

Darep DAC

Solvency and Financial Condition Report

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

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Executive Summary

Darep DAC (“Darep”, “the Company” or “the undertaking”) is a captive reinsurance company domiciled in Ireland which forms part of the Banco Santander S.A. and is regulated by the Central Bank of Ireland (“CBI”).

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 was to support the risk management and risk transfer programs of the Banco Santander S.A. and its subsidiaries.

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.

As noted in previous iterations of the Solvency and Financial Condition Report, the Directors previously confirmed that the Company would not renew the reinsurance programmes beyond the cover period of the 31st December 2017 and is subsequently in the process of commuting all reinsurance liabilities. This clearly continued to impact the performance of the company in 2019, with a loss after tax of €276k compared to a loss after tax of €270k in the prior year. The Company has complied with all relevant aspects of the Solvency II Regulations.

As at 31st December 2019, the Company’s gross technical provisions as calculated under Solvency II valuation principles were EUR 9,578k (2018: EUR 25,790k), net technical provisions EUR 234k (2018: 1,396k) compared to FRS 102 gross technical provisions of EUR 12,365k (2018: EUR 23,800k), net technical provision EUR 516 (2018: 713K) as booked in the financial statements of the Company. The reduction in technical provision year on year is reflective of the continued winding down of current book of business.

With eligible capital of EUR 8,502k (2018: EUR 8,654k) the Company achieved a Solvency Capital Ratio (“SCR”) of 429% (2018: 349%) and Minimum Capital Requirement (“MCR”) coverage of 708% (2018: 721%).

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

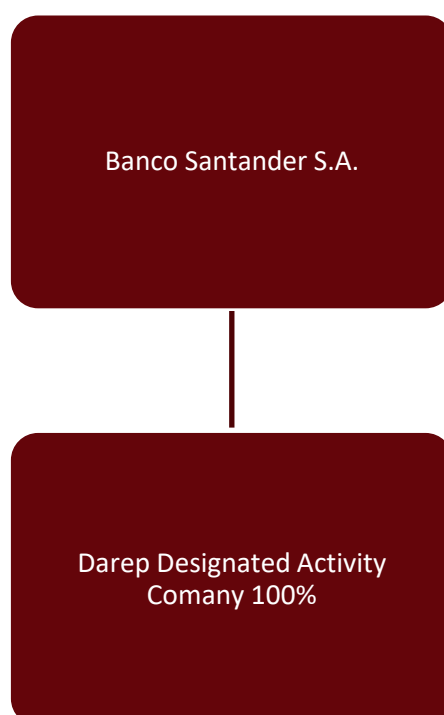
Where there is limited detail provided in a particular section, a proportionate approach has been taken due to the scale, nature and complexity of the Company.

The Director’s do not expect that the current COVID-19 pandemic will materially impact the risk profile of the Company however it remains too early to accurately assess any potential economic repercussions.

Section A: Business and Performance

A.1 Business

- (a) The name and legal form of the undertaking is Darep 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 Quay Wall, Dublin 1, D01 F73X, Ireland.
Telephone: +353 1 224 6000.
- (c) The name and contact details of the external auditor of the undertaking is PricewaterhouseCoopers, Chartered Accountants and Statutory Audit Firm, One Spencer Dock, North Wall Quay, Dublin 1, Ireland.
Telephone: +353 1 792 6000.
- (d) The undertaking is 100% owned by Banco Santander S.A.
- (e) Details of the undertakings position within the legal structure of the Bank Santander Group is summarised as follows:



- (f) The Company reinsured Financial Lines, Life and Personal Accident and Property & Casualty programmes and the Company's material geographical areas where it carried out its business were Europe, the Americas and other territories.
- (g) With the exception of reported reinsurance claims incurred, no significant business or other events have occurred over the reporting period that have had a material impact on the Company.

A.2 Underwriting Performance

The Company reported an underwriting loss in the period of EUR 269k compared to a loss of EUR 304k in the previous reporting period. The key driver of this underwriting loss was incurring operating expenses with no offsetting income. Given that the Company did not write any business in the reporting period a high-level summary with prior year comparatives only has been detailed below;

2019

EUR 000

	Financial Lines	Life & PA	Property & Casualty	Total
Underwriting Income/(Loss)	(17)	13	(3)	(7)
Net Operating Expenses	-	-	-	(262)
Underwriting Profit/(Loss)	(17)	13	(3)	(269)

2018

EUR 000

	Financial Lines	Life & PA	Property & Casualty	Total
Underwriting Income/(Loss)	(108)	219	(42)	69
Net Operating Expenses	-	-	-	(373)
Technical Income/(Loss)	(108)	219	(42)	(304)

2019

EUR 000

	Europe	Americas	Other	Total
Underwriting Income/(Loss)	-	(7)	-	(7)
Net Operating Expenses	-	-	-	(262)
Underwriting Profit/(Loss)	-	(7)	-	(269)

2018

EUR 000

	Europe	Americas	Other	Total
Underwriting Income/(Loss)	97	(29)	1	69
Net Operating Expenses	-	-	-	(373)
Underwriting Profit/(Loss)	97	(29)	1	(304)

A.3 Investment Performance

- (a) The Company maintains its investments in cash equivalents and short-term deposits with EU regulated credit institutions. The return on these investments over the reporting period was an expense of EUR 15k compared to income of EUR 7k in the previous reporting period. The Company was subject to negative interest rates from external counterparties which resulted in an overall cost incurred on investments, this being indicative of current market conditions.

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

EUR 000

	2019	2018	Movement	Movement %
Cash at Bank				
AIB EUR	2,286	2,753	(467)	(17%)
AIB USD	115	322	(207)	(64%)
AIB GBP	184	178	6	3%
Deposits				
Barclays Bank Ireland PLC	6,400	6,400	-	-
Interest Income	(15)	7	22	(315)%

(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) The Company had two direct employees responsible for underwriting and general management, both of whom resigned following the cessation of underwriting. The Company outsources the key functions of Risk, Compliance, Actuarial, Internal Audit and Corporate Administration, with ultimate responsibility for these functions remaining with the Board of Directors – refer to further paragraphs within this section for additional information on outsourcing. The Board consists of senior individuals within the Banco Santander Group, a previous Santander executive and an independent director who is a qualified actuary. The Board had established Risk and Solvency Committees but in light of the cessation of underwriting, the Board has assumed these responsibilities.

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 maintaining 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 four directors who meet formally at least twice annually and there is additional interaction between members of the Board throughout each financial year. The directors of the Company are;

- Mr Alberto García Pecharromán - Chairman and Non-Executive Director
- Mr Javier Calderón Gonjar - Non-Executive Director
- Mr Michael McInerney - Non-Executive Director
- Mr Richard Tulloch - Independent 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 subsequent Board meeting for discussion and consideration.

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- (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 undertaking, it is common to have material transactions with its shareholder. There are procedures in place at Company and group level to ensure that all transactions are on an arm's length basis. There have been no material transactions during the reporting period with the shareholder, with persons who exercise a significant influence on the undertaking, or with members of the administrative, management or supervisory body.

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):

- Preparation of a written job description outlining the duties and responsibilities for the role,
 - Completion of an assessment of the level of fitness and probity required for the role,
 - Advertisement of the position where required,
 - Interview process to match suitable candidates to the specific role,
 - Completion of fitness and probity due diligence referred to below and
 - Upon Central Bank of Ireland approval, a letter of appointment is issued and training provided.
- (b) The process 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 *Guidelines 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 Registration Office and a judgment debt check is performed,
 - Signed Fitness and Probity declarations and
 - 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 and
 - As part of the continuing obligations, annual declarations are sought from all PCFs, 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 a Risk Appetite Statement which includes an escalation procedure, an 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 operational risks such as 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 is 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 and
 - 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 ORSA process referred to in the following paragraphs is a key component in the Company's risk management and decision-making processes.

The primary strategic objective and purpose of the Company was to support the risk management and risk transfer programs of the Grupo Santander and its subsidiaries. This objective remained core to the business of the Company until the decision was taken to cease underwriting in 2017.

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 to 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 the future strategy and risk appetite.

The ORSA process can be broken down into the following stages:

- Risk identification,
- Financial projections,
- Solvency projections,
- Stress, scenario and sensitivity testing,
- Qualitative discussion of risks and
- Board and management discussion and review.

At the end of the process, the ORSA report and ORSA reporting template are finalised and approved by the Board.

Risk Identification

The first step in the ORSA process is to consider which risks should be assessed. This process is performed continually throughout the year and has included the input of the Board, management, finance and actuarial functions. The risk appetite statement and various risk policies are key inputs into the identification of the risks to be considered as part of the ORSA process. Updates to these documents are also informed by the results of the ORSA process and the way it monitors, manages and mitigates risk.

Financial Projections

The second step of the ORSA process is to project the Profit and Loss Account and Balance Sheet of the Company. A short- and medium-term projection of the Balance Sheet from 1-3 years was chosen as an appropriate timescale to provide an adequate view of the Company’s financial and solvency position.

The accounts are projected on an Irish GAAP basis under the assumptions detailed below. These base case projections were provided by the Company, after which the actuarial and risk functions

then produced the Solvency II balance sheet and SCR calculations for the base case and for the various scenarios considered.

Solvency Projections

The third step in the ORSA process is to use the above financial projections to calculate the Company's Solvency Capital Requirements for each of the next four years on a Solvency II basis.

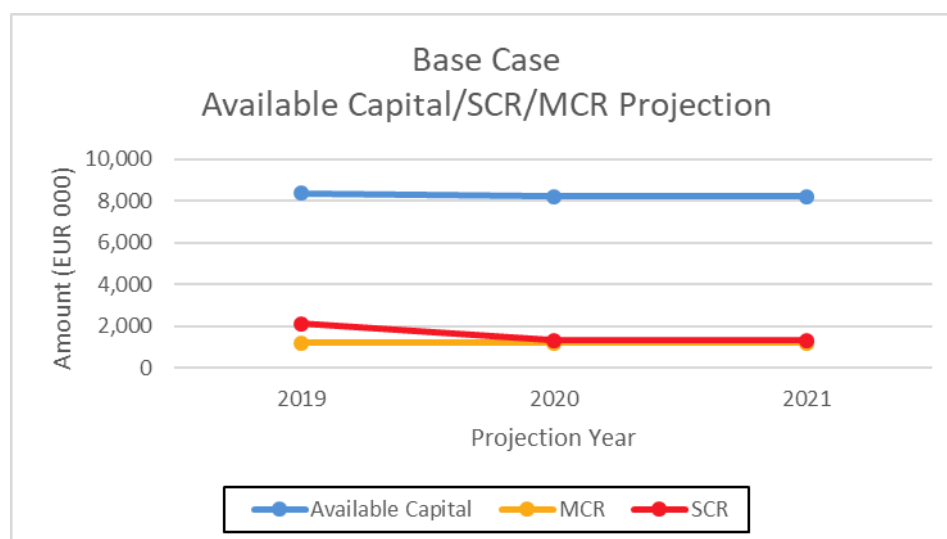
The SCR is the level of available capital that undertakings are required to hold under Solvency II. It is a risk-based capital measure, calibrated at a 1-in-200-year loss.

The MCR is the absolute minimum level of capital that undertakings are required to hold under Solvency II. It is calculated as a formula of premium and reserves, subject to a minimum of 25% of the SCR and a maximum of 45% of the SCR.

An outline of the results of these financial projections is presented below:

EUR 000

	2019	2020	2021
SCR	2,131	1,315	1,315
Available Capital SCR	8,375	8,209	8,209
SCR Coverage Ratio	393%	624%	624%
SCR Margin	6,244	6,893	6,893
MCR	1,200	1,200	1,200
Available Capital MCR	8,375	8,209	8,209
MCR Coverage Ratio	698%	684%	684%
MCR Margin	7,175	7,009	7,009



Stress, Scenario and Sensitivity Testing

The fourth step in the ORSA process is to consider cases where the above projections may diverge from the base case. This analysis is performed through stress and scenario testing.

Furthermore, reverse stress tests of the Company's SCR and risk appetite are performed to identify the minimum level of performance which would be required to cause a breach of the Company's solvency and risk appetite.

The nature and scope of the stress and scenario tests are decided upon following a number of discussions between management, the Board and the Head of Actuarial Function.

The stresses and scenarios considered as part of the 2019 ORSA process were as follows:

Quantitative

- Commutation delayed until 2020,
- USD 60M claim,
- Barclays default,
- Barclays downgrade,
- Zurich default and
- Zurich downgrade.

Reverse Stress Tests

- Largest net loss that can be absorbed in 2019 without breaching the Solvency II SCR,
- Largest aggregate loss that can be absorbed in 2019 without breaching the Solvency II MCR and
- Quantification of the reserve deterioration required in order to reduce the 2020 SCR coverage to 100%.

Qualitative Discussion of Risks

A qualitative discussion of how the following risks and how they impact the Company was undertaken:

- Underwriting risks;
 - Limits and volatility,
 - Pricing risks,
 - Group actions to reduce claims and
 - Emerging risks.
- Market risk and asset-liability matching;
 - Investments and concentration,
 - FX risk and
 - Duration matching and liquidity risk.
- Operational risk;
 - Brexit,
 - Cyber security and
 - Group risk.

Board and Management Discussion and Review

The final step of the ORSA process is the presentation of the draft projections, stress and scenario tests to the Board and management. This prompts further discussion and review of the stress and scenario tests, with further scenarios being considered at the request of the Board. This section outlines the key issues discussed in the ORSA at Board meetings and highlights the key actions and outcomes of these discussions. The Board concluded that given the robustness of the Company's solvency position demonstrated by its continued capital strength in these extreme scenarios, an event or combination of events which could give rise to a breach of the SCR is highly improbable.

B.5 Internal Control

(a) Internal Control System

The principle control framework for the Company are its controls set at Board level. These controls include the Board approved policies, reports, terms of reference, schedule of matters and minutes of Board meetings. The policies describe the Board's 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 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 the Company's 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 of the ongoing fitness and probity of its Key Control Functions. Any significant or material event that occurs requires immediate reporting to the Board.

(b) 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 is 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.

B.6 Internal Audit Function

The Internal Audit Function which was established during 2016 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 Mr. Gerard Hunt, 10 Clanwilliam Square, Dublin 2.

- 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 that have had, or may have and the actions and timings which management have agreed to take to rectify them and;

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- Internal Audit prepare an annual report for the Board which provides a themed assessment of the effectiveness of the Company's system 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 this, 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.7 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.

- Co-ordinate the calculation of the technical provisions,
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of the technical provisions,
- Assess the sufficiency and quality of the data used in the calculation of the technical provisions,
- Compare Best Estimates against experience,
- Inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of the technical provisions,
- Oversee the calculation of the 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 the 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.8 Outsourcing

The Company has an outsourcing policy the purpose of which is to establish the requirements for identifying, justifying, implementing outsourcing arrangements for the Company's critical or important operational functions or activities. This policy has been approved by the Company's 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 and
- 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 adheres 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	Dermot Marron	Ireland
Internal Audit Function	Gerard Hunt	Ireland
Compliance Function	Allied Risk Management Limited	Ireland
Risk Management Function	Allied Risk Management Limited	Ireland

B.9 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.10 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 Company wrote large lines and relies heavily on reinsurance, ceding up to 99% of some risks. Underwriting risk is therefore limited. Credit exposure to reinsurers is mitigated by having a strong panel of reinsurers and having simultaneous payment clauses in the treaty wordings. There are also offset clauses with the fronting insurers where these insurers also write a portion of the retrocession. The Company's investment profile is conservative, consisting of deposits with well-rated banks.

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

C.1 (a) Underwriting Risk

Underwriting risk was limited to taking a participation of the risk transfer programs of Grupo Santander. The Company was able to avail of all historic underwriting information when considering a new line of business, increasing or decreasing its participation or deciding to renew or not renew its participation. The Company managed its Underwriting Risk by ceding between 95% and 99.5% of the business to its reinsurers. A quantitative breakdown of the underwriting risk as measured by the Solvency II Standard Formula is as follows:

Non-Life Business (i.e. all Property, Casualty and Financial Lines):

EUR 000

	SCR 2019	SCR 2018
Premium Risk	-	-
Reserve Risk	45	142
Diversification Credit	-	-
Premium and Reserve Risk	45	142
Catastrophe Risk	-	-
Non-Life Lapse	-	-
Diversification Credit	-	-
Non-Life Underwriting Risk SCR	45	142

Life / Personal Accident Business (i.e. all treated as NSLT health for the purposes of the SCR calculation)

EUR 000

	SCR 2019	SCR 2018
Premium Risk	-	-
Reserve Risk	-	24
Diversification Credit	-	-
Premium and Reserve Risk	-	-
Catastrophe Risk	-	-
Life Lapse	-	-
Diversification Credit	-	-
Life Underwriting Risk SCR	-	24

Life / Personal Accident Business risk is all zero following the successful commutation of this line of business during 2019. Lapse risk, Catastrophe Risk and Premium Risk on all lines of business are all zero as the Company is in run-off and all policies are expired.

Underwriting Risk Mitigation

The Company held only small retentions on all business underwritten, with the 2017 maximum of 2.5% and a minimum of 0.5%. The retention on Life/PA reduced from 5% to 2.5% and some Property retentions reduced from 1% to 0.5% as a result of previous ORSA exercises.

C.1 (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.

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

The Company's investment assets are with two banks – Barclays Bank Ireland PLC and AIB. Barclays is well-rated, and the directors are satisfied with the exposure to AIB.

Currency Risk

The Standard Formula Currency Risk charge is 25% of the mismatch in currency exposure; this is estimated as EUR 69k (2018: 79k).

A significant proportion of the Company's principal transactions are carried out in non-Euro currencies. The Company manages currency exposure by seeking to ensure that its non-Euro assets are primarily matched by liabilities in the same currencies.

The company's business exposure to foreign exchange risk arises primarily with respect to US Dollar, Sterling, Brazilian Real and Polish Zloty. The business financial assets are primarily denominated in the same currencies as its reinsurance and investment liabilities, which mitigates the foreign currency exchange rate risk.

Sensitivity Analysis - Currency Risk

The net exposure to the principle foreign currencies at 31st December 2019 are as follows:

EUR 000

Currency	2019	2018
US Dollar \$	108	160
Pound Sterling £	187	168
Polish Zloty zł	20	20
Brazilian Real R\$	4	3

The impact of a 5% adverse change to all currency exchange rates simultaneously at 31st December 2019 has been calculated at €16k (2018: €18k).

C.1 (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. As part of the underwriting process the company chose only to cede risks to reinsurers with A or higher credit ratings.

EUR 000

Year	Reinsurers' share of Claims Outstanding and Debtors arising out of reinsurance operations €'000	Financial investment and cash at banks €'000
2019	12,523	8,985
2018	26,628	9,653

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

Rating Agency	Credit ratings 2019	Reinsurers' share of Claims Outstanding and Debtors arising out of reinsurance operations	Financial investments and cash at bank
Standard & Poor's	AA+	3%	-
Standard & Poor's	AA	2%	-
Standard & Poor's	AA-	59%	-
Standard & Poor's	A+	35%	-
Standard & Poor's	A	1%	71%
Standard & Poor's	A-	-	-
Standard & Poor's	BBB+	-	29%
Total		100%	100%

Rating Agency	Credit ratings 2018	Reinsurers' share of Claims Outstanding and Debtors arising out of reinsurance operations	Financial investments and cash at bank
Standard & Poor's	AA	1%	-
Standard & Poor's	AA-	58%	-
Standard & Poor's	A+	28%	-
Standard & Poor's	A	4%	66%
Standard & Poor's	A-	4%	-
Fitch	A-	8%	-
Standard & Poor's	BBB-	-	34%
Total		100%	100%

C.1 (d) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet cash commitments. Liquidity risk may result from the inability to sell financial assets quickly at their fair values, a reinsurance liability falling due for payment earlier than expected or an inability to generate cash inflows as anticipated.

The Company had cash at bank of €8,985k (2018: €9,653k) at the end of the reporting period of which €2,585k (2018: €3,253k) was available on demand.

The Company has determined that liquidity risk does not represent a significant exposure to its business. This assessment is based on the fact that the Company maintains significant levels of liquid assets and it does not settle retrocession premiums or reinsurance claims until the corresponding premiums and claims have been collected.

The Expected Profit in Future Premiums calculated in accordance with Article 260(2) of the Delegated Acts is EUR NIL. The financial projections reflect the 2017 decision not to renew reinsurance programmes beyond 31 December 2017.

C.1 (e) Operational Risk

The Company's operational risk is considered low. This 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 damage
- compliance and regulatory

The Company wrote a relatively small number of reinsurance contracts each year only relating to Banco Santander risks with the assistance of professional insurance brokers. As such the operational risk is very limited (compared to a retail insurer for example).

The Company has engaged Allied Risk Management, a professional captive management company with over twenty-eight years' experience in captive management, as its corporate administrator. The Company has a strong corporate risk culture and 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 Compliance, Internal Audit, Actuarial and Risk functions) assists in further reducing operational risk.

The Company recognises its dependency on Allied Risk Management and is satisfied with Allied Risk Management's Business Continuity Plan. This is further addressed in the Stress and Scenario Tests below.

The Company does not handle large volumes of individuals' sensitive information and its IT servers are subject to a daily remote backup. This limits the Company's exposure to any Cyber-attack, for example "ransomware".

One operational risk for the Company is non-collectability of reinsurance due to a legal dispute or unwillingness of a reinsurer to pay.

C.1 (f) Other Material Risks

There are no other material risks identified by the Company.

C.2 Risk Exposures

C.2 (a) Risk Measures

The Company uses the Solvency II Standard Formula as its measure for the quantitative assessment of risk as detailed further in the previous paragraphs. The Company also has an established Risk Appetite Statement to assess the 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 the 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 may result in an unacceptable level of risk to the Company

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

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

2019

Line of business	Risk Appetite	Current Values
Financial Lines	<3%	1%
Property	<3%	1%
Casualty	<3%	2%
SDB	<3%	1%
Cyber	<3%	1%
Personal Accident	<3%	0%
Life	<3%	0%

2018

Line of business	Risk Appetite	Current Values
Financial Lines	<3%	1%
Property	<3%	1%
Casualty	<3%	2%
SDB	<3%	1%
Cyber	<3%	1%
Personal Accident	<3%	2.5%
Life	<3%	2.5%

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 in cash equivalents and short-term deposits with EU regulated credit institutions with a maturity of less than one year.

C.3 The Nature of Material Risk Concentrations

The Banco Santander Group has operations through the world and as such the Company is not exposed to geographical concentrations of risk. The Company wrote a diversity of business lines.

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.

C.4 Risk Mitigation Practices

The strategy of the Company was to accept insurance on a quota share basis and underwriting risk is controlled through high retrocession percentages.

Credit risk was mitigated at the underwriting stage through a series of policy rules including minimum credit rating criteria and credit loss mitigation clauses within the contract agreements. Credit risks are monitored monthly and managed within a series of policy rules including mitigation through reinsurance contracts in cases of material deterioration of counterparty credit ratings and following the appropriate level of credit and solvency rating for each reinsurance company participating in Darep's reinsurance treaties.

C.5 Liquidity Risk

The expected profit in future premiums calculated in accordance with Article 260(2) of the Delegated Acts is a profit of EUR NIL (2018: NIL).

C.6 Risk Sensitivities

In its ORSA Process, the Company considered a number of both quantitative and qualitative stress. The financial projections and the ORSA scenarios reflect the decision not to renew reinsurance programmes beyond cover periods ending 31st December 2017.

Quantitative

- Commutation delayed until 2020,
- USD 60M claim,
- Barclays default,
- Barclays downgrade,
- Zurich default and
- Zurich downgrade.

Reverse Stress Tests

- Largest net loss that can be absorbed in 2019 without breaching the Solvency II SCR,
- Largest aggregate loss that can be absorbed in 2019 without breaching the Solvency II MCR and
- Quantification of the reserve deterioration required in order to reduce the 2020 SCR coverage to 100%.

Qualitative Discussion of Risks

- Brexit,
- Cyber security and
- Group risk.

C.7 Any Other Disclosures

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

Section D: Valuation for Solvency Purposes

D.1 Assets

D.1 (a) Valuation of Assets

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

Darep dac Assets (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Goodwill		
Deferred Acquisition Costs		
Intangible Assets		-
Deferred Tax Assets		-
Pension benefit surplus		-
Property, plant & equipment held for own use	-	-
Investments	6,395	6,395
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		-
Derivatives		-
Deposits other than cash equivalents	6,395	6,395
Other Investments		-
Mortgages and Loans Made	-	-
<i>Mortgages & loans to individuals</i>		-
<i>Other Mortgages & loans</i>		-
<i>Loans on Policies</i>		-
Reinsurance recoverables	11,849	9,344
<i>Reinsurance share of TP - non-life excluding health</i>	11,808	9,344
<i>Reinsurance share of TP - health similar to non-life</i>	41	-
Deposits to cedants		-
Insurance & Intermediaries Receivables	379	379
Reinsurance Receivables	309	309
Receivables (trade, not insurance)	0	0
Own Shares		-
Amounts due in respect of own fund items or initial fund called up but not yet paid in		-
Cash & Cash Equivalents	2,585	2,585
Any Other Assets, Not Elsewhere Shown		-
Total assets	21,517	19,012

Recognition

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

Initial Measurement

All financial assets 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. Interest income is recognised when earned. Expenses are recognised when incurred.

D.1 (b) Material Differences used in Valuation of Assets

The recognition and valuation basis are in accordance with the provisions of the Solvency II Directives. The only difference in the value of assets, excluding technical provisions, between the Irish GAAP financial statements and the Solvency II Annual Quantitative Reporting Templates (QRT's) relates to the reclassification of debtors arising from reinsurance operations which was shown separately in the Irish GAAP financial Statements.

D.2 Technical Provisions

2019

EUR 000

Line of Business (Reinsurance)	Gross Best Estimate Liabilities	Risk Margin	Recoverables from Reinsurance Contracts and SPVs	Total Technical Provisions Net of Recoverables
Life	-	-	-	-
Proportional fire and other damage to property	2,944	7	2,879	72
Proportional general liability	6,612	16	6,465	163
Proportional income protection	-	-	-	-
Total	9,556	23	9,344	235

2018

EUR 000

Line of Business (Reinsurance)	Gross Best Estimate Liabilities	Risk Margin	Recoverables from Reinsurance Contracts and SPVs	Total Technical Provisions Net of Recoverables
Life	1,962	7	1,902	67
Proportional fire and other damage to property	6,380	21	6,149	252
Proportional general liability	17,106	53	16,652	507
Proportional income protection	261	1	253	9
Total	25,709	82	24,956	835

On the Solvency II measurement basis, technical provisions are based on the discounted best estimate liabilities to which a risk margin is added.

On the Irish GAAP measurement basis, the claim provision is estimated using a combination of Chain Ladder and Bornhuetter Ferguson methodologies for the larger classes. Some of the smaller classes have a small volume of claims, hence an Expected Loss Ratio approach is used in determining the best estimate claim provision for these classes.

The main risk to the Technical Provisions is the emergence of a large claim or claims, particularly from the BBB or Professional Indemnity class. Obviously, this risk is much lower for the Property and Safety Deposit Boxes classes, as losses in such classes are typically instantaneous and known immediately.

A second risk to the adequacy of the Company's reserves is the deterioration of an existing claim or claims. Having reviewed the claims reports for a number of the largest claims this risk is considered low, with the Company taking an appropriate approach to claim reserving.

For all lines of business, the Company uses the undiscounted Best Estimate Claim Provision as a floor for the Technical Provisions booked in its Financial Statements, with an appropriate margin added to this figure, reflective of inherent uncertainty.

In calculating its technical provisions, the Company has not applied any of the following items:

- The matching adjustment referred to in Article 77b of Directive 2009/138/EC,
- The volatility adjustment referred to in Article 77d of Directive 2009/138/EC,
- The transitional risk-free interest rate-term structure referred to in Article 308c of Directive 2009/138/EC and
- 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 the technical provisions compared to the prior year technical provisions calculation.

D.3 Other Liabilities

D.3 (a) Valuation of Other Liabilities

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

Darep dac Liabilities (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Other Technical Provisions	0	-
Contingent Liabilities	-	-
Provisions Other Than Technical Provisions	-	-
Pension Benefit Obligations	-	-
Deposits from Reinsurers	-	-
Deferred Tax Liabilities	-	-
Derivatives	-	-
Debts owed to credit institutions	-	-
Financial liabilities other than debts owed to credit institutions	-	-
Insurance & intermediaries payables	444	444
Reinsurance payables	353	353
Payables (trade, not insurance)	-	-
Subordinated liabilities	-	-
Subordinated liabilities not in BOF	-	-
Subordinated liabilities in BOF	-	-
Any other liabilities, not elsewhere shown	135	135
Total liabilities	932	932

D.3 (b) Material Differences used in Valuation of Other Liabilities

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.4 Material Information Regarding Valuation of Assets and Liabilities

There is no further material information regarding the valuation of assets and liabilities for solvency purposes.

Section E: Capital Management

E.1 Own Funds

The Company has a documented Capital Management Policy and there is no appetite for losses resulting from 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 designated activity company whose shares are fully paid up. It has no debt-financing, nor does it have any plans to raise debt or issue new shares in the short or medium term.

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

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

- Own funds to be maintained at an agreed level in excess of SCR (or MCR where relevant),
- 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.

EUR 000

Own Funds Item	Value at 31 December 2019	Value at 31 December 2018
Tier 1 unrestricted	8,502	8,654
Tier 1 restricted	-	-
Tier 2 basic	-	-
Tier 2 ancillary	-	-
Tier 3	-	-
Tier 3 ancillary	-	-
TOTAL	8,502	8,654

The equity as shown in the undertaking's financial statements is EUR 280k less (2018: EUR 156k less) than the excess of assets over liabilities as calculated for solvency purposes ; this difference is due mainly to the inclusion of the risk margin in the Solvency II technical provisions.

EUR 000

Reconciliation	2019	2018
Irish GAAP Available Capital	8,222	8,498
Margin for Uncertainty	58	74
Expense Loading	246	158
Discounting	1	11
Risk Margin	(23)	(82)
Reinsurance Adjustment	(2)	(5)
Solvency II Available Capital	8,502	8,654

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

The Company has no items of ancillary own funds.

The Company has no items deducted from own funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

2019

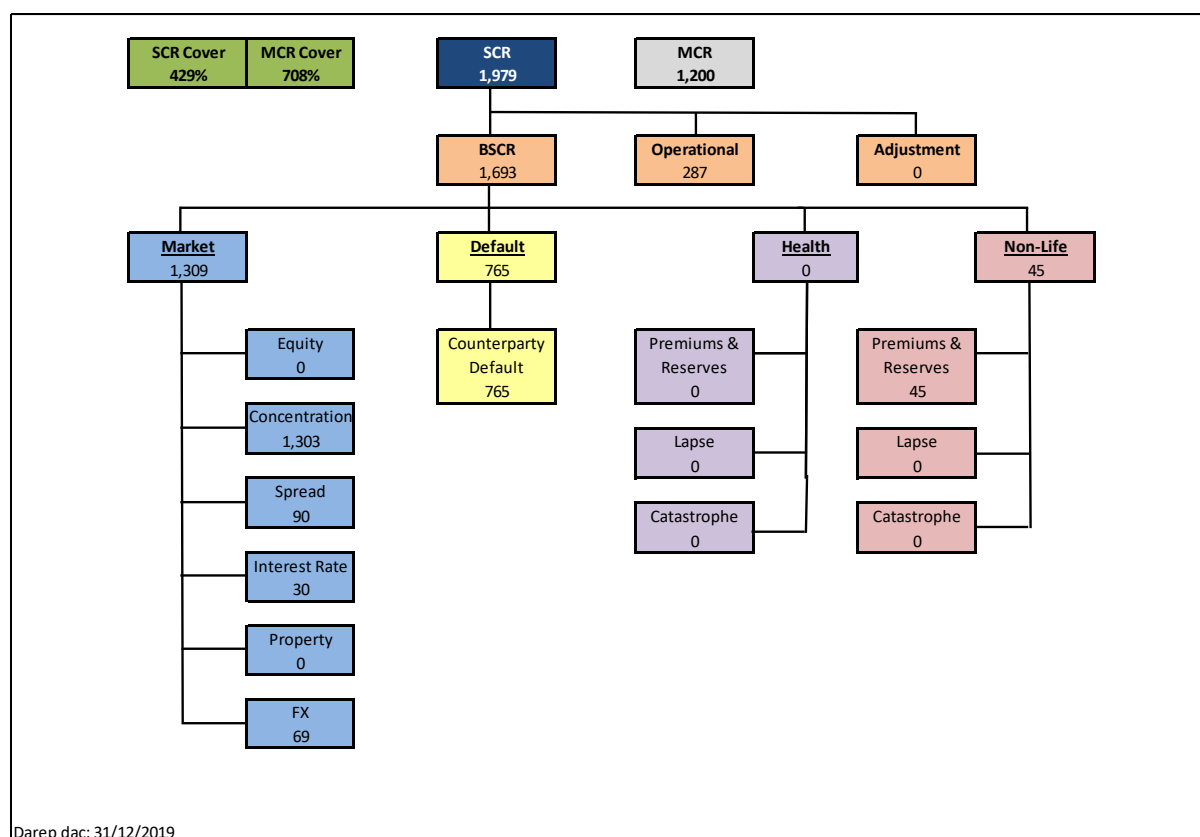
EUR 000

Solvency	Capital Requirement	Eligible Capital	Solvency Ratio
SCR	1,979	8,502	429%
MCR	1,200	8,502	708%

2018

EUR 000

Solvency	Capital Requirement	Eligible Capital	Solvency Ratio
SCR	2,482	8,654	349%
MCR	1,200	8,654	721%



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

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

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.

The MCR as calculated using premium and technical provision volumes as follows:

2019

EUR 000

Line of Business	Net Technical Provisions	Net Premium Written	α	β	MCR NL
Income protection	-	-	13%	9%	-
Fire & other damage to property	65	-	9%	8%	6
General liability	146	-	10%	13%	15
Life reinsurance	-	-	2%	-	-
Total	211	-			21

Since the figure of EUR 21k (2018: EUR 71k) is less than the Absolute Minimum Capital requirement for a captive reinsurer of EUR 1,200k (2018: 1,200k), the Company's MCR is EUR 1,200k.

2018

EUR 000

Line of Business	Net Technical Provisions	Net Premium Written	α	β	MCR NL
Income protection	8	-	13%	9%	1
Fire & other damage to property	231	-	9%	8%	22
General liability	455	-	10%	13%	47
Life reinsurance	60	-	2%	-	1
Total	754	-			71

There has been no material change in the Company's SCR or MCR over the reporting period.

The loss-absorbing capacity of deferred taxes ("LACDT") is as prescribed in Articles 205-207 of the Delegated Acts. It represents the tax asset that would be created should the events that would give rise to a loss the size of the SCR occur. This can be used to reduce the SCR if the board is of the view that the Company would continue to trade profitably into the future should such circumstances occur. The testing of the recoverability of this deferred tax asset is a requirement of the Central Bank of Ireland for companies that wish to include LACDT in their available capital for solvency purposes. Although deferred tax assets can be carried forward indefinitely in the Irish tax system, the Central Bank of Ireland has also indicated that whilst it will not exclude profits beyond 5 years in this calculation, *'consideration will be given to the normal planning cycle of 3-5-year period'*. Any existing Deferred Tax Asset on the balance sheet must also be taken into consideration in testing the recoverability of the LACDT. Currently there is no credit given to LACDT in the Company's SCR calculation.

E.3 Use of Duration-Based Equity Risk Sub-Module in the Calculation of SCR

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

E.4 Differences Between Standard Formula and Any Internal Models Used

An internal model is not used by the Company.

E.5 Non-Compliance with the MCR and Significant Non-Compliance with SCR

There has been full compliance with the 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.

Appendices

S.02.01.02

S.02.01.02

Balance sheet

	Solvency II value	
	C0010	
Assets		
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	6,395
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	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	6,395
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	9,344
Non-life and health similar to non-life	R0280	9,344
Non-life excluding health	R0290	9,344
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	379
Reinsurance receivables	R0370	309
Receivables (trade, not insurance)	R0380	0
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet	R0400	
Cash and cash equivalents	R0410	2,585
Any other assets, not elsewhere shown	R0420	
Total assets	R0500	19,012
	Solvency II value	
	C0010	
Liabilities		
Technical provisions – non-life	R0510	9,578
Technical provisions – non-life (excluding health)	R0520	9,578
TP calculated as a whole	R0530	
Best Estimate	R0540	9,555
Risk margin	R0550	23
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	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	444
Reinsurance payables	R0830	353
Payables (trade, not insurance)	R0840	
Subordinated liabilities	R0850	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	135
Total liabilities	R0900	10,510
Excess of assets over liabilities	R1000	8,502

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:				Total	
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and surety ship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport		Property
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150		C0160
Premiums written																		
Gross - Direct Business	R0110																	
Gross - Proportional reinsurance accepted	R0120	83															83	
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140	81						0									81	
Net	R0200	2						0									2	
Premiums earned																		
Gross - Direct Business	R0210																	
Gross - Proportional reinsurance accepted	R0220	83															83	
Gross - Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240	81						0									81	
Net	R0300	2						0									2	
Claims incurred																		
Gross - Direct Business	R0310																	
Gross - Proportional reinsurance accepted	R0320	-62					435	533									907	
Gross - Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340	-59					433	553									927	
Net	R0400	-2					2	-20									-21	
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	-4																
Other expenses	R1200						91	204									291	
Total expenses	R1300																291	

Annex I S.05.01.02

Premiums, claims and expenses by line of business

	Line of Business for: life insurance obligations						Life reinsurance obligations		Total
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations	Health reinsurance	Life-reinsurance	
	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written									
Gross	R1410							56	56
Reinsurers' share	R1420							55	55
Net	R1500							1	1
Premiums earned									
Gross	R1510							56	56
Reinsurers' share	R1520							55	55
Net	R1600							1	1
Claims incurred									
Gross	R1610							535	535
Reinsurers' share	R1620							528	528
Net	R1700							6	6
Changes in other technical provisions									
Gross	R1710								
Reinsurers' share	R1720								
Net	R1800								
Expenses incurred	R1900							-2	-2
Other expenses	R2500								
Total expenses	R2600								-2

S.17.01.02

S.17.01.02
Non-life Technical Provisions

Technical provisions calculated as a whole
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole
Technical provisions calculated as a sum of BE and RM
Best estimate
Premium provisions
Gross
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
Net Best Estimate of Premium Provisions
Claims provisions
Gross
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
Net Best Estimate of Claims Provisions
Total Best estimate - gross
Total Best estimate - net
Risk margin
Amount of the transitional on Technical Provisions
Technical Provisions calculated as a whole
Best estimate
Risk margin
Technical provisions - total
Technical provisions - total
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total

	Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010																	
R0050																	
R0060																	
R0140																	
R0150																	
R0160							2,944	6,612									9,555
R0240							2,878	6,465									9,344
R0250							65	147									212
R0260							2,944	6,612									9,555
R0270							65	147									212
R0280							7	16									23
R0290																	
R0300																	
R0310																	
R0320							2,951	6,628									9,578
R0330							2,878	6,465									9,344
R0340							72	162									234

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Non-life Insurance Claims Information

Total Non-Life Business

Accident year /
Underwriting year

Z0020	Underwriting year [UWY]
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Gross Claims Paid (non-cumulative) (absolute amount)

Year	Development year											In Current year	Sum of years (cumulative)
	C0010	1	2	3	4	5	6	7	8	9	10 & +		
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100										3	R0100	3
2010	R0160	165	3,473	1,776	556	167	57	3,176	1		1	R0160	1
2011	R0170	320	2,913	845	83	2,076	58	0				R0170	6,295
2012	R0180	328	4,375	1,516	1,181	2,685	21	511				R0180	10,617
2013	R0190	487	3,604	2,752	3,756	3,716	3,260	5,762				R0190	23,338
2014	R0200	299	3,959	1,961	580	6,453	1,955					R0200	15,208
2015	R0210	278	4,057	5,507	5,112	33						R0210	14,988
2016	R0220	839	5,058	5,558	826							R0220	12,282
2017	R0230		6	198								R0230	204
2018	R0240											R0240	
2019	R0250											R0250	
Total												R0260	92,308

Gross undiscounted Best Estimate Claims Provisions (absolute amount)

Year	Development year											Year end (discounted data)	
	C0200	1	2	3	4	5	6	7	8	9	10 & +		
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
Prior	R0100										5	R0100	5
2010	R0160						402	235	99	84		R0160	83
2011	R0170					1,352	119	868	837			R0170	825
2012	R0180				1,140	661	182	125				R0180	124
2013	R0190			3,555	12,185	9,712	3,230					R0190	3,209
2014	R0200		5,167	7,452	961	986						R0200	973
2015	R0210	9,448	7,524	1,049	1,676							R0210	1,656
2016	R0220	7,774	16,298	10,231	2,121							R0220	2,115
2017	R0230	1,001	1,291	569								R0230	566
2018	R0240											R0240	
2019	R0250											R0250	
Total												R0260	9,555

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Own funds

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)
Share premium account related to ordinary share capital
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
Subordinated mutual member accounts
Surplus funds
Preference shares
Share premium account related to preference shares
Reconciliation reserve
Subordinated liabilities
An amount equal to the value of net deferred tax assets
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

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

Deductions

Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Ancillary own funds

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

Total ancillary own funds

Available and eligible own funds

Total available own funds to meet the SCR
Total available own funds to meet the MCR
Total eligible own funds to meet the SCR
Total eligible own funds to meet the MCR

SCR

MCR

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

Reconciliation reserve

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

Reconciliation reserve

Expected profits

Expected profits included in future premiums (EPIFP) - Life business
Expected profits included in future premiums (EPIFP) - Non- life business

Total Expected profits included in future premiums (EPIFP)

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	635	635			
R0030					
R0040					
R0050					
R0070					
R0090					
R0110					
R0130	7,867	7,867			
R0140					
R0160					
R0180					
R0220					
R0230					
R0290	8,502	8,502			
R0300					
R0310					
R0320					
R0330					
R0340					
R0350					
R0360					
R0370					
R0390					
R0400					
R0500	8,502	8,502			
R0510	8,502	8,502			
R0540	8,502	8,502			
R0550	8,502	8,502			
R0580	1,979				
R0600	1,200				
R0620	429.49%				
R0640	708.48%				
	C0060				
R0700	8,502				
R0710					
R0720					
R0730	635				
R0740					
R0760	7,867				
R0770					
R0780					
R0790					

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Solvency Capital Requirement - for undertakings on Standard Formula

Market risk
Counterparty default risk
Life underwriting risk
Health underwriting risk
Non-life underwriting risk
Diversification
Intangible asset risk

Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Operational risk

Loss-absorbing capacity of technical provisions

Loss-absorbing capacity of deferred taxes

Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency capital requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement

Other information on SCR

Capital requirement for duration-based equity risk sub-module

Total amount of Notional Solvency Capital Requirement for remaining part

Total amount of Notional Solvency Capital Requirements for ring fenced funds

Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios

Diversification effects due to RFF nSCR aggregation for article 304

Approach to tax rate

Approach based on average tax rate

Calculation of loss absorbing capacity of deferred taxes

LAC DT

LAC DT justified by reversion of deferred tax liabilities

LAC DT justified by reference to probable future taxable economic profit

LAC DT justified by carry back, current year

LAC DT justified by carry back, future years

Maximum LAC DT

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010	1,309		
R0020	765		
R0030			
R0040			
R0050	45		
R0060	-426		
R0070			
R0100	1,693		

	C0100
R0130	287
R0140	
R0150	
R0160	
R0200	1,979
R0210	
R0220	1,979
R0400	
R0410	
R0420	
R0430	
R0440	

Yes/No

C0109

R0590

3 - Not applicable as LAC DT is not used (in this case R0600 to R0690 are not applicable)

LAC DT

C0130

R0640	
R0650	
R0660	
R0670	
R0680	
R0690	

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

Linear formula component for non-life insurance and reinsurance obligations

MCR _{NL} Result	C0010		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	R0010	21		
			C0020	C0030
Medical expense insurance and proportional reinsurance	R0020			
Income protection insurance and proportional reinsurance	R0030			2
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			
Fire and other damage to property insurance and proportional reinsurance	R0080	65		
General liability insurance and proportional reinsurance	R0090	147		
Credit and suretyship insurance and proportional reinsurance	R0100			
Legal expenses insurance and proportional reinsurance	R0110			
Assistance and proportional reinsurance	R0120			
Miscellaneous financial loss insurance and proportional reinsurance	R0130			
Non-proportional health reinsurance	R0140			
Non-proportional casualty reinsurance	R0150			
Non-proportional marine, aviation and transport reinsurance	R0160			
Non-proportional property reinsurance	R0170			

Linear formula component for life insurance and reinsurance obligations

MCR _L Result	C0040		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	R0200			
			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	21
SCR	R0310	1,979
MCR cap	R0320	891
MCR floor	R0330	495
Combined MCR	R0340	495
Absolute floor of the MCR	R0350	1,200
	C0070	
Minimum Capital Requirement	R0400	1,200