

Lifeguard Insurance (Dublin) DAC

Solvency and Financial Condition Report (SFCR)

Reporting period ended 30 June 2019

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EXECUTIVE SUMMARY

This Report refers to the business of Lifeguard Insurance (Dublin) DAC ('Lifeguard', 'the Company'), a captive insurer, authorised and supervised by the Central Bank of Ireland ('CBI'). It provides the reader with information on the Company's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management for the reporting period ended 30 June 2019. Lifeguard has prepared this report in accordance with the relevant articles of the Commission Delegated Regulation (EU) 2015/35, together with the Guidelines on reporting and public disclosure issued by EIOPA.

The Company's business strategy is to provide coverage for professional indemnity ('PII'), first party cyber liability ('Cyber'), directors & officers liability ('D&O') and employment practices liability insurance ('EPLI') risks to certain member firms of the PwC network which are primarily domiciled in the European Union. The impact of insurance risk volatility on the Company's capital base is mitigated through the purchase of reinsurance. Investment of company funds is in line with the documented investment strategy, reflecting a 'prudent person' approach to the management of counterparty, concentration, interest rate and currency risk.

The Board has identified the key risks to which Lifeguard is exposed and established appropriate corporate governance, risk management and reporting mechanisms to ensure that the identified risks remain relevant, and that they are managed and reported on with appropriate levels of detail and frequency. The Company has established a comprehensive suite of risk policies and implemented a series of internal controls to ensure that Lifeguard can be managed in accordance with its governance and risk management systems. Documented escalation mechanisms are in place to ensure that any breaches in risk limits and tolerances, internal controls and governance requirements can be reported promptly to the appropriate individuals.

Risks to which the Company is exposed are well understood and are used to determine the level of solvency and capital required over a forward looking three year business planning period. The results of this exercise are used to better inform decision making within the Company.

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

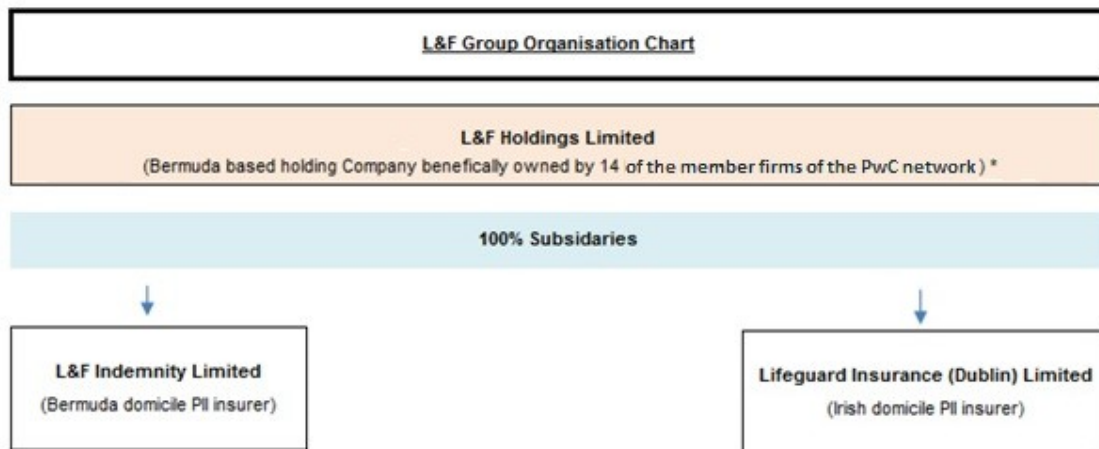
As at 30 June 2019, the Company had eligible own funds of US\$65.5m (2018: US\$60.5m) available to meet its Solvency Capital Requirement ('SCR') of US\$17m (2018: US\$16.6m); resulting in a Solvency Ratio of 385% (2018: 365%) which is in line with the Company's risk appetite of maintaining a ratio of at least 100%. The Board of Directors is satisfied that the Company has adequate and appropriate capital to support its business plans. The Minimum Capital Requirement ('MCR') was also satisfactorily met at the year end. Lifeguard has prepared the below Solvency and Financial Condition Report in accordance with the regulations set out in Articles 292–297 of the Solvency II Delegated Acts together with the Guidelines on reporting and public disclosure issued by EIOPA.

A. BUSINESS & PERFORMANCE

A.1 Business

The Company is engaged in the underwriting of PII, Cyber, D&O and EPLI risks, providing coverage to certain member firms of the PwC network which are primarily domiciled in the European Union. The Company is a wholly-owned subsidiary of L&F Holdings Limited, the beneficial owners of which are various member firms of the PwC network.

The Company's insurance exposure is mitigated by setting limits of liability within its insurance programme. The Company purchases reinsurance protection from L&F Indemnity Limited ('L&F'), a Bermuda-domiciled insurance company, which is also a wholly-owned subsidiary of L&F Holdings Limited.



Lifeguard is authorised by the CBI, under the European Union (Insurance and Reinsurance) Regulations 2015 (SI 485), to carry out the business of non-life insurance. The insurance supervision division at the CBI may be contacted at their offices in New Wapping Street, North Wall Quay, Dublin 1, Ireland.

The operation of the Company is subject to the local regulatory requirements in Ireland within which it operates. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions, for example capital adequacy to minimize the risk of default and insolvency on the part of the Company to meet unforeseen liabilities as they arise.

Lifeguard conducts all of its significant business activities, including underwriting, premium invoicing & collection, claims reserving & payments, and investing from its offices in Ireland.

The Company has no employees and no remuneration was therefore paid.

The Company's external auditor is EisnerAmper Audit Limited, located at 6 The Courtyard Building, Carmanhall Road, Sandyford, Dublin 18.

A.2 Underwriting Performance

The principal risks and uncertainties that the Company faces are, by the very nature of the business, those for which it provides or has provided insurance cover. The Company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims over time, but the uncertainty surrounding the severity and frequency of claims can lead to significant variation in the Company's performance in the short term. Whilst considerable judgment is involved, the Directors adopt an appropriately prudent approach to the provision and valuation of adequate insurance reserves, with annual support and certification being provided by an external actuary who serves as the Head of Actuarial Function.

Lifeguard's strategic objectives are formulated in conjunction with L&F Group as part of its global PII, Cyber, D&O and EPLI arrangements. The Group strategy is to maintain minimal risk within Lifeguard. It is therefore accepted that for the foreseeable future, in accordance with its business plan, Lifeguard will maintain a quota share and stop loss reinsurance arrangement with L&F which is considered to be the best strategic operating option available to the Company.

L&F provides quota share reinsurance to Lifeguard which covers 85% of all claim payments for the PII programme and 100% for the Cyber, D&O and EPLI programmes. In addition, Lifeguard's net exposure of 15% under the quota share arrangement for the PII programme is capped by annual stop loss reinsurance provided by L&F. The retained premium for Lifeguard for the PII programme is determined according to Lifeguard's expected retained loss after application of the reinsurance protection that ensures that Lifeguard collects enough premium to cover its expected losses.

Premiums written relate to business incepted during the financial year.

Provision is made for notified losses on all underwriting years. Provisions are calculated gross of any reinsurance recoveries with a separate estimate being made of amounts recoverable from reinsurers.

The profit after adjusting for tax for the period ended 30 June 2019 amounted to US\$3.2m (2018: US\$0.7m).

Gross premiums written relate to PII, Cyber, D&O and EPLI insurance in certain European Union countries, Israel and Iceland. All premiums resulted from contracts of insurance concluded in the Republic of Ireland. Gross premium written for period ended 30 June 2019 amounted to US\$40m (2018: US\$36.5m).

Gross claims paid during the financial year ended 30 June 2019 totalled US\$4.3m (2018: US\$1.7m). All claims paid were fully recovered (2018: net claims refund of US\$10k). As at 30 June 2019, the Company held gross claims provisions of US\$373.9m (2018: US\$365.1m), net claims provision of US\$31.2m (2018: US\$29.7m). Net operating expenses for the year amounted to US\$0.7m (2018: US\$0.6m).

A.3 Investment Performance

The Company allocates its investment portfolio in two distinct funds, as described below;

Hedging Pool - The Company has developed an asset allocation strategy that seeks to align investment holdings with the risk and volatilities associated with underlying claims liabilities utilizing a term structure of USD and EURO sovereign debt instruments with similar duration and currency as the underlying claims reserves to provide a natural hedge to interest rates and exchange rate fluctuations.

Capital Adequacy Pool - Those assets in excess of this matching program are available to invest. The Company has however resolved not to put these assets at risk at this time and accordingly maintains a short duration relatively risk free asset pool in respect of these cash assets.

The investment gain for the year amounted to US\$2.3m (and includes interest income as well as gains and losses on investments, investment related expenses and foreign exchange revaluation as at 30 June 2019), compared to US\$1.1m in 2018.

A.4 Performance of other activities

Lifeguard does not engage in any activities other than those associated with captive insurance and has not entered into any leasing agreements.

A.5 Other Information

- In relation to Lifeguard's obligations to its policyholders on the basis of confidentiality and sensitivity of certain information and in accordance with Article 53(1) and (2) of Directive 2009/138/EC the Company has been granted a waiver from the CBI from the following disclosures: Information by material geographical areas;
- Qualitative and quantitative information on underwriting performance by material geographical areas over the reporting period, together with a comparison of the information reported in the previous reporting period; and
- Qualitative Reporting Template ("QRT") S.05.02.01 - Premium, claims and expenses by country.

There are related party transactions; all reinsurance is obtained from L&F. The reinsurance recoverables from L&F as at 30 June 2019 amounted to US\$342.7m (2018: US\$335.5m).

In respect of relevant quantitative information for this report please see the Annual QRT extract in Appendix 1.

B. SYSTEM OF GOVERNANCE

B.1 System of Governance

In aiming to meet the requirements for sound corporate governance, ensuring efficient conduct of business and to protect the interests of the Company's stakeholders, the Company has a comprehensive Governance and Risk Management system in place.

It is the responsibility of the Board of Directors to ensure that risks are fully understood and appropriately managed in accordance with this framework. Risk management, reporting and auditing processes and control processes have been put in place in a manner which reflects the nature and scale of the captive's activities.

The Governance and Risk Management System of the Company may be described as relying on four cornerstones:

- 1) Governance Framework, aligned with the Company's strategic objectives, providing top level oversight by the Board, clear ownership and accountability for risks, as well as clear escalating and reporting channels.
- 2) Risk Management System which details the Company's strategic objectives in documented Risk Policies. For each risk, limits and operational checkpoints as well as functional identification mitigation and monitoring processes are documented.
- 3) A series of Internal Controls, defining the architecture of processes required to manage the Company in accordance with its Governance and risk management framework.
- 4) A Risk Register combining operational and risk management processes to deliver a descriptive analysis of material risks threatening at least one of the Company's global strategy objectives.

There have been no material changes to this structure since the prior reporting period. Lifeguard implemented the above framework in advance of the inception of Solvency II.

In order to achieve the Company's objectives, the Board has established a system of governance with the following core components:

- the Board of Directors is the focal point of the governance system and is ultimately accountable and responsible for the performance and conduct of the Company and, as such, must have at its disposal all required capabilities to achieve its duties;
- all authority emanates from the Board of Directors and responsibilities are delegated in such a manner so as to ensure that no one individual has unfettered powers of decision;
- an embedded Compliance Function aiming to ensure the continuous compliance of the Company with all applicable legal, regulatory and administrative requirements;

- an appropriate segregation of duties in order to enable the Risk Management, Internal Audit, Actuarial and Compliance Function to perform independent risk and business control mitigation, monitoring and reporting tasks;
- a meaningful and practical approach in documenting policies and strategies to formalise all processes in an efficient and fit-for-purpose manner; and
- structured reporting processes to enable an appropriate escalation of risks and issues to the Board of Directors in order to ensure a clear and comprehensive information process allowing the Board to conduct business in an efficient and prudent manner in line with the strategic objectives.

Given the limited scale and complexity of the Company, and having reviewed the risks facing the company thoroughly, the Board are satisfied that the system of governance in place is adequate.

Key Functions

The key functions of Risk Management, Internal Audit, Actuarial, Compliance and Operations have clear and defined lines of reporting directly to the Board. This is facilitated by the straightforward nature of the Company's structure and fit-for-purpose documented policies and procedures which are clearly communicated and well understood by all relevant parties. The Board has ensured that the key functions are appropriately resourced and have the necessary authority and operational independence to perform their roles. The Company has engaged Aon Insurance Managers (Dublin) Limited ('AIMD') for the provision of management services, under the terms of an outsourced service and management agreement which is overseen by the Board of Directors.

Remuneration and material transactions

The members of the Board of Directors receive no remuneration for their services as directors to the Company. There are no employees and consequently no remuneration is paid.

The various functions assisting the Board, including the Compliance Function, have defined lines of reporting directly to the Board. In relation to any violation of relevant law by the Company the Compliance Function as well as reporting to the Board, will, in certain circumstances, also be required to report to outside bodies such as the CBI.

Other than these transactions which arise in the normal course of business, the Company had no material transactions during the reporting period with members of the shareholder group and none with members of the Board of Directors.

B.2 Fit & Proper

The 'Fit and proper' requirement is the standard required by the CBI when appointing pre-approved controlled function holders. Lifeguard is satisfied that appointed individuals performing controlled functions meet all relevant regulatory requirements and have a suitable level of training and qualification in order to enable them to carry out their respective duties.

In selecting individuals as directors or function holders, the Company takes account of the following factors:

- specific requirements of the role
- the skills, experience and relevant qualifications of the proposed individual
- results of due diligence enquiries
- conflicts of interest
- time requirements and other commitments
- competence and integrity
- financial soundness

Consideration is given to ensuring an appropriate mix of knowledge, skills and experience across the Board of Directors.

For those roles which are prescribed by the CBI as Controlled Functions ('CFs') and Pre-approval Controlled Functions ('PCFs'), the Compliance function adopts appropriate control and due diligence processes in the selection and vetting of such individuals to ensure that they meet the regulator's fit and proper criteria. Written approval from the CBI is obtained prior to the appointment of PCFs. Appointed individuals are required to maintain on-going compliance with the Standards of Fitness & Probity and the guidance issued by the CBI. This is assessed by the Company on an annual basis.

The Compliance function adopts appropriate controls in the registration of individuals across the Group ensuring that identified individuals meet the regulators' fit and proper criteria at the point of registration.

Roles and Responsibilities Detail

Key Roles	Outsourcing	Responsible
Board of Directors	No	Gregory Galeaz (Chairman) John Loughlin Paraic Joyce Mary Waldron Richard Dedman Andrew Elliott(Director & Company Secretary)

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Risk Management Function	Yes (External)	John Saur (Chief Risk Officer), Aon Insurance Manager's (Dublin) Limited, in conjunction with Company Secretary & Actuarial Function
Compliance Function	Yes (External)	Aon Insurance Manager's (Dublin) Limited – Joan Moore
Operations - Underwriting/Claims Management	Yes (External)	Aon Insurance Managers (Dublin) Limited in conjunction with L&F
Operations - Finance and Accounting	Yes (External)	Aon Insurance Managers (Dublin) Limited
Operations – Investment	Yes (External)	Andrew Elliott and Payden & Rygel
Operations – Administration	Yes (External)	Aon Insurance Managers (Dublin) Limited
Internal Audit Function	Yes (External)	Andrew Elliott (Head of Internal Audit Function)
Actuarial Function	Yes (External)	Actuarial Function carried out by Oliver Wyman - Jeffrey Trichon (Head of Actuarial Function)

B.3 Risk Management System

The Company's Risk Management System:

- sets out the level of risk acceptable by the Company (Risk Appetite and risk tolerance);
- identifies the risks which represent a threat to the achievement of its strategic objectives;
- identifies, defines and regularly measures key risk indicators enabling an efficient monitoring of risks;
- defines the appropriate actions to reduce the Company's risk exposure;
- ensures the risk management framework is implemented in day-to-day business processes; and;
- regularly reviews controls and mitigation actions to ensure that they remain relevant and effective.

The overriding goal of the Company's risk management strategy is to reduce, as much as possible, the Company's risk exposure as a means of minimizing the impact of unexpected events, in order to increase the likelihood of achieving the Company's strategic and business objectives.

In order to achieve these objectives, the Risk Management System of the Company has been clearly documented and specified through risk management policies for each key risk category. The key risk categories for which the Company has set up specific control and monitoring mechanisms are:

- Underwriting/Reserving
- Asset Liability Management ("ALM")
- Investment
- Liquidity and concentration
- Operational
- Reinsurance and other risk mitigation techniques
- Strategic

In addition to these policies, an outsourcing policy defining the key rules and criteria to be followed by each service provider has been determined.

Own Risk and Solvency Assessment

The Company performs an Own Risk and Solvency Assessment ('ORSA') process annually in order to provide its Board of Directors with a forward looking risk and capital assessment. The adequacy of the available capital, the Risk Appetite Framework and the appropriateness of the risk limits is assessed for the business planning period, considering the evolving risk profile. To this end, risks and scenarios to which the Company is exposed during the business planning period and which may affect the capacity to meet its insurance obligations or pose a threat to the achievement of its business objectives are taken into account.

Each year, Lifeguard produces an Own Risk and Solvency Assessment ("ORSA") report. The approach may be summarized as follows:

Stress testing and scenario analysis are used to assess whether the available and future capital are sufficient in both expected and stressed situations. 3 year business projections, stresses and scenarios are compiled by the Operations Functions with input and agreement from the Board of Directors to ensure that these are appropriate for the Company.

Capital and solvency projections are conducted by the Actuarial Function and validated by the Risk Management Function. Where applicable, any future additional capital needs will be identified and aligned to the Company's capital management plan i.e. defining the measures to restore the Company's solvency margin should the assumed scenarios occur.

In line with CBI requirements, the Head of Actuarial Function provides an actuarial opinion to the Board of Directors in respect of the ORSA at the same time that the results of the ORSA process are presented to the Board for review and challenge. Following feedback and approval from the Board, the Company's ORSA report is finalised and results submitted to the CBI within 2 weeks.

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The ORSA report brings clarity over projected risk assessments and solvency needs to 3 different stakeholders:

Stakeholder	Expectation	ORSA Report
Board of Directors	Matching projected risks vs the Risk Appetite framework.	Provides a clear and prospective understanding of critical risk exposures and their relationship with Risk Appetite boundaries.
Shareholders	Detailed and prospective understanding about the risk of bankruptcy and potential need for future additional capital.	Provides a plan for capital needs on the time horizon of the financial planning.
Supervisory Authority	Detailed and prospective understanding of potential ORSA deviations compared to the SCR under Pillar I.	Gathers information about: projected Solvency ratios; – explanations about deviations due to specific critical risks exposures.

The ORSA process described above ensures that ORSA is integrated in the decision-making and business planning process. Furthermore monitoring procedures as set out in the risk management policies ensures that risk exposures are measured on a regular basis triggering exception reports for the Board.

The capital risk appetite for Lifeguard is to sustain its capital at a level sufficient to meet the Regulatory SCR at all times.

L&F Holdings Limited would always seek to be in a position to take prompt corrective action to replenish capital to an appropriate level in Lifeguard so that SCR compliance can be demonstrated. The L&F Holdings Group is expected to continue to have ample capacity to provide this support to Lifeguard.

B.4 Internal Control System

The Internal Control System embedded in the Company's operations is a mix of processes undertaken by all stakeholders within the Company to provide reasonable assurance that the strategic objectives will be achieved.

In order to achieve the aforementioned objectives, the Internal Control framework of the Company is structured around five complementary components.

Component	Contents
1) Control environment	A strong "risk and control" culture is embedded within the Company's operations through the continuous oversight of the Board of Directors and the communication to all internal stakeholders of all governance and risk principles through the present manual.
2) Risk assessment	Procedures and policies are detailed and formalized in order to disclose the way of identifying, managing, controlling, mitigating and reporting issues relating to each risk category.
3) Reporting channels	Clear and structured reporting processes are in place enabling the Board of Directors to have access to relevant, complete, reliable, correct and timely communication related to internal as well as external events.
4) Monitoring process	The appropriate escalation of significant issues to the Board of Directors, the ongoing involvement of all internal stakeholders as well as the Internal Audit process enables the Company to continuously monitor and adapt when necessary its Internal Control System.
5) Control activities	The Company has developed a comprehensive set of preventive, detective or corrective control actions embedded in its daily operations.

Detailed Processes and Embedded Control Activities

In order to set out how the Internal Control System is implemented the Company's processes and related control activities are documented, monitored and reviewed on a regular basis. These items are approved by the Board of Directors and evaluated by the Internal Audit Function. They are reviewed as often as necessary but at least once a year.

Compliance Function

The Compliance Function is an integral component of the Company's governance system. The Company has a dedicated Head of Compliance reporting directly into the Board of Directors, supported by a Compliance Officer who coordinates the activities of the Compliance Function.

The responsibilities of the Compliance Function include:

- utilisation of compliance management practices that contribute to the use of sound, responsible and sustainable business practices by the Company;
- identification and communication throughout the Company the laws, regulations and codes of conduct to which the Company is subject. The Compliance Function seeks to embed compliance with these laws, regulations and codes of conduct in the way the Company does business.
- maintenance of a comprehensive compliance risk management control and reporting system in conjunction with the Risk Management Function to assist in managing the Compliance Risk faced by the Company.
- investigation and follow up of compliance breaches, ensuring timely reporting to the Board, and in certain circumstances to outside bodies such as the CBI.
- consideration of possible future changes in the legal environment and their potential effect on the Company, as well as providing regular compliance and regulatory updates to the Board of Directors.
- presentation of an annual Compliance Plan to the Board, outlining specific areas which it will focus on during a particular year.
- promotion of a culture of compliance throughout the Company.

B.5 Internal Audit Function

Purpose & Objectives

The purpose of the Internal Audit Function is to serve as an independent Function that objectively evaluates and recommends improvements to the Company's Internal Control System by facilitating an objective and independent assessment of the processes and controls in place.

It assists the Company in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the risk management, control, and governance processes employed by the Company. The audit approach is risk based and in line with an annual audit plan which is provided by the Head of Internal Audit to the Board of Directors.

The Internal Audit Function and the appointed Head of Internal Audit report directly to the Board of Directors.

Independence and Impartiality

The Company's Internal Audit Function must be independent of the activities audited and must also be independent from the operational Functions and the Board of Directors.

The Internal Audit Function is free to report its findings and appraisals and to disclose them to the Board as required. This principle of independence of the Internal Audit Function ensures that the Internal Audit Function reports directly to the Board of the Company.

B.6 Actuarial Function

The Company has established an effective Actuarial Function, including a Head of Actuarial Function ('HoAF') Jeffrey Trichon of Oliver Wyman, which carries out the following key tasks:

- coordination of the calculation of technical provisions in conjunction with other outsourced actuarial resources;
- identify any inconsistency with the requirements set out in Articles 76 to 85 of the Solvency II Directive for the calculation of technical provisions and propose corrections as appropriate;
- explain any material effect of change of data, methodologies or assumptions between valuation dates on the amount of technical provisions if already calculated on a Solvency II basis;
- assess the consistency of the internal and external data used in the calculation of technical provisions against the data quality standards as set out in Article 82 of the Solvency II Directive. Where relevant, the Actuarial Function should provide recommendations on internal procedures to improve data quality;
- take into consideration the interrelations between the Underwriting Policy, reinsurance arrangements and technical provisions when providing its opinion;
- report in writing at least annually to the Board of Directors. The reporting should document all material tasks that have been undertaken by the Actuarial Function, and include:
 - i. Details of the Technical Provisions
 - ii. Methodologies & assumptions
 - iii. Data sufficiency & quality
 - iv. Experience analysis
 - v. Report to the Board on reliability & adequacy
 - vi. Opinion on Underwriting policy
 - vii. Opinion on Reinsurance arrangements.

Their report should include any deficiencies identified and give recommendations as to how such deficiencies could be remedied.

- contribute to the effective implementation of the Risk Management System in particular:
 - 1. with regard to risk modelling underlying the calculation of the SCR and MCR; and,
 - 2. the ORSA process.
- think critically and organize the execution of actuarial approaches
- provide an actuarial Opinion on;
 - Technical provisions
 - Solvency position
 - Underwriting Policy
 - Reinsurance arrangements
 - ORSA

Responsibility

The person in charge of the Actuarial Function shall meet all the following criteria:

- Be a duly qualified actuary;
- Have experience of more than five years in the field of insurance and / or reinsurance.

The Head of Actuarial Function is a PCF under the Central Bank Reform Act 2010 (Sections 20 and 22) Regulations 2011.

The Head of Actuarial Function reports to the Board of Directors and issues a report in writing at least annually documenting all of the material tasks that have been undertaken by the Actuarial Function during the reporting period.

In establishing the Company's Actuarial Function, the Board of Directors has ensured that the persons involved have the requisite qualifications and demonstrable experience in the area of non-life reserving and are fully conversant with the Solvency II requirements for the calculation of Technical Provisions.

B.7 Outsourcing

All functions and activities of the Company are eligible to be outsourced provided that each of the criteria detailed above are satisfied in each instance. Sub-outsourcing is allowable only in exceptional circumstances, on the condition that the sub-outsourced service provider satisfies the above criteria and subject to approval from the Board of Directors.

The Board is responsible for the approval of and termination of all outsourcing arrangements of critical or important Functions or activities. Critical or important Functions or activities include key Functions of the Company's System of Governance and all Functions within the Company that are fundamental to carry out its core business.

The Board must decide whether arrangements with third parties are deemed to fall within the scope of this outsourcing policy. The provision of services which do not form part of the Company's core activities need not be included within the scope of this policy.

The Board is responsible for ensuring notification to the supervisory authorities is made in a timely manner prior to the outsourcing of critical or important Functions or activities, and thereafter where there have been material developments in relation to the service provider.

The objectives of Lifeguard's Outsourcing Policy are to ensure that the outsourcing of critical or important operational functions or activities does not lead to:

- Reduction in the Board's, and where applicable a relevant sub committee's responsibility for, or influence over key Functions of the Company;
- Material impairment of the quality of the Company's System of Governance;
- Any impairment of the Company's ability to meet its regulatory requirements;
- Non adherence to the Company's approved policies and procedures;
- Undue increases in operational risk or cost;
- Material impairment of the Company's ability to fulfil its obligations to stakeholders, nor impede effective supervision by regulators;
- Conflicts of Interest;
- Breach of the Company's data protection obligations.

The Board is responsible for carrying out the appropriate due diligence on the outsourced service provider and reviewing the performance of outsourced service providers against agreed Service Level Agreements ('SLA') and assessing the risks associated with the outsourcing of critical or important functions or activities.

The management of the Company is coordinated and carried out at its place of business in Ireland. Lifeguard engages outsource service providers in order access the expertise and strength and depth of resources necessary to manage the specific requirements of a regulated captive insurance company operating on a global basis.

B.8 Any other information

The Board is satisfied, based on its assessment of the frameworks which have been established and are in use, that the Company's system of governance is appropriate and adequate for the nature, scale and complexity of the risks inherent in its business operations.

There are no other material items to report in this section.

C. RISK PROFILE

The Risk Appetite Framework adopted by the Board sets out the level of risk that the Company is prepared to accept in the pursuit of its strategic objectives. It sets out:

- the Company's overall philosophy to risk taking and the expectations of shareholders;
- the Company's tolerance to loss of capital, profit volatility and other specified measures; and
- the risk limits that are acceptable in terms of exposures to different types of risk.

The Company's Risk Register combines operational and risk management processes to deliver a descriptive analysis of material risks threatening at least one of the Company's strategic objectives.

The Board's annual ORSA process is based on the company's current and expected risk profile over the business planning period and supports the Board in achieving its strategic objectives by taking a structured and combined approach of strategy, risk management and capital management.

C.1 Underwriting Risk

The Company underwrites contracts that transfer insurance risk. The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty that the Company will have sufficient assets to satisfy the amounts payable under the contract. The Company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims over time, but the uncertainty surrounding the severity and frequency of claims can lead to significant variation in the Company's performance in the short term. Whilst considerable judgment is involved, the directors ensure that suitable processes are in place to ensure the reliability, sufficiency and adequacy of both the statistical and accounting data to be considered in the loss reserve estimation and recording process and to detail the Company's approach to the calculation of technical provisions.

The Company is effectively insuring the risks of one customer, its parent group, and thus is exposed to risk concentration. However, diversification is achieved through the varying geographical locations of the underlying risks.

The principal assumptions underlying the Company's estimation of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example, isolated large claim occurrences, economic conditions, internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors, such as judicial decisions and government legislation affect the estimates, especially taking account of the longer term nature of the risks which the Company underwrites.

The Company manages these risks through its underwriting strategy of arranging for an external qualified actuary to review pricing and reserve adequacy of the Company on an annual basis, the settling of appropriate policy limits and having adequate reinsurance arrangements in place. The Company also monitors emerging issues and factors in their potential impact on the Company's pricing and claims reserving.

Given the Company is providing insurance for liability losses directly above local deductibles, the primary risk mitigation technique utilised is the purchase of a mixture of stop loss and quota share reinsurance as this provides balance sheet protection, from both claims severity and frequency, in an economically and administratively efficient manner. The effectiveness of these reinsurance arrangements is assessed on a quarterly basis through the preparation of the Company's financial accounts and reviewed at an overall level as part of the considerations for premium pricing on an annual basis.

Lifeguard will continue to maintain a quota share and stop loss reinsurance arrangement with L&F as this is considered to be the best strategic operating option available to the Company.

L&F provides quota share reinsurance to Lifeguard which covers 85% of all claim payments for the PII programme and 100% of all claim payments for the Cyber, D&O and EPLI programmes. In addition, Lifeguard's net exposure of 15% under the quota share arrangement for the PII programme is capped by annual stop loss reinsurance provided by L&F. Lifeguard has no net exposure under the quota share arrangement for the Cyber, D&O and EPLI programmes.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its underwriting exposures.

Annual support and certification is provided by an Actuarial Function.

As part of the Company's ORSA process, stress and scenario tests incorporating differing claims experience are considered. The impact of the Company experiencing adverse loss development approximately equivalent to two full limit losses was considered as part of the ORSA carried out in the reporting period. While this scenario resulted in a reduction in the Company's available capital, the regulatory solvency requirements were still achieved.

The Company also carries out a Sensitivity Analysis; the Actuarial Function assesses the impact of varying the critical assumptions underlying the actuarial estimate of unpaid claim liabilities, including: expected claim frequency, expected claim severity, severity trend, development patterns, and the weighting of the projections of the various actuarial methods employed in the analysis.

C.2 Market Risk

Market risk is the capital charge for all risks associated with financial markets. It is derived by using a prescribed formula and correlations, which combine the capital charges of various modules including Interest Rate, Equity, Spread, Currency, and Concentration risks.

The risk of future changes in market prices, which would result in devaluation of investable assets, may result from several factors, including, but not limited to, value, liquidity, duration, composition, interest rates, foreign exchange rates and market fluctuations. The Company diversifies its portfolio to reduce the exposure to market fluctuations and market risk concentrations.

Lifeguard has an investment strategy in place in line with its Risk Appetite Framework and the related 'Prudent Person' regulatory requirements. The Company endeavours to:

- prudently invest with consideration of the prevailing financial market environment;
- ensure the Company invests appropriately so as not to result in the Company failing to meet its SCR;
- ensure that the Company holds assets of sufficient value and liquidity to meet all liabilities as they become due;
- maximise investment return within the levels of risk as defined by the Company's Risk Appetite;
- ensure compliance with the Liquidity Strategy and Policy;
- ensure compliance with the Asset-Liability Management Strategy and Policy; and
- ensure effective risk management of investments at all times, with due consideration of the risks associated with investments and procedures to monitor, manage and report these risks in a timely manner as part of the Company's overall Risk Management System.

The interest rate risk arises on the return on the Company's investments including cash and deposits with credit institutions

C.3 Credit Risk

Credit risk is the risk that one party to a financial instrument or financial arrangement will fail to discharge an obligation and cause the other party to incur a financial loss. The assets that are exposed to credit risk are:

- Cash and cash equivalents
- Investments and deposits with credit institutions
- Reinsurers' share of insurance liabilities
- Amounts due from reinsurers

The Company utilises custodians deemed to be of high credit quality to hold its cash and cash equivalents and deposits with credit institutions, and additionally has limits in place in relation to the holdings in any one financial institution.

The Company cedes a portion of the PII risk and all of Cyber, D&O and EPLI risk to L&F in the normal course of business. The purchase of reinsurance does not relieve the Company of its obligation to its policyholders and accordingly a credit risk exists to the extent that any reinsurer is unable to meet the obligations assumed under such reinsurance agreements.

Lifeguard has a collateral support agreement in place with its reinsurer, L&F, that ring fences L&F assets for the benefit of Lifeguard, to provide fully pledged committed security in support of the reinsurance arrangements between the two entities and thereby reduce credit risk exposure.

C.4 Liquidity Risk

Liquidity risk is the risk of financial loss arising from an inability to quickly realise asset value to meet cash commitments associated with financial obligations.

The Company has determined that liquidity risk does not represent a significant exposure to its business. Liquidity risk is managed by Lifeguard holding a portfolio of short duration bonds, and employing an asset-liability matching strategy which matches bond maturities to our expected loss payout pattern. Investments are in compliance with the Company's investment guidelines.

Liquidity risk is further managed by the collateral support agreement between Lifeguard and L&F.

C.5 Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud, or external events. When controls fail to perform, operational risk can cause damage to reputation, has legal or regulatory implications, or can lead to financial loss. The Company has a rigorous control framework and monitoring process in place to manage operational risk. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures and assessment processes. Outsourced activities are monitored and managed in the same manner in line with the Outsourcing policy.

The Company cannot expect to eliminate all operational risk, but by employing a rigorous control framework and by monitoring and responding to potential risks, the Company is able to mitigate the risk to an accepted tolerance level.

In addition, Lifeguard has established an Audit Committee and is subject to Internal Audit and External Audit review.

Lifeguard maintains a regulatory dialogue with CBI to mitigate the risk of any potential sanction or compliance breach as well as using expert, industry leading, service providers, namely Aon, PwC and Oliver Wyman to provide its outsourced functions which helps avoid any material error or delay. In order to ensure the quality of the outsourced functions is as high as possible, Lifeguard puts in place service level agreements and fee penalties for non-performance as well as regularly reviewing the outsourced service providers.

C.6 Other Material Risk

Strategic Risk

Strategic risk is the risk of loss arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes i.e. the risk associated with implementing the wrong strategy or failing to correctly implement the chosen strategy.

The control and monitoring actions/principles underlying the strategic risk management of the Company are:

- Review at least annually the appropriateness of the high level overall objectives for the Company; the major risks facing the Company; the Risk Appetite for each of these major risks identified. The Board of Directors will ensure continuing appropriateness, at least annually and revisions shall be affected where necessary
- Ensure the Company Strategy is implemented correctly including approval, review and, monitoring of agreed Key Performance Indicators for the Company.
- Ensure all plans are regularly reviewed to ensure that Risk Tolerances are not exceeded individually or in total.

No other material risks have been identified.

C.7 Any other information

There are no other material items to report in this section.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

Lifeguard prepares its financial statements on a going concern basis in compliance with FRS 102 and FRS 103 issued by the Financial Reporting Council, being applicable UK and Irish GAAP accounting standards, and in accordance with the provisions of the Companies Act 2014 and the European Union (Insurance undertakings: Financial Statements Regulations 2015). There are a number of differences between the financial statement basis and the Solvency II valuation rules. Most of these differences are driven by the requirement for all assets and liabilities to be valued on a market consistent fair value basis under Solvency II.

Lifeguard uses the historical cost convention. It has 5 classes of assets.

- Deferred tax asset - US\$0.2m (2018: US\$0.8m)
- Investments - US\$85.5m (2018: US\$86.2m)
- Cash and cash equivalents - US\$24.1m (2018: US\$24.6m)
- Reinsurance recoverables - US\$353.5m (2018: US\$327.1m)
- Any other assets not elsewhere shown – US\$0.1m (2018: nil)

Lifeguard did not increase the Solvency II deferred tax asset beyond what was included in the FRS balance sheet as it was not considered material however this is kept under consideration each year.

Debt securities, other fixed income securities and equities are included in the balance sheet at carrying value, with realised and unrealised gains being included in the profit and loss. Accrued interest of US\$54k is shown separately on the financial statements however is included as part of the fair value of investments on the Solvency II balance sheet.

Cash and cash equivalents comprise cash at banks. Carrying amounts approximate fair value due to the short-term nature and high liquidity of the instruments. Accrued interest of US\$3k is shown separately on the financial statements however is included as part of the fair value of cash and cash equivalents on the Solvency II balance sheet.

Short-term treasury bills of US\$4.7m (2018: US\$5.3m) are classified as investments in the financial statements and cash and equivalents in the QRT's.

Information on how the Company invests its assets and manages risk in this area, including how it achieves compliance with the 'prudent person principle', is set out in Sections C.2 – C.4 above. Operational risks relating to the Company's assets are managed according to the control framework described in Section B4 above.

D.2 Technical Provisions

Provision is made for notified losses on all underwriting years. Provisions are calculated gross of any reinsurance recoveries with a separate estimate being made of amounts recoverable from reinsurers. The Gross Technical Provisions as at 30 June 2019 were US\$397.9m (2018: US\$378m) with Reinsurance Recoverables amounting to US\$353.5m (2018: US\$327m) resulting in net technical provisions of US\$44.4m (2018: US\$51m). The Company has regard to the gross and net loss positions as indicated by the claim circumstances reported to date and loss projections carried out under the direction of the Head of Actuarial Function using actuarial techniques.

Reserves for insurance contract liabilities and reinsurance assets are based upon management's best estimate of the ultimate liabilities and are determined with the assistance of, and based on, the results of the analysis performed by the Actuarial Function. The reserves include estimates for both case reserves and losses incurred but not enough reported ("IBNE").

Solvency II Technical Provisions

The Solvency II Technical Provision is comprised of a Best Estimate of Liabilities ("BEL") and a Risk Margin ("RM").

Solvency II Technical Provisions							
		30-Jun-19			30-Jun-18		
		Gross	Ceded	Net	Gross	Ceded	Net
BEL	PCO	379.6	350.8	28.8	355.0	326.0	29.0
	PP	12.8	2.7	10.1	17.0	1.0	16.0
Risk Margin		5.5	0.0	5.5	6.0	0.0	6.0
Technical Provisions		397.9	353.5	44.4	378.0	327.0	51

The Solvency II BEL is comprised of a provision for claims outstanding ("PCO") and a premium provision ("PP"). The PCO represents the provision for the unpaid liabilities on claims that have been incurred as of the valuation date. The PP represents the expected future cash flows underlying the unearned portion of policies that have already incepted and any policies that have been bound but not incepted ("BBNI").

The PCO is derived from actuarial estimate of Lifeguard's FRS unpaid claim liabilities. The adjustment of FRS estimate of unpaid claim liabilities to a Solvency II basis requires that FRS unpaid claim liabilities are discounted to a present value basis. The actuary utilizes the basic RFR (risk-free rate) curves with no volatility adjustment as of 30 June 2019 as published by EIOPA to discount the cash flows underlying the PCO. These interest rates are utilized to discount all cash flows underlying the calculation of the Solvency II TPs. A provision for expenses related to the runoff of these liabilities is then added, as required by Solvency II, as the FRS estimate of unpaid claim liabilities does not include a provision for the expenses that will be incurred in running off the liabilities.

Lifeguard Insurance (Dublin) DAC

The key cashflows underlying Lifeguard's business, and therefore the BEL calculation are:

1. Premiums

As all policies issued by Lifeguard are issued on 1 July 2018, there is zero unearned premium on the 30 June 2019 balance sheet. As a result the PP portion of the technical provisions is comprised solely of BBNI exposures, which are the 2019/20 risks as all policies are assumed to be contractually bound at the 30 June 2019 valuation date. The expected future cashflows underlying the 2019/20 exposures are calculated based on the discounted value of expected losses and expenses and the 2019/20 premiums which have not yet been received from the member firms as at 30 June 2019. US\$10.7m premium for the 2019/20 renewal was received as at 30 June 2019.

2. Claims

The expected payout of the gross claim liabilities in each policy year is derived from the expected payout pattern underlying the local GAAP unpaid claims liabilities. The expected payout pattern is based on ground-up losses. A six month lag is applied to this development pattern to obtain the expected payout of gross insured layer losses for a given policy year.

3. Expenses

The calculation of the expense portion of the BEL is determined based on the ratio of expected 2020 expenses to the undiscounted unpaid claim liabilities as at 30 June 2019. The expense ratio is applied to the undiscounted unpaid claim liabilities at the beginning of each financial year to determine the amount of expenses that will be incurred in each future financial year. The calculation is performed separately for the unpaid claim liabilities underlying the PCO and PP. These amounts are then discounted back to the present value basis and included in the derivation of the PCO and PP.

The methodology adopted implicitly assumes that Lifeguard will continue to write business into the future and that a portion of the expenses in future years will be attributable to new business, consistent with the required derivation of the expense reserve as per the current Solvency II regulations. The BEL is calculated as the sum of the PCO and the PP.

Risk Margin

The Solvency II risk margin is intended to represent an amount that Lifeguard would be required to pay, in excess of the Best Estimate of the Liabilities, for a third party to assume the risk of running of the existing liabilities. The actuarial calculation of the Solvency II risk margin is consistent with the Solvency II regulations, which applies a 6% cost of capital to the amount of capital required at the beginning of each year to support the runoff of the insurance obligations.

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

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

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

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

D.3 Other Liabilities

Aside from Technical provisions, the valuation of which is detailed above, Lifeguard has 2 other principal classes of liabilities;

- Payables (trade, not insurance) - US\$89k (2018: US\$83k)
- Deferred tax liabilities – US\$nil (2018: US\$29k)

No adjustment is required for the valuation of the above liabilities for solvency purposes as the amounts held under Irish GAAP measurement principles are deemed to be approximations of fair value.

D.4 Alternative Methods of Valuation

No alternative methods were used.

D.5 Any Other Information

There is no other information to report.

E. CAPITAL MANAGEMENT

E.1 Own Funds

The Company has put in place a Capital Management policy to ensure that 'Own Fund' items, both at issue and subsequently, meet the requirements of the Solvency II capital regime. The objectives of the policy are to ensure that on an on-going basis the Company has:

- own fund items available to meet its capital requirements; and
- developed processes to ensure the appropriateness of its own fund items.

As part of the annual review of the medium-term capital plan, the Company reviews the level, composition and classification of own fund items to ensure they continue to meet its own solvency needs, and its regulatory obligations in respect of SCR and MCR. A 3 year forward looking time horizon is used for business planning purposes and any anticipated changes to the Company's business and risk profile are factored into the ORSA process to assess the solvency and capital needs over this business planning period. It is intended that the Company's capital needs will be managed out of its existing pool of own funds and the efficient management of the Company's insurance business. Should additional funds be required outside of that, they will be advanced by the shareholder.

Lifeguard's own funds consist of ordinary share capital and retained earnings, as below.

	2019	2018
Authorised		
3,200,000 ordinary shares of US\$1 each	3,200,000	3,200,000
Allotted, called-up and fully paid		
1,600,000 ordinary shares of US\$1 each	1,600,000	1,600,000
Retained earnings		
Opening and closing balance	66,405,951	63,198,367

The profit for the year ended 30 June 2019 amounted to US\$3.2m (2018: US\$0.7m).

Any change to the share capital requires the approval of the Shareholder and the Board. Retained earnings are adjusted on a quarterly basis to take account of the profits/losses realised in the period together with any Solvency II valuation adjustments.

Any other qualifying own fund item requires the review and approval of the Board. In such instances, the Board must ensure that the terms and conditions of any own fund item are clear and unambiguous in relation to the capital classification.

Adjustments are made to technical provisions in line with the valuation methodologies set out in section D.2 above. In addition, the debtor/creditor items relating to unpaid premium/claim balances are included within the technical provision calculation, given that they are all within credit terms.

Accrued liabilities have been discounted. These adjustments are reflected in the Company's reconciliation reserve.

Solvency II own funds

Under Solvency II valuation principals, the eligible own funds available to meet the SCR is US\$65.5m (2018: US\$60.5m). This is comprised of ordinary share capital of US\$1.6m (2018: US\$1.6m) and a reconciliation reserve of US\$63.7m (2018: US\$58.1m) that meet the requirements of Tier 1 unrestricted Basic Own Funds in addition to a net deferred tax asset of US\$0.2m (2018: US\$0.8m) that meets the requirements of Tier 3 Own Funds.

The reconciliation reserve is made up the total excess of assets and liabilities reduced by the ordinary share capital and share premium held as basic own fund items included in Tier 1 and the net deferred tax asset included in Tier 3.

Lifeguard has no ancillary own funds and there are no transitional arrangements impacting its capital calculation. There is no restriction on the transfer of own funds.

Capital management

The total capital of the Company as at 30 June 2019 consists of shareholder's equity of US\$68m (2018: US\$64.8m).

Management reviews capital on an ongoing basis with a view to maintaining a level of capital sufficient to cover significant balance sheet risks and regulatory requirements. As at 30 June 2019 the Company has adequate capital to meet these objectives.

E.2 Solvency Capital Requirement & Minimum Capital Requirement

Lifeguard's SCR as of 30 June 2019 totals US\$17m (2018: US\$16.6m). Lifeguard's Solvency II recognized own funds totalling US\$65.5m (2018: US\$60.5m) is sufficient to meet its SCR and results in a Solvency Ratio of 385% (2018: 365%). Lifeguard's MCR as of 30 June 2019 totals US\$4.4m (2018: US\$5m).

The SCR is intended to correspond to the capital the Company needs to hold in order to limit the probability of ruin, in the following 12 months, to 0.5%, i.e. ruin would occur less than once in every 200 years. The SCR calculated at the end of the current reporting period, relates to the capital required to support the business over the prospective 12 months; covering both existing liabilities and business written during 2019/2020.

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The split of SCR by risk modules is shown in the table below, together with the prior year comparative;

Risk Item	30-Jun-19	30-Jun-18	Change
	US\$'000	US\$'000	US\$'000
Market Risk			
Interest Rate Risk	-	-	-
FX Risk	0.6	-	0.6
Total Market Risk	0.6	-	0.6
Underwriting Risk			
Premium-Reserve Risk	9.0	8.8	0.2
Catastrophe Risk	6.2	6.0	0.2
Lapse Risk	0.5	0.4	0.1
Total Underwriting Risk	12.2	11.8	0.3
Counterparty Default	1.4	1.6	(0.3)
Diversification Benefit	(1.1)	(0.7)	(0.3)
BSCR	13.1	12.7	0.4
Operational Risk	3.9	3.8	0.1
SCR	17.0	16.6	0.5
Own Funds	65.5	60.5	5.0
Solvency Ratio	385%	365%	19%

The primary drivers of the overall increase in Lifeguard's SCR are illustrated in the below table:

- **Premium Reserve Risk:** The US\$0.2m increase is largely due to an increase in the premium volume measure (net premiums increased by 9% between 30 June 2018 and 30 June 2019) and an increase in unpaid claim liabilities. The increase in unpaid claim liabilities is largely due to lower interest rates underlying the Euro as claims experience has been favorable.
- **Catastrophe Risk:** The increase of US\$0.2m in the catastrophe risk charge is directly related to an increase in Lifeguard's gross premiums between the 2018 and 2019 renewals.
- **Counterparty Default Risk:** The US\$0.3m decrease is solely primarily due to a revision to the formula to take proper consideration of the diversification from holding cash at multiple banking institutions.
- **FX Risk:** The increase in foreign exchange risk is due to a reduction in Lifeguard's holdings of Euro-denominated sovereign debt.

The MCR is calculated through a prescribed formula based on the net technical provisions (excluding the risk margin) and net written premium. It is also constrained to be between 25% and 45% of the SCR. Further to this, SI 485 sets out absolute minimum MCR values for non-life and life insurers, reinsurers and captives. As a non-life captive insurer writing liability business, this absolute floor is EUR3.7m. Having carried out the calculations and applied the relevant limits, the resultant MCR for the Company is US\$4.4m (2018: US\$5m).

Lifeguard Insurance (Dublin) DAC

Lifeguard's Solvency II balance sheet equity as of 30 June 2019 totals US\$65.5m (2018: US\$60.5m). Provided below is a reconciliation of Lifeguard's FRS balance sheet equity as of 30 June 2019 totalling US\$68m (2018: US\$64.8m) and the Solvency II balance sheet equity.

Reconciliation of Basic Own Funds to Equity in the financial statements		
	30/06/2019	30/06/2018
	US\$'000,000	US\$'000,000
Total Equity in the financial statements	68.0	64.8
Expected value adjustment	6.1	4.5
Discounting of reserves	0.1	0.8
Premium provision	(10.1)	(16.6)
Premium received in advance	10.7	17.8
FRS assets moved to premium provision	-	(0.8)
Expense provision	(3.6)	(3.9)
Risk margin	(5.5)	(6.1)
SII value of excess of assets over liabilities	65.5	60.5

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

There was no use of duration-based equity risk sub module in the calculation of the SCR.

E.4 Differences between the Standard formula & any Internal Model

Lifeguard used the Standard formula in determining the SCR and MCR and did not rely on any internal model.

E.5 Non-Compliance with MCR and SCR

There are no issues with non-compliance with the MCR and SCR.

E.6 Any Other Information

There is no other information to report.

In respect of relevant quantitative information for this report please see Annual QRT extract in Appendix 1.

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

ANNEX I –QUANTITATIVE REPORTING TEMPLATES

The following unaudited quantitative data has been added to Appendix 1.

S.02.01.02 – Balance sheet

S.05.01.02 – Premiums, Claims and Expenses

S.17.01.02 – Non-Life technical provisions

S.19.01.21 – Claims Developments

S23.01.01 – Own Funds

S25.01.21 – SCR using standard formula

S28.01.01 – MCR

S.02.01.02 - Balance Sheet (In thousands of USD)

		C0010
		Solvency II value
Assets		
R0030	Intangible assets	
R0040	Deferred tax assets	212
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	85,511
R0080	Property (other than for own use)	
R0090	Holdings in related undertakings, including participations	
R0100	Equities	0
R0110	Equities - listed	
R0120	Equities - unlisted	
R0130	Bonds	85,511
R0140	Government Bonds	85,511
R0150	Corporate Bonds	
R0160	Structured notes	
R0170	Collateralised securities	
R0180	Collective Investments Undertakings	
R0190	Derivatives	
R0200	Deposits other than cash equivalents	
R0210	Other investments	
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	Loans on policies	
R0250	Loans and mortgages to individuals	
R0260	Other loans and mortgages	
R0270	Reinsurance recoverables from:	353,524
R0280	Non-life and health similar to non-life	353,524
R0290	Non-life excluding health	353,524
R0300	Health similar to non-life	
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0320	Health similar to life	
R0330	Life excluding health and index-linked and unit-linked	
R0340	Life index-linked and unit-linked	
R0350	Deposits to cedants	
R0360	Insurance and intermediaries receivables	
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	
R0410	Cash and cash equivalents	24,085
R0420	Any other assets, not elsewhere shown	107
R0500	Total assets	463,439

S.02.01.02 - Balance Sheet (In thousands of USD)

		C0010 Solvency II value
Liabilities		
R0510	Technical provisions – non-life	397,889
R0520	Technical provisions – non-life (excluding health)	397,889
R0530	Technical provisions calculated as a whole	
R0540	Best Estimate	392,361
R0550	Risk margin	5,528
R0560	Technical provisions - health (similar to non-life)	0
R0570	Technical provisions calculated as a whole	
R0580	Best Estimate	
R0590	Risk margin	
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	Technical provisions - health (similar to life)	0
R0620	Technical provisions calculated as a whole	
R0630	Best Estimate	
R0640	Risk margin	
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	Technical provisions calculated as a whole	
R0670	Best Estimate	
R0680	Risk margin	
R0690	Technical provisions – index-linked and unit-linked	0
R0700	Technical provisions calculated as a whole	
R0710	Best Estimate	
R0720	Risk margin	
R0730	Other technical provisions	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	89
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	
R0870	Subordinated liabilities in Basic Own Funds	
R0880	Any other liabilities, not elsewhere shown	
R0900	Total liabilities	397,978
R1000	Excess of assets over liabilities	65,460

S.05.01.02 - Premiums, claims and expenses (In thousands of USD)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of business for: accepted non-proportional reinsurance				TOTAL
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	
Premiums written									
Gross - Direct Business	R0110								39,956
Gross - Prop reinsurance accepted	R0120								0
Gross - Non-Prop reinsurance accepted	R0130								0
Reinsurers' share	R0140								36,906
Net	R0200	0	0	0	0	0	0	0	3,050
Premiums earned									
Gross - Direct Business	R0210								39,956
Gross - Prop reinsurance accepted	R0220								0
Gross - Non-Prop reinsurance accepted	R0230								0
Reinsurers' share	R0240								36,906
Net	R0300	0	0	0	0	0	0	0	3,050
Claims incurred									
Gross - Direct Business	R0310								13,035
Gross - Prop reinsurance accepted	R0320								0
Gross - Non-Prop reinsurance accepted	R0330								0
Reinsurers' share	R0340								11,557
Net	R0400	0	0	0	0	0	0	0	1,478
Changes in other technical provisions									
Gross - Direct Business	R0410								0
Gross - Prop reinsurance accepted	R0420								0
Gross - Non-Prop reinsurance accepted	R0430								0
Reinsurers' share	R0440								0
Net	R0500	0	0	0	0	0	0	0	0
Expenses incurred	R0550								803
Other expenses	R1200								
Total expenses	R1300								803

S.17.01.02 - Non Life technical provisions (In thousands of USD)

		Direct business and accepted proportional reinsurance											
		Medical expense insurance	Income protection insurance	Workers' compensatio n 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
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130
Technical provisions calculated as a whole	R0010												
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050												
Technical provisions calculated as a sum of BE and RM													
Best estimate													
Premium provisions													
Gross	R0060								12,772				
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140								2,686				
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	0	0	0	10,086	0	0	0	0
Claims provisions													
Gross	R0160								379,589				
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240								350,838				
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	0	0	0	28,751	0	0	0	0
Total Best estimate - gross	R0260	0	0	0	0	0	0	0	392,361	0	0	0	0
Total Best estimate - net	R0270	0	0	0	0	0	0	0	38,837	0	0	0	0
Risk margin	R0280								5,528				
Amount of the transitional on Technical Provisions													
Technical Provisions calculated as a whole	R0290												
Best estimate	R0300												
Risk margin	R0310												
Technical provisions - total													
Technical provisions - total	R0320	0	0	0	0	0	0	0	397,889	0	0	0	0
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	0	0	0	353,524	0	0	0	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	0	0	0	0	44,365	0	0	0	0

S.17.01.02 - Non Life technical provisions (In thousands of USD)

		Accepted non-proportional reinsurance				TOTAL
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0140	C0150	C0160	C0170	
Technical provisions calculated as a whole	R0010					0
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	R0050					0
Technical provisions calculated as a sum of BE and RM						
Best estimate						
<u>Premium provisions</u>						
Gross	R0060					12,772
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140					2,686
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	10,086
<u>Claims provisions</u>						
Gross	R0160					379,589
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240					350,838
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	28,751
Total Best estimate - gross	R0260	0	0	0	0	392,361
Total Best estimate - net	R0270	0	0	0	0	38,837
Risk margin	R0280					5,528
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	R0290					0
Best estimate	R0300					0
Risk margin	R0310					0
Technical provisions - total						
Technical provisions - total	R0320	0	0	0	0	397,889
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	353,524
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	0	44,365

S.19.01.21 - Claim development triangles (In thousands of USD)

Gross Claims Paid (non cumulative absolute amount)

		0	1	2	3	4	5	6	7	8	9	10+	Current year	All years
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100											2,615	2,615	2,615
N-9	R0160		174	67	70	8,038	0	31,360	5,114	1,784	1,655		1,655	48,260
N-8	R0170		3,912	40	1,270	0	0	1,082	-64				0	6,240
N-7	R0180		74	120	267	258	9,750						0	10,470
N-6	R0190		370	0	0								0	370
N-5	R0200												0	0
N-4	R0210												0	0
N-3	R0220												0	0
N-2	R0230												0	0
N-1	R0240												0	0
N	R0250												0	0
	R0260											Total	4,270	67,955

Gross undiscounted Best Estimate Claims Provisions - Development year (non cumulative absolute amount)

[illegible]

S.23.01.01 - Own funds (In thousands of USD)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	1,600	1,600			
Share premium account related to ordinary share capital	R0030	0				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0				
Subordinated mutual member accounts	R0050	0				
Surplus funds	R0070	0				
Preference shares	R0090	0				
Share premium account related to preference shares	R0110	0				
Reconciliation reserve	R0130	63,649	63,649			
Subordinated liabilities	R0140	0				
An amount equal to the value of net deferred tax assets	R0160	212				212
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230	0				
Total basic own funds after deductions	R0290	65,460	65,249	0	0	212
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0				
Unpaid and uncalled preference shares callable on demand	R0320	0				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0				
Other ancillary own funds	R0390	0				
Total ancillary own funds	R0400	0			0	0

S.23.01.01 - Own funds (In thousands of USD)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	65,460	65,249	0	0	212
Total available own funds to meet the MCR	R0510	65,249	65,249	0	0	
Total eligible own funds to meet the SCR	R0540	65,460	65,249	0	0	212
Total eligible own funds to meet the MCR	R0550	65,249	65,249	0	0	
SCR	R0580	17,024				
MCR	R0600	4,400				
Ratio of Eligible own funds to SCR	R0620	3.845233432				
Ratio of Eligible own funds to MCR	R0640	14.82994734				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	65,460
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	1,812
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	63,649
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	607
Total Expected profits included in future premiums (EPIFP)	R0790	607

S.25.01.21 - SCR using standard formula (In thousands of USD)

Basic Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplifications
		C0040	C0090	C0100
Market risk	R0010	649		
Counterparty default risk	R0020	1,353		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	12,180		
Diversification	R0060	-1,087		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	13,095		

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	3,929
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	17,024
Capital add-on already set	R0210	
Solvency capital requirement	R0220	17,024
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
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	

S.28.01.01 - MCR (In thousands of USD)

Linear formula component for non-life insurance and reinsurance obligations		MCR components
		C0010
MCRNL Result	R0010	4,400

Background information		Background information	
		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	38,837	3,050
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations		C0040
MCRL Result	R0200	0

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

Overall MCR calculation		C0070
Linear MCR	R0300	4,400
SCR	R0310	17,024
MCR cap	R0320	7,661
MCR floor	R0330	4,256
Combined MCR	R0340	4,400
Absolute floor of the MCR	R0350	4,214
Minimum Capital Requirement	R0400	4,400