MOL Reinsurance Co dac

Solvency and Financial Condition Report ("SFCR") for the financial year ended 31 December 2018

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Executive Summary

The new, harmonised EU-wide regulatory regime for Insurance Companies, known as Solvency II, came into force with effect from 1 January 2016. The regime requires new reporting and public disclosure arrangements to be put in place by (re)insurers. This document is the third version of the Solvency and Financial Condition Report ("SFCR") that is required to be prepared by MOL Reinsurance Co dac (''the Company").

This report covers the Business and Performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management.

Company Background

MOL Reinsurance Co dac is a company incorporated in Ireland and authorised by the Central Bank of Ireland to undertake the business of non-life reinsurance.

The principal activity of the company is the acceptance of non-life reinsurance business assumed from insurance business written relating to its parent, MOL Hungarian Oil and Gas Plc., and other group companies.

Business and Performance

The Company has a balance on the technical account for non-life insurance business of $24k for the financial year ended 31 December 2018 (2017: ($29k)). The directors consider both the level of business and the year-end financial position to be satisfactory.

The Company's assets are prudently invested, providing access to funds at short notice taking into account the liquidity requirements of the business and the nature and timing of insurance liabilities.

System of Governance

The Company is subject to the Central Bank of Ireland's Corporate Governance Requirements for Captive Insurance and Captive Reinsurance Undertakings 2015. The corporate governance principles of the Company are implemented via the following Corporate Governance Framework:

- Board of Directors
- Outsourced Service Providers
- Internal Control Framework
- Risk Management Framework
- Compliance Function
- Audit – Internal & External

Outsourced Activities

The following is a list of the important outsourced operational functions together with the jurisdiction in which the service providers of such functions or activities are located:

Critical Outsourcing Arrangements			
Outsourced Provider	**Service Outsourced**	**Jurisdiction**	**Outsourcing Oversight**
Marsh Management Services (Dublin) Limited	Captive Manager	EU	Chairman (PCF-3)
	Compliance Function		
	Internal Audit Function		
KPMG	Head of Actuarial Function	EU	

Risk Profile

The following table outlines the material risks to which the Company is exposed as well as the undiversified capital charge associated with the risks.

Risk	**31/12/2018**	**31/12/2017**
Risk	**Capital Charge USD '000**	**Capital Charge USD '000**
Market Risk	9,731	9,526
Counterparty Default Risk	16,410	17,813
Non-Life Underwriting Risk	3,822	3,824

These risks are covered in further detail in Section C of this report.

Valuation for Solvency Purposes

The Company's assets and liabilities are valued on a best estimate basis under Solvency II methodology. This differs in some respects from the GAAP valuations presented in the financial statements. In particular, the technical provisions in the Solvency II balance sheet represent the present value of all future cash flows required to settle the insurance and reinsurance obligations over the lifetime of those obligations. A risk margin is also included within the Solvency II technical provisions, which represents the cost to the Company of holding an amount of eligible own funds equal to the Solvency Capital Requirement ("SCR") necessary to support insurance and reinsurance obligations over the lifetime of those obligations. Section D of this report compares in detail the Solvency II balance sheet with that included in the financial statements.

Capital Management

The objective of own funds management is to maintain, at all times, sufficient own funds to cover the SCR and Minimum Capital Requirement ("MCR") with an appropriate buffer. As part of own funds management, the Company prepares ongoing annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the basis of the yearly Own Risk and Solvency Assessment ("ORSA"), contains a four-year projection of funding requirements and helps focus actions for future funding.

The Company is a single shareholder entity whose ordinary shares are fully paid up. It has no debt financing nor does it have plans to raise debt or issue new shares capital over the three-year time horizon used for business planning.

As at 31 December 2018, the Company had eligible own funds to cover the SCR of $40.3m (2017: $39.7m) on a Solvency II valuation basis. This compares to an SCR of $23.6m (2017: $24.7m) and indicates an SCR cover ratio of 171% (2017: 160%). The MCR cover ratio is 682% (2017: 640%).

A BUSINESS and PERFORMANCE

A.1 Business

A.1.1 Name and legal form of the undertaking

MOL Reinsurance Co dac (hereinafter "the Company") is incorporated in the Republic of Ireland and is a private company limited by shares.

A.1.2 Name of the Supervisory Authority responsible for the financial supervision of the undertaking

The Company is regulated by the Central Bank of Ireland (CBI). The CBI can be contacted at: Central Bank of Ireland, PO BOX 559, New Wapping Street, North Wall Quay, Dublin 1, Ireland.

A.1.3 External auditor of the undertaking

The independent auditors of the Company are:
Ernst & Young, Chartered Accountants, Ernst & Young Building, Harcourt Centre, Harcourt Street, Dublin 2, Ireland.

A.1.4 Holders of Qualifying Holdings in the Undertaking

The Company is wholly-owned subsidiary of MOL Hungarian Oil and Gas Plc, a company incorporated in Hungary.

A.1.5 Legal Structure of the Group

MOL Hungarian Oil and Gas Plc is also the ultimate parent company.

A.1.6 Material lines of business and geographical areas

The principal activity of the company is the acceptance of non-life reinsurance business assumed from insurance business written relating to its parent, MOL Hungarian Oil and Gas Plc., and other group companies.
Over 95% of insurance business accepted by the Company relates to countries within the EU.

A.1.7 Significant Business events during the reporting period

No material events occurred during the year that would merit disclosure.

A.2 Underwriting Performance

The premium income written by the Company was derived from the acceptance of non-life reinsurance business assumed from insurance business written relating to its parent, MOL Hungarian Oil and Gas Plc., and other group companies.

The Company has determined that the U.S. Dollar ("USD") is the functional currency.

The table below shows a summary of the technical (underwriting) account for the year ended 31 December 2018. Over 95% of insurance business accepted by the Company relates to countries within the EU. All business relates to property damage and related risks.

Aggregate UW Performance	31/12/2018	31/12/2017
	USD'000	USD'000
Gross premiums earned	12,484	13,868
Outwards reinsurance premiums	(12,078)	(13,450)
Net premiums earned	406	418
Claims incurred, gross amount	(2,556)	(3,500)
Claims incurred, retrocessionaires' share	2,556	3,500
Operating expenses	(449)	(510)
Allocated investment return	67	63
Net technical result	**24**	**(29)**

The Company reported net technical profit of $24k for the financial year ended 31 December 2018 (2017: ($29k)). The decrease in profit year-on-year is primarily driven by a lower level of risk retention in the captive.

A.3 Investment Performance

A.3.1 Income and expenses arising by asset class

The Company has an investment strategy which complies with the requirements of "the prudent person principle".
As at 31 December 2018 the Company's investment portfolio comprised the following material asset classes:

Asset Class	31/12/2018		31/12/2017	
	Amount USD'000	% of portfolio	Amount USD'000	% of portfolio
Cash at bank and in hand	5,118	12%	5,404	13%
Deposit with group undertaking	36,184	88%	35,501	87%
Total	**41,302**	**100%**	**40,905**	**100%**

The table below sets out the investment returns by asset class:

Asset Class	31/12/2018	31/12/2017
	Amount USD'000	Amount USD'000
Deposit with group undertaking	759	433
Total	**759**	**433**

A.3.2 Gains and losses recognised directly in equity

No gains and losses have been recognised directly in equity.

A.3.3 Investments in securitisation

There are no investments in securitisation.

A.4 Performance of Other Activities

A.4.1 There have been no other significant activities undertaken by the company other than its reinsurance and related activities.

A.5 Any Other Information

There are no other material matters in respect of the business and performance of the Company.

B SYSTEM of GOVERNANCE

B.1 General information on the system of governance

B.1.1 Role and responsibilities of the administrative, management or supervisory body and key functions

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

Board of Directors:

The Company's Board of Directors carries responsibility for the effective, prudent and ethical oversight of the business and sets its business strategy and risk appetite. The Board of Directors is also responsible for ensuring that risk and compliance are properly managed in the Company.

The current composition of the Board of Directors is as follows:
D. Buciu (Chairman)
G. Farkas
B. McDonagh

Independent Control Functions:

The Company has established the four key control functions in line with Solvency II requirements: risk management, actuarial, compliance and internal audit. These functions, each possessing distinct responsibilities, are tasked with providing oversight of and challenge to the business and for providing assurance to the Board in relation to the Company's control framework.

Risk Management Function

The role of the Company's risk management function ("RMF") is to identify and evaluate the major risks facing the Company and to facilitate the implementation of the risk management system.

Having considered the nature, scale and complexity of the Company's operations the Board has determined that the role of the RMF may be carried out by a Director of the Board. The roles and responsibilities of the RMF are set out within the risk management policy.

Compliance Function

In order to effectively monitor and report on the Company's requirement to be in compliance with all applicable laws and regulatory requirements the Board of Directors has outsourced the compliance function to the Captive Manager, Marsh Management Services (Dublin) Limited ("the Manager") and an employee of the Manager has been appointed as Compliance Officer. The Compliance Officer reports to the Board.

Actuarial Function

To ensure compliance with Solvency II obligations, the role of the Head of Actuarial Function ("HoAF") is outsourced to a third party provider, KPMG. The HoAF reports to the Board.

Internal Audit Function

The internal audit function is outsourced to the Manager. The scope of internal audit activities includes the examination and evaluation of the effectiveness of the internal control, risk management and governance systems and processes of the Company, including the Company's outsourced activities. The Internal Audit function reports to the Board.

B.1.2 Material changes in the system of governance that have taken place over the reporting period

Mr. Bálint Kelen resigned from the Board effective 9 November 2017 and was replaced by Mr. Gabor Farkas.

B.1.3 Remuneration policy for the administrative, management or supervisory body and employees

B.1.3.1 Remuneration policy for the administrative, management or supervisory body and employees

The Company does not have any employees. Day-to-day running of the Company is handled by the Manager under a third party administrative agreement.

Hence the Company's remuneration policy refers only to the remuneration of non-group executive directors should circumstances dictate that it is necessary to appoint external Executive Directors to the Board.

The Board of Directors of the Company includes employees of MOL Group who are remunerated via their service agreements with MOL Hungarian Oil and Gas Plc.

B.1.3.2 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

The Company is a non-life reinsurance captive whose principal activity is the acceptance of non-life reinsurance business assumed from insurance business written relating to its parent, MOL Hungarian Oil and Gas Plc., and other group companies.

The Company did not enter into any transactions with key management personnel in MOL Group during the year ended 31 December 2018.

The Company has a deposit in place with MOL Group Finance S.A., Bertrange, Zürich Branch, the balance of which as at 31 December 2018 was $36.2m (2017: $35.5m).

B.2 Fit and Proper requirements

B.2.1 Requirements for skills, knowledge and expertise

On 1 October 2010, Part 3 of the Central Bank Reform Act 2010 introduced a harmonised statutory system for the regulation by the Central Bank of Ireland ("CBI") of persons performing Controlled Functions ("CFs") and Pre-Approval Controlled Functions ("PCFs") in regulated financial service providers.

On 1 December 2011 the CBI issued the Fitness & Probity Standards under Section 50 of the Central Bank Reform Act 2010 which all persons performing CFs or PCFs should, at a minimum, comply.

Guidance for (Re)Insurance Undertakings on the Fitness & Probity Amendments 2015 further assist companies in complying with their obligations brought in by the Solvency II (European Union (Insurance and Reinsurance) Regulations 2015 S.I. 485 of 2015).

The Company has adopted a Fitness and Probity Policy (reviewed by the Board on an annual basis) with the purpose of ensuring that:

- persons holding key positions within the Company are assessed in terms of their fitness and probity in relation to a proposed role and on an ongoing basis;
- effective procedures are in place to undertake this assessment;
- the results of such an assessment are documented;
- the Board is satisfied that it can conclude that persons holding key positions are fit and proper;
- responsibility is assigned to ensure fitness and probity is monitored on a continuous basis;
- approval is sought from the CBI prior to the appointment of persons performing PCFs.

B.2.2 Process for assessing the fitness and the propriety of the persons who effectively run the undertaking or have other key functions

The Policy outlines the procedures that must be followed for assessing the fitness and probity of persons performing CFs and PCFs while also stipulating the requirements for instances when either of these functions are outsourced to a regulated or unregulated entity.

It also focuses on the documentation, controls and governance that are required to be in place to ensure compliance with the abovementioned Regulations.

This is achieved in the main by means of internal checklists, documentary evidence of qualifications proving suitability for the role in question, references, regulatory authority, companies' office and police authority checks and self-certifications from the applicant in the form of Curricula Vitae and the CBI Individual Questionnaires.

B.3 Risk management system including the own risk and solvency assessment

B.3.1 Risk management system

The Company's risk management system is set out as follows:

1. The Board sets the Company Strategy.
2. The Board sets the Risk Strategy. The Risk Strategy describes and addresses the management of all material risks that the Company is exposed to in pursuit of the Company Strategy.
3. The Board sets the Risk Appetite. The Risk Appetite sets out the desired level of risk and the maximum level of variation from its risk appetite that it is willing to accept.
4. The Board has approved a Risk Policy and other individual risk policies necessary for the implementation of its Risk Strategy, consistent with its Risk Appetite.

The Company uses the Standard Formula to assess the solvency and capital requirements.

The Company performs an Own Risk and Solvency Assessment ("ORSA") at least annually. The main purpose of performing the ORSA is to ensure that the Company engages in a process of assessing all risks inherent in the business and determining the corresponding capital needs. In order to ensure effective risk governance, the system has been designed to identify, assess, manage and monitor and report exposure to risk. This is a continuous process subject to continuous review and development.

Identify

The board reviews the risk profile of the Company at least annually and the Risk Management Function reviews the risk profile on an ongoing basis to ensure that the material risks of the Company are identified and recorded in the risk register.

Assess

Risks identified in the risk register are then quantified by the Board with input from the Risk Management Function and tolerances are established through the development of a risk appetite statement.

Manage

The Board determines the minimum standards to be maintained by the Company in order to manage the risks in a way that is consistent with its risk appetite by developing suitable individual risk policies.

Monitor/Report

Monitoring and reporting to the Board is undertaken at least quarterly from a number of sources including the Risk Management Function, Compliance Officer and the Internal Audit Function. Findings from the development of the risk register are considered by the Board in the preparation of the annual internal audit plans.

The result is a risk management strategy, which is led by the Board of Directors whilst being embedded in the Company's business systems, strategy and policy setting processes and the activities of the Company.

B.3.2 Implementation of the Risk management system

The Company recognises the need to have appropriate governance, monitoring and reporting processes and procedures which enable the Company to identify, assess, manage, monitor and report the risks it is or might be exposed too.

Responsibility for risk management is spread throughout the Company and the wider MOL Group. Appropriate internal reporting procedures and feedback loops ensure that information on the risk management framework is actively monitored and managed by all relevant functions and the Board.

The Company adopts a "3 lines of defence" approach for the overall governance of its risk management system.

The Board of Directors is ultimately responsible for the risk management framework and internal control, including approval of the Company strategy and business planning.

1st Line of Defence – Day-to-Day:

Operations – the Manager: The Manager provides day-to-day operations, accounting, financial reporting and administrative support services and company secretarial and regulatory reporting services on an outsourced basis to the Company.

2nd Line of Defence – Oversight:

Risk Management Function ("RMF"): The RMF is responsible for the oversight of the ongoing development, implementation and operation of the risk management framework, strategy, related resource plan and making recommendations to the Board thereon.

Compliance Function: The Compliance Function is recognised as a key part of the Company's internal control system which should identify, assess, monitor and report on the compliance risk exposure of the Company. The Compliance Function also shares its responsibilities with other Company functions which are responsible for their specific areas.

In order to help achieve its compliance objectives the Board has appointed a Compliance Officer. The role of the Compliance Officer is set out in the Company's Board-approved Compliance Policy.

3rd Line of Defence – Independent Assessment:

Internal Audit Function: The Board has established an Internal Audit Function that is an independent function within the Company with a remit to examine and evaluate the functioning, effectiveness and efficiency of the internal control system and other elements of the system of governance of the Company.

The responsibilities of the Internal Audit function are set out in the Company's Board-approved Internal Audit Policy. The Internal Audit Function reports to the Board.

External Audit: The Board recognises that the independent external auditor has an important role in the effectiveness of the governance and risk management systems of the Company. The Company is required by law to appoint an external auditor on an annual basis.

Actuarial Function: The role of the Actuarial Function is outsourced to a third party provider, KPMG, via the terms of a written service level agreement.

B.3.3 ORSA

B.3.3.1 ORSA process

The Company prepares an ORSA on an annual basis and on an ad-hoc basis, if circumstances materially change. The objective of the ORSA process is to enable the Board to assess its capital adequacy in light of the assessments of its risks and the potential impact of its risk environment, and to enable the Company to make appropriate strategic decisions.

The ORSA process is a rolling project plan of how the ORSA is completed, the interaction and contributions from different stakeholders, the process timetable, the audit trail and the monitoring and reporting cycle.

The Company has adopted the following approach for the conduction of the ORSA process:



Risk Management System: The Board puts in place an effective risk management framework comprising of strategies, tolerances, policies, governance, monitoring and reporting procedures necessary to identify, measure, monitor, manage and report, on a continuous basis, the risks to which the Company is or could be exposed in pursuing its strategy.

Risk Identification: The Board initiates an organised identification of all actual risks as well as emerging risks, taking into account the Company's strategy and business planning horizon.

Risk Appetite: Appetites and tolerance limits for the risks identified are set by the Board, which provide a basis for allocating risk capacity against the Company's exposure to particular risk categories.

Current Business Activities, Risk Profile, Capital and Solvency: An analysis is undertaken of the current business activities, risk profile (quantitative and qualitative), calculation and analysis of regulatory and economic capital, analysis of solvency margin cover and description and assessment of risk mitigation techniques.

Forecast Business Activities, Risk Profile, Capital and Solvency: An analysis is undertaken of the forecast business activities, risk profile (quantitative and qualitative), calculation and analysis of regulatory and economic capital, analysis of solvency margin cover and description and assessment of risk mitigation techniques.

Stress and Scenario Analysis: The Board assesses the effect of different stresses (including reverse stress testing) and scenarios.

Impact on Strategy: Output of the ORSA process is reviewed and challenged by the Board and is continuously embedded into the Company's strategy and system of governance.

B.3.3.2 ORSA review and approval process

The risk management process and ORSA is performed on an annual basis, after the SCR calculation or when there is a significant shift in the Company's business plan. The risk monitoring is performed on an on-going basis and the Risk Register is annually reviewed and updated during the ORSA review process.

The Board requires that the ORSA process produces meaningful reports on the adequacy of the Company's capital and that it includes risk sensitivities that can be used in shaping strategy and risk appetite.

The Board reviews the ORSA report and considers appropriate action for the business such as:

- Decisions in relation to capital;
- Reassessment of risk profile and appetite;
- Additional risk mitigation actions; and
- Reassessment of investment strategy.

Under the following circumstances, a non-scheduled ORSA shall be performed immediately (in addition to the scheduled ORSA):

- Significant change in the risk profile of the Company which can be defined as a major change to the business strategy or business activities
- Significant changes to non-financial matters - operational/regulatory risks and legal/strategic/group risks
- Significant changes in other categories - e.g. risks relating to capital shortage or a change in the quality of capital etc.

B.3.3.3 Statement explaining how the undertaking has determined its own solvency needs given its risk profile and how its capital management activities and its risk management system interact with each other

The Company determines the solvency capital and assesses the overall solvency needs using the Solvency II standard formula.

A four year base case projection of the Solvency II Balance Sheets and Solvency Capital Requirements position is produced using the standard formula on the basis of actuarial assumptions. The results are subjected to a range of scenario testing that is reviewed by management and challenged by the Board and, where appropriate, potential management actions are noted and conclusions drawn.

The Company has sufficient capital to meet its base case SCR for its current and projected business activities over the 4-year business planning horizon. The Company is also projected to exceed its strategic minimum SCR coverage over the period.

The results of the ORSA show that the Company has sufficient eligible capital own funds to:

- Maintain a comfortable margin over its Overall Solvency Needs for its current and projected business activities over the business planning horizon;
- Continue to meet internal and regulatory solvency targets for capital management; and
- Continue its business on a going concern basis over the business planning horizon.

B.4 Internal Control System

B.4.1 Description of the internal control system

The Board of Directors is ultimately responsible for the internal control framework, including approval of the Company strategy and business planning. Board-level controls include the Board Charter, Company policies, reports and minutes of Board meetings.

The Internal Control Framework of the Company has three other elements, as previously detailed in section B3.2:

- First line of defence: “day-to-day” operations and associated controls.
- Second line of defence: oversight from compliance and risk management functions
- Third line of defence: independent assessment, internal audit and actuarial functions (plus external audit).

B.4.2 Implementation of the compliance function

The Board of the Company has ultimate responsibility for its compliance objective.

To help achieve this aim the Board has established a Compliance Function, staffed by an appointed Compliance Officer, to supplement not supplant, the responsibilities of the Board to ensure compliance with legislation and applicable requirements.

The role of the Board-appointed Compliance Officer is to:

- assist the Board with ensuring ongoing compliance with legislation and applicable requirements;
- enhance the Company's awareness of compliance matters;
- monitor the Company's compliance with (re)insurance legislation and applicable requirements and guidelines;
- document any breaches identified, how they were addressed and whether any third party reporting of the breach is required;
- ensure that the Board is kept informed of any amendment to the applicable regulations, legislation and guidelines or the addition of any new requirements and the potential impact on the Company;
- provide opinions, recommendations, supervision and independent controls; and
- provide reasonable assessment of the effectiveness and consistency of the internal processes used to control the compliance of the Company's operations and protect its reputation.

The Compliance Officer presents a Compliance Officer Report to the Board at each board meeting which outlines the following:

- Details of regulatory correspondence with the Company
- Details of regulatory developments
- Details of which controls were tested since the last report and the results of the tests
- Conclusions and recommendations on the Company's compliance with (re)insurance legislation and guidelines.

B.5 Internal audit function

B.5.1 Implementation of the internal audit function

The Company has outsourced its Internal Audit Function to the Manager. The internal audit function possesses a remit to examine and evaluate the functioning, effectiveness and efficiency of the internal control system and all other elements of the system of governance.

To this end, the Internal Audit Function is mandated to:

- establish, implement and maintain an audit plan setting out the audit work to be undertaken in the upcoming years, taking into account all activities and the complete system of governance of the Company;
- take a risk-based approach in deciding its priorities;
- report the audit plan to Board of Directors; and

- issue recommendations based on the result of work carried out in accordance with the audit plan, and submit a written report on its findings and recommendations to the Board of Directors on at least an annual basis.

B.5.2 Independence of the internal audit function

The internal audit function provides independent and objective assurance services to the Company.

B.6 Actuarial function

The role of the Actuarial Function is outsourced to a third party provider, KPMG, via the terms of a written service level agreement.

The key role of the Head of Actuarial Function ("HoAF") is to provide the following services:

- Opinion on Underwriting Policy
- Opinion on Reinsurance Arrangements
- Contribution to the Risk Management System
- Contribution to calculation of capital requirements
- Opinion on the ORSA process

B.7 Outsourcing

The Company has established an Outsourcing Policy which sets out the requirements for identifying, justifying and implementing material outsourcing arrangements. This Policy has been adopted by the Company and includes following:

- Definition of outsourcing and critical outsourcing;
- Risk Mitigation strategies;
- Board and Management responsibility;
- Due Diligence;
- Business Continuity Management (BCM);
- Contractual Arrangements;
- Management and control of the Outsourcing Relationship;
- Intra-Group Outsourcing;
- Final approval.

The Company's outsourcing arrangements are subject to annual review and the findings of the report, along with the Outsourcing Policy are reviewed by the Board.

The following is a list of the important outsourced operational functions together with the jurisdiction in which the service providers of such functions or activities are located:

Critical Outsourcing Arrangements			
Outsourced Provider	**Service Outsourced**	**Jurisdiction**	**Outsourcing Oversight**
Marsh Management Services (Dublin) Limited	Captive Manager	EU	Chairman (PCF-3)
	Compliance Function		
	Internal Audit Function		
KPMG	Head of Actuarial Function	EU	

B.8 Assessment of the adequacy of the system of governance of the insurance or reinsurance undertaking to the nature, scale and complexity of the risks

The Company has assessed its corporate governance system and has concluded that it effectively provides for the sound and prudent management of the business, which is proportionate to the nature, scale and complexity of operations of the Company.

B.9 Any other material information regarding the system of governance of the Company

No material changes regarding the system of governance of the Company took place.

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C RISK PROFILE

C.1 Underwriting risk

C.1.1 Key underwriting risks

Non-life underwriting risk at 31 December 2018 comprises 13% (2017: 12%) of the undiversified basic SCR.

The key underwriting risks to which the Company is exposed to are set out below:

Non-life premium and reserve risk

Underwriting risk arises from two sources – premium risk (pricing) and adverse claims development (reserve risk).

For a non-life reinsurer, underwriting risk is the risk arising from non-life reinsurance obligations in relation to the perils covered and the processes used in the conduct of business.

There are a number of material risks that are considered as a result of the Company's reinsurance underwriting.

For premium risk, the Company has considered the risk of under-pricing of premiums resulting in higher loss ratios than expected. The Board of Directors has approved an underwriting policy that establishes the standards and limitations regarding the Company's underwriting activities.

The Company has no appetite for the underwriting of risks outside of its approved underwriting policy.

For reserve risk, the Company has considered the risk of over- and under-reserving of actual and expected claims.

Non-life catastrophe risk

The risk of a major natural or man-made catastrophe event occurring is considered as part of the Company's underwriting risk. The capital requirements of the non-life catastrophe underwriting risk module are calculated in line with the Solvency II standard formula. Risk mitigation in respect of catastrophe risks is provided by reinsurance arrangements in place.

C.1.2 Material risk concentrations

The Company seeks to avoid concentration of risks by accepting reinsurance of risks which are sourced across a number of different countries in the EU and Asia.

C.1.3 Assessment and risk mitigation techniques used for underwriting risks

The Company monitors and controls risks via various methods, including:

- Having in place clear underwriting and reserving philosophies and procedures and controls in relation to pricing and reserving;
- Assessing reinsurance risks with quality underwriting and claims expertise and information;
- Retaining risk within an approved risk appetite and solvency requirements;
- Transferring risk through retrocession with high credit quality entities;
- Monitoring changing environment and market conditions that affect risk;
- The ORSA includes stress and scenario testing which is used to assess the risks under stressed conditions;
- Independent opinion on the reasonableness and adequacy of the overall underwriting policy is provided by the Head of Actuarial Function on an annual basis.

C.2 Market risk

C.2.1 Material market risks

Market risk is the risk arising from the level of volatility of market prices of financial instruments. Exposure to market risk is measured by the impact of movements in the level of financial variables such as stock prices, interest rates, real estate prices and exchange rates. Market risk is arrived at using the assumptions and calculations methods contained in the Standard Formula.

Investment objectives are outlined in the Company's Investment and Asset Liability Policy.

The table below outlines the material undiversified components of the market risk module as at 31 December 2018.

Market Risk sub-module	31/12/2018	31/12/2017
	USD'000	USD'000
Concentration	9,682	9,480
Spread	910	891
Interest rate	315	219

Concentration risk: the risk that excessive exposure to a counterparty will impact on the solvency of the Company. Concentration risk of $9.7m is the most significant market risk charge and arises in respect of the deposit with a group undertaking.

Spread risk: the sensitivity of the value of the deposit with a group undertaking to changes in the level or the volatility of credit spreads. Spread risk is linked to the credit rating of assets held and the effect of a market change in the credit curve.

Interest rate risk: the risk that the Company is exposed to lower returns or loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets arising from changes in underlying interest rates.

C.2.2 Material Risk Concentrations

There is a material risk concentration in respect of the deposit with a group undertaking. The concentration risk charge ensures that an adequate level of capital is maintained to compensate for this risk.

C.2.3 Prudent person principle applied to market risks

The high quality and conservative investments are a consequence of the investment assets being prudently invested, taking into account the liquidity requirements of the business and the nature and timing of the insurance liabilities.

C.2.4 Assessment and risk mitigation techniques used for market risks

The Company monitors and controls market risks via various methods, including:

- Compliance with the Investment and Asset Liability Policy as approved by the Company's Board of Directors;
- Retaining risk within an approved risk appetite and solvency requirements;
- Monitoring changing environment and market conditions that affect risk;
- The ORSA includes stress and scenario testing which is used to assess the risks under stressed conditions.

C.3 Credit risk

C.3.1 Material credit risks

Credit risk at 31 December 2018 comprises 55% (2017: 57%) of the undiversified basic SCR.

Credit risk is the risk that the Company is exposed to lower returns or loss if another party fails to settle its financial obligations towards the Company.

The material credit risks as at 31 December 2018 relate to the cash balances with financial institutions and the reinsurance arrangements with a panel of reinsurers.

C.3.2 Material Risk Concentrations

The company's placement of retrocession is diversified in such a way that it is neither dependent on a single retrocessionaire nor are the operations of the company dependent on any single retrocession contract.

C.3.2 Prudent person principle applied to credit risks

Counterparties are selected by taking into account the credit rating and reputation of each entity. Credit ratings are used as a way of properly identifying and managing the risk attached to a counterparty.

C.3.3 Assessment and risk mitigation techniques used for credit risks

The Company monitors and controls credit risks via various methods, including:

- Minimum rating criteria for the placing of deposits and opening of bank accounts, in line with the Investment and Asset Liability Policy.
- Monitoring the credit ratings of counterparties;
- Reporting of cash, investment and liquidity positions takes place monthly as part of the Company's management accounts reporting process;
- Retaining risk within an approved risk appetite and solvency requirements;
- The ORSA includes stress and scenario testing which is used to assess the risks under stressed conditions.

C.4 Liquidity risk

C.4.1 Material liquidity risks

Liquidity risk refers to the risk that undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due.

It is the Company's policy that liquidity and concentration risk is minimised as much as possible.

The Company has considered the risk of a lack of liquidity available to pay insurance liabilities in its risk register. No specific allocation of capital is considered necessary for this risk.

The Company's cash inflow is generated from premium income and claims recoveries. Its cash outflow consists mainly of claims payments and a small volume of administration expenses.

C.4.2 Prudent person principle applied to liquidity risks

The investment assets are prudently invested taking into account the liquidity requirements of the business and the nature and timing of the insurance liabilities.

C.4.3 Assessment and risk mitigation techniques used for liquidity risks

The Company monitors and controls risks via various methods, including:

- Compliance with the Liquidity and Concentration Policy as approved by the Company's Board of Directors;
- Retaining risk within an approved risk appetite and solvency requirements;
- The Manager monitors cash movements and performs cash flow forecasting which are regularly reported to the Company;
- Premiums are billed on an annual basis. Upon receipt of premium, investments are made in line with the Company's Investment and Asset Liability Policy;
- Reporting of cash, investment and liquidity positions takes place monthly as part of the Company's management accounts reporting process.

C.5 Operational risk

C.5.1 Material operational risks

Operational risk is the risk of loss resulting from failed internal processes, people and systems or from external events. Operational risks which can result in losses include internal fraud, external fraud, system failures and disregard of Company policies.

The Company seeks to limit all operational risk through the implementation of a robust system of internal controls and procedures.

For such non-quantifiable risks, the Company has set a strategic surplus (target) of 20% as a prudent buffer to the Standard Formula calculation.

Operational risks are also addressed in the capital requirement as an addition to the Basic SCR to the extent that they have not been explicitly covered in other risk modules. The operational risk capital charge as at 31 December 2018 is $375k (2017: $416k).

C.5.2 Assessment and risk mitigation techniques used for operational risks

The Company monitors and controls operational risks via various methods, including:

- Identifying and analysing risk through a disciplined risk assessment process;
- Mitigating or avoiding risks that do not fit within the Company's business objectives;
- Implementing a robust system of internal controls and procedures;
- Segregation of duties;
- Monitoring and internal reporting;
- Outsourcing its management to an experienced management company;
- Setting a strategic surplus target of 15% above the SCR;
- Commitment of effective corporate governance.

C.6 Other material risks

The Company has included a range of non-quantifiable risks in its ORSA process. Documented associated actions exist for each of these risks and they are reviewed on a quarterly basis by the Board of Directors.

Sample risks include:

- Regulatory and compliance risks;
- Loss of key personnel / director resignation;
- Outsourcing risks.

The Company has no appetite for regulatory risk. It is the objective of the Company to be at all times in compliance with Insurance Acts and Regulations, and with Guidelines issued by the insurance supervisory authority and other applicable legislation in accordance with good corporate governance and codes of conduct.

The Board is satisfied that the Company has a succession plan in place and in the event that a director resigns or intends to resign the Company will provide a replacement nominee for that position as soon as possible.

The Board recognises that the Company operates on a basis of an outsourced model, whereby the day to day operations and a number of key functions are outsourced; the Board is satisfied that all outsourcing agreements include an appropriate notice period. This would provide the Company with sufficient time to find an alternative professional services provider if required. Additionally, performance of outsourced providers is reviewed on an annual basis and such review would flag any potential deficiencies of the individual service provider.

The Board considers that these non-quantifiable risks that are not captured by the standard model are covered by the application of a specified strategic solvency target.

C.7 Amount of expected profit included in future premiums as calculated in accordance with Article 260(2)

The expected profit included in future premiums is calculated as the difference between the technical provisions without a risk margin and a calculation of the technical provisions without a risk margin under the assumption that the premiums relating to existing insurance and reinsurance contracts that are expected to be received in the future are not received. This amount as at 31 December 2018 is $177k (2017: $228k).

C.8 Stress and sensitivity tests

The Company's ORSA is undertaken using stress test scenarios, which are based on the largest risks per the Company's risk register, and reverse stress tests where appropriate.

The results of the stress testing conducted during 2018 indicate that the Company is well capitalised at present and is projected to have sufficient own funds to meet its overall solvency needs throughout the projection period. No further general management actions are required outside of the existing reporting and monitoring controls that are in place.

C.9 Any Other Information

The Company has identified all material risks through its risk register and there is no other material information regarding the risk profile of the Company that warrants disclosure.

D VALUATION for SOLVENCY PURPOSES

D.1 Assets

D.1.1-2 Local GAAP and Solvency II Valuations

The table below sets out the value of the Company's material assets as at 31 December 2018:

	31/12/2018		31/12/2017	
	Assets per GAAP	Assets per Solvency II	Assets per GAAP	Assets per Solvency II
	Total USD'000	Total USD'000	Total USD'000	Total USD'000
Cash at bank	5,118	5,118	5,404	5,404
Deposit with group undertaking	36,406	36,406	35,501	35,501
Insurance receivables	85	85	88	88
Total assets	**41,609**	**41,609**	**40,993**	**40,993**

The Company's assets are recognised and valued using the following principles:

Cash at bank
Cash at bank is valued at market value as at 31 December 2018.

Deposit with group undertaking
Deposits with group undertakings are stated at cost less provision for impairment, if any.

Insurance receivables
Insurance receivables are stated at net book value less provision for impairment, if any.

D.2 Technical Provisions

D.2.1 Local GAAP and Solvency II Valuations

Insurance business is mapped to Solvency II line of business on the following basis:

Class of Business as per Local GAAP	Solvency II Class of Business
Property Damage (onshore risks)	Fire and Other Damage to Property
Property Damage (offshore risks)	Marine, Aviation and Transport

The table overleaf shows an analysis of the technical provisions as at 31 December 2018:

Solvency II Line of Business	31/12/2018		31/12/2017	
	TPs per GAAP	TPs per Solvency II	TPs per GAAP	TPs per Solvency II
	USD'000	USD'000	USD'000	USD'000
Fire and other damage to property				
Best estimate of liabilities (BEL)	-	11	-	(22)
Risk margin	-	623	-	721
Marine, aviation and transport				
Best estimate of liabilities (BEL)	-	63	-	(6)
Risk margin	-	476	-	470
Total technical provisions	**-**	**1,173**	**-**	**1,163**

The GAAP accounts of the Company include a provision for claims incurred of $5.0m on a gross basis, nil on a net basis as at 31 December 2018 (2017: $$3.5m).

There are no premium provisions (relating to gross premiums written that have not expired by the end of the financial period by reference to the full term of the insurance policies to which such premiums relate) as all premiums were fully earned as at 31 December 2018 (2017:nil).

A number of adjustments were made to the GAAP provisions in order to obtain the Solvency II technical provisions. Key points to note are as follows:

The Claims Provision is calculated as the discounted best estimate of all future cash flows relating to claims events prior to the valuation date. Cash flows have been discounted using the relevant risk-free yield curves as at 31 December 2018 as published by the European Insurance and Occupational Pensions Authority ("EIOPA").

The Company's renewals which incept on 1 January 2019 are bound as at 31 December 2018. Future premium, commission and claims cash flows in respect of written but not yet incepted business are based on the business planning forecasts of the Company and are consistent with budgeted volume for 2019 and best estimate loss ratios.

Risk margin

The risk margin was calculated using Simplification Method 2 from Guideline 61 of the Solvency II "Guidelines on the Valuation of Technical Provisions". This methodology approximates the discounted sum of all future SCRs, with the annual cost of capital assumed to be 6% of the capital estimated at each future point.

D.2.2 Uncertainty associated with the value of Technical Provisions

All estimates of unpaid loss reserves are inherently uncertain. The key areas of uncertainty of the Claims Provision are driven by the uncertainty of the underlying booked reserves and the appropriateness of historic data, and in particular incurred claims, to project claims to ultimate. Uncertainty is also inherent in the Premium Provision and in the judgement applied when selecting loss ratio assumptions which are based on historic data.

D.2.3 Solvency II and local GAAP valuation differences of Technical Provisions by material line of business

See analysis in Section D2.1.

D.2.4 The Company does not apply the matching adjustment referred to in Article 77b of Directive 2009/138/EC.

D.2.5 The Company does not use the volatility adjustment referred to in Article 77d of Directive 2009/138/EC.

D.2.6 The Company does not apply the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC.

D.2.7 The Company does not apply the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

D.2.8 Recoverables from reinsurance and special purpose vehicles

There were no recoverables from reinsurance or special purpose vehicles as at 31 December 2018 (2017: Nil).

D.2.9 Material changes in relevant assumptions made in the calculation of technical provisions

There are no material changes in the relevant assumptions made in the calculation of the technical provisions compared to the previous reporting period ("Day 1" Solvency II reporting).

D.3 Other liabilities

Other liabilities as at 31 December 2018 were $171k (2017: $128k) and are composed of corporation tax payable and accrued expenses.

There were no differences between the Local GAAP and Solvency II valuations.

D.4 Alternative methods for valuation of other liabilities

The Company does not use any alternative methods for valuation.

D.5 Any Other Information

There are no other material matters in respect of the valuation of assets and liabilities.

E CAPITAL MANAGEMENT

E.1 Own funds

E.1.1 Objective, policies and processes for managing own funds

The objective of own funds management is to maintain, at all times, sufficient own funds to cover the SCR and MCR with an appropriate buffer. As part of own funds management, the Company prepares ongoing annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the basis of the ORSA, contains a four-year projection of funding requirements and helps focus actions for future funding.

The Company is a single shareholder entity whose ordinary shares are fully paid up. It has no debt financing nor does it have plans to raise debt or issue new shares capital over the three year time horizon used for business planning.

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

- Own funds to be maintained at an agreed level in excess of the SCR, target solvency margin cover is currently set at 115% of the SCR;
- Dividends will not be paid or will be deferred if doing so would cause the Company to breach its legal and regulatory requirements or fall below the abovementioned target SCR cover;
- The Company's own funds are primarily invested in cash at bank and a deposit with a group undertaking in line with the Board approved Investment and Asset Liability Policy.

E.1.2 Own funds analysed by tiers

An analysis of own funds is shown below:

Date	Description	Tier 1 USD'000	Total USD'000
1 January 2018	Opening balance comprising: Ordinary share capital Reconciliation reserve	 950 38,704	 **950** **38,704**
	Movement in the reconciliation reserve for the year ended 31 December 2018	612	**612**
31 December 2018	Closing balance	40,266	**40,266**
	Represented by:		
	Ordinary share capital	950	**950**
	Reconciliation reserve (comprising retained earnings and Solvency II adjustments)	39,316	**39,316**
	Total basic own funds after deductions	**40,266**	**40,266**

The Company's ordinary share capital and reconciliation reserve are all available as tier 1 unrestricted own funds as per Article 69 (a)(1) of the Delegated Regulation. The positive

reconciliation reserve equals the excess of assets over liabilities less other basic own fund items, as at the reporting date. There are no foreseeable dividends or own shares held.

The Company has no tier 1 restricted own funds and no tier 2 or tier 3 own funds.

E.1.3 Eligible amount of own funds to cover the Solvency Capital Requirement, classified by tiers

The eligible amount of own funds to cover the Solvency Capital Requirement is $40.3m (2017: $39.7m). This is comprised of Tier 1 unrestricted Basic Own Funds of $40.3m (2017: $39.7m).

E.1.4 Eligible amount of own funds to cover the Minimum Capital Requirement, classified by tiers

The eligible amount of own funds to cover the Minimum Capital Requirement is $40.3m (2017: $39.7m). This is comprised of Tier 1 unrestricted Basic Own Funds of $40.3m (2017: $39.7m).

E.1.5 Difference between equity as shown in the financial statements and the Solvency II value excess of assets over liabilities

Reconciliation of Basic Own Funds to Equity as per financial statements as at 31 December 2018	
	USD'000
Solvency II - Basic Own Funds	40,266
Total Equity as per financial statements	41,438
Difference:	**(1,172)**
Represented by:	
Difference between Net Technical Provisions and Solvency II Best Estimate of Liabilities (BEL)	(72)
Solvency II risk margin – non-life	(1,100)
Difference:	**(1,172)**

E.1.6 None of the Company's own funds are subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of Directive 2009/138/EC.

E.1.7 There are no ancillary own funds items.

E.1.8 No deductions are applied to own funds and there are no material restrictions affecting their availability and transferability.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Amount of Solvency Capital Requirement and Minimum Capital Requirement

The table below shows the total SCR and MCR at 31 December 2018:

	31/12/2018	31/12/2017
	USD'000	USD'000
SCR	23,607	24,784
MCR	5,902	6,196

The final amount of the SCR remains subject to supervisory assessment.

E.2.2 Solvency Capital Requirement split by risk modules

The table below shows the SCR components by risk module (using the Standard Formula) as at 31 December 2018.

SCR Overview	31/12/2018	31/12/2017
	USD'000	USD'000
Market risk	9,731	9,526
Counterparty default risk	16,410	17,813
Non-life underwriting risk	3,822	3,824
Diversification	(6,731)	(6,795)
Basic Solvency Capital Requirement	**23,232**	**24,368**
Operational risk	375	416
Solvency Capital Requirement	**23,607**	**24,784**

E.2.3 Simplified calculations are not used for any of the risk modules or sub-modules.

E.2.4 The Company does not use undertaking specific parameters in its computation.

E.2.5 The Minimum Capital Requirement is calculated using the Standard Formula specifications.

The table below shows the MCR calculation as at 31 December 2018.

MCR Overview	31/12/2018	31/12/2017
	USD'000	USD'000
Linear MCR	45	38
SCR	23,607	24,784
MCR cap	10,623	11,528
MCR floor	5,902	6,196
Combined MCR	5,902	6,196
Absolute floor of the MCR	1,374	1,439
Minimum Capital Requirement	**5,902**	**6,196**

E.2.6 There were no material changes to the Solvency Capital Requirement or to the Minimum Capital Requirement over the reporting period.

E.3 Any use of the equity risk sub-module in the calculation of the Solvency Capital Requirement

The Company has not opted to use the duration-based equity risk sub-module set out in Article 304 of Directive 2009/138/EC.

E.4 Internal model information

The Company applies the Standard Formula model and does not use an internal model to calculate the Solvency Capital Requirement.

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

There were no breaches of the Solvency Capital Requirement or the Minimum Capital Requirement over the reporting period.

E.6 Any other information

There are no other material matters in respect of the valuation of capital management.

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	36,406
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	36,406
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	36,406
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	(4,130)
Non-life and health similar to non-life	**R0280**	(4,130)
Non-life excluding health	**R0290**	(4,130)
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	85
Reinsurance receivables	**R0370**	
Receivables (trade, not insurance)	**R0380**	
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	5,118
Any other assets, not elsewhere shown	**R0420**	-
Total assets	**R0500**	37,479

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	(2,957)
Technical provisions – non-life (excluding health)	**R0520**	(2,957)
Technical provisions calculated as a whole	**R0530**	
Best Estimate	**R0540**	(4,057)
Risk margin	**R0550**	1,100
Technical provisions - health (similar to non-life)	**R0560**	
Technical provisions calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
Technical provisions calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
Technical provisions calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
Technical provisions calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	-
Payables (trade, not insurance)	**R0840**	125
Subordinated liabilities	**R0850**	
Subordinated liabilities not in Basic Own Funds	**R0860**	
Subordinated liabilities in Basic Own Funds	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	45
Total liabilities	**R0900**	(2,787)
Excess of assets over liabilities	**R1000**	40,266

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**
Premiums written										
Gross - Direct Business	**R0110**						-	-		
Gross - Proportional reinsurance accepted	**R0120**						2,515	9,969		
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**						2,402	9,677		
Net	**R0200**						113	292		
Premiums earned										
Gross - Direct Business	**R0210**						-	-		
Gross - Proportional reinsurance accepted	**R0220**						2,515	9,969		
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**						2,402	9,677		
Net	**R0300**						113	292		
Claims incurred										
Gross - Direct Business	**R0310**						-	-		
Gross - Proportional reinsurance accepted	**R0320**						-	-		
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**						-	-		
Net	**R0400**						-	-		
Changes in other technical provisions										
Gross - Direct Business	**R0410**						-	-		
Gross - Proportional reinsurance accepted	**R0420**						-	-		
Gross - Non- proportional reinsurance accepted	**R0430**									
Reinsurers'share	**R0440**						-	-		
Net	**R0500**						-	-		
Expenses incurred	**R0550**						108	345		
Other expenses	**R1200**									
Total expenses	**R1300**									

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**			Line of business for: **accepted non-proportional reinsurance**				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written									
Gross - Direct Business	**R0110**								-
Gross - Proportional reinsurance accepted	**R0120**								12,484
Gross - Non-proportional reinsurance accepted	**R0130**								-
Reinsurers' share	**R0140**								12,079
Net	**R0200**								405
Premiums earned									
Gross - Direct Business	**R0210**								-
Gross - Proportional reinsurance accepted	**R0220**								12,484
Gross - Non-proportional reinsurance accepted	**R0230**								-
Reinsurers' share	**R0240**								12,079
Net	**R0300**								405
Claims incurred									
Gross - Direct Business	**R0310**								-
Gross - Proportional reinsurance accepted	**R0320**								-
Gross - Non-proportional reinsurance accepted	**R0330**								-
Reinsurers' share	**R0340**								-
Net	**R0400**								-
Changes in other technical provisions									
Gross - Direct Business	**R0410**								-
Gross - Proportional reinsurance accepted	**R0420**								-
Gross - Non- proportional reinsurance accepted	**R0430**								-
Reinsurers'share	**R0440**								-
Net	**R0500**								-
Expenses incurred	**R0550**								453
Other expenses	**R1200**								-
Total expenses	**R1300**								453

Annex I
S.05.01.02
Non-life premiums, claims and expenses by country (Top 5 and home country)

			Home country	Top 5 countries (by amount of gross premium written) - non-life obligations				Total Top 5 and home country
			Home country	CROATIA	HUNGARY	SLOVAKIA	UK	
Premiums written	Gross - Direct Business	R0110	-	-	-	-	-	-
	Gross - Proportional reinsurance accepted	R0120	-	3,005	5,542	2,410	1,306	12,263
	Gross - Non-proportional reinsurance accepted	R0130						
	Reinsurers' share	R0140	-	2,887	5,407	2,350	1,243	11,887
	Net	R0200	-	118	135	60	63	376
Premiums earned	Gross - Direct Business	R0210	-	-	-	-	-	-
	Gross - Proportional reinsurance accepted	R0220	-	3,005	5,542	2,410	1,306	12,263
	Gross - Non-proportional reinsurance accepted	R0230						
	Reinsurers' share	R0240	-	2,887	5,407	2,350	1,243	11,887
	Net	R0300	-	118	135	60	63	376
Claims incurred	Gross - Direct Business	R0310	-	-	-	-	-	-
	Gross - Proportional reinsurance accepted	R0320	-	-	(2,444)	5,000	-	2,556
	Gross - Non-proportional reinsurance accepted	R0330						
	Reinsurers' share	R0340	-	-	(2,444)	5,000	-	2,556
	Net	R0400	-	-	-	-	-	-
Changes in other technical provisions	Gross - Direct Business	R0410	-	-	-	-	-	-
	Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-
	Gross - Non-proportional reinsurance accepted	R0430						
	Reinsurers' share	R0440	-	-	-	-	-	-
	Net	R0500	-	-	-	-	-	-
Expenses incurred		R0550	224	63	97	26	39	449
Other expenses		R1200						-
Total expenses		R1300						449

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010						-	-										-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050						-	-										-
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	R0060						(1,451)	(7,542)										(8,993)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140						(1,514)	(7,552)										(9,066)
Net Best Estimate of Premium Provisions	R0150						63	10										73
Claims provisions																		
Gross	R0160						-	4,936										4,936
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240						-	4,936										4,936
Net Best Estimate of Claims Provisions	R0250						-	-										-
Total Best estimate - gross	R0260						(1,451)	(2,606)										(4,057)
Total Best estimate - net	R0270						63	10										73
Risk margin	R0280						476	623										1,099
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	R0290						-	-										-
Best estimate	R0300						-	-										-
Risk margin	R0310						-	-										-
Technical provisions - total																		
Technical provisions - total	R0320						(975)	(1,982)										(2,957)
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330						(1,514)	(2,616)										(4,130)
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340						539	634										1,173

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	**Z0010**	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**
Prior	**R0100**											-	**R0100** -	-
N-9	**R0160**	-	-	-	-	-	-	-	-	-	-		**R0160** -	-
N-8	**R0170**	-	-	-	-	-	-	-	-	-			**R0170** -	-
N-7	**R0180**	-	-	-	-	-	-	-	-				**R0180** -	-
N-6	**R0190**	-	-	-	-	-	-	-					**R0190** -	-
N-5	**R0200**	-	-	-	-	-	-						**R0200** -	-
N-4	**R0210**	-	-	-	-	-							**R0210** -	-
N-3	**R0220**	3,263	1,740	-	-								**R0220** -	5,003
N-2	**R0230**	8,000	-	-									**R0230** -	8,000
N-1	**R0240**	-	1,056										**R0240** 1,056	1,056
N	**R0250**	-											**R0250** -	-
													Total **R0260** 1,056	14,059

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year											Year end (discounted data)
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**	
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**	**C0360**
Prior	**R0100**											0	**R0100** -
N-9	**R0160**	-	-	-	-	-	-	-	-	-	-		**R0160** -
N-8	**R0170**	-	-	-	-	-	-	-	-	-			**R0170** -
N-7	**R0180**	-	-	-	-	-	-	-	-				**R0180** -
N-6	**R0190**	-	-	-	-	-	-	-					**R0190** -
N-5	**R0200**	-	-	-	-	-	-						**R0200** -
N-4	**R0210**	-	-	-	-	-							**R0210** -
N-3	**R0220**	1,740	-	-	-								**R0220** -
N-2	**R0230**	-	-	-									**R0230** -
N-1	**R0240**	3,500	-										**R0240** -
N	**R0250**	5,000											**R0250** 4,936
													Total **R0260** 4,936

Annex I
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	950	950		-	
Share premium account related to ordinary share capital	R0030	-	-		-	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	38,550	38,550		-	
Subordinated mutual member accounts	R0050	-		-	-	-
Surplus funds	R0070	-	-			
Preference shares	R0090	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Reconciliation reserve	R0130	766	766			
Subordinated liabilities	R0140	-		-	-	-
An amount equal to the value of net deferred tax assets	R0160	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	
Total basic own funds after deductions	R0290	40,266	40,266	-	-	
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-			-	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	-			-	-
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	40,266	40,266	-	-	-
Total available own funds to meet the MCR	R0510	40,266	40,266	-	-	
Total eligible own funds to meet the SCR	R0540	40,266	40,266	-	-	-
Total eligible own funds to meet the MCR	R0550	40,266	40,266	-	-	
SCR	R0580	23,607				
MCR	R0600	5,902				
Ratio of Eligible own funds to SCR	R0620	171%				
Ratio of Eligible own funds to MCR	R0640	682%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	40,266
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	39,500
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve	R0760	766
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	177
Total Expected profits included in future premiums (EPIFP)	R0790	177

Annex I
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	9,731		
Counterparty default risk	R0020	16,410		
Life underwriting risk	R0030	-	-	-
Health underwriting risk	R0040	-	-	-
Non-life underwriting risk	R0050	3,822	-	-
Diversification	R0060	(6,731)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	23,232		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	375
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement excluding capital add-on	R0200	23,607
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	23,607
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	45

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	-	-
Income protection insurance and proportional reinsurance	R0030	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	-	-
Other motor insurance and proportional reinsurance	R0060	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	63	113
Fire and other damage to property insurance and proportional reinsurance	R0080	10	292
General liability insurance and proportional reinsurance	R0090	-	-
Credit and suretyship insurance and proportional reinsurance	R0100	-	-
Legal expenses insurance and proportional reinsurance	R0110	-	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	-	-
Non-proportional health reinsurance	R0140	-	-
Non-proportional casualty reinsurance	R0150	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-
Non-proportional property reinsurance	R0170	-	-

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	R0200	-

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

Overall MCR calculation

		C0070
Linear MCR	R0300	45
SCR	R0310	23,607
MCR cap	R0320	10,623
MCR floor	R0330	5,902
Combined MCR	R0340	5,902
Absolute floor of the MCR	R0350	1,374
		C0070
Minimum Capital Requirement	R0400	5,902