

Euro Insurances DAC (LPINS)

Solvency and Financial Condition Report (“SFCR”) 2019

For the year-end 31 December 2019

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Executive Summary

This Solvency and Financial Condition Report (“SFCR”) has been prepared in line with the requirements of the Solvency II (“SII”) Regulations, to assist clients of Euro Insurances DAC (“the Company” or “LPINS”) and other stakeholders in understanding the nature of our business, how it is managed, and its solvency position.

The structure of the SFCR follows the requirements set forth in Annex XX of the Delegated Acts and consists of the following sections: (A) Business and Performance, (B) System of Governance, (C) Risk Profile, (D) Valuation for Solvency II Purposes and (E) Capital Management.

a) Summary Section A: Business and Performance

The Company is a wholly owned subsidiary of LeasePlan Corporation NV, Gustav Mahlerlaan 360 1082 ME Amsterdam, The Netherlands.

The Company insures / reinsures the motor damage and third party liability risks of LeasePlan companies and third-party clients, providing motor own damage risk services to these companies and cover for ancillary motor and leasing related risks. The Company operates on a Freedom of Services (“FoS”) basis primarily into European markets.

The company’s profit before tax for the financial year 2019 was €49.4m. The following table summarises the financial performance of the Company for the reporting period ending 31 December 2019:

Financial Performance as at 31st December 2019 (€'000)	
	Amount
Underwriting Performance	59,214
Investment Performance	(968)
Expected Credit Loss	(23)
Other Income and Expenses	(8,791)
Net Profit before Tax	49,431
Unrealised investment gains	0
Comprehensive Income	49,431
Corporation Tax	(6,352)
Comprehensive Income after Tax	43,079

The result for 2019 included strong performances in a significant number of jurisdictions including Italy, Spain, France, Poland and Portugal and some positive claims runoff. In 2019, the Company continued to grow the insurance portfolio in existing programmes, deploy new insurance programmes across various territories where appropriate and insource claim handling activities where appropriate.

There was a negative return on investment in 2019, this loss was higher than 2018 but in line with expectations. In 2019, the Company invested €5m in bonds. In 2019, the overhead costs

were higher than 2018, but in line with plan. The 2018 overheads were lower due to a one-off refund of group recharges driven by a change in allocation basis.

No significant business or other event occurred over the reporting period that had a material impact on the Company.

Refer to [Section A](#) for further detail relating to business and performance.

Subsequent to year end, the Covid-19 pandemic is causing significant financial market and social dislocation. The ultimate effects of the pandemic on the Company are uncertain. Management has made an assessment of the risks involved for the Company, and is satisfied that based on the information available to date there is no adjustment required to the Company's financial statements for the year ended 31 December 2019 and the going concern basis of accounting remains appropriate.

b) Summary Section B: System of Governance

The Board's responsibility includes ensuring that an appropriate System of Governance is in place throughout the Company. To discharge this responsibility, the Board has established frameworks for risk management and internal control using the "Three Lines of Defence" model, as follows:

- **1st Line of Defence (Business Operations):** Business management is responsible for the identification and assessment of risks and the implementation and enforcement of controls.
- **2nd Line of Defence (Oversight & Challenge):** Board Sub-committees and Control Functions provide key oversight of activities in business operations and challenge the completeness/accuracy of risk identification, assessment and controls.
- **3rd Line of Defence (Independent Assurance):** Internal Audit provides independent and objective assurance on the robustness of the Risk Management System, and the appropriateness and effectiveness of internal controls.

In addition, the Company has adopted a Fit and Proper Person Policy and operates a Code of Conduct for all staff. In particular, all persons performing Control Functions (PCFs) must be competent and capable as demonstrated through qualifications, having obtained appropriate skills, sound knowledge of the Company's business, understanding of the applicable regulatory and legal environment and compliance with the Central Bank of Ireland's Minimum Competency Requirements where applicable. The Company also operates a range of controls over its outsourcing.

Management considers the Company to have a robust system of governance based on the nature, scale and complexity of its operations.

Refer to [Section B](#) for further detail on the Company's system of governance.

c) Summary Section C: Risk Profile

The Company's risk landscape comprises, at a minimum, underwriting risk, market risk, credit risk, operational risk and liquidity risk that arise as a result of doing business. These risks are

assessed within the Company using an entity level assessment conducted by the management team, process level assessments conducted by process owners and a strategic risk assessment conducted by the Board Risk Committee.

For those risk types managed through the holding of capital, the company measures and monitors risk profile on the basis of the Solvency Capital Requirement (“SCR”). A summary of the Company’s SCR by primary risk type at 31 December 2019 is set out below:

€'000	LPINS Capital Requirements
Market risk	20,414
Counterparty default risk	16,212
Non-life underwriting risk	96,953
Operational risk	7,998
Health underwriting risk	28,677
Life underwriting risk	890
LACDT*	(15,887)
Diversification	(44,050)
SCR	111,207

*where LACDT is the Loss Absorbing Capacity of Deferred Taxes

The Company’s largest risk charge is for non-life underwriting risk. This charge represents the risk associated with the writing of and settling of claim provisions for insurance business. Underwriting risk is mitigated through a combination of geographical diversification, underwriting key risk indicators, risk appetite statements and a process-level risk and control self-assessment to assess, monitor and report upon underwriting risk. This risk is also mitigated through the purchase and use of reinsurance.

Although no capital is deemed necessary to cover other risks including liquidity risks, the position regarding the need to hold capital in respect of liquidity risk is regularly monitored while, at the same time, a number of mitigations relevant to liquidity risk are in place including performing daily and monthly cash flow forecasts to monitor liquidity positions, performing daily monitoring of bank accounts against the monthly cash flow forecast and short matching assets to cover some longer tail technical reserve payment requirements.

Refer to [Section C](#) for further details on the Company’s risk profile.

d) Summary Section D: Valuation for Solvency Purposes

Assets, technical provisions and other liabilities are valued in the Company’s Solvency II Balance Sheet according to Solvency II regulations. The principle that underlies the valuation methodology for Solvency II purposes is the amount for which they could be exchanged, transferred, or settled by knowledgeable and willing third parties in an arm’s length transaction – often referred to as the “market consistent” value of assets.

The following table presents a summary of the Solvency II valuation of assets and liabilities compared to the Statutory Accounts as at 31 December 2019:

Comparison of valuation of assets and liabilities under Solvency II vs Statutory Accounts (€'000)		
	Solvency II	Statutory Valuation
<i>Assets</i>		
Total Assets	504,112	581,979
<i>Liabilities</i>		
Technical Provisions	258,771	343,989
Other liabilities	58,338	65,228
Total Liabilities	317,109	409,218
Excess of assets over liabilities	187,003	172,761

The main differences between the valuation bases, methods and assumptions used by the Company in the two reporting bases are outlined in [Section D](#).

e) Summary Section E: Capital Management

The strategic objectives of capital management within the Company are to ensure regulatory compliance including maintaining adequate levels of capital, to maintain sufficient liquidity, to manage and allocate capital efficiently, and finally to ensure that all of the above objectives are consistent with the continuation of profitable business in line with Company Strategy.

The following table compares the solvency position of the Company, which is assessed using the Standard Formula, at 31 December 2019 to the position at 31 December 2018:

LPINS Solvency Position (€'000)	At December 2019	At December 2018
Eligible Own Funds	187,003	168,907
Solvency Capital Requirement	111,207	103,054
SCR Coverage	168%	164%
Minimum Capital Requirement	39,615	38,044
MCR Coverage	472%	444%

All of the Company's own funds are classified as Tier 1 and are available to cover the SCR and the MCR.

There were no instances of non-compliance with the MCR and the SCR during the reporting period.

Refer to [Section E](#) for further details on the Company's capital management.

f) Summary: Material Changes over the Reporting Period

This report relates to the financial year ending 31 December 2019. During the year there were no materials changes to the areas set out in sections A to E above.

A Business and Performance

1. Business and External Environment

Euro Insurances DAC (t/a LeasePlan Insurance), with an address at LeasePlan House, Ground Floor, Central Park, Leopardstown, Dublin 18, Ireland.

The Company had a headcount of 49 at 31 December 2019.

a) Supervisor and External Auditor

The Central Bank of Ireland ("CBI") is responsible for financial supervision of the Company.

The CBI's address is Central Bank of Ireland, New Wapping Street, North Wall Quay, Dublin 1, Ireland.

The Company's external auditors are KPMG Ireland with an address at 1 Harbourmaster Place, International Financial Services Centre, Dublin 1, Ireland.

The Company's financial year end is 31 December each year and the Company reports in Euro.

b) Position within the Group

The Company is a wholly owned subsidiary of LeasePlan Corporation N.V., with an address at Gustav Mahlerlaan 360, 1082 ME, Amsterdam, The Netherlands.

LeasePlan Corporation N.V. is indirectly owned by a consortium of the following six investors:

- The Abu Dhabi Investment Authority (ADIA);
- ATP, Denmark's largest pension fund;
- Broad Street Investments, a Singapore based holding company;
- GIC, a leading global investment firm;
- PGGM, a cooperative Dutch pension fund service provider; and
- TDR Capital, a private equity firm.

None of these investors alone has a controlling interest in LeasePlan Corporation N.V. The Company does not have any subsidiaries.

c) Material Lines of Business and Geographical Areas

The Company insures / reinsures the motor damage and third-party liability risks of LeasePlan companies and third-party clients. In addition, it provides cover for ancillary motor and leasing related risks.

The Company mainly deals with LeasePlan entities in Europe under the freedom of services model. It also avails of fronting arrangements in relation to risks in Australia and New Zealand.

d) Significant Events over the Period

In 2019, the Company purchased €5m of a corporate bond in line with a broader investment policy.

2. Underwriting Performance

a) Underwriting Performance by Material Line of Business / Geographical Area

The Company insures / reinsures the motor damage and third-party liability risks of LeasePlan companies and third-party clients. In addition, it provides cover for ancillary motor and leasing related risks.

Please find below an overview of underwriting income by geographical area:

Underwriting Income by Geographical Region (€'000)		
Region	2019	2018
Central Europe (Belgium, France, Austria, Germany, Luxembourg)	11,676	9,820
Eastern Europe (Czech Republic, Poland, Hungary, Romania, Slovakia)	14,395	8,177
Northern Europe (Norway, Netherlands, Denmark, Sweden, Finland, Ireland, United Kingdom)	5,309	12,260
Southern Europe (Italy, Spain, Portugal, Greece)	25,573	22,074
Rest of the world (Australia, New Zealand)	2,261	2,112
Total	59,214	54,444

During 2019 the overall underwriting income increased by €4.8m to €59.2m:

- The uplift in Central Europe resulted mainly from improved performance in the German market and positive claims experience in Belgium.
- The most significant increases in underwriting income arose in Eastern Europe, driven by increased penetration in both Own Damage and Third Party Liability.
- In Southern Europe, the main drivers of growth were Portugal and Italy while Spain also performed well. This improvement resulted from a combination of volume growth and positive run-off from prior years. There was a reduction in the Italian Third Party Liability insured fleet which transferred to a local external insurer in late 2019.
- A decrease in underwriting income in Northern Europe was due to adverse claims experience in a number of the counties.
- Australia and New Zealand show a moderate increase in underwriting income in 2019

The underwriting income figures above exclude overhead expenses and investment income.

Please find below an overview of underwriting income by line of business:

Underwriting Income by SII Line of Business (€'000)		
Line of Business	2019	2018
Income protection	7,189	5,447
Motor vehicle liability	24,551	31,182
Other motor	14,165	7,416
Fire and other damage	267	208
Legal expenses	984	886
Assistance	1,117	(451)
Miscellaneous financial loss	8,680	7,644
Other motor (proportional reinsurance)	2,261	2,112
Total	59,214	54,444

All lines of business except Motor Vehicle Liability, experienced steady growth in underwriting income during 2019:

- Underwriting income for the Motor Vehicle Liability line of business shows a decline in 2019 when compared to the 2018 result. It should be noted that the 2018 result of €31.2m was an exceptional result (being 60% higher than 2017). Accordingly, 2019 with underwriting income of €24.6m remained a strong performance.
- The Other Motor line of business saw a significant increase of €6.8m in underwriting income compared to the 2018 year. This result is driven by growth in the Own Damage programmes in a number of countries.
- The uplift in the underwriting income for the Assistance line of business reflects the steps taken as part of the 2019 renewal to reverse a deterioration in the Eastern European Region.

The underwriting income figures above exclude overhead expenses and investment income.

3. Investment Performance

a) Investment Performance by Asset Class

At the end of 2019, the Company holds €407m (2018 €383.5m) in investments as valued on an IFRS basis. The investment loss relating to deposits during 2019 was €1,022k. The investment income relating to bonds was €70k.

The reporting period interest rates on deposits continued to deteriorate and this had a negative impact on the investment return for the financial period. There are no management or transaction costs associated with the placement of the deposits.

The company does hold a selection of bonds, which incur management charges. During 2018 the Company expanded its investment policy to allow the purchase of corporate and government bonds. At the end of 2018, the Company held €30m in corporate and government bonds. The company added to the portfolio with an additional €5m investment in a corporate bond in 2019.

The Company holds a bond portfolio from counterparties with a minimum credit rating of investment grade for an individual holding or A- for the portfolio, as issued by Standard and Poor's for corporate bonds and Moody's for Government bonds. In addition, the Company has €10m in bonds issued by LeasePlan N.V. (S&P rating of BBB-).

The following table compares the Company's investment performance in 2019 with that in 2018:

LPINS Investment Performance (€'000)		
Investment Income	2019	2018
Deposits	(1,022)	(718)
Bonds (net of expenses)	70	43

No market value gains/losses were recorded on an IFRS basis. Under Solvency II, the bonds are valued at their market value and any changes in this value will impact the level of assets held by the Company.

b) Investments in Securitisations

The Company holds all funds on deposits, in cash accounts or in bonds. Therefore, the Company does not hold any securitised investments.

4. Performance of other activities

a) Description of Other Material Income / Expenses

The Company had foreign exchange losses in 2019 of €16k (2018 loss was €52k). Operating Expenses for 2019 were €18.4m (2018 €16.9m).

LPINS - Performance of Other Material Income/Expenses (€'000)		
	2019	2018
Foreign Exchange Gains/Losses	(16)	(52)
Operating Expenses	(18,422)	(16,896)

Foreign currency transactions are translated into the functional currency utilising the exchange rates prevailing at the date of these transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised. The Company completes a review of the net assets and liabilities in foreign currencies on a monthly basis and reduces any material exposure. The Company does not engage in foreign exchange trading.

In 2019, overhead was €1.3m higher than the previous year. It should be noted that 2018 was lower than expected due to a one-off refund of group recharges driven by a change in allocation basis. Staff costs were 5% higher and other costs i.e. professional fees were higher than the previous year.

5. Any other information

Subsequent to year-end, the Covid-19 pandemic is causing significant financial market and social dislocation. The ultimate effects of the pandemic on the Company are uncertain. Management has made an assessment of the risks involved for the Company, and is satisfied that based on the information available to date there is no adjustment required to the Company's financial statements for the year ended 31 December 2019 and the going concern basis of accounting remains appropriate.

The Company has no other disclosures to make in respect of the Company's Business and Performance.

B System of Governance

1. General Information on the System of Governance

a) Board and Sub-Committee Structure

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

The Company's Board of Directors carry responsibility for the oversight of the business and sets its strategy and risk appetite. At year-end 2019 the Board comprised the following:

- Board of Directors:
 - G. Stoelinga, Chairman (Group Non-Executive Director)
 - I. Barbadillo (Group Non-Executive Director)
 - G. Owens (Independent Non-Executive Director)
 - M. Harney (Independent Non-Executive Director)
 - V. McMullan (Executive Director)
- Company Secretary:
 - M. Clarke

In February 2020, G. Owens resigned as Independent Non-Executive Director and Chair of the Audit and Compliance Committee and A. O'Donnell was appointed as Independent Non-Executive Director and Chair of the Audit and Compliance Committee. G. Owens remains as Non-Executive Director. Also in February 2020, I. Barbadillo resigned from the Board.

The Chairman of the Board is a Group Non-Executive Director. The Board has established a Board Risk Committee and an Audit and Compliance Committee to assist it in discharging its obligations. The Board Risk Committee comprises all members of the Board. At year-end 2019, the Audit and Compliance Committee comprised G. Owens (Chairman), M. Harney and I. Barbadillo. Each Committee operates under defined terms of reference and reports to the Board.

The Company is committed to high standards of corporate governance. The Company has appointed an independent Head of Actuarial Function and the Board has completed an annual review of governance and its committee structures in line with the Corporate Governance Requirements for Insurance Undertakings. During the financial year to 31 December 2019, the Board met on seven occasions, the Audit and Compliance Committee met on five occasions and the Board Risk Committee met on five occasions.

The Audit and Compliance Committee exercises oversight over the Company's Internal Control System and the Board Risk Committee exercises oversight over the Company's Risk Management System.

The Audit Committee assists the Board in discharging its responsibilities in relation to:

- a) The integrity of the Company's financial statements,
- b) The effectiveness of the Company's compliance and internal controls,
- c) The Solvency II Actuarial Function including Actuarial Opinion on Technical Provisions,
- d) The effectiveness of the Company's Internal Audit function, and
- e) Monitoring the effectiveness, independence and objectivity of the external auditor.

The Board Risk Committee assists the Board in discharging its responsibilities in relation to:

- a) The implementation and effectiveness of the Company's Risk Management System,
- b) The timely reporting of material deviations from defined risk appetite,
- c) Reviewing the risk profile of the Company and monitoring the key risks it faces,
- d) Monitoring the performance of outsourced providers, and
- e) The Own Risk and Solvency Assessment (ORSA).

There were no material changes in the Company's system of governance during the year.

b) Remuneration Policy and Practice

The Company's Board has adopted a Remuneration Policy. The aim of the Policy is to ensure that the Company's remuneration practices do not encourage excessive risk taking, to promote sound and effective risk management and to ensure that the Company's Remuneration Framework is in line with its values and long-term interests. The Company's Remuneration Policy adopts the Group Remuneration Framework of its parent company, LeasePlan Corporation N. V. The LeasePlan Group Remuneration Framework aims to attract, retain, motivate and reward high-calibre employees to deliver first rate long-term business performance in line with business strategy and approved risk appetite.

LeasePlan Corporation is a Dutch DNB regulated credit institution, and, as a result, the LeasePlan Group Remuneration Framework adopts the remuneration rules applicable to Dutch credit institutions. These rules comprise CRDIV and the Dutch Banking Code, the Regulation on Sound Remuneration Policies pursuant to the Financial Supervision Act 2014, the Dutch Act on Remuneration Policies for Financial Enterprises (Wbfo) and Book 2 of the Dutch Civil Code. The Company, through its Remuneration Policy and the LeasePlan Group Remuneration Framework, is subject to these remuneration rules. In addition, the Company's Remuneration Policy applies the Central Bank of Ireland Guidelines on Variable Remuneration Arrangements for Sales Staff.

In accordance with the Company's Remuneration Policy and the LeasePlan Group Remuneration Framework the following remuneration principles apply to all Company staff:

- a) Variable remuneration is performance-related, consists of a mix of financial (maximum 50%) and non-financial elements and reflects both short-term and long-term strategic goals;
- b) Variable remuneration targets are specific, measurable, attainable, relevant and time-bound;
- c) Variable remuneration in principle cannot exceed 100% of fixed remuneration;
- d) Other benefits for staff are provided in line with market practice; and
- e) Clawback and malus provisions are applicable to all variable remuneration awarded.

The Company's Remuneration Policy seeks to prevent the taking of more risk than is acceptable under the Company's risk appetite framework. Remuneration plans reward according to performance at group, company and individual level as appropriate. Individual objectives include a combination of financial and non-financial targets, taking into account ethical behaviour and corporate responsibility. Variable remuneration plans are underpinned by performance management systems in order to reinforce a performance culture.

The Company does not offer share options or shares to staff or Board members. The Company operates a defined contribution pension scheme which is open to all qualifying employees. Non-executive members of the Board do not participate in the scheme. Certain non-executive members of the Board receive remuneration from the Company in respect of their Board membership.

c) **Material Transactions with Connected Persons**

The Company is a wholly owned direct subsidiary of LeasePlan Corporation N.V. The majority of the Company's business is intra-group, meaning that the Company predominately writes insurance in connection with the motor fleet leasing and management activities of its affiliates within the LeasePlan Group. Many of the Company's policyholders, intermediaries, claim handlers and other service providers are subsidiaries of LeasePlan Corporation N.V. and some of the Company's bank deposits and bonds are with LeasePlan Corporation N.V. During the reporting period the Company continued and/or entered into such transactions in the normal course of its business. Also, during the reporting period the Company declared dividends of €18m. The company paid a dividend of €8m to LeasePlan Corporation N.V. during 2019 and had an accrual at the end of the period for the additional €10m dividend, which was paid in February 2020. The Company did not enter into material transactions with members of the Board or persons who exercise a significant influence on the Company.

2. Fit and Proper Requirements

The Company has adopted a Fit and Proper Person Policy and operates a Code of Conduct for all staff. The Company's Fit and Proper Person Policy applies the requirements of the Central Bank of Ireland's Fitness and Probity Standards ("the Standards") and the Company complies with same. Persons who hold control functions, including key functions known as Pre-Approval Control Functions (PCFs), are subject to assessment and due diligence in accordance with the policy. The Company assesses the fitness and probity of such persons prior to their assumption of the control function concerned. The fitness and probity of the holders of control functions is subject to ongoing monitoring. All persons performing Pre-Approval Control Functions must be competent and capable. The Company requires this to be demonstrated through professional or other qualifications, having obtained appropriate skills, demonstrating a sound knowledge of the Company's business, demonstrating an understanding of the applicable regulatory and legal environment and, where applicable, compliance with the Central Bank of Ireland's Minimum Competency Requirements.

The Company's Fit and Proper assessment process comprises an application form, certification, evidence of professional qualifications, evidence of continuing professional development where relevant, record of interview, references, record of previous experience, concurrent responsibilities and evidence of compliance with the Minimum Competency Code where relevant.

The Company's assessment process also includes probity and financial soundness due diligence, which includes completion and signature by the individual of the Company's Probity and Financial Soundness Declaration and for PCFs background checks and searches as prescribed in the Central Bank of Ireland Fitness and Probity Requirements. Following this due diligence, the Company's Fitness and Probity Committee completes, documents and signs the assessment. For PCFs an on-line application is then made to the Central Bank of Ireland and the Company certifies as to the outcome of its prior assessment. The proposed holder of a PCF may commence in his/her role following receipt of approval by the Central Bank of Ireland. The Company requires PCF holders to certify annually as to their compliance with the Fitness and Probity Standards and confirm that information provided previously remains accurate.

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

a) Risk Management System

The Company's Risk Management System includes clearly defined risk management objectives, written policies for the material risks faced by the Company, a Risk Management Framework to identify, assess, manage, monitor and report on risks and an Own Risk and Solvency Assessment (ORSA) process.

The Company's Risk Management Strategy takes account of the Company's business strategy and seeks to monitor and manage the risks associated with the implementation of the business strategy.



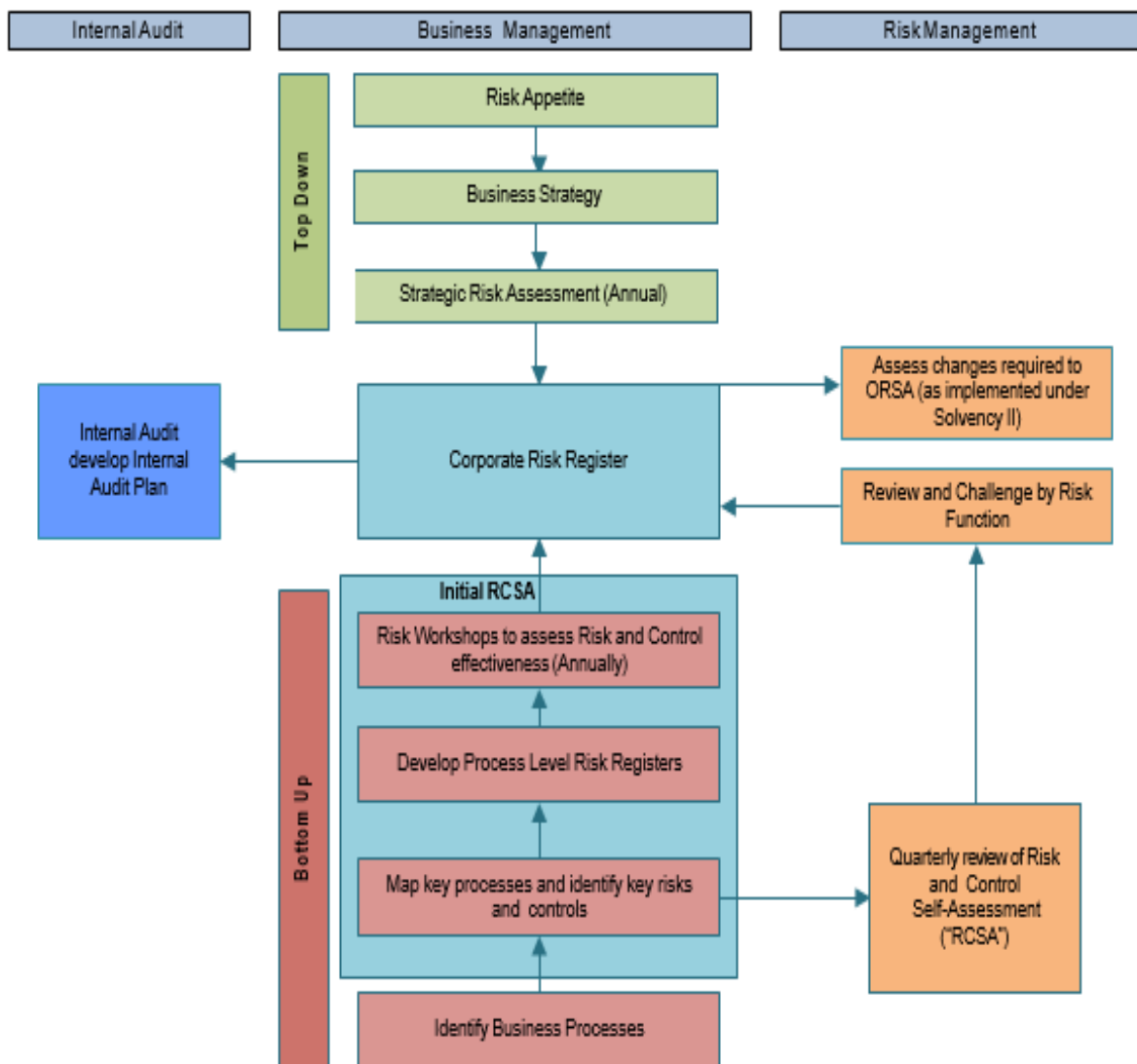
The main objective of the Company's Risk Management System is to ensure that all significant risks are identified, assessed, monitored and controlled within the agreed risk appetite. The framework ensures that the risk management process is explicit and facilitates effective oversight and challenge. Risk control procedures and systems seek to manage, rather than eliminate the risk of failure to meet business objectives. The Company's Risk Management Framework includes the following processes:

- a) Risk Appetite setting and monitoring;
- b) Company level Enterprise Risk Assessment;
- c) Process level Risk and Control Self-Assessment;
- d) Board level Strategic Risk Assessment; and
- e) Risk Reporting.

The Company in these processes has adopted the 'Risk Control Cycle' in order to identify, assess, manage, monitor and report on the risks to which it is exposed:



The following diagram describes how the Company's Risk Management System is integrated into the Company's organisational structure and decision-making processes.

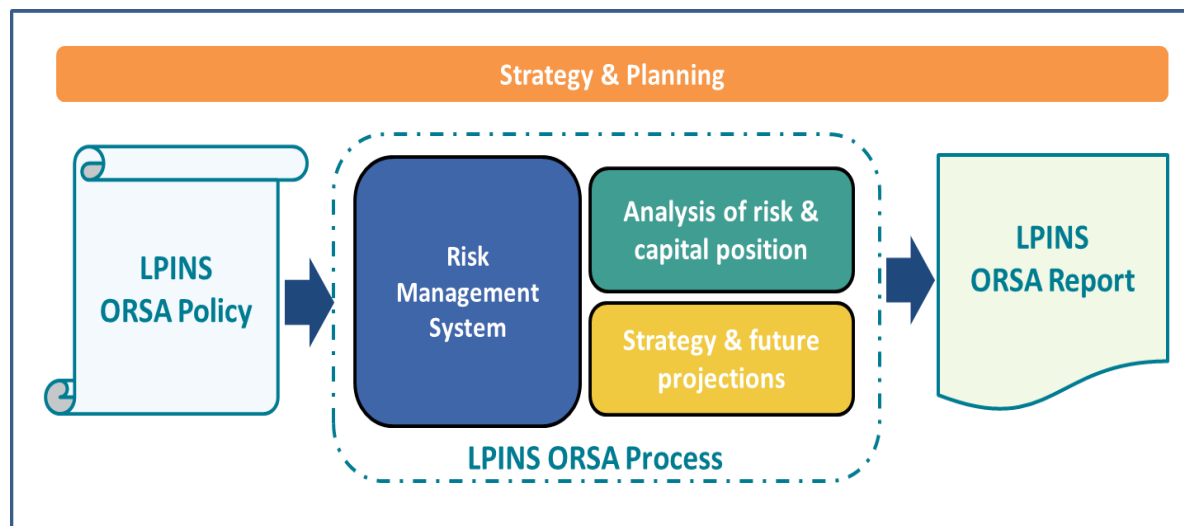


There were no gaps identified in the Risk Management System during the reporting period.

b) Own Risk and Solvency Assessment ("ORSA")

The Company's Risk Management System includes the conduct of an Own Risk and Solvency Assessment (ORSA) at least annually and more often in the event of a material change in the Company's risk profile. During the reporting period the Company conducted one scheduled ORSA. No material change occurred necessitating the performance of an ad hoc ORSA during the reporting period.

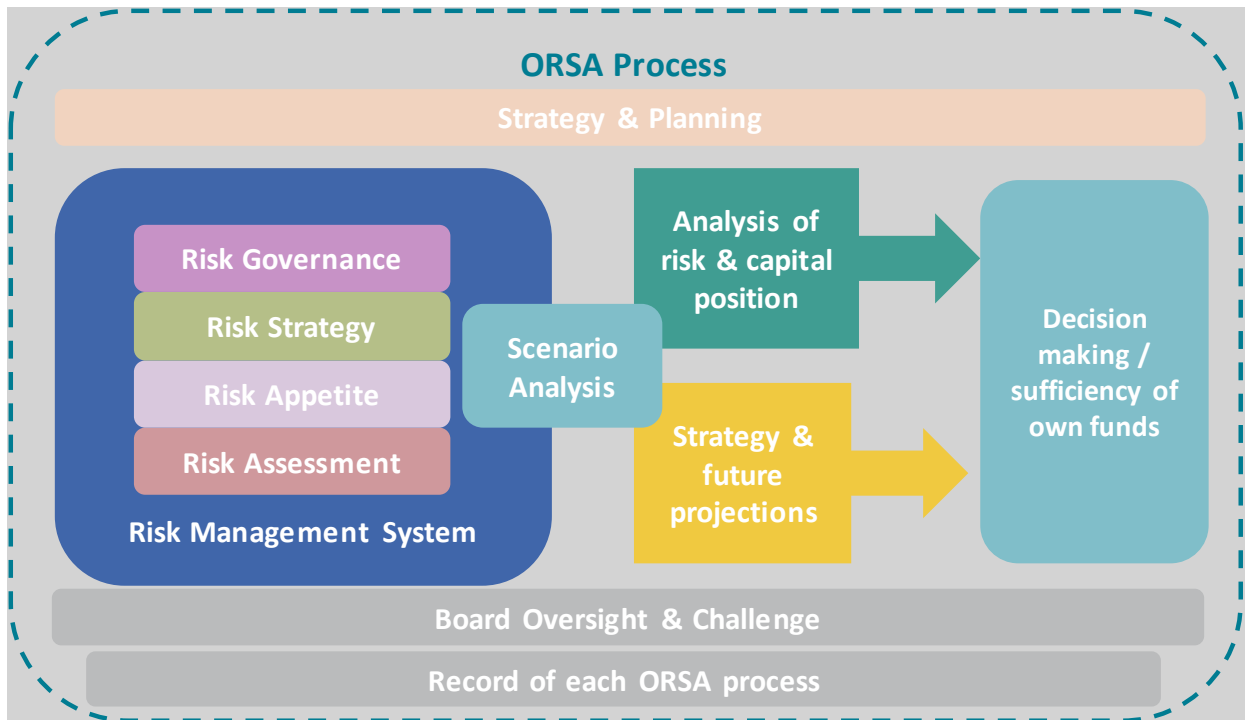
The Company uses its ORSA process to consider its risk exposures and capital requirements over the business planning timeframe. This acts as a key input into the Company's strategic decision making and business planning process. The Company's ORSA assesses risks inherent in its business and determines its corresponding capital needs whilst taking into consideration its risk profile, approved risk tolerance limits and business strategy. The Company's ORSA process comprises the following steps:



The Company's ORSA process is a circular process that relies on key elements of the business:

- a) Board strategy, policies and plans;
- b) The Solvency II Pillar I Balance Sheet standard model results, and base assumptions used;
- c) The Risk Management System and its outputs, which identifies the key risks;
- d) The Board Risk Committee which reviews, challenges and approves the test scenarios including the ORSA output;
- e) The Actuarial Department which runs the tests on the Balance Sheet, for capital adequacy and produce the resultant output;
- f) The Risk Function, Actuarial Department and management who assess the outputs and prepare the reports;
- g) The Actuarial Function which provides its opinion on both the ORSA input stress tests and resultant outputs
- h) The Board Risk Committee and Board's assessment of the output and resultant capital, strategy and risk appetite review; and
- i) ORSA reporting to the Central Bank of Ireland.

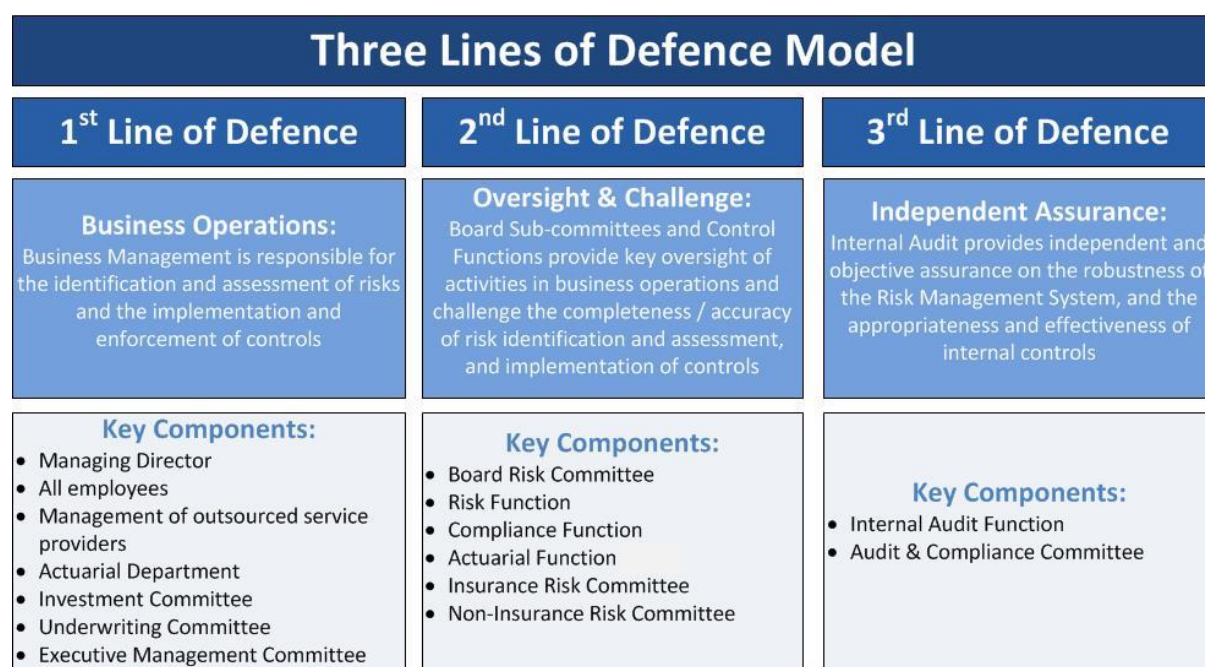
In its ORSA the Company uses, as a base, the Solvency II Standard Formula Model to calculate the required solvency capital but also considers a number of "non-quantifiable" risks when assessing its own solvency needs. The results are subjected to a range of scenario and stress tests that are reviewed by management and challenged by the Board and, where appropriate, potential management actions are noted, and conclusions drawn. The following diagram depicts the ORSA process in greater detail. It shows that stress and scenario tests are used in conjunction with the assessment of risk and capital to facilitate decisions about the adequacy of the Company's own funds.



ORSA assessments to date indicate that the Company is adequately capitalised.

4. Internal Control System

The Company's Internal Control System consists of five interrelated components, namely control environment, risk assessment, control activities, reporting, and monitoring. The Company's Internal Control System adopts the "Three lines of Defence" model as set out in the following diagram.



The Company's Internal Control System and Internal Control Policy set out the role of each of the first line of defence functions in respect of business operations, the second line of defence functions in relation to oversight and challenge and the third line of defence functions in relation to independent assurance.

The Actuarial Function is the second line of defence and operates independently of both the first line (responsible for determining the technical provisions, reinsurance and underwriting) as well as the other three key functions (internal audit, risk management and compliance).

a) Compliance Function

The Company's Compliance Function, led by the Head of Legal, Risk and Compliance, operates in accordance with the Company's Compliance Policy. The Compliance Function is independent from business units and forms part of the second line of defence within the Company's Internal Control System. The primary activities of the Compliance Function comprise:

- Identification of compliance obligations;
- Development and delivery of an annual compliance plan and report;
- Training and education;
- Advice on compliance matters;
- Incident management and reporting;
- Liaison with the Central Bank of Ireland and other regulators; and
- Reporting including to the Audit & Compliance Committee.

The activities of the Compliance Function are subject to periodic audit by Internal Audit.

5. Internal Audit Function

The Company outsources its Internal Audit Function to the Group Audit Department of LeasePlan Corporation N. V. in accordance with the Company's Outsourcing Policy. The Function operates in accordance with the Company's Internal Audit Policy and the LeasePlan Corporation Internal Audit Charter which have been approved by the Board. The policy is reviewed and updated on an annual basis and more frequently if required.

The Company's Internal Audit Function is independent from business units and forms part of the third line of defence in the Company's Internal Control System. The Company's outsourcing of its Internal Audit Function to its parent company assists in preserving the independence and objectivity of the function, as the function comprises no staff of the Company. The Company and its Internal Audit Function subscribes to the Institute of Internal Auditors definition of internal audit which requires "independent, objective, assurance". The Company's Internal Audit Policy sets out the measures taken by the Company and the Internal Audit Function to maintain ongoing independence including audit staff rotation.

The Internal Audit Function conducts an internal audit of the Company at least annually. Internal Audit findings and recommendations are reported to the management body who are required to respond to those findings and recommendations.

The Internal Audit Function, via the LeasePlan Senior Corporate Vice President Internal Audit, reports to the Audit and Compliance Committee of the Company. The Audit and Compliance Committee considers audit plans, audit reports, resourcing and performance.

6. Actuarial Function

The Company outsources its Actuarial Function, including Head of Actuarial Function, to an actuary and Central Bank approved Head of Actuarial Function within a Big Four accounting firm in accordance with the Company's Outsourcing Policy. The Function operates in accordance with the Company's Actuarial Function Terms of Reference. The Company's Actuarial Function forms part of the second line of defence in the Company's Internal Control System.

The Company's Actuarial Function has the following key responsibilities:

Technical Provisions

- Coordination of calculation of technical provisions including the Actuarial Function Report on Technical Provisions ("ARTP");
- Review of appropriateness of methodologies and assumptions;
- Review of data sufficiency and quality; and
- Experience analysis.

Opinions

- Delivery of Actuarial Opinion on Technical Provisions ("AOTP") following analysis conducted for the ARTP;
- Delivery of Opinion on the Company's Underwriting Policy;
- Delivery of Opinion on the Company's Reinsurance arrangements; and
- Delivery of Opinion on the Company's ORSA.

Risk Management

- Contributing to the effective implementation of the Risk Management System, in particular with regard to the Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR"); and contributing to the Own Risk and Solvency Assessment ("ORSA") process.

7. Outsourcing

The Company operates an Outsourcing Policy which is approved by the Audit and Compliance Committee and adopted by the Board. The Outsourcing Policy outlines the Company's policy with regard to the outsourcing of critical or important functions or activities ("Core Outsourcing") which are essential to the operation of the Company. As the Company is part of the LeasePlan group, much of the Company's outsourcing is to other group entities. The Company's Core outsourced activities comprise:

Core Activity	Description	Jurisdiction of Service Provider
Claims Handling	Provision of claim handling activities on behalf of the Company (some claims handling activities may not constitute critical or material outsourcing and therefore some claim handlers may not be in scope).	Various EEA jurisdictions into which the Company writes insurance
Investment Management (Deposits)	Provision of treasury services to the Company.	Ireland
Data storage and systems support	Management of the platforms that host the Company's systems and data and provision of first line support to the Company.	Ireland
Internal Audit	Provision of internal audit services	Netherlands
Actuarial Function	Actuarial Function including Head of Actuarial Function	Ireland
System to support Solvency II Reporting	System to support Solvency II QRT Reporting to the Central Bank of Ireland	Germany
Fiscal representation and administration	Fiscal representation and administration activities in the countries in which the Company operates.	United Kingdom and the various EEA jurisdictions into which the Company writes insurance
Investment Management (Bonds)	Exercise of investment discretion within investment guidelines set by the Company	UK up to June 2019, Ireland thereafter

8. Any other information

The Company believes that its system of governance as set out in the Company's Internal Control System, Risk Management System and Board Charter are adequate in the light of the nature, scale and complexity of the risk inherent in its business. The Company's business is monoline, namely motor and related insurances, and its business is predominately in connection with the fleet leasing and fleet management activities of its affiliate entities within the LeasePlan Group. The Company believes that its Internal Control System incorporates appropriate challenge and oversight by persons with appropriate knowledge of the Company's business. The Company believes that its Risk Management System, including ORSA, provides a sufficiently forward-looking and robust assessment of risk in the context of the Company's predominately intra-group business model. Finally, the Company believes that its corporate governance, including Board, sub-committees and management committees, provides appropriate internal review and challenge.

The Company has no other disclosures to make in respect of the Company's System of Governance.

C Risk Profile

The Company is subject to risk in the course of its business. These risks include underwriting risk, market risk, credit risk, liquidity risk and operational risk. Underwriting risk comprises mainly of non-life underwriting risk; however, a certain amount of health and life underwriting risks arise incidentally from the non-life insurance contracts written by the Company. These risks comprise the company's primary material risks. These risks are assessed within the Company using an entity level assessment conducted by the management team, process level assessments conducted by process owners and a strategic risk assessment conducted by the Board Risk Committee. The Company's Risk Function, led by the Head of Legal, Risk and Compliance, operates in conjunction with the Risk Function of its parent, LeasePlan Corporation.

The Company has adopted the risk mitigation techniques of its parent company where considered appropriate. The Company operates a Risk Appetite Framework based on capital usage. This capital usage-based risk appetite follows a quantitative and qualitative approach to risk appetite and is integrated with the ORSA process and the Company's business strategy. There were no material changes to the Company's risk exposure and there were no material changes to the measures used to assess same. The Company does not use special purpose vehicles and does not have exposures arising from off-balance sheet positions.

The table below gives the breakdown of the various risk charges making up the Company's SCR as at 31 December 2019, as calculated by the Standard Formula:

€'000	LPINS Capital Requirements
Market risk	20,414
Counterparty default risk	16,212
Non-life underwriting risk	96,953
Operational risk	7,998
Health underwriting risk	28,677
Life underwriting risk	890
LACDT*	(15,887)
Diversification	(44,050)
SCR	111,207

*where LACDT is the Loss Absorbing Capacity of Deferred Taxes

In accordance with the Company's SCR Assurance Process, between year-ends, SCR and SCR coverage ratio are monitored at least on a quarterly basis, to ensure continuous SCR compliance.

1. Underwriting Risk

a) Risk Exposure

The Company's exposure to Underwriting Risk is across 23 jurisdictions. The Company's gross written premium during the reporting period was €249.0m across all jurisdictions. Legislation, regulations, market requirements and market practices vary across these markets. Likewise, underwriting requirements and risks vary across these markets. While the Company's Underwriting Risk is diversified across multiple markets, its knowledge of individual markets is necessarily less than that of domestic insurers in those markets. The Company's Underwriting Risk Policy sets out the Company's processes for the management of Underwriting Risk. The Company uses a process-level risk and control self-assessment to assess, monitor and report upon Underwriting Risk. The company uses key risk indicators and risk appetite statements to monitor its underwriting risk. Although there was little impact on the SCR, as described earlier, a sizeable portion of the Company's Italy TPL business was transferred to an external insurer in late 2019. Apart from this change, there were no material changes to the Company's underwriting risk exposure during the reporting period.

The Company's largest risk charge under the SCR is the Non-life underwriting risk charge. This charge represents the risk associated with the writing of and settling of claims provisions for insurance business. At 31 December 2019, the Company had a non-life underwriting risk charge of €97.0m.

The company has a risk charge of €28.7m in respect of health underwriting risk. The Company also has a small risk charge of €0.9m in respect of life underwriting risk. The life risk charge relates to the longevity risk associated with Periodical Payment Orders (PPOs).

b) Risk Concentration

The Company writes various types of non-life insurance risks, including motor third party liability and motor own damage, as well as ancillary covers and leasing related risks. The Company's business is predominately sourced from within the LeasePlan Group.

The Company's business is well diversified geographically, both between countries and within countries. Thereafter, a modest level of diversification exists between product lines. Concentration of risk is also mitigated through catastrophe reinsurance.

c) Risk Mitigation

The Company's Risk Management System, and related policies, set out the techniques used by the Company to manage and mitigate the risk to which it is exposed. The Company uses its programme of risk assessments, risk appetite monitoring and risk governance via risk committees and the Board Risk Committee to monitor the continued effectiveness of these risk mitigation techniques.

The risk mitigation techniques used by the Company to mitigate underwriting risk are set out in the Company's Underwriting Risk Policy. These include the operation of risk selection and pricing procedures, the operation of an Underwriting Committee, underwriting authorities, reinsurance, underwriting exposure limits, escalation procedures, and reporting including to the control functions of the Company.

In addition, reinsurance is purchased to reduce and contain the volatility of results. The level of retention in different reinsurance contracts is aligned with the size and the risk profile of the

underlying portfolios. This includes taking account of the cost of reinsurance on the one hand and the risk that is retained on the other. Risk that is retained is constrained through pre-defined limits set by the Underwriting Committee.

The Company's underwriting risk appetite and underwriting key risk indicators are used by the Underwriting Committee, Risk Committee and the Board Risk Committee to monitor the ongoing effectiveness of these risk mitigation techniques. The Underwriting Function undertakes an underwriting process level risk and control self-assessment. In addition, the Company's Business Controls Function (second-line of defence) and Internal Audit Function (third-line of defence) test and audit the effectiveness of the Company's underwriting processes.

d) Risk Sensitivity

A number of sensitivity tests are used to assist the Company with understanding its exposure to the volatility of the Company's more material risks. The Company regularly produces sensitivity tests on its key risk exposures to help inform the decision-making processes, and as part of the framework used to identify and quantify risks.

The following are the sensitivity analyses carried out that impact Underwriting Risk:

- Expected loss ratios are a key assumption in the estimate of ultimate losses. As at 31 December 2019, sensitivity analyses show that an increase of 2.5% in the loss ratios used in the calculation of the technical provisions would result in a decrease in the SCR charge of €169k. In terms of SCR coverage ratio, a reduction of 4% is observed, largely due to the reduction in Own Funds.

The above stress test would have the following impact on the Company's Solvency metrics:

Scenario	Own Funds (€000s)	Solvency Capital Requirement (SCR) (€000s)	Solvency Coverage Ratio
Base scenario	187,003	111,207	168%
Increase in loss ratios of 2.5%	182,157	111,038	164%

2. Market Risk

a) Risk Exposure

The Company's exposure to Market Risk is predominately in relation to its investments. The Company's investments at the reporting date totalled ~€407m. The Company's investments are predominately bank deposits. Deposits with a term of greater than 7 days are subject to interest rate risk. The Company holds minor quantities of non-euro currencies for matching purposes. These are subject to foreign exchange risk.

As at 31 December 2019, the Company held ~€35m in both government and corporate bonds with durations of between 1 and 5 years. As all bonds held by LPINS are denominated in Euro, they are not subject to currency risk.

The Company's Investment Risk Policy sets out the Company's processes for the management of market risk. Investment risk forms part of the Finance Function's process-level risk and control self-assessment through which the risk is assessed, monitored and reported. During the reporting period interest rates on deposits continued to deteriorate and this had a negative impact on the investment return for the financial period.

As at 31 December 2019, the Company had a market risk charge under the SCR of €20.4m. The Company's market risk charge is based largely on the Company's investments in term deposits. The market risk charge captures currency, spread and interest rate risk, along with the Company's concentration risk exposure to certain credit institutions.

b) Risk Concentration

The aim of the Company's Asset Liability Management Policy is to select assets that are matched to the total liabilities (as far as that is possible) by currency, duration and by suitable type (predominately deposits). The Company is therefore exposed to concentration risk by product (deposits) and by currency (and therefore geographical area).

However, LeasePlan Treasury provides the Company with monthly financial market updates, including historic and anticipated future environment information. LeasePlan Treasury controls Group Counterparty and Concentration limits and allocation of limits to all entities, and receives reporting against the limits, prepared by the Finance Function of the Company.

c) Risk Mitigation

The Company's Risk Management System, and related policies, set out the techniques used by the Company to manage and mitigate the risk to which it is exposed. The Company uses its programme of risk assessments, risk appetite monitoring and risk governance via management risk committees and the Board Risk Committee to monitor the continued effectiveness of these risk mitigation techniques.

Market Risk is the risk of loss resulting directly or indirectly from fluctuations in the level of the market price of assets, liabilities and financial instruments. The risk mitigation techniques used by the Company to mitigate Market Risk are set out in the Company's Investment Risk Policy. These include the following:

- Adopting a conservative approach to investments;
- Holding investments of sufficient amount, duration and liquidity to ensure all liabilities are met as they fall due; and

- Ensuring that there are appropriate policies, strategies and procedures in place to meet these objectives.

The Company's assets have been invested in accordance with the 'prudent person principle', in that the Company has placed the funds that support the claims reserves with external institutions with a S&P investment grade or higher. In addition, the Company applies the prudent person principle in deciding the appropriate level of deposits and bonds to place with LeasePlan Group.

The continued effectiveness of the Company's risk mitigation techniques for Market Risk is monitored by the Company's Investment Management Meeting and, as required, Investment Committee in accordance with the Company's Investment Risk Policy and Investment Management Meeting and Investment Committee Terms of Reference. In addition, the Company's investment risk appetite is used by the Non-Insurance Risk Committee and the Board Risk Committee to monitor the ongoing effectiveness of these risk mitigation techniques.

d) Risk Sensitivity

A number of sensitivity tests are used to assist the Company with understanding its exposure to the volatility of the Company's more material risks. The Company regularly produces sensitivity tests on its key risk exposures to help inform the decision-making processes, and as part of the framework used to identify and quantify risks.

The following are the sensitivity analyses that are carried out that impact Market Risk:

- As at 31 December 2019, sensitivity analyses show that an increase in interest rates using EIOPA shock up yield curves would result in a decrease in the SCR of €945k, and a decrease in interest rates using EIOPA shock down yield curves would result in an increase in the SCR of €6k.

The above stress test would have the following impact on the Company's Solvency metrics:

Scenario	Own Funds (€000s)	Solvency Capital Requirement (SCR) (€000s)	Solvency Coverage Ratio
Base scenario	187,003	111,207	168%
Interest rates shock up	195,118	110,262	177%
Interest rates shock down	186,707	111,213	168%

3. Credit Risk

a) Risk Exposure

The Company is subject to credit risk but the majority of this is in relation to LeasePlan Group entities as policyholders, mediators or claim handlers. The Company operates a credit risk assessment and monitoring process. The Company's main non-LeasePlan Group credit risk is in relation to reinsurers, banks in which it places deposits and its portfolio of corporate bonds. As all government bonds held are issued by EEA countries, they are not subject to a credit risk charge.

The Company's Reinsurance Risk Policy and Investment Risk Policy set out the Company's processes for the management of credit risk with these counterparties. Credit risk forms part of a number of process-level risk and control self-assessments within the Company through which, together with the related risk appetite statements, the risk is assessed, monitored and reported. There were no material changes to the Company's credit risk exposure during the reporting period. Both the Company's deposits and corporate bonds are with counterparties with a Standard & Poor (S&P) investment grade or higher rating.

As at 31 December 2019, the Company had a Counterparty Default risk charge under the SCR of €16.2m. The Company's Counterparty Default risk charge relates to the risk that counterparties do not meet their obligations as they fall due. This includes exposure to banks, reinsurers, policyholders, intermediaries and corporations who have issued bonds.

b) Risk Concentration

There is potential for concentration of risk through the Company's exposure to banks in which it places its deposits and to reinsurers.

In relation to its exposure to banks, the Company has counterparty risk limits in place which restrict exposure with any one bank.

In order to avoid concentration risk with reinsurers, the Company has limits in place which restricts the maximum contract participation share by reinsurer and by credit rating. On a quarterly basis, a report is prepared and distributed to the Board of Directors and the Risk Committee outlining the current credit rating of reinsurers, along with other monitored factors such as share of reinsurance exposure, outlook and ownership structure.

LPINS' largest concentration of credit risk is with its parent company, through a combination of deposits placed and corporate bond holdings.

c) Risk Mitigation

The Company's Risk Management System, and related policies, set out the techniques used by the Company to manage and mitigate the risk to which it is exposed. The Company uses its programme of risk assessments, risk appetite monitoring and risk governance via risk committees and the Board Risk Committee to monitor the continued effectiveness of these risk mitigation techniques.

Credit risk is the risk that the Company is exposed to lower returns or loss if another party fails to perform its financial obligations to the Company. The Company is exposed to credit risk in the following key areas:

- Amounts due from institutions in respect of deposits placed;
- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from policyholders;
- Funds held by claim handlers;
- Cash at bank; and
- Corporate bond portfolio.

The risk mitigation techniques used by the Company to mitigate credit risk are set out mainly in the Company's Reinsurance and Investment Risk policies. The Company manages its credit risk exposure by monitoring and managing the levels of exposure to each counterparty and by monitoring the S&P rating of all assets to ensure the Company's investments are in secure assets of a high quality.

The continued effectiveness of the Company's risk mitigation techniques for credit risk is monitored by the Company's Risk committees. In addition, the Company's credit risk appetite is used by the Non-Insurance Risk Committee and the Board Risk Committee to monitor the ongoing effectiveness of the above risk mitigation techniques.

d) Risk Sensitivity

A number of sensitivity tests are used to assist the Company with understanding its exposure to the volatility of the Company's more material risks. Sensitivity tests are regularly produced on our key risk exposures to help inform the decision-making processes, and as part of the framework used to identify and quantify risks.

The following are the sensitivity analyses carried out that impact Credit Risk:

- As at 31 December 2019, sensitivity analyses show that a downgrade of 1 credit quality step (as stipulated in Solvency II calibration) of the bank with whom the Company holds the majority of cash balances would result in an increase in the SCR of €1.8m.

The above stress test would have the following impact on the Company's Solvency metrics:

Scenario	Own Funds (€000s)	Solvency Capital Requirement (SCR) (€000s)	Solvency Coverage Ratio
Base scenario	187,003	111,207	168%
Downgrade of 1 credit quality step of largest bank	187,003	113,020	165%

4. Liquidity Risk

a) Risk Exposure

As the Company's investments are predominately held in short-term bank deposits it is subject to limited liquidity risk. The Company's Liquidity Risk Policy and Asset Liability Management Policy set out the Company's processes for the management of liquidity risk. Liquidity risk forms part of the Finance function's process-level risk and control self-assessment through which, together with the related risk appetite statement, the risk is assessed, monitored and reported.

The Company has invested a portion of its total investments in bonds with duration of between 1 and 5 years. While these bonds are somewhat less liquid, they represent a small portion of total investments.

b) Risk Concentration

Risk concentrations in relation to liquidity risk can arise in a number of ways:

- **Risk concentration in product type:** The Company invests primarily in term deposits; therefore, the Company does have a concentration in terms of product type. This concentration does not impact the Company's ability to generate cash in times of stress, as the asset classes employed are quite liquid.
- **Risk concentration in maturity:** The Company short matches assets to cover some longer tail technical reserve payments, so there exists a certain level of concentration in shorter maturity assets. However, this is a prudent policy with respect to liquidity position and is aligned to LeasePlan Corporation group policy. In addition, the Company has minimum acceptable credit ratings (investment grade or higher) and concentration risk limits in place which set the maximum allowable exposure by credit institution.
- **Risk concentration in provider:** This can arise as a result of dependency on a few providers of liquidity stemming from concentrated counterparty default risk. The Company has counterparty risk limits in place which restrict the concentration risk with any one counterparty.

The Director of Finance, in conjunction with the Investment Management Meeting and, as required, the Investment Committee, ensures the following:

- That the concentration limits to asset classes and individual counterparties are subject to review on a monthly basis and any increases are proposed to the Board for approval;
- That active monitoring and management of concentration risk is undertaken, including an analysis of possible contagion; and
- That asset concentration trends are analysed to identify adverse impacts on the Company and that appropriate remedial action is taken.

The monitoring of liquidity concentration risk limits is outlined in further detail in the following section on Risk Mitigation.

c) Risk Mitigation

The Company's Risk Management System, and related policies, set out the techniques used by the Company to manage and mitigate the risk to which it is exposed. The Company uses its programme of risk assessments, risk appetite monitoring and risk governance via management Risk Committees and the Board Risk Committee to monitor the continued effectiveness of these risk mitigation techniques.

Liquidity risk is the risk that the Company is unable to realise investments and other assets in order to settle its financial obligations when they fall due. The purpose of liquidity risk management, as part of an overall investment risk strategy, is to ensure there are appropriate practices to provide sufficient liquidity over the short, medium and long term.

The risk mitigation techniques used by the Company to mitigate Liquidity Risk are set out in the Company's Liquidity Risk Policy. These include the following:

- Performing daily and weekly cash flow forecasts to monitor liquidity positions. This includes determining the level of mismatch between the cash inflows and the cash outflows of both assets and liabilities, expected cash flows of insurance and reinsurance to determine the total liquidity needs in the short term including an appropriate buffer for any potential liquidity shortfall;
- Performing daily monitoring of the bank accounts. The Company prepares for any unusual cash flow movements by holding at least 5% of its financial assets on call (overnight) or short term fixed deposits (≤ 90 days) in the various different currencies; and
- The Company short matches assets to cover some longer tail technical reserve payment requirements.

The Company has Expected Profit Included in Future Premiums ("EPIFP") of €35.3m. The Company's assets generally comprise of deposits placed with highly rated banks and as such these assets are appropriate in terms of their nature, duration and liquidity in order to meet the Company's obligations as they fall due. Hence the Company does not rely on EPIFP to meet ongoing obligations to pay claims, i.e. liquidity is not jeopardised by holding EPIFP.

The continued effectiveness of the Company's risk mitigation techniques for Liquidity Risk is monitored by the Company's Investment Management Meeting and, as required, the Investment Committee, in accordance with the Company's Investment Risk Policy and Investment Management Meeting and Investment Committee Terms of Reference. In addition, the Company's investment risk appetite is used by the Non-Insurance Risk Committee and the Board Risk Committee to monitor the ongoing effectiveness of these risk mitigation techniques.

d) Risk Sensitivity

As discussed above, the Company is exposed to minimal Liquidity Risk due to the nature of its investments. The Company also short matches assets to cover some longer tail technical reserve payments, which is a prudent policy with respect to liquidity position. Liquidity Risk forms part of the Finance function's process-level risk and control self-assessment through which, together with the related risk appetite statement, the risk is assessed, monitored and reported.

The Company considers its sensitivity to liquidity risk as part of the Own Risk and Solvency Assessment. This testing did not identify any significant exposure to liquidity risk due to the composition of the Company's assets. Liquidity Risk is not an influential driver of the Company's Solvency Coverage Ratio and as such, the Company does not carry out any sensitivity analyses on this risk.

5. Operational Risk

a) Risk Exposure

The Company is exposed to operational risk arising from operations conducted in-house and from operations which it has outsourced. The Company's Operational Risk Policy sets out the Company's processes for the management of operational risk. The Company uses its risk appetite statements for operational risk and its programme of operational risk monitoring and business continuity management to assess and monitor the risk. The Company, through its entity level risk assessment and, in particular, through its various process-level risk and control self-assessments assesses, monitors and reports upon operational risk. During the reporting period the Company developed additional key risk indicators for operational risk which are monitored by the Non-Insurance Risk Committee. There were no material changes to the Company's operational risk exposure during the reporting period.

As at 31 December 2019, the Company has an operational risk charge under the SCR of €8.0m. This relates to the risk associated with the people, processes and systems involved in the running of the Company.

b) Risk Concentration

The Company does not have a risk concentration relating to operational risk. The potential for concentration risk is continuously managed and monitored using the risk management techniques outlined in the section below.

c) Risk Mitigation

The Company's Risk Management System, and related policies, set out the techniques used by the Company to manage and mitigate the risk to which it is exposed. The Company uses its programme of risk assessments, risk appetite monitoring, key risk indicators and risk governance via risk committees and the Board Risk Committee to monitor the continued effectiveness of these risk mitigation techniques.

Operational Risk is the risk of a positive, negative or potential loss resulting from inadequate or failed internal processes, human behaviour and systems or from external incidents. The risk mitigation techniques used by the Company to mitigate Operational Risk are set out in the Company's Operational Risk Policy. These include risk identification, the conduct of entity level and process level risk assessments, the implementation of appropriate risk responses following assessment, risk monitoring, operational risk appetite statement setting and reporting. The Company operates an operational risk incident monitoring process and categorises incidents into the following categories:

- Internal Fraud;
- External Fraud;
- Employment Practices and Workplace Safety;
- Clients, Products & Business Practices;
- Damage to Physical Assets; and
- Execution, Delivery & Process Management.

In addition, the Company's Business Continuity Management and Information Security functions seek to mitigate operational risk in their respective areas.

The continued effectiveness of the Company's risk mitigation techniques for operational risk is monitored by the Company's Risk committees. In addition, the Company's operational risk appetite is used by the Non-Insurance Risk Committee and the Board Risk Committee to monitor the ongoing effectiveness of the above risk mitigation techniques.

d) **Risk Sensitivity**

Operational risk, while something that requires ongoing vigilance is not, by itself, a substantial risk for the Company. Accordingly, while no specific risk sensitivity is provided here for same, during the ORSA process, a qualitative assessment of material operational risks is carried out, as well as a quantitative assessment of the impact of a large operational loss on the Company. The impact of this operational loss was to reduce the Own Funds as a result of a decrease in profit, however it did not have a material impact on the Company's Solvency Coverage Ratio.

6. Any other material risks

As part of the regular ORSA process, the overall risk profile and the associated capital needs are assessed against the Company's actual solvency capital position. The most important risks to which the Company is exposed, including risks that are not incorporated into the standard formula, are identified through a combined top-down (strategic risk assessment) and bottom-up (control risk self-assessments) approach. The following risks, outside the scope of the standard formula, are recognised by the Company as requiring ongoing vigilance:

- Cyber Risk;
- Brexit;
- Reputational Risk; and
- Strategic Risk.
- Group Risk

a) Cyber Risk

With the increased dependency on electronic data storage within the Company and the industry, there is increasing cyber security risk of data theft, and malicious data and service disruption within the industry. For this reason, the Company operates an Information Security Function within the second line of defence. The function monitors 14 information security domains on a quarterly basis. These domains cover the core elements of cybersecurity, namely:

- a) Application security;
- b) Information and data security;
- c) Network security;
- d) Business continuity planning; and
- e) Ongoing end user education.

Performance in relation to each information security domain, including the required periodic activities per domain, is monitored by management and the Audit and Compliance Committee.

b) Brexit

Due to the Company's limited activity in the UK market it has limited direct exposure to Brexit. In relation to an existing book of run-off UK business, the Company will avail of the Brexit transition period and the Financial Conduct Authority's Temporary Permissions Regime. The Company considers that it is likely to have exposure to some indirect effects of Brexit, mainly in relation to market risk. The risks associated with Brexit, and the Company's plan to address same, have been considered by the Company in its Non-Insurance Risk Committee, Board Risk Committee and in the Company's ORSA.

c) Reputational Risk

Reputational risk is the risk to the Company's earnings/capital due to an adverse perception of the image of the Company on the part of clients, counterparties, shareholders, investors and regulators.

Reputational risk is included in the Company's corporate risk register and managed through the Risk Control Self-Assessment process where it is assessed in the Company's Enterprise Risk Assessment. The Company has a risk appetite statement for reputational risk which is monitored through the Risk Appetite monitoring process.

The Company also has specific controls in place to limit reputational risk exposure such as the LPINS Code of Conduct and contractual agreements with outsourced service providers, both of which focus on ethical behaviour, honesty, trust and integrity.

d) Strategic Risk

Strategic risk is the risk to the Company's earnings/capital due to adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment.

Strategic risk is included in the Company's corporate risk register and managed through a number of controls. The Company incorporated a strategic risk component into its ORSA stress testing process through the inclusion of a reverse stress test looking at the impact of premium growth. A number of additional strategic risks that have low residual risk (i.e. taking controls into account) are assessed in the Company's Enterprise Risk Assessment.

e) Group Risk

Group risk arises in that the bulk of the Company's sales volume is sourced via LeasePlan Group. Additionally, intra-group credit risk arises due to the placing of deposits and a bond holding with the Group.

D Valuation for Solvency Purposes

1. Assets

This section contains information regarding the valuation of the balance sheet items. For each material asset class, the bases, methods and main assumptions used for Solvency II purposes are outlined.

The following table analyses the Company's financial assets at 31 December 2019:

	Assets as at 31 December 2019	
	Solvency II Value €'000	Statutory Accounts Value €'000
Deferred acquisition costs		2,579
Property, plant & equipment held for own use	2,889	3,128
Bonds	35,231	34,841
Deposits other than cash equivalents	239,013	25,006
Reinsurance recoverables from:	16,870	19,552
<i>Non-life excluding health</i>	11,175	13,010
<i>Health similar to non-life</i>	14	0
<i>Life excluding health and index-linked and unit-linked</i>	5,680	6,542
Insurance and intermediary receivables	52,089	125,021
Reinsurance receivables	0	0
Receivables (trade, not insurance)	293	293
Cash and cash equivalents	157,728	371,559
Total assets	504,112	581,979

Valuation of most financial assets is based on amortised cost for statutory purposes. In the paragraphs below, the valuation methodologies are described:

Deferred acquisition costs

Deferred acquisition costs are the amount of an insurer's acquisition costs incurred as premium is written but earned and expensed over the term of the policy. The unearned portion is capitalized and recognized as an asset on the insurer's balance sheet. However, for Solvency II purposes deferred acquisition costs of €2.6m are excluded from the valuation of assets.

Property, plant & equipment held for own use

Property, plant & equipment are valued at net book value for statutory purposes, however, for Solvency II valuation purposes, computer software tailored to the needs of the undertaking, that cannot be sold to another user, shall be valued at nil (€239k of the property, plant & equipment relates to the capitalised value of the general ledger system and data management

system). Property, plant and equipment includes €2.9m of right-of-use assets relating to leased assets.

Bonds

The Company holds a mixture of corporate and government bonds. The Bonds are valued based on market value under Solvency II and on an amortised cost basis under IFRS with an IFRS 9 adjustment for Expected Credit Loss. These differing treatments account for the difference in valuation between Solvency II and Statutory accounts value.

Deposits other than cash equivalents

Deposits other than cash equivalents are valued at fair value by the relevant financial institution, and the Company receives monthly statements at the period end to confirm the balances held. The difference between the Solvency II valuation and IFRS valuation of deposits other than cash equivalents, is the IFRS 9 adjustment for Expected Credit Loss. In addition, the categorisation of deposits and cash and cash equivalents is different between IFRS and Solvency II. While accrued interest is excluded under IFRS it is included under Solvency II.

Reinsurance asset

The Reinsurance asset relates to the amounts that can be collected from reinsurers, the value of the asset is estimated using a method that is in line with the reinsurance contract for IFRS purposes. This balance is adjusted for the IFRS 9 Expected Credit Loss and then adjusted for Solvency II purposes for the expected default of the reinsurer and discounting.

The Company has claims that have been settled via court awarded Periodic Payment Orders (“PPOs”) that provide regular payments to the claimant until death. As such these obligations have been valued using life actuarial techniques and the related reinsurance recoveries have been re-classified as a Life Reinsurance Asset.

Insurance and intermediaries’ receivables

Insurance and intermediaries’ receivable balances represent premiums due from policyholders. The Company has contracts which exist at the valuation date (31 December) with associated premiums which are not due to be paid until after the valuation date. The future premiums are treated as debtors for IFRS reporting. A creditor is set up for the associated future commission payments. However, for Solvency II purposes, the premiums and commission are a future cashflow associated with an existing contract and as such, they form part of the technical provisions. At 31 December 2019, the amount of future premium is approx. €80m. This is included as a reduction in technical provisions.

Cash and cash equivalents

Cash and cash equivalents are valued at fair value by the relevant financial institution, and the Company receives monthly statements at the period end to confirm the balances held. The difference between the Solvency II valuation and IFRS valuation of cash and other than cash equivalents is the IFRS 9 adjustment for Expected Credit Loss.

2. Technical Provisions

a) Technical Provisions Basis, Methods and Assumptions

The following section outlines the approach, general methodology and components of the Company's Technical Provisions. The two main components of the Technical Provisions are the best estimate provision and the risk margin. There are several distinct provisions that feed into the overall best estimate provision.

Provision for Claims Outstanding: The provision for claims outstanding covers cashflows related to all claim events which occur before or at the valuation date. The cashflows projected comprise of:

- Outstanding claims / Case reserves;
- Incurred but not reported claims; and
- Incurred but not enough reported claims.

The Company makes use of the below standard techniques to arrive at an estimation of the ultimate level of claims:

Development Factor Method ("DFM")

- For this method, the Company assumes that for a particular accident period, the proportion of the ultimate claims, which has developed by each period, follows past trends.
- A set of assumed development factors is determined. The development factors are typically calculated as a weighted average of factors from past accident periods. More recent accident periods generally receive a higher weighting.
- Projections are carried out on past claims data using the development factors that have been determined.
- The DFM is typically applied to both paid and incurred losses.

Loss Ratio Method

- For this method, a projected loss ratio for a particular accident period is estimated by reference to one or more older, more developed periods.
- By applying the projected loss ratio to a known earned premium, ultimate claims are estimated for the relevant accident period.

Burning Cost Method

- For this method, ultimate claims are arrived at by considering the ultimate cost of claims per unit of exposure.
- The ultimate burning cost for past periods is assessed in order to arrive at an estimate of ultimate claims for more recent or future accident periods.
- The past estimates used may or may not be adjusted for seasonal and / or inflationary effects.
- This method can be useful for more recent accident periods, avoiding an over reliance on under developed notified claims data.

The company considers the appropriateness of the above methodologies separately by line of business and by accident year. The selection of the most appropriate method is based on expert judgement which considers among other factors, the quantity, quality and reliability of the available data, and takes into account important characteristics of the business.

Claims Handling: The Company holds a provision for future claims handling expenses associated with the future processing of claims for accident periods up to the valuation date. The actuarial department assesses an appropriate provision to cover the cost of settling current and future claims arising from insurance business written to the end of the relevant accounting period. It should be noted that for a proportion of the Company's risks, claims are managed by other parties and charged on a "per event" or equivalent basis.

Premium Provision: To calculate the premium provision a forward looking combined ratio estimate is applied to the Company's unexpired premium. The ratio applied includes estimates of claims handling costs and administration expenses. The claims ratio takes account of premium rate changes. The premium provision is net of premiums which are yet to be received for unexpired risk. These future premiums receivable are related to future claims. Premium provision calculations are completed by the Actuarial department in conjunction with the Finance function. The estimation covers all programmes and all claim types.

Reinsurance: The Company has (non-proportional) reinsurance in place to protect against large individual motor third party liability (TPL) claims. The Company also has reinsurance in place to protect against accumulations of risk related to motor property damage claims, e.g. from catastrophes including weather events.

To calculate the net technical provisions, the Company's reinsurers' share of claims is subtracted from claims provisions.

The Company's reinsurance cover is placed with a variety of third party reinsurers with strong credit ratings. The Company currently has no balances in dispute with respect to third party reinsurance recoveries.

Discounting: As per Solvency II requirements, the Company discounts the run-off of the premium provision and the provision for claims outstanding in order to arrive at the Solvency II technical provisions. The pattern for the run-off of the premium provision and the provision for claims outstanding is arrived at using historic payment development patterns. The discounting of the cashflows associated with the premium provision and provision for claims outstanding is performed using discount rates that are no higher than the prescribed risk-free interest rates that are published by the European Insurance and Occupational Pensions Authority ("EIOPA").

Risk Margin: The underlying approach to the risk margin calculation is to calculate the Solvency Capital Requirement ("SCR") for each future year until the business is fully run-off. A cost of capital is then applied to this amount. The Company uses EIOPA's prescribed cost of capital of 6% and applies this to the future SCR estimates. Discounting is performed for

each future time period again using EIOPA's prescribed yields. These calculations then arrive at the Company's risk margin.

Summary of Technical Provisions Results: The Company's overall gross and net technical provisions are illustrated in the exhibit below:

GROSS		LPINS Technical Provisions at 31 Dec 2019 (€'000)		
Line of Business	Provision for Claims Outstanding	Premium Provision	Risk Margin	Total
Income protection insurance	7,355	(4,799)	542	3,097
Motor vehicle liability	213,566	(9,257)	15,733	220,042
Other motor	26,461	(2,385)	1,949	26,025
Legal expenses	1,051	(493)	77	635
Assistance	454	(1,106)	33	(619)
Miscellaneous financial loss	3,865	(7,416)	285	(3,266)
Fire & other damage to property insurance	126	(196)	9	(61)
Annuities from non-life contracts	10,351	0	2,308	12,659
Proportional non-life reinsurance - other motor insurance	1,457	(1,306)	107	258
Total	264,686	(26,959)	21,044	258,771

NET		LPINS Technical Provisions at 31 Dec 2019 (€'000)		
Line of Business	Provision for Claims Outstanding	Premium Provision	Risk Margin	Total
Income protection insurance	7,355	(4,814)	542	3,083
Motor vehicle liability	199,231	(7,308)	15,733	207,656
Other motor	26,352	(1,602)	1,949	26,699
Legal expenses	1,051	(196)	77	933
Assistance	454	(493)	33	(6)
Miscellaneous financial loss	3,865	(640)	285	3,510
Fire & other damage to property insurance	126	(7,416)	9	(7,281)
Annuities from non-life contracts	4,671	(1,132)	2,308	5,846
Proportional non-life reinsurance - other motor insurance	1,354	0	107	1,461
Total	244,458	(23,601)	21,044	241,901

The below table compares the gross and net technical provisions as at 31 December 2019 to the position as at 31 December 2018:

	LPINS Technical Provisions (€'000)		
	As at 31 Dec 2019	As at 31 Dec 2018	Difference
Gross Technical Provisions	258,771	227,738	31,033
Net Technical Provisions	241,901	213,932	27,969

There is an increase of €31m in the gross technical provisions and an increase of €28m in the net technical provisions between 31 December 2018 and 31 December 2019. The movement is primarily driven by the commencement of a number of new programmes during the year alongside business volume growth over the year in a number of countries most notably in Eastern Europe.

b) Level of Uncertainty associated with the Amount of Technical Provisions

The Company's best estimate calculations seek to represent close to the 50th percentile of estimates for the Company's claims liabilities. The best estimate arrived at is the probability weighted estimate of future claims and expenses. As the best estimate is itself an estimate, there is a level of uncertainty associated with this amount.

In terms of quantifiable elements of uncertainty, the main elements include discount rates, loss ratio assumptions for exposure beyond the valuation date and lapse rates.

The table below shows the results of the stress tests carried out on the technical provisions:

Scenario	Net TPs excluding Risk Margin (€'000)	Relative Change from Base Scenario
Base scenario	220,857	
EIOPA Shock Up Interest Rates	209,583	-5.1%
EIOPA Shock Down Interest Rates	222,442	0.7%
Increase in FX rates of 10%	222,326	0.7%
Increase in loss ratios of 2.5%	225,701	2.2%
Increase in loss ratios of 10%	240,232	8.8%
Increase of Lapse Rates absolute by 1%	221,277	0.2%
Increase of Lapse Rates absolute by 5%	222,958	1.0%

- **Interest Rate Risk**

Applying the EIOPA shock up yield curve reduces the technical provisions by 5.1% and applying the EIOPA shock down yield curves increases the technical provisions by 0.7%. Being a non-life insurer with relatively short-term liabilities and a short asset-side duration, the Company has a low exposure to reductions in interest rates.

- **Currency FX Rate Sensitivity**

A strengthening of foreign currency rates against the euro resulted in an increase in the technical provisions of 0.7%. As it is the Company's Investment Policy to broadly match

assets with liabilities in terms of currency, the Company does not have material exposures to changes in currency rates.

- **Loss Ratio Sensitivity**

An increase in the loss ratio assumptions of 2.5% results in a 2.2% increase in the technical provisions. If the loss ratios of individual programmes are increased by 10%, this results in an 8.8% increase in technical provisions.

- **Lapse Rate Sensitivity**

Two lapse rate scenarios were considered. An increase in the lapse rate assumption of 1% results in a 0.2% increase in the technical provisions, while an increase of 5% would increase technical provisions by 1.0%.

Additional sources from which uncertainty could potentially arise are as follows:

Events Not In Data (“ENIDs”): The traditional approaches used by the Company to arrive at a best estimate of ultimate claims allow for the historic level of uncertainty in the past claims data. However, in order to allow for the potential risks and associated uncertainty that the Company knows exist, but which are not yet present in past data, the Company has included a specific provision for ENIDs.

Premium Provision: The premium provision is subject to additional uncertainty over and above that contained within the claims provision in that it contains cost estimates for events that have not yet occurred. Particularly at year end, it must also contain an allowance for business bound in the main renewal season for the following year that is not yet recorded on the system, as well as premium contracted and on the system but not yet received.

Future Management Actions: As the Company mainly writes non-life insurance, the scope for future management actions to alter the valuation of liabilities is very limited.

c) Solvency II Best Estimate VS Financial Statement Reserves

The Company's Solvency II best estimate uses as a starting point the undiscounted, best estimate provisions that are included in the financial statements. Thereafter, a number of adjustments are applied to comply with Solvency II requirements (e.g. discounting is applied together with an ENID provision being held).

For financial statements, the Company holds an explicit risk margin for prudence / uncertainty consistent with industry practice and to satisfy the IFRS requirement of prudent reporting.

The Company's movement from IFRS reserves to Solvency II technical provisions is set out in the table below:

Total Technical Provisions - IFRS to Solvency II Movements (€'000)			
	Gross	Ceded	Net
IFRS Reserves	343,989	19,552	324,437
Total Solvency II Technical Provisions	258,771	16,870	241,901

d) **Application of the Matching Adjustment**

This guideline is not applicable to the Company as the Company does not use the matching adjustment.

e) **Application of the Volatility Adjustment**

This guideline is not applicable to the Company as the Company does not use the volatility adjustment.

f) **Application of the Transitional Risk-Free Interest Rate-Term Structure**

This guideline is not applicable to the Company as the Company does not use the transitional risk-free interest rate-term structure.

g) **Application of the Transitional Deduction**

This guideline is not applicable to the Company as the Company does not use the transitional deduction.

h) **Recoverables from Reinsurance Contracts**

The Company has reinsurance in place to protect against both large individual third-party liability claims and accumulations of risk with regard to property damage.

The Company's reinsurance arrangements are taken into account in order to calculate net technical provisions for Solvency II. The Company complies with Solvency II regulation by adjusting claims recoveries due from reinsurers for expected reinsurer default, together with discounting expected future reinsurance recoveries using an expected payment pattern relevant to such cashflows.

The exhibit below displays the Company's gross and net technical provisions, along with the Company's reinsurers' share of technical provisions:

	LPINS Technical Provisions (€'000)		
	Gross	RI	Net
Total	258,771	16,870	241,901

3. Other Liabilities

This section contains information regarding the valuation of the balance sheet items. For each material liability class, the bases, methods and main assumptions used for Solvency II purposes are outlined.

The following table analyses the Company's financial liabilities at 31 December 2019:

	Other liabilities as at 31 December 2019	
	Solvency II Value €'000	Statutory Accounts Value €'000
Total Technical Provisions	258,771	343,989
Insurance and intermediaries payables	51,757	58,647
Reinsurance payables	714	714
Payables (trade, not insurance)	5,867	5,867
Other Liabilities Total	58,338	65,228
Total liabilities	317,109	409,217

Valuation of most financial liabilities are based on fair value for statutory purposes. In the paragraphs below, the valuation methodologies are described.

Insurance & intermediate payables

The main differences between Solvency II and IFRS for insurance & intermediate payables are the reclassification of the non-technical (aggregate deductible) liabilities to the technical provisions where the aggregate deductible refund had been completed, and an amount of future commission of approx. €5.1m that was included as an increase in technical provisions.

Reinsurance payables

There are no differences between Solvency II valuation and IFRS valuation of reinsurance payables.

Payables (trade, not insurance)

The difference between Solvency II and IFRS for payables is due to the increase in the tax liability which results from the increase in the financial result included in the company's own funds (excess of assets over liabilities) under Solvency II. The main driver in the increase in Solvency II Own Funds, is the result generated by the Written but not yet Incepted (WBNYI) business. Please note that the Company does not currently have a Deferred Tax Asset, so any movements on the revenue of the Company will have an impact on the tax creditor.

4. Alternative Methods for Valuation

This section is not applicable to the Company as the Company does not use any alternative methods for valuation.

5. Any other information

The Company has no other disclosures to make in respect of the Company's Valuation for Solvency Purposes.

E Capital Management

1. Own Funds

a) Objectives / Policies / Processes for Managing Own Funds

The strategic objectives of capital management within the Company are:

- **Regulatory compliance:** To ensure compliance with the Company's regulatory capital requirements and in the case of adverse SCR levels, the approach to recoverability including the consideration of capital relief measures and / or additional capital;
- **Liquidity:** To maintain sufficient liquidity to ensure the Company is able to meet its obligations in a timely manner and at a reasonable cost in accordance with the Company's Liquidity Risk Policy;
- **Efficient capital allocation:** To manage and allocate capital efficiently to achieve sustainable returns and facilitate growth objectives;
- **Financial strength:** To ensure access to capital markets on competitive terms, so that the company's overall cost of capital is minimised; and
- **Continuity of business:** All of the above objectives are consistent with the continuation of profitable business in line with Company Strategy.

Taken together, these strategic goals seek to strengthen the Company's ability to withstand losses from adverse business and market conditions, enhance its financial flexibility and serve the interests of the Company's stakeholders.

The Company strives to ensure that it maintains capital levels which are consistent with the Company's Risk Appetite Framework and the Company's Strategy, at both a point in time and on a forward-looking basis.

The Company's capital planning process aims to be dynamic and forward-looking in relation to the Company's risk profile and takes into account the output from the Risk Management System and the Own Risk and Solvency Assessment ("ORSA") as part of capital planning activities.

Capital planning activities shall involve taking into account current and anticipated changes in the Company's risk profile, such as that reflected in its business plan, and forecasting the

related impact on capital. In addition, as part of its capital planning, the Company shall integrate projected capital needs with its business planning and financial forecasting processes.

As part of the ORSA process, Solvency II balance sheet projections are prepared with solvency requirements based on the strategy and business plan of the Company projected over a 5-year time horizon.

Responsibility for the on-going monitoring of the Company's Capital Management Policy has been assigned to the Company's Director of Finance, who, with the support of the Risk Function, Actuarial Department and Compliance Function performs an annual review to ensure that the Capital Management Policy and the Capital Management Plan continue to be relevant to current and planned operations of the Company.

The Company's Capital Management Policy and the Capital Management Plan are monitored by the Audit and Compliance Committee annually and presented to the Board for re-approval. The Company's SCR assurance process, which is designed to ensure that the Company complies with its capital requirements on an ongoing basis, forms part of the company's Capital Management Policy.

b) Own Funds by Tier

Under Solvency II Own Funds are classified into tiers and there are eligibility requirements / limits applicable to the tiers to cover the SCR and MCR.

At present, the Company has only Tier 1 capital, i.e. the highest quality of capital available.

Were the Company to employ lower quality capital (e.g. issue term sub-ordinated debt) in the future this would result in a re-assessment of the Company's Capital Management Policy and Plan and related Risk Appetite Frameworks and Policies.

The Company's Director of Finance is responsible for ensuring that the Own Funds items meet the Solvency II eligibility requirements and are classified correctly. The Director of Finance is also responsible for ensuring that the terms and conditions of any Own Fund item are clear and unambiguous in relation to the criteria of Solvency II.

Issuance of Own Fund items shall be in accordance with the Company's Capital Management Plan. As part of the business planning and ORSA processes, dividend payments and capital requirements shall be considered in conjunction with the Capital Management Plan.

The exhibit below outlines the Company's available Own Funds (by tier).

LPINS Own Funds (€'000)			
Available Own Funds		2019	2018
Issued Share Capital, Retained Earnings	Tier 1	176,198	158,102
	Tier 2	0	0
	Tier 3	0	0
Other own fund items approved by the supervisory authority as basic own funds not specified above	Tier 1	10,805	10,805
	Tier 2	0	0
	Tier 3	0	0
Total		187,003	168,907

c) Own Funds Eligible to Cover SCR

The exhibit below outlines the Company's Own Funds (by tier) which are available to cover the SCR:

LPINS Own Funds (€'000)			
Own Funds Eligible for SCR		2019	2018
Issued Share Capital, Retained Earnings	Tier 1	176,198	158,102
	Tier 2	0	0
	Tier 3	0	0
Other own fund items approved by the supervisory authority as basic own funds not specified above	Tier 1	10,805	10,805
	Tier 2	0	0
	Tier 3	0	0
Total		187,003	168,907

There has been no change in the quality of Own Funds available to cover the SCR, i.e. the company only has Tier 1 capital. However, there has been an increase of €19m in the amount of the Own Funds. The main driver for the increase of €19m is the financial results for 2019 and the offsetting dividends paid and due to LeasePlan Corporation N.V. (€18m).

d) Own Funds Eligible to Cover MCR

The exhibit below outlines the Company's Own Funds (by tier) which are available to cover the MCR:

LPINS Own Funds (€'000)			
Own Funds Eligible for MCR		2019	2018
Issued Share Capital, Retained Earnings	Tier 1	176,198	158,102
	Tier 2	0	0
	Tier 3	0	0
Other own fund items approved by the supervisory authority as basic own funds not specified above	Tier 1	10,805	10,805
	Tier 2	0	0
	Tier 3	0	0
Total		187,003	168,907

The own funds available to cover the MCR are the same as those available to cover the SCR. Therefore, the reasons for the differences in amount, quality and structure of own funds between 31 December 2018 and 31 December 2019, are as per section c) above.

e) Differences between Equity in Financial Statements and Basic Own Funds

The Company's financial statements include a margin for prudence when calculating claims reserves. This margin is not included by the Company when calculating claims reserves for the purpose of the Solvency II Balance Sheet.

The table below outlines the Company's reconciliation reserve information:

LPINS Reconciliation Reserve (€'000)		
	2019	2018
Excess of assets over liabilities (A)	187,003	168,907
Other basic own fund items (B)	11,484	11,484
Total (A – B)	175,519	157,423

The reconciliation reserve has increased by €18m during 2019. The main drivers for the increase are the financial results for 2019 and the offsetting dividends paid and due to LeasePlan Corporation N.V. (€18m).

The reconciliation reserve is essentially a formula driven number derived from the Solvency II balance sheet and any potential volatility in this reserve will be driven primarily by changes in the valuation of assets and the valuation of technical provisions and other liabilities (as discussed in Section D).

f) Own Funds Items subject to Transitional Arrangements

This guideline is not applicable to the Company as the Company does not have any Own Fund items that are subject to transitional arrangements.

g) Ancillary Own Funds

This guideline is not applicable to the Company as the Company does not have any ancillary Own Funds.

h) Restrictions on Own Funds

As required by the rules of the Portuguese Green Card Bureau, the Company has a charge in place over a designated bank account for the purposes of providing a guarantee required by that body. The Company maintains circa €600k in this designated bank account.

In the event of strained capital circumstances, the Company cannot immediately draw upon this €600k and as such it represents a restriction to the Company's Own Funds.

2. Solvency Capital Requirement and Minimum Capital Requirement

a) Amount of SCR and MCR

The amounts of the Company's SCR and MCR are outlined below:

€'000	LPINS Capital Requirements
SCR	111,207
MCR	39,615

b) Amount of SCR by Risk Modules

The breakdown of the Company's SCR calculation by risk module is included in the table below:

€'000	LPINS Capital Requirements
Market risk	20,414
Counterparty default risk	16,212
Non-life underwriting risk	96,953
Operational risk	7,998
Health underwriting risk	28,677
Life underwriting risk	890
LACDT*	(15,887)
Diversification	(44,050)
SCR	111,207

*where LACDT is the Loss Absorbing Capacity of Deferred Taxes

c) Simplified Calculations and / or Company Specific Parameters

This guideline is not applicable to the Company as the Company does not use any simplified calculations or company specific parameters.

d) Undertaking Specific Parameters and / or Capital Add-Ons

This guideline is not applicable to the Company as the Company does not use USPs or have any capital add-ons.

e) Amount of Capital Add-Ons

This guideline is not applicable to the Company as the Company does not have any capital add-ons.

f) Inputs for MCR

The Company's MCR is calculated by using a straight-line formula which incorporates net TPs and net premiums written for the for the last 12 months.

The prescribed MCR calculation applies both an upper and lower bound. The upper bound is equal to 45% of the corresponding SCR, while the lower bound is set at 25% of the SCR.

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

This section is not applicable to the Company as the Company does not use the duration-based equity risk sub-module when calculating its SCR.

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

This section is not applicable to the Company as the Company does not use an internal model when calculating its SCR.

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

The Company continually complied with the Minimum Capital Requirement and the Solvency Capital Requirement during 2019.

The Company has a Capital Management Policy and a Capital Management Plan in place which sets out the Company's approach to the setting and monitoring of capital resources, not just at a particular point in time, but over the business planning period. One of the strategic objectives of capital management within the Company is to ensure compliance with regulatory capital requirements and in the case of adverse SCR levels, the approach to entity recoverability including the consideration of capital relief measures and/or additional capital.

The Company's capital position is monitored at least quarterly as part of the SCR assurance process. In order to ensure appropriate levels of capital at all times, the Company has defined ranges around its capital risk appetites with thresholds and limits that shall trigger actions.

The Board is responsible for approving and adopting this Capital Management Policy and ensuring sufficient oversight of Capital Management on an on-going basis.

6. Any other information

The Company has no other disclosures to make in respect of the Company's Capital Management.

Appendix I: Glossary

Term	Definition
AOTP	Actuarial Opinion on Technical Provisions
ARTP	Actuarial Report on Technical Provisions
CBI	Central Bank of Ireland
DFM	Development Factor Method
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
ENID	Events Not In Data
EPIFP	Expected Profits in Future Premium
FOS	Freedom of Service
IFRS	International Financial Reporting Standards
MCR	Minimum Capital Requirement
ORSA	Own Risk and Solvency Assessment
PCF	Pre-Approved Control Functions
PPOs	Periodical Payment Orders
QRT	Quantitative Reporting Template
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
S&P	Standard & Poor's
TPL	Third Party Liability
USPs	Undertaking Specific Parameters
WBNYI	Written but not yet incepted

Appendix II : Quantitative Reporting Templates (“QRTs”)

The table below lists the annual disclosure quantitative templates submitted to the CBI in respect of 31 December 2019:

Code	Template Name
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life Insurance claims information
S.23.01.01	Own Funds
S.25.01.21	SCR - for undertakings on Standard Formula
S.28.01.01	MCR - for undertakings on Standard Formula

1. S.02.01.02

Balance sheet

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	2,889,333.45
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	274,243,613.58
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	R0130	35,230,676.65
Government Bonds	R0140	6,246,699.89
Corporate Bonds	R0150	28,983,976.76
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	239,012,936.93
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	16,869,684.14
Non-life and health similar to non-life	R0280	11,189,830.66
Non-life excluding health	R0290	11,175,334.88
Health similar to non-life	R0300	14,495.78
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	5,679,853.48
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	5,679,853.48
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	52,088,504.20
Reinsurance receivables	R0370	
Receivables (trade, not insurance)	R0380	293,160.87
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	157,727,816.96
Any other assets, not elsewhere shown	R0420	
Total assets	R0500	504,112,113.20

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	246,112,344.96
Technical provisions – non-life (excluding health)	R0520	243,014,946.95
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	224,820,464.21
Risk margin	R0550	18,194,482.73
Technical provisions - health (similar to non-life)	R0560	3,097,398.01
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	2,555,569.82
Risk margin	R0590	541,828.19
Technical provisions - life (excluding index-linked and unit-linked)	R0600	12,658,523.02
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	12,658,523.02
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	10,350,741.94
Risk margin	R0680	2,307,781.09
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	0.00
Financial liabilities other than debts owed to credit institutions	R0810	2,922,236.12
Insurance & intermediaries payables	R0820	51,757,378.21
Reinsurance payables	R0830	714,027.51
Payables (trade, not insurance)	R0840	2,944,552.78
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	R0900	317,109,062.60
Excess of assets over liabilities	R1000	187,003,050.60

2. S.05.01.02

Premiums, claims and expenses by line of business

Premiums written

Gross - Direct Business	R0110		11,617,537.39		107,029,804.33	95,523,921.21		358,365.96		1,251,193.25	4,720,794.51	13,190,800.82	233,692,417.48
Gross - Proportional reinsurance accepted	R0120				0.00	15,302,481.66					0.00		15,302,481.66
Gross - Non-proportional reinsurance accepted	R0130												
Reinsurers' share	R0140		0.00		3,480,706.58	1,789,452.09		0.00		0.00	768,811.14	0.00	6,038,969.82
Net	R0200		11,617,537.39		103,549,097.75	109,036,950.78		358,365.96		1,251,193.25	3,951,983.37	13,190,800.82	242,955,929.32

Premiums earned

Gross - Direct Business	R0210		11,525,602.41		127,605,509.09	92,982,082.29		357,972.17		1,327,961.94	4,701,413.82	12,842,243.18	251,342,784.90
Gross - Proportional reinsurance accepted	R0220			0.00	15,268,892.03					0.00			15,268,892.03
Gross - Non-proportional reinsurance accepted	R0230												
Reinsurers' share	R0240		0.00		3,480,706.58	1,789,452.09		0.00		0.00	768,811.14	0.00	6,038,969.82
Net	R0300		11,525,602.41		124,124,802.51	106,461,522.23		357,972.17		1,327,961.94	3,932,602.68	12,842,243.18	260,572,707.12

Claims incurred

Gross - Direct Business	R0310		1,907,446.71		76,096,725.91	60,761,270.90		76,368.02		319,595.00	2,379,609.05	3,119,091.12	144,660,106.72
Gross - Proportional reinsurance accepted	R0320			0.00	9,902,794.45					0.00			9,902,794.45
Gross - Non-proportional reinsurance accepted	R0330												
Reinsurers' share	R0340		0.04		2,599,790.02	85,973.22		0.00		0.00	0.00	0.00	2,685,763.28
Net	R0400		1,907,446.67		73,496,935.89	70,578,092.14		76,368.02		319,595.00	2,379,609.05	3,119,091.12	151,877,137.89

Changes in other technical provisions

Gross - Direct Business	R0410		810,868.12		10,872,653.12	4,414,549.10		-23,023.54		-88,318.64	-110,978.13	111,672.48	15,987,422.51
Gross - Proportional reinsurance accepted	R0420			0.00	888,672.72					0.00			888,672.72
Gross - Non-proportional reinsurance accepted	R0430												
Reinsurers' share	R0440		-1,017.06		1,464,017.60	26,361.76		0.00		0.00	0.00	0.00	1,489,362.30
Net	R0500		811,885.18		9,408,635.52	5,276,860.05		-23,023.54		-88,318.64	-110,978.13	111,672.48	15,386,732.93

Expenses incurred

R0550		1,616,478.34		25,627,345.73	14,190,987.19		37,307.82			112,752.43	547,143.83	931,397.58	43,063,412.92
R1200													
R1300													43,063,412.92

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 other than health insurance obligations	Health reinsurance	Life reinsurance	
	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written									
Gross	R1410					0.00			0.00
Reinsurers' share	R1420					0.00			0.00
Net	R1500					0.00			0.00
Premiums earned									
Gross	R1510					0.00			0.00
Reinsurers' share	R1520					0.00			0.00
Net	R1600					0.00			0.00
Claims incurred									
Gross	R1610					-75,990.68			-75,990.68
Reinsurers' share	R1620					0.00			0.00
Net	R1700					-75,990.68			-75,990.68
Changes in other technical provisions									
Gross	R1710					-177,124.35			-177,124.35
Reinsurers' share	R1720					-75,990.68			-75,990.68
Net	R1800					-101,133.67			-101,133.67
Expenses incurred	R1900					0.00			0.00
Other expenses	R2500								
Total expenses	R2600								0.00

3. S.05.02.01

Premiums, claims and expenses by country

	Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
R0010			(PT) Portugal	(PL) Poland	(NL) Netherlands	(ES) Spain	(CZ) CZECHIA
	C0080	C0140	C0090	C0090	C0090	C0090	C0090
R0110	1,410,719.93	144,232,839.80	34,540,184.81	31,814,536.80	30,463,852.70	29,042,575.04	16,960,970.52
R0120	15,302,481.66	15,302,481.66	0.00	0.00	0.00	0.00	0.00
R0130							
R0140	360,126.48	3,367,849.76	1,013,950.03	213,068.84	1,157,073.39	529,196.79	94,434.23
R0200	16,353,075.11	156,167,471.70	33,526,234.78	31,601,467.96	29,306,779.31	28,513,378.25	16,866,536.29
R0210	1,270,383.01	136,817,209.10	34,375,454.34	27,797,616.04	30,463,852.70	28,295,391.05	14,614,511.96
R0220	15,268,892.03	15,268,892.03	0.00	0.00	0.00	0.00	0.00
R0230							
R0240	360,126.48	3,367,849.76	1,013,950.03	213,068.84	1,157,073.39	529,196.79	94,434.23
R0300	16,179,148.56	148,718,251.37	33,361,504.31	27,584,547.20	29,306,779.31	27,766,194.26	14,520,077.73
R0310	256,549.00	76,206,992.21	20,625,038.12	16,832,412.12	14,830,913.04	15,451,965.00	8,210,114.93
R0320	9,902,794.45	9,902,794.45	0.00	0.00	0.00	0.00	0.00
R0330							
R0340	-0.16	-211,080.20	0.89	0.00	-211,080.25	-0.68	0.00
R0400	10,159,343.61	86,320,866.87	20,625,037.23	16,832,412.12	15,041,993.29	15,451,965.68	8,210,114.93
R0410	3,654,180.96	18,575,140.62	3,563,614.43	1,457,543.52	7,489,571.43	1,887,382.18	522,848.10
R0420	888,672.72	888,672.72	0.00	0.00	0.00	0.00	0.00
R0430							
R0440	35,372.46	3,482,808.84	141,942.32	221,964.91	2,057,333.94	1,026,195.21	0.00
R0500	4,507,481.22	15,981,004.50	3,421,672.11	1,235,578.62	5,432,237.49	861,186.97	522,848.10
R0550	10,681,646.93	31,626,818.18	4,222,394.79	4,315,107.71	5,805,039.70	4,034,941.39	2,567,687.66
R1200							
R1300		31,626,818.18					

Premiums, claims and expenses by country

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - life obligations			
	R1400						
		C0220	C0280	C0230	C0230	C0230	C0230
Premiums written							
Gross	R1410						
Reinsurers' share	R1420						
Net	R1500						
Premiums earned							
Gross	R1510						
Reinsurers' share	R1520						
Net	R1600						
Claims incurred							
Gross	R1610						
Reinsurers' share	R1620						
Net	R1700						
Changes in other technical provisions							
Gross	R1710						
Reinsurers' share	R1720						
Net	R1800						
Expenses incurred	R1900						
Other expenses	R2500						
Total expenses	R2600						

4. S.12.01.02

Life and Health SLT 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 calculated as a whole

Technical provisions calculated as a sum of BE and RM

Best Estimate

Gross Best Estimate

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Best estimate minus recoverables from reinsurance/SPV and Finite Re - total

Risk margin

Amount of the transitional on Technical Provisions

Technical provisions calculated as a whole

Best Estimate

Risk margin

Technical provisions - total

Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
0															
0							0.00		0.00						
0							10,350,741.94		10,350,741.94						
0							5,679,853.48		5,679,853.48						
0							4,670,888.46		4,670,888.46						
0							2,307,781.09		2,307,781.09						
0															
0															
0															
0							12,658,523.02		12,658,523.02						

5. 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 calculated 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	Non-proportional property reinsurance	
C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010																
R0050																
R0060	-4,799,450.56		-9,257,485.16	-3,691,285.24		-195,596.26			-493,225.37	-1,106,337.51	-7,415,725.32					-26,959,105.42
R0140	14,500.67		-1,949,525.44	-956,655.16		0.00			0.00	-466,248.19	0.00					-3,357,928.11
R0150	-4,813,951.23		-7,307,959.72	-2,734,630.08		-195,596.26			-493,225.37	-640,089.32	-7,415,725.32					-23,601,177.30
R0160	7,355,020.38		213,566,443.70	27,918,071.94		125,630.58			1,050,951.43	453,771.42	3,865,248.85					254,335,138.30
R0240	-4.89		14,335,522.03	212,257.92		-0.97			-8.89	0.46	-6.99					14,547,758.66
R0250	7,355,025.27		199,230,921.67	27,705,814.02		125,631.55			1,050,960.32	453,770.97	3,865,255.84					239,787,379.64
R0260	2,565,569.82		204,308,958.54	24,226,786.69		-69,965.68			557,726.06	-652,566.08	-3,550,476.47					227,376,032.89
R0270	2,541,074.03		191,922,961.96	24,971,183.93		-69,964.71			557,734.95	-186,318.35	-3,550,469.48					216,186,202.33
R0280	541,828.19		15,732,970.75	2,056,663.03		9,254.93			77,421.28	33,428.34	284,744.39					18,736,310.93
R0290																
R0300																
R0310																
R0320	3,097,398.01		220,041,929.30	26,283,449.72		-60,710.75			635,147.35	-619,137.74	-3,265,732.08					246,112,343.81
R0330	14,495.79		12,385,996.59	-744,397.24		-0.97			-8.89	-466,247.73	-6.99					11,189,830.55
R0340	3,082,902.23		207,655,932.71	27,027,846.96		-60,709.78			635,156.24	-152,890.01	-3,265,725.09					234,922,513.26

6. S.19.01.21

Non-life insurance claims information

Total Non-Life Business

Accident year / Underwriting year

Z0020	(1) Accident year
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Gross Claims Paid (non-cumulative)

(absolute amount)	Year	Development year											In Current year		Sum of years (cumulative)
		0	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											1,992,162.98	R0100	1,992,162.98	1,992,162.98
N-9	R0160	70,433,975.26	22,591,522.65	3,432,164.41	1,716,332.51	795,591.54	834,889.56	622,144.33	531,199.96	397,748.02	264,195.94		R0160	264,195.94	101,619,764.18
N-8	R0170	51,927,727.72	20,375,605.94	4,226,226.14	3,022,714.79	2,312,232.87	1,030,159.05	950,221.22	272,127.07	497,135.55			R0170	497,135.55	84,614,150.34
N-7	R0180	47,109,161.02	15,807,095.70	2,943,623.46	2,924,905.83	2,038,985.07	1,807,937.78	725,047.32	899,587.71				R0180	899,587.71	74,256,343.87
N-6	R0190	43,446,848.61	17,040,875.93	3,838,396.23	2,889,436.88	1,641,096.45	1,227,689.51	624,721.31					R0190	624,721.31	70,709,064.92
N-5	R0200	44,576,065.37	20,283,414.13	6,670,822.95	2,597,301.14	1,744,243.85	810,926.28						R0200	810,926.28	76,682,773.72
N-4	R0210	48,224,544.24	26,164,782.51	5,978,887.13	3,656,603.65	2,037,136.31							R0210	2,037,136.31	86,061,953.84
N-3	R0220	51,308,191.78	29,239,876.90	9,235,998.68	3,039,100.01								R0220	3,039,100.01	92,823,167.37
N-2	R0230	59,114,544.25	34,480,484.58	10,762,597.57									R0230	10,762,597.57	104,357,626.40
N-1	R0240	73,346,400.95	44,164,050.01										R0240	44,164,050.01	117,510,450.96
N	R0250	81,443,371.68											R0250	81,443,371.68	81,443,371.68
Total													R0260	146,534,985.35	892,070,830.26

Gross undiscounted Best Estimate Claims Provisions

		Development year											Year end (discounted data)	
Year		0	1	2	3	4	5	6	7	8	9	10 & +		
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		
Prior	R0100											14,099,507.03	R0100	14,153,471.71
N-9	R0160	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,632,833.91	1,291,417.86	1,752,182.27		R0160	1,762,230.44
N-8	R0170	0.00	0.00	0.00	0.00	0.00	0.00	2,012,737.64	1,494,644.65	1,044,079.22			R0170	1,048,255.82
N-7	R0180	0.00	0.00	0.00	0.00	0.00	5,585,267.70	4,661,777.06	5,468,253.43				R0180	5,495,608.93
N-6	R0190	0.00	0.00	0.00	0.00	9,305,643.57	6,984,707.04	5,939,054.16					R0190	5,966,913.76
N-5	R0200	0.00	0.00	0.00	14,835,992.26	9,304,016.68	8,177,345.84						R0200	8,210,636.79
N-4	R0210	0.00	0.00	24,728,715.88	18,713,558.35	14,346,740.54							R0210	14,411,545.83
N-3	R0220	0.00	47,666,915.75	28,831,971.04	21,662,757.51								R0220	21,743,479.06
N-2	R0230	81,601,079.86	49,825,663.74	29,740,808.19									R0230	29,820,477.27
N-1	R0240	93,277,545.90	64,367,075.55										R0240	64,491,005.46
N	R0250	87,274,731.68											R0250	87,231,513.23
Total													R0260	254,335,138.30

7. 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 (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 shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

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

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

Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
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	C0010	C0020	C0030	C0040	C0050
R0010	679,000.00	679,000.00			
R0030	0.00	0.00			
R0040	0.00	0.00			
R0050					
R0070	0.00	0.00			
R0090					
R0110					
R0130	175,519,050.60	175,519,050.60			
R0140					
R0160					
R0180	10,805,000.00	10,805,000.00			

R0220	0.00				
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R0230					
R0290	187,003,050.60	187,003,050.60			

R0300					
R0310					
R0320					
R0330					
R0340					
R0350					
R0360					
R0370					
R0390					
R0400					

R0500	187,003,050.60	187,003,050.60			
R0510	187,003,050.60	187,003,050.60			
R0540	187,003,050.60	187,003,050.60			
R0550	187,003,050.60	187,003,050.60			
R0580	111,207,194.80				
R0600	39,614,789.08				
R0620	168.1573%				
R0640	472.0536%				

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 EPIFP

C0060

R0700	187,003,050.60
R0710	
R0720	0.00
R0730	11,484,000.00
R0740	
R0760	175,519,050.60
R0770	
R0780	35,340,507.79
R0790	35,340,507.79

8. S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	20,414,192.40		
Counterparty default risk	R0020	16,212,101.52		
Life underwriting risk	R0030	889,803.53		
Health underwriting risk	R0040	28,676,682.05		
Non-life underwriting risk	R0050	96,953,211.28		
Diversification	R0060	-44,050,404.19		
Intangible asset risk	R0070	0.00		
Basic Solvency Capital Requirement	R0100	119,095,586.61		

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	7,998,350.31
Loss-absorbing capacity of technical provisions	R0140	0.00
Loss-absorbing capacity of deferred taxes	R0150	-15,886,742.12
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0.00
Solvency capital requirement, excluding capital add-on	R0200	111,207,194.80
Capital add-ons already set	R0210	0.00
Solvency Capital Requirement	R0220	111,207,194.80
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0.00
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

	YES/NO	LAC DT
	C0109	C0130
Approach to tax rate		
Approach based on average tax rate	R0590 (2) No	

Calculation of loss absorbing capacity of deferred taxes

LAC DT	R0640	-15,886,742.12
LAC DT justified by reversion of deferred tax liabilities	R0650	0.00
LAC DT justified by reference to probable future taxable economic profit	R0660	-15,886,742.12
LAC DT justified by carry back, current year	R0670	0.00
LAC DT justified by carry back, future years	R0680	0.00
Maximum LAC DT	R0690	-15,886,742.12

9. 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

MCRNL Result	R0010	C0010	
		39,516,700.42	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030	2,541,074.03	11,621,188.40
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050	191,922,961.95	103,432,147.59
Other motor insurance and proportional reinsurance	R0060	24,971,183.93	108,908,405.95
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080	0.00	358,712.60
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110	557,734.95	1,247,160.55
Assistance and proportional reinsurance	R0120	0.00	3,977,931.47
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0.00	13,185,340.67
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

MCRL Result	R0200	C0040	
		98,088.66	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240	4,670,888.46	
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation

	C0070	
Linear MCR	R0300	39,614,789.08
SCR	R0310	111,207,194.80
MCR cap	R0320	50,043,237.66
MCR floor	R0330	27,801,798.70
Combined MCR	R0340	39,614,789.08
Absolute floor of the MCR	R0350	3,700,000.00
Minimum Capital Requirement	R0400	39,614,789.08