



ALD Re DAC **2019 Solvency** **& Financial** **Condition** **Report**



ALD
Automotive

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Executive Summary

ALD Re Designated Activity Company (“ALD Re” or the “Company”) is a non-life reinsurer based in Ireland and regulated by the Central Bank of Ireland. The Company was established in 2005 by ALD Automotive (“ALD Group”). ALD Re’s principal activity is to provide reinsurance coverage for third party motor vehicle liability insurance, own damage risks and other related covers associated with the vehicles provided under lease contracts to large corporates, SMEs, professionals and private customers of ALD Automotive. ALD Group is a global leader in mobility solutions providing full service leasing and fleet management services across 43 countries to a client base of large corporates, SMEs, professionals and private individuals. A leader in its industry, ALD places sustainable mobility at the heart of its strategy, delivering innovative mobility solutions and technology-enabled services to its clients, helping them focus on their everyday business.

ALD Re provides reinsurance coverage to approximately 500,000 vehicles within the group, with live risks in 24 countries (19 where underwriting actively continues and 5 countries in run-off). ALD Re engages in business activity primarily within member states of the European Union as well as Norway, Russia and Switzerland. ALD Re is part of a group of companies known as ALD Group. The parent company is ALD S.A, which is 79.82% owned by Société Générale and 20.18% publicly owned (Paris Stock Exchange). ALD S.A was first listed in 2017, through an Initial Public Offering (IPO) of shares.

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

This report has been prepared in accordance with the Board approved policy on Reporting and Public Disclosure. To ensure accuracy, completeness and consistency of the report, a number of controls have been deployed, including comparison to other Solvency II reports, a detailed review of the requirements as per the Solvency II Directive, and a detailed review process by management, the Audit Committee and the Board. The Board approved the report on 31 March 2020.

Business and Performance

Based on the financial statements for the financial year ended 31 December 2019, prepared under Irish generally accepted accounting principles (GAAP), the Company's after-tax profit for the financial year ended 31 December 2019 was €39.2m which is an increase of 94% compared with the prior financial year (2018: €20.2m). There are two main areas driving this increase: i) underwriting performance has been strong during 2019 due to significant reinsured fleet growth and improvement in loss ratios. The technical result for 2019 as per the financial statements is €42m (2018: €26.7m). ii) investment performance has been strong compared to the prior year, with a net investment return of €6.6m reflecting a recovery of losses from the previous financial year in line with general market movement (2018: net loss of €4.5m). Shareholder's funds at 31 December 2019 were €120m (2018: €99.9m). Given the economic uncertainty created by the COVID 19 pandemic, the Directors have deferred the declaration of a dividend until the second quarter of 2020. A dividend of €22m was declared in 2019 in relation to 2018 distributable earnings.

System of Governance

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

Risk Profile

There were no significant changes or events during the reporting period that have impacted on the Company. There has been an increase in underwriting risk as the Company continues to grow. Net Earned Premium (NEP) increased by 15% during 2019 and is projected to grow further during 2020.

Valuation for Solvency Purposes

There were no significant changes or events during the reporting period that have impacted on the Company. The valuation difference between GAAP financial statements shareholders' funds and Solvency II Own funds has increased during 2019 primarily due to differences arising on technical provisions. This is further explained in Chapter D.

Capital Management

In accordance with the Solvency II Directive, the Company has calculated its Solvency Capital Requirement ("SCR") to be €73.6m. The Company has eligible own funds of €152.7m (Tier 1) giving an SCR coverage of 207%. As further explained in Chapter E, there has been an increase in the SCR, and an increase in the own funds since year end 2018. However, the SCR coverage remains consistent with prior years.

The Minimum Solvency Requirement ("MCR") is calculated as being €22.5m giving a MCR coverage of 680%. There has been no instance of non-compliance with the SCR or MCR during the period. Further detail is provided in Chapter C.

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



A. Business and Performance

Based on the financial statements for the financial year ended 31 December 2019, prepared under Irish generally accepted accounting principles (GAAP), the Company's after-tax profit was €39.2m which is an increase of 94% compared with the prior financial year (2018: €20.2m). There are two main areas driving this increase: i) underwriting performance has been strong during 2019 due to significant premium growth and improvement in loss ratios. The technical result for 2019 as per the financial statement is €42.0m (2018: €26.7m). ii) investment performance has been strong compared to the prior year, with a net investment return of €6.6m reflecting the recovery of losses from the previous financial year in line with general market movement (2018: net loss of €4.5m). Shareholder's funds at 31 December 2019 were €120m (2018: €99.9m). Given the economic uncertainty created by the COVID 19 pandemic, the Directors have deferred the declaration of a dividend until

the second quarter of 2020. A dividend of €22m was declared in 2019 in relation to 2018 distributable earnings.

Subsequent Events post year end; Direct and indirect effects of the Covid-19 outbreak are impacting the global economy. ALD Re as a motor reinsurer is not directly impacted, but the Company cannot predict future potential operational and financial impacts arising as the pandemic continues. The Directors are actively monitoring the developments and at the time of approving this report, do not foresee any material adverse developments arising from the Covid-19 pandemic. As such, the Directors do not deem there to be a major development significantly affecting the relevance of the information disclosed in this report, nor the going concern basis of the Company.

A.1 Business

Name and Legal Form

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

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

ALD S.A. is a 79.82% subsidiary of Société Générale and 20.18% publicly owned (Paris Stock Exchange). ALD S.A. registered address is 1-3 Rue Eugène et Armand Peugeot, Corosa, 92500 Rueil- Malmaison, Paris, France. Société Générale has its registered office at 29, boulevard Haussmann, 75009 Paris (France) and is listed on the Paris Stock Exchange. ALD International GmbH was formerly ALD International SAS & Co. KG, the change in name and legal form became effective on 22 August 2019.

Supervision

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

External Auditor

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

Significant Events

There have been no significant events during the year ended 31 December 2019 that have had a material impact on the Company or its results for the financial year end 31 December 2019.

A2. Underwriting Performance

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

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

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

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

PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS	2019				2018	
	INCOME PROTECTION INSURANCE	MOTOR VEHICLE LIABILITY INSURANCE	OTHER MOTOR INSURANCE	LEGAL EXPENSES INSURANCE	TOTAL	TOTAL
PREMIUMS WRITTEN						
Gross - Proportional reinsurance accepted	4,260	102,420	58,907	2,552	168,139	137,238
Reinsurers' share	-	1,644	-	-	1,644	1,563
Net	4,260	100,776	58,907	2,552	166,495	135,675
PREMIUMS EARNED						
Gross - Proportional reinsurance accepted	4,344	88,220	55,917	2,308	150,789	131,537
Reinsurers' share	-	1,644	-	-	1,644	1,563
Net	4,344	86,576	55,917	2,308	149,145	129,974
CLAIMS INCURRED						
Gross - Proportional reinsurance accepted	1,125	53,755	35,133	137	90,150	81,513
Reinsurers' share	-	(917)	-	-	(917)	(1,334)
Net	1,125	54,672	35,133	137	91,067	82,847
Expenses incurred	702	13,248	6,402	433	20,785	19,809
Technical Result (Net Premium less Claims and Expenses)	2,517	18,656	14,382	1,738	37,293	27,318
Gross Investment Return					7,600	(3,824)
PER FINANCIAL STATEMENTS						
Profit on Ordinary activities before taxation					44,893	23,494
Tax on profit on ordinary activities					5,658	3,299
Profit for the financial year					39,235	20,195

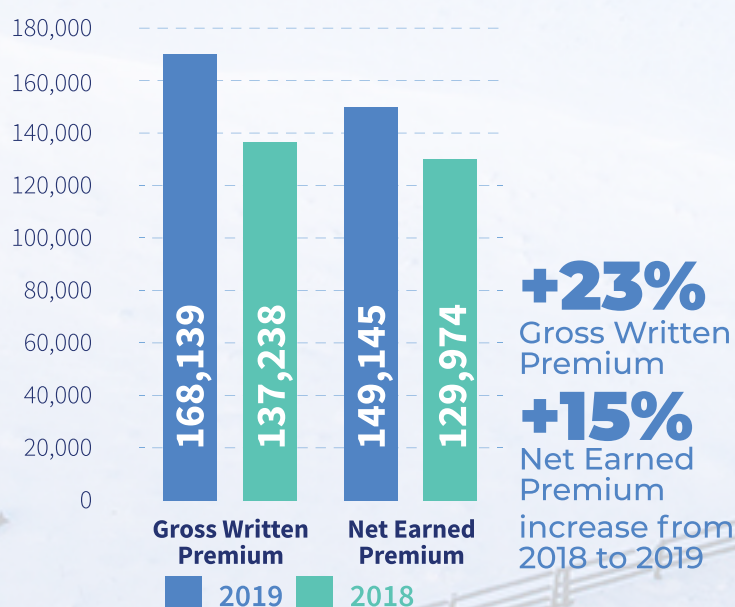
The following Key Performance Indicators (KPIs) are used to monitor the underwriting performance:

- Gross written premium
- Net earned premium
- Combined operating ratio
- Loss ratio
- Expense ratio

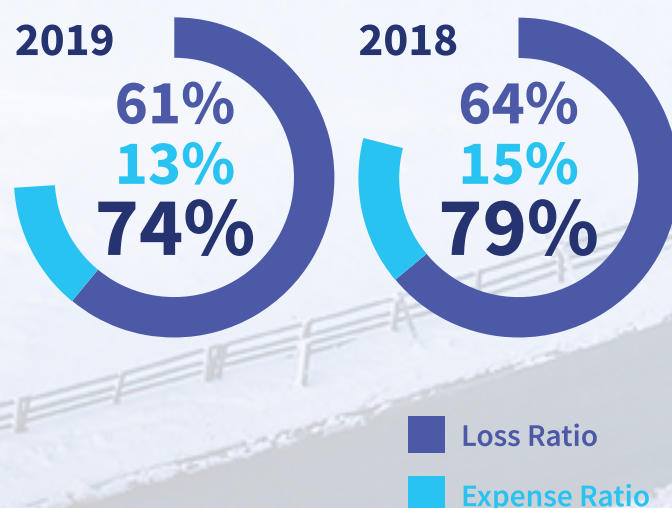
The table below provides a summary of the Company's KPIs based on the 2019 audited financial statements including prior year comparatives.

FIGURE 2; KEY PERFORMANCE INDICATORS BY FINANCIAL YEAR | VALUES IN €'000

Premium Analysis



Combined Operating Ratio Analysis



The above table includes the results recognised in the financial year ended 31 December 2019 in relation to all accident years (i.e. the current accident year and any reserve strengthening / release in relation to prior accident years).

The Company recorded a strong underwriting performance for the financial year ended 31 December 2019. Net earned premium increased by 15% to €149.1m (2018: €130m). The increase in the net earned premium is driven by a combination of organic growth in existing countries and a significant increase in vehicles in one existing European country, arising from a group acquisition. Approximately 92% of premium earned relates to business within the European Union. The underwriting performance as per Figure 1, has been strong with a technical result of €37.3m.

The overall loss ratio has improved by 3%. This is the result of strong underwriting discipline and continued focus on claims best practice. In addition, the Company continues to experience favourable claims run-off on prior years across most territories in which the Company provides reinsurance.

The Company's Expense ratio of 13% for 2019 is a reduction of 2% compared with prior year. This reduction is driven by the frictional cost ratio which has decreased from 12% to 10%. The Company's operating expense ratio has remained consistent with prior year at 3%. The Company continues to focus strongly on control over its operating cost base.

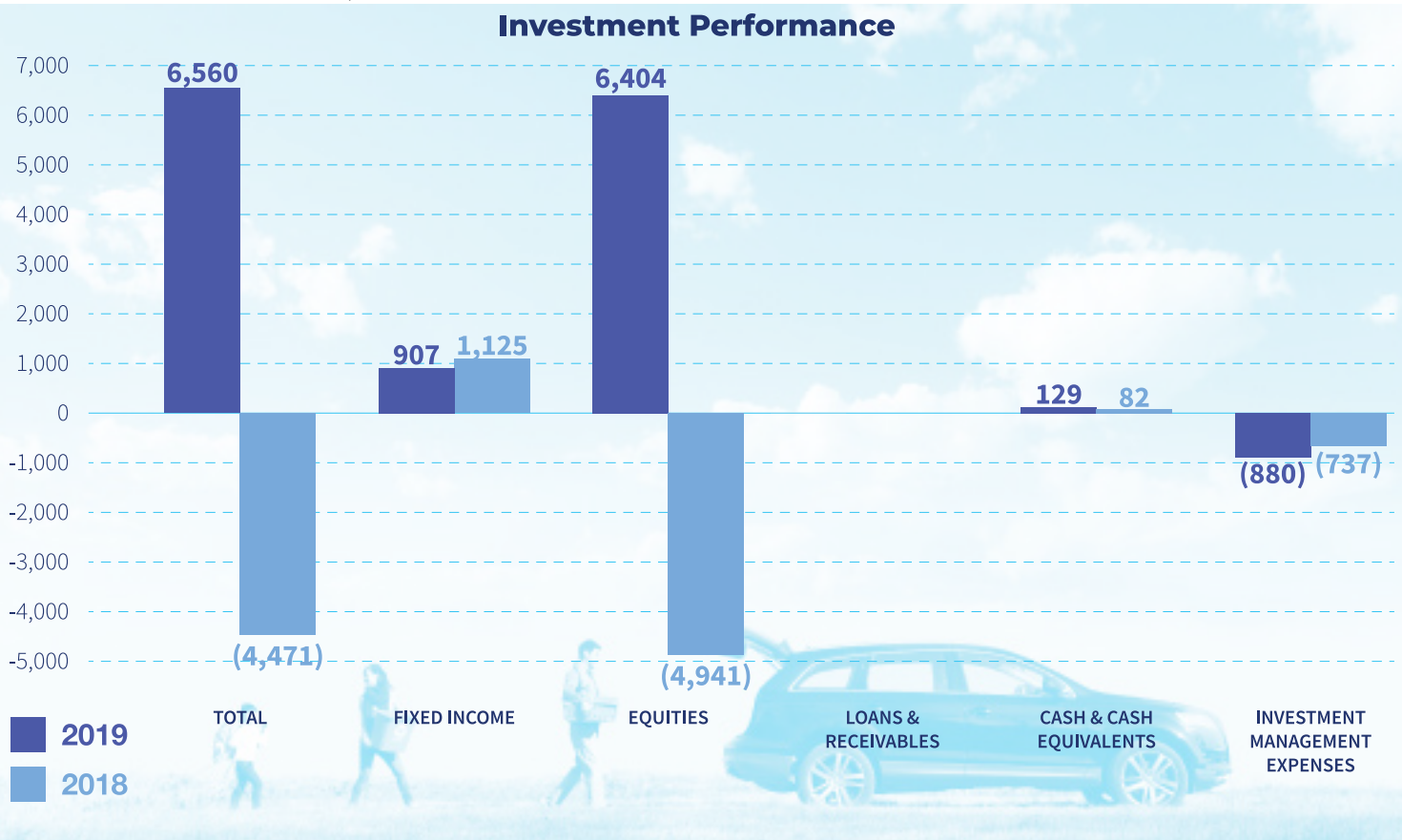
A3. Investment Performance

The net investment return for the year is approximately 4% which is a significant improvement compared with a negative return in the prior financial year. In the prior financial year, the Company experienced significant losses on the equity portfolio in line with general downward market movement. The

Company continues to explore opportunities to improve its investment return.

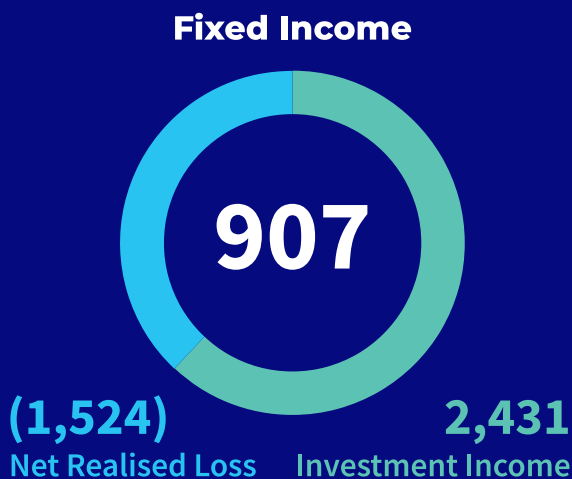
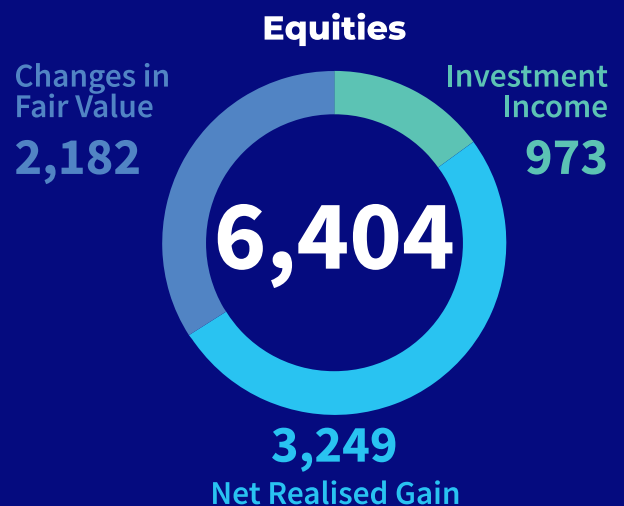
An analysis of the net investment return by investment classes is provided in the table below.

FIGURE 3; INVESTMENT PERFORMANCE | VALUES IN €'000



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

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



Gains and Losses Recognised Directly Through Equity

The Company has recognised an unrealised gain on its fixed income securities of €3.3m (gross of tax) through the Statement of Comprehensive Income (2018: unrealised loss of €2.5m). The intention is to hold fixed income securities until maturity, however trading may occur in specific circumstances defined in the investment strategy.

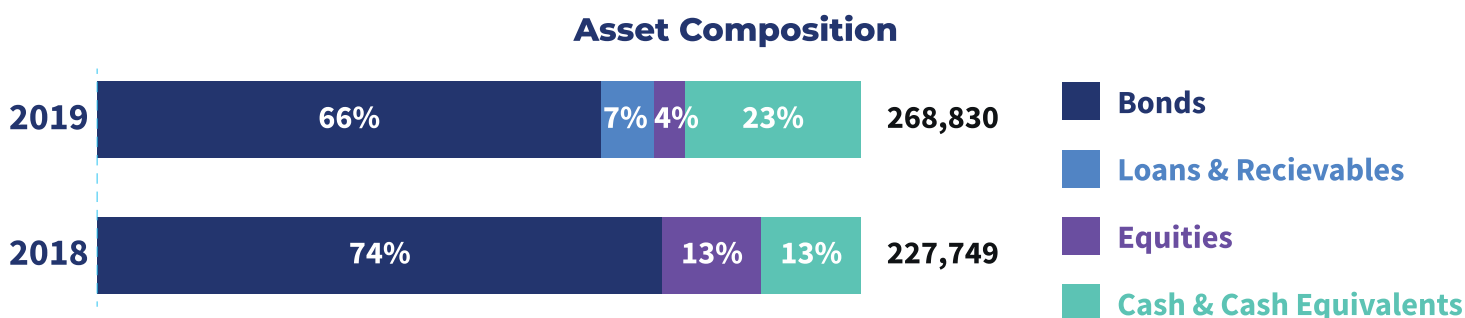
Securitisation

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

Asset Composition

The asset composition of the Company's investment portfolio at the financial year end has been analysed as per the below chart: the total value of the financial assets and cash is €268.8m (2018: €227.7m).

FIGURE 5; ASSET COMPOSITION | VALUES IN €'000



Included in the current year numbers "Loans and receivables" is a loan to an ALD Group entity ("Group Loan"), comprising of a term loan which in accordance with local GAAP was classified as a "loan and receivable". The Loan to the Group entity was €20m at year end (2018; nil).

A.4 Performance of Other Activities

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

A.5 Any Other Information

There is no other material information to report.

B. System of Governance

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

Management team consists of a Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Risk Officer and Chief Actuary.

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

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

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

FIGURE 6; BOARD STRUCTURE



Board Composition and membership has been provided below;

FIGURE 7; SUBCOMMITTEE STRUCTURE

M HORSTEN** CHAIRPERSON						
C BURLET	L DOUBROVINE	M MASTERSON	D STAFFORD*	R CULLY	A TULLY	J KELLY
SOCIETE GENERALE DIRECTOR OF INSURANCE	DEPUTY GENERAL MANAGER OF SOGECAP, (INTERNATIONAL ACTIVITIES)	ALD GROUP CEO	ALD RE CEO	ALD GROUP DEPUTY CFO	INDEPENDENT DIRECTOR	INDEPENDENT DIRECTOR
** M. Horsten (Chairperson) General Manager of ALD Belgium's fleet management business.				SUB COMMITTEE MEMBERSHIP		
				AUDIT COMMITTEE MEMBER	CHAIRPERSON OF THE RISK COMMITTEE	RISK COMMITTEE MEMBER
					AUDIT COMMITTEE MEMBER	CHAIRPERSON OF THE AUDIT COMMITTEE

* All Directors are Non executive Directors, with the exception of D. Stafford who is a Non - Executive Director.

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

B.1 General Information on the System of Governance

Overview

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

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

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

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

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

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

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



Independent Control Functions

The Company has established four key independent control functions;

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

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

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

Remuneration, Employee Benefits and Practise

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

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

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

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

The Company offers all employees the choice of making contributions into a defined contribution pension scheme, which the Company will also contribute to. Once the contribution has been paid, the Company has no further obligations. The defined contribution scheme is independently managed by a third party.

The Company's remuneration practices do not include any supplementary pension or early retirement schemes for members of the Board of Directors, key function holders or other Company employees.

Material Transactions

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

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

In addition as noted in A.2 investment performance, lending to ALD Group occurs (See C.2 for more details).



B.2 Fit and Proper Requirements

Fitness and Probity Policy

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

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

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

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

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

Candidate Due Diligence

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

Ongoing Due Diligence

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

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

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

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

Risk Appetite

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

Risk Management Framework

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

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

The risk framework is intended to reduce but cannot eliminate the range of possible risk issues that may impact on the Company. Similarly, the risk framework cannot provide protection with certainty against the failure of the Company to meet its business objectives or guard against material errors, losses, frauds or breaches of laws. Taking these into account the

risk management framework is intended to provide reasonable assurance that the Company will, on an ongoing basis, conduct its business in an orderly manner.

Risk Policies

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

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

Risk Management Function

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

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

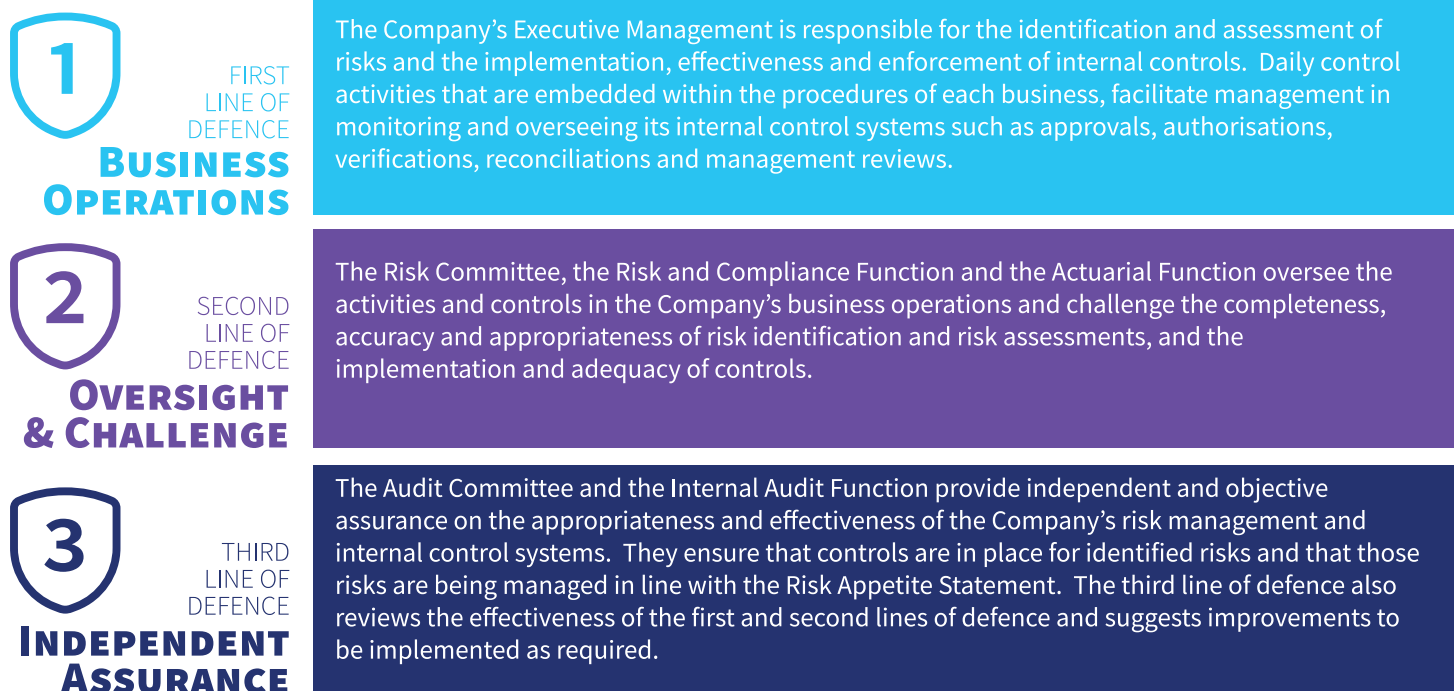
The responsibilities are discharged through;

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

Three Lines of Defence

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

FIGURE 8; THREE LINES OF DEFENCE



Own Risk and Solvency Assessment

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

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

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

FIGURE 9; OWN RISK AND SOLVENCY ASSESSMENT (ORSA)



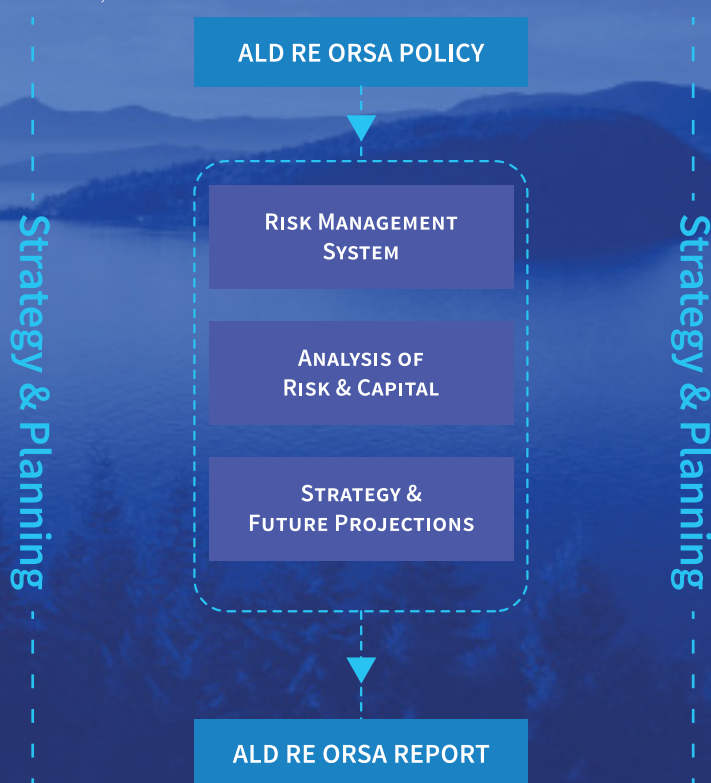
The ORSA process considers the capital requirements over the business planning period (currently a 3 year period) and uses the results as a key input in decision making and planning. The ORSA process is an iterative one that contributes to the development of the Company's strategy and assists in the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

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

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

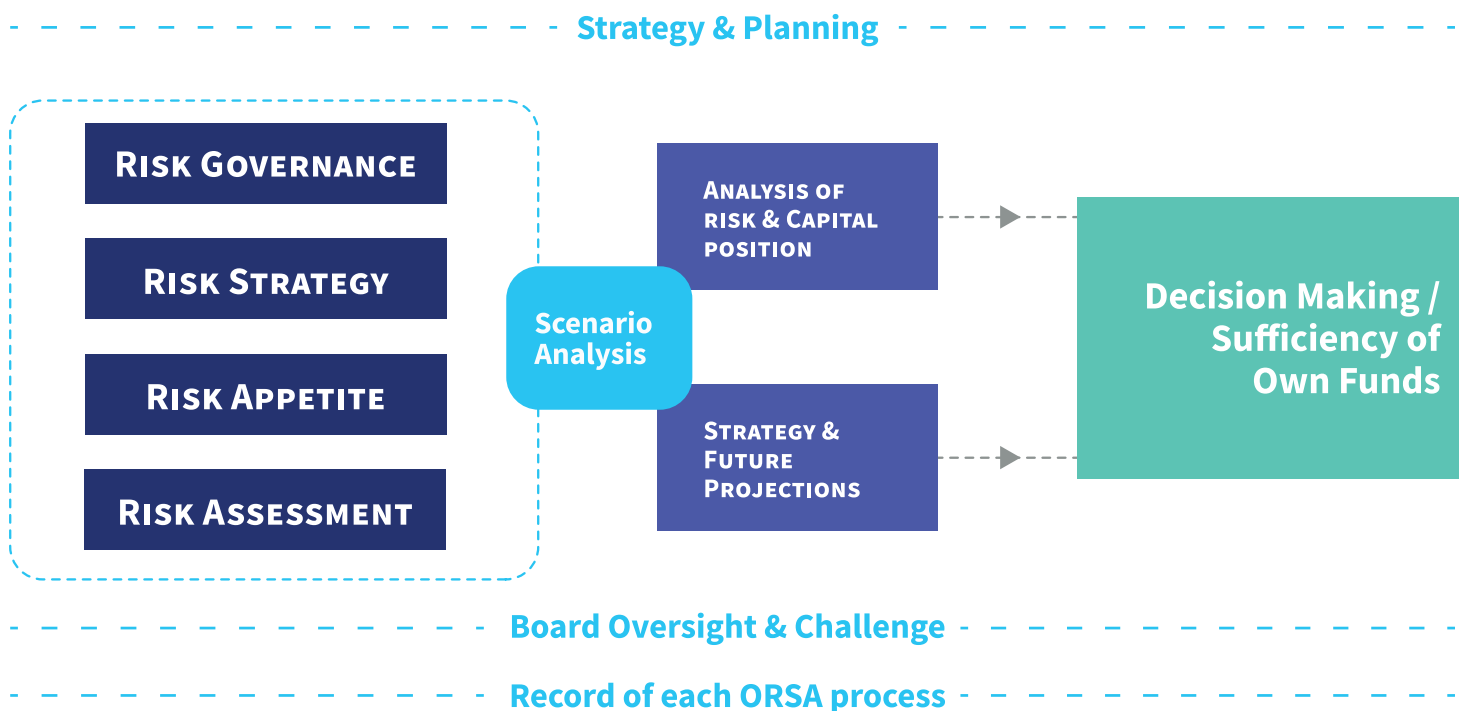
The Company has a Board approved policy to guide the ORSA process. A summary of the process and key activities can be summarized as follows;

FIGURE 10; ORSA PROCESS



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

FIGURE 11; ORSA PROCESS DETAILED



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

B.4 Internal Control System

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

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

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

Compliance Function

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

Establish and maintain a compliance framework

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

The responsibilities are discharged through:

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

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

B.5 Internal Audit Function

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

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

The responsibilities are discharged through:

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

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

B.6 Actuarial Function

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

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

The HoAF responsibilities include;

- To provide an actuarial opinion on technical provisions.
- To provide an opinion on the undertakings underwriting policy.
- To provide an opinion on the adequacy of the undertaking's reinsurance arrangements.
- To contribute to the effective implementation of the risk management system which includes providing an actuarial opinion on each ORSA process.

B.7 Outsourcing

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

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

The table provides details of the Critical and Important outsourced providers

CRITICAL AND IMPORTANT OUTSOURCED ACTIVITIES

ACTIVITY	DESCRIPTION	SERVICE PROVIDER
Head of Actuarial Function	Provision of actuarial opinions	A suitably qualified person from KPMG (Ireland)
Investment Services	Provision of Investment Management support including identification of appropriate assets for investment	Société Générale Bank and Trust S.A
Internal Audit	Provision of Internal Audit services	Société Générale Regional Audit Function
IT Services	Provision of IT infrastructure services	Merrion Fleet T/A ALD Automotive Ireland
Core Insurance System	Claims and premium information system - ALDre	ALD S.A

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

There has been no material change to outsourcing during 2019 other than to note the expansion of the outsourcing activity to ALD S.A. in respect of the core information system during the period.

B.8 Any Other Information

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

C. Risk Profile

The Company reinsures long tail motor liability business and short tail motor own damage business. This activity is the main driver of the risk profile. The composition of the standard formula Solvency Capital Requirement ("SCR") as at 31 December 2019, with comparatives for 2018, is shown in figure 12.

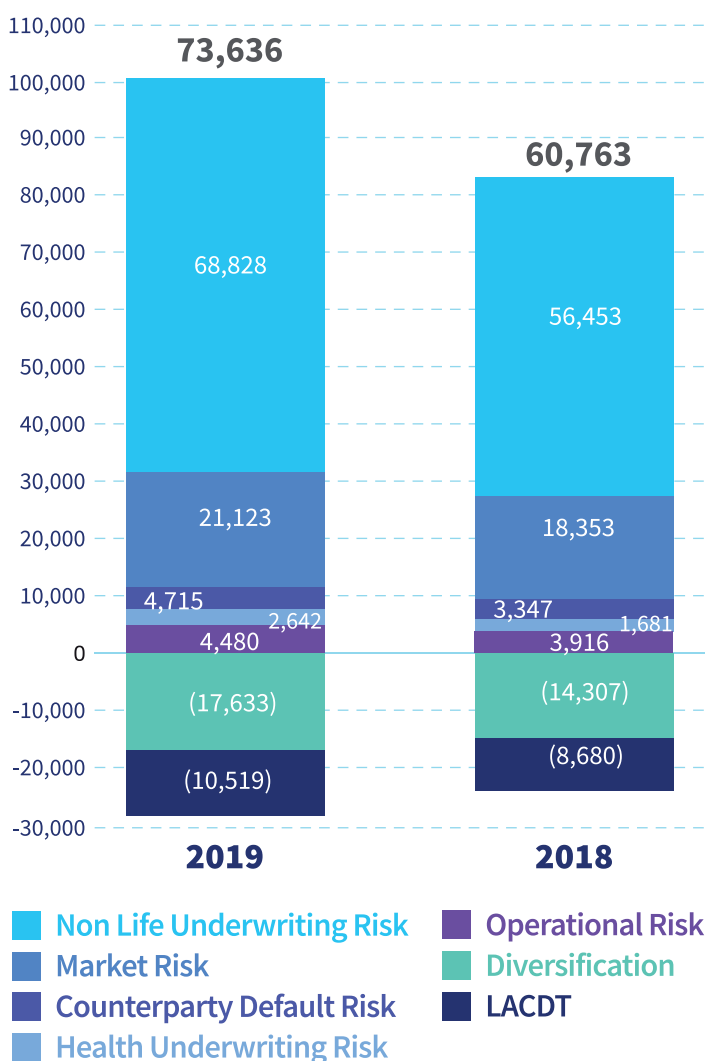
The standard formula SCR risk charge is driven by underwriting risk and market risk. The underwriting risk is the larger of the two and is driven by the volume of business written & bound and the level of claims provisions held. Market risk is the second largest driver, and this is impacted by the type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

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

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

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

FIGURE 12; SCR COMPOSITION | VALUES IN €'000



SEE SECTION E.2 FOR SCR ANALYSIS



C.1 Underwriting Risk

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

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

The main lines of business underwritten by the Company are:

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

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

The Company continues to closely monitor the potential mobility risks of the future, including TPL/OD for private lease

contracts, powertrain shifts and car sharing platforms. The Company participates in these new product opportunities, up to pre-defined limits set by the Board, with the intention of collecting data and understanding the risks so as to be better placed to develop these products to support the future strategy of the ALD Group.

Underwriting

The Company takes a conservative approach to managing underwriting risk. Key risk metrics relating to Underwriting risk are defined in the Company risk appetite statement. Underwriting risk is reported upon on an ongoing basis. There were no material breaches of the Company’s underwriting risk appetite during 2019.

The Company manages the underwriting risks through its underwriting strategy and retrocession strategy. These strategies are implemented through the Company’s underwriting risk and retrocession risk policies, which provide relevant guidance to Executive Management as to how underwriting risk is to be managed. The Company’s underwriting risk policy and retrocession risk policy provide details regarding underwriting appetite, pricing, and catastrophe exposure.

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



Reserving

The Company takes a conservative approach to managing reserving risk. Key risk metrics are defined in the Company's risk appetite statement to enable the management of reserving risk. These are reviewed and monitored on an ongoing basis. There were no material breaches of the Company's reserving risk appetite during 2019.

The Company manages the reserving risk through periodic reviews of the Company's claims provisions and the application of a robust reserving methodology in line with Board approved policies. The provision estimates are subject to rigorous review and challenge by Executive Management, the Audit Committee and the Board. The Solvency II claims provisions are determined by applying appropriate actuarial techniques and are calculated in line with Solvency II requirements. They are calculated on a discounted best estimate basis and include an allowance for Solvency II expenses and also an Events Not In Data ('ENID') loading to reflect the requirement that the claims provision best estimate should reflect all possible outcomes.

The estimation and measurement of claims provisions is a major factor in determining the Company's results and financial position. Additional external assurance is received on an

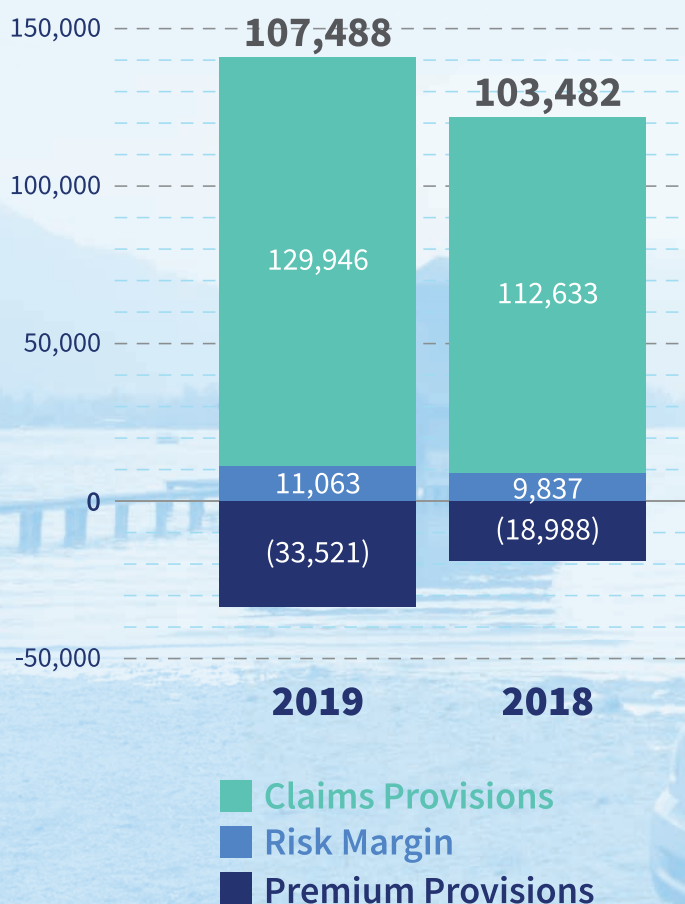
annual basis. The Company's HoAF completes an independent assessment of the effectiveness of reinsurance arrangements, provides an opinion on the underwriting and retrocession policies and provides an actuarial opinion and report on the adequacy of the technical provisions.

ALD Re carried out stress and scenario testing as part of the ORSA process which included stress testing for the material underwriting risks and reserve risks. For the 2019 ORSA, the projected solvency position over the business planning period was recalculated based on adverse scenarios.

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

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

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



ALD
Automotive

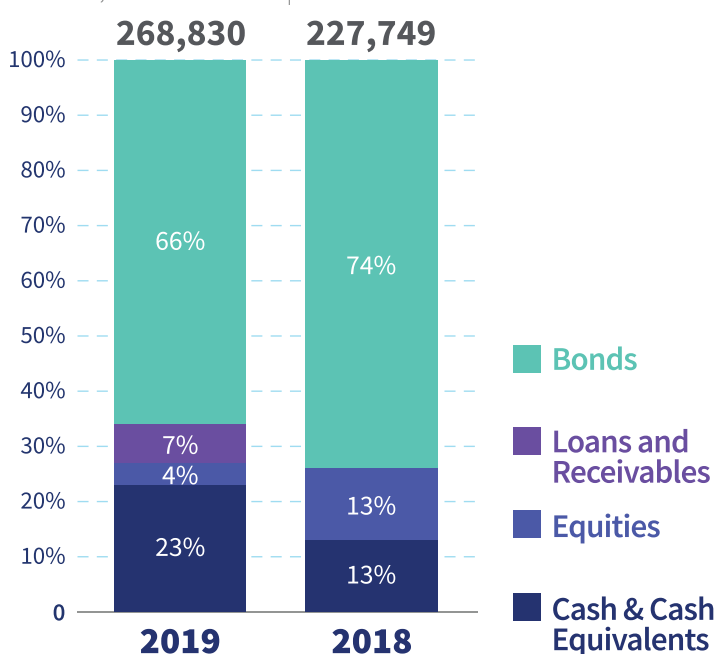
C.2 Market Risk

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

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

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

FIGURE 14; ASSET ALLOCATION | VALUES IN €'000



Included in the current year numbers "Loans and receivables" is a loan to an ALD Group entity ("Group Loan"), comprising of a term loan which in accordance with local GAAP was classified as a "loan and receivable". The Loan to the Group entity was €20m at year end (2018; nil).

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

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

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

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

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

Interest rate risk: The Company has a limited exposure to interest rate risks in respect of its fixed income securities, as asset duration is generally short term and is generally held to maturity. The Company maintains an interest rate gap as set in the Investment Risk Policy to limit interest rate risk. The risk limit has not been breached during 2019. The impact of a +1% increase in interest rates on the value of fixed income securities is (€4,044k) and a -1% decrease in interest rates on the value of fixed income securities is €4,237k. The impact of a +/-1% on the SCR, available capital and SCR coverage, has been considered, the impact is deemed not to have a material impact on the risk profile of the Company.

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

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

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

ALD Re carried out stress and scenario testing as part of the ORSA process which includes stress testing for the material market risks. For the 2019 ORSA, the projected solvency position over the business planning period was recalculated based on adverse stresses.

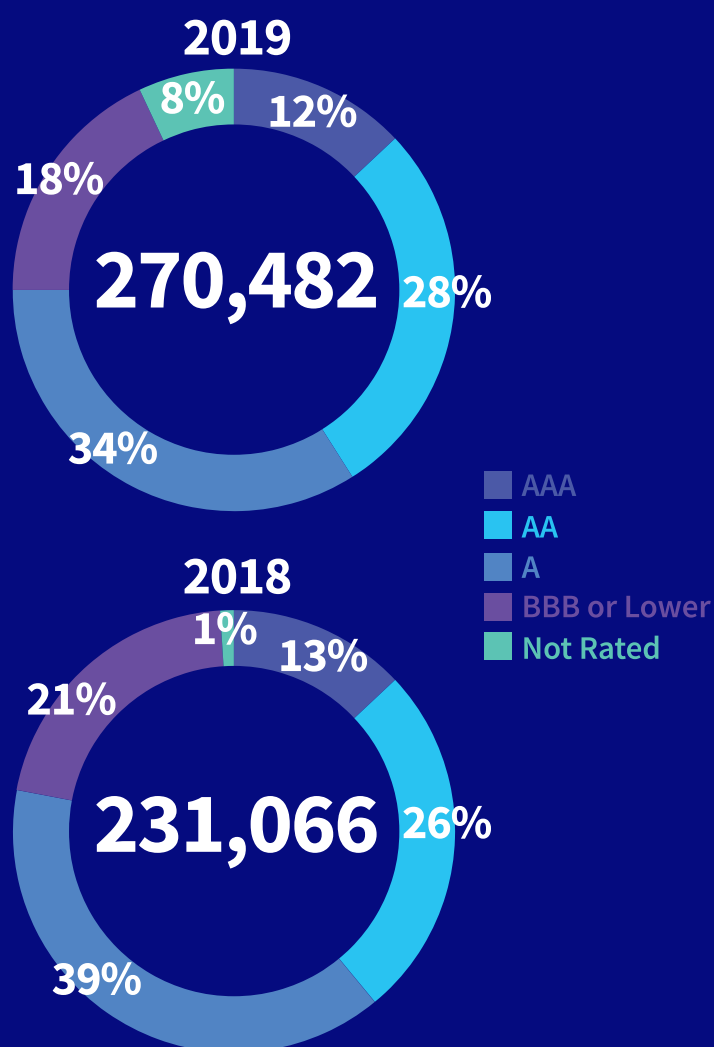
A combined adverse scenario was considered for; interest rate movements, equity shock as well as underwriting deterioration. In addition, a reverse stress test on reinsurance recoveries and a large counterparty failure did not reduce the SCR coverage below 100%.

During 2019 the market risk component of the SCR decreased due to a change in mix in assets, namely a reduction in the equity portfolio and an increase in the amounts lent to a Group company.

C.3 Credit Risk (Default)

Default risk is the risk of default of a counterparty on its contractual obligations resulting in financial loss to the Company. To effectively manage credit risk, the Company has adopted a policy of only dealing with investment grade counterparties with the exception of assets not used to cover technical provisions or required capital. The Company has exposure to a non-investment grade asset, a loan and receivable in respect of a group entity. This is managed by having pre-defined limits in place for the exposure. There is no significant concentration to note in respect of credit risk. Counterparties credit ratings are monitored on a regular basis.

FIGURE 15; FINANCIAL ASSET QUALITY & CONCENTRATION (INCLUDING DUE FROM REINSURERS) | VALUES IN €'000



ALD Re carried out stress and scenario testing as part of the ORSA process which included stress testing for the material credit risks. For the 2019 ORSA, the projected solvency position over the business planning period was recalculated following adverse stresses.

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

C.4 Liquidity Risk

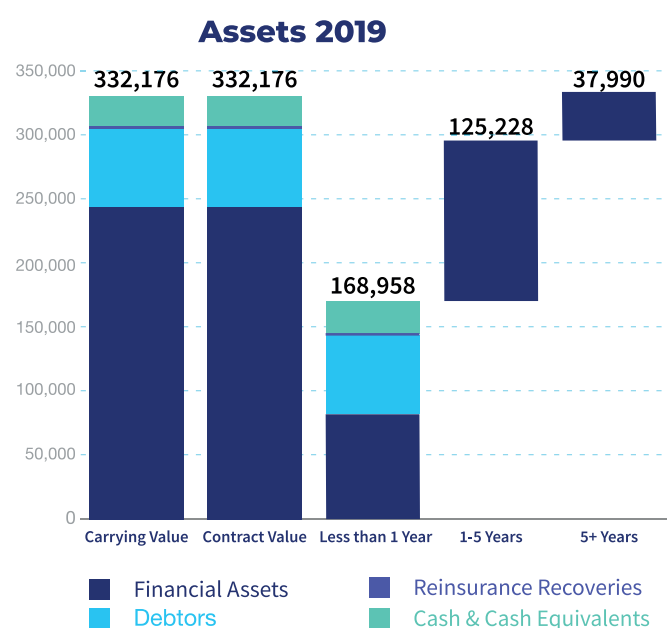
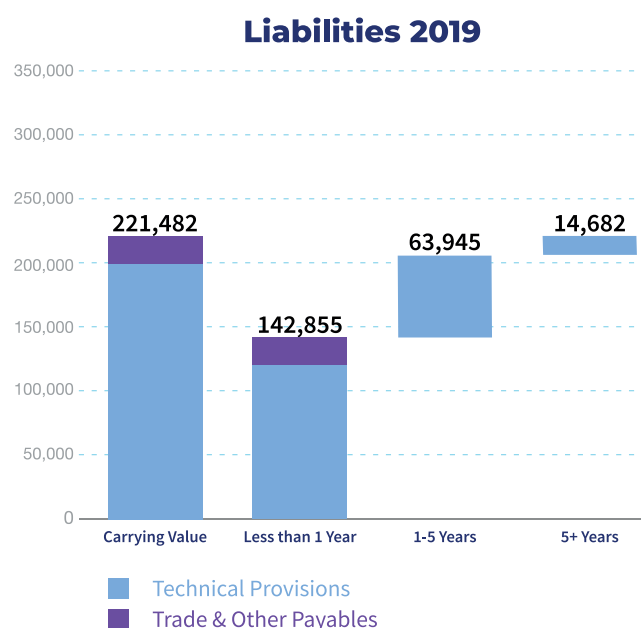
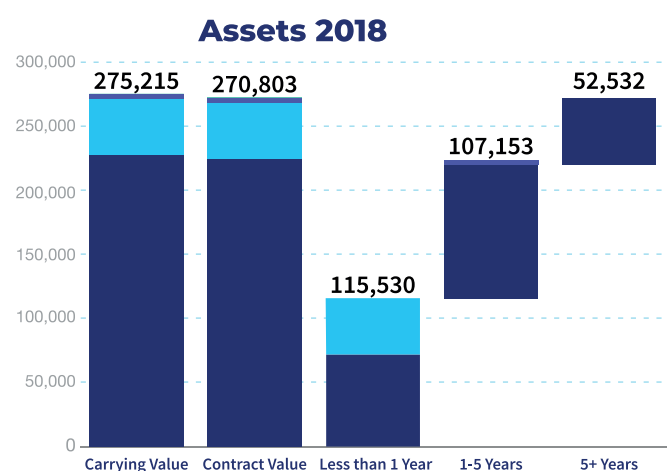
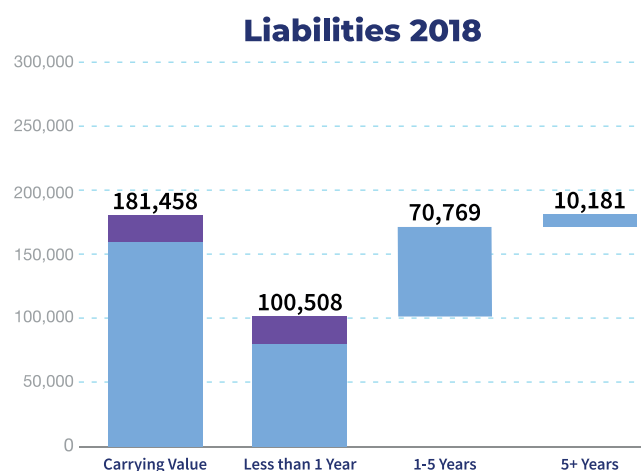
Liquidity risk is the risk that the Company cannot meet its financial obligations as they fall due.

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

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

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

FIGURE 16; ASSETS LIABILITY MATCHING | VALUES IN €'000





Key risk metrics are defined regarding liquidity risk that are reported against on an ongoing basis. There were no material breaches of the Company's liquidity risk appetite during 2019.

An adverse stress scenario for liquidity was considered, where there was a risk of default on retrocession recoveries due to the Company. An additional adverse scenario was considered, which was the greater use of retrocessionaires and therefore higher retrocession recoveries. The impact of this scenario for the SCR was not material due to the strong credit rating of the retrocessionaires.

Prudent Person Principle

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

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

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

The Investment Risk policy key risk indicators are monitored on a monthly basis to ensure the Prudent Person principles are applied.

Expected Profit in Future Premiums

The expected profit included in future premiums for the Company is estimated to be €32,970k.

C.5 Operational Risk

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

The Company has implemented a risk management policy to assist in managing operational risk and has also put in place a process to manage operational risk events. Operational risks including emerging risks follow the risk management processes set out in Chapter B. Key risk metrics are defined with regards to operational risk that are reported against on an ongoing basis. There were no material breaches of the Company's operational risk appetite during 2019.

Key operational risks are;

- **Data:** risk that the Company does not have appropriate processes and procedures to ensure accuracy, completeness and appropriateness of data.
- **Talent acquisition and retention:** risk of inadequate recruitment practises, development, management or retention of employees.
- **Execution management (Policy and procedures):** risk to a service performance arising from a failure to carry out operational processes in an accurate, timely and complete manner.

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

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

In addition, the Company assesses if additional capital is required for operational risk in the ORSA process, over and above the required amount specified in the SCR, standard formula calculation. No additional capital for operational risk was identified as necessary for 2019, as no scenario was identified, which if occurred in isolation would materially reduce the SCR coverage.

C.6 Other Material Risks

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

Strategic risk is the risk of uncertainties impacting on the strategic objectives of the Company. This includes external events. Reliance is placed on market insurers and ALD Group's network of entities for the distribution channel. This distribution network is a key part of the business model and is a key part of the successful growth of the Company.

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

C.7 Any Other Information

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

D. Valuation for Solvency Purposes

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



D.1 Assets

The following are the Company's assets as at 31 December 2019 as reported in the GAAP financial statements and as valued in accordance with the Solvency II Directive with the main differences identified.

FIGURE 17; ASSET | VALUES IN €'000

Asset class	Value per GAAP basis	Valuation and Reclassification for Solvency II purposes	Valuation adjustment	Value per Solvency II	2018 Value per Solvency II	Notes
Financial assets						
Corporate Bonds	155,847	1,013		156,860	139,118	1.1
Loans and receivables		20,000		20,000	-	-
Government Bonds	22,035	180		22,215	30,428	1.1
Equities	9,666			9,666	28,904	1.2
Cash and cash equivalents	81,282	(33,953)		47,329	25,473	1.3
Collective Investment Undertakings		14,082		14,082	5,380	1.4
Total financial assets	268,830	1,322		270,152	229,303	
Other assets						
Deferred Acquisition costs	8,110		(8,110)	-	-	1.5
Reinsurance recoverables	1,652		(418)	1,234	3,300	1.6
Deposits to cedants	500			500	500	1.7
Premium receivables	61,194	(45,581)	33	15,646	13,072	1.8/2.2
Other assets	2,369	(1,643)		726	855	1.9
Total Other Assets	73,825	(47,224)	(8,495)	18,106	17,727	
Total assets	342,655	(45,902)	(8,495)	288,258	247,030	

Notes

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

D.2 Technical Provisions

Technical Provisions by Material Class of Business

The table below displays the Company's gross technical reserves as reported in the 2019 year-end GAAP financial statements and the Company's gross Solvency II technical provisions as at 31 December 2019 as valued in accordance with the Solvency II Directive. The differences in the valuation basis are identified below.

FIGURE 18; TECHNICAL PROVISIONS | VALUES IN €'000

TECHNICAL PROVISIONS	VALUE PER GAAP BASIS	RECLASSIFICATION FOR SOLVENCY II PURPOSES	VALUATION ADJUSTMENT	VALUE PER SOLVENCY II	2018 VALUE PER SOLVENCY II	NOTES
Claims provisions	145,282	-	(15,335)	129,947	112,632	2.1
Motor vehicle liability insurance	126,869	-	(12,728)	114,141	98,977	
Other motor insurance	17,057	-	(2,423)	14,634	11,784	
All other lines	1,356	-	(184)	1,172	1,871	
Premium provisions	53,691	(45,581)	(41,631)	(33,521)	(18,987)	2.2
Motor vehicle liability insurance	38,903	(32,204)	(26,512)	(19,813)	(12,346)	
Other motor insurance	13,565	(12,346)	(12,661)	(11,442)	(5,585)	
All other lines	1,223	(1,031)	(2,458)	(2,266)	(1,056)	
Risk Margin	-	-	11,063	11,063	9,837	2.3
TOTAL	198,973	(45,581)	(45,903)	107,489	103,482	

Notes

- 2.1 Claims provisions under GAAP include a Margin for Uncertainty which has been calculated in accordance with former regulatory guidance. There is explicit prudence in the booked reserves and so is not compatible with Solvency II valuation principles. The Solvency II valuation is calculated in accordance with Articles 77 to 82 of the Solvency II Directive and includes additional liabilities not included for GAAP, including Events not in Data and the expenses of running off the Company's claims.
- 2.2 Premium provisions under GAAP (or the Unearned Premium Reserve) are calculated on an accruals basis. Premium provisions under Solvency II consider the future cashflows of the contracted business, including cashflows relating to claims, runoff expenses, and future premium receipts. The Company's premium provision is negative, as its premiums are not received in full at inception of the policy but are normally settled on a monthly basis.
- 2.3 The Risk Margin is the additional amount, in excess of the best estimate, that another undertaking would require taking over the Company's insurance obligations. The Risk Margin is calculated based on the Cost of Capital approach using the prescribed 6% cost of capital.

Basis, Methods and Assumptions

The Solvency II technical provisions are made up of two main components, the best estimate and the risk margin. The best estimate is further comprised of two components, the Claims Provision and the Premium Provision. This section outlines the basis, methods and assumptions applied in calculating each of these components.

In calculating the best estimate, the Company segments the portfolio into homogeneous reserving groups – groups of business where the claims exhibit similar claims characteristics. This is in order to support a more accurate projection of ultimate claims costs. Typically, the segmentation is based on a combination of country, type of cover provided (e.g. motor vehicle liability or own damage) and size of the claim. However, there is a balance required between having too granular a segmentation of similar claims and having sufficient historical claims data to produce statistically reliable results. The methodology applied to calculate the best estimate for each reserving group is similar, however, the assumptions may vary.

Best Estimate – Claims Provision

The Claims Provision is the amount held in respect of all cashflows relating to claim events which have occurred on or before the valuation date. This is primarily composed of case estimates on reported claims, an estimate for Incurred But Not Reported ('IBNR') claims and an estimate for Incurred But Not Enough Reported ('IBNER') claims. The IBNR and IBNER components are estimated by the actuarial function using standard actuarial techniques such as:

- **Development Factor Method:** This is where a claims development pattern is determined based off historical claims data and the ultimate claims cost is projected assuming this historical claims development pattern appropriately reflects the future claims development.
- **Exposure Based Methods:** This method involves applying an expected loss ratio to premium or an expected cost per vehicle to a unit of vehicle exposure. The key assumption here is in determining the expected loss ratio or the expected cost per vehicle. This is typically based on historical experience but will also incorporate an element of expert judgement.

In selecting an appropriate ultimate cost for each accident year within a reserving segment, the Actuarial Function considers the results from a range of projection methods, the uncertainty in the calculation, the data quality and expert judgement.

The Claims Provision includes an allowance for Solvency II expenses expected to be incurred in meeting the insurance obligations. This includes an allowance for claims management, acquisition expenses, policy administration, investment management and general overheads. The allowance is calculated by assessing historical and planned levels of expenses incurred by the Company.

The Claims Provision also includes an allowance for Events Not In Data ('ENIDs') which is considered a bridging adjustment to translate the best estimate from being derived based on historical data only to be a best estimate based on all possible outcomes in line with Solvency II requirements. This allowance is calculated by considering various scenarios that could occur but have not occurred historically and so are not present in the historical data.

Best Estimate – Premium Provision

The Premium Provision is the amount held in respect of all cashflows relating to future claim events on contracts existing at the valuation date. Existing contracts here include Bound But Not Incepted ('BBNI') business which are contracts that have not incepted yet but that the Company is a party to.

The cashflows considered include premium, claims, expenses and ENIDs in respect of these existing contracts.

For premium, all cashflows which do not fall due for payment at the valuation date are included in premium provisions (i.e. are reclassified from being a premium receivable asset to a negative premium provision liability). Premium cashflows in respect of BBNI business is based off approved business plan figures.

For estimating future claims, a loss ratio is applied to premium. This loss ratio is based on expert judgment while considering historical loss ratios, the business plan and other factors such as expected levels of claims inflation and planned rate changes. The expense and ENID component are calculated using a similar approach to that described above for Claims Provisions.

Discounting

Both the Claims Provisions and Premium Provisions are discounted using the risk-free rates as at 31 December 2019 published by EIOPA, in line with Solvency II requirements. The Claims Provisions and Premium Provisions cashflows are projected using historical payment patterns and discounted using the rates for the currency corresponding to the cashflows.

Retrocession Recoverables

The Company has retrocession contracts in place to protect against large individual bodily injury claims and also in some countries to protect against accumulations of claim from own damage covers from natural catastrophe events. The Actuarial Function has estimated a retrocession recoverable amount on both Claims Provisions and Premium Provisions by assessing the probability of projected claims to breach the retrocession retention limits. The Company has calculated an adjustment for reinsurer default using the simplified calculation permitted under Article 61 of the Commission Delegated Regulation 2015/35. The adjustment is not material as the retrocessionaires have strong credit ratings.

Risk Margin

The Risk Margin is the amount in excess of the best estimate that an undertaking would require to take over and meet the Company's (re)insurance obligations. It is equivalent to the total cost of capital of having to provide an amount to the undertaking equal to the SCR required at each future year in order to meet the (re)insurance obligations existing at the valuation date. The Company has adopted a simplified method permitted under Article 58 of the Commission Delegated Regulation 2015/35 to calculate the Risk Margin. The SCR for the fourth and subsequent future years are approximated in line with the run-off of the Company's best estimate. The SCR at each future year is multiplied by the prescribed 6% cost of capital in line with Solvency II requirements.

Key Areas of Uncertainty

Key areas of uncertainty in the valuation of the technical provisions include:

- Changes in the frequency and severity of claims driven by demographic, legal, medical, technological, social and environmental changes, policyholder choices, or economic developments such as claims inflation;
- Changes in the frequency of claims as a result of government restrictions imposed to combat the COVID-19 pandemic and resulting changes in driver behaviour;
- The potential for future natural catastrophic events;
- Potential for large losses on motor vehicle liability programmes which can be difficult to project due to high severity and low frequency nature of these claims, which can distort claims development patterns and can also take a long time for these claims to settle;
- Appropriateness of expert judgements applied in estimating technical provisions, in particular expected loss ratios and expected cost per vehicle in calculating Claims Provisions and the loss ratio applied to determine the future claims component of Premium Provisions.

Other

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

There have been no material changes in assumptions in the calculation of technical provisions. The Company has refined its approach for the initial recognition date of some risk attaching contracts at year-end 2019 compared to year-end 2018.



D.3 Other Liabilities

The following are the Company's other liabilities as at 31 December 2019 as reported in the GAAP financial statements and as valued in accordance with the Solvency II Directive with the main differences identified.

FIGURE 19; OTHER LIABILITIES | VALUES IN €'000

Other Liability	Value per GAAP basis	Reclassification for Solvency II purposes	Valuation adjustment	Value per Solvency II	2018 Value per Solvency II	Notes
Deferred Tax Liability	-	(322)	4,659	4,337	1,925	3.1
Other	23,641	-	61	23,702	22,807	3.2
TOTAL	23,641	(322)	4,720	28,039	24,732	

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

D.4 Alternative Methods for Valuation

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

D.5 Any Other Information

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



E. Capital Management

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

All the Company's Own Funds are Tier 1, unrestricted (€152.7m) and eligible to cover the Solvency Capital Requirement ("SCR") €73.6m and Minimum Capital Requirement ("MCR") (€22.5m). The SCR coverage ratio is 207% (2018; 196%) and the MCR coverage ratio is 680% (2018; 610%).

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



E.1 Own Funds

Overview

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

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

The Capital Management policy specifies objectives, responsibilities, processes and procedures in relation to the management of the Company's capital.

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

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

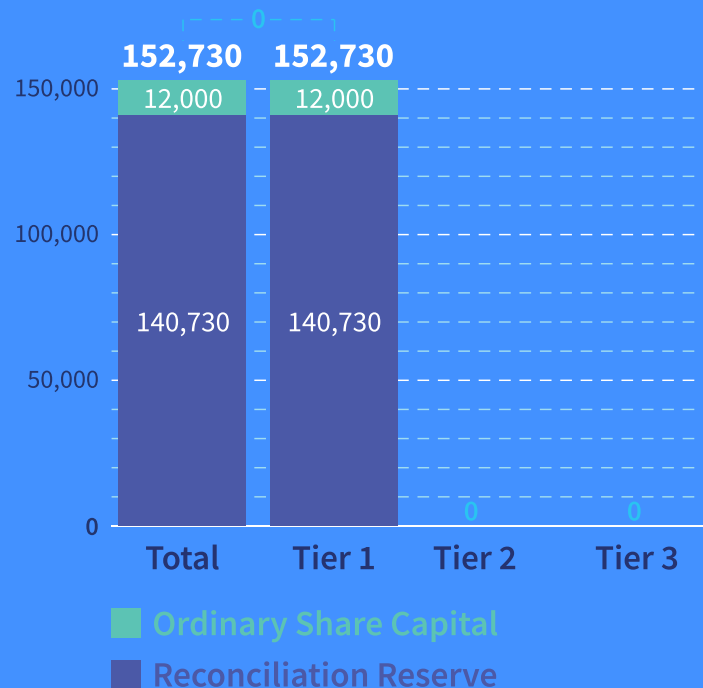
The ORSA process described in Chapter B is performed annually and is a key input into the Capital Management policy and in identifying the necessary capital to withstand Company specific risks.

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



Eligible Own Funds 2019

FIGURE 20; ELIGIBILITY OWN FUNDS BY TIER | VALUES IN €'000



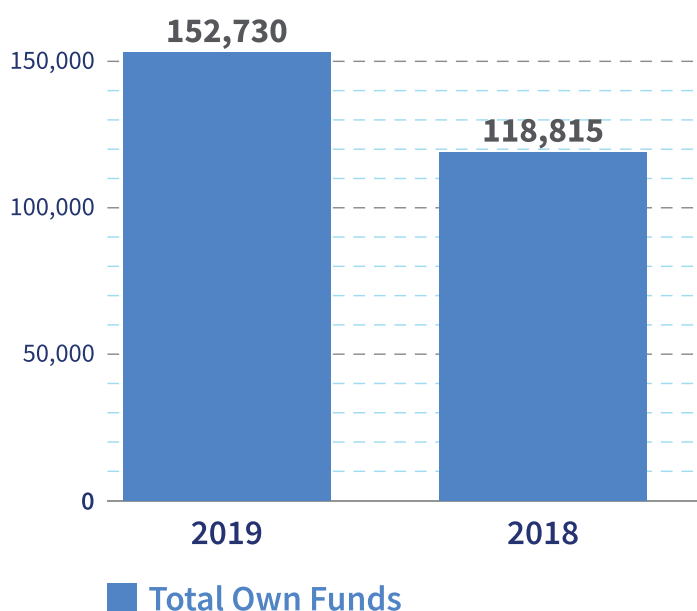
The Company's Own Funds are all Tier 1, unrestricted. There has been no change in the tiering structure during 2019.

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

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

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

FIGURE 21; COMPARISON TO PRIOR YEAR | VALUES IN €'000



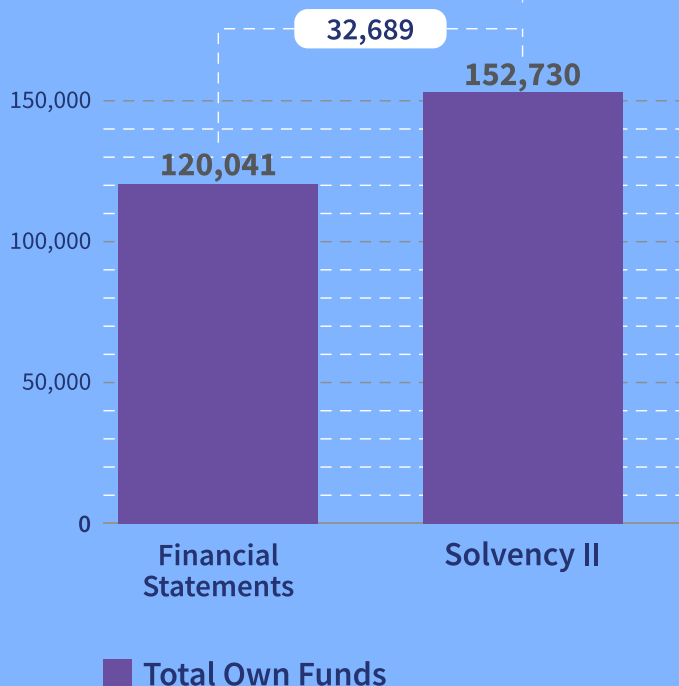
Overall, there has been a significant increase in the own funds. The main movements are:

- The 2019 financial results were higher than 2018 financial results and associated dividend paid during 2019, resulting in an increase in own funds.
- This has been an increase in the difference between the Capital and Reserves per the GAAP Financial Statements and Solvency II own funds, primarily due to an increase in the negative premium provisions.

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

The table below shows the differences between Capital and Reserves per the GAAP Financial Statements and the Own Funds as under Solvency II as at 31 December 2019.

FIGURE 22; CAPITAL AND RESERVES, UNDER GAAP FINANCIAL STATEMENTS AND OWN FUNDS UNDER SOLVENCY II | VALUES IN €'000



The main differences in the valuation are the underlying calculation and treatment of technical provisions, deferred acquisition costs and deferred taxes. These differences between the two bases have been outlined in Chapter D in detail. Below is a quantitative analysis of the explanation of material differences between equity as per Financial Statements and excess of assets over liabilities under SII.

FIGURE 23; MATERIAL DIFFERENCES BETWEEN EQUITY PER THE FINANCIAL STATEMENTS AND EXCESS OF ASSET OVER LIABILITIES FOR SII | VALUES IN €'000

Explanation of material differences between equity as per Financial Statements and excess of assets over liabilities under SII		2019
EQUITY PER FINANCIAL STATEMENTS		
Ordinary Share capital		12,000
Fair value reserve		(2,255)
Profit and Loss Account		110,296
Total equity		120,041
ADJUSTMENTS FOR SOLVENCY II		
Difference in Technical provisions		29,266
Deferred acquisition costs not recognised		8,110
Deferred tax		(4,659)
Other		(28)
Solvency II own funds (excess of assets over liabilities under SII)		152,730

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

Transitional Arrangements

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

Ancillary Own Funds

The Company has no ancillary own funds.

Deductions and Restrictions

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

E.2 Solvency Capital Requirement and Minimum Capital Requirement

Overview

The amounts of the Company Minimum Capital Requirement ("MCR") and Solvency Capital Requirement ("SCR") as at 31 December 2019 are specified below being an MCR of €22.5m (2018; €19.5m) and an SCR of €73.6m (2018; €60.8m).

The SCR is the higher of the two measures and represents the amount of capital that must be held to ensure that the Company has sufficient capital to withstand an extreme

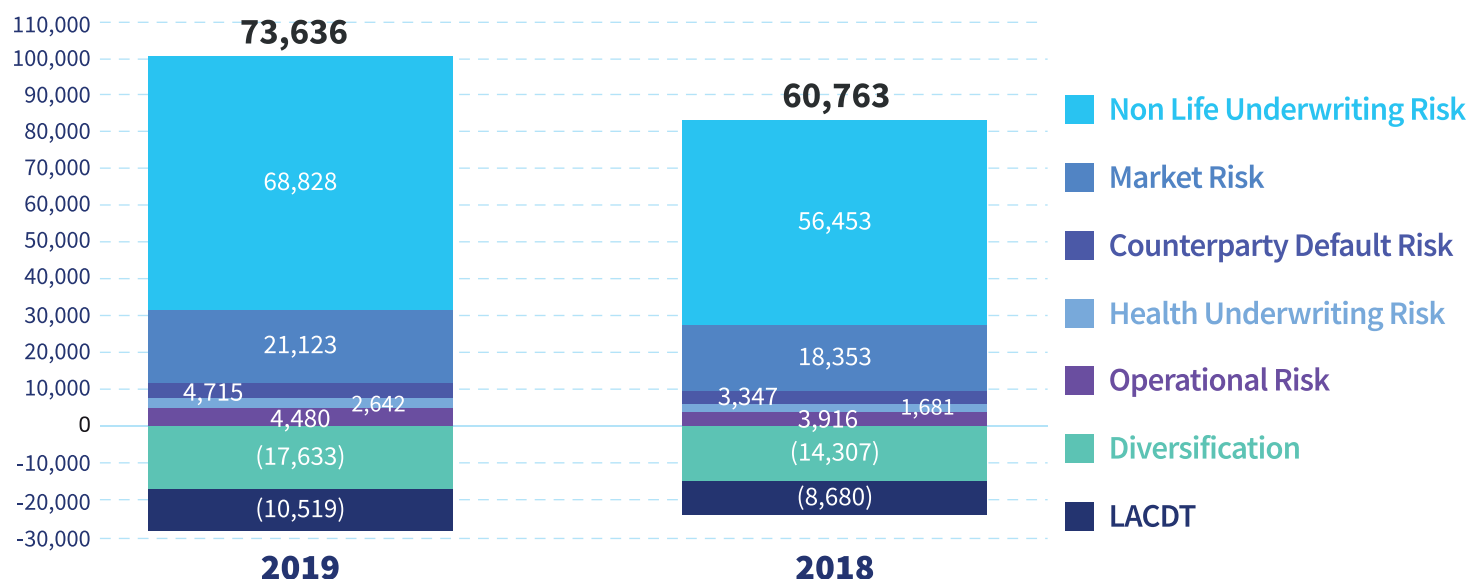
scenario. This indicator measures the capability of an entity to manage all the risks, considered inherent to the (re)insurance industry. The extreme scenario is calibrated to be at a level of 1 in 200 years, over a 1-year time horizon.

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

Solvency Capital Requirement SCR split by risk module

The table below shows the risk modules that make up the Company's SCR as at 31 December 2019, with comparatives. The Company uses the standard formula.

FIGURE 24; SCR BY SUB-MODULE WITH COMPARATIVE | VALUES IN €'000



The main movements during the year are as follows;

- Non-life risk charge increased primarily due to higher net claims provisions and new business volumes expected for the next 12 months. The net claims provision increased from €109m to €128m.
- Market risk charge has increased primarily due to amounts lent to Group at the year-end 2019 was €20m (nil at year end 2018), offset by a reduction in the value of equities at the year-end; €10m (€28.9m at year end 2018).

Minimum Capital Requirement

FIGURE 25; MINIMUM CAPITAL REQUIRED (MCR) | VALUES IN €'000

MINIMUM CAPITAL REQUIRED	2019	2018
Linear MCR	22,450	19,469
SCR	73,636	60,763
Combined MCR	22,450	19,469
Minimum Capital Required	22,450	19,469

The MCR has increased during the period due to the increase in written premium, from €137.2m to €168.1m. Total best estimate net reserves have remained similar during the period.

Other

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

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

E.3 Use of the Duration-Based Equity Risk Sub-Module in the Calculation of the Solvency Capital Requirement

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

E.4 Differences Between the Standard Formula and Any Internal Model Used

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

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

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

E.6 Any Other Information

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

Appendix 1: SFCR Publicly Disclosed QRTs

1. QRT S.02.01.01; Balance sheet
2. QRT S.05.01.02; Premium claims and expenses by Line of Business
3. QRT S.05.02.01; Premium claims and expenses by top five countries
4. QRT S.17.01.02; Technical provisions for each line of business
5. QRT S.19.01.21; Non-life insurance claims information
6. QRT S.23.01.01; Own Funds
7. QRT S.25.01.21; Solvency Capital required
8. QRT S.28.01.21; Minimum Capital requirement

S.02.01.01; Balance sheet

ALL FIGURES ARE IN €'000

ASSETS		SOLVENCY II VALUE
		C0010
Goodwill	R0010	-
Deferred acquisition costs	R0020	-
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	438
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	202,823
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	9,666
Equities - listed	R0110	9,666
Equities - unlisted	R0120	-
Bonds	R0130	179,075
Government Bonds	R0140	22,215
Corporate Bonds	R0150	156,860
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	14,082
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	20,000
Reinsurance recoverables from:	R0270	1,234
Non-life and health similar to non-life	R0280	1,234
Non-life excluding health	R0290	1,234
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	500
Insurance and intermediaries receivables	R0360	15,646
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	47,329
Any other assets, not elsewhere shown	R0420	288
Total assets	R0500	288,258

S.02.01.01; Balance sheet

ALL FIGURES ARE IN €'000

LIABILITIES		SOLVENCY II VALUE
Technical provisions – non-life	R0510	107,489
Technical provisions – non-life (excluding health)	R0520	107,886
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	96,904
Risk margin	R0550	10,982
Technical provisions - health (similar to non-life)	R0560	(397)
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	(478)
Risk margin	R0590	81
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	4,337
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	22,513
Reinsurance payables	R0830	-
Payables (trade, not insurance)	R0840	1,132
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	57
Total liabilities	R0900	135,528
Excess of assets over liabilities	R1000	152,730

S.05.01.02; Premium claims and expenses by Line of Business

ALL FIGURES ARE IN €'000

		INCOME PROTECTION INSURANCE	MOTOR VEHICLE LIABILITY INSURANCE	OTHER MOTOR INSURANCE	LEGAL EXPENSES INSURANCE	TOTAL
		C0020	C0040	C0050	C0100	C0200
PREMIUMS WRITTEN						
Gross - Direct Business	R0110	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0120	4,260	102,420	58,907	2,552	168,139
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-
Reinsurers' share	R0140	-	1,644	-	-	1,644
Net	R0200	4,260	100,776	58,907	2,552	166,495
PREMIUMS EARNED						
Gross - Direct Business	R0210	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0220	4,344	88,220	55,917	2,308	150,789
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-
Reinsurers' share	R0240	-	1,644	-	-	1,644
Net	R0300	4,344	86,576	55,917	2,308	149,145
CLAIMS INCURRED						
Gross - Direct Business	R0310	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0320	1,125	53,755	35,133	137	90,150
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-
Reinsurers' share	R0340	-	(917)	-	-	(917)
Net	R0400	1,125	54,672	35,133	137	91,067
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	702	13,248	6,402	433	20,785
Other expenses	R1200	-	-	-	-	-
Total expenses	R1300	-	-	-	-	20,785

S.05.02.01; Premium claims and expenses by top five countries

ALL FIGURES ARE IN €'000

		HOME COUNTRY	TOTAL TOP 5 & HOME COUNTRY	TOP 5 COUNTRIES (BY AMOUNT OF GROSS PREMIUMS WRITTEN) - NON-LIFE OBLIGATIONS				
	R0010			(IT) Italy	(ES) Spain	(FR) France	(PL) Poland	(BE) Belgium
		C0080	C0140	C0090	C0090	C0090	C0090	C0090
PREMIUMS WRITTEN								
Gross - Direct Business	R0110	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0120	-	104,769	30,417	30,197	22,131	11,872	10,152
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-	-	-
Reinsurers' share	R0140	-	1,581	-	454	972	155	-
Net	R0200	-	103,188	30,417	29,743	21,159	11,717	10,152
PREMIUMS EARNED								
Gross - Direct Business	R0210	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0220	-	90,048	22,027	24,644	22,160	11,062	10,155
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-	-	-
Reinsurers' share	R0240	-	1,581	-	454	972	155	-
Net	R0300	-	88,467	22,027	24,190	21,188	10,907	10,155
CLAIMS INCURRED								
Gross - Direct Business	R0310	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0320	-	52,828	13,778	13,577	15,150	4,319	6,004
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-	-	-
Reinsurers' share	R0340	-	(917)	-	-	(917)	-	-
Net	R0400	-	53,745	13,778	13,577	16,067	4,319	6,004
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	-	11,748	4,149	2,857	1,613	1,531	1,598
Other expenses	R1200	-	-	-	-	-	-	-
Total expenses	R1300	-	11,748	-	-	-	-	-

S.17.01.02; Non-life Technical Provisions for each line of business

ALL FIGURES ARE IN €'000

		INCOME PROTECTION INSURANCE	MOTOR VEHICLE LIABILITY INSURANCE	OTHER MOTOR INSURANCE	LEGAL EXPENSES INSURANCE	TOTAL NON-LIFE OBLIGATION
		C0030	C0050	C0060	C0110	C0180
TECHNICAL PROVISIONS CALCULATED AS A WHOLE	R0010	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-
TECHNICAL PROVISIONS CALCULATED AS A SUM OF BE AND RM		-	-	-	-	-
BEST ESTIMATE		-	-	-	-	-
Premium provisions		-	-	-	-	-
Gross	R0060	(1,415)	(19,813)	(11,442)	(852)	(33,521)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	(552)	-	-	(552)
Net Best Estimate of Premium Provisions	R0150	(1,415)	(19,261)	(11,442)	(852)	(32,969)
CLAIMS PROVISIONS		-	-	-	-	-
Gross	R0160	937	114,141	14,634	235	129,947
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	1,786	-	-	1,786
Net Best Estimate of Claims Provisions	R0250	937	112,355	14,634	235	128,161
TOTAL BEST ESTIMATE - GROSS	R0260	(478)	94,328	3,192	(617)	96,426
TOTAL BEST ESTIMATE - NET	R0270	(478)	93,094	3,192	(617)	95,192
RISK MARGIN	R0280	81	9,698	1,263	20	11,063
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	(397)	104,027	4,455	(596)	107,488
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	1,234	-	-	1,234
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	(397)	102,792	4,455	(596)	106,254

S.19.01.21; Non-life insurance claims information

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

ALL FIGURES ARE IN €'000

DEVELOPMENT YEAR		0	1	2	3	4	5	6	7	8	9	10 & +	CURRENT YEAR	SUM OF YEARS
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100											351	351	351
N-9	R0160	22,192	12,201	2,416	1,041	1,093	443	690	261	413	(37)		(37)	40,714
N-8	R0170	21,700	12,991	2,458	842	863	1,091	582	315	268			268	41,110
N-7	R0180	23,066	12,113	2,522	864	841	558	713	316				316	40,992
N-6	R0190	23,536	17,326	4,610	1,667	888	702	177					177	48,905
N-5	R0200	22,584	12,703	3,876	1,863	2,147	612						612	43,786
N-4	R0210	31,072	16,682	3,679	2,319	738							738	54,490
N-3	R0220	35,180	19,726	4,368	1,443								1,443	60,716
N-2	R0230	35,167	23,155	5,002									5,002	63,324
N-1	R0240	40,292	22,213										22,213	62,506
N	R0250	38,849											38,849	38,849
	R0260												69,933	495,742

Gross undiscounted Best Estimate Claims Provisions

ALL FIGURES ARE IN €'000

DEVELOPMENT YEAR		0	1	2	3	4	5	6	7	8	9	10 & +	YEAR END (DISCOUNTED DATA)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100											1,882	1,891
N-9	R0160			-	-	-	-	1,130	806	713	709		529
N-8	R0170			-	-	-	4,903	3,841	3,510	2,465			2,471
N-7	R0180			-	-	4,045	4,840	3,956	2,065				2,071
N-6	R0190			-	6,565	4,376	3,711	3,289					3,304
N-5	R0200			11,637	8,687	6,257	5,590						5,621
N-4	R0210		15,940	11,055	7,679	6,465							6,502
N-3	R0220	39,762	17,250	11,934	8,265								8,309
N-2	R0230	50,173	22,339	13,839									13,902
N-1	R0240	50,198	22,043										22,153
N	R0250	63,085											63,194
	R0260											Total	129,947



S.23.01.01; Own funds

ALL FIGURES ARE IN €'000

BASIC OWN FUNDS BEFORE DEDUCTION FOR PARTICIPATIONS IN OTHER FINANCIAL SECTOR AS FORESEEN IN ARTICLE 68 OF DELEGATED REGULATION (EU) 2015/35		TOTAL	TIER 1 - UNRESTRICTED	TIER 1 - RESTRICTED	TIER 2	TIER 3
		C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	12,000	12,000	-	-	-
Share premium account related to ordinary share capital	R0030	-	-	-	-	-
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-	-	-	-
Subordinated mutual member accounts	R0050	-	-	-	-	-
Surplus funds	R0070	-	-	-	-	-
Preference shares	R0090	-	-	-	-	-
Share premium account related to preference shares	R0110	-	-	-	-	-
Reconciliation reserve	R0130	140,730	140,730	-	-	-
Subordinated liabilities	R0140	-	-	-	-	-
An amount equal to the value of net deferred tax assets	R0160	-	-	-	-	-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-	-	-	-	-
Deductions		-	-	-	-	-
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	-
Total basic own funds after deductions	R0290	152,730	152,730	-	-	-
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	152,730	152,730	-	-	-
Total available own funds to meet the MCR	R0510	152,730	152,730	-	-	-
Total eligible own funds to meet the SCR	R0540	152,730	152,730	-	-	-
Total eligible own funds to meet the MCR	R0550	152,730	152,730	-	-	-
SCR	R0580	73,636	-	-	-	-
MCR	R0600	22,450	-	-	-	-
Ratio of Eligible own funds to SCR	R0620	2.0741				
Ratio of Eligible own funds to MCR	R0640	6.8033				



ALD
Automotive

S.23.01.01; Own funds (continued)

ALL FIGURES ARE IN €'000

RECONCILIATION RESERVE			C0060
Excess of assets over liabilities	R0700		152,730
Own shares (held directly and indirectly)	R0710		-
Foreseeable dividends, distributions and charges	R0720		-
Other basic own fund items	R0730		12,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740		-
Reconciliation reserve	R0760		140,730
Expected profits			-
Expected profits included in future premiums (EPIFP) - Life business	R0770		-
Expected profits included in future premiums (EPIFP) - Non-life business	R0780		32,970
Total EPIFP	R0790		32,970

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

ALL FIGURES ARE IN €'000

GROSS SOLVENCY CAPITAL REQUIREMENT			USP	SIMPLIFICATIONS
		C0110	C0090	C0120
Market risk	R0010	21,123	-	-
Counterparty default risk	R0020	4,715	-	-
Life underwriting risk	R0030	-	-	-
Health underwriting risk	R0040	2,642	-	-
Non-life underwriting risk	R0050	68,829	-	-
Diversification	R0060	(17,633)	-	-
Intangible asset risk	R0070	-	-	-
Basic Solvency Capital Requirement	R0100	79,675	-	-

S.25.01.21; Solvency Capital Requirement - for undertakings on Standard Formula (Continued)

ALL FIGURES ARE IN €'000

			C0100
Operational risk	R0130		4,480
Loss-absorbing capacity of technical provisions	R0140		-
Loss-absorbing capacity of deferred taxes	R0150		(10,519)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160		-
Solvency capital requirement, excluding capital add-on	R0200		73,636
Capital add-ons already set	R0210		-
Solvency Capital Requirement	R0220		73,636
Other information on SCR			-
Capital requirement for duration-based equity risk sub-module	R0400		-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410		-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420		-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430		-
Diversification effects due to RFF nSCR aggregation for article 304	R0440		-

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

ALL FIGURES ARE IN €'000

		Yes/No	LACDT
Approach to tax rate		C0109	C0130
Calculation of loss absorbing capacity of deferred taxes		-	-
LAC DT	R0640	-	(10,519)
LAC DT justified by reversion of deferred tax liabilities	R0650	-	(4,337)
LAC DT justified by reference to probably future taxable economic profit	R0660	-	(6,182)
LAC DT justified by carry back, current year	R0670	-	-
LAC DT justified by carry back, future years	R0680	-	-
Maximum LAC DT	R0690	-	-

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

ALL FIGURES ARE IN €'000

LINEAR FORMULA COMPONENT FOR NON-LIFE INSURANCE AND REINSURANCE OBLIGATIONS			
		C0010	
MCRNL RESULT	R0010	22,450	
		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	-	3,842
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	93,094	101,821
Other motor insurance and proportional reinsurance	R0060	3,192	56,448
Marine, aviation and transport insurance and proportional reinsurance	R0070	-	-
Fire and other damage to property insurance and proportional reinsurance	R0080	-	-
General liability insurance and proportional reinsurance	R0090	-	-
Credit and suretyship insurance and proportional reinsurance	R0100	-	-
Legal expenses insurance and proportional reinsurance	R0110	-	2,512
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	-	-

ALL FIGURES ARE IN €'000

OVERALL MCR CALCULATION		C0070
Linear MCR	R0300	22,450
SCR	R0310	73,636
MCR cap	R0320	33,136
MCR floor	R0330	18,409
Combined MCR	R0340	22,450
Absolute floor of the MCR	R0350	3,700
Minimum Capital Requirement	R0400	22,450



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