Benteler Reinsurance Company DAC

Solvency and Financial Condition Report

For Financial Year Ending 31 December 2019 (the “reporting period”)

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Executive Summary

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

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

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

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

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

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

The Company made a profit before tax of €910,120 (2018: €663,702) during the period. The Company has also complied with all aspects of the Solvency II Regulations.

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

The calculation of the technical provisions presented in this report, include no allowance for the potential impact of the Covid-19 pandemic. At the time of writing. The pandemic is not anticipated to give rise to any direct losses to the Company. However, the knock-on effect on the global economy creates additional uncertainty surrounding the value of the technical provisions. The position will be monitored as the situation develops and will be considered throughout the year as more information becomes available.

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

Section A: Business and Performance

A.1 Business

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

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

(c) The name and contact details of the external auditor of the undertaking is Mr. Rob Hamill (Audit Partner), Mazars Chartered Accountants and Statutory Audit Firm, Harcourt Centre, Block 3 Harcourt Road, Dublin 2, Ireland. Telephone +353 1 449 6468

(d) The undertaking is 100% owned by Benteler Business Services GmbH, a Benteler group company.

(e) Details of the undertaking's position within the legal structure of the Benteler Group is summarised overleaf;

(f) The Company's material geographical areas where it carries out its business are Europe, North America and South America and a summary of all licenced lines of business are:

Marine Transit & Storage	Property & Business Interruption	Liability	Credit

(g) Other than the increase of open liability claims reserves, the Company has had no significant business or other events that have occurred over the reporting period that have had a material impact on the Company.

A.2 Underwriting Performance

The underwriting performance of the Company is a profit of €1,295,378 over the reporting period, compared to a profit of €1,129,871 in the previous reporting period. As all lines of business are considered material, an analysis of the performance is summarised as follows:

2019 €' 000

Line of Business	Total	Liability	Property	Marine	Credit
Underwriting Income	**1,295**	(3,378)	4,507	(143)	309
Net Operating Expenses	**(403)**				
Investment Return	**18**				
Profit Before Tax	**910**	(3,378)	4,507	(143)	309

2018 €' 000

Line of Business	Total	Liability	Property	Marine	Credit
Underwriting Income	**1,130**	63	1,138	(180)	109
Net Operating Expenses	**(415)**				
Investment Return	**(51)**				
Profit Before Tax	**(664)**	63	1,138	(180)	109

2019 €' 000

Region	Total	Europe	North America	South America	Other
Net Earned Premium	**5,444**	2,616	2,031	316	481
Claims Incurred	**(3,831)**				
Commissions and Fees	**(317)**				
Investment Return	**13**				
Underwriting Profit	**1,309**	2,616	2,031	316	481

2018 €' 000

Region	Total	Europe	North America	South America	Other
Net Earned Premium	**5,107**	1,085	2,436	1,329	257
Claims Incurred	**(3,627)**				
Commissions and Fees	**(351)**				
Investment Return	**(51)**				
Underwriting Profit	**1,079**	1,085	2,436	1,329	257

A.3 Investment Performance

(a) The Company maintains its investments with EU regulated credit institutions in cash equivalents and short and medium-term deposits (no longer than 3 years), and an intercompany loan with the Company's ultimate holding company, Benteler International AG. The return on these investments over the reporting period was €17,573 compared to a negative return of (€51,069) over the previous reporting period.

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

€' 000	2019	2018	Variance
Cash at Bank			
Bank A	19,023	23,754	(4,731)
Bank B	4,038	4,048	(10)
Bank C	8,000	-	8,000
Bank D			
Intercompany			
Benteler Group Company	3,662	3,756	(94)
Interest Income	18	(51)	69

(b) No gains or losses were recognised directly in equity.

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

A.4 Performance of other activities

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

A.5 Any other information

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

Section B: System of governance

B.1 General Information on the System of Governance

(a) As a captive reinsurance entity, the Company has no direct employees and all key functions, whilst outsourced, are the responsibility of the Board – refer to further paragraphs within this section for additional information on outsourcing. The Board consists of very senior individuals within the Benteler Group and an independent director who is a very experienced reinsurance professional. Given the size, nature and complexity of the Company, the establishment of Board Sub-committees has not been necessary.

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

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

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

- **Mr Ronan Ryan**, Non-Executive Director
- **Mr Ruediger Lohoff**, Non-Executive Director and Chairman
- **Mr Manfred Swysen**, Non-Executive Director

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

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

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

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

(d) As a captive reinsurance entity is it common to have material transactions with its shareholders. The Company has provided the Benteler International AG with an intercompany loan. The amount of the loan at the end of the reporting period is €3,661,546 (2018: €3,755,845). Loans are advances at market interest rates. The rate at 31 December 2019 was 0.00% (2018: 0.00%). The Company may request repayment of the loan, in whole or in part, on demand without qualification. The loan, all interest accrued thereon and all other outstanding amounts shall become immediately due and payable to the Company if the borrower defaults in its obligations to pay interest or repay the loan, or becomes insolvent or goes into liquidation. The Company has also provided reinsurance to several insurance companies covering the Benteler Group and its subsidiaries.

B.2 Fit and Proper Requirements

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

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

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

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

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

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

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

B.3 Risk Management System

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

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

- review and ongoing maintenance of risk related policies by the Board
- adherence with and annual review of the Company's Risk Appetite Statement
- adequately resourced critical functions of risk management, compliance and actuarial staffed by experienced professionals
- adequately resourced internal audit function with a regular review cycle

- business continuity planning
- succession plan for key roles
- monthly underwriting and financial reporting

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

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

B.4 Own Risk and Solvency Assessment ("ORSA")

ORSA Process

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

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

Risk Identification

The first step in the ORSA process was to consider and identify which risks should be assessed. The 2014 - 2018 ORSA processes were built upon.

Financial Projections

The Profit and Loss Account and Balance Sheet of the Company were projected for each of the next 5 years. The accounts were projected on a GAAP basis and converted to Solvency II balance sheets to calculate the solvency capital requirements.

Using the projected Balance Sheet, the Company's capital requirements were also calculated for each of the next 5 years on a Solvency II basis. The Board was then able to use these projections to assess the medium-term position of the Company in relation to their capital requirements over the period. An outline of the results of these financial projections can be found below.

Stress & Scenario Testing

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

A more detailed description of the approach taken for this exercise and an overview of its results is presented below.

Board and Management Discussion and Review

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

Board Sign-off

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

Integration into Decision-making process

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

- Assessment of the solvency impact and balance sheet protection offered by the Excess of Loss retrocession protection prior to renewal;
- Assessment of the optimal level of inter-company lending in terms of capital charge and risk;
- Assessment of the optimal buffer of available capital over the SCR in the context of the Group's stated support for the Company.

Results

The following table summarises the Company's forecast base case SCR / MCR position, using the Standard Formula, over a 5-year projection period ending 2023:

	2020	2021	2022	2023
Available Capital	20,804	21,077	21,369	21,664
SCR	13,281	13,688	13,929	14,136
SCR Margin	7,523	7,389	7,440	7,529
SCR Coverage Ratio	156.6%	154.0%	153.4%	153.3%
MCR	3,320	3,422	3,482	3,534
MCR Margin	17,484	17,655	17,886	18,131
MCR Coverage Ratio	626.6%	615.9%	613.6%	613.1%

B.5 Internal control

Internal Control System

The principal control framework for the Company is its controls set at Board level. These controls include the Board approved policies, reports, terms of reference, schedule of matters, minutes of board meetings. The policies describe the Boards approach to key areas of the business. The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the internal control system, however day-to-day oversight is provided by the Compliance Officer. In practice, other Directors and key role holders also participate in the management of the system. The Company's internal controls are part of its compliance framework. Various measures are incorporated into systems and processes to control day-to-day activities. The Company implements adequate controls to ensure compliance and to highlight any significant breakdown in controls or inadequacy of process.

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

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

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

Compliance Function

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

A Compliance Officer is appointed through a formal outsourcing arrangement with Allied Risk Management Limited who have responsibility for the Compliance Function. The Compliance Officer ensures the Company's continuing compliance in relation to its regulatory and legal

obligations. It aims to minimise the risks to the Company of material financial loss or reputational damage arising from the potential failure to comply with legal or regulatory requirements. The Compliance Officer liaises with regulatory bodies and authorities and provides updates on changes in legislation and regulatory requirements.

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

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

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

Internal Audit Function

The Internal Audit Function is governed by the Company's internal audit policy and is an integral part of the Company's internal control framework. It is implemented on an outsourced basis with Control Solutions Limited.

- The function provides independent and objective assurance services through a formal outsourcing arrangement in respect of the Company's processes with due regard to the adequacy of the governance, risk management and internal control framework;
- Audits are conducted with a Board approved Internal Audit Plan;
- The Head of Internal Audit reports to the Board which oversees the risk-based Audit Plan and outcomes thereof;
- Internal Audit Reports can highlight any significant control failings or weaknesses identified and the impact they have had, or may have and the actions and timings which management have agreed to take to rectify them;
- Internal Audit prepare an annual report for the Board which provides a chosen assessment of the effectiveness of the Company's systems of risk management and internal controls during the reporting period.

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

which management have agreed to take to rectify them.

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

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

B.6 Actuarial function

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

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

- coordinate the calculation of technical provisions;
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- Assess the sufficiency and quality of the data used in the calculation of technical provisions;
- Compare best estimates against experience;
- Inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
- Oversee the calculation of technical provisions in the cases set out in Article 82;
- Express an opinion on the overall underwriting policy;
- Express an opinion on the adequacy of reinsurance arrangements; and
- Contribute to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and assessment.

B.7 Outsourcing

The Company has an outsourcing policy the purpose of which is to establish the requirements for identifying, justifying, and implementing outsourcing arrangements for the

Company's critical or important operational functions or activities. This policy has been approved by the Board. The Board ensures that an outsourcing arrangement shall not diminish the Company's ability to fulfil its regulatory obligations.

The Outsourcing Policy sets out the following:

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

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

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

Outsourced Activity	Outsourced Provider	Jurisdiction
Actuarial Function	Allied Risk Insurance & Reinsurance Services Limited	Ireland
Internal Audit Function	Eisner Amper Ireland	Ireland
Compliance Function	Allied Risk Management Limited	Ireland
Risk Management Function	Allied Risk Management Limited	Ireland

B.8 Assessment of the adequacy of the system of governance

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

B.9 Any other disclosures

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

Section C: Risk Profile

C.1 Risk Profile

The Group's insurance brokers have been leveraged in terms of providing risk management technical expertise, and the Company has received regular risk assessment presentation from its brokers.

At the July 2019 Board meeting, it was decided that it would be beneficial for the Head of Actuarial Function ("HoAF") and for members of the Board to travel to one of Benteler's plants in order to better understand the risks of the Company. Thus, the September Board meeting was located at the Paderborn office where the delegates were given tours and presentations on various aspects of the plants, products, and processes. This tour helped to inform the Board and HoAF of the specific methods and safety standards which Benteler use to mitigate the potential on-site risks that the Company is exposed to at its production facilities

Specific risk management measures relating to the Company's underwriting risks are referred to below.

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

(a) Underwriting Risk

The Company writes varying limits on its Property, Liability, Marine/Transit and Credit reinsurance programs.

Liability

Changes in automotive manufacture have increased the likelihood of claims – more models use common systems than previously, thus increasing the potential claim cost.

The Company has reduced its net limit for liability with the purchase of a per risk retrocession protection.

Property

There has been a recent programme of improvements in fire prevention across the group's facilities. The group's insurance brokers have assessed facilities for exposure to damage from hail, snow and exposure to bushfires amongst others. This increasing awareness of and focus on risk management at the level of individual properties within the group has obvious benefits for the Company in terms of reducing the likelihood of significant property losses

Marine

Experience has been good in this class and limits are low relative to the other lines written by the Company. The relatively low limits reduce the risk exposure from this class.

Trade Credit

The fronting insurer undertakes its own risk management. The nature of credit insurance is such that the value is not only the insurance protection but also the access to the credit insurers knowledge base on the buyers worldwide. As of 1st January 2020 the credit insurance is no longer underwritten.

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

€'000 SCR	2019	2018
Premium Risk	2,767	2,642
Reserve Risk	6,889	4,941
Diversification Credit	(1,244)	(940)
Premium and Reserve Risk	**8,411**	**6,643**
Premium and Reserve Risk	8,411	6,643
Catastrophe Risk	8,301	6,632
Non-life lapse	475	498
Diversification Credit	(3,967)	(3,266)
Non-life Underwriting Risk SCR	**13,221**	**10,507**

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

Catastrophe Risk exposure comes from all lines of business but is capped by the contract limits.

€'000 SCR	2019	2018
Non-Proportional Casualty	5,250	5,145
Non-Proportional Credit and Suretyship	0	775
Non-Proportional Property Reinsurance	6,425	4,105
Proportional Marine	255	255
Catastrophe Risk – Diversification Credit	(3,629)	(3,648)
Catastrophe Risk – Diversified	**8,301**	**6,632**

Underwriting Risk Mitigation

The Company has reduced its net limit for liability with the purchase of an aggregate XOL retrocession cover mirroring the underlying reinsurance programme. It is noted that this protection offers no capital relief under the Solvency II Standard Formula – nonetheless the Board considers it prudent risk management and it provides strong balance sheet protection.

(b) Market risk

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

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

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

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

The balance of the Company's investment assets is with two international banks and a Money Market Fund which are all well-rated.

Spread Risk & Concentration Risk

The loan to Benteler International AG is considered in this module, as are any term deposits or investment assets other than cash or demand deposits. The SCR charge for the intercompany loan is high, reflecting the high proportion of the Company's assets represented by the loan and Benteler International AG's lack of a credit rating.

In simple terms, the concentration risk charge for the loan is approximately 73% of the loan amount, whilst the spread risk charge is 7.5% of the loan amount. However, the charge does benefit from some diversification within the Concentration Risk module as the assets are spread between the intercompany loan, the Deposits and the Money Market Fund. Moreover, when the Money Market Fund is assessed on a 'look through' approach to the underlying holdings this provides further diversification.

Currency Risk

The Standard Formula currency risk charge is 25% of the mismatch in currency exposure.

The company is exposed to a Standard Formula currency risk charge through policies denominated in currencies other than EUR. The company has only assets on its balance sheet denominated in EUR but has liabilities of other currencies of EUR 2,566k on the Solvency II Balance Sheet, as IBNR and the Premium Provision are allocated in proportion to the geographical split of the underlying policies.

This gives a currency risk charge of EUR 642k.

(c) Credit risk

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

	Loans to group undertakings	Financial investments and cash at bank
€'000	**€**	**€**
2019	3,662	31,060
2018	3,756	27,802

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

Credit Ratings 2019	Loans to group undertakings	Financial investments and cash at bank
AAA		-
A+		13%
A		26%
AA-		
BBB+		61%
Unrated	100%	-
	100%	**100%**

Credit Ratings 2018	Loans to group undertakings	Financial investments and cash at bank
AAA	-	-
A+		14%
A		-
AA-		57%
BBB+		29%
Unrated	100%	-
	100%	**100%**

(d) Liquidity risk

Approximately 50% of the Company's funds are held in operational bank accounts and the intercompany loan, ensuring sufficient cash is on hand to meet claims payments as they fall due and to cover any unexpected cash outflows.

The Board deem a further refinement in the matching of claims pay-out and asset maturity patterns is not required. Thus, the maintenance of available cash is the most appropriate for the nature, scale and complexity of the Company's business.

(e) Operational risk

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

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

As a reinsurance captive writing a small number of treaties operational risk is very low. The Company does not handle many transactions, the Company does not deal with the general public and the underlying risk is in the same group. The Company is in the process of reviewing its outsourcing agreements to address some operational risks, including cyber-risk and business continuity risk (which although considered low are to be referenced and addressed in the revised outsourcing agreements).

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

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

(f) Other material risks

There are no other material risks identified by the Company.

C.2 (A) Risk Measures

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

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

C.2 (B) The Nature of Material Risk Exposures

The material risks that the Company is exposed to the risk of adverse claims experience across all lines of business together with a potential bank default. This is addressed under Underwriting Risk above and Technical Provisions below. There have been no material changes over the reporting period.

C.2 (C) Investments in Accordance with the 'Prudent Person Principle'

The Company is required to invest all assets and particularly assets used to cover the

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

The Company maintains its assets with EU regulated credit institutions in cash equivalents and short and medium-term deposits (no longer than 3 years), and intercompany loans with the company's ultimate holding company Benteler International AG.

C.3 The Nature of Material Risk Concentrations

The Benteler group has operations throughout the world and as such the Company is not exposed to geographical concentrations of risk. The Company writes a diversity of business lines, although accumulations can occur, where a transit and property loss could arise from the same event.

As noted above, concentration risk arises from changes in automotive manufacture which have increased the likelihood of claims – more models use common systems than previously, thus increasing the potential claim cost.

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

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

C.4 Risk Mitigation Practices

The strategy of the Company is to accept reinsurance on a first loss basis and will consider the purchase of reinsurance cover where appropriate. The Company has reduced its net limit for liability with the purchase of an aggregate XOL retrocession cover mirroring the underlying reinsurance programme. It is noted that this protection offers no capital relief – nonetheless the Board considers it prudent risk management and it provides strong balance sheet protection.

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

C.5 Liquidity Risk

The Expected Profit in Future Premiums calculated in accordance with Article 260(2) of the Delegated Acts is EUR 1,212k.

C.6 Risk Sensitivities

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

Qualitative:

An industry-wide large event.

Reverse Stress tests:

- Loss required to breach SCR – c. 9.3M
- Loss required to breach MCR – c. 15M

Quantitative:

- **Limit Property Loss**
  - Description:
    - A EUR 5M property loss occurs in 2020 and is settled prior to year-end 2021.
  - Method:
    - The Company's Capital Requirements are projected with the loss included in reserves and paid before year-end 2021.
  - Outcome:
    - The SCR increases due to an increase in the Reserve Risk submodule and the Available Capital is reduced. The Company can withstand such a loss without breaching solvency.

- **Limit Liability Loss**
  - Description:
    - A EUR 20M gross liability loss occurs in 2020, full recovery of EUR 10M is recovered on the retrocession, and the claim is settled prior to year- end 2021.
  - Method:
    - The Company's Capital Requirements are projected with the loss included in reserves and paid before year-end 2021.
  - Outcome:
    - The SCR increases dramatically due to an increase in the Reserve Risk submodule and the Available Capital is reduced. Such a loss would result in the Company breaching solvency.

- **Combined Limit Property and Limit Liability Loss**
  - Description:
    - A EUR 20M gross liability loss and a EUR 5M property loss occur in 2020, full recovery of EUR 10M is recovered on the retrocession, and the claims are settled prior to year- end 2021.
  - Method:
    - The Company's Capital Requirements are projected with the losses included in reserves and paid before year-end 2021.

- Outcome:
  - The SCR increases dramatically due to an increase in the Reserve Risk submodule and the Available Capital is reduced. Such a loss would result in the Company breaching solvency.

- **Credit Event**
  - Description:
    - A bank default of a current account amount of €5M in 2019.
  - Method:
    - The Company's Capital requirements are projected, and the SCR is reduced by the level of the default in 2019. Unlike a loss suffered, there is no corresponding increase in SCR.
  - Outcome:
    - The Company can withstand such a loss without breaching solvency.

C.7 Any Other Disclosures

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

Section D: Regulatory Balance Sheet

Note: Tables within sections D and E contain minor rounding differences in certain instances due to amounts being displayed as whole numbers while the source workings underlying the annual reporting templates are calculated to two decimal places. These differences are immaterial.

D.1 (A) Assets

As at 31st December 2019, the Company held the following assets:

Benteler Reinsurance Assets (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Goodwill	-	-
Deferred Acquisition Costs	-	-
Intangible Assets	-	-
Deferred Tax Assets	163	163
Pension benefit surplus	-	-
Property, plant & equipment held for own use	-	-
Investments	17,062	17,062
Property (Other than Own Use)	-	-
Participations and related undertakings	-	-
Equities (Other than Participations)	-	-
Equities (Other than Participations) - Listed	-	-
Equities (Other than Participations) - Unlisted	-	-
Bonds	-	-
Government and Multilateral Banks	-	-
Corporate	-	-
Structured Notes	-	-
Collateralised Securities	-	-
Collective Investments Undertakings	4,038	4,038
Derivatives	-	-
Deposits other than cash equivalents	13,024	13,024
Other Investments	-	-
Mortgages and Loans Made	3,662	3,662
Mortgages & loans to individuals	-	-
Other Mortgages & loans	3,662	3,662
Loans on Policies	-	-
Reinsurance Recoverables	-	-551
Reinsurance share of TP - non-life excluding health	-	-551
Reinsurance share of TP - health similar to non-life	-	-
Deposits to cedants	-	-
Insurance & Intermediaries Receivables	496	496
Reinsurance Receivables	-	-
Receivables (trade, not insurance)	-	-
Own Shares	-	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	--	-
Cash & Cash Equivalents	14,022	14,022
Any Other Assets, Not Elsewhere Shown	14	14
Total assets	**35,419**	**34,868**

As at 31st December 2018:

Benteler Reinsurance Assets (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Goodwill	-	-
Deferred Acquisition Costs	-	-
Intangible Assets	-	-
Deferred Tax Assets	277	277
Pension benefit surplus		
Property, plant & equipment held for own use		
Investments	17,050	17,050
Property (Other than Own Use)		
Participations and related undertakings		
Equities (Other than Participations)		
Equities (Other than Participations) - Listed		
Equities (Other than Participations) - Unlisted		
Bonds	-	-
Government and Multilateral Banks		
Corporate	-	-
Structured Notes		
Collateralised Securities		
Collective Investments Undertakings	4,048	4,048
Derivatives		
Deposits other than cash equivalents	13,002	13,002
Other Investments		
Mortgages and Loans Made	3,756	3,756
Mortgages & loans to individuals		
Other Mortgages & loans	3,756	3,756
Loans on Policies		
Reinsurance Recoverables	0	-506
Reinsurance share of TP - non-life excluding health	0	-506
Reinsurance share of TP - health similar to non-life		
Deposits to cedants		
Insurance & Intermediaries Receivables	331	236
Reinsurance Receivables	-	-
Receivables (trade, not insurance)	-	-
Own Shares	-	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	-	-
Cash & Cash Equivalents	10,754	10,754
Any Other Assets, Not Elsewhere Shown	14	14
Total assets	**32,182**	**31,581**

Recognition

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

Initial Measurement

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

Realised and unrealised gains and losses arising from changes in the fair value of investments are presented in the non-technical profit and loss account in the period in which they arise. Dividend and interest income is recognised when earned. Investment management and other related expenses are recognised when incurred.

D.1 (B)

Under Solvency II best estimate valuation, the reinsurance share of technical provision is calculated by discounting estimated future cashflows based on estimated duration of each possession (payment pattern), using the risk -free interest rate ensure with an adjustment for default.

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

D.2 Technical Provisions

€' 000 2019

Line of Business	Gross Best Estimate Liability	Risk Margin	Recoverables from Reinsurance contracts and SPVs	Total Technical Provisions net of Recoverables
Non-proportional casualty reinsurance	10,941	1,814	(551)	**13,306**
Proportional marine, aviation and transport reinsurance	546	54	-	**600**
Non-proportional property reinsurance	224	660	-	**884**
Total	**11,711**	**2,528**	**(551)**	**14,790**

€' 000 2018

Line of Business	Gross Best Estimate Liability	Risk Margin	Recoverables from Reinsurance contracts and SPVs	Total Technical Provisions net of Recoverables
Non-proportional casualty reinsurance	5,570	817	(506)	**6,893**
Proportional marine, aviation and transport reinsurance	431	39	-	**470**
Non-proportional property reinsurance	3,192	784	-	**3,975**
Total	**9,193**	**1,639**	**(506)**	**11,338**

Chain Ladder, Frequency-Severity, Bornhuetter Ferguson and Expected Loss Ratio methods were used to derive the claims provision for all classes. Given the relative sparsity of claims in the Company's history, appropriate benchmark loss development factors have been applied to supplement the Company's own experience.

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

The main risk to the Technical Provisions is the emergence of a large claim or claims. In respect of the claims reserves this risk is considered reasonably low – an analysis of reporting delays for the Company has shown that these are short and liability claims have not emerged over time. In respect of the Premium Provision the volatility of the actual underwriting result is much higher for a captive reinsurer writing a relatively small number of risks compared to a commercial insurer.

A second risk to the adequacy of the Company's reserves is the deterioration of an existing claim or claims. The Company reviews all open claims on a regular basis and takes an appropriate approach to claim reserving.

For all lines of business, the Company uses the undiscounted Best Estimate Claims Provision as a floor for the Technical Provisions booked in its Financial Statements, with an appropriate

margin for prudence added to this figure.

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

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

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

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

The Company does not have any recoverables from reinsurance contracts or Special Purpose Vehicles.

There have been no material changes in the relevant assumptions made in the calculation of technical provisions compared to the prior year Technical Provisions calculations.

D.3 (A) Other liabilities

As at 31st December 2019, the Company recorded the following liabilities for solvency purposes;

Benteler Reinsurance Liabilities (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Gross Technical Provisions – Non-Life (Excluding Health)	17,659	14,239
TP calculated as a whole (Best estimate + Risk margin)	17,659	-
Best Estimate	-	11,711
Risk Margin	-	2,528
Gross Technical Provisions - Health (Similar to Non-Life)	-	-
TP calculated as a whole (Best estimate + Risk margin)	-	-
Best Estimate	-	-
Risk margin	-	-
Other Technical Provisions	-	-
Contingent Liabilities	-	-
Provisions Other Than Technical Provisions	-	-
Pension Benefit Obligations	-	-
Deposits from Reinsurers	-	-
Deferred Tax Liabilities	-	378
Derivatives	-	-
Debts owed to credit institutions	-	-
Financial liabilities other than debts owed to credit institutions	-	-
Insurance & intermediaries payables	170	15
Reinsurance payables	-	-
Payables (trade, not insurance)	100	100
Subordinated liabilities	-	-
Subordinated liabilities not in BOF	-	-
Subordinated liabilities in BOF	-	-
Any other liabilities, not elsewhere shown	-	-
Total liabilities	**17,928**	**14,731**

As at 31st December 2018:

Benteler Reinsurance Liabilities (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Gross Technical Provisions – Non-Life (Excluding Health)	15,117	10,832
TP calculated as a whole (Best estimate + Risk margin)	15,117	-
Best Estimate	-	9,193
Risk Margin	-	1,639
Gross Technical Provisions - Health (Similar to Non-Life)	-	-
TP calculated as a whole (Best estimate + Risk margin)	-	-
Best Estimate	-	-
Risk margin	-	-
Other Technical Provisions	-	-
Contingent Liabilities	-	-
Provisions Other Than Technical Provisions	-	-
Pension Benefit Obligations	-	-
Deposits from Reinsurers	-	-
Deferred Tax Liabilities	-	496
Derivatives	-	-
Debts owed to credit institutions	-	-
Financial liabilities other than debts owed to credit institutions	-	-
Insurance & intermediaries payables	290	6
Reinsurance payables	-	-
Payables (trade, not insurance)	80	80
Subordinated liabilities	-	-
Subordinated liabilities not in BOF	-	-
Subordinated liabilities in BOF	-	-
Any other liabilities, not elsewhere shown	-	-
Total liabilities	**15,487**	**11,414**

D.3 (B)

Differences between statutory and solvency II deferred tax balances was due to differences in underlying principles for assets and liabilities. The deferred tax liability is generated by the adjustments to technical provisions under Solvency II.

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

D.4 Any Other Disclosures

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

Section E. Capital management

E.1 (A)

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

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

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

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

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

E.1 (B), (C) and (D) Own funds

Own Funds Item	Value at 31 December 2019 €' 000	Value at 31 December 2018 €' 000
Tier 1 unrestricted	20,137	20,166
Tier 1 restricted	-	-
Tier 2 basic	-	-
Tier 2 ancillary	-	-
Tier 3	-	-
Tier 3 ancillary	-	-

A comparison of the breakdown of the Tier 1 capital at year-end 2019 and 2018 is below:

Own Funds Item	Value at 31 December 2019 €' 000	Value at 31 December 2018 €' 000
Share Capital	650	650
Reconciliation Reserve	19,487	19,516
Total Tier One Capital	**20,137**	**20,166**

E.1 (E)

The equity as shown in the undertaking's financial statements is EUR2.665M less than the excess of assets over liabilities as calculated for solvency purposes; this difference is due mainly to (i) the technical provisions in the Financial Statements are calculated on a more prudent basis than the Solvency II Technical Provisions and (ii) the embedded profit in the UPR is available as capital for solvency purposes.

Reconciliation (EUR '000s)	2019	2018
Available Capital per Financial Statements	**17,491**	**16,695**
+/- Tax adjustment	*-378*	*-496*
- Risk Margin	*-2,528*	*-1,639*
- Solvency II Expense Provision	*-178*	*-161*
+ Prudence in Financial Statement reserves	5,048	4,497
+/- Discounting	43	385
+ Profit in BBNI	638	886
Total	**20,137**	**20,166**

E.1 (F)

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

E.1 (G)

The Company has no items of ancillary own funds.

E.1 (H)

The Company has no items deducted from own funds.

E.1 (I)

The Company has a deferred tax asset of EUR 163k on its balance sheet; this has been carried forward from a loss in a previous year. The full amount of this deferred tax asset has been recognised.

This tax asset has been fully recognised due to the creation of a deferred tax liability on the Solvency II balance sheet arising from the difference in valuation basis between Solvency II and GAAP. As shown in the table in E.1 (E), this tax liability is EUR 378k and arises mainly due to the removal of prudence in the financial statement reserves and the inclusion of profits relating to Bound But Not Incepted business. This is partially offset by the inclusion of the risk margin.

As the deferred tax liability exceeds the deferred tax asset, the net deferred tax asset available as basic own-funds is nil.

E.2 (A) Minimum Capital Requirement and Solvency Capital Requirement

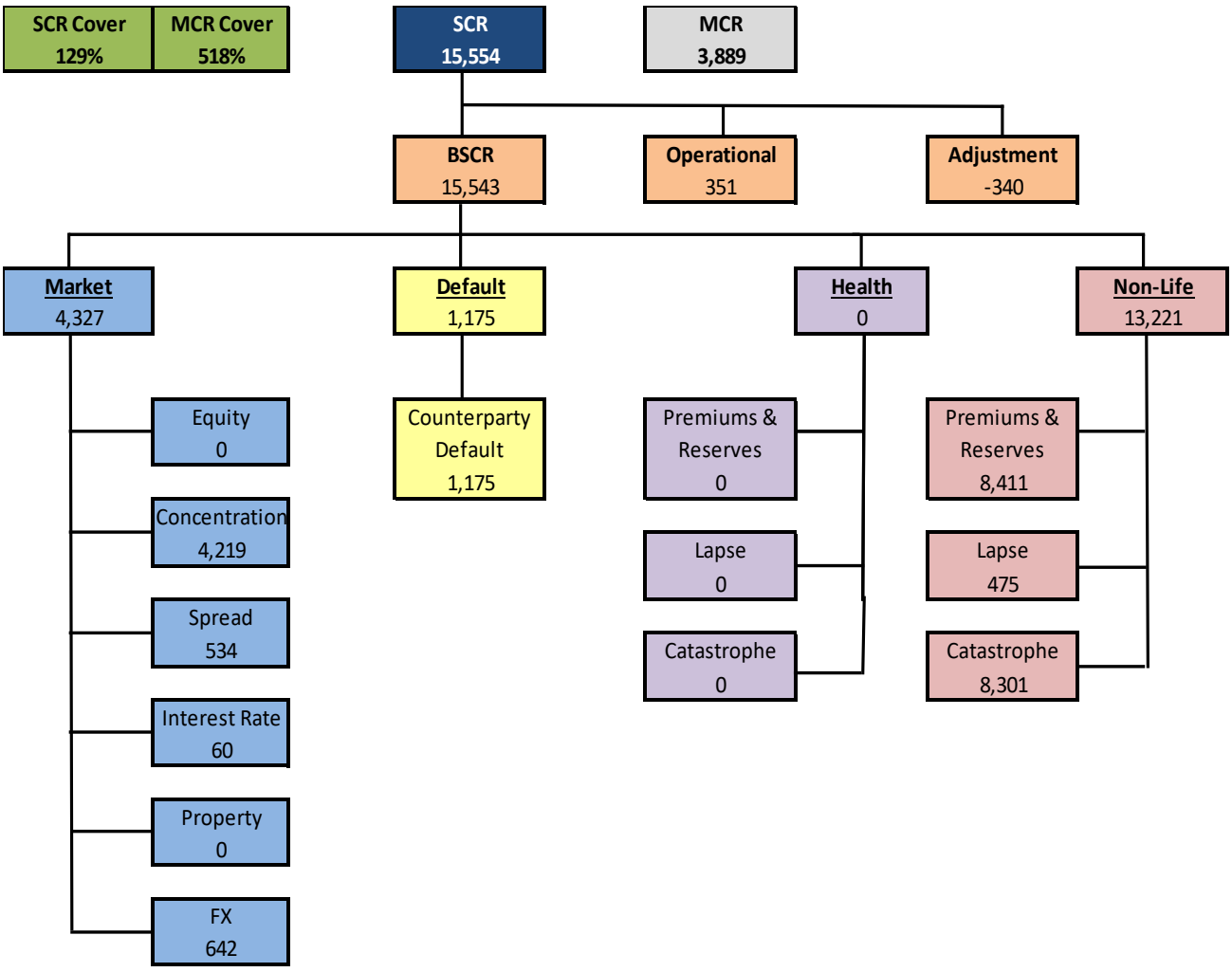
2019

Solvency €'000	Capital requirement	Eligible capital	Solvency ratio
SCR	15,554	20,137	129.46%
MCR	3,889	20,137	517.84%

2018

Solvency €'000	Capital requirement	Eligible capital	Solvency ratio
SCR	12,645	20,166	159.48%
MCR	3,161	20,166	637.91%

E.2 (B) 2019:



E.2 (C)

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

E.2 (D)

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

E.2 (E), (F)

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

E.2 (G)

The MCR as calculated using premium volume is as follows:

2019:

Line of Business	Net Technical Provisions	Net Premium Written	Parameters		MCR NL
			α	β	
	€'000	€'000			€'000
Marine, Aviation & Transport	546	255	10%	14%	92
NRP - Property	224	3,105	19%	16%	535
NPR - Casualty	11,492	2,084	19%	16%	2,469
Total	**12,262**	**5,444**			**3,096**

2018:

Line of Business	Net Technical Provisions	Net Premium Written	Parameters		MCR NL
			α	β	
	€'000	€'000			€'000
Marine, Aviation & Transport	431	255	10%	14%	80
NRP - Property	3,192	2,957	19%	16%	1,064
NPR - Casualty	6,076	1,895	19%	16%	1,431
Total	**9,699**	**5,107**			**2,576**

Since the figure of EUR 3.096M is less than the floor of 25% of the SCR, the floor of 25% of the SCR is applied – i.e. EUR 3.889M.

E.2 (H)

There has been no material change in the Company's SCR or MCR over the reporting period other than change due to organic growth of the Company and the fact that the claims reserves as at 31 December 2019 are larger than those at the previous year-end as there are a number of outstanding claims which have not yet been settled.

E.2 (I)

The adjustment to the Solvency Capital Requirement for the loss-absorbing capacity of deferred taxes is EUR 340k. This is comprised of EUR 215k in net deferred tax liabilities on the current Solvency II balance sheet, plus 125k of future taxable profits based on the 5-year financial projection.

This projection uses the same assumptions as those used in the 2019 ORSA projections, with loss ratio assumptions updated to align with the assumptions made in calculating the expected claims cashflows arising from the Bound But Not Incepted business in the 2019 technical provisions.

E.3

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

E.4

An internal model is not used by the Company.

E.5

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

E.6 Any Other Disclosures

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

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	163
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	17,062
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	4,038
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	13,024
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	3,662
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	3,662
Reinsurance recoverables from:	**R0270**	-551
Non-life and health similar to non-life	**R0280**	-551
Non-life excluding health	**R0290**	-551
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	496
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**	14,022
Any other assets, not elsewhere shown	**R0420**	14
Total assets	**R0500**	34,868

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	14,239
Technical provisions – non-life (excluding health)	**R0520**	14,239
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	11,711
Risk margin	**R0550**	2,528
Technical provisions - health (similar to non-life)	**R0560**	
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	378
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	15
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	100
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	14,731
Excess of assets over liabilities	**R1000**	20,137

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**			Line of business for: **accepted non-proportional reinsurance**				Total
		Medical expense insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0060**	**C0070**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written									
Gross - Direct Business	**R0110**								
Gross - Proportional reinsurance accepted	**R0120**		255						255
Gross - Non-proportional reinsurance accepted	**R0130**					2,589		3,105	5,694
Reinsurers' share	**R0140**					505			505
Net	**R0200**		255			2,084		3,105	5,444
Premiums earned									
Gross - Direct Business	**R0210**								
Gross - Proportional reinsurance accepted	**R0220**		255						255
Gross - Non-proportional reinsurance accepted	**R0230**					2,589		3,105	5,694
Reinsurers' share	**R0240**					505			505
Net	**R0300**		255			2,084		3,105	5,444
Claims incurred									
Gross - Direct Business	**R0310**								
Gross - Proportional reinsurance accepted	**R0320**		368						368
Gross - Non-proportional reinsurance accepted	**R0330**					5,393		-1,930	3,463
Reinsurers' share	**R0340**								
Net	**R0400**		368			5,393		-1,930	3,831
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**		47			244		429	720
Other expenses	**R1200**								
Total expenses	**R1300**								720

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

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		DE					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	**R0110**							
Gross - Proportional reinsurance accepted	**R0120**		255					255
Gross - Non-proportional reinsurance accepted	**R0130**		5,694					5,694
Reinsurers' share	**R0140**		505					505
Net	**R0200**		5,444					5,444
Premiums earned								
Gross - Direct Business	**R0210**							
Gross - Proportional reinsurance accepted	**R0220**		255					255
Gross - Non-proportional reinsurance accepted	**R0230**		5,694					5,694
Reinsurers' share	**R0240**		505					505
Net	**R0300**		5,444					5,444
Claims incurred								
Gross - Direct Business	**R0310**							
Gross - Proportional reinsurance accepted	**R0320**		368					368
Gross - Non-proportional reinsurance accepted	**R0330**		3,463					3,463
Reinsurers' share	**R0340**							
Net	**R0400**		3,831					3,831
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**		720					720
Other expenses	**R1200**							
Total expenses	**R1300**							720

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0070	C0080	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	R0060		40			34		-1,252	-1,178
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140					-551			-551
Net Best Estimate of Premium Provisions	R0150		40			585		-1,252	-627
Claims provisions									
Gross	R0160		506			10,906		1,476	12,889
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240								
Net Best Estimate of Claims Provisions	R0250		506			10,906		1,476	12,889
Total Best estimate - gross	R0260		546			10,941		224	11,711
Total Best estimate - net	R0270		546			11,492		224	12,262
Risk margin	R0280		54			1,814		660	2,528
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		600			12,755		884	14,239
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330					-551			-551
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340		600			13,306		884	14,790

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	Underwriting year [UWY]

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

Year		Development year 0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100												R0100		
2010	R0160		121	0	-15	16	13	1,104					R0160		1,238
2011	R0170	5,002	127	18	-90	-6	1						R0170		5,051
2012	R0180	0	524	361	36	163	150	4	29				R0180	29	1,268
2013	R0190	151	295	63	3	287	-7						R0190		790
2014	R0200		9,459	561	194	0	-5						R0200	-5	10,209
2015	R0210		329	3,091	-25	-12							R0210	-12	3,383
2016	R0220	1,502	2,778	258	119								R0220	119	4,657
2017	R0230	4	543	989									R0230	989	1,537
2018	R0240	0	136										R0240	136	137
2019	R0250	33											R0250	33	33
													Total R0260	1,290	28,304

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year		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											0	R0100	0
2010	R0160							165	67	119	108		R0160	108
2011	R0170						314	207	166	146			R0170	146
2012	R0180					477	344	315	273				R0180	273
2013	R0190				893	390	295	279					R0190	279
2014	R0200			780	721	405	345						R0200	345
2015	R0210		4,135	990	758	698							R0210	699
2016	R0220	3,576	1,615	1,040	828								R0220	824
2017	R0230	4,524	4,742	1,084									R0230	1,084
2018	R0240	3,131	2,287										R0240	2,270
2019	R0250	6,853											R0250	6,861
													Total R0260	12,889

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	650	650			
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	19,487	19,487			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	20,137	20,137			
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	20,137	20,137			
Total available own funds to meet the MCR	R0510	20,137	20,137			
Total eligible own funds to meet the SCR	R0540	20,137	20,137			
Total eligible own funds to meet the MCR	R0550	20,137	20,137			
SCR	R0580	15,554				
MCR	R0600	3,889				
Ratio of Eligible own funds to SCR	R0620	129.46%				
Ratio of Eligible own funds to MCR	R0640	517.84%				

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0060				
Reconciliation reserve						
Excess of assets over liabilities	**R0700**	20,137				
Own shares (held directly and indirectly)	**R0710**					
Foreseeable dividends, distributions and charges	**R0720**					
Other basic own fund items	**R0730**	650				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**					
Reconciliation reserve	**R0760**	19,487				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	**R0770**					
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	1,212				
Total Expected profits included in future premiums (EPIFP)	**R0790**	1,212				

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	4,327		
Counterparty default risk	R0020	1,175		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	13,221		
Diversification	R0060	-3,180		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	15,543		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	351
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-340
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	15,554
Capital add-on already set	R0210	
Solvency capital requirement	R0220	15,554
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

		Yes/No
Approach to tax rate		C0109
Approach based on average tax rate	R0590	1 - Yes

Calculation of loss absorbing capacity of deferred taxes		LAC DT C0130
LAC DT	R0640	-340
LAC DT justified by reversion of deferred tax liabilities	R0650	-215
LAC DT justified by reference to probable future taxable economic profit	R0660	-125
LAC DT justified by carry back, current year	R0670	
LAC DT justified by carry back, future years	R0680	
Maximum LAC DT	R0690	-1,987

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	3,096

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070	546	255
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150	11,492	2,084
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170	224	3,105

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	R0200	

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

Overall MCR calculation

		C0070
Linear MCR	R0300	3,096
SCR	R0310	15,554
MCR cap	R0320	6,999
MCR floor	R0330	3,889
Combined MCR	R0340	3,889
Absolute floor of the MCR	R0350	1,200
		C0070
Minimum Capital Requirement	R0400	3,889