

Berkshire Hathaway European Insurance DAC

Solvency & Financial Condition Report 2019

Legal Entity Identifier: 635400OT4VIDMAADLQ13

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Introduction and Summary

This is the Solvency and Financial Condition Report (SFCR) for Berkshire Hathaway European Insurance DAC (BHEI), based on the financial position as at 31 December 2019.

BHEI uses the Standard Formula to calculate its solvency capital requirement. The Standard Formula produces a Solvency Capital Requirement which management accept as appropriate to use for the business under Solvency II standards.

The key solvency ratios are disclosed below. The calculations of the capital requirements are defined by the Solvency II Regulations.

Key Capital Performance Indicators

	2019
	€000
Available and Eligible Own Funds	108,499
Standard Formula Solvency Capital Requirement (SCR)	25,186
Surplus over SCR	83,313
Ratio of Eligible Funds to SCR	431%
Minimum Capital Requirement (MCR)	6,297
Surplus over MCR	102,202
Ratio of Eligible Funds to MCR	1,723%

As at 31 December 2019 BHEI had a Standard Formula Solvency Capital Requirement of €25.2m. This is covered by €108.5m of eligible capital resources resulting in a Solvency II surplus of €83.3m and a coverage ratio of 431%.

It is forecast that the company will continue to maintain a surplus over both the Standard Formula Solvency Capital Requirement and the Standard Formula Minimum Capital Requirement over the current planning horizon. There are no current indicators that suggest that this is likely to change over the longer term.

A. Business and Performance

A.1 Business

Berkshire Hathaway European Insurance DAC (BHEI or the Company) obtained its regulatory approval from the Central bank of Ireland on 4 March 2019 and commenced trading on 28 March 2019. The Company's principal activity is underwriting general insurance business and its operations are administered by the Company, with additional administrative services being provided by related group companies. The Company's operations are directed from Dublin, but it also operates from branch offices in Germany, Spain and France.

BHEI is a wholly owned subsidiary of Berkshire Hathaway International Insurance Limited, a UK-regulated insurance company which is itself 100% owned by National Indemnity Company (NICO), an insurance company and a subsidiary of Berkshire Hathaway Inc. (BHI) a multinational conglomerate holding company quoted on the New York Stock Exchange. Both NICO and BHI are headquartered in Omaha, Nebraska.

At 31 December 2019 BHEI had a €108.5M Surplus as regards policyholders and total assets of €133m.

BHEI has a comprehensive outwards reinsurance program placed with NICO, which itself had a USD168bn Surplus as regards policyholders and total assets of USD286bn at 31 December 2019.

BHEI is one of several subsidiaries either directly or indirectly owned by NICO, and BHEI represents less than 0.04% of the total assets of NICO.

Regulation

BHEI is regulated by the Central Bank of Ireland.

Contact details for the regulator can be found on its website www.centralbank.ie.

The company's external auditor for the 14-month period ended 31 December 2019 is Deloitte Ireland LLP.

The Company's registered office and principal place of business and the contact details of its external auditors and supervisory authority are presented below:

Registered Office	External Auditors	Supervisory Authority
Berkshire Hathaway European Insurance DAC	Deloitte Ireland LLP	Central Bank of Ireland (CBI)
One Grant's Row Mount Street Lower Dublin D02 XH96 +353 (0) 1 246 7236	23 Earlsfort Terrace Dublin D02 AY28 +353 (0) 1 417 2200	New Wapping Street North Wall Quay Dublin D01 F7X3 +353 (0) 1 224 6000

Strategy

The business strategy is to manage the underwriting cycle and write selected classes of business over the long-term to achieve an underwriting profit over the course of the cycle. The underwriting business is managed in divisions, the risk appetite and business strategy being defined at business level.

Berkshire Hathaway Speciality Insurance (BHSI) Division: This division writes casualty, property and executive & professional lines under the BHSI brand. BHSI is in a growth phase targeting appropriate commercial insurance using the financial strength of Berkshire Hathaway to provide the ability for outsize capacity and creative, flexible solutions customers can count on year after year. A core element in this is building the capability for claims excellence, a key element of the BHSI brand.

MedPro Division: This division works closely with US sister company, MedPro Group, to develop business opportunities in Europe for the provision of medical malpractice cover for medical practitioners, with associated ancillary lines.

BHRG Division: The BHRG division has an appetite to write all classes of non-life insurance on both an insurance and reinsurance basis. The BHRG business can be broadly split into two groups; large risks underwritten directly by BHRG and smaller risks underwritten via delegated underwriting arrangements (Managing General Agencies or MGAs).

BHEI has a comprehensive outwards reinsurance program placed with its grandparent company, NICO.

BHEI has been established with surplus capital in order to support the planned growth over the next 2 years, and additional capital can be made available by BHIIL if required to support attractive new underwriting or for other reasons. BHEI, BHIIL and NICO are all rated AA+ by Standard & Poor's.

The investment strategy is conservative and investment guidelines require funds to be invested in fixed interest securities with a credit rating of BBB+ and above and are generally held to maturity.

The Company has in place a Trust Fund Agreement with NICO in respect of the exposure generated from the outwards reinsurance program. This arrangement satisfies the requirement of BHEI to manage its exposure to NICO, under the current regulatory regime.

All other risks are actively managed to mitigate the possibility of significant adverse impact to the business.

Underwriting, investment, and other matters may be subject to consultation with the Holding company and its representatives; however, the Board operate in accordance with the interests of BHEI recognising its distinct legal entity status and regulatory requirements.

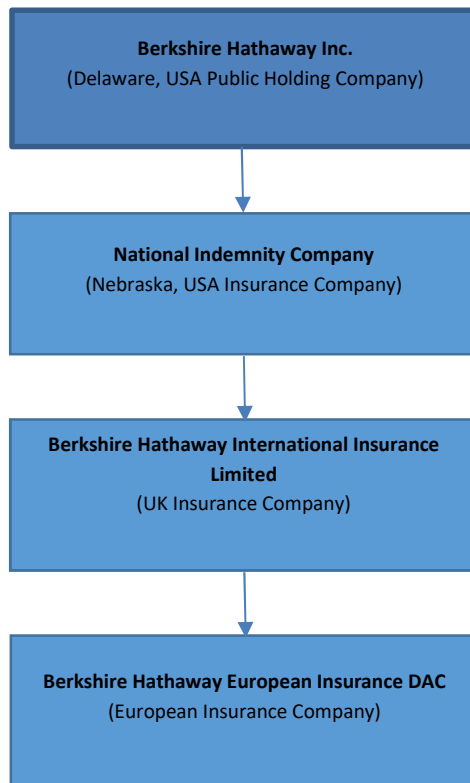
The Director's consider the current investment policy and matching of liabilities and assets in currency to put the Company on a sound basis to deal with any market volatility.

Group Structure

Below is a simplified group structure for Berkshire Hathaway Inc. Insurance group pertaining to BHEI.

Organisation Structure

*Ownership and voting rights
are all 100%*



Review of the Business

The Company obtained a credit rating from Standard & Poor's in May 2019 of AA+ which was maintained throughout the period to 31 December 2019. The full S&P ratings report can be found on the parent company's website www.bhiil.com.

During the period the Company operated under three distinct divisions to allow the development of multiple brand offerings of BHRG, MedPro and BHSI.

BHRG Division

During the period, BHRG entered into 2 MGA's being Volante Bridge underwriting property and casualty insurance for small to medium companies in Scandinavia, and Aon Coverall Landmark through which BHEI underwrites 15% of all facultative reinsurance placed by Aon offices across the EMEA region.

The BHRG Division within the parent company has a long-standing participation on the Global Aerospace Underwriting Managers (GAUM) aviation pools. With effect 1 October the Company joined the GAUM Pool and this participation allows the Company to write general insurance policies for Airline, Products, General Aviation and Space insurance to the aviation and space industries.

Medpro Division

This division commenced underwriting medical malpractice cover through an MGA arrangement operating in France.

BHSI Division

This BHSI division commenced trading through branches opened in Ireland Germany, Spain and France. BHSI underwrote a wide array of products across the casualty, executive & professional, property and marine classes.

A.2 Underwriting Performance

The Company primarily manages its business by division as described on page 6. Under Solvency II, the lines of business are pre-defined.

The tables below provide the details of the Company's underwriting performance for the 14month period ended 31 December 2019 for the major Solvency II lines of business. Full details of the Company's premiums, claims and expenses for the period are disclosed in template S.05.01 (unaudited) which is included within the appendix.

Period ended 31 Dec 2019 €000		Marine, Aviation & Transport	Fire & Other Damage to Property	General Liability
Net Premium Written		277	4,885	7,678
Net Premium Earned		81	1,303	2,318
Claims incurred		74	1,315	2,056
Changes in other technical provisions		-	-	507
Expenses incurred		36	968	754
Underwriting performance		(29)	(980)	(999)

The BHEI Board of Directors are satisfied with the underwriting performance of the Company for 2019.

A.3 Investment Performance

The Company adopts a conservative investment and risk management policy to ensure that there is no material exposure to market or liquidity risks.

The Company has no exposure to derivatives or currency-hedging risks.

In line with the prevailing markets, yields on Euro Government, Quasi Government and Commercial Bonds were negative throughout the period.

The Company reported Investment and exchange losses before tax of €0.6m. There were no material investment expenses incurred in the period.

The Director's consider the current investment policy and matching of liabilities and assets in currency to put the Company on a sound basis to deal with any market volatility.

A.4 Performance from Other Activities

The Company did not undertake any other activities in the period.

B. System of Governance

B.1 General information on the system of governance

The Governance structure of the company is set out in the BHEI Governance Map.

Board

BHEI is run by a Board of Directors operating under documented terms of reference and matters reserved for the Board. The Board oversees various Board Committees who operate under their own Board approved Terms of Reference and report into the Board on a regular basis. Board meetings are normally held on a quarterly basis with additional meetings scheduled as required.

The board members as at 31 December 2019 were:

Name	Role and F&P Status	Appointment to role	Other information
Christopher Colahan	Non-Executive Director (PCF 2) Chairman of the Board (PCF 3)	March 2019	Group Non-Executive Director
Karl Dooner	Executive Director (PCF 1)	March 2019	Chief Executive Officer
Guy Finney	Non-Executive Director (PCF 2)	March 2019	Group Non-Executive Director
Andrea Petrie	Non-Executive Director (PCF 2) Chair of the Audit Committee (PCF 4)	March 2019	Independent Non-Executive Director (Notified INED)
Paul Whittaker	Non-Executive Director Chair of Risk Committee (PCF 5)	March 2019	Independent Non-Executive Director (Notified INED)

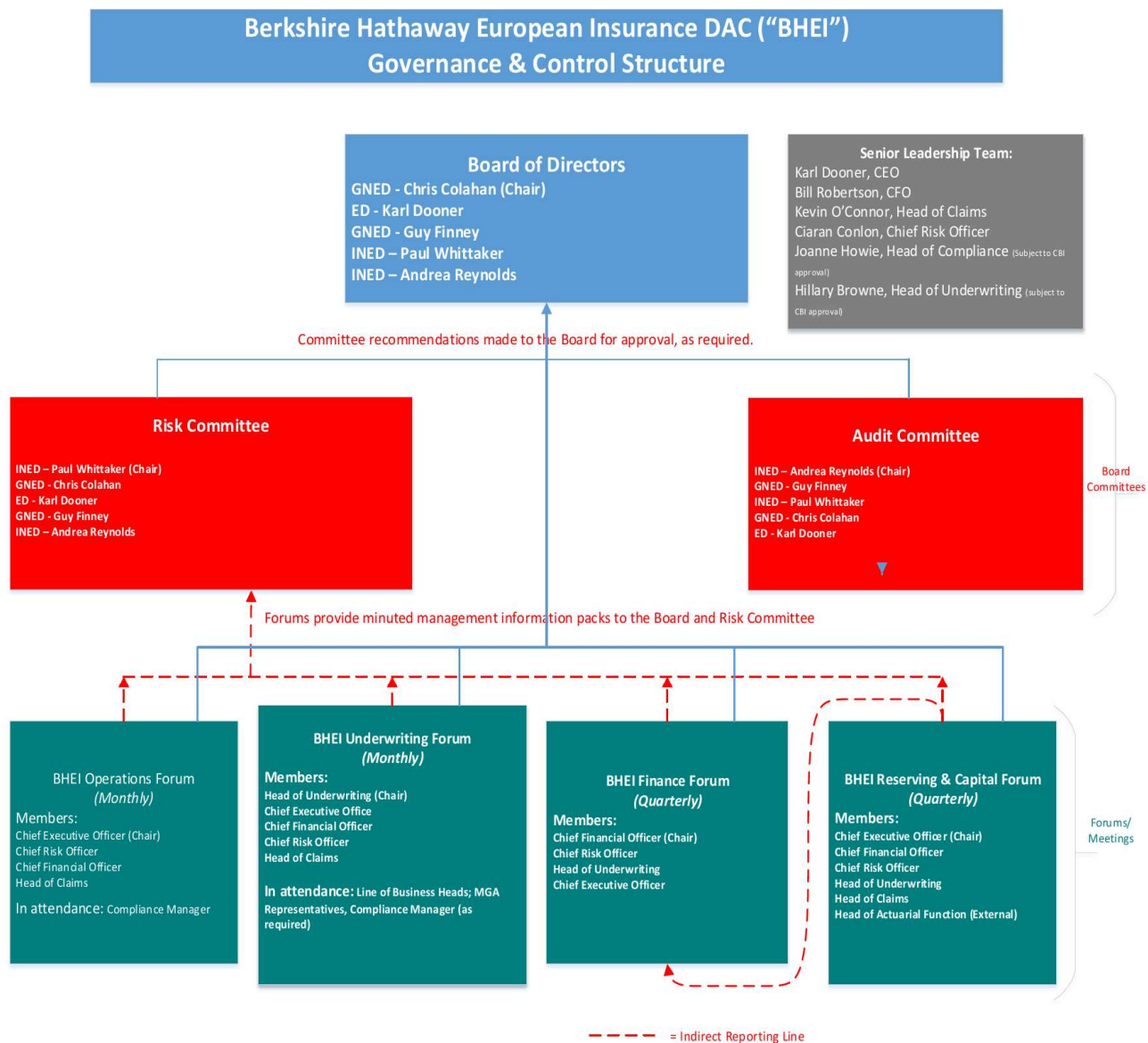
All Board Members are also Members of the Risk and Audit Committees.

The Board is responsible for:

- The effective, prudent and ethical oversight of BHEI;
- Setting and overseeing business strategy for the Company;
- Setting and overseeing: (i) the amounts, types and distribution of both internal capital and own funds adequate to cover the Company's risks, (ii) strategy for the on-going management of material risks including, inter-alia, liquidity risk, (iii) a robust and transparent organisational structure with effective communication and reporting channels, (iv) adequate and effective internal control framework.
- Defining the Company's Risk Appetite and to determine the approach to the Own Risk and Solvency Assessment, challenging and improving the results;
- Overseeing the risk management function;
- Implementing appropriate Governance structure to ensure that there is effective oversight of the activities of BHEI
- Ensuring that all Key Control functions are independent of business units, and have adequate resources and authority to operate effectively;
- Ensuring that identified risks are addressed by a contingency plan;
- Ensuring adequate Information Security strategy;
- Approving business plan and financial reporting;
- To ensure that BHEI treats customers fairly and has adequate systems to address the risk of Financial Crime.
- To ensure that BHEI is compliant with all relevant legislation.

Committee Structure

The chart below sets out the Committee Structure of BHEI.



B.2 Fit and Proper Requirements

BHEI places a high value on appointing fit and proper individuals and seeks to ensure that such individuals are suitably qualified to perform the role for which they were recruited and that they are honest and trustworthy.

BHEI has a Fit and Proper policy which sets out the principles and criteria to ensure that all those who are pre-approved controlled functions or controlled functions within the Company are and remain fit and proper to carry out those functions.

The Fit and Proper Policy ensures that all those holding such functions:

- meet the regulatory requirements;
- comply with the Fitness and Probity Standards; and
- report anything that could affect their ongoing suitability.

Fitness and propriety checks are made before an individual is appointed as pre-approved function or as controlled function and also periodically thereafter.

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

The Board has approved a documented Risk Management Framework.

The Risk Management Framework is designed to ensure that there are clear responsibilities and reporting lines. In conjunction with an appropriate monitoring and reporting structure the Risk Management Framework is intended to provide the BHEI Board with confidence that risks are appropriately controlled in accordance with the Board's risk tolerance.

A pre-requisite of managing risk is that the Board have a good understanding of the risks that are faced by the business, and have considered the appropriate level of risk that the business will stand. Articulation of the Board's Risk Appetite in documented Risk Appetite Statements enables cascading of Risk Management throughout the organisation and provides useful reference material when considering new opportunities or process change.

Policy & Procedure for Articulating Risk Appetite

Risk appetite is defined as the amount and type of risk BHEI is willing to pursue or retain in order to achieve its business objectives. The risk appetite framework enables BHEI to define what strategic objectives are supported in its risk-taking activities and to keep exposure within agreed limits. The BHEI risk appetite framework therefore supports decision-making processes and understanding of its performance.

The Risk Appetite Statement is set and approved by the BHEI Risk Committee on an annual basis.

The BHEI risk appetite statements are supported by risk appetite measures, which define the extent BHEI is prepared to tolerate exposure to different types of risk in order to meet its strategic objectives. The risk appetite metrics are updated on a quarterly basis and are presented to the Risk Committee for review.

Own Risk and Solvency Assessment (ORSA)

The ORSA is an integral part of the company's business strategy and supports the strategic decision-making process. The ORSA framework is a series of processes to enable the company to manage its risk profile against risk appetite and to ensure that there is an appropriate quantity and quality of capital given the risks facing the business.

The ORSA encompasses the procedures employed to identify, assess, monitor, manage and report the risks each entity may face over the business planning period. The management information that is an output of the ORSA then facilitates informed strategic decisions with consideration to BHEI's appetite for risk and the amount of capital needed.

The ORSA processes shall evolve each year to ensure they remain appropriate to the nature, scale and operation of the business. The framework has been designed to be flexible and with a non-prescriptive approach. The ORSA report provides a conclusion of the adequacy of the control framework, asset mix and capital required given the current and planned risk exposures.

The ORSA process is owned by the Board. The Board is responsible for both steering the on-going development of the ORSA process and challenging the results.

The ORSA process combines all elements of the risk and capital framework and is structured to complement the strategy development and business planning processes, to ensure it supports decision making. Outputs from the ORSA process are considered when setting business plans and the risk appetites.

A key concept of the ORSA is that it is a forward-looking assessment and therefore the ORSA process runs in parallel with the business planning and reporting cycle.

A full ORSA process shall be at least annually and the BHEI Board considers and shall approve an annual ORSA report.

BHEI's risk profile will change over the course of the planning period for several reasons, such as a significant insurance event, extreme economic conditions, or merger and acquisition. As a result, a full or partial ORSA exercise may be conducted outside of the usual cycle if any change is significant enough that the prior ORSA analysis is no longer relevant and useful.

The main output from BHEI's ORSA process is the ORSA report that is escalated to the Board for approval. The full ORSA report that goes to the BHEI Board shall also be sent to the relevant supervisory authority.

B.4 Internal Control System

Internal controls are implemented to control risk. All internal controls are efficiently designed to achieve the required level of control in a cost-effective manner. It is the responsibility of the operational management to ensure that appropriate controls are in place to operate within risk appetite. Internal controls are identified with a defined owner responsible for maintenance of the control.

Internal control documentation includes:

- description of the control
- control owner
- risks mitigated by control, and control importance relative to risks (key control)

Internal control performance is recorded in the Risk Management and Internal Control System. There is a quarterly management report to the risk committee reporting control performance.

Compliance Function

The Compliance Function monitors the business to ensure that it is in compliance with all laws and the regulatory framework applicable to BHEI. The Compliance Function also provides advice to the Board and the business on all regulatory requirements and monitors compliance with such including licensing and other arrangements, the fair treatment of customers, managing the risk of financial crime including applicable sanctions compliance, product governance, the oversight of outsourced arrangements with third parties and regulatory reporting. The Compliance function is designed to supplement the responsibility of the Board and of senior management to ensure compliance with legislation and applicable guidelines.

B.5 Internal audit function

The function of Internal Audit is to provide independent, objective assurance and is designed to add value and improve the operations of BHEI. Internal Audit aims to help Management accomplish their objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

Internal Audit has unrestricted access to all activities undertaken in the organisation, in order to review, appraise and report on:

- The adequacy and effectiveness of the systems of financial, operational and management control and their operation in practice in relation to the business risks to be addressed;
- The extent of compliance with, relevance of, and financial effect of, policies, standards, plans and procedures established by the Board and the extent of compliance with external laws and regulations, including reporting requirements of regulatory bodies;
- The extent to which adequate business continuity plans exist;
- The suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify measure, classify and report such information;
- The integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss of all kinds; and that the process aligns with the organisation's strategic goals;
- The suitability of the organisation of the units audited for carrying out their functions, and to report where services are provided in a way which is economical, efficient and effective;
- The recommendation of the follow-up action required to be taken to remedy weaknesses identified by Internal Audit review including monitoring completion against the required resolution date, and, ensuring that good practice is identified and communicated widely.
- The operation of the organisation's corporate governance arrangements.
- The preparation of an annual audit plan and submission of the plan for review and approval to the Audit Committee.
- Carrying out the approved audit plan and reporting to the Audit committee.
- Reporting to the Audit Committee at least annually on:-
 - assessments of the adequacy and effectiveness of the organisation's systems of risk management and internal control based on the work of Internal Audit
 - reporting significant issues related to the processes for controlling BHEI's activities, including potential improvements to those processes, and provide information concerning such issues through to resolution; and
 - providing periodic information on the status and results of the annual audit plan and the sufficiency of Internal Audit resources.

B.6 Actuarial Function

The Head of Actuarial Function is responsible for monitoring various capital adequacy measures to enable the Board to exercise the appropriate level of governance and control of the company's insurance risk exposures. BHEI have outsourced this function to PwC for the 3-year period to 2022 to provide objective guidance in this area.

The Head of Actuarial Function engages with the Board, senior managers, regulators, reinsurers, and auditors to ensure that the capital position of the Company and the risks that the Company faces are well understood and reflected in the analysis performed as part of the reserving and capital modelling processes.

Principal responsibilities of the Actuarial Function are:

- To engage with the Board, senior managers, regulators and auditors to ensure that the capital position of BHEI and that the risks the BHEI faces are well understood and reflected in the analysis. Performed as part of the reserving and capital modelling processes.
- To advise the Board on the appropriate level of capital requirements and reserves.
- To keep the Company updated with significant capital and reserving related developments throughout the period.
- To provide proactive support to Underwriting, Claims, Reinsurance, and Investment functions.
- To assist with the production of and to ensure the integrity of BHEI's financial information and regulatory reporting.

B.7 Outsourcing

Outsourcing is an arrangement where an outsource provider is appointed to perform particular activities which would otherwise be undertaken by staff directly employed by the company. Entering into an outsource arrangement does not relieve BHEI of its responsibility for the outsourced activity. Any substantial activity carried out by an Outsource Provider is subject to the requirements of the Outsourcing Policy.

The Outsourcing Policy aims to:

- Ensure that BHEI has a robust governance in place;
- Outline the outsourcing strategy of BHEI;
- Describe the process for determining whether a Function or Activity is "critical or important";
- Explain how a Service Provider of suitable quality is selected and how its performance and results are assessed;
- Guide the staff on the details to be included in the written agreement with the Service Provider;
- Ensure that BHEI has an appropriate risk management framework of risks related to outsourcing; and
- Complies with regulatory requirements, in particular Solvency II regulation.

Critical or important Functions or Activities' outsourced arrangements are required to be disclosed to the Central Bank of Ireland.

C. Risk Profile

The BHEI risk universe comprises six main categories of risk: insurance, credit, market, liquidity, operational and strategic.

Analysis of Risk Profile (as per S.25.01)

	€000
Underwriting risk	21,772
Market Risk	2,725
Counterparty Credit Risk	2,706
Diversification	(3,260)
Basic Solvency Capital Requirement	23,943
Operational Risk	1,243
Loss absorbing capacity of deferred taxes	-
Total Solvency Capital Requirement	25,186

C.1 Underwriting risk

The underwriting strategy of the BHEI divisions align with that of the ultimate parent company, Berkshire Hathaway Inc., which is to:

1. Understand all exposures that might cause a policy to incur losses;
2. Conservatively assess the likelihood of any exposure actually causing a loss and the probable cost if it does;
3. Set a premium that, on average, will deliver a profit after both prospective loss costs and operating expenses are covered; and
4. Be willing to walk away if the appropriate premium cannot be obtained.

BHEI has risk appetite to take on gross underwriting risk in new and traditional renewal-based business lines.

BHEI manages the underwriting cycle and writes selected classes of business over the long-term to achieve an underwriting profit over the course of the cycle. In addition, BHEI provide a service to the market by entering business lines or taking on risks in areas of the market which find themselves constrained by capital or where market inefficiencies exist.

Underwriting risk therefore represents the most significant aspect of risk within BHEI, but much of this is converted to credit risk through reinsurance placed with NICO, the holding company of BHEI's parent, BHIL.

Underwriting risk appetite tolerances are set for each line of business as part of the business planning process, or on the writing of a new business line when the decision to enter that line is made (i.e. outside of the annual business planning cycle). Underwriting risk tolerances are proposed by the underwriting committee and approved by the Board, and are monitored at divisional underwriting committees.

For internal management and statutory reporting, reserves and planned loss ratios are established at levels consistent with prudent assumptions with regard to likelihood of loss and probable claims cost. These are monitored and approved at the Reserving & Capital Forum and the Finance Forum.

For solvency and business planning purposes, reserves and planned loss ratios are established at levels consistent with best-estimate assumptions with regard to likelihood of loss and probable claims cost. These are monitored and approved at the Reserving & Capital Forum and the Finance Forum.

Underwriting risk for solvency purposes and relevant to this Solvency and Financial Condition Report primarily arise from:

- planned underwriting not achieving business best estimate plan loss ratios for attritional claims;
- higher than expected large loss or catastrophe (atypical) claim experience; and
- reserve deterioration against best-estimate reserves.

For Regulatory and Solvency purposes BHEI adopt the Standard Formula approach to estimate the capital requirement to meet the one in two-hundred adverse outcome over a one-year time frame. These assessments include prospective underwriting over the forthcoming year. The Standard Formula uses market wide volatility assumptions to assess risk capital requirements.

The different reserve assessments for internal management, statutory, and regulatory reporting are reconciled through internal reports considered at the appropriate committee.

The different capital requirements under the Standard Formula are considered as part of the company's Own Risk & Solvency Assessment process. BHEI maintains surplus capital at 150% of the Standard Formula requirement.

C.2 Market risk

Market risk refers to the risk of losses on the Investment Portfolio, arising from fluctuations in the market value of the underlying investments.

The investment strategy of the portfolio is conservative and investment guidelines require funds to be invested in fixed interest securities with a credit rating of BBB+ and above, generally held to maturity. This conservative strategy is designed to protect BHEI capital so that it is available to support the underwriting. The company has no off-balance sheet transactions and has a policy of not investing in derivative contracts.

The investment risk profile is the responsibility of the Finance Forum, and is managed in line with the agreed Investment Risk Appetite.

C.3 Credit risk

Credit risk arises from the possibility of default by one or more counterparties, which include reinsurers and deposit-takers.

The credit risk to reinsurers is predominantly the exposure to NICO and this is assessed within the stochastic business model. The Reserving & Capital Forum is responsible for approving the reinsurance and the Risk Committee is responsible for monitoring the associated credit risk. The Trust Fund Agreement in place with NICO manages the concentrated credit risk.

Credit risk from deposit-takers materially consists of bank exposures. The Finance Forum is responsible for monitoring the credit risk based on the value deposited and the bank credit rating. When determining the level of bank balances the Finance Forum also consider liquidity requirements.

Credit risk on overdue balances is materially premium credit risk which arises from exposure to overdue premium balances. These are often held at, or to be collected by, brokers. The Operations Forum is responsible for monitoring overdue amounts.

C.4 Liquidity risk

Liquidity risk is the risk that BHEI will be unable to meet its liabilities as they fall due. This is largely mitigated by the investment guideline requirements which ensure compliance with the risk appetite statement. The company retains significant liquid balances; the investment portfolio is such that it may be converted to liquid assets at short notice, and the company also has the ability to make cash calls on its reinsurer.

C.5 Operational risk

Operational risk covers the risks arising from the failure of internal processes, people or systems, or from external events. Operational risk categories are identified as:

- | | |
|------------------------------------|---|
| • People | The risk of loss through theft or other fraudulent activity by staff |
| • Underwriting internal | The risk of loss through writing unauthorised business |
| • Delegated authority | The risk of loss through delegated authority business outside risk appetite |
| • Underwriting general | The risk of loss through underwriting losses that are not covered by reinsurance (e.g. due to sanctions issues) |
| • Other non-underwriting processes | The risk of loss due to unanticipated excess expenditure |
| • Process risk, outsourcing | The risk of loss through outsource providers operational failures |
| • Process risk, physical event | The risk of unanticipated physical events impacting the company's ability to trade |
| • Systems | The risk that systems performance issues will lead to operational difficulties |
| • Legal & Compliance Risk | The risk of loss due to regulatory or legal action and/or fine
Conduct Risk and Financial Crime Risk are treated as two important sub-risks in Legal and Compliance Risk |
| • Reputational Risk | The risk of reputational damage |
| • Project Risk | The risk of projects not achieving desired outcomes |
| • Group Risk | The risk of loss due to Group relationship |

C.6 Review of impact of Covid-19

With respect to the ongoing Covid-19 pandemic, the Board has re-assessed the various risks which have been increased by the pandemic, and are confident that the business is sufficiently robust to withstand all impacts. A similar scenario to a Covid-19 scenario (three large losses of €50m gross) was considered as part of the ORSA stress tests. In this scenario BHEI's projected 2020 solvency ratio reduces to 219% (without any capital injections). BHEI remains well in excess of the 150% target solvency ratio. The Board have also assessed that there is no material impact on the valuation of the Company's assets and liabilities, either at 31 December 2019, or currently.

D. Valuation for Solvency Purposes

The details of the Company's Assets and Liabilities as at 31 December 2019 are disclosed in the tables below along with the valuation adjustments between Irish GAAP and the Solvency II valuations.

Consistent with Article 75 of Directive 2009/138/EC assets have been valued at the amounts for which the Company expects the assets could be exchanged between knowledgeable willing parties in an arm's length transaction.

Solvency II Balance Sheet as at 31 December 2019, €000	Notes	Irish GAAP	Reclassification Adjustments	Solvency II Adjustments	Solvency II
Assets					
Total Investments	1	111,803	248	-	112,051
Property	2	-	-	3,314	3,314
Reinsurance recoverables from Non-Life	3	60,920	(58,299)	9,257	11,878
Insurance and intermediaries' receivables	4	59,824	(56,832)		2,992
Reinsurance receivables	5	9,416	(9,416)		-
Receivables - not insurance		205	-		205
Cash and cash equivalents		5,854	329	(2)	6,181
Any other assets		584	(577)	-	7
Deferred Acquisition Costs	6	1,750	(1,750)	-	-
Total Assets		250,356	(126,297)	12,569	136,628
Liabilities					
Total Non-Life Technical Provisions -	7	(21,988)			(20,115)
Gross Technical Provisions		(21,988)	16,006	(7,992)	(13,974)
Risk Margin		-	-	(6,141)	(6,141)
Provisions other than technical provisions		(51,993)	51,993	-	-
Insurance and intermediaries' payables	8	(11,543)	11,543	-	-
Deferred tax liabilities	9	-	-	-	-
Reinsurance payables	10	(47,398)	46,854	-	(544)
Payables - not insurance	11	(4,057)	(98)	(3,314)	(7,470)
Total Liabilities		(136,979)	126,297	(17,447)	(28,129)
Excess of Assets over Liabilities		113,377	-	(4,878)	108,499

D.1 Assets

Assets are valued for Solvency II purposes using the policies detailed below:

Investments

Bonds – Government, Quasi Government and Commercial bonds are valued at the quoted market price plus the value of accrued interest due as at the balance sheet date.

Liquidity Funds – Liquidity funds are valued at the quoted market price as at the balance sheet date.

Property - the Company values leased property in line with IFRS16 whereby the future cashflow for the duration of the property leases are computed on a non-discounted basis.

Reinsurance Recoverables

The reinsurance recoverables, as included in the technical provisions, are calculated using a variety of techniques including a stochastic cash-flow model. While the gross cash-flows are uncertain, the reinsurance cash-flows given the gross cash-flows are certain (before consideration of reinsurer default or disputes) as the terms of the reinsurance program are known.

Due to the importance of the reinsurance program to BHEI, and the fact that the reinsurance program is not particularly complicated (i.e. does not consist of hundreds of facultative covers or different reinsurance strategies over time), BHEI models the actual reinsurance program.

In general, the reinsurance program consists of: a quota share cover; followed by a per event excess of loss cover; followed by whole account stop loss cover.

Actuarial modelling allows the expected values of the contingent covers to be more accurately calculated (i.e. the excess of loss and stop loss covers). In order to accurately model the excess of loss cover atypical losses are modelled individually; attritional losses are modelled in aggregate.

The key steps in calculating the reinsurance recoverables are summarised below:

- Simulate the gross claims by segment (the segmentation of the business is described in the “Technical Provisions” section of this document)
- Calculate the reinsurance recoverables by applying the reinsurance program applicable to each segment
- Simulate reinsurer default including the mitigating effects of the trust funds and reinsurer recovery rate
- Discount the reinsurance recoverables based on the expected payment pattern and currency of the cash-flows
- Calculate the average reinsurance recoverables across all simulations (usually 128,000)
- Finally, allocate reinsurance recoverables to Solvency II class of business and geographical location

Insurance & Intermediaries' Receivables

Insurance and intermediaries' receivables are valued at the fair value of the amount outstanding reduced by the bad debt provision where applicable. Due to the short-term nature of these amounts discounting is not considered to be material.

Cash & Cash Equivalents

Cash and cash equivalents are valued at fair value as at the balance sheet date.

Differences between Solvency II Valuation and Irish GAAP valuation

The material differences between the Solvency II valuation and the Irish GAAP valuation as detailed in the table above are as a result of the following:

Investments ¹ – Investments valued on a Solvency II basis include accrued interest income which is included in other debtors on a Irish GAAP basis.

Property ^{2 & 11} – Leasehold property and its associated liability are included in the Solvency II valuations in accordance with the valuation guidelines; neither are included in the Statutory Financials.

Reinsurance Recoverables and Gross Technical Provisions ^{3 & 7} – Solvency II values calculated by applying the reinsurance program to the best-estimate gross claims on a Standard Formula basis; as opposed to being applied to the booked (i.e. prudent) gross claims reported in the statutory accounts on a deterministic basis. The Solvency II values are also discounted; the statutory values are not.

Insurance and Intermediaries Receivables and Payables ^{4 & 8} – Receivables exclude the value of inwards pipeline premiums as these are included within the valuation of the technical provisions for solvency purposes.

Reinsurance receivables and Payables ^{5 & 10} - Reinsurance receivables exclude the value of outwards pipeline commissions due as these are included within the valuation of the technical provisions for solvency purposes.

Deferred Acquisition Costs ⁶ – Deferred Acquisition Costs are not included in the Solvency II valuation in accordance with the valuation guidelines.

D.2 Technical Provisions

The estimation of technical provisions is subject to a substantial degree of uncertainty and the best estimate should be viewed as only part of a wide range of possible values produced by alternative methods or alternative assumptions.

The technical provisions are the discounted present value of future insurance cash-flows, valued on a best-estimate basis, for business bound as at the valuation date, plus a risk margin. Gross and reinsurance cash-flows are modelled explicitly.

The best-estimate cash-flows which underlie the technical provisions are the same values which are used for the underwriting performance review. As such these figures, and the underlying assumptions, are reviewed on a quarterly basis at the Reserving & Capital Forum.

Summary of Technical Provisions

	Marine, Aviation & Transport	Fire & other Property damage	General liability	Total Non-Life
	€000	€000	€000	€000
Best estimate Premium provisions				
Gross	(733)	(6,443)	3,651	(3,525)
Reinsurers' share	(678)	(5,498)	3,601	(2,575)
Net	(55)	(945)	50	(950)
Best estimate Claims provisions				
Gross	434	6,101	10,964	17,499
Reinsurers' share	379	4,981	9,092	14,452
Net	55	1,120	1,872	3,047
Total Best Estimates				
Gross	(299)	(342)	14,615	13,974
Net	0	175	1,922	2,097
Risk Margin	96	2,184	3,861	6,141

For modelling purposes, the business is segmented by:

- Branch – BHEI operates in Ireland and has branches in Germany, Spain & France.
- Division – BHEI groups business according to Berkshire Hathaway internal reporting divisions including: Berkshire Hathaway Reinsurance Group, Berkshire Hathaway Specialty Insurance and MedPro.
- Distribution Channel – BHEI writes business through numerous distribution channels; these distribution channels can vary according to each Division. They can broadly cover underwriting teams (for business written directly), brokers (for facility business in which BHEI takes a follow line) and managing general agents.
- Class of Business – BHEI writes multiple classes of business. Large speciality accounts are treated as distinct classes of business for modelling and reporting purposes.
- Year of account – Gross claims are modelled by year of account (i.e. the year in which the business incepts) as opposed to accident year (i.e. the year in which the business was earned).

- Loss type – There are three loss types modelled: attritional, large and catastrophe. Attritional losses are calculated in aggregate, while the large and catastrophe losses are calculated 'per event'. Large and catastrophe losses are grouped together for reporting purposes as 'atypical' losses.

The methodologies used to calculate the premiums, deductions, expenses and reinsurance cash-flows are the same for all classes of business. The methodologies used to calculate gross claims depend on the distribution channel and class of business, and are based on standard actuarial techniques such as chain-ladder, Bornhuetter-Ferguson and target loss ratio.

Premiums, and associated deductions (e.g. commission and brokerage), are calculated at policy level. Once a premium 'due date' passes it is removed from the technical provisions and moved to the 'payables' section of the balance sheet.

Expenses are assessed at the Distribution Channel level and are estimated by the Finance team.

All cash-flows are calculated gross of discounting; the discounted present values are then calculated using the relevant payment pattern and currency yield curve.

In calculating the technical provisions BHEI does not apply the following:

1. Matching adjustment referred to in Article 77b of Directive 2009/138/EC.
2. Volatility adjustment referred to in Article 77d of Directive 2009/138/EC.
3. Transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC.
4. Transitional deduction referred to in Article 308d of Directive 2009/138/EC.

Risk margin is calculated using the "cost of capital" approach – the cost of holding capital to support the technical provisions until their ultimate run-off.

The technical provisions are an output from a variety of sources including the stochastic business model; the figures reported in the QRTs are the mean of the distributions.

Differences between Solvency II Valuation and Irish GAAP valuation

The material differences between the Solvency II valuation and the Irish GAAP valuation as detailed in the table above are as a result of the following:

Technical Provisions ⁷ – the liabilities for the statutory accounts are calculated using prudent methodologies and assumptions while the liabilities for the Solvency II accounts are calculated using technically compliant "best estimate" methodologies and assumptions. The main contributors to the difference in the two liability figures are:

- Pipeline premium is treated as a negative liability in the Solvency II balance sheet (and included in the technical provisions) whereas the pipeline premium is treated as an asset in the Statutory balance sheet.
- Discounting: the Solvency II technical provisions are discounted whereas the statutory technical provisions are not.

D.3 Other Liabilities

Other liabilities are valued for Solvency II purposes using the policies detailed below:

Insurance & intermediaries' payables

Insurance & intermediaries payables are valued at the fair value of the amount payable. Due to the short-term nature of these amounts discounting is considered to be inappropriate.

Reinsurance payables

Reinsurance payables are valued at the fair value of the amount payable. Due to the short-term nature of these amounts discounting is considered to be inappropriate.

Payables (trade, not insurance)

Other payables are valued at the fair value of the amount payable. Due to the short-term nature of these amounts discounting is considered to be inappropriate.

The Company values property leasing liabilities in line with IFRS16 whereby the future cashflow for the duration of the property leases are computed on a non-discounted basis.

Differences between Solvency II Valuation and Irish GAAP valuation

The material differences between the Solvency II valuation and the Irish GAAP valuation as detailed in the table above are as a result of the following:

Insurance Payables ⁷ - Insurance payables exclude the value of inwards pipeline commissions due as these are included within the valuation of the technical provisions for solvency purposes.

Reinsurance Payables ⁹ - Reinsurance payables exclude the value of outwards pipeline premiums due as these are included within the valuation of the technical provisions for solvency purposes.

Leasehold Properties – there is no requirement under FRS102 to capitalise any leasehold properties (and their associated liabilities). However, this is not the case for solvency reporting purposes.

D.4 Alternative methods for valuation

BHEI does not use any alternative valuation methods.

E. Capital Management

E.1 Own Funds

All Own Funds are Tier 1 funds and consist of ordinary share capital and retained earnings. All of these Tier 1 Funds are classed as unrestricted and of a high quality.

The details of the Company's Own Funds as at 31 December 2019 are disclosed in the tables below.

The Solvency II Net Assets along with the Irish GAAP equivalent is also presented.

Solvency II Own Funds and Net Assets with Irish GAAP Equivalents

Period ended 31 Dec 2019	Solvency II value €000	GAAP value €000
Tier 1 Funds		
Called up share capital	116,033	116,033
Retained earnings	-	(2,656)
Reconciliation reserve	(7,534)	-
Total Basic Own Funds	108,499	113,377

The reconciliation reserve represents the difference between the Solvency II valuation of the balance sheet and the statutory valuation under current Irish GAAP.

The Company does not have any ancillary own funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

BHEI uses the Standard Formula as the basis for calculating capital requirements having reviewed the assumptions underlying the formula and assessed them as appropriate for the Company. Accordingly, the Company has not utilised Undertaking Specific Parameters available under Article 104(7) of Directive 2009/138/EC.

The Company's Solvency Capital Requirement at 31 December 2019 is €25.2m and the company's Minimum Capital Requirement at 31 December 2019 is €6.3m, as follows:

Solvency Capital Requirement

	€000
Market Risk	2,725
Counterparty default risk	2,706
Life underwriting risk	-
Health underwriting risk	174
Non-life underwriting risk	21,582
Operational risk	1,245
Diversification credit	(3,260)
Solvency Capital Requirement	25,172

Minimum Capital requirement

	€000
Linear MCR	214
MCR Cap (45% of SCR)	11,327
MCR floor (25% of SCR)	6,293
Absolute floor of the MCR	3,700
Minimum Capital Requirement	6,293

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

BHEI has not opted to use the duration-based equity risk sub-module of the Solvency Capital Requirement.

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

BHEI applies the standard formula model and does not use an internal model to calculate the Solvency Capital Requirement.

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

There was no breach of the Solvency Capital Requirement (and hence the Minimum Capital Requirement) over the reporting period.

By reference to the SCR and MCR, the Solvency II own funds substantially exceed the capital requirements. By these measures, BHEI remains in a satisfactory capital position.

F. Appendix

F.1 SFCR Reporting Templates

Reference	Title
S.02.01	Balance Sheet
S.05.01	Premium, claims and expenses by line of business
S.05.02	Premium, claims and expenses by country
S.17.01	Non-Life Technical Provisions, by line of business
S.19.01	Non-Life Claims
S.23.01	Own Funds
S.25.01	Solvency Capital Requirement
S.28.01	Minimum Capital Requirement

S.02.01.02
Balance sheet

		Solvency II value
		C0010
Assets		
R0010	Goodwill	
R0020	Deferred acquisition costs	
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	3,313,529.00
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	112,051,355.67
R0080	<i>Property (other than for own use)</i>	0.00
R0090	<i>Holdings in related undertakings, including participations</i>	0.00
R0100	<i>Equities</i>	0.00
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	79,207,378.05
R0140	<i>Government Bonds</i>	16,207,575.38
R0150	<i>Corporate Bonds</i>	62,999,802.67
R0160	<i>Structured notes</i>	0.00
R0170	<i>Collateralised securities</i>	0.00
R0180	<i>Collective Investments Undertakings</i>	32,843,977.62
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	0.00
R0210	<i>Other investments</i>	0.00
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0.00
R0240	<i>Loans on policies</i>	0.00
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	11,877,685.43
R0280	<i>Non-life and health similar to non-life</i>	11,877,685.43
R0290	<i>Non-life excluding health</i>	11,877,685.43
R0300	<i>Health similar to non-life</i>	0.00
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0.00
R0320	<i>Health similar to life</i>	
R0330	<i>Life excluding health and index-linked and unit-linked</i>	
R0340	<i>Life index-linked and unit-linked</i>	
R0350	Deposits to cedants	0.00
R0360	Insurance and intermediaries receivables	2,992,017.45
R0370	Reinsurance receivables	0.00
R0380	Receivables (trade, not insurance)	204,586.20
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0.00
R0410	Cash and cash equivalents	6,181,267.13
R0420	Any other assets, not elsewhere shown	6,864.09
R0500	Total assets	136,627,304.97
		Solvency II value
		C0010
Liabilities		
R0510	Technical provisions - non-life	20,115,219.69
R0520	<i>Technical provisions - non-life (excluding health)</i>	20,115,219.69
R0530	<i>TP calculated as a whole</i>	0.00
R0540	<i>Best Estimate</i>	13,974,573.84
R0550	<i>Risk margin</i>	6,140,645.85
R0560	<i>Technical provisions - health (similar to non-life)</i>	0.00
R0570	<i>TP calculated as a whole</i>	0.00
R0580	<i>Best Estimate</i>	0.00
R0590	<i>Risk margin</i>	0.00
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0.00
R0610	<i>Technical provisions - health (similar to life)</i>	0.00
R0620	<i>TP calculated as a whole</i>	
R0630	<i>Best Estimate</i>	
R0640	<i>Risk margin</i>	
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0.00
R0660	<i>TP calculated as a whole</i>	
R0670	<i>Best Estimate</i>	
R0680	<i>Risk margin</i>	
R0690	Technical provisions - index-linked and unit-linked	0.00
R0700	<i>TP calculated as a whole</i>	
R0710	<i>Best Estimate</i>	
R0720	<i>Risk margin</i>	
R0730	Other technical provisions	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	0.00
R0810	Financial liabilities other than debts owed to credit institutions	0.00
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	544,094.94
R0840	Payables (trade, not insurance)	
R0850	Subordinated liabilities	0.00
R0860	<i>Subordinated liabilities not in BOF</i>	
R0870	<i>Subordinated liabilities in BOF</i>	0.00
R0880	Any other liabilities, not elsewhere shown	7,468,905.37
R0900	Total liabilities	28,128,220.00
R1000	Excess of assets over liabilities	108,499,084.97

S.05.01.02
Premiums, claims and expenses by line of business
Non-life

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Total
Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	
C0060	C0070	C0080	C0200
1,531,253.98	14,909,598.28	37,324,408.70	53,765,260.96
1,411,002.45	12,231,676.08	5,331,565.24	18,974,243.77
			0.00
2,665,311.63	22,255,845.02	34,977,898.63	59,899,055.28
276,944.80	4,885,429.34	7,678,075.31	12,840,449.45
220,493.68	4,233,715.29	11,898,278.98	16,352,487.95
409,840.43	3,003,341.81	981,563.28	4,394,745.52
			0.00
549,072.90	5,934,386.88	10,561,470.69	17,044,930.47
81,261.21	1,302,670.22	2,318,371.57	3,702,303.00
211,846.06	4,454,745.28	10,750,626.99	15,417,218.33
278,566.97	2,121,783.35	636,318.03	3,036,668.35
			0.00
426,222.70	5,261,222.90	9,331,444.22	15,018,889.82
64,190.33	1,315,305.73	2,055,500.80	3,434,996.86
107,169.25	0.00	3,525,697.61	3,632,866.86
0.00	0.00	0.00	0.00
			0.00
107,169.25	0.00	3,018,471.19	3,125,640.44
0.00	0.00	507,226.42	507,226.42
35,283.42	968,141.31	754,269.50	1,757,694.23
			28,539.52
			1,786,233.75

S.05.02.01
Premiums, claims and expenses by country

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
Non-life	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country	
		FR	DE	IT	ES	IS		
R0010		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
R0110	Gross - Direct Business	8,480,543.23	28,655,267.31	12,473,593.61	0.00	1,819,065.52	0.00	51,428,469.67
R0120	Gross - Proportional reinsurance accepted	0.00	245,889.70	289,925.73	7,849,532.17	3,010,926.24	1,918,600.32	13,314,874.16
R0130	Gross - Non-proportional reinsurance accepted	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R0140	Reinsurers' share	7,206,706.80	23,698,948.75	10,466,085.86	6,436,616.39	3,960,593.27	1,573,252.27	53,342,203.34
R0200	Net	1,273,836.43	5,202,208.26	2,297,433.48	1,412,915.78	869,398.49	345,348.05	11,401,140.49
Premiums earned								
R0210	Gross - Direct Business	2,326,867.99	9,562,086.58	3,728,291.63	0.00	139,743.92	0.00	15,756,990.12
R0220	Gross - Proportional reinsurance accepted	0.00	123,530.38	56,695.76	1,368,758.23	508,662.07	307,762.24	2,365,408.68
R0230	Gross - Non-proportional reinsurance accepted	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R0240	Reinsurers' share	1,940,230.71	7,942,205.89	3,103,689.67	1,122,381.75	531,692.94	252,365.04	14,892,566.00
R0300	Net	386,637.28	1,743,411.07	681,297.72	246,376.48	116,713.05	55,397.20	3,229,832.80
Claims incurred								
R0310	Gross - Direct Business	2,819,358.73	8,653,690.15	3,304,436.39	0.00	118,348.39	0.00	14,895,833.66
R0320	Gross - Proportional reinsurance accepted	0.00	84,018.35	41,556.08	904,282.25	353,070.82	196,722.81	1,579,650.31
R0330	Gross - Non-proportional reinsurance accepted	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R0340	Reinsurers' share	2,289,379.26	7,212,055.00	2,676,794.00	723,425.80	377,135.35	157,378.25	13,436,167.66
R0400	Net	529,979.47	1,525,653.50	669,198.47	180,856.45	94,283.86	39,344.56	3,039,316.31
Changes in other technical provisions								
R0410	Gross - Direct Business	425,871.67	3,206,995.19	0.00	0.00	0.00	0.00	3,632,866.86
R0420	Gross - Proportional reinsurance accepted	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R0430	Gross - Non-proportional reinsurance accepted	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R0440	Reinsurers' share	287,088.32	2,838,552.12	0.00	0.00	0.00	0.00	3,125,640.44
R0500	Net	138,783.35	368,443.07	0.00	0.00	0.00	0.00	507,226.42
R0550	Expenses incurred	163,408.12	516,190.86	213,038.77	93,353.02	282,662.56	15,785.82	1,284,439.15
R1200	Other expenses							28,539.52
R1300	Total expenses							1,312,978.67

S.17.01.02
Non-Life Technical Provisions

Direct business and accepted proportional reinsurance			Total Non-Life obligation
Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	
C0070	C0080	C0090	C0180
0.00	0.00	0.00	0.00
			0.00

R0010 Technical provisions calculated as a whole
R0050 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

Technical provisions calculated as a sum of BE and RM
Best estimate

Premium provisions
R0060 Gross - Total
R0140 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
R0150 Net Best Estimate of Premium Provisions

-732,768.93	-6,443,204.67	3,651,271.11	-3,524,702.49
-677,753.28	-5,498,140.09	3,601,586.62	-2,574,306.75
-55,015.65	-945,064.58	49,684.49	-950,395.74

Claims provisions
R0160 Gross - Total
R0240 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
R0250 Net Best Estimate of Claims Provisions

433,779.83	6,101,312.35	10,964,184.15	17,499,276.33
379,095.49	4,981,459.67	9,091,437.02	14,451,992.18
54,684.34	1,119,852.68	1,872,747.13	3,047,284.15

R0260 Total best estimate - gross
R0270 Total best estimate - net

-298,989.10	-341,892.32	14,615,455.26	13,974,573.84
-331.31	174,788.10	1,922,431.62	2,096,888.41

R0280 Risk margin

95,425.17	2,183,890.16	3,861,330.52	6,140,645.85
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Amount of the transitional on Technical Provisions

R0290 TP as a whole
R0300 Best estimate
R0310 Risk margin

			0.00
			0.00
			0.00

R0320 Technical provisions - total
R0330 Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total
R0340 Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total

-203,563.93	1,841,997.84	18,476,785.78	20,115,219.69
-298,657.79	-516,680.42	12,693,023.64	11,877,685.43
95,093.86	2,358,678.26	5,783,762.14	8,237,534.26

Gross Claims Paid (non-cumulative) (absolute amount)															
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110			C0170	C0180
	Development year											In Current year	Sum of years (cumulative)		
	0	1	2	3	4	5	6	7	8	9	10 & +				
Prior												0.00	0.00		
N-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00		
N-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00		
N-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00		
N-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00						0.00		
N-5	0.00	0.00	0.00	0.00	0.00	0.00							0.00		
N-4	0.00	0.00	0.00	0.00	0.00								0.00		
N-3	0.00	0.00	0.00	0.00									0.00		
N-2	0.00	0.00	0.00										0.00		
N-1	0.00	0.00											0.00		
N	98,518.22												98,518.22	98,518.22	
Total												98,518.22	98,518.22		

Gross undiscounted Best Estimate Claims Provisions (absolute amount)															
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300			C0360	Year end (discounted data)
	Development year											In Current year	Sum of years (cumulative)		
	0	1	2	3	4	5	6	7	8	9	10 & +				
Prior												0.00	0.00		
N-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00		
N-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00		
N-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00		
N-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00		
N-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00						0.00		
N-4	0.00	0.00	0.00	0.00	0.00	0.00							0.00		
N-3	0.00	0.00	0.00	0.00	0.00								0.00		
N-2	0.00	0.00	0.00	0.00									0.00		
N-1	0.00	0.00											0.00		
N	17,628,372.00												17,628,372.00	17,499,276.34	
Total												17,628,372.00	17,499,276.34		

S.23.01.01**Own Funds****Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35**

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds
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Deductions

R0230	Deductions for participations in financial and credit institutions
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R0290 Total basic own funds after deductions**Ancillary own funds**

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR

R0580 SCR**R0600 MCR****R0620 Ratio of Eligible own funds to SCR****R0640 Ratio of Eligible own funds to MCR****Reconciliation reserve**

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve

Expected profits

R0770	Expected profits included in future premiums (EPIFP) - Life business
R0780	Expected profits included in future premiums (EPIFP) - Non- life business
R0790	Total Expected profits included in future premiums (EPIFP)

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
116,032,775.00	116,032,775.00		0.00	
0.00	0.00		0.00	
0.00	0.00		0.00	
0.00		0.00	0.00	0.00
0.00	0.00			
0.00		0.00	0.00	0.00
0.00		0.00	0.00	0.00
-7,533,690.03	-7,533,690.03			
0.00		0.00	0.00	0.00
0.00				0.00
0.00	0.00	0.00	0.00	0.00

0.00

0.00				
108,499,084.97	108,499,084.97	0.00	0.00	0.00

0.00			
0.00			
0.00			
0.00			
0.00			
0.00			
0.00			
0.00			
0.00			
0.00		0.00	0.00

108,499,084.97	108,499,084.97	0.00	0.00	0.00
108,499,084.97	108,499,084.97	0.00	0.00	
108,499,084.97	108,499,084.97	0.00	0.00	0.00
108,499,084.97	108,499,084.97	0.00	0.00	

25,172,125.81
6,293,031.45
431.03%
1724.11%

C0060
108,499,084.97
0.00
0.00
116,032,775.00
0.00
-7,533,690.03

75,922.44
1,997,424.08
2,073,346.52

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010 Market risk	2,725,398.66		
R0020 Counterparty default risk	2,705,761.09		
R0030 Life underwriting risk	0.00		
R0040 Health underwriting risk	174,547.92		
R0050 Non-life underwriting risk	21,581,714.40		
R0060 Diversification	-3,260,130.28		
R0070 Intangible asset risk	0.00		
R0100 Basic Solvency Capital Requirement	23,927,291.80		
Calculation of Solvency Capital Requirement	C0100		
R0130 Operational risk	1,244,834.01		
R0140 Loss-absorbing capacity of technical provisions	0.00		
R0150 Loss-absorbing capacity of deferred taxes	0.00		
R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0.00		
R0200 Solvency Capital Requirement excluding capital add-on	25,172,125.81		
R0210 Capital add-ons already set	0.00		
R0220 Solvency capital requirement	25,172,125.81		
Other information on SCR			
R0400 Capital requirement for duration-based equity risk sub-module	0.00		
R0410 Total amount of Notional Solvency Capital Requirements for remaining part	0.00		
R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds	0.00		
R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0.00		
R0440 Diversification effects due to RFF nSCR aggregation for article 304	0.00		
Approach to tax rate	C0109		
R0590 Approach based on average tax rate	0.00		
Calculation of loss absorbing capacity of deferred taxes	LAC DT		
	C0130		
R0640 LAC DT	0.00		
R0650 LAC DT justified by reversion of deferred tax liabilities	0.00		
R0660 LAC DT justified by reference to probable future taxable economic profit	0.00		
R0670 LAC DT justified by carry back, current year	0.00		
R0680 LAC DT justified by carry back, future years	0.00		
R0690 Maximum LAC DT	0.00		

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

R0010 MCR_{NL} Result

C0010

214,440.54

R0020 Medical expense insurance and proportional reinsurance
R0030 Income protection insurance and proportional reinsurance
R0040 Workers' compensation insurance and proportional reinsurance
R0050 Motor vehicle liability insurance and proportional reinsurance
R0060 Other motor insurance and proportional reinsurance
R0070 Marine, aviation and transport insurance and proportional reinsurance
R0080 Fire and other damage to property insurance and proportional reinsurance
R0090 General liability insurance and proportional reinsurance
R0100 Credit and suretyship insurance and proportional reinsurance
R0110 Legal expenses insurance and proportional reinsurance
R0120 Assistance and proportional reinsurance
R0130 Miscellaneous financial loss insurance and proportional reinsurance
R0140 Non-proportional health reinsurance
R0150 Non-proportional casualty reinsurance
R0160 Non-proportional marine, aviation and transport reinsurance
R0170 Non-proportional property reinsurance

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
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C0020

C0030

0.00	
0.00	
0.00	
0.00	
0.00	
0.00	
174,788.10	
1,922,431.62	
0.00	
0.00	
0.00	
0.00	
0.00	
0.00	
0.00	
0.00	

α

β

$\alpha.B + \beta.C$

4.7%	4.7%
13.1%	8.5%
10.7%	7.5%
8.5%	9.4%
7.5%	7.5%
10.3%	14.0%
9.4%	7.5%
10.3%	13.1%
17.7%	11.3%
11.3%	6.6%
18.6%	8.5%
18.6%	12.2%
18.6%	15.9%
18.6%	15.9%
18.6%	15.9%
18.6%	15.9%

0
0
0
0
0
0
16430.0814
198010.4569
0
0
0
0
0
0
0
0

TS MCR.12

214440.5383

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0.00

R0210 Obligations with profit participation - guaranteed benefits
R0220 Obligations with profit participation - future discretionary benefits
R0230 Index-linked and unit-linked insurance obligations
R0240 Other life (re)insurance and health (re)insurance obligations
R0250 Total capital at risk for all life (re)insurance obligations

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
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C0050

C0060

3.7%

-5.2%

0.7%

2.1%

0.07%

TS MCR.13

0

0

0

0

0

0

Overall MCR calculation

R0300 Linear MCR

R0310 SCR

R0320 MCR cap

R0330 MCR floor

R0340 Combined MCR

R0350 Absolute floor of the MCR

C0070

214,440.54

25,172,125.81

11,327,456.62

6,293,031.45

6,293,031.45

3,700,000.00

R0400 Minimum Capital Requirement

6,293,031.45