

FCA Capital Re DAC
Solvency and Financial Condition
Report 2019

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Executive Summary

FCA Capital Re DAC (the “Company”) is a 100% owned subsidiary of FCA Bank SpA (‘FCAB’), a banking group operating in the European automotive financing sector operating as a joint venture between Fiat Chrysler Automobiles (‘FCA’), an international automotive group, and Crédit Agricole, a leading French banking group.

As a composite reinsurance undertaking, the Company is regulated by the Central Bank of Ireland. The strategy of the Company is to offer reinsurance cover related to the insurance benefits offered in conjunction with the financing products sold by FCAB on a pan European scale. Up until January 2019, FCAC Re had limited its business to the reinsurance of Credit Protection Insurance policies (‘CPI’) distributed by group companies within the FCAB group and which were inceptioned in 5 European countries (Italy, Germany, France, Spain, Poland). CPI policies cover Life, Health and Non-Life risks. During 2019, no new business was accepted from the Italian or Polish markets and thus these two markets are in run-off. From 2019 onwards, the Company also commenced reinsuring risks on Guaranteed Asset Protection policies (‘GAP’) inceptioned in 4 countries, namely, Germany, France, Spain and Poland distributed by group companies. GAP policies cover potential shortfall experienced by the customer where a vehicle is damaged, or stolen and deemed to be a “total loss”.

The CPI policies reinsured by the Company are ceded from CACI, an insurer authorised and regulated in Ireland by the Central Bank of Ireland (‘CBI’) and owned by Credit Agricole, who are joint venture partners with FCA in the ownership of FCAB. The GAP policies are underwritten by AXA France IARD, headquartered in Paris.

The Company’s reinsurance inwards arrangements are structured as proportional quota share agreements, accepting 95% of CPI risks underwritten by CACI and 80% of GAP risks underwritten by AXA France. These arrangements are written on a funds withheld basis.

The Company also has in place quota share retrocession arrangements which transfer 90% of its CPI risks ceded from CACI, on a funds withheld basis, to Hannover Re.

During the year, CACI informed the Company of a review undertaken by the Italian insurance regulator, Istituto per la Vigilanza sulle Assicurazioni (‘IVASS’), concerning dormant life insurance policies, where the beneficiary of the policy is entitled to make a claim under the policy but has failed to do so. The Company was directly impacted by these dormant claims through its reinsurance of such policies written by CACI in prior years. The Company established a claims reserve based on a schedule of estimated amount of outstanding loan balances of possible dormant policies. This had a major adverse impact on the Company’s performance for the year.

In 2019, the Company incurred a net loss before tax, based on its IFRS Financial Statements, of €0.2m, compared to a favourable net profit before tax figure of €3.2m in 2018. The negative result was primarily due to the inclusion of a claim reserve estimate for Italian dormant life policies which amounted to a gross figure of €7.4m before retrocession. The net impact of these Italian dormant claims on the company's 2019 Financial Statements amounted to €2.6m on the overall underwriting result of the Company, when factoring in the claims reserve and the profit share from Hannover Re which was forgone. Based on projected CPI gross written premium going forward, it may be 2023 before the Company will be entitled to receive any future profit share from Hannover Re.

With the emergence of the Covid-19 pandemic in 2020, the Company may experience a noticeable drop in profitability as a result of possible increases in claims for Life, Health and Unemployment policies as well as a major or possibly total reduction in new business volumes across all lines of business. Given the existing quota-share arrangement on the CPI business, stop-loss on the GAP business, (and funds withheld) reinsurance and retrocession arrangements, coupled with a healthy solvency coverage (€4.5m i.e. 242%) as at the end of 2019, the Company believes it has sufficient own funds and liquidity to withstand the risks emerging from Covid-19. This assessment is also supported by the stress tests carried out in our 2019 ORSA. Notwithstanding this, the Company will monitor the current developments closely and will advise the Board if there are significant adverse developments in solvency and/or liquidity in the period ahead.

The Company has a comprehensive system of governance in place led by the Board of Directors and the Board Committees (Risk and Audit Committees). The Board and the two Board Committees meet at least four times in each year. In addition, the Company has established the four key control functions of Risk, Actuarial, Compliance and Internal Audit, all of which operate within a clearly defined framework and report to the Board.

The Company's risk management framework is well defined and includes ongoing risk identification, mitigation and management activities. The Company uses the Solvency II standard formula to calculate its Solvency Capital Requirement (SCR). This demonstrates that the largest risk, from a risk quantification perspective, is the Non-life underwriting risk, primarily due to the modelling of the new GAP business for the first time in 2019. The second largest risk is the risk of counterparty default. This arises as a result of the capital held by the Company, the level of funds withheld by the cedants, funds held in commercial banks and in a cash pooling deposit with the Irish branch of the parent bank, FCAB.

Life, Health and Non-Life underwriting risks are measured against the defined stresses of the standard formula. These risks are manifested largely in claims shocks which could be caused by pandemic or natural disaster in the cases of life and health risks and could be influenced by economic conditions in the case of non-life risks (loss of employment).

The Company mitigates its CPI underwriting risks through its retrocession programme which transfers 90% of these risks to Hannover Re. For GAP risks, the Company has entered into a stop loss reinsurance arrangement with AXA France IARD which will limit the amount of claims

payable by FCAC Re to the total premiums earned in respect of policies underwritten in the period of the reinsurance treaty.

The Company's assets and liabilities, under Solvency II methodology, are valued at best estimate. This differs in some respects from the IFRS valuations for Financial Statements. In particular, the technical provisions for the Solvency II balance sheet represent the present value of future claim payments. A risk margin is also included in technical provisions, which represents the cost of holding the solvency capital requirement. Section D of the SFCR shows the comparison between the Solvency II balance sheet and the Financial Statements.

At the end of 2019, the Company had a surplus of assets over liabilities of €10.9m on a Solvency II valuation basis. This compares to a SCR requirement of €4.5m and indicates a solvency cover ratio of 242%. The SCR has exceeded the minimum capital requirement of €3.6m required under Solvency II, primarily due the inclusion of new GAP business.

A. Business and Performance

1. Business Description

The Company is a designated activity company incorporated in Ireland and limited by shares. It is authorised by the Central Bank of Ireland to carry on the business of Reinsurance.

Its registered address, and the address from which it operates, is:

29 Fitzwilliam Place,
Dublin 2,
Ireland.

The supervisory authority responsible for financial supervision of the Company is:

Central Bank of Ireland,
PO Box 559,
New Wapping Street,
North Wall Quay,
Dublin 1,
Ireland.

The Company's external auditor is:

Ernst and Young
Harcourt Centre,
Harcourt St,
Dublin 2,
Ireland.

The Company is 100% owned by FCA Bank SpA ('FCAB'), a banking group operating in the European automotive financing sector through a joint venture between Fiat Chrysler Automobiles ('FCA'), an international automotive group, and Cr dit Agricole, a French banking group.



The Company accepts reinsurance of Credit Payment Protection Insurance ('CPI') and Guaranteed Asset Protection ("GAP") policies distributed by group companies within the FCAB group. The policies reinsured by the Company during 2019 were inceptioned in 5 European countries (Italy, Germany, France, Spain, Poland), covering Life, Non-Life and Health risks.

2. Underwriting Performance

Gross written premiums inceptioned in 2019 are in respect of CPI and GAP policies sold by FCAB group companies in Germany, France and Spain (CPI only) and in Germany, France, Spain and Poland (GAP only). These include premium refunds related to CPI Policies distributed in Italy and Poland, prior to 2015. The individual covers within the CPI policies distributed by the FCAB group include life, health and non-life perils. GAP risks are

classified as a Non-Life peril as it covers the loss or damage of vehicle. The underwriting performance of the Company for 2019 is summarised by line of business as follows:

Summary Underwriting Performance	2019			2018		
	Life €000's	Health €000's	Non-Life €000's	Life €000's	Health €000's	Non-Life €000's
Gross Premiums Written	3,301	1,279	2,007	3,446	1,496	91
Outward Reinsurance Premium	(2,971)	(1,151)	(78)	(3,102)	(1,346)	(82)
Change in provision for Unearned Premium, Gross Amount	248	536	(1,185)	782	572	199
Change in provision for Unearned Premium, Reinsurer's Share	(223)	(482)	(62)	(704)	(515)	(180)
Net Earned Premium	355	181	682	423	207	29
Reinsurance commission	741	283	20	775	337	20
Change in deferred commission income	58	126	16	176	129	45
Fronting Fees	(371)	(120)	(14)	(392)	(139)	(17)
Change in deferred commission expense	(33)	(42)	(113)	(53)	(40)	(18)
Net commission income	394	247	(92)	506	286	31
Claims Paid, Gross Amount	(1,519)	(198)	(122)	(1,822)	(258)	(279)
Claims Paid, Reinsurer's Share	1,367	178	110	1,640	232	251
Change in provision for Claims, Gross Amount	(7,218)	220	(132)	549	213	472
Change in provision for Claims, reinsurer's share	6,496	(198)	(107)	(494)	(192)	(425)
Claims Incurred	(874)	2	(252)	(127)	(4)	19
Underwriting Performance	(124)	430	338	802	489	79

The Company pays commissions to its cedants (CACI/AXA) based on the earning pattern of the gross premiums written by the cedants at source. The Company receives commissions for the business from the retrocessionaire (Hannover Re), also based on the earning pattern of this business.

The Company's business is exclusively reinsurance of policies distributed by group companies. The majority of the policies are multi-year policies with single premium payable at inception. The Company thus earns the premium over the full term of the policies and reflects its earned commission income and commission expenses accordingly.

The increase in new business premiums written in 2019 is largely due to the incorporation of new GAP business, amounting to €1.9m of premiums written. Whereas the CPI premiums written in 2019 are marginally lower than 2018 largely following the same collection trend as last year.

The Company had to make use of FCA Bank market data and business plans to estimate some of the GAP Gross Written Premium for 2019. In 2020 the Company expects that the GAP bordereaux will provide this information.

3. Investment Performance

The investment policy of the Company is to invest all of its surplus assets in current accounts and short term bank deposits with a maturity of three months or less as well as in deposits with the Irish Branch of its parent company.

At end 2019 and 2018, the Company had investment assets as follows:

Investment Assets	31/12/2019 €000's	31/12/2018 €000's
Current Accounts and Deposits with Credit Institutions	3,223	2,848
Current Accounts and Deposits with Group	6,013	5,014
	<u>9,236</u>	<u>7,862</u>

4. Other Income and Expenses

In prior years the Company earned net profit share income based on the underwriting performance of the business. For 2019 the amount was effectively nil due to the establishment of the Italian dormant claims reserve, the impact of which amounted to €6.62m on Hannover Re's underwriting profits. The overall underwriting result for Hannover amounted to an underwriting loss of €4.1m for 2019. As per the retrocession treaty, the Company shares in retrocessionaire's underwriting profits and does not absorb any losses at an aggregate level. The profit share amount below pertains to adjustments for differences between actual and estimated figures booked in last year's accounts.

The Company paid an annual stop loss fees on the GAP business ceded by AXA France. The fees payable were based on the earned premiums at risk.

The following table shows the other operating income and expenses of the Company for 2019 and 2018.

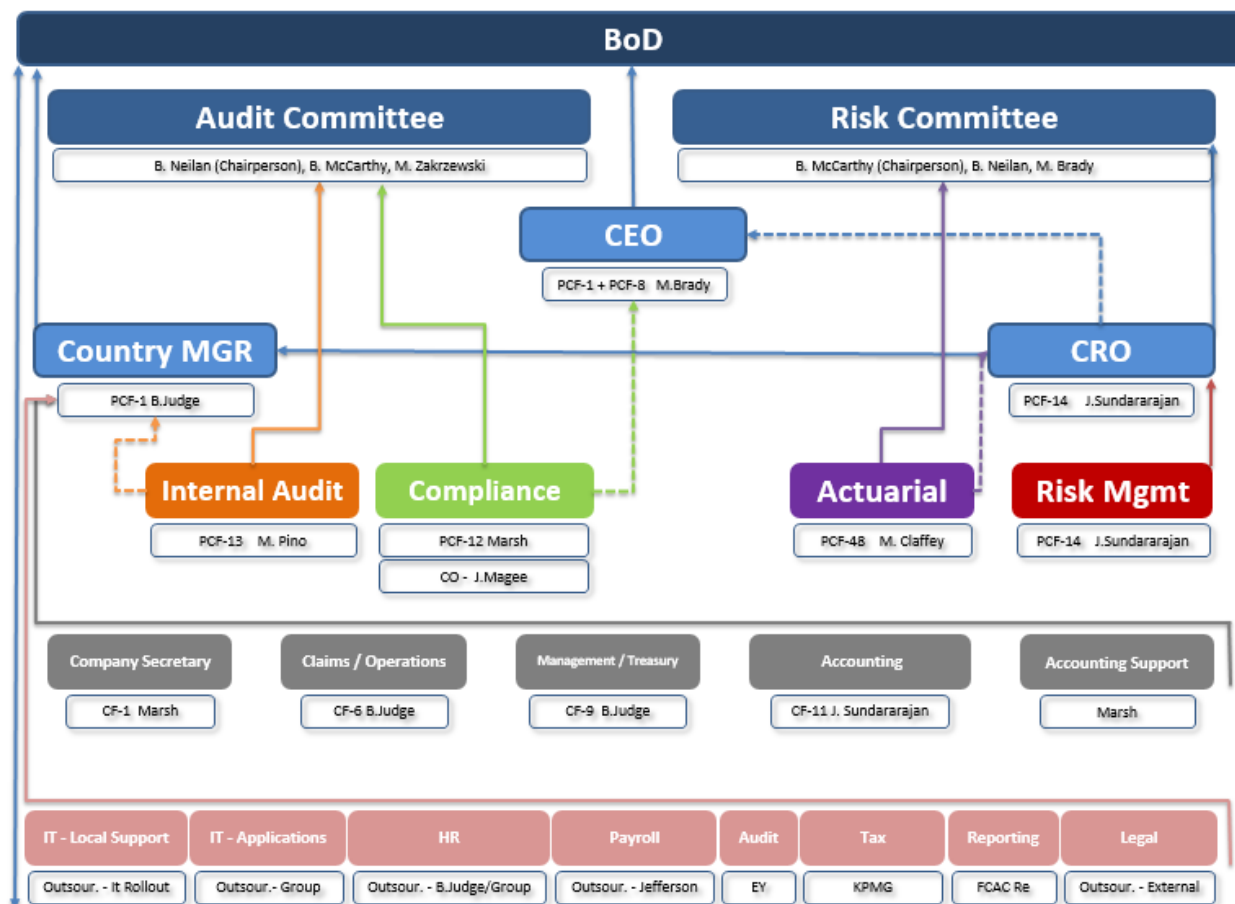
Other Operating Income / (Expenses)	2019 €000's	2018 €000's
Net Profit Share Earned	53	2,471
Stop Loss Fees	(3)	-
Administrative expenses	<u>(879)</u>	<u>(647)</u>
	<u>(829)</u>	<u>1,824</u>

B. System of Governance

1. General Governance Arrangements

B.1.1 Organisation Design

The Company is authorised and regulated by the Central Bank of Ireland (the “CBI”).



The Board of Directors as at the end of 2019 consisted of two independent non-executive directors, two group non-executive director and two executive directors who have taken the positions of Chief Executive Officer and Country Manager for the Irish operations of the parent Company. The names of the directors are set out below:

Name	Position	Nationality
Alexander Hughes	Chairman and Group Non-Executive Director	UK
Barbara Judge*	Executive Director	Polish

Brendan McCarthy**	Independent Non-Executive Director	Irish
Brian Neilan	Independent Non-Executive Director	Irish
Michael Brady***	Chief Executive Officer	Irish
Marcin Zakrzewski	Group Non-Executive Director	Polish

** On 24th September 2019, Ms. Barbara Judge was appointed as an Executive Director of the Company.*

*** On 27th June 2019, Mr. Brendan McCarthy was appointed as an Independent Director of the Company, replacing Mr. Ronan Walsh.*

*** On 15th March 2019, Mr. Michael Brady was appointed as Company's Director and Chief Executive Officer, replacing Mr. Seamus Hughes.*

The main responsibilities of the Board are:

- oversight of the Company, including its control and accountability systems
- input into and final approval of management's development of corporate strategy and performance objectives
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, contractual compliance, and legal compliance
- monitoring outsourced contracts performance and implementation of strategy, and ensuring contracts are appropriate
- approving and monitoring financial, regulatory and other reporting.

The Board has established two committees as follows:

1. Audit Committee	
- Responsibilities	<ul style="list-style-type: none"> • Consideration of the annual audit plans (internal and external) and the scope of the specific audit engagements, ensuring that co-ordination of audit effort is maximised;

	<ul style="list-style-type: none"> • Review of the findings of all audit reports and overseeing the implementation of any recommendations accepted; • Oversight of the completion of the annual statutory Financial Statements, annual regulatory returns and the audit of same; • Oversight of the completion of the annual solvency and financial condition report and the regular supervisory report. • Oversight of the Company's system of internal controls to ensure it is adequate and operating effectively; • Review of the risk management framework.
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Risk Committee	
- Responsibilities	<ul style="list-style-type: none"> • Advice to the Board on the appropriate risk appetite for the Company; • Advice to the Board on risk tolerance for current business and for future strategy, having regard to the Company's overall risk appetite, its current financial position, and its capacity to manage and control risks within the proposed strategy; • Recommendations to the Board on an appropriate and effective risk strategy, framework and resource plan to support the Company's business strategy; • Carrying out of a detailed risk review of the Company, at least twice per year, with findings reported to the Board; • Development of appropriate risk appetite metrics for each of the major risk classes and oversight of

	<p>a reporting system to the Board which summarises the Company's position vis a vis the risk metrics;</p> <ul style="list-style-type: none"> • Advice to the Board on the effectiveness of strategies and policies with respect to maintaining, on an ongoing basis, amounts, types, and distribution of both internal capital, and own funds, adequate to cover the Company's risks; • Advice to the Board on the annual ORSA process, proposing relevant stress scenarios to model through the Company's economic capital model, and proposing to the Board the Own Solvency Capital needs of the business; • Reviewing risk implications of proposed business developments within the reinsurance businesses. This includes in particular the consideration of new reinsurance concepts and the use of new reinsurance products and, if appropriate, to recommend them to the Board.
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Company Secretary services are provided by Marsh Management Services (Dublin) Limited.

The four key functions required by the Solvency II regulations are resourced as follows:

- The **Compliance Function** is outsourced to Marsh Management Services (Dublin) Limited ('' Marsh'') with Mr. John Magee, Director in Marsh, acting as head of function. The Compliance Function has a direct reporting line to the Audit Committee of the Board. Responsibilities of the Compliance Function include:
 - a) documentation of all relevant obligations of the Company from legislation, regulatory codes and guidelines, and internal policies and its assessment of the Company's performance in this regard;
 - b) reporting to the Board to provide assurance regarding the compliance of the Company; and
 - c) provision of compliance support to the business, including advice on requirements and relevant training to the Board and employees of the Company.

- The **Internal Audit Function** is outsourced to the FCAB Group Internal Audit Function. The Head of Function, Mr. Michelangelo Pino, reports directly to the Audit Committee regarding audit planning and findings for the Company.

The key responsibilities of the Internal Audit Function are:

- a) verifying that the internal control system provides reasonable assurance about the reliability of financial and operational information, the effectiveness of operations and the effective safeguard of the Company's assets;
 - b) verifying that the internal control system provides reasonable assurance that possible errors and deviations from internal Company procedures can be detected during the normal course of activities; and
 - c) helping the organization to set up adequate corrective actions in case of deficiencies by issuing recommendations and following-up on their implementation.
- The **Actuarial Function** is outsourced to Milliman, a firm of independent consulting actuaries in Dublin. Mr. Mike Claffey, Principal in Milliman, is the Head of Actuarial Function and reports directly to the Risk Committee. The responsibilities of the Actuarial Function are:
 - a) coordinating the calculation of technical provisions;
 - b) ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
 - c) assessing the sufficiency and quality of the data used in the calculation of technical provisions;
 - d) comparing best estimates against experience;
 - e) informing the Board of the reliability and adequacy of the calculation of technical provisions;
 - f) overseeing the calculation of technical provisions where approximations have been used due to insufficient data of appropriate quality;
 - g) expressing an opinion on the overall underwriting policy;
 - h) expressing an opinion on the adequacy of reinsurance arrangements; and
 - i) contributing to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the Solvency Capital Requirement ("SCR") and the Minimum Capital Requirement ("MCR"), and to the Own Risk and Solvency Assessment ("ORSA").
 - The **Risk Management Function** is managed internally by Mr. John Sundararajan, CRO, and has a direct reporting line to the Risk Committee. The responsibilities of the Risk Management Function are:
 - a) ensuring that the Company has effective processes in place to identify and manage all of the key risks of the business;

- b) monitoring the performance of the risk management framework and prepare regular reports to the Risk Committee;
- c) facilitating the development by the Risk Committee and the Board of the Risk Appetite of the Company and assist in monitoring actual risk levels against the risk appetite set.

In addition to these four functions, the Company also has a part-time Chief Executive Officer, Mr. Michael Brady, who has ultimate executive responsibility for the Company's operations, compliance and performance, and reports directly to the Board.

B.1.2 Remuneration policy and practices

The Company's approach to remuneration is drawn from, and fully aligned to, the Group's remuneration approach, which is based on the following principles:

- a) Integrity and ethical behaviour;
- b) Clear governance;
- c) Full compliance with regulatory requirements and with the Code of Conduct that FCA Bank has adopted;
- d) Remuneration programs that address the expected leadership standards and business results;
- e) Compensation structure that does not provide incentives to encourage employees to take risks that are not in line with the Company's risk profile;
- f) Sustainability of remuneration and alignment with corporate results and individual performance;
- g) Internal remuneration equity and competitiveness towards the external market; and
- h) Retention and motivation of the most strategic talents, at all levels of the organization.

The Company approach is based on a balanced package of fixed and variable elements, acting on the motivation and retention of employees and guaranteeing fairness and the consistency of the remuneration systems:

- Fixed remuneration is the most relevant component; it remunerates the role and responsibilities covered, reflecting the experience and skills of each human resource.
- Variable remuneration is related to the achieved results, linking the remuneration with the short and long term performance, in order to strengthen the alignment between the shareholders and management/employees' interests.

B.1.3 Material transactions

During the year the Company entered into reinsurance contracts with both CACI Life DAC and CACI Non-Life DAC with GWP of €3.3m and €1.4m respectively. CACI Life DAC and

CACI Non-Life DAC are both operations within the Crédit Agricole Group which owns 50% of FCAB S.p.A., the parent company of FCA Capital Re DAC. The Company has also entered into a reinsurance treaty with AXA France covering GAP business with GWP of €1.9m.

At the year end, there is an amount of €5.0m recoverable from CACI Life DAC and an amount of €6.3m recoverable from CACI Non-Life DAC. There is also an amount of €1.6m recoverable from AXA in respect of GAP business. The Company is satisfied that these amounts are recoverable in full.

At 31 December 2019, the Company had invested €6.0m in a group cash pooling account with the Irish Branch of FCA Bank S.p.A..

2. Fit and Proper Requirements

The Company has a Fitness & Probity policy which clearly sets out the Company's procedures for assessing competence and capabilities necessary for all key functions in the organisation. Key functions are those defined as 'Controlled Functions' (CF's) and 'Pre-Approval Controlled Functions' (PCF's) in S.I. No. 615 of 2011, or as amended in subsequent legislation.

An individual is required to have the competence necessary to perform the CF or PCF for which he or she is proposed. The Board tests this with regard to the qualifications and experience of the individuals, their knowledge of the business of the regulated financial service provider as a whole and the specific responsibilities of the proposed role which are documented in the fitness & probity checklist completed as part of the due diligence process.

In particular the Board considers:

- whether the person has shown the capacity previously to undertake similar responsibilities of the position;
- the existing responsibilities of the individual including but not limited to the number of existing directorships held by the individual;
- the degree of competence and proficiency to undertake a relevant function that the person has demonstrated in a previous or current role.

The Board also consider the person's character and reputation and their financial soundness before confirming them in a CF or PCF role. This process includes a self-assessment attestation by the individual which is aligned to sections 4.1 and 5.2 of the Standards of Fitness and Probity issued by the CBI pursuant to section 50 of the Central Bank Reform Act 2010.

The due diligence around reputation and financial soundness carried out by the Company includes regulatory checks for any sanctions published and checks against bankruptcy and criminal judgement databases.

3. Risk Management System (including Own Risk and Solvency Assessment)

The Board and Senior management recognises the importance of:

- implementing an appropriate risk management system;
- promoting an effective risk management culture within the organisation and ensuring financial stability through the mitigation of the main risks;
- reviewing and renewing the risk management framework on a regular basis.

The primary goal of the Risk Management system is to provide guiding principles to protect the interests of policyholders, stakeholders, shareholders and employees. Its failure can lead to acceptance of risks in a form or quantity that may:

- result in an unsupported financial loss;
- lead to negative reputation damage to the organisation as well as to its parent company and other related affiliates;
- lead to the loss of the key personnel within the organisational team that is required to run a successful operation; and,
- ultimately may lead to non-adherence to the regulations.

The risk management framework is a compilation of processes, procedures, actions, and communications designed to ensure all relevant risks have been identified, assessed, addressed, and monitored on an annual basis through the correlation of the following components:

- Risk Management Policy;
- Risk Appetite Statement (“RAS”);
- Risk Register; and
- The Own Risk and Solvency Assessment (ORSA).

The Risk Management policy and RAS are approved by the Board of Directors and outline guidelines and core expectations for how management of risks will be undertaken within the organisation.

In particular, the Risk Appetite Statement defines the level of risk that the Company is willing to tolerate and, accordingly, its risk profile.

The Company has a Chief Risk Officer in place who reports to the Risk Committee and is responsible for implementing the risk management framework.

The Risk Register is the main tool currently used by the company to identify and assess risks in accordance with the steps set out in the Risk Management Policy which are identified as: risk identification, risk assessment, risk control & monitoring and risk mitigation. Those risks are assessed on a regular basis and actions are addressed where controls are not effective.

The latest formal review and approval of the Risk Register by the Risk Committee of the Board took place in July 2019 and will continue to be reviewed at least annually in the future.

The Risk Management framework is currently considered appropriate and proportionate to the Company based on:

- the size of the business operations;
- the main business activities relate to the reinsurance of underwriting risks in a niche market place predominantly associated with consumer finance products in the auto financing industry.

The nature of the Company's business activities is to accept the risks, on a quota share reinsurance basis, included within the terms of the original policies, and therefore the risk strategy includes acknowledgement of insurance risk and the ability to mitigate and control the risks inherent in the activities of an insurer.

The ORSA process enhances this risk management framework and facilitates consideration by the Board of the capital requirements of the business having regard to the nature of business written and the manner in which it manages risks on an ongoing basis.

The ORSA process is carried out at least once per year, with a plan to update it during the interim period where the Company's strategy, or the business environment, changes in any material way. The Board thus review the ORSA output and determine the Company's overall solvency needs on an annual basis.

In preparation for the ORSA, the Company prepares a three-year business plan, aligned to the Company strategy agreed by the Board. The Risk Committee of the Board considers the key risks facing the Company which could impact the achievement of its objectives and/or the level of capital required as the strategy and business plan unfolds. In doing so, the Risk Committee develop a number of possible scenarios which could have a material impact on the Company's business plan, both positive and negative, and consequently on the Company's capital position. With the Covid-19 emerging risk arising in 2020 this risk and other emerging risks will be captured in the risk register and will be tested in this year's ORSA. The Company would be taking into account of the impact of Covid-19 in its technical provision and SCR calculations for Q1 2020 reporting.

Based on the above, the Company, using the Solvency II standard model functionality, (i) assesses the Solvency Capital Requirement (SCR) for the Company for each of the periods of the plan, and (ii) examines the potential impact on the SCR of the various risk scenarios deemed relevant. The impact on the SCR is considered, in quantitative terms by building models to stress the three year business plan or alternatively, through a narrative approach which seeks to understand the implications, in relative terms, of a realisation of any of the risk scenarios, including the impact on capital requirements.

Having completed the process above based on the Solvency II Standard Model, the Board must consider if the model is suitable in all respects to determine the overall solvency needs of the Company, both for the short term and the medium term.

Applying the Solvency II Standard Model to the Company it can be seen that the key elements of the capital requirement are (i) Counterparty Default Risk, (ii) Insurance Risk (Life, Health and Non-Life), and (iii) Operational Risk.

The Board consider the calculated SCR, based on the application of the standard model, to be, appropriate for the short term capital needs of the business.

The medium / longer term assessment of overall solvency needs is correlated with the projected business plan, the stress scenarios applied to the business plan, and the general consideration of potential risk impacts.

The Board consider it prudent to set a medium term solvency target buffer which would be added to the higher of SCR and MCR as calculated by the standard model. The Board have set this buffer as a factor of the undiversified insurance business based SCR i.e. the aggregate of the Life, Non-life, Health, Operational Risk, and the loss absorbing capacity adjustment. This buffer also takes account of the solvency requirement set out in the treaty with AXA, which requires the Company to maintain, solvency capital requirement of 150% minimum.

4. Internal Control System

The Company has established an Internal Control Policy which clearly sets out the nature of the internal control system for the business.

The internal control system comprises

- a) Board level controls;
- b) operational controls; and
- c) the independent control functions, including the Compliance Function.

Board level controls include the development of, and dissemination by, the Board of company policies. These policies are documented for significant areas of control and clearly set out the Company's objectives, the responsibilities of the various stakeholders, and the level and frequency of reporting activities to the Board.

Board level controls also include the set of activities reserved by the Board (and listed in the Board charter) for their pre-approval, and the development and implementation of a delegated authorities schedule which clearly sets out those activities which are delegated to the various levels of management in the business.

Operational controls are determined through the documentation of internal and outsourced processes with key control points listed and monitored. Both manual and automated controls are defined and each is assigned an owner and a frequency. Monthly validation reports are prepared and reviewed internally.

The Compliance Function is outsourced to Marsh with the Head of Function role provided by them. The Compliance Function has a direct reporting line to the Audit Committee of the Board.

As stated in B.1 above, the Compliance Function is responsible for:

- documentation of all relevant obligations of the Company from legislation, regulatory codes and guidelines, and internal policies and its assessment of the Company's performance in this regard;
- reporting to the Board to provide assurance regarding the compliance of the Company; and
- provision of compliance support to the business, including advice on requirements and relevant training to the Board and employees of the Company.

5. Internal Audit Function

As stated in B.1 above, the Internal Audit Function is resourced from the Group Internal Audit function of FCA Bank Spa with the Head of function role carried out by a senior member of the Group Internal Audit Function. The Head of the Internal Audit Function reports to the Audit Committee.

The Internal Audit Function prepares a continuous three year rolling audit plan, based on a risk assessment of the business, which is reviewed by the Audit Committee annually.

Risk Mapping systematically identifies and evaluates company risks and controls in place to mitigate them, with a view to providing the basis for the multi-year audit programme and the yearly audit plan, and establishing the priorities for the audit missions based on a “risk level” of the activity/process to be audited and the level of reliability of the Internal Control System of the Company.

The multi-year audit programme is derived directly from the auditable risk mapping. The multi-year programme is updated each year, when drawing up the yearly audit plan.

It is important that the Internal Audit Function maintains its independence and objectivity from the activities it reviews. It is a requirement of the internal audit policy established by the Company that those employees working within the Internal Audit Function do not carry out any roles / activities within the organisation which would be outside of the sphere of Internal Audit activities.

In addition, the Internal Audit Function of the Company reports directly to the Audit Committee of the Board.

6. Actuarial Function

The Company has outsourced the provision of actuarial services, and the Head of Actuarial Function to Milliman, a firm of actuarial consultants in Dublin.

The Head of Actuarial Function attends the Board and Board Committee meetings of the Company. A Letter of Engagement, and accompanying Statement of Work, is agreed by the Company at the beginning of each year covering at least the following activities to be implemented by the Actuarial Function:

- co-ordination of the calculation of the technical provisions (best estimate liability and risk margin);
- assessing the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;

- assessing the sufficiency and quality of data used in the calculation of technical provisions and providing recommendations, where appropriate on measures to improve data quality (annually);
- comparing best estimates against experience;
- informing the Board of the reliability and adequacy of the calculation of technical provisions;
- preparing and presenting an annual Actuarial Function Report to the Board, including the expression of an opinion on the overall underwriting policy, and on the adequacy of reinsurance arrangements;
- contributing to the effective implementation of the risk management system, in particular with respect to the risk modelling underlying the calculation of the MCR, SCR and the ORSA process;
- providing an actuarial opinion to the Board in respect of the ORSA process of the Company;
- provision of an Actuarial Opinion on Technical Provisions ('AOTP') to the CBI (based on the figures submitted in the annual QRTs);
- provision of an Actuarial Report on Technical Provisions ('ARTP') to the Board, which supports the AOTP.

7. Outsourcing

The Board has established an outsourcing policy which requires, at least, the following checks to be carried out when selecting an Outsourcer:

- the ability and capacity of the provider to deliver the required activities satisfactorily;
- assessment of the financial strength of the Outsourcer;
- verification of the absence of any explicit or potential conflict of interest; and
- consideration of the independence of the provider, where such is required.

The Company's outsourcing policy also requires a written agreement to be drawn up between the outsource service provider and the Company with specific consideration of the procedures set out in the Fitness and Probity Policy for individuals carrying out controlled activities.

The agreement complies with relevant laws and regulations and contains, through specific clauses and annexes, at least the following:

- the level of quality expected of the service provider, by defining SLA – *Service Level Agreement* and/or KPI – *Key Performance Indicators*;
- details about the regular reporting on the service provider's activity to be submitted by the Outsourcer, if applicable;
- the right for the Company to perform controls (directly or through its Parent Company or agents) on all services provided under the agreement;
- the provision of emergency mechanisms, to be tested at least once a year, to ensure the continuity of the business provided under the agreement.
- the agreement to contain details of exit clauses with time frame for transfer of service defined
- the GDPR provisions
- the IT Cyber Security compliance with the relevant guidelines

All outsourcing contracts and specific general terms and conditions are approved by the Board of Directors and the agreement is signed by an authorised signatory.

The Company has an outsource service supervision model in place which requires:

- the management to perform a regular monitoring of SLA defined in the contract;
- the Board to be regularly informed about the status of outsourcing contracts, the results of SLA monitoring and eventual corrective measures requested to the service provider;
- the identification and valuation of risks associated with outsourcing to be included in the Operational risk mapping activity, and
- the reporting to the Board of any incidents and potential losses greater than €20k associated with outsourced activities.
- to seek a confirmation of the service providers' business continuity plan and testing

- the risks associated with outsourcing to be included in the Company's Risk Register and the associated risk mitigation plans to be reviewed on an annual basis, taking into account new emerging risks;
- the Company to maintain a register of outsourced service providers and review their performance and their importance to the Company on an annual basis

The following is a register of outsourced providers for both essential and standard operational functions.

Essential				
Company	Function	PCF / CF	Overseeing PCF at FCA	Group/ Third Party
Milliman	HoAF	PCF-48	CRO	Third party
Milliman	Actuaries		CRO	Third party
Marsh	Compliance	PCF-12	CEO	Third party
Marsh	Company Secretary	CF-1	CRO	Third party
Marsh	Accounting Support		CRO	Third party
FCA Bank	Internal Audit	PCF-13	Country MGR	Group

Standard				
Company	Function		Overseeing PCF at FCA	Group/ Third Party
IT Rollout	IT - Local Support		NA	Third party
Jefferson	Payroll		NA	Third party
RES G2	IT system - Iris		NA	Third party
FCA Bank	IT - Applications		NA	Group

The above table and the classifications will be reviewed when the new underwriting system comes into effect.

8. Assessment of Governance

The Company only writes business which has been accepted by group companies. The Company has diversified its risk exposures by writing its reinsurance business across five countries in Europe. The Company is well capitalised and has a low risk appetite for market or liquidity risk.

The Board considers the system of governance as outlined above to be appropriate for the nature, scale, and complexity of the business and its inherent risks

C. Risk Profile

1. Underwriting Risk

C.1.1 Risk Exposure

The Company accepts, on a quota share reinsurance basis, CPI risks (life, Accident & Sickness, Unemployment, and disability) and GAP risks related to the consumer finance customers of FCAB in Germany, France, Spain and Poland. The Company has a portfolio of CPI risks from Italy and Poland, also related to the consumer finance customers of FCAB, which are in run-off.

The main insurance risks are related to claims experience being higher than the assumptions in the pricing of the products. This could arise as a result of economic evolution in the markets in which the risks are covered or as a result of claims shocks due to concentration exposure, pandemic, change in insurance regulations in individual countries etc.

C.1.2 Risk Concentration

The Company seeks to reduce concentration of risks by accepting reinsurance of risks which are sourced across several countries in Europe. Within each country, the Company has set individual, per customer, limits to be applied by the cedants within the books of business ceded to the Company.

C.1.3 Risk Mitigation

The Company has retroceded 90% of all CPI risks to Hannover Re. While this retrocession policy does provide mitigation of insurance risks, the profit share arrangements between the Company and Hannover Re does provide indirect exposure to claims on the retroceded business. This indirect exposure is capped at the level of the risk premium in that any underwriting losses on the book within Hannover Re cannot be passed back to the Company.

The Company has also entered into a stop loss reinsurance arrangement with AXA France IARD which will limit the amount of claims payable by FCAC Re to the total of premiums earned in respect of policies underwritten in the period of the reinsurance treaty.

The Company analyses and reviews actual claims experience on an ongoing basis, receiving policy level data on claims from the cedants monthly. On a quarterly basis, claims experience reports are brought to the Board for consideration and reviewed against the loss ratio tolerances in the RAS.

Any significant spikes in claims experience are discussed with the cedants, who also maintain a close watch on their experience and may propose price increases on specific product/s should that become necessary.

The Board's risk appetite for underwriting risks is set out by country in the Risk Appetite Statement which is reviewed annually by the Board. As stated above, specific limits are set for per customer exposures (encapsulated in the reinsurance contracts) and for the expected loss ratios. Actual loss ratios are monitored on an on-going basis and the Board review the claims performance by class of business and by country at each of the board meetings.

C.1.4 Risk Sensitivity

It is expected that the unemployment risk element of the loss ratios will be impacted by the economic cycles in the countries in which the Company writes business. As such, this element of the anticipated loss ratios will differ from one period to the next. The pricing of the products anticipates this changing loss ratio expectation and the risk tolerances have been set to also allow for movements in the expected results over the different timeframes. The other material underwriting risks of FCAC RE are not deemed to differ significantly over short, medium and long term time horizon.

Please refer to section D2 for results of technical provision sensitivities.

2. Market Risk

C.2.1 Exposure

The Company invests surplus assets in (i) fixed rate bank deposits, (ii) interest bearing bank current accounts, and (iii) deposits or cash pooling accounts with its parent company which is a bank licensed in Italy or its Irish Branch. The interest bearing assets are all variable rate products thus there is no explicit market risk exposure.

C.2.2 Concentration

The Company is not subject to any material market risk (outside the assets held as described above) and thus no concentration of market risk exists.

C.2.3 Mitigation

The Company is not subject to any material market risk and thus does not believe mitigations are necessary for this type of risk.

C.2.4 Risk Sensitivity

The Company is not subject to any material market risk and thus has no material risk sensitivity in this area.

3. Credit Risk

C.3.1 Exposure

The Company is exposed to counterparty default risk with respect to its investments in current accounts and deposits with banks, including deposits with the Irish branch of the parent company FCA Bank S.p.A..

The Company writes all of its underwriting business through funds withheld, quota share reinsurance treaties, resulting in a significant level of unearned premiums, net of unearned commissions, withheld by the cedants. This creates a further credit risk exposure.

C.3.2 Concentration

The credit risk exposure of the Company is quite concentrated and at the end of 2019 was as follows:

31/12/2019		
€000's		
Current Accounts and Deposits		
- FCA Bank S.p.A. – Irish Branch	6,013	27.0%
- Citibank & other call deposits	3,223	14.5%
Due from Cedants		
- CACI Life DAC	4,965	22.3%
- CACI Non Life Dac	6,315	28.3%
- AXA France IARD	1,647	7.4%
Due from Retrocessionnaire		
- Hannover Re	124	0.6%
Total	22,288	

C.3.3 Mitigation

The Company has an investment policy approved by the Board which requires the available resources to be invested at any time with at least two counterparties to mitigate the concentration risk and each counterparty (excluding FCA Bank SpA or its Irish branch) must not hold more than 50% of the total available resources.

The reinsurance treaties with cedants are written to terminate in the instance of an insolvency event within the cedant thus relieving the Company of any reinsurance liabilities with respect to those premiums which have been unearned and are withheld by the cedants.

Notwithstanding the insolvency clause, a default by the cedants would have an impact on the solvency coverage of the Company in that its assets would be reduced by the value of future margins to emerge from those risks which have not yet been earned. Under Solvency II methodology this value is encapsulated in the technical provisions.

C.3.4 Risk Sensitivity

The Company, at the end of December 2019 held €3.2m with banks situated in Ireland (three banks) and €6.0m deposited in the group cash pooling account managed by the Irish Branch of the Parent company.

A default by any of these counterparties would have a consequent impact on the Company's own funds. The reinsurance and the retrocession treaties are drafted such that both terminate in the instance of an insolvency, and consequent default, of either party.

4. Liquidity Risk

C.4.1 Exposure

Liquidity risk is the risk that a company does not have sufficient financial resources to enable it to meet its obligations as they fall due, even where the company is solvent. The type of business written by the Company, which does not involve significant costs of acquisition, is such as to ensure very little exposure by the Company to liquidity risk. The Company's exposure is also limited through its investment policy, which is to invest surplus assets in immediately accessible bank current or call deposit accounts.

The Company's exposure to liquidity risk is considered to be low since it maintains a high level of liquid assets to meet its liabilities.

C.4.2 Concentration

With no material liquidity risk exposure, the Company does not suffer from any concentration of liquidity risk.

C.4.3 Mitigation

As mentioned above, the Company's exposure to liquidity risk is mitigated to a very high degree through the investment policy applied to the business and inherently through the nature of the insurance risks accepted and their contracted cashflows since the Company's business is predominantly single premium.

C.4.4 Risk Sensitivity

With no material liquidity risk exposure, the Company does not have any liquidity risk sensitivities.

5. Operational Risk

C.5.1 Exposure

The operational risks mainly relate to the ongoing administration of the reinsurance treaties. In the main, operational risk comes from the risk of IT failure, the risks of a failure in service from outsourcers and from the reliance on key resources. Operational risk relating to the IT systems gave rise to processing of premium errors and related costs. Resulting from these errors, the 2018 balance sheet was restated. The Company has taken steps to minimise such errors in the future.

The Company operates a bespoke proprietary insurance accounting system in its headquarters in Dublin which was developed by, and is supported by, a third party development company in Italy. The Company is currently implementing a new IT system with additional functionalities and enhanced reporting capabilities with a new third party provider, also based in Italy.

The Company operates a largely outsourced operational model. It is thus exposed to the failure by one of these outsource providers to supply the service as contracted.

With only minimal level of employees, the Company is thus exposed to the operational risk of key staff leaving.

C.5.2 Concentration

The size of the Company and its reliance on third party service providers creates certain concentrations of operational risk. This is particularly apparent in the risk to the Company of the loss of key resources.

C.5.3 Mitigation

The Company maintains an ongoing review of the operational risks and has mitigating features as follows:

- data is sourced from the FCAB market participants, independently from the cedants on a monthly basis, at policy level, and is reconciled with any differences followed up in the same month;
- data backup procedures are in place;
- the Company has a robust business continuity plan which is tested annually;

- the key outsource provider (MMS) has a detailed SLA in place and this is reviewed annually.
- detailed end to end procedures encompassing all operational processes.

The Company size does not facilitate a 100% coverage of key staff at all times in terms of succession. The Company therefore accepts certain of the staff risks which might require more expensive coverage during the period between the loss of staff and their effective replacement.

C.5.4 Risk Sensitivity

Operational risk makes up 6% of the total SCR of the Company. It is a factor based module in the standard formula.

D. Valuation for Solvency Purposes

1. Assets

The Company's assets, at fair value, are as set out in the following table:

	31/12/2019	31/12/2019
	Solvency II	Financial Statements
Assets for Solvency Purposes	€000's	€000's
Insurance and Intermediaries Receivables	3,136	3,136
Deposits to Cedants	9,788	9,788
Reinsurance Receivables	124	124
Cash and Cash Equivalents	9,236	9,236
Reinsurance Asset	9,841	15,019
Deferred Acquisition Costs	0	1,046
Tangible Assets	13	13
Deferred Tax Asset	25	25
Intangible Assets - IFRS 16	60	60
Tax Prepayments & Other Receivables	446	446
	<u>32,669</u>	<u>38,893</u>

The Company is party to reinsurance treaties with CAC and AXA. Both treaties are written on a quota share basis with cashflows from the Cedants to the Company following the earning pattern of the ceded business.

Insurance and Intermediaries Receivable represent the amounts earned but not yet paid by the Cedant to the Company. They are thus in nature short term debtors and have a fair value which is the same as book value. Likewise, the value for Solvency II purposes is the same as that for the Company's Financial Statements.

Deposits to cedants represent the unearned element of the policies underlying the reinsurance treaties. It will thus be a combination of unearned premiums, less unearned claims, and unearned commission amounts. For Solvency II purposes, these assets have been valued at their book value similar to the accounting treatment as per the financial statements with the impact of discounting reflected in the Reinsurance Asset.

The Company reinsures 90% of its CPI business to Hannover Re, on a quota share basis and a funds withheld basis, similar to the reinsurance inwards treaties. Reinsurance receivables represents profit share accruals related to the earned elements of the business reinsured, and have a fair value which is the same book value.

Cash and cash equivalents are balances held on current accounts with credit institutions. For both Solvency II and Financial Statements carrying value of these assets approximates their fair value.

The Solvency II reinsurance asset represents the present value of claim recoveries and profit share payments due to the Company from the reinsurer, Hannover Re. In the Financial Statements, the reinsurance assets represent the retrocessionaire's share of the UPR, IBNR, and OSLR.

2. Technical Provisions

The Company is a reinsurance undertaking authorised to carry on life and non-life assurance business. The Company reinsures, on a quota share basis, the life, accident and sickness, and loss of employment covers of CPI policies. The Company also reinsures GAP policies which cover the potential shortfall experienced by the customer where a vehicle is damaged, or stolen and deemed to be a total loss. These covers are classified as:

- “Life - Other life insurance on accepted reinsurance” Line of Business under Solvency II;
- “Life - Health reinsurance” business under Solvency II; and
- “Non-Life – Miscellaneous Financial Loss”. (Includes Loss of employment and GAP covers)

The value of technical provisions equals the sum of the Best Estimate Liability (“BEL”) and the Risk Margin (“RM”).

Technical provisions are calculated gross of amounts recoverable from reinsurance contracts.

The technical provisions as at 31 December 2019 are summarised as follows:

Technical Provisions	31/12/2019 Solvency II €000's	31/12/2019 Financial Statements €000's
Life	8,780	11,538
Health	2,347	4,742
Non-Life	1,620	1,913
	<u>12,746</u>	<u>18,193</u>
Risk Margin	566	0
Total Technical Provisions	<u>13,312</u>	<u>18,193</u>
Reinsurance Recoverables	9,841	15,019

As stated above, under Solvency II, the technical provisions represent the present value of future claims, expenses, and profit share outgo on a best estimate basis using the relevant risk-free interest rate term structure. For the Financial Statements, the technical provisions consist of the unearned reinsurance premiums plus the claims reserves (IBNR, OSLR and Dormant Claims). The calculation methodology applied, and the individual elements included in, the technical provisions under Solvency II and Financial Statements are thus quite different.

The technical provisions are calculated based on the discounted value of the expected future cashflows for the inforce business.

The projected future cashflows that are modelled include:

- any future regular premium receipts
- claims payments to the cedant
- expenses
- commissions to the cedant
- profit share payments¹

¹ Note that profit share payments are based on technical results which include reserve movements based on IFRS principles rather than Solvency II principles. Therefore, we also model earned premium and earned commission although these are not Solvency II concepts.

- retrocession premium payments
- retrocession commission
- retrocession claims recoveries

These results are then scaled up to reflect the actual size of the liabilities at the reporting date. The reinsurance recoveries are calculated using the same methodology.

The risk margin is calculated using the cost of capital approach set out in the Directive:

- first, the Solvency II capital requirement (“SCR”) representing non-hedgeable risks is projected for each future year (until the expiry of all contracts); Individual sub-risks are approximated to calculate the future SCRs (known as method 2);
- the SCR in each future year is then multiplied by the prescribed cost of capital rate (6% p.a.)² to get the cost of holding the Solvency II capital requirement in each future year;
- these cost-of-capital figures are then discounted to a single present value using the risk-free yield curve specified by EIOPA to determine the overall risk margin.

The key assumptions in the technical provision calculation are the loss ratios, per policy expense assumptions, and lapse/cancellation rates.

The key sources of uncertainty associated with the value of technical provisions relate to potential changes in claim frequencies, claim recovery rates, expenses, and cancellation/lapse rates.

Neither the matching adjustment, volatility adjustment, nor transitional measures apply to the Company.

The overall technical provision as at the end of 2019 has increased by €8m. Increase in Life technical provision is predominantly due to the inclusion of the reserve for Italian dormant life policies which amounts to €7.4m. Increase in Non-Life technical provision is mainly due to the modelling of the new GAP business for the first time in 2019. Movements in technical provision were also impacted by revised loss ratio assumptions used in calculating the future claims as well as the provision for future expenses updated in accordance with the Company’s budget assumptions.

The technical provisions as at 31 December 2019 and 2018 are summarised as follows:

² As specified in article 39 of the Delegated Acts

	31/12/2019	31/12/2018
	Solvency II	Solvency II
	€000's	€000's
Technical Provisions		
Life	8,780	1,443
Health	2,347	2,963
Non-Life	1,620	461
	<u>12,746</u>	<u>4,867</u>
Risk Margin	566	418
Total Technical Provisions	<u>13,312</u>	<u>5,284</u>
Reinsurance Recoverables	9,841	6,491

3. Other Liabilities

The Company's other liabilities, at fair value, are set out in the following table:

	31/12/2019	31/12/2019
	Solvency II	Financial Statements
	€000's	€000's
Other Liabilities		
Insurance and Intermediaries Payables	1,536	1,536
Deposits from Reinsurers	6,328	6,328
Payables (trade, not reinsurance)	455	455
Deferred Tax Liability	50	0
Deferred Acquisition Costs, reinsurer's share	0	1,742
Any other liabilities	54	54
	<u>8,423</u>	<u>10,116</u>

Insurance and Intermediaries Payables represent the amounts recognised but not yet paid by the Company. They are thus in the nature of short term creditors and have a fair value which is the same as the book value. Likewise, the value for Solvency II purposes is the same as that for the Company's Financial Statements.

Deposits from Reinsurer represent the unearned element of the policies underlying the retrocession treaties. It will thus be a combination of unearned premiums, less unearned claims, and unearned commission amounts. For Solvency II purposes, these liabilities have been valued at their book value in the accounting records of the Company with the impact of discounting reflected in the Reinsurance Asset. The Solvency II valuation above is thus the same as the Financial Statements valuation for the Company.

For Solvency II valuations, future profit margins on the business already written are recognised on a best estimate basis. This results in the value of Own Funds being greater under the Solvency II basis than for the Financial Statements basis. For this reason, a deferred tax liability is recognised which is not included in the Financial Statements balance sheet.

E. Capital Management

1. Own Funds

E.1.1 Objectives, policies and processes for managing Own Funds

The Board of Directors have set an objective to have sufficient Own Funds at all times to cover the Company's SCR and MCR requirements plus a buffer. At each board meeting, the latest available analysis of SCR, MCR and Own Funds is presented in the quarterly risk report, reviewed by the Risk Committee of the Board.

On an annual basis, the Board oversees the preparation of a one year budget and a three year strategic business plan projection. The results of these forward plans are considered for planning capital needs for the future.

E.1.2 Structure, amount and quality of Own Funds

The Company's Own Funds consists of paid in ordinary share capital, retained profits, and a reconciliation reserve.

Own Funds at the beginning and the end of 2019 are as follows:

Own Funds	2019 €000's	2018 €000's
Paid in Share Capital	1,000	1,000
Retained Profits	9,584	9,758
Reconciliation Reserve	350	2,836
	<u>10,934</u>	<u>13,594</u>

All Own Funds are Tier 1. There is no use of Ancillary Own Funds. The Own Funds items are not dated and therefore longer in duration than the Company's liabilities.

No new ordinary share capital was issued during the year. There have been no other material movements in assets or liabilities other than those projected as the book of business continues to decline in size.

E.1.3 Eligible Own Funds to cover Solvency Capital Requirement

The Company's Own Funds are all tier 1 unrestricted and available to cover the SCR.

E.1.4 Eligible Own Funds to cover Minimum Capital Requirement

The Company's Own Funds are all tier 1 unrestricted and available to cover the MCR.

E.1.5 Difference between equity in the Financial Statements and Own Funds

The following table reconciles the equity shown in the Financial Statements of the Company at end 2019 to the Solvency II Own Funds at that date:

	31/12/2019
	€000's
Equity per Financial Statements	
- Ordinary share capital	1,000
- Retained profits	9,584
Adjustments for Solvency II	
- Difference in the value of Reinsurance Asset	(5,177)
- Difference in Technical Provisions	4,881
- Exclusion of Deferred Acquisition Cost Asset	696
- Inclusion of Deferred Tax Liability	(50)
Own Funds based on Solvency II	10,934

2. Solvency Capital Requirement / Minimum Capital Requirement

E.2.1 Amount of SCR and MCR

At end 2019, the SCR and MCR for the Company were as follows:

	31/12/2019 €000's	31/12/2018 €000's
Solvency Capital Requirement	4,524	3,091
Minimum Capital Requirement	3,600	3,600

E.2.2 SCR split by Risk Modules

The Company's SCR split by risk modules at end 2019 and end 2018 is as follows:

	31/12/2019 €000's	31/12/2018 €000's
Standard Formula Risk Modules		
Market Risk	115	28
Counterparty Default Risk	1,926	1,689
Life Underwriting Risk	554	1,972
Health Underwriting Risk	202	775
Non-Life Underwriting Risk	2,871	221
Undiversified BSCR	5,668	4,685
Diversification Benefit	(1,316)	(1,381)
Basic SCR	4,353	3,304
Loss-absorbing Capacity Adjustment	(50)	(442)
Operational Risk	221	228
Solvency Capital Requirement	4,524	3,091
Minimum Capital Requirement	3,600	3,600

In a sharp contrast to prior years, 2019 saw the Company increasing its portfolio with the introduction of the GAP business. This is reflected in the substantial increase in Non-Life underwriting risk in the table above as GAP is modelled as Non-Life business. Unlike last year, where the MCR was more onerous than the SCR, primarily due to the declining CPI in-force book, the enhanced portfolio in 2019 has driven the SCR higher than the minimum requirement.

The increase in cash and cash equivalent and the additional exposure to a new cedant (AXA) and slight deteriorations in solvency coverage of CACI, have contributed to the increase in counterparty default risk component of SCR. As mentioned above, the increase in Non-Life underwriting risk mainly due to the modelling of GAP business. Unlike last year, the recoveries for Life are significantly lower than the best estimate liability, as a result of the smaller profit share recoveries. The profit share recoveries have reduced substantially due to

the impact of the dormant claims reserve. Other variations were due to changes in loss ratios and business volumes. Health underwriting risk also reduced when compared to 2018 due to the same reasons as for Life underwriting business.

The loss absorbing capacity of deferred tax (“LACDT”) within the SCR is generally calculated as 12.5% of the gross SCR i.e. the Basic SCR plus the operational risk. However, it is required to test the established LACDT for recovery from future profits. The recovery test showed an expected deficiency for end 2019 due to the expected loss of future profit share payments from Hannover Re. For prudence, the LACDT has been capped to the deferred tax liability amount of €50K as at the end of 2019.

E.2.3 Use of Simplified Calculations

The Company does not use any of the simplifications as defined under Solvency II as part of its SCR calculations.

E.2.4 Use of undertaking specific parameters

Undertaking specific parameters are not used in the calculation of SCR.

E.2.5 Inputs used to calculate the MCR

The table below summarises the inputs used by the Company to calculate the MCR at 31st December 2019. The MCR is calculated based on factors applied to sums assured, premiums, and technical provisions.

	MCR Input €000's	Linear MCR Result €000's
Miscellaneous Financial Loss		
- Net written premiums	1,929	235
- Net best estimate	1,399	260
Life/Health		
- Capital at Risk	1,814,370	1,270
- Net best estimate	1,506	32

It is then subject to an upper (45%) and lower (25%) band based on the SCR, with an absolute minimum floor of €3.6m.

	€000's
Linear MCR	1,797
SCR	4,524
MCR cap (45% of SCR)	2,036
MCR floor (25% of SCR)	1,131
Combined MCR	1,797
Absolute floor on the MCR	3,600
Minimum Capital Requirement	3,600

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

Not applicable.

E4: Difference between the standard formula and any internal model used

The Company calculates the SCR using the standard formula.

E5: Non-Compliance with the MCR and non-compliance with the SCR

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

F. Appendix – Public QRTs

Annex I**S.02.01.02****Balance sheet**

	Solvency II value
Assets	C0010
Intangible assets	R0030 60,417
Deferred tax assets	R0040 24,591
Pension benefit surplus	R0050
Property, plant & equipment held for own use	R0060 12,999
Investments (other than assets held for index-linked and unit-linked contracts)	R0070
Property (other than for own use)	R0080
Holdings in related undertakings, including participations	R0090
Equities	R0100
Equities - listed	R0110
Equities - unlisted	R0120
Bonds	R0130
Government Bonds	R0140
Corporate Bonds	R0150
Structured notes	R0160
Collateralised securities	R0170
Collective Investments Undertakings	R0180
Derivatives	R0190
Deposits other than cash equivalents	R0200
Other investments	R0210
Assets held for index-linked and unit-linked contracts	R0220
Loans and mortgages	R0230
Loans on policies	R0240
Loans and mortgages to individuals	R0250
Other loans and mortgages	R0260
Reinsurance recoverables from:	R0270 9,841,141
Non-life and health similar to non-life	R0280 220,303
Non-life excluding health	R0290 220,303
Health similar to non-life	R0300
Life and health similar to life, excluding health and index-linked and unit-linked	R0310 9,620,838
Health similar to life	R0320 1,696,747
Life excluding health and index-linked and unit-linked	R0330 7,924,091
Life index-linked and unit-linked	R0340
Deposits to cedants	R0350 9,787,777
Insurance and intermediaries receivables	R0360 3,136,409
Reinsurance receivables	R0370 124,082
Receivables (trade, not insurance)	R0380 0
Own shares (held directly)	R0390
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400
Cash and cash equivalents	R0410 9,236,211
Any other assets, not elsewhere shown	R0420 445,711
Total assets	R0500 32,669,338

Annex I**S.02.01.02****Balance sheet****Liabilities**

Technical provisions – non-life

Technical provisions – non-life (excluding health)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions - health (similar to non-life)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions - life (excluding index-linked and unit-linked)

Technical provisions - health (similar to life)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions – life (excluding health and index-linked and unit-linked)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions – index-linked and unit-linked

TP calculated as a whole

Best Estimate

Risk margin

Contingent liabilities

Provisions other than technical provisions

Pension benefit obligations

Deposits from reinsurers

Deferred tax liabilities

Derivatives

Debts owed to credit institutions

Financial liabilities other than debts owed to credit institutions

Insurance & intermediaries payables

Reinsurance payables

Payables (trade, not insurance)

Subordinated liabilities

Subordinated liabilities not in BOF

Subordinated liabilities in BOF

Any other liabilities, not elsewhere shown

Total liabilities**Excess of assets over liabilities**

	Solvency II value
	C0010
R0510	2,067,633
R0520	2,067,633
R0530	
R0540	1,619,604
R0550	448,029
R0560	
R0570	
R0580	
R0590	
R0600	11,244,689
R0610	2,378,372
R0620	
R0630	2,346,884
R0640	31,488
R0650	8,866,317
R0660	
R0670	8,779,842
R0680	86,475
R0690	
R0700	
R0710	
R0720	
R0740	
R0750	
R0760	
R0770	6,327,761
R0780	49,941
R0790	
R0800	
R0810	
R0820	1,536,482
R0830	
R0840	455,050
R0850	
R0860	
R0870	
R0880	54,167
R0900	21,735,723
R1000	10,933,615

S.05.01.02

Premiums, claims and expenses by line of business

[illegible]

S.05.01.02

Premiums, claims and expenses by line of business

[illegible]

S.05.01.02

Premiums, claims and expenses by line of business

[illegible]

S.05.02.01

Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010	X						X
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120	87,206	1,919,949					2,007,155
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	78,486	0					78,486
Net	R0200	8,721	1,919,949					1,928,669
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220	156,018	666,027					822,044
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	140,416						140,416
Net	R0300	15,602	666,027					681,629
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320	2,725	251,588					254,313
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	2,452	0					2,452
Net	R0400	272	251,588					251,860
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers'share	R0440							
Net	R0500							
Expenses incurred	R0550	39,555	168,857					208,411
Other expenses	R1200	X	X	X	X	X	X	
Total expenses	R1300	X	X	X	X	X	X	208,411

Annex I

S.05.02.01

Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400							
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	4,579,789						4,579,789
Reinsurers' share	R1420	4,121,810						4,121,810
Net	R1500	457,979						457,979
Premiums earned								
Gross	R1510	5,363,125						5,363,125
Reinsurers' share	R1520	4,826,812						4,826,812
Net	R1600	536,314						536,314
Claims incurred								
Gross	R1610	8,713,747						8,713,747
Reinsurers' share	R1620	7,842,372						7,842,372
Net	R1700	871,376						871,376
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900	120,856						120,856
Other expenses	R2500							
Total expenses	R2600							120,856

Annex I
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 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)
			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
R0010										
R0020										
R0030									8,779,842	8,779,842
R0080									7,924,091	7,924,091
R0090									855,751	855,751
R0100									86,475	86,475
R0110										
R0120										
R0130										
R0200									8,866,317	8,866,317

Annex I
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 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

	Health insurance (direct business)		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
	Contracts without options and guarantees	Contracts with options or guarantees			
	C0160	C0170	C0180	C0190	C0200
	C0210				
R0210					
R0220					
R0030				2,346,884	2,346,884
R0080				1,696,747	1,696,747
R0090				650,137	650,137
R0100				31,488	31,488
R0110					
R0120					
R0130					
R0200				2,378,372	2,378,372

Annex I
S.17.01.02
Non-life Technical Provisions

Technical provisions calculated as a whole

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

Technical provisions calculated as a sum of BE and RM

Best estimate

Premium provisions

Gross

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

Net Best Estimate of Premium Provisions

Claims provisions

Gross

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

Net Best Estimate of Claims Provisions

Total Best estimate - gross

Total Best estimate - net

Risk margin

Amount of the transitional on Technical Provisions

Technical Provisions calculated as a whole

Best estimate

Risk margin

Direct business and accepted proportional reinsurance								
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
C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
R0010								
R0050								
R0060								
R0140								
R0150								
R0160								
R0240								
R0250								
R0260								
R0270								
R0280								
R0290								
R0300								
R0310								

Annex I
S.17.01.02
Non-life Technical Provisions

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								
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
C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
R0320								
R0330								
R0340								

Annex I
S.17.01.02
Non-life Technical Provisions

Technical provisions calculated as a whole

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

Technical provisions calculated as a sum of BE and RM

Best estimate

Premium provisions

Gross

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

Net Best Estimate of Premium Provisions

Claims provisions

Gross

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

Net Best Estimate of Claims Provisions

Total Best estimate - gross

Total Best estimate - net

Risk margin

Amount of the transitional on Technical Provisions

Technical Provisions calculated as a whole

Best estimate

Risk margin

	Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010								
R0050								
R0060			1,267,208					1,267,208
R0140			129,576					129,576
R0150			1,137,632					1,137,632
R0160			352,395					352,395
R0240			90,727					90,727
R0250			261,668					261,668
R0260			1,619,604					1,619,604
R0270			1,399,301					1,399,301
R0280			448,029					448,029
R0290								
R0300								
R0310								

Annex I
S.17.01.02
Non-life Technical Provisions

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
Legal expenses insurance	Assistance	Miscellaneous financial loss	Non- proportional health reinsurance	Non- proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non- proportional property reinsurance	
C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0320		2,067,633					2,067,633
R0330		220,303					220,303
R0340		1,847,330					1,847,330

Total Non-Life Business

Z0010	Underwriting year
--------------	----------------------

	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	
Prior	R0100												R0100		2,624,307.40
N-9	R0160	2,353	179,429	499,804	850,803	596,864	159,478	483,560	9,068	891	0		R0160	0	2,782,249
N-8	R0170	2,776	76,267	353,905	454,808	279,401	169,122	33,911	4,554	0			R0170	0	1,374,744
N-7	R0180	2,841	119,903	343,878	362,360	217,431	144,328	22,114	1,466				R0180	1,466	1,214,322
N-6	R0190	5,058	100,465	323,342	237,931	180,399	62,923	15,250					R0190	15,250	925,367
N-5	R0200	2,432	130,624	202,361	140,888	121,171	58,869						R0200	58,869	656,345
N-4	R0210	3,728	10,036	5,901	3,888	1,139							R0210	1,139	24,692
N-3	R0220	2,448	2,422	2,275	885								R0220	885	8,030
N-2	R0230	0	970	5,698									R0230	5,698	6,668
N-1	R0240	840	3,629										R0240	3,629	4,469
N	R0250	0											R0250	0	0
	Total												R0260	86,936	9,621,194

Annex I
S.19.01.21
Non-life Insurance Claims Information

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year	Development year												Year end (discounted)		
	0	1	2	3	4	5	6	7	8	9	10 & +				
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300				
Prior	R0100												R0100		
N-9	R0160							17,267	625	58	0		R0160	0	
N-8	R0170						10,613	3,750	244	3			R0170	3	
N-7	R0180					7,870	17,753	1,269	15				R0180	15	
N-6	R0190				42,521	31,050	5,743	91					R0190	91	
N-5	R0200			28,927	68,051	10,355	369						R0200	369	
N-4	R0210		119,103	129,375	20,510	35,339							R0210	35,339	
N-3	R0220	293,269	212,395	38,736	63,142								R0220	63,142	
N-2	R0230	166,770	61,186	64,351									R0230	64,351	
N-1	R0240	53,291	94,835										R0240	94,835	
N	R0250	94,249											R0250	94,249	
													Total	R0260	352,395

Annex I
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 should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

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

Deductions

Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Ancillary own funds

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

Total ancillary own funds

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	1,000,000	1,000,000			
R0030					
R0040					
R0050					
R0070					
R0090					
R0110					
R0130	9,933,615	9,933,615			
R0140					
R0160					
R0180					
R0220					
R0230					
R0290	10,933,615	10,933,615			
R0300					
R0310					
R0320					
R0330					
R0340					
R0350					
R0360					
R0370					
R0390					
R0400					

Annex I
S.23.01.01
Own funds

Available and eligible own funds

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

SCR

MCR

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

Reconciliation reserve

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

Reconciliation reserve

Expected profits

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

Total Expected profits included in future premiums (EPIFP)

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
R0500	10,933,615	10,933,615			
R0510	10,933,615	10,933,615			
R0540	10,933,615	10,933,615			
R0550	10,933,615	10,933,615			
R0580	4,523,930				
R0600	3,600,000				
R0620	242%				
R0640	304%				

	C0060	
R0700	10,933,615	
R0710		
R0720		
R0730	1,000,000	
R0740		
R0760	9,933,615	
R0770	526,148	
R0780	175	
R0790	526,323	

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

Market risk

Counterparty default risk

Life underwriting risk

Health underwriting risk

Non-life underwriting risk

Diversification

Intangible asset risk

Basic Solvency Capital Requirement**Calculation of Solvency Capital Requirement**

Operational risk

Loss-absorbing capacity of technical provisions

Loss-absorbing capacity of deferred taxes

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

Solvency capital requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement**Other information on SCR**

Capital requirement for duration-based equity risk sub-module

Total amount of Notional Solvency Capital Requirement for remaining part

Total amount of Notional Solvency Capital Requirements for ring fenced funds

Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios

Diversification effects due to RFF nSCR aggregation for article 304

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0100
R0010	115,485		
R0020	1,926,136		
R0030	554,112		
R0040	201,771		
R0050	2,870,865		
R0060	(1,315,538)		
R0070			
R0100	4,352,831		

	C0100
R0130	221,040
R0140	
R0150	(49,941)
R0160	
R0200	4,523,930
R0210	
R0220	4,523,930
R0400	
R0410	
R0420	
R0430	
R0440	

Annex I

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

MCR _{NL} Result		C0010		
	R0010	495,568		
			Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
			C0020	C0030
Medical expense insurance and proportional reinsurance	R0020			
Income protection insurance and proportional reinsurance	R0030			
Workers' compensation insurance and proportional reinsurance	R0040			
Motor vehicle liability insurance and proportional reinsurance	R0050			
Other motor insurance and proportional reinsurance	R0060			
Marine, aviation and transport insurance and proportional reinsurance	R0070			
Fire and other damage to property insurance and proportional reinsurance	R0080			
General liability insurance and proportional reinsurance	R0090			
Credit and suretyship insurance and proportional reinsurance	R0100			
Legal expenses insurance and proportional reinsurance	R0110			
Assistance and proportional reinsurance	R0120			
Miscellaneous financial loss insurance and proportional reinsurance	R0130	1,399,301		1,928,669
Non-proportional health reinsurance	R0140			
Non-proportional casualty reinsurance	R0150			
Non-proportional marine, aviation and transport reinsurance	R0160			
Non-proportional property reinsurance	R0170			

Linear formula component for life insurance and reinsurance obligations

MCR _L Result		C0040		
	R0200	1,301,683		
			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	1,505,887		
Total capital at risk for all life (re)insurance obligations	R0250			1,814,369,938

Overall MCR calculation

	C0070
Linear MCR	R0300 1,797,250
SCR	R0310 4,523,930
MCR cap	R0320 2,035,768
MCR floor	R0330 1,130,982
Combined MCR	R0340 1,797,250
Absolute floor of the MCR	R0350 3,600,000
	C0070
Minimum Capital Requirement	R0400 3,600,000