constant as the increase in technical provisions has approximately offset the increase in assets. As ERCID is employing a growth strategy in Europe, this is not an unexpected occurrence.

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

The Company did not make use of the duration-based equity sub-module in the reporting during the reporting period.

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

The Company has elected to use the Standard Formula, excluding undertaking specific parameters to calculate the Solvency Capital Requirement. As a consequence no differences exist.

E.5 Non-compliance

The Company complied with the Solvency II Minimum Capital Requirement and Solvency Capital Requirement throughout the reporting period.

The Company held Own Funds in excess of both the Minimum Capital Requirement and Solvency Capital requirement throughout the reporting period.

E.6 Any other material information regarding the capital management of the Company

The Company does not have any other material information to disclose in regard to capital management.

Appendix

1. Quantitative Reporting Templates (QRT)

The following QRT templates, applicable to the Company, are required for the Solvency and Financial Condition Report.

Template ref	Template Name
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by line of country
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life Claims Information
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement
S.28.01.01	Minimum Capital Requirement

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	264
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	465,564
R0080	Property (other than for own use)	0
R0090	Holdings in related undertakings, including participations	0
R0100	Equities	0
R0110	Equities - listed	0
R0120	Equities - unlisted	0
R0130	Bonds	454,861
R0140	Government Bonds	154,084
R0150	Corporate Bonds	300,777
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	10,704
R0190	Derivatives	0
R0200	Deposits other than cash equivalents	0
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	0
R0270	Reinsurance recoverables from:	118,442
R0280	Non-life and health similar to non-life	118,442
R0290	Non-life excluding health	117,920
R0300	Health similar to non-life	522
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0320	Health similar to life	0
R0330	Life excluding health and index-linked and unit-linked	0
R0340	Life index-linked and unit-linked	0
R0350	Deposits to cedants	24,362
R0360	Insurance and intermediaries receivables	1,076
R0370	Reinsurance receivables	43
R0380	Receivables (trade, not insurance)	150
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	32,431
R0420	Any other assets, not elsewhere shown	3,053
R0500	**Total assets**	645,384

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions – non-life	317,881
R0520	Technical provisions – non-life (excluding health)	316,374
R0530	TP calculated as a whole	0
R0540	Best Estimate	270,463
R0550	Risk margin	45,911
R0560	Technical provisions - health (similar to non-life)	1,507
R0570	TP calculated as a whole	0
R0580	Best Estimate	1,279
R0590	Risk margin	228
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	Technical provisions - health (similar to life)	0
R0620	TP calculated as a whole	0
R0630	Best Estimate	0
R0640	Risk margin	0
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	TP calculated as a whole	0
R0670	Best Estimate	0
R0680	Risk margin	0
R0690	Technical provisions – index-linked and unit-linked	0
R0700	TP calculated as a whole	0
R0710	Best Estimate	0
R0720	Risk margin	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	14,321
R0780	Deferred tax liabilities	300
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	2,580
R0830	Reinsurance payables	16,008
R0840	Payables (trade, not insurance)	1,077
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	0
R0880	Any other liabilities, not elsewhere shown	3,977
R0900	**Total liabilities**	356,145
R1000	**Excess of assets over liabilities**	289,240

P.05.01.02.01 - Premiums, claims and expenses by line of business - Table 1

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						Line of Business for:accepted non-proportional reinsurance				Total
		Income protection insurance	Motor vehicle liability insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Health	Casualty	Marine, aviation, transport	Property	
		C0020	C0040	C0060	C0070	C0080	C0090	C0130	C0140	C0150	C0160	C0200
	Premiums written											
R0110	Gross - Direct Business	0	0	0	0	0	0					0
R0120	Gross - Proportional reinsurance accepted	389	31,133	7,138	46,069	2,980	39,189					126,899
R0130	Gross - Non-proportional reinsurance accepted							0	26,523	8,346	58,378	93,247
R0140	Reinsurers' share	233	18,672	4,431	28,804	2,101	23,649	0	15,639	5,096	40,930	139,555
R0200	Net	156	12,461	2,707	17,266	879	15,540	0	10,883	3,250	17,448	80,590
	Premiums earned											
R0210	Gross - Direct Business	0	0	0	0	0	0					0
R0220	Gross - Proportional reinsurance accepted	558	34,829	6,943	43,345	2,323	28,079					116,077
R0230	Gross - Non-proportional reinsurance accepted							0	17,093	8,189	54,833	80,115
R0240	Reinsurers' share	334	20,854	4,276	26,894	1,695	16,951	0	9,890	5,000	38,012	123,907
R0300	Net	224	13,975	2,667	16,451	628	11,128	0	7,203	3,189	16,821	72,285
	Claims incurred											
R0310	Gross - Direct Business	0	0	0	0	0	0					0
R0320	Gross - Proportional reinsurance accepted	1,158	23,676	4,137	37,698	811	11,424					78,903
R0330	Gross - Non-proportional reinsurance accepted							-18	10,846	4,601	8,252	23,681
R0340	Reinsurers' share	574	14,107	2,496	22,759	1,535	7,206	-2	6,549	2,834	6,890	64,947
R0400	Net	584	9,569	1,640	14,938	-724	4,218	-15	4,297	1,767	1,363	37,637
	Changes in other technical provisions											
R0410	Gross - Direct Business	0	0	0	0	0	0					0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0					0
R0430	Gross - Non- proportional reinsurance accepted							0	0	0	0	0
R0440	Reinsurers'share	0	0	0	0	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0	0	0	0	0
R0550	**Expenses incurred**	79	3,845	882	3,720	1,402	4,703	19	2,683	564	2,060	19,958
R1200	**Other expenses**											0
R1300	**Total expenses**											19,958

P.05.02.01 - Premiums, claims and expenses by country

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		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	FR	RO	CH	ES	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	0	0	0	0	0	0	0
R0120	Gross - Proportional reinsurance accepted	1,962	30,307	17,960	22,715	-35	15,358	88,266
R0130	Gross - Non-proportional reinsurance accepted	625	19,937	24,492	231	21,924	3,010	70,219
R0140	Reinsurers' share	1,640	31,851	26,911	14,546	13,876	11,644	100,468
R0200	Net	947	18,393	15,541	8,400	8,013	6,724	58,018
	Premiums earned							
R0210	Gross - Direct Business	0	0	0	0	0	0	0
R0220	Gross - Proportional reinsurance accepted	1,448	28,190	13,904	22,614	323	13,808	80,287
R0230	Gross - Non-proportional reinsurance accepted	603	19,887	21,628	206	12,613	3,075	58,012
R0240	Reinsurers' share	1,295	30,364	22,441	14,412	8,170	10,663	87,344
R0300	Net	756	17,714	13,092	8,408	4,766	6,220	50,955
	Claims incurred							
R0310	Gross - Direct Business	0	0	0	0	0	0	0
R0320	Gross - Proportional reinsurance accepted	641	11,584	6,965	9,450	-12	3,986	32,613
R0330	Gross - Non-proportional reinsurance accepted	33	16	13,847	-734	12,086	774	26,022
R0340	Reinsurers' share	427	7,344	13,176	5,518	7,644	3,013	37,122
R0400	Net	247	4,256	7,635	3,198	4,430	1,746	21,513
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0430	Gross - Non- proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers'share	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	0	0	0	0	0	0	0
R1200	**Other expenses**							12,220
R1300	**Total expenses**							12,220

P.17.01.02 - Non-Life Technical Provisions

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		Direct business and accepted proportional reinsurance							Accepted non-proportional reinsurance				Total Non-Life obligation
		Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0030	C0040	C0050	C0070	C0080	C0090	C0100	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**	0	0	0	0	0	0	0	0	0	0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0	0	0	0	0	0	0	0	0	0	0
	Technical provisions calculated as a sum of BE and RM												
	Best estimate												
	Premium provisions												
R0060	Gross	-48	0	614	516	4,983	695	1,280	-22	6,511	-719	-6,189	7,621
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-35	0	276	191	2,706	392	332	-13	3,913	-428	-6,163	1,172
R0150	Net Best Estimate of Premium Provisions	-14	0	338	325	2,277	302	948	-9	2,598	-291	-26	6,449
	Claims provisions												
R0160	Gross	1,038	0	39,056	9,478	48,311	21,592	27,044	311	57,671	19,253	40,367	264,121
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	549	0	16,598	4,762	22,804	7,838	12,758	20	18,750	10,200	22,990	117,270
R0250	Net Best Estimate of Claims Provisions	489	0	22,458	4,716	25,507	13,754	14,286	291	38,921	9,053	17,378	146,852
R0260	**Total Best estimate - gross**	990	0	39,670	9,994	53,293	22,286	28,324	289	64,183	18,534	34,179	271,742
R0270	**Total Best estimate - net**	475	0	22,797	5,041	27,783	14,056	15,234	282	41,519	8,762	17,352	153,300
R0280	**Risk margin**	143	0	6,861	1,517	8,362	4,230	4,585	85	12,496	2,637	5,222	46,139
	Amount of the transitional on Technical Provisions												
R0290	Technical Provisions calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0
R0300	Best estimate	0	0	0	0	0	0	0	0	0	0	0	0
R0310	Risk margin	0	0	0	0	0	0	0	0	0	0	0	0
	Technical provisions - total												
R0320	Technical provisions - total	1,133	0	46,531	11,511	61,655	26,517	32,909	374	76,679	21,171	39,401	317,881
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	515	0	16,873	4,953	25,510	8,231	13,091	7	22,664	9,772	16,827	118,442
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	618	0	29,658	6,558	36,145	18,286	19,818	367	54,015	11,399	22,574	199,439

Total Non-Life Business

Z0020	Accident year / Underwriting year	**Z0020**	Underwriting year [UWY]

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

Development year

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
R0100	**Prior**											0	0	0
R0160	**N-9**	728	26,411	18,371	15,145	11,846	6,551	2,223	2,435	2,683	-24		-24	86,368
R0170	**N-8**	-64	20,456	6,204	1,391	880	328	397	1,445	533			533	31,570
R0180	**N-7**	-1,655	24,006	7,249	4,332	1,588	735	351	424				424	37,029
R0190	**N-6**	1,847	19,592	3,982	2,077	1,478	1,594	2,427					2,427	32,996
R0200	**N-5**	2,893	27,170	10,258	3,790	3,406	731						731	48,249
R0210	**N-4**	-1,750	32,373	12,017	5,620	5,320							5,320	53,581
R0220	**N-3**	2,122	83,911	21,594	8,204								8,204	115,830
R0230	**N-2**	-3,345	36,773	11,820									11,820	45,248
R0240	**N-1**	-2,294	48,210										48,210	45,916
R0250	**N**	-2,094											-2,094	-2,094
R0260												**Total**	75,552	494,694

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Development year

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
R0100	**Prior**											0	0
R0160	**N-9**	0	0	0	0	0	0	0	32,297	28,653	26,898		24,269
R0170	**N-8**	0	0	0	0	0	0	6,537	4,279	3,234			3,015
R0180	**N-7**	0	0	0	0	0	10,198	8,942	7,326				6,859
R0190	**N-6**	0	0	0	0	12,859	12,308	8,214					7,540
R0200	**N-5**	0	0	0	15,464	10,995	8,574						7,961
R0210	**N-4**	0	0	21,603	17,061	14,747							13,771
R0220	**N-3**	0	55,745	26,621	23,290								22,036
R0230	**N-2**	53,258	38,693	20,889									19,668
R0240	**N-1**	91,948	73,200										70,018
R0250	**N**	91,958											88,983
R0260												**Total**	264,121

P.23.01.01 - Own funds

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		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					
R0010	Ordinary share capital (gross of own shares)	0	0		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	89,240	89,240			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	200,000	200,000	0	0	0
	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	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	0				
	Deductions					
R0230	Deductions for participations in financial and credit institutions	0	0	0	0	0
R0290	**Total basic own funds after deductions**	289,240	289,240	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			0	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	289,240	289,240	0	0	0
R0510	Total available own funds to meet the MCR	289,240	289,240	0	0	
R0540	Total eligible own funds to meet the SCR	289,240	289,240	0	0	0
R0550	Total eligible own funds to meet the MCR	289,240	289,240	0	0	
R0580	**SCR**	170,347				
R0600	**MCR**	42,587				
R0620	**Ratio of Eligible own funds to SCR**	1.6979				
R0640	**Ratio of Eligible own funds to MCR**	6.7918				

		C0060
	Reconciliation reserve	
R0700	Excess of assets over liabilities	289,240
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	0
R0730	Other basic own fund items	200,000
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	89,240
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	0
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	4,643
R0790	**Total Expected profits included in future premiums (EPIFP)**	4,643

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	104,287		
R0020	Counterparty default risk	2,342		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	468		
R0050	Non-life underwriting risk	99,330		
R0060	Diversification	-44,232		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	162,195		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	8,152
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency capital requirement excluding capital add-on**	170,347
R0210	Capital add-on already set	0
R0220	**Solvency capital requirement**	170,347
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirement for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

P.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

Linear formula component for non-life insurance and reinsurance obligations

		C0010
R0010	MCRNL Result	31,658

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expenses insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	475	156
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	22,797	12,461
R0060	Other motor insurance and proportional reinsurance	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	5,041	2,707
R0080	Fire and other damage to property insurance and proportional reinsurance	27,783	17,266
R0090	General liability insurance and proportional reinsurance	14,056	879
R0100	Credit and suretyship insurance and proportional reinsurance	15,234	15,540
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	0
R0140	Non-proportional health reinsurance	282	0
R0150	Non-proportional casualty reinsurance	41,519	10,883
R0160	Non-proportional marine, aviation and transport reinsurance	8,762	3,250
R0170	Non-proportional property reinsurance	17,352	17,448

Linear formula component for life insurance and reinsurance obligations

		C0040
R0200	MCRL Result	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits	0	
R0220	Obligations with profit participation - future discretionary benefits	0	
R0230	Index-linked and unit-linked insurance obligations	0	
R0240	Other life (re)insurance and health (re)insurance obligations	0	
R0250	Total capital at risk for all life (re)insurance obligations		0

Overall MCR calculation

		C0070
R0300	Linear MCR	31,658
R0310	SCR	170,347
R0320	MCR cap	76,656
R0330	MCR floor	42,587
R0340	Combined MCR	42,587
R0350	Absolute floor of the MCR	3,600

		C0070
R0400	**Minimum Capital Requirement**	42,587