PartnerRe Ireland Insurance dac

2019

Solvency and Financial Condition Report

CONTENTS PAGE

Summary 2
A. Business and Performance 4
A.1. Business 4
A.2. Underwriting performance 5
A.3. Investment performance 8
A.4. Performance of other activities 8
B. System of Governance 9
B.1. General Information on the System of Governance 9
B.2. Fit and proper policies and procedures 16
B.3. Risk management system including the Own Risk and Solvency Assessment 17
B.4. Internal control system 21
B.5. Internal audit function 22
B.6. Actuarial function 22
B.7. Outsourcing 22
C. Risk Profile 24
C.1. Underwriting risk 25
C.2. Market risk 27
C.3. Credit risk 29
C.4. Liquidity risk 30
C.5. Operational risk 30
C.6. Other material risks 31
D. Valuation of the Solvency II Balance Sheet 33
D.1. Valuation of assets 33
D.2. Technical provisions 36
D.3. Valuation of other assets and liabilities 44
E. Capital Management 46
E.1. Own Funds 46
E.2. Solvency Capital Requirement and Minimum Capital Requirement 47
E.3. Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement.. 48
E.4. Differences between the standard formula and any internal model used 48
E.5. Non-compliance with capital requirements 48
Annex – Quantitative Reporting Templates
SE.02.01.02 - Balance Sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life Insurance Claims Information
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement
S.28.01.01 - Minimum Capital Requirement

SUMMARY

PartnerRe Ireland Insurance dac ("the Company" or "PRIIdac") is an Irish based multi-class insurance company capable of writing worldwide risks with multi-national access. The Company is a fully owned subsidiary of the PartnerRe Group ("the Group"), the parent company of the PartnerRe Group is PartnerRe Ltd. ("the Group parent"), a company incorporated in Bermuda. The Group is supervised by the Bermuda Monetary Authority. The ultimate parent company is Exor N.V. (EXOR), a Dutch public limited liability company (Naamloze Vennootschap). See section A.1. of this report for further details about the business of the Company.

The Company is incorporated under the laws of Ireland and is subject to regulation by the Central Bank of Ireland ("CBI") under, inter alia, the European Union (Insurance and Reinsurance) Regulations 2015.

Uncertainty persists around the precise form that Brexit will ultimately take. As part of comprehensive contingency planning, the Company has considered a range of possible versions of Brexit and appropriate courses of action to take in various scenarios.

A temporary permission was secured for the Company in 2019 under the U.K. Temporary Permission Regime (TPR). The temporary permission secured the Company's access to the U.K. market throughout the term of the TPR (a period up to 3 years) in the event of a "Hard Brexit", i.e. the U.K. leaving the E.U. without a deal. As at 31 December 2019, the risk of a "Hard Brexit" remained as the envisaged E.U./U.K. Withdrawal Agreement had not yet been agreed.

Updates on Brexit developments and related contingency planning has been provided to the Company's Board throughout 2019 and will continue throughout 2020.

On 3 March 2020, EXOR Nederland N.V. and Covéa Coopérations S.A. ("Covéa") entered into a memorandum of understanding under which, following completion of Covéa's required consultation with works councils in France, the parties would enter into a definitive agreement for Covéa to acquire PartnerRe Ltd., the ultimate parent company of PartnerRe Ireland Insurance dac (the "Covéa Acquisition"). The Covéa Acquisition is subject to customary closing conditions, including antitrust, regulatory and other approvals.

As the coronavirus outbreak (COVID-19) continues to progress and evolve, the Company is monitoring the situation closely and has taken operational measures to restrict the spread of the virus across its employees in line with World Health Organisation, local governments and health authorities guidance. At this stage, the Company is not expecting that its continuous operations will be materially affected. The Company is exposed to investment risk and a deteriorating global health crisis may have a financial impact. The Company is expecting such potential financial impact to be within risk tolerance.

Towards the end of 2019, and in line with its business strategy, the Company identified an acquirer for its Casualty Wholesale portfolio. The Company entered into a 100% reinsurance agreement for this book of business until the completion of the transfer to the acquirer (which is subject to High Court and regulatory approvals).

The Company made a post tax-profit of €8.5 million in 2019 (2018: profit €0.7 million), which included an underwriting profit, after expenses, of €6.0 million (2018: profit €1.9 million). Excluding administration and investment expenses of €6.7 million (2018: €4.8 million) the Company made an underwriting profit of €12.5 million in 2019 (2018: €6.7 million). See sections A.2., A.3. and A.4. for a discussion of the performance of the Company during the year.

Section B of this report outlines the Company's system of governance which includes: the role of the Board of Directors ("the Board") and the Board Committees, delegation of roles and responsibilities, fit and proper requirements, risk management system, internal control system, internal audit function, actuarial function and use of outsourcing.

The core of the Company's business model is the assumption and management of risk, which is described in further detail in Section C of this report. The Company is exposed to underwriting, market, credit, liquidity and operational risks. The Company manages its underwriting risk through the use of reinsurance, with the most significant

protections being an 85% (90% for specific energy offshore business and 70% for 2011 to 2014 underwriting years) quota share agreement with PRESE and a stop loss agreement, attaching at 120%, with Partner Reinsurance Company Ltd. ("PRCL"), both of which are Group companies. Additionally, the risk profile of the Company has evolved in line with PartnerRe's and the Company's business strategy. The limit related to the Natural Catastrophe ("Nat Cat") risk was revised during the course of 2019.

See section C of this report for details of the Company's risk profile.

The Company had Own Funds of €103.8 million in its Solvency II balance sheet at 31 December 2019 (2018: €93.5 million). The assets and liabilities in the Solvency II balance sheet were valued using Solvency II valuation rules. The Solvency II valuation rules are different, in some areas, than those used in the Company's IFRS financial statements, with the valuation of technical provisions ("TPs") being the major area of difference. See section D for more detail on the valuation methods, bases and assumptions of assets and liabilities in the Solvency II balance sheet as well as a comparison to IFRS. There were no significant changes to the valuation basis of the Company's assets and liabilities during the year.

The Company's Solvency II Own Funds as at 31 December 2019 and 2018 are shown below:

	2019 €'000	2018 €'000
Ordinary share capital	2,249	2,249
Reconciliation reserve	(11,318)	(21,874)
Net deferred tax assets	1,449	1,680
Other own funds approved by the supervisory authority	111,463	111,463
Total Solvency II Own Funds	**103,843**	**93,518**

All of the Company's Solvency II Own Funds, except for net deferred tax assets, are classified as Tier 1 - unrestricted funds and are fully available to cover the Minimum Capital Requirement ("MCR") and Solvency Capital Requirement ("SCR"). Deferred tax assets are classified as Tier 3 capital which means that they are not available to cover the MCR. See section E for further details on the Company's Solvency II Own Funds as well as the objectives, policies and processes for managing capital and a reconciliation of Solvency II Own Funds to IFRS net equity. There have been no material changes in the Company's capital management objectives, policies and processes during the year.

The Company uses the Standard Formula to calculate the SCR. The Company's MCR, SCR, Solvency II Own Funds and Ratio of Eligible Own Funds to SCR were as follows as at 31 December 2019 and 2018:

	2019 €'000	2018 €'000
MCR	12,893	10,893
SCR	51,573	43,570
Solvency II Own Funds	103,843	93,581
Ratio of Eligible Own Funds to SCR	**201 %**	**215 %**

The 2019 SCR and Own Funds have been restated to reflect a correction to the Counterparty Default Risk as a result of using a higher than required probability of default percentage on a single counterparty. The impact of this led to a decrease of the SCR by €6.7m and an increase of own funds by €0.5m which combined had the effect of increasing the Solvency II ratio from 176% to 201%. Disclosures throughout this document have been updated accordingly.

A. BUSINESS AND PERFORMANCE

A.1. BUSINESS

The Company, through its head office and branch, is a multi-class insurance company capable of writing worldwide risks with multi-national access. The Company underwrites non-life insurance and facultative reinsurance business within its six main lines of business: aviation, energy, property, engineering, marine and casualty, as well as some credit and agriculture.

The Company's business strategy is to support PartnerRe's overall strategy by providing clients the option to place business classified as insurance with PartnerRe. The Company is not actively pursuing an independent growth strategy of its insurance business in line with the Group's overall commitment to being a pure-play reinsurer who does not compete with its insurance clients. The Company focuses on sophisticated insurance buyers such as large corporations and multi-nationals who need to place large sums insured, multi-location business or complex risks, typically as co-insurance. The Company does not underwrite retail insurance business.

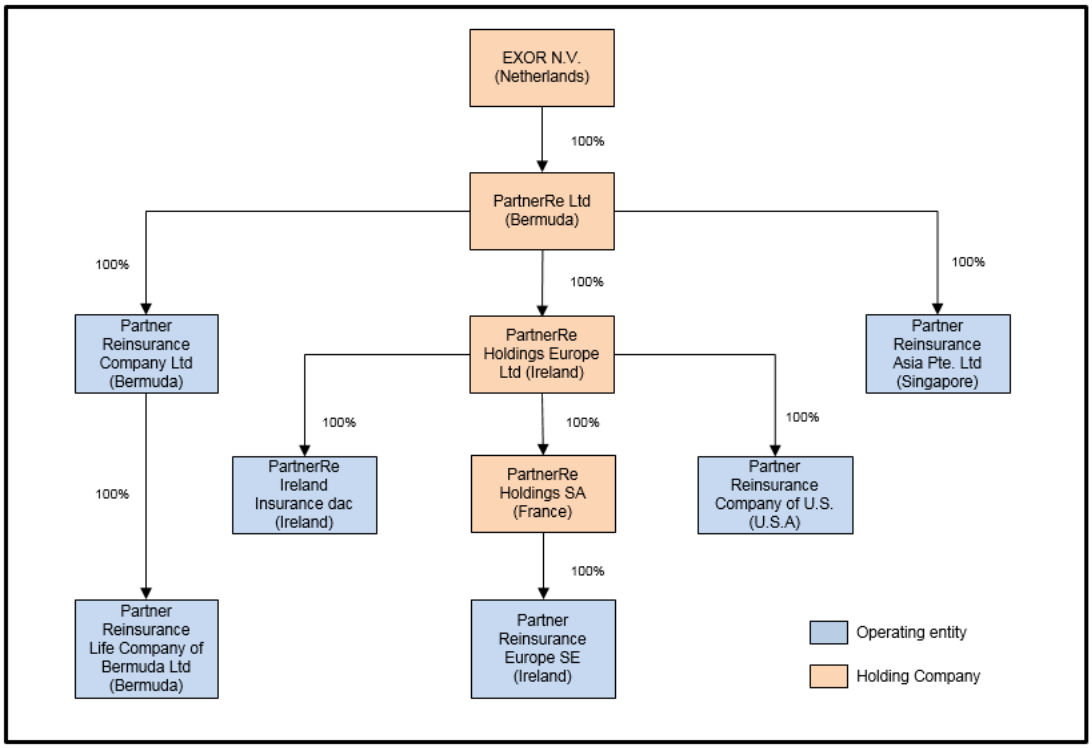
At the end of 2018, the Company ceased binding business in the U.K. branch, due to the low volume of business written and in preparation for Brexit.

Towards the end of 2019, and in line with its business strategy, the Company identified an acquirer for its Casualty Wholesale portfolio. The Wholesale segment targeted retail clients and was placed in run-off in 2016 after the acquisition of PartnerRe by EXOR. The Company entered into a 100% reinsurance agreement for this book of business until the completion of the transfer to the acquirer (which is subject to High Court and regulatory approvals). The reinsurance agreement will stay in place until such time of the transfer or, will remain in force until all liabilities in the portfolio are concluded.

The Company is regulated by the CBI, New Wapping Street, North Wall Quay, Dublin 1, Ireland.

The Company's external auditor is EY, Chartered Accountants and Statutory Audit Firm, EY Building, Harcourt Centre, Harcourt Street, Dublin 2, Ireland.

The following diagram is a simplified Group structure and includes the material related reinsurance and insurance entities in the PartnerRe Group:



Group companies are located in various jurisdictions, principally in Bermuda, U.S.A., Switzerland, France, Asia and Ireland, and provide services (including inter alia, Human Resources, Investment Management, I.T. and Claims) to various operating companies within the Group, including the Company.

A.2. UNDERWRITING PERFORMANCE

The tables below outlines the Company's underwriting performance by Solvency II lines of business for 2019 and 2018:

2019	Marine, aviation and transport €'000	Fire and other damage to property €'000	General liability €'000	Credit and suretyship €'000	Total €'000
Gross premium written	25,748	43,073	104,410	209	**173,440**
Net premium written	3,933	5,807	10,369	31	**20,140**
Net premium earned	3,608	4,100	10,284	20	**18,012**
Net claims incurred	1,392	3,162	7,227	16	**11,797**
Acquisition costs (including overriding commission)	(1,510)	(1,906)	(2,919)	(9)	**(6,344)**
Technical result	**3,726**	**2,844**	**5,976**	**13**	**12,559**
Administrative expenses	1,307	1,485	3,726	7	**6,525**
Investment expenses	36	41	102	—	**179**
Total underwriting result	**2,383**	**1,318**	**2,148**	**6**	**5,855**

2018	Marine, aviation and transport €'000	Fire and other damage to property €'000	General liability €'000	Credit and suretyship €'000	Total €'000
Gross premium written	26,258	22,105	90,367	68	**138,798**
Net premium written	1,958	2,429	10,565	10	**14,962**
Net premium earned	4,455	2,623	7,431	3	**14,512**
Net claims incurred	3,438	4,988	4,400	3	**12,829**
Acquisition costs (including overriding commission)	(1,869)	(1,094)	(2,036)	(1)	**(5,000)**
Technical result	**2,886**	**(1,271)**	**5,067**	**1**	**6,683**
Administrative expenses	1,413	832	2,357	1	**4,603**
Investment expenses	52	31	88	—	**171**
Total underwriting result	**1,421**	**(2,134)**	**2,622**	**—**	**1,909**

See Quantitative Reporting Template ("QRT") S.05.01.02 in the annex to this report for a further breakdown by the above lines of business. The marine, aviation and transport line of business includes marine, aviation and energy offshore exposures. The fire and other damage to property line of business includes exposures from property, energy onshore and engineering risks. The general liability line of business includes exposures from casualty risks. The credit and suretyship line of business includes exposures from credit & surety risks.

Marine, aviation and transport

Gross premiums written for the year ended 31 December 2019 were €25.7 million, this represents a decrease of €0.6 million when compared to the year ended 31 December 2018. This decrease was mainly driven by decreased business written in energy offshore following the transfer of renewal rights of the Direct and Facultative (D&F) business to Ark Syndicate Management Limited in March 2018.

Net premiums earned for the year ended 31 December 2019 were €3.6 million, this represents a decrease of €0.9 million when compared to year ended 31 December 2018. This decrease was mainly driven by the reduction in earned premium in energy offshore, partially offset by an increase in the aviation line of business.

The underwriting result was €2.4 million for the year ended 31 December 2019. This represents an increase of €1.0 million when compared to year ended 31 December 2018. The increase in the result was due to the reduction in the net claims incurred, mainly due to favorable development in energy offshore business during 2019, partially offset by the reduction in net premiums earned during the year.

Fire and other damage to property

Gross premiums written for the year ended 31 December 2019 were €43.1 million, this represents an increase of €21.0 million when compared to the year ended 31 December 2018. This increase was mainly driven by new business and premium increases in property and energy onshore lines of business.

Net premiums earned for the year ended 31 December 2019 were €4.1 million, this represents an increase of €1.5 million when compared to year ended 31 December 2018. This increase was also mainly driven by new business and premium increases in property and energy onshore lines of business.

The underwriting result was €1.3 million for the year ended 31 December 2019. This represents an increase of €3.4 million when compared to the year ended 31 December 2018. This increase was driven by a combination of the increase in premium earned and a decrease in material event losses reported during 2019, mainly due to two large energy onshore losses and a catastrophe event in the U.S. embedded within property in 2018, compared to just one large energy onshore loss in 2019.

General Liability

Gross premiums written for the year ended 31 December 2019 were €104.4 million, this represents an increase of €14.0 million when compared to the year ended 31 December 2018. This increase was driven by increases in two MGAs, partially offset by a reduction in wholesale business which is in runoff.

Net premiums earned for the year ended 31 December 2019 were €10.3 million, this represents an increase of €2.9 million when compared to year ended 31 December 2018.

The underwriting result was €2.1 million for the year ended 31 December 2019. This represents a decrease of €0.5 million when compared to year ended 31 December 2018. This decrease was driven by a combination of an increase in material event losses due to a large reps and warranties claim in 2019 and an increase in expenses compared to 2018.

Credit and Suretyship

Gross premiums written for the year ended 31 December 2019 were €0.2 million. The Company entered into an insurance arrangement with the International Finance Corporation (IFC) of the World Bank Group who wrote a small amount of credit business during 2018 and 2019.

Expenses Incurred

Administration, overhead expenses and investment expenses are allocated across the different lines of business on the basis of gross earned premium.

Net acquisition cost was a positive €6.3 million compared to €5.0 million in 2018 with the increase primarily driven by a decrease in costs related to wholesale business and an increase in overrider commission received on the quota share with PRESE.

Operating expenses were €6.5 million compared to €4.6 million in 2018 with the increase being mainly due to the release of an overaccrual in 2018.

Geographical Analysis

2019	Ireland	Top 5 countries by location of insured: United States	United Kingdom	Australia	Netherlands	Germany	Other	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross premium written	428	111,384	32,511	5,184	5,037	4,085	14,811	**173,440**
Net premium written	50	12,718	3,376	672	750	620	1,954	**20,140**
Net premium earned	67	9,270	3,974	640	723	623	2,715	**18,012**
Net claims incurred	93	7,498	1,575	123	1,111	556	841	**11,797**
Acquisition costs (including overriding commission)	(107)	(3,098)	(1,088)	(257)	(338)	(193)	(1,263)	**(6,344)**
Technical result	**81**	**4,870**	**3,487**	**774**	**(50)**	**260**	**3,137**	**12,559**
Administrative expenses	**24**	**3,359**	**1,440**	**232**	**262**	**226**	**982**	**6,525**
Investment expenses	**1**	**92**	**40**	**6**	**7**	**6**	**27**	**179**
Total underwriting result	**56**	**1,419**	**2,007**	**536**	**(319)**	**28**	**2,128**	**5,855**

2018	Ireland	Top 5 countries by location of insured: United States	United Kingdom	Germany	Italy	Norway	Other	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross premium written	823	65,454	43,205	3,980	3,423	2,476	19,437	**138,798**
Net premium written	90	7,294	4,796	307	371	188	1,916	**14,962**
Net premium earned	89	4,790	4,590	501	364	510	3,668	**14,512**
Net claims incurred	46	3,650	2,685	1,393	42	59	4,954	**12,829**
Acquisition costs (including overriding commission)	844	(2,157)	(1,804)	(238)	(139)	(211)	(1,295)	**(5,000)**
Technical result	**(801)**	**3,297**	**3,709**	**(654)**	**461**	**662**	**9**	**6,683**
Administrative expenses	**28**	**1,519**	**1,456**	**159**	**115**	**162**	**1,164**	**4,603**
Investment expenses	**1**	**56**	**53**	**6**	**4**	**6**	**45**	**171**
Total underwriting result	**(830)**	**1,722**	**2,200**	**(819)**	**342**	**494**	**(1,200)**	**1,909**

Given the nature of the commercial insurance business, where the location of the insured is not representative of the location of the risk, the Company does not manage its underwriting result by geography.

Risk mitigating techniques

For a discussion of the Company's risk mitigation techniques during 2019 see section C. of this report. As outlined in section C, the most significant reinsurance agreements that the Company has in place are on a proportional basis and therefore share in the underwriting results of the Company.

Reinsurance has a significant impact on the underwriting result of the Company, with the 85% quota share contract with PRESE being the most material.

The ratio of ceded premium written remained stable this year at 88% of gross premium written during the year with 85% being ceded through the quota share agreement with PRESE and the remainder relating to external protections and the stop loss with PRCL.

In Q4 2019 the Company entered into a 100% reinsurance agreement for it Wholesale Casualty book of business which mitigated the risk associated with it. The reinsurance agreement will stay in place until the book is fully transfered, subject to High Court and regulatory approvals.

The Company's reinsurance contracts are market standard contracts with market standard terms and conditions. They offer full risk transfer and are legally effective and enforceable. See section C. for a discussion of how the Company monitors the credit risk associated with its reinsurance contracts.

A.3. INVESTMENT PERFORMANCE

The following table outlines the investment income and expenses for 2019 and 2018:

	2019 €'000	2018 €'000
Interest income	1,885	1,491
Net realised gains/(losses)	1,148	(2,300)
Net unrealised gains/(losses)	1,955	432
Investment management and other related expenses	(199)	(169)
Total net of expenses	**4,789**	**(545)**

The Company's investments are primarily allocated to fixed income securities and accordingly interest income from fixed income securities accounts for substantially all of the income arising from investments. Realised and unrealised gains are due to changes in market prices on fixed income securities. The net realised and unrealised market gains for 2019 are €3.1 million (2018: losses €1.9 million). The realised gains on fixed maturities and short-term investments were primarily driven by portfolio realignment in 2019 to reduce USD spread risk. The unrealised gains were primarily driven by the decreases in U.S. and European risk-free rates and the narrowing of the U.S. and European investment grade corporate spreads.

The Company did not recognise any gains or losses, with respect to its investment portfolio, directly in other comprehensive income (within equity) during the year as its portfolio is valued at fair value through profit and loss. The Company did not have any investments in securitisations.

A.4. PERFORMANCE OF OTHER ACTIVITIES

The Company recognised a €0.15 million (2018: gain €0.3 million) foreign exchange loss in the income statement during the period.

The Company recognised a total income tax expense of €2.1 million (2018: €1.1 million) giving an effective tax rate of 20.1%. The effective tax rate is driven by the location of profits earned across the various tax jurisdictions in which the Company operates.

The Company incurred lease expenses of nil (2018: €0.4 million) during the period. The reduction in 2019 is due to the Company having previously held a short-term lease in relation to its U.K. office which was transferred to Partner Reinsurance Europe SE in 2019. No further leases have been entered into by the Company during the year.

B. SYSTEM OF GOVERNANCE

B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

The Company is categorised as Medium-Low under the CBI's Probability Risk and Impact System ("PRISM") and is subject to the Corporate Governance Requirements for Insurance Undertakings 2015 (the "Corporate Governance Requirements"). The Company is satisfied that the corporate structures and practices pertaining to corporate governance as described in the Corporate Governance Requirements are operating effectively.

General governance standards and structure

The Board structure and responsibilities are set out in its Board Charter.

The Board is collectively responsible for promoting the success of the Company by directing, supervising and overseeing its affairs. The Board is responsible for:

- setting and overseeing the business strategy for the Company;
- setting and upholding the values and standards necessary to ensure that the Company's obligations to shareholders and other stakeholders are met;
- defining the corporate governance system and promoting the highest standards of corporate governance; and
- ensuring that the business of the Company is carried out in a prudent manner.

The Board is collectively responsible for acting in the interests of the shareholder and the Company in accordance with applicable legal and regulatory requirements. Each Directors' individual responsibilities are set out in their respective letters of appointment. The Board comprises two Independent Non-Executive Directors ("INED"s), one Executive Director (the General Manager) and three Non-Executive Directors (Group "NED"s) who are employed within the Group but not by the Company. The Chairman of the Board is proposed for reappointment on an annual basis. The Chairman, in conjunction with the Company Secretary, ensures that all Directors receive appropriate on-going training and are actively encouraged to further their personal development in matters relevant to the Company and its interests.

The Board has formed the following sub-committees:

- Audit committee; and
- Risk committee

These committees are empowered to carry out activities to the extent of the authority delegated to them by the Board as set out in their respective Charters.

The Board has also established an Executive Committee, called the Legal Entity Management Team ("LEM").

The LEM is composed of the senior executive management and key function holders within the Company.

The LEM is responsible for developing an annual business plan which it recommends to the Board for approval, executing the strategy as set by the Board. In addition, the LEM has responsibility for the day-to-day management of the Company.

Key elements of the Company's system of governance

Governance and Oversight

The Board is ultimately responsible for the Company's system of governance and internal control. The Company's governance approach is to ensure there is a clear organisational structure in place with well defined, transparent and consistent lines of defence responsibility (see organisational structure chart below).

The Board is supported in this regard by the Company's LEM and its Audit Committee and Risk Committee. The shared cross membership of these Committees serves to enhance the Board's consideration of risk related issues.

In addition, the Company has a clearly defined structure of key functions (comprising Risk Management, Compliance, Finance, Actuarial and Internal Audit) who report to the Committees, as appropriate, on a quarterly basis. The Company's General Manager has oversight of all activities of the Company (including the London branch).

The Board sets the overall strategy of the Company in line with the strategy of the Group. The Board sets the Company's risk strategy, which is reviewed annually. It also sets the Company's risk appetite and risk limits annually, in the light of the Company's risk strategy and overall strategy. In this context the Board seeks to ensure there are sound risk management processes to effectively identify, manage, monitor and report on the risks to which the Company is exposed.

The matters specifically reserved for the Board are set out in the Company's Delegation of Authority Policy in Schedule I ("Reserved Powers"). This policy is approved by the Board annually.

Authority and independence of key functions

The Company possesses the key functions of Risk Management, Actuarial, Internal Audit and Compliance. Risk Management, Actuarial and Compliance have dotted reporting line to the GM for regulatory purposes.

Risk Management Function

The Risk Management Function, under the direction of the Chief Risk Officer, has independent oversight of risk management activities including identifying, assessing, monitoring and reporting existing and emerging risks. The Risk Management Function will monitor the risk profile of the Company's position against risk appetite statements and tolerances and report deviations in line with agreed reporting procedures.

The Chief Risk Officer and Risk Management Function report to the Risk Committee and the Board. The Chief Risk Officer is also a member of the Legal Entity Management Team.

Actuarial Function

The Company has a Head of Actuarial Function for its Non-Life Business. The Head of the Actuarial Function is a member of the Legal Entity Management Team. The Actuarial Function is responsible for providing actuarial services to the Company.

Actuarial services generally relate to the determination of technical provisions and the provision of advice and opinions in respect of Capital Management, Underwriting, Retrocession and Investment.

Compliance Function

The Company's Head of Compliance is a member of the Legal Entity Management Team.

The Head of Compliance is independent and has formal status within the Company. The Head of Compliance reports on a quarterly basis to the Board of Directors and also to the Audit Committee and Risk Committee, as necessary.

Internal Audit

Internal Audit is an independent evaluation and appraisal function reporting to the Board through the Audit Committee. Internal Audit examines and evaluates the functioning of the internal controls and other elements of governance. Internal Audit's responsibilities are set out in the Internal Audit Charter.

The Head of Internal Audit attends Legal Entity Management meetings on at least a quarterly basis.

Material Changes in the Governance of the Company in 2019

The Chairman of the Board resigned from the Board on 20 March 2019 and a new chairman was appointed.

One other Non-Executive Director resigned and has been replaced during the course of the year.

Material Transactions

There were no transactions during the reporting period with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the Board other than:

- Directors' fees paid to Independent Non Executive Directors;
- Intra-group transactions in the normal course of business; and
- Remuneration paid to Executive and Non-Executive Directors.

During 2018 the Company began developing an Organogram of its operating model structure which documents and sets out roles and responsibilities. The Organogram is a tool which details interactions and information distribution between business units and will also be used to identify any gaps in information transmission.

Processes for monitoring the effectiveness of the system of governance

The Company's governance structure covers a wide range of processes across the Company which are listed below and further referenced and explained in this report. The report highlights the clear and consistent procedures in place for monitoring these governance arrangements and these are adapted where necessary in accordance with changing requirements.

Board Governance and Oversight

As mentioned above, the Board, with the assistance of its Committees and the Legal Entity Management Team, provides the Company with strategic direction, risk controls, financial oversight, investment policy and corporate governance with access to additional expertise from the PartnerRe Group should it be required.

Role of Board Committees

The Board has established two Committees, the Audit Committee and the Risk Committee, which have responsibility for and are authorised to identify any issues within their scope of control and escalate such issues to the Board along with recommendations for remedial action. The Board, however, has ultimate responsibility for all matters.

The Audit Committee

The Audit Committee has been established to oversee the Company's financial reporting process and the internal control structure on behalf of the Board.

The Audit Committee has four main objectives:

- Review of the Company's financial reporting process;
- Review the integrity of the Company's financial statements;
- Review the effectiveness of the Company's internal control environment and I.T. systems; and
- Review the performance of the Company's internal audit function and of the external auditors.

The Risk Committee

The Board delegates certain risk management responsibilities to the Risk Committee. The responsibilities of the Risk Committee are specified in its Charter and include, but are not limited to:

- Providing assurance on the effectiveness of the Risk Management Framework;
- Reviewing risk reports and escalating risk matters to the Board as appropriate;
- Monitoring adherence to risk appetite;
- Overseeing the Chief Risk Officer and the Risk Management Function;
- Advising the Board on capital modelling matters; and
- Advising the Board on all risk related matters.

Review of Board and Committee Roles and Responsibilities

The roles and responsibilities of the Board and its Committees, as outlined under their respective Charters, are reviewed and updated at least annually.

Assessment of Board and Committee Performance

The Board formally reviews its overall performance and that of its individual directors, relative to the Board's objectives, on a biannual basis. This includes a review of the Audit Committee and the Risk Committee in relation to their respective performances. During the first quarter of 2019 the Board and Committees carried out a detailed gap analysis of the respective Charters. A detailed management information ("MI") assessment template was also developed in the first quarter of 2019 to include each responsibility set out in the Board and Committee Charters. The findings from the gap analysis and MI assessment were agreed with the Board and Committee members and were implemented in 2019. Due to significant improvements observed in the gap analysis from 2018 - 2019 the Board and Committees agreed to conduct the assessment every two years going forward.

During the third quarter of 2019, each director performed a self-assessment whereby he or she evaluated his or her performance against a range of key performance indicators. Each Board Director completed an annual Board Evaluation reviewing the overall performance of the Board and that of individual Directors, relative to the Board's objectives.

Compliance Reporting

The Board receives quarterly updates from the Company's Compliance Function in respect of the activity of the Compliance Function in the quarter. As part of this report, details of new regulatory and legal requirements and the forecasted impact that they will have on the Company are provided to the Board. In addition, the report provides details of any compliance monitoring activity that has taken place in the quarter concerned. Such reporting is designed to provide the Board with sufficient comfort that the Company has complied with all requisite regulatory and legal requirements and where necessary to highlight any occasions on which the Company has deviated from such requirements.

Internal Audit Plan

The Board, with the assistance of the Audit Committee, monitors the effectiveness and adequacy of the Company's internal controls (including the Company's financial reporting process) and I.T. systems through reports received from the Internal Audit team as and when they fall within Internal Audit's plan. The Board and the Audit Committee review and approve the Internal Audit plan for the year.

Adherence to Group and Company Policies, Guidelines and Procedures and use of Group Functions

The Board satisfies itself as to the appropriateness of compliance with Group policies and Group functions for the Company and in particular that these policies and functions take full account of Irish laws and regulations and the supervisory requirements of the CBI. Where necessary, Company specific guidelines are put in place in addition to the Group policies to ensure compliance with local laws, regulations and supervisory requirements.

Annual review and approval process in respect of the Company's audited Financial Statements and Directors' Report

The Board, with the assistance of the Audit Committee, annually undertakes a detailed review of the Company's audited Financial Statements and Directors' Report. Prior to this review, a number of meetings outside of the Audit Committee and Board meetings are held to ensure the accuracy of the detail contained in the Financial Statements and Director's Report. The stakeholders of these meetings are the external auditors, INEDs, members of the LEM and Internal Audit. A formal governance process supports all pre-Audit Committee meetings.

Financial Reporting Framework

The Company's overall financial reporting framework sets out the processes and controls regarding the preparation, presentation and filing of all requisite financial reports, including CBI reporting.

Delegation of responsibilities, reporting lines and allocation of functions

Where permissible under legislation and regulation, the Board has delegated certain authority and activities, notwithstanding that the Board is ultimately responsible for those delegated authorities and activities.

Such delegation is documented by way of the Board's Delegation of Authority Policy which sets out the powers reserved to the Board and those delegated by the Board to its Committees, the Company's General Manager or the LEM as appropriate. All matters not specifically reserved for the Board and not already delegated by the Board (as listed under the Delegation of Authority Policy), which are necessary for the day-to-day management of the Company, are delegated to the General Manager.

Delegation to the Audit Committee and the Risk Committee is reflected in the Charters for those Committees.

The Delegation of Authority Policy and the Committee Charters are reviewed and approved by the Board on an annual basis. Outside of the said review and approval process, the Board may add to such delegations at any point (a) by way of a resolution made at a Board meeting which is recorded in the Board meeting minutes or (b) by way of a written resolution. Notwithstanding such delegations, any matters with the potential to have a material impact on the reputation of the Company are brought to the attention of the Board.

Key delegations include underwriting authority, which is delegated in accordance with the Company's underwriting guidelines (approved annually by the Board) to the heads of the various underwriting departments and thereafter to identified underwriters in accordance with procedures set out in the said underwriting guidelines and the specific departmental underwriting guidelines. The Board has delegated ultimate underwriting decisions to the General Manager in cases where a referral must be escalated under the relevant underwriting guidelines.

The Group operates on a business unit basis and therefore the persons responsible for Company functions (the CRO, Compliance Officer, Head of Finance, Head of Actuarial Function ("HoAF")) report within the overall Group structure with a dotted reporting line to the Company's General Manager for regulatory purposes. In addition, the Company relies on affiliated support functions to provide a full complement of functions (e.g. an affiliated Claims Function and Investment Management Function).

Albeit the branch in the UK is dormant/in-active since end of 2018, process for branch oversight remains in place. The General Manager receives reports on production, results and operational activities from its branch on, at a minimum, a quarterly basis. In the fulfillment of their role, the Branch Manager provides the General Manager with regular updates on key matters associated with branch operations. In addition, the General Manager provides quarterly legal entity updates to the Branch Manager.

The Board requires that all policies, processes and controls applicable to the Company equally apply to its branch in addition to any local legal and regulatory requirements. Arrangements for business continuity and contingency planning similarly extend and apply to the branch. The job descriptions for these functions set out clearly the reporting structures, so as to ensure the reporting lines within the Company are uncompromised. PartnerRe Subsidiary Corporate Governance Principles as approved and adopted by the Board also set out roles and responsibilities of each key function.

All key functions such as Risk Management, Compliance, Finance, Actuarial and Internal Audit have established frameworks within which they operate. These are independent of business units and have the authority to operate effectively. The Group Internal Audit Function is independent of the Company.

The Board is updated on the Company's budgets and costs on a quarterly basis and such reporting provides the Board with a clear picture of the resources available to the risk management, compliance, finance and actuarial functions and whether they are effective and adequate. The Board is responsible for approving Pre-Approval Controlled Functions ("PCFs") which provides the Board with further insight on resources and adequacy of experience. In addition, the General Manager provides an overview of resources where appropriate. The Internal Audit Function reports on resources across the Company (including the Internal Audit Function) when carrying out an audit of a particular business unit/department.

Board structure, composition and committees

The performance of the Board (individually and as a whole) is reviewed annually and its composition (including consideration of the balance of experience and independence required) is reviewed at three-yearly intervals.

The General Manager is the sole Executive Director.

The Board's Audit Committee and Risk Committee provide support and expert advice to the Board together with recommendations for Board decisions in all areas that the Board may require.

The Audit and Risk Committees are chaired by an INED. Each Committee is chaired in accordance with the Committees' respective Charters. The said Charters set out more specifically the composition, terms of reference and modus operandi of each Committee.

The Audit Committee oversees the financial aspects of the Company, including the statutory and regulatory reporting processes. It is responsible for liaising with the external auditors and reviewing their independence and it manages and oversees the work carried out by Internal Audit on behalf of the Audit Committee. The Audit Committee reviews the effectiveness and adequacy of the Company's system of internal controls.

The Risk Committee, in conjunction with the CRO, oversees the management of risk within the Company. Accordingly it oversees the underwriting processes and, in particular, the development of the Company's risk appetite. There is significant liaison with the Company's CRO (who reports to the Risk Committee and the Board on a quarterly basis) and the Company's Actuarial Function (for example in respect of the Company's risk management framework and ORSA process). The Risk Committee ensures the risk appetite is appropriate given the nature, scale and complexity of the organisation.

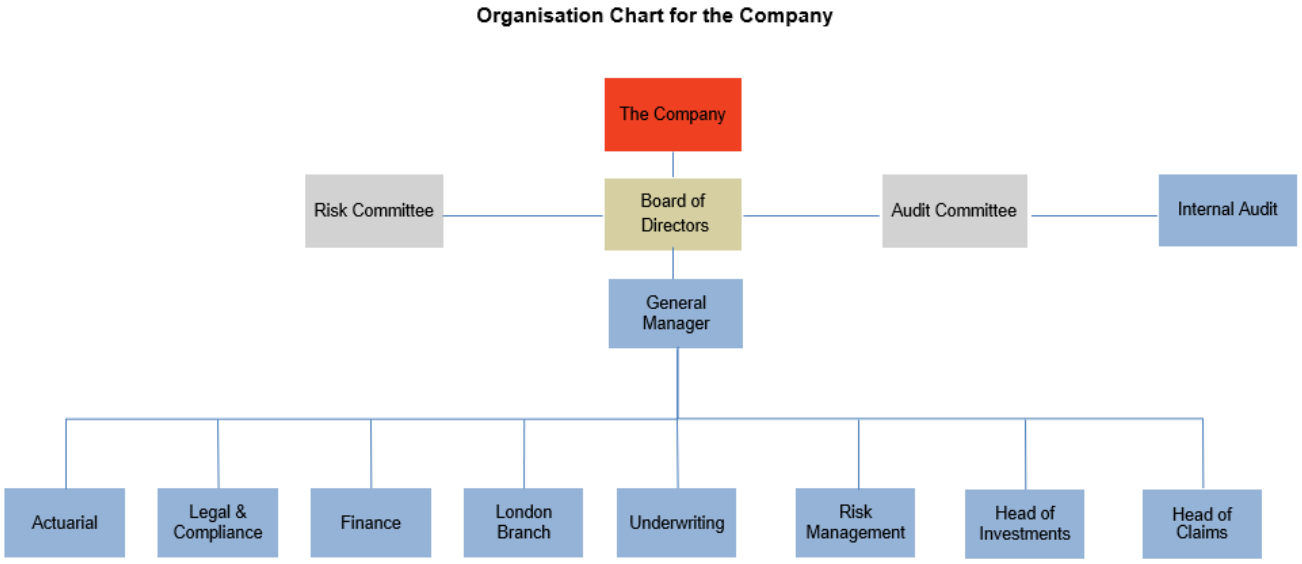
The Board and its Committees meet quarterly and at such other times as deemed necessary to discharge their respective roles and responsibilities effectively. Board and Committee members are required to devote such time as deemed necessary to understand the issues to be discussed. The Company Secretary issues Board and Committee packs to Board and Committee members one week in advance of meetings and maintains a formal record of Board and Committee proceedings. The minutes of each Board and Committee meeting contain sufficient detail to evidence Board attention and document the decisions (including dissenting or negative votes), discussions and points for further action.

The Board has the authority to retain external counsel, expert advice and other advisors deemed necessary for proper oversight of the Company.

A formal process has been approved by the Board which sets out the steps for making material decisions at Board level. A material decision is any decision of substantial importance or consequence to the Company. A consolidated "Actions Log", covering all open items, has been developed and is brought forward into each Board meeting.

Company structure

The Company structure set out as follows outlines the Company's various functions. This structure is appropriate for the planning, executing, controlling and monitoring of business operations in order to achieve the Company's objectives.



Remuneration Policy

The Remuneration Policy is approved by the Board and updated on an annual basis. It is the intention of the Company to ensure that the ways in which it remunerates its employees, officers and directors meets with good practice standards as well as applicable regulatory requirements. The Company does not have any direct employees.

The Remuneration Policy is designed to meet the following objectives:

- Align the long-term interests of Company's participants and shareholders;
- To deter excessive risk taking;
- Establish competitive pay levels on a total compensation basis;
- Clearly link pay with performance;
- Provide flexibility in form and structure to meet individual time horizons;
- Demonstrate good governance and corporate responsibility; and
- Encourage the retention of the Company's participants.

The Board considers the following structure of remuneration to be appropriate, in the context of the Company's activities and the applicable regulatory requirements:

- The philosophy is to remunerate at the median of the appropriate market;
- Remuneration is comprised of base salary and Annual Incentive ("AI"); and
- Local requirements relating to remuneration structures will be respected as appropriate.

With regard to the remuneration of its INEDs the Company's policy is that, in keeping with their duty of independence, they shall be remunerated by a fixed fee only, and no incentive-based payments will be made.

It is the Company's policy that NEDs who are employees of the Group shall receive no remuneration for their duties as directors of the Company.

The variable components of remuneration are an AI and a Long-Term Incentive ("LTI") award. The AI is a variable, performance-based component of compensation. Each employee has a target AI payment, which is set as a percentage of base salary. The actual payment is then based on a combination of business unit performance, individual performance and overall Group performance. The target metrics are set by the Group each year.

Pension entitlements are typically paid on a contribution basis and are based on a percentage of the participant's base salary depending upon competitive local market practice and vesting provisions meeting legal compliance standards and market trends. There is also a hybrid pension plan, which contains elements of a defined benefit and defined contribution plan.

B.2. FIT AND PROPER POLICIES AND PROCEDURES

The CBI published its Regulations and Standards of Fitness and Probity (the "F&P Standards"), issued under Part 3 of the Central Bank Reform Act 2010 ("the 2010 Act"), on 1 September 2011. These statutory standards came into effect on 1 December 2011. The 2010 Act provides for a fitness and probity regime for the periodic assessment of individuals performing PCFs and 'Controlled Functions' ("CF"s), including Directors, senior management and those employees whose activities have a material impact on the business.

As a regulated entity, the Company is subject to the F&P Standards. There are continuous processes in operation within the Company to determine which roles fall under the F&P Standards and to collect and collate information to evidence compliance with the F&P Standards.

The Company has a Fitness and Probity Policy ("the Policy") which governs the Company's fitness and probity procedures. This is reviewed and approved annually by the Board.

The Policy is supported by detailed documented procedures. These procedures enable the Company to annually confirm to the CBI that the Company is in compliance with the relevant regulatory requirements under the CBI's Fitness and Probity Standards and associated CBI Guidance (the "Fitness and Probity Standards").

These procedures provide a mechanism for ensuring that all relevant individuals meet, and continue to meet, the Fitness and Probity Standards and fulfil any training obligations. The Policy and the procedures cover:

- New appointments of individuals performing PCFs and CFs;
- Internal PCF and CF transfers and promotions;
- Outsourcing of PCFs and CFs;
- On-going due diligence of individuals performing PCFs and CFs; and
- Potential consequences if a PCF or CF does not meet or no longer meets the Fitness and Probity Standards.

As part of the Company's fitness and probity procedures, the Board endorses the appointment of individuals performing PCFs within the Company and those who may have a material impact on the risk profile of the Company (being the Company's General Manager, Head of Finance, CRO, Head of Internal Audit, Head of Compliance, HoAF, Branch Manager, Head of Underwriting, Head of Investments and Head of Claims). All Board Directors (incorporating Board and Committee Chairs) are categorised as PCFs.

The Company maintains records in relation to individuals performing PCF or CF roles on behalf of the Company. The records include evidence of the due diligence undertaken in respect of that individual prior to their appointment and evidence of the PCF's and CF's ongoing compliance with the Fitness and Probity Standards. Annual due diligence of each Company PCF and CF is also conducted by completion of a detailed Annual Certification, which is reviewed by the Head of Compliance. Results of the due diligence are recorded.

The due diligence undertaken requires the Company to analyse the competencies and the degree of probity required to discharge a particular function (and whether the responsibilities of the function fall into a PCF or CF category) and ensures the relevant expertise, qualifications and background of the individual meets this criteria. If deemed necessary, relevant and comprehensive training is carried out in conjunction with the PCF or CF appointment process to ensure that an individual is fit and proper to perform the role.

B.3. RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT

In the insurance industry, the core of the business model is the assumption and management of risk. A key challenge is to create economic value through the intelligent and optimal assumption and management of insurance, capital market and investment risks while limiting and mitigating those risks that can destroy tangible as well as intangible value, those risks for which the organisation is not sufficiently compensated, and those risks that could threaten the ability of the Company to achieve its objectives. While many companies start with a return goal, the Company starts with a capital-based risk appetite, a critical element of the Company's risk management framework, and then looks for risks that meet its return targets within that framework. Management believes that this approach allows the Company to balance the policyholders' need for certainty of claims payment with the shareholders' need for an adequate total return.

The assumption and management of risk are at the core of the Company's value proposition and operating principles. All business decisions entail a risk/return trade-off, and these decisions are applicable to the Company's risks. In the context of assumed business risks, this requires an accurate evaluation of risks to be assumed, and a determination of the appropriate economic returns required as fair compensation for such risks.

In addition to assuming business risks, every organisation faces numerous risks that could threaten the successful achievement of its goals and objectives. These include choice of strategy and markets, economic and business cycles, competition, changes in regulation, data quality and security, fraud, business interruption and management continuity. All of these factors can be viewed as either strategic, financial, or operational risks that are common to any industry.

Risk Management Framework

The Risk Management Framework ("ERM Framework") for the Company provides the context for risk management, articulating its risk governance, risk policy framework, risk identification and assessment process, risk appetite, risk limits and tolerances (including risk strategy and the Risk Appetite Framework ("RAF")), risk monitoring and reporting, and risk controls.

The Risk Management Framework evolves continuously in order to be responsive to changes in the economic environment, markets we serve and their respective regulatory environments. It also evolves in response to our organisational needs including any new businesses or strategic initiatives.

With respect to the Company's Risk Management Framework there are clearly defined roles and responsibilities for the Board, the Risk Committee and the first, second and third lines of defence, all of which are discussed below.

The Board

The Board is ultimately responsible for ensuring that risk is effectively managed in the Company. The key risk management responsibilities of the Board include the following:

- Setting overall risk appetite and risk limits;
- Overseeing and reviewing the key risks of the Company;
- Approving the risk strategy and the risk management framework;
- Approving risk policies; and
- Promoting a culture which is conducive to effective risk management.

The Risk Committee

The Board delegates certain risk management responsibilities to the Risk Committee. The responsibilities of the Risk Committee are specified in its Charter and include, but are not limited to:

- Providing assurance on the effectiveness of the Risk Management Framework;
- Reviewing risk reports and escalating risk matters to the Board as appropriate;
- Monitoring adherence to risk appetite;

- Overseeing the CRO and the risk management function;
- Advising the Board on capital modelling matters; and
- Advising the Board on all risk related matters.

First Line of Defence

Risk is primarily managed by those involved in the day to day running of the Company. All staff have responsibility for ensuring that the business complies with the specific obligations imposed on them, i.e. operate within risk appetite, implement risk policies, ensure business processes are designed, implemented and operated to achieve compliance and risks are reported to a member of the LEM. In addition, the first line of defence is responsible for working with the Risk Management Function to identify, assess, monitor and report to the Risk Committee.

Second Line of Defence

The Risk Management Function, under the direction of the CRO, has oversight of risk management activities including identifying, assessing, monitoring and reporting existing and emerging risks. The Risk Management Function will monitor the risk profile of the Company's position against risk appetite statements, limits and tolerances and report deviations in line with agreed reporting procedures. Other responsibilities include:

- Implementing the risk management framework;
- Providing advice on risk management to all stakeholders;
- Providing education and training on risk topics; and
- Promoting a strong risk culture.

The Compliance Function is responsible for providing direction, guidance and support to the business in relation to compliance risks. The Compliance Function must ensure that the Company remains up to date with legal and regulatory requirements as well as defined internal policies and that appropriate compliance controls exist and operate effectively.

The Actuarial function is accountable for the actuarial methodology, reporting to the relevant governing body on the adequacy of the TPs as well as the appropriateness of the underwriting policy and reinsurance arrangements.

Third Line of Defence

Internal Audit is an independent evaluation and appraisal function reporting to the Board through the Audit Committee. Internal Audit examines and evaluates the functioning of the Company's internal controls and other elements of governance.

Risk Policies

The Company's risk policy framework addresses groups of homogenous and related risks and establishes risk management approach, risk appetite and mitigation principles, risk ownership, governance and escalation procedures. Individual risk policies are supported by sub-policies, operating guidelines and the ERM control framework.

The Company adopts PartnerRe's overarching risk policy framework which applies to all Group entities, and additionally has local policies in areas where local requirements differ or are more detailed, or where the Company sees a need for additional governance. All risk policies are approved by the Board upon recommendation of the Risk Committee.

Risk Identification and Assessment

The Risk function coordinates and performs an annual risk identification and assessment process to assess all reasonably foreseeable and relevant material risks for the Company, resulting in the Risk Assessment report. Ad-

hoc risk identification and assessment exercises may also be performed throughout the year, for example following a change in risk profile, business mix or strategy.

Risk are assessed with their risk owners and documented. As appropriate, scenarios are quantified and mapped to impact categories such as frequency and severity; this allows to consolidate the risk profile in heat maps. The Risk Assessment is reviewed by the LEM and presented to the Risk Committee.

Risk Appetite, Risk Limits and Tolerances

The Company's RAF sets out the Company's risk appetite, risk limits and tolerances, i.e. the overall level of risk the Company is prepared to take. For key risks as identified in the Company's Risk Assessment, including insurance, financial market and credit and operational risks, the Company defines risk indicators which are used to measure, monitor and manage these risks.

For each key risk indicator, the Company defines green, amber, red and purple ranges. Risks are expected to remain in the green range. Upon entering the amber range, the Company assesses and implements as appropriate measures to restore risk back to the green range. Escalation procedures and governance are documented in the RAF.

The RAF is approved by the Board on recommendation of the Risk Committee.

In setting its risk appetite the Board considers stakeholder expectations (in particular the PartnerRe Group, cedants, the CBI, creditors, business partners and employees) alongside the business environment and risks including the current level of risk in the business plan and strategy.

Risk Monitoring and Reporting

Risk owners monitor risks throughout the year. The Risk function aggregates these risk monitoring activities by risk owners for onward reporting to the Risk Committee. Compliance with the Risk Appetite Framework and its risk limits and tolerances is monitored and reported quarterly to the Risk Committee in a standardized format, highlighting developments of material risks and other relevant risk management updates.

For specific key risks, detailed standardized reporting is provided in the form of risk scorecards.

Risk Control Applications

The Company uses PartnerRe's internal control application system Archer to document internal controls and manage its Risk Register. Archer documents each of the Company's internal controls and allows risk owners to identify risk management processes and tools that are available to mitigate risk. After identifying a risk, the risk owner considers what controls are available within the internal control environment to reduce the risk. During this process, new controls may be identified and added to the internal control system in order to further reduce these risks. Any new controls are also documented in Archer.

Controls and other risk management actions are performed by process owners within the business units and support functions throughout the year. Internal Audit conducts audits which test the controls to ensure operational effectiveness.

Risk Register

Archer is also used for the Company's Risk Register. Archer records information provided by risk owners such as the qualitative assessment of inherent risk and the summary of risk controls that are to be implemented. This information is then prepared in a format suitable for monitoring by the Risk function.

Own Risk and Solvency Assessment (ORSA)

The Company undertakes at least annually an internal assessment of its risk and solvency positions, and evaluates these against the business plan. The ORSA report builds on the ERM activities throughout the year and aligns with the business planning and strategy setting process. The ORSA evaluates projected risk and solvency positions

based on the multi-year plan which then in turn informs the planning process. Projected capital adequacy is assessed against the Company's overall risk appetite and risk limits and tolerances.

The ORSA process encompasses in particular the regular review of the policy and governance framework, the annual risk identification and assessment process, the review and continuous evolution of risk appetite and risk limits and tolerances, risk monitoring, and stress testing, reverse stress testing and capital projections.

Individual components of the ORSA process directly inform the Company's risk management system. The annual Risk Assessment informs the Company's risk monitoring and stress testing in the ORSA. The ORSA projections in turn inform business planning, risk management and risk monitoring activities. The ORSA projections also inform capital management such as the design of the Company's retrocession programme or the identification of the need for capital injections.

The ORSA is prepared by the CRO, reviewed by the HoAF who documents his opinion, the LEM and the Risk Committee. The Board ultimately approves the ORSA. Following approval, the Company submits the ORSA to the Central Bank.

Business and Risk Strategy

The Company is a multi-class insurance company capable of writing worldwide risks with multi-national access. The Company underwrites non-life business within its six main lines of business: aviation, energy, property, engineering, marine and casualty. The Company's business strategy is to underwrite a well-managed, well diversified, multi-class and worldwide insurance business that supports our clients' needs while ensuring that the Company retains underwriting discipline and focus on underwriting profitability.

The Company's business strategy forms part of the overall Group strategy through writing certain lines of business which offer attractive returns that require insurance paper. This complements the overall Group strategy to focus on reinsurance and to not compete with our clients.

The Company fully contributes to the successful execution of the Group's strategy by assuming and managing risks over the short, medium and long term, all in a manner appropriate to its financial capabilities.

The strategic planning cycle commences in the first half of the year and is led by the General Manager of the Company who discusses the underwriting strategy with the Group Executive Leadership Team ("ELT") and business unit leaders. At this juncture, the General Manager has the opportunity to provide input to the Group strategic planning exercise by laying outlining the impact any group strategic initiatives will have on the Company. This impact assessment is performed by the General Manager in conjunction with the Head of Finance, and other members of the LEM as necessary, and it includes documented impact analyses on capital, risk appetite, I.T., people, legal or regulatory requirements that the Company may have be exposed to. Once this assessment is complete and approved by the LEM, the General Manager presents the strategy to the Board (mid-September timeframe). This allows the Board the opportunity to discuss, challenge and provide input on the strategy as it pertains to the Company. The General Manager ensures Board feedback is then incorporated within the next draft of the plan. A final financial plan is reported to the Board (November - December timeframe) for approval that also includes planned investment income, operating expenses, impact on capital and risk appetite.

The Company has developed business plans on a multi-year basis.

Assessment and Monitoring of Emerging Risks

The Emerging Risk Committee ("EmRC") was established by the Group Executive Management Committee as an operational unit that reports to the Group Executive Risk Committee. The EmRC is comprised of representatives from the business and assurance functions. The Company's CRO attends the meeting and updates are shared with the Company's management. The EmRC Charter objectives include:

- Maintain risk awareness;
- Identify emerging risks (i.e. risks that do not currently exist and/or risks whose significance may be uncertain and not well understood) and evaluate the potential impact on the current inforce portfolio;
- Monitor emerging risks and key risk indicators;

- Quantify scenarios for some identified risks; and
- Plan and take actions if needed.

The EmRC meets semi-annually and is responsible for the discussion and analysis of emerging risks as well as the development of strategies for managing these risks.

This process feeds into the Company's risk assessment process through the updating of the risk universe and through the Company's CRO. Emerging risks are also in scope for the risk assessment quarterly review process.

The latest risk assessment identified the following notable emerging risks: climate change, cyber risk, pace of change, and talent shortage.

B.4. INTERNAL CONTROL SYSTEM

The Company's internal control system is designed to adequately and effectively identify, manage, monitor and report on the risks the Company is or may be exposed to in order to secure compliance with applicable laws and regulations. It is also designed to detect and correct non-compliance in an efficient and effective manner.

The internal control system consists of a series of preventative and detective controls to prevent, mitigate and detect risk manifestation. The control system allows for escalation of control failures.

The Company will employ risk mitigation techniques as deemed appropriate to remove or reduce risks and remain within the stated risk appetite.

The Board ultimately oversees the internal control system. The Company's Compliance, Finance, Actuarial, Risk Management and Internal Audit functions are all key contributors to the governance and oversight of the Company's internal control system.

There are established robust internal controls in existence in each of these key functions in addition to the controls in place across all other areas, e.g. Underwriting, Claims and I.T.

Compliance Function

The Compliance Function is responsible for:

- advising the Company on applicable laws and regulation that apply to the Company as an authorised insurance company;
- providing training to staff, where necessary, on the laws and regulations applicable to the Company;
- identifying and assessing the possible impact of any changes to the applicable laws and regulations on the Company;
- providing assurance to the Board on the adequacy of measures that have been taken by the Company to comply with applicable regulations;
- managing the relationship with the Central Bank of Ireland and other financial services regulators; and
- maintaining the Company's operating licenses.

The Company's Compliance Framework comprises the tools that the Compliance Function employs to meet its responsibilities. The Compliance Framework is comprised of the following elements:

- Compliance Watchlist
- Compliance Monitoring Plan
- Compliance calendar
- Compliance Business Plan
- Management and co-ordination of Compliance policies
- Training programme

Compliance reporting to the Board of Directors includes, but is not limited to, the following:

- Pending or future regulations and legislation which will affect the Company and for which adequate time and resources shall be allocated to meet the requirements;
- Details of regulatory visits or significant contacts;
- Update on progress against the approved Compliance Business Plan with particular reference to the adequacy of compliance resources; and
- Any other relevant information.

B.5. INTERNAL AUDIT FUNCTION

The Internal Audit function's mission is to provide the Audit Committee with an independent appraisal function to assess the Company's internal control and operating environment so as to provide reasonable assurance that:

- Operations are effective & efficient;
- Financial reporting is reliable;
- There is compliance with laws & regulations;
- Assets are appropriately safeguarded; and
- The Company's risk management policies are consistently applied as documented.

Annually, Internal Audit provides the Audit Committee with an overall assessment of the condition of the Company's internal control environment based on conducting a risk-based internal audit program.

Internal Audit reports functionally to the Audit Committee and Board in order to ensure independence. Internal Audit acts as the third line of defence. Internal Audit closely interacts with the second line of defence (e.g. risk management and compliance) in relation to risk identification and risk assessment. Internal Audit leverages the work of the second line of defence when deemed appropriate from a governance and independence point of view.

Internal Audit regularly tests the Company's risk policies and the internal controls associated with the respective policies. The results of such testing are included in audit reports circulated to management, and summaries of the results are provided to the Audit Committee.

B.6. ACTUARIAL FUNCTION

The Actuarial Function is a key function of the Company's system of governance.

The Actuarial Function's tasks are undertaken by an in-house team who have the appropriate knowledge of actuarial and financial mathematics and experience, proportionate to the nature, scale and complexity of the risks present in the business.

The Actuarial Function is operationally part of the Group Reserving team led by the Chief Risk and Actuarial Officer of the Group parent.

However, the duties of the Actuarial Function are under the responsibility the ("HoAF"), a PCF 48 under the CBI's Fitness and Probity regime. The HoAF is a member of the Society of Actuaries in Ireland, with the relevant level of experience required for the role.

B.7. OUTSOURCING

The Company is part of a multi-national reinsurance group and as such the Company uses the expertise and resources from other Group entities and jurisdictions under a shared services model. The Company's outsourcing arrangements are predominately comprised of support provided via intra-group arrangements. These include support in relation to underwriting, business development and underwriting authorities, claims, regulatory legal and compliance, finance, internal audit and investments. The outsourcing of such services to intra-group affiliates falls within the scope of the Company's Outsourcing Framework. Activities provided by the Company's branch network and by way of secondments fall outside the scope of the Company's outsourcing framework.

The Company outsources certain Critical or Important Functions to Third Parties in respect of underwriting and claims handling. The service providers to whom the Company outsources are based in the United Kingdom, the United States of America, Singapore and Spain.

The Company has adopted the Group Outsourcing Guidelines ("the Guidelines") which establish the Outsourcing Control Framework and sets out parameters within which the Company can enter into outsourcing arrangements. The Guidelines are approved by the Board on an annual basis.

The Group Outsourcing Guidelines impose clearly defined roles and responsibilities and embeds ownership of outsourcing arrangements within the Company.

The Company's Outsourcing Control Framework is designed around the following key pillars:

- Due Diligence: Materiality of all functions or activities considered for outsourcing are assessed and due diligence commensurate to the risks of the outsourcing will be undertaken. Critical or important outsourcing arrangements will be subject to more detailed consideration and examination than non-critical outsourcing arrangements.
- Written agreements: all outsourcing arrangements documented by a written contract.
- Register of Outsourcings: a register of outsourcings is maintained by Risk Management and identifies, inter alia, the service recipient, service provider, service provider owner, description of services, whether the outsourcing is intra-group or third-party, materiality, location of service delivery, monitoring and oversight controls, confirmation that an agreement is in place, the services' commencement and termination date, due diligence undertaken and confirmation of service provider business continuity plans.
- Monitoring Oversight and Reporting: oversight controls and procedures shall be commensurate to the risks of the outsourcing in question and must be sufficient to facilitate appropriate oversight and supervision of the outsourcing by the service recipient owner, the Company's General Manager and the Company's Board. Oversight of outsourcing must also promptly identify any material changes, issues and or deficiencies.

The Company categorises controls in respect of its outsourcings as follows:

- Level 1: Local Company employee representation within the relevant business or support unit providing intra-group services to the Company;
- Level 2: Regular meetings between the service provider and the Company and the establishment of embedded communication channels;
- Level 3: Formal reporting from the service provider to the Company including, where appropriate, reporting directly to the Company’s senior management team, Board and/or Audit or Risk Committees; and
- Other Bespoke Controls: Relevant for third party service providers according to relevant third party and type of service(s) outsourced.

Annual Review Process: On an annual basis, Group Risk shall assess the relevant risks to the Company in respect of its existing and proposed outsourcing arrangements and confirm whether sufficient controls and procedures are in place to manage such risks and, where relevant, identify any proposed recommendations to improve the Outsourcing Control Framework.

C. RISK PROFILE

The Company comprehensively identifies and assesses risks in the annual risk identification and assessment process, resulting in the Risk Assessment. Key risks identified in the Risk Assessment are regularly monitored by risk owners, the Risk function and in the Risk Committee. Details are included in section B.3 of this report.

The Company manages risk exposures in the individual underwriting/investment units and in the business units with operating limits such as those expressed in the underwriting and investment guidelines. There remains a chance that losses can exceed predefined thresholds, for example if multiple losses occur within the same year or if the Company's internal assessment of capital at risk for a single or multiple sources of risk proves insufficient. To reduce the chance of these unfavourable outcomes, the Company strives for a well-diversified and balanced book of business, applies and regularly monitors risk limits for material key risks, and manages its net position with retrocession to intra-group and external counterparties (see below) and with other risk mitigation strategies such as hedging.

Mitigation of underwriting risk by use of retrocession

The Company uses external retrocessional agreements to reduce its exposure on certain underwriting risks assumed and to mitigate the effect of any single major event or the frequency of medium-sized events. These agreements provide for the recovery of a portion of losses and loss expenses from retrocessionaires.

The Company's external retrocessional agreements cover most of non-life classes of business, and are bought on a proportional and non-proportional basis.

Retrocessionaires must be approved based on their financial condition and business practices, with stability, solvency and credit ratings being important criteria. Capacity limits per retrocessionaire are also put into place and monitored to mitigate counterparty credit risk.

The Company remains liable to its cedants to the extent that the retrocessionaires do not meet their obligations under retrocessional agreements and, therefore, retrocessions are subject to credit risk in all cases and to aggregate loss limits in certain cases. The Company holds collateral, including escrow funds, securities and letters of credit under certain retrocessional agreements. Provisions are made for amounts considered potentially uncollectible and reinsurance losses recoverable from retrocessionaires are reported after allowances for uncollectible amounts.

The Company further mitigates assumed underwriting risk with the purchase of internal retrocession cover from other Group companies. The reinsurance cover that the Company has in place with other Group companies as at December 31, 2019 can be summarised as follows:

- 85% quota-share with Partner Reinsurance Europe SE (PRESE) (90% for specific business) (2015 to 2019 underwriting years);
- 70% quota-share with PRESE (2011 to 2014 underwriting years);
- 85% quota-share with PRESE (2010 and prior underwriting years);
- 100% line slip with PRESE (2010 underwriting year for business recommended by Paris Re, an affiliate company, which was merged with PRESE in 2010); and
- Stop loss agreement with Partner Reinsurance Company Ltd (PRCL). The stop loss cover attaches at a loss ratio of 120% with a limit of 870%.

External retrocession inures to the benefit of internal retrocession.

The main objectives of this retrocession cover are to reduce the capital requirements and associated cost of capital for the Company, to ensure the Company is in a position to be a well capitalised insurer for its cedants, and to ensure the Company receives and maintains an appropriate rating from the rating agencies.

C.1. UNDERWRITING RISK

The Company underwrites non-life business within its six main lines of business: aviation, energy, property, engineering, marine and casualty.

The Company's business strategy is to underwrite a well-managed, well diversified, multi-class and worldwide insurance business that supports our clients' needs while ensuring that the Company retains underwriting discipline and focus on underwriting profitability.

In order to achieve that goal, the Company uses a number of tools and metrics which help the to monitor and mitigate the risks inherent to its underwriting activities which is the core business of the Company:

- Underwriting and pricing guidelines;
- Underwriting and pricing processes and control-checks;
- Regular risk reporting on selected key risk indicators for risks identified as material for the Company.

The SCR in the Solvency II framework is based on a Value-at-Risk measure calibrated to a 99.5% confidence level over a 1-year time horizon.

C.1.1. NON-LIFE REINSURANCE RISK

Using the Standard Formula, the SCR for non-life underwriting risk is €25.4 million (2018: €18.9 million) on a pre-diversified basis, which is 39% (2018: 42%) of the Basic Solvency Capital Requirement ("BSCR") before diversification. The SCR calculation is split into SCR for premium and reserve risk, SCR for lapse risk, and SCR for catastrophe risks.

Sensitivity tests are conducted to assess the variability of the SCR for non-life underwriting risk.

The following sensitivities assess the impact on the SCR for non-life underwriting risk and Solvency II Own Funds to adverse deviations in net non-life TPs; the impact on Own Funds shown in the table relates to the adverse deviation of reserves and corresponding increase of risk margin.

Adverse deviation of current net technical provisions	Impact on SCR Non-Life underwriting risk	Impact on Own Funds (before tax)*:	Impact on SCR Non-Life underwriting risk	Impact on Own Funds (before tax)*:
	2019	2019	2018	2018
€'m	€'m	€'m	€'m	€'m
10	+1	(11)	+1	(11)
20	+2	(21)	+3	(22)

* Corresponding impact related to the adverse deviation of reserves and corresponding increase of the risk margin due to the increase of SCR.

The following sensitivities assess the impact of writing additional premium on the SCR for non-life underwriting risk.

Additional amount of net premiums underwritten	Impact on SCR Non-Life Underwriting Risk	Impact on SCR Non-Life Underwriting Risk
	2019	2018
€'m	€'m	€'m
5	+1	+1
10	+2	+2

The Company monitors non-life underwriting risks, with a specific focus on the following risks:

Natural catastrophe risk

The Company is exposed to natural catastrophe risk through it its property, energy and engineering lines of business. Natural catastrophe risk is the risk that the aggregate losses from natural perils materially exceed the net premiums that are received to cover such risks. The Company considers both catastrophe losses due to a single large event and catastrophe losses that would occur from multiple (but potentially smaller) events in any year.

The Company manages and mitigates natural catastrophe risk with tight monitoring of peril-zone exposures, ongoing portfolio analysis and management, and external and internal retrocession.

The Company uses as its key risk indicator for natural catastrophe the maximum of all peril-zones. The green range is set to $15 million (€13.4 million) with an amber range up to $20 million (€17.8 million). At December 31, 2019, actual exposure was $12.6 million (€11.3 million) (2018: €5.9 million ($5.1 million)) which represents a 84% (2018: 39%) deployment rate. The increase in exposure is mainly due to a more conservative definition of peril-zones which now combines previously separate windstorm zones.

Terrorism risk

The Company is exposed to terrorism risk through its property and casualty lines of business. Terrorism risk is the risk of financial losses due to terror attacks.

The Company manages and mitigates terrorism risk with monitoring of per-event exposures and retrocession.

The Company uses as its key risk indicator for terrorism risk the maximum of all per-event exposures. The green range is set to $15 million (€13.4 million) with an amber range up to $20 million (€17.8 million). At December 31, 2019, actual exposure was $10.1 million (€9.0 million) (2018: $9.0 million (€7.9 million)) which represents a 67% (2018: 60%) deployment rate. Actual exposures deployed will vary from period to period depending on management's assessment of current market conditions, the results of the Company's exposure modelling, and other analyses.

Man-made property risk

The Company is exposed to man-made property risk through its aviation, energy, property, engineering and marine lines of business.

The Company uses as its key risk indicator for man-made property risk the maximum of all single-risk exposures. The green range is set to $15.0 million (€13.4 million) with an amber range up to $20.0 million (€17.8 million); at 31 December 2018, the preferred range (corresponding to the green range) was set to $8.0 million (€7.0 million) with a tolerance range (corresponding to the amber range) up to $10.0 million (€8.7 million). The ranges for man-made property risk were revised during 2019 following an analysis of the reinsurance cover in place.

At December 31, 2019, actual exposure was $10.0 million (€8.9 million) (2018: $6.0 million (€5.2 million)) which represents a 67% (2018: 75%) deployment rate.

Frequency and severity of claims

The Company manages these risks for the different lines of business through its underwriting strategy and adequate reinsurance arrangements. Underwriting limits are in place to enforce appropriate risk selection. The Company's reinsurance arrangements include quota-share and stop-loss coverage. The effect of such reinsurance arrangements is that the Company should not suffer total net insurance losses of more than 120% of net earned premium, excluding stop-loss premium, in any one financial year.

C.2. MARKET RISK

The Company is exposed to financial risk through its financial and insurance assets and liabilities. The significant components of financial risk relating to the Company's assets are investment risk (market risk) and liquidity risk (see section C.4).

The SCR for market risk, using the Standard Formula, on a pre-diversified basis is €15.7 million (2018: €10.9 million). See section E.2. of this report for further details of this amount in the context of the BSCR before diversification and Own Funds.

The change in market risk is mainly due to an increase in the currency mismatch and the resulting currency risk charge in the SCR.

Investment risk

Investment risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the following investment risks: interest rate risk, currency risk, counterparty default and credit spread risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company invests in high quality fixed income securities and actively manages the duration of the fixed income portfolio relative to the duration of the reinsurance liabilities so that the economic value of changes in interest rates has offsetting effects on the Company's assets and liabilities. At 31 December 2019, if market interest rates on fixed income securities were higher/lower by 100bps with all other variables held constant, the market value of fixed income securities would have been lower/higher by €6.8 million (2018: €5.1 million). This sensitivity does not take into account offsetting impact on the change in valuation of TPs from a change in interest rates.

Currency risk

Currency risk is the risk that the fair value or future cash flows of assets and liabilities will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future transactions and recognised monetary assets and liabilities which are denominated in a currency other than the functional currency of the Company.

The Company's investment philosophy distinguishes between investments that are matched against existing reinsurance liabilities (liability funds) and those that represent shareholders' equity (capital funds).

The Company generally matches its liability funds against its net insurance liabilities by currency to mitigate the currency risk. For currencies in which the liability funds and net insurance liabilities are not completely matched and the Company deems the net exposure to be material, the Company may employ a hedging strategy utilising derivative financial instruments to ensure its liability funds are matched by currency. The Company does not employ hedging strategies with respect to its capital funds.

Assuming all other variables are held constant, as at 31 December 2019, a 10% adverse movement in the value of the Euro currency against all other currencies comprising the Company's Solvency II Own Funds would have resulted in a €4.2 million (2018: €2.0 million) fall in Solvency II Own Funds.

Default/Counterparty and credit spread risk

Default/counterparty and credit spread risk is the risk of a substantial increase in defaults in the Company's standard fixed income securities (which includes investment grade corporate bonds and asset-backed securities) leading to realised investment losses or a significant widening of credit spreads resulting in realised or unrealised investment losses, either of which may result in economic losses to the Company.

The Company controls this concentration risk by setting clear limits on the accumulation of credit risk in its investment portfolio in its agreed asset allocation plan, by limiting the allocation to any one issuer and industry as well as monitoring the credit ratings of all investments.

Description of how assets have been invested in accordance with the 'Prudent Person Principle'

The Company employs a prudent investment philosophy. It maintains a high quality, well-balanced and liquid portfolio having a total return investment objective, achieved through a combination of optimising current investment income and pursuing capital appreciation. The Company's total invested assets were €199.7 million at 31 December 2019 (2018: €134.3 million); refer to section D.1. of this report for a breakdown by asset type. From a risk management perspective, the Company allocates its invested assets into two categories: liability funds and capital funds.

For the Company's portfolio, which may include both public and private market investments, diversification of risks contributes to achieving the risk and return objectives of the Company. The Company's investment policy distinguishes between liquid, high quality assets that support the Company's liabilities, and the more diversified, higher risk asset classes that may make up a portion of the Company's capital funds. While there will be years where investment risks achieve less than the risk-free rate of return, or potentially even negative results, the Company believes the rewards for assuming these risks in a disciplined and measured way will produce a positive excess return to the Company over time. Additionally, since investment risks are not fully correlated with the Company's insurance risks, this increases the overall diversification of the Company's total risk portfolio.

The Company's investments are managed by PartnerRe Asset Management Corporation ("PRAM") subject to a management agreement. The allocation of the Company's investments are subject to the asset allocation plan set by the Board. Furthermore, PRAM is required to adhere to investment guidelines approved by the General Manager of the Company as to minimum ratings and issuer and sector concentration limitations.

Liability funds represent invested assets supporting the net insurance liabilities, and are invested primarily in investment grade fixed income securities and cash and cash equivalents. The preservation of liquidity and protection of capital are the primary investment objectives for these assets.

Liability funds are invested in a way that generally matches them to the corresponding liabilities (referred to as asset-liability matching) in terms of both duration and major currency composition to provide the Company with a natural hedge against changes in interest and foreign exchange rates. In addition, the Company may use certain approved derivatives to further protect against changes in interest and foreign exchange rates.

Capital funds represent capital of the Company in excess of liquidity funds and may be invested in a diversified portfolio with the objective of maximising investment return, subject to prudent risk constraints. Capital funds may contain asset classes typically viewed as offering a higher risk and higher return profile. Capital funds may be invested in investment grade fixed income securities. The Company's investment strategy allows for the use of derivative instruments, subject to strict limitations and for the purpose of managing and hedging currency risk, market exposure and portfolio duration, hedging certain investments, mitigating the risk associated with underwriting operations, or enhancing investment performance that would be allowed under the Company's investment policy if implemented in other ways.

The Company through its management agreement, its investment risk policy, asset allocation plan and investment guidelines ensures that management and reporting of its investment portfolio is suitable for the nature and size of the risks of the Company and are subject to portfolio diversification guidelines which include issuer and sector concentration limitations. Processes and procedures ensure that the Company can properly identify, measure, monitor, manage, control and report on its portfolio.

Quarterly reporting is presented to the risk and the audit committees of the Board. If a new asset class is proposed the Company assesses the change including the potential impact on credit quality, liquidity and capital requirements.

In respect of liquidity, the Company's fixed income portfolio is primarily invested in high quality, investment grade securities which are characterised by relatively low levels of credit risk and relatively high liquidity. As set out in C.4,

the Company ensures it holds sufficient liquid securities to meet excess liquidity after stress and downgrade requirements of its Risk Appetite Framework.

With respect to capital funds and subject to the limits set out in the Company's asset allocation plan, the Company may invest a portion of its portfolio in:

- Fixed income securities that are below investment grade as well as other interest paying investments such as fixed income type mutual funds, notes receivable, loans receivable, private placement bond investments, derivative exposure assumed and other specialty asset classes. These securities generally pay a higher rate of interest and have a higher degree of credit or default risk. These securities may also be less liquid in times of economic weakness or market disruptions.
- Common stocks or equity-like securities. These assets tend to be highly liquid however their value fluctuates with equity markets. In times of economic weakness, the market value of these assets may decline, and impact net income and capital.
- Private market investments that may exhibit lower levels of liquidity but provide additional diversification and potential return to its investment portfolio. Such investments may include private equity, real estate and infrastructure investments.

C.3. CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Company's exposure to credit risk arises mainly from cash and cash equivalents deposited with banks, insurance balances receivable, receivables from MGAs, investment in fixed income securities and reinsurance balances recoverable on ceded insurance.

Credit risk is referred to as counterparty default risk in the SCR calculation. The SCR for counterparty default risk, using the standard formula, on a pre-diversified basis is €15.1 million (2018: €15.5 million), which is 35% (2018: 34%) of the BSCR before diversification. See section E.2. of this report for further details.

The creditworthiness of counterparties is monitored on an on-going basis.

The credit risk related to cash, cash equivalents and investments is primarily mitigated by investing only with counterparties with strong credit ratings and managing concentration risk by limiting the aggregate exposure to any individual counterparty through the use of appropriate limits.

The Company uses rating information provided by S&P and A.M. Best to ensure a consistent view on the financial condition of external parties.

The credit risk associated with insurance balances receivable (premiums due) is somewhat mitigated by the fact that the Company generally has the contractual ability to offset any shortfall in payment of balances receivable with amounts owed to the insured for losses payable and other amounts contractually due.

Insurance is ceded only to counterparties with strong credit ratings, and mainly with related companies of the Group.

Reinsurers must be approved based on their financial condition and business practices, with stability, solvency and credit ratings being important criteria. Strict limits per reinsurer are also put into place and monitored to mitigate counterparty credit risk.

The Company actively manages its exposures by generally selecting reinsurers having a credit rating of A- or higher. In certain cases where an otherwise suitable reinsurer has a credit rating lower than A-, the Company generally requires the posting of collateral, including escrow funds and letters of credit, as a condition to its entering into a reinsurance agreement.

The main exposures related to reinsurance agreements are with related companies of the Group, rated A+. As of 2019 year end the Company also entered into a 100% reinsurance agreement with an unrated third party for its Casualty Wholesale portfolio, which is reinsured on a funds held basis.

C.4. LIQUIDITY RISK

Liquidity risk is the risk of not being able to meet financial obligations as and when they fall due, including obligations to cedants, internal counterparties and other third parties.

The Company is exposed to liquidity risk mainly through claims arising from its reinsurance contracts. Liquidity risk may also arise from a difference in timing between claims payments and recoveries from reinsurance ceded and from a decline in disposal value of the Company's assets in financial market crises. The Company mitigates this risk by holding a large part of its investments in investment grade standard fixed income securities and other liquid instruments.

The Company has strengthened its liquidity risk framework during the period by introducing regular liquidity risk monitoring against a pre-defined liquidity crisis scenario comprising of a combination of a financial market crisis, an insurance shock loss with rapid pay-out, collateralisation of all new insurance business and downgrade to BBB+ potentially triggering contingent collateralisation requirements in the Company's investments and insurance portfolios. The Company has introduced quarterly monitoring of excess liquidity after stress and downgrade and has set the green range to above or equal €30 million and requires excess liquidity after stress and downgrade larger than €10 million at all times. At December 31, 2019, actual excess liquidity after stress and downgrade was €55 million.

Expected Profit Included in Future Premium

The Expected Profit Included in Future Premium ("EPIFP") was €22.3 million at 31 December 2019 (2018: €15.3 million). The EPIFP represents the difference between the premiums from future exposure arising from contracts that the Company is obligated to as at 31 December 2019 and the expected acquisition costs, losses and expenses relating to these premiums. A lapse rate was assumed on in-force contracts relating to future additional premium and on premium relating to business bound but not yet incepted at the closing date. The calculation was discounted using Solvency II yield curves.

The EPIFP by line of business was as follows as at 31 December 2019 and 2018:

Line of business	2019 €'000	2018 €'000
Marine, aviation and transport	2,725	1,803
Fire and other damage to property	7,393	2,775
General liability	12,114	10,589
Credit and suretyship	33	84
Total	**22,265**	**15,251**

C.5. OPERATIONAL RISK

Operational risks include, but are not limited to, failures or weaknesses in financial reporting and controls, regulatory non-compliance, poor cash management, fraud, breach of information technology security, disaster recovery planning and reliance on third party vendors. The Company minimises these risks through robust operational risk management procedures and internal controls which are periodically evaluated by Internal Audit.

The Company categorises its operational risks as follows:

- I.T. (including Cyber risk)
- Business Disruption
- Process and Execution Management
- Legal/Compliance
- Outsourcing
- Fraud
- Human Resources
- Branch Matters

Processes are in place to monitor and manage these key areas as required. The Company has established an Operational Risk Scorecard which is provided to the Risk Committee on a quarterly basis, whereby the above categories are rated through a combination of indicators and other relevant information. Matters are escalated to the Board as required and mitigating actions are assigned to bring elevated risks back within the preferred range.

As an overall summary, beyond general corporate principles for developing and maintaining the Company's operational risk management environment, its operational risk framework also consists of general and detailed procedures for actual operational risk management. Those are maintained in a dedicated tool, through SOX and risk-oriented control-checks, as well as through dedicated risk policies (e.g., Operational Risk Policy).

Cyber risk

The Company is dependent upon the effective functioning and availability of its information technology and application systems platforms. These platforms include, but are not limited to, the Group's proprietary software programs such as catastrophe models as well as those licensed from third-party vendors including analytic and modeling systems. The Company relies on the security of such platforms for the secure processing, storage and transmission of confidential information. A cybersecurity event could materially impact the Company's ability to adequately price products and services, establish reserves, provide efficient and secure services to clients, brokers, vendors and regulators, value the investments and to timely and accurately report financial results.

The Company, through its I.T. Function, has established an effective I.T. security control environment which is annually tested by Internal Audit and independent external I.T. security experts. The Operational Risk Policy addresses crisis management and communication including cyber-attacks.

In addition to the operational risk component, there is also an emerging risk component to cyber risk in that the Company may also have exposure as part of its reinsurance business:

- Affirmative Stand-Alone Cyber Cover: Specific policies for data breach, liabilities, property damage and other losses resulting from information technology failures, either accidental or malicious, generally known as Cyber Liability Insurance Cover.
- Affirmative Cyber Endorsements: Cyber endorsements that extend the coverage of a traditional insurance product, such as commercial general liability, to cover cyber-induced losses, typically privacy breaches.
- Silent Cyber Exposure - Gaps in explicit cyber exclusions or policies without cyber exclusions.

C.6. OTHER MATERIAL RISKS

Strategic and Reputational Risks

Strategic risks are discussed and agreed between the General Manager, the LEM, the Board and the Group shareholder and include the direction and governance of the Company, as well as its response to key external factors faced by the insurance industry, such as changes in regulation, competitive structure and macroeconomic, legal and social trends. Strategic risks are in scope for the Company's Risk Assessment process and are monitored on a quarterly basis with onward reporting as needed to the Risk Committee and the Board.

Reputational risk, is the risk of potential loss through deterioration of the Company's reputation or standing due to a negative perception of the undertaking's image among customers, counterparties, shareholders and/or supervisory authorities. Reputational impacts tend to be an outcome of other risk types materialising; therefore, managing each type of risk appropriately serves to manage reputational risk.

Emerging Risk

See section B.3 in this report for the assessment and monitoring of emerging risks. Notable emerging risks for the Company is cyber risk (which is set out in more detail in section C.5).

Potential Brexit Impacts

A temporary permission was secured for the Company in 2019 under the UK Temporary Permission Regime ("TPR"). The temporary permission secured the Company's access to the UK market throughout the term of the TPR (a period up to 3 years) in the event of a "Hard Brexit", i.e. the UK leaving the European Union without a deal. As at 31 December 2019, the risk of a "Hard Brexit" remained as the envisaged EU/UK Withdrawal Agreement had not yet been agreed. The Company therefore implemented operational readiness plans during 2019 in preparation for entering the TPR to ensure adherence to applicable UK regulatory requirements. In January 2021, the EU/UK Withdrawal Agreement was subsequently approved by both the UK and EU Parliaments. This agreement secured the Company's access to the UK market (pursuant to the agreed Transitional Period) throughout 2020 under the existing EU regulatory framework. The Company will utilise the Transitional Period (and TPR post the Transitional Period in the event that a future EU/UK trading relationship is not agreed) to develop a more informed view of the actual impact of Brexit on the U.K. (re)insurance market and thereafter affirm the strategy the company will take in respect of the UK market.

Updates on Brexit developments and related contingency planning were provided to the Company's Board throughout 2019 and will continue through 2020.

Coronavirus Outbreak (COVID-19)

As the coronavirus outbreak (COVID-19) continues to progress and evolve, the Company is monitoring the situation closely and has taken operational measures to restrict the spread of the virus across its employees in line with World Health Organisation, local governments and health authorities guidance. At this stage, the Company is not expecting that its continuous operations will be materially affected. The Company is exposed to investment risk and a deteriorating global health crisis may have a financial impact. The Company is expecting such potential financial impact to be within risk tolerance.

Group Risk

As mentioned in C.3, the Company implemented intra-group reinsurance transactions with PRESE (Ireland) and PRCL (Bermuda). The size of these contracts imply concentration risk. The Company is dependent upon the financial soundness of the Group in general and some of its affiliates in particular. Monitoring of the financial condition of each related company is performed on a regular basis.

Additionally, the Company evaluates exposure to Group risk in its annual ORSA as part of the stress testing program, e.g., with a *Failure of Internal Retrocession* scenario.

D. VALUATION OF THE SOLVENCY II BALANCE SHEET

The Company's Solvency II balance sheet, valued using Solvency II rules, was as follows at 31 December 2019 and 2018:

	Section	2019 €'000	2018 €'000
Investments	D.1.	199,722	134,319
Other assets	D.3.	29,023	25,566
Total assets		**228,745**	**159,885**
Net non-life technical provisions	D.2.	40,131	48,300
Other liabilities	D.3.	84,771	18,067
Total liabilities		**124,902**	**66,367**
Excess of assets over liabilities		**103,843**	**93,518**

For a discussion of valuation bases, methods and assumptions for the Company's assets and liabilities see the sections below.

D.1. VALUATION OF ASSETS

The Company is required to classify its investments using the Solvency II hierarchy as follows:

- Quoted market price in active markets for the same assets (“QMP”);
- Quoted market price in active markets for similar assets (“QMPS”);
- Alternative valuation methods (“AVM”).

Accordingly the Company’s investment assets under Solvency II by category and by valuation classification, as at 31 December 2019 and 2018, are as follows:

2019	QMP €'000	QMPS €'000	AVM €'000	Total €'000
Government bonds	—	75,050	—	75,050
Corporate bonds	—	100,133	—	100,133
Total fixed income	**—**	**175,183**	**—**	**175,183**
Investment funds	1	—	—	1
Cash and cash equivalents	23,972	—	—	23,972
Deposits to cedants	—	—	564	564
Property, plant and equipment held for own use	—	—	2	2
Total	**23,973**	**175,183**	**566**	**199,722**

2018	QMP €'000	QMPS €'000	AVM €'000	Total €'000
Government bonds	—	46,463	—	46,463
Corporate bonds	—	66,636	—	66,636
Total fixed income	**—**	**113,099**	**—**	**113,099**
Investment funds	—	—	—	—
Cash and cash equivalents	21,189	—	—	21,189
Deposits to cedants	—	—	—	—
Property, plant and equipment held for own use	—	—	31	31
Total	**21,189**	**113,099**	**31**	**134,319**

Fixed income

- *Government bonds* - these securities are generally priced by independent pricing services. The independent pricing services may use actual transaction prices for securities that have been actively traded. For securities that have not been actively traded, each pricing source has its own proprietary method to determine the fair value, which may incorporate an option adjusted spread, interest rate data and market news. The Company classifies all of these securities as QMPS for valuation purposes under Solvency II.

- *Corporate bonds* - consist primarily of investment grade bonds issued by U.S. and non-U.S. corporations covering a variety of industries and issuing countries. These securities are generally priced by independent pricing services and brokers. The pricing provider incorporates information including credit spreads, interest rate data and market news into the valuation of each security. The Company classifies all of these securities as QMPS for valuation purposes under Solvency II.

Cash and cash equivalents

Cash and cash equivalents represent amounts exchangeable for currency on demand at par and which are directly usable for making payments. They generally comprise cash and transferable deposits and not short-term or long-term deposits that would potentially be subject to any costs or limitations on withdrawals.

Cash and cash equivalents are carried at face value in the IFRS balance sheet as best representing their fair value. Since the underlying currency of the cash is freely tradable, the Company considers them to be classified as QMP for valuation purposes under Solvency II.

Deposits to cedants

The Company writes certain business on a funds held basis. Under such contractual arrangements, the cedant retains the premiums that would have otherwise been paid to the Company. The Company generally records deposits to cedants at face value in its IFRS balance sheet which is deemed to equate to fair value and is classified as AVM for valuation purposes under Solvency II.

Property, plant & equipment held for own use

Property, plant and equipment for own use is carried at cost, less any accumulated depreciation and impairment losses in the Company's IFRS balance sheet. The valuation of property, plant and equipment should be based upon the revaluation approach under Solvency II valuation guidelines. It is considered that the application of the valuation approach for Solvency II would not result in a material difference to the valuation reported in the Company's statutory accounts and thus the same valuation is used. Property, plant and equipment for own use is therefore classified as AVM for valuation purposes under Solvency II.

Derivatives

The Company has no exposure to derivatives for investment or hedging purposes.

Investment Funds

The Company holds a small position in money market funds in 2019 (2018 - nil), this is presented in investment funds in above table.

Comparison of investments between Solvency II Balance Sheet and IFRS Balance Sheet

The variances in the valuation basis between the Solvency II balance sheet and the IFRS balance sheet for investments as at 31 December 2019 and 31 December 2018 are set out below. For reconciliation purposes, the categories listed below, per the IFRS balance sheet have been aligned to those of the Solvency II balance sheet.

2019	Solvency II Balance Sheet €'000	IFRS Balance Sheet €'000	Variance Solvency II vs IFRS €'000
Government bonds	75,050	75,050	—
Corporate bonds	100,133	100,133	—
Total fixed income	**175,183**	**175,183**	**—**
Investment funds	1	1	—
Cash and cash equivalents	23,972	23,972	—
Deposits to cedants	564	564	—
Property, plant and equipment held for own use	2	2	—
Total	**199,722**	**199,722**	**—**

2018	Solvency II Balance Sheet €'000	IFRS Balance Sheet €'000	Variance Solvency II vs IFRS €'000
Government bonds	46,463	46,463	—
Corporate bonds	66,636	66,636	—
Total fixed income	**113,099**	**113,099**	**—**
Investment funds	—	—	—
Cash and cash equivalents	21,189	21,189	—
Deposits to cedants	—	—	—
Property, plant and equipment held for own use	31	31	—
Total	**134,319**	**134,319**	**—**

The Company's investments are marked to market in its IFRS balance sheet and there is no variance to the valuation of investments recorded in the Solvency II balance sheet. The Company's investments increased as the Company entered into a reinsurance contract in 2019 for its Wholesale portfolio which is reinsured on a funds held basis and is supported by a collateral in the form of securities pledged by the Company. This portfolio was previously partially reinsured under the quota share agreement with PRESE.

D.2. TECHNICAL PROVISION

D.2.1. VALUATION OF NON-LIFE TECHNICAL PROVISIONS

Under Solvency II, the TPs are determined as a discounted Best Estimate Liability ("BEL") augmented by a Risk Margin ("RM"). The BEL includes claim provisions and premium provisions and is defined as the mean of the full range of possible future outcomes on a discounted cash flow basis, taking into account the time value of money, and with all existing contracts being valued, whether they have incepted or not. The risk margin is a component of the TPs representing the current values of all costs-of-capital that will be determined yearly until the existing liabilities are fully concluded.

(a) Technical Provisions by line of business

The following table outlines the Solvency II TPs by line of business, as at 31 December 2019 and 2018:

2019 Line of Business	Claims Provisions €'000	Premium Provisions €'000	Recoverables from Reinsurance contracts €'000	Risk Margin €'000	Total Technical Provisions net of Recoverables €'000
Marine, aviation and transport	60,679	5,590	54,516	2,274	14,027
Fire and other damage to property	73,812	835	63,118	2,042	13,571
General liability	128,178	25,780	145,029	3,578	12,507
Credit and suretyship	111	(26)	69	11	27
Total	**262,780**	**32,179**	**262,732**	**7,905**	**40,132**

2018 Line of Business	Claims Provisions €'000	Premium Provisions €'000	Recoverables from Reinsurance contracts €'000	Risk Margin €'000	Total Technical Provisions net of Recoverables €'000
Marine, aviation and transport	77,955	6,657	70,410	2,230	**16,432**
Fire and other damage to property	85,475	2,736	75,156	1,739	**14,794**
General liability	101,883	25,577	113,841	3,476	**17,095**
Credit and suretyship	(2)	(76)	(55)	2	**(21)**
Total	**265,311**	**34,894**	**259,352**	**7,447**	**48,300**

Analysis of Change

Overall there has been a decrease in the gross claims provisions year on year of €2.5 million. This decrease was predominately driven by the different changes in the year end 2019 IFRS reserves.

- **Marine, aviation and transport** - the claim provision as at 31 December 2019 was €60.7 million which represents a reduction of €17.3 million. This reduction is mainly due to the settlement of a number of offshore losses and the fact that the offshore portfolio is now in run-off. The discounting impact was €1.9 million.
- **Fire and other damage to property** - the claim provision as at 31 December 2019 was €73.8 million which represents a reduction of €11.7 million. This reduction relates predominantly to the settlement of some of the Material Event losses during the year. The discounting impact was €1.6 million.
- **General liability** - the claim provision as at 31 December 2019 was €128.2 million which represents an increase of €26.3 million. This mainly reflects the increase of the earned reserves for losses Incurred but Not Reported ("IBNR") and is driven by the change in premium earnings pattern related to the Vale MGA business in 2019. The discounting impact was €4.4 million.

The decrease in premium provision of €2.7 million was mainly driven by the reduction of the premium provision for Marine, aviation and transport and Fire and other damage to property. The overall discounting impact in premium provision was €4.6 million.

As the majority of the reinsurance recoverable relates to quota share cessions, the movements are line with the gross provisions.

In Q4 2019, the Company entered into a 100% reinsurance agreement with an unrated third party for its Casualty Wholesale portfolio, which was previously covered under the quota share agreement with PRESE and this reflects part of the movement of the reinsurance recoverable for General Liability.

The Risk Margin also increased by €0.5 million since year end 2018 mainly due to the increase in Non-Life underwriting risk.

Best Estimate Liability

The BEL was determined gross of the amount recoverable from reinsurance contracts, which is held separately on the balance sheet (‘Reinsurance recoverables on TPs’). The valuations of best estimate provision for claims outstanding and for premium were carried out separately. The methodology is outlined below, with commentary on the key methods and assumptions used in each element of the gross BEL.

Claim Provisions

The starting point for the calculation is the Actuarial Mid Estimate ("AME") calculated for the IFRS financial statements. The AME is comprised of Case Reserves and reserves for IBNR. The IBNR is determined by projecting reported claims to ultimate using deterministic actuarial methods like Chain Ladder, Bornhuetter-Ferguson and expected loss ratio. The final selection of ultimate loss is subject to actuarial judgment and will depend on several considerations such as, but not limited to, the age of the underwriting year, the type of underlying risk, actual experience against that expected and the credibility of the underlying data used to establish the estimate of ultimate loss.

In addition to the loss reserves described above, an allowance for Events Not in Data ("ENIDs") is considered and included in future claims before projecting into the future, since such losses are not considered under IFRS. The ENID loading has been selected after consideration of various extreme loss scenarios based on input from Risk Management and Capital Modelling, discussions with the Chief Pricing Actuary and by looking at indications using a truncated distribution approach whereby it is assumed that the AME is the mean of a truncated rather than full distribution of outcomes. The final selected ENID uplifts for the claims provision were selected as the maximum, by Solvency II lines of business, of the sum of the scenario uplifts and the results from the Distribution Free Approach.

In accordance with Solvency II technical specifications we have included the future administrative expenses, investment management expenses and claims management expenses expected to be incurred in the future related to business bound as of the valuation date. The expenses were estimated based on an analysis of the planned 2020 expenses. The expenses estimated which relate to existing and Bound But Not Incepted ("BBNI") business were calculated in total and allocated across Solvency II lines of business and between the claims and premium provision in line with expected future payments.

The future claims payments related to the Best Estimate Liability (BEL) (after removal of MFU, ULAE, Unearned Premium Reserve ("UPR") etc.), ENID and future expenses linked to non-life insurance obligations, were estimated by applying expected payout patterns derived from the Company's historical experience enhanced by market benchmarks, where appropriate and available.

The calculation of the BEL also includes expected future cash flows from premiums already earned but not yet received which are reflected within premium receivables in the IFRS balance sheet at the valuation date, together with any associated acquisition costs and commissions payable. The premium payout patterns used were derived from the Company's historical experience.

The estimated future cash-flows were then discounted using the relevant Solvency II yield curves.

Premium Provision

The premium provision was calculated by considering all future cash flows (claim payments, expenses and future premiums) relating to future exposure arising from contracts that the Company is obligated to as at 31 December 2019.

The following table shows the different components included in the calculation of the gross premium provision as at 31 December 2019 and 2018:

2019	Undiscounted							
Line of Business	Unearned Premium receivables net of costs	Additional Premiums net of costs	Premiums on BBNI net of costs	Future losses and expenses on UPR	Future losses and expenses on Additional Premium	Future losses and expenses on BBNI	Discounting impact	Gross Premium Provision
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Marine, aviation and transport	(10,524)	—	(4,330)	16,853	—	4,390	(799)	**5,589**
Fire and other damage to property	(8,632)	—	(7,216)	12,515	—	4,362	(194)	**836**
General liability	(14,747)	(15,909)	—	48,976	11,069	—	(3,609)	**25,780**
Credit and Suretyship	(124)	—	—	101	—	—	(3)	**(26)**
Total	**(34,027)**	**(15,909)**	**(11,546)**	**78,445**	**11,069**	**8,752**	**(4,605)**	**32,179**

2018	Undiscounted							
Line of Business	Unearned Premium receivables net of costs	Additional Premiums net of costs	Premiums on BBNI net of costs	Future losses and expenses on UPR	Future losses and expenses on Additional Premium	Future losses and expenses on BBNI	Discounting impact	Gross Premium Provision
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Marine, aviation and transport	(7,102)	—	(2,893)	14,250	—	3,211	(809)	**6,657**
Fire and other damage to property	(3,964)	—	(4,091)	7,664	—	3,475	(348)	**2,736**
General liability	(8,495)	(21,772)	—	44,894	16,360	—	(5,410)	**25,577**
Credit and Suretyship	(52)	(333)	—	48	306	—	(45)	**(76)**
Total	**(19,613)**	**(22,105)**	**(6,984)**	**66,856**	**16,666**	**6,686**	**(6,612)**	**34,894**

- The methodology used to calculate the gross premium provisions has included all cash flows associated with the following components:
- Unearned future premium receivables net of acquisition costs and commissions payable as at the balance sheet date;
- Future losses and expenses on UPR on the IFRS balance sheet;
- Additional premiums net of acquisition costs, future losses and expenses resulting from proportional reinsurance business that is not yet accounted for as written premium within the IFRS financial statements.
- Premiums net of acquisition costs, future losses and expenses relating to BBNI contracts as at the valuation date, i.e. contracts deemed to be bound by the date of the closing, including covers beginning after the date of the closing;
- An allowance for ENIDs is also considered in the expected future losses in respect of unearned business. The approach for selecting these ENIDs is in line with the approach used for the claims provision, which is described in the previous section; and

- Future expenses were included within the premium provision based on the same approach used in the claims provisions, which is described in the previous section.

The gross premium provisions were calculated on a consistent basis across all lines of business with the expected profits and timing of cash flows being based on the characteristics of the underlying business. Future cash flows were discounted using Solvency II yield curves.

Risk Margin

In the Solvency II framework, TPs consist generally of the best estimate and the risk margin.

The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the insurance obligations over the lifetime thereof. The rate used in the determination of the cost of providing that amount of eligible own funds is called cost-of-capital rate and equals 6%.

The risk margin is first calculated for the whole business, allowing for diversification between lines of business. In a second step the margin is allocated to the lines of business. The allocation reflects the contributions of the lines of business to the SCR of the reference undertaking over the lifetime of the obligations.

The risk margin per line of business takes the diversification between lines of business into account. Consequently, the sum of the risk margins per line of business equals to the risk margin for the whole business. The contribution of a line of business is calculated under the assumption that the other business does not exist.

Level of uncertainty

The IFRS BE reserves calculated by the Company are estimations, based on the combination of diverse sources of information and the use of diverse techniques as described above. Additional assumptions guide the adjustments to calculate Solvency II BEL out of IFRS BE reserves, such as priced profitability of unearned premium. The ultimate outcome of these estimations may materially differ from what is selected for the Solvency II BEL. The deviations compared to current BEL can relate, amongst others, to:

- The level of future inflation compared to current expectations;
- The evolution in case law for future claims following a change in court awards;
- The current assumptions about market environment and pricing conditions happen to be wrong; and
- Future claim activity differs from what was anticipated, due to the nature of the business covered.

Simplifications used in the calculation of the technical provisions

The following simplifications have been used in the calculation of TPs:

- Reserves have been split using only seven major currencies (USD, EUR, GBP, AUD, CAD, CHF and JPY) to discount future cash flows;
- A percentage approach has been adopted to quantify reinsurance recoverables for non-proportional treaties;
- The Company's Solvency II BEL includes a provision for ENIDs which is assumed to have the same cash-flow profile of other claims for discounting purposes;
- Future SCRs used to calculate the Risk Margin are projected using a carrier/pattern approach which is applied to the SCR at time 0.

Simplifications used in the calculations are not expected to materially affect final results and have been mainly used to overcome data limitations and to find the right balance of presenting an extremely complex process in a simple, yet representative way.

Lapse rates

As the Company's business is mostly written directly with the insured or via an MGA, the premium is generally fixed at the start of the contract.

In order to get a view on the likely level of lapses, the way the written premium developed in the past was analysed. It was generally evident that there is little overall movement in written premium, implying a very low level of lapse activity. This was also discussed with the Company's General Manager who agreed that the nature of the risks written and insureds covered by the Company gave rise to limited lapses.

Based on this analysis, no lapse rates were applied to the BBNI at 31 December 2019. Consideration was given to applying the same ratios to the UPR, however on review of the development of the written premium over time, there is no evidence that lapses are occurring as written premium shows very few examples of downward development. As such, we have concluded there is no real evidence to suggest a best estimate lapse rate of zero is inappropriate. In addition, given the large proportion of gross premium that is ceded the impact of any lapse assumption would not be material.

Homogeneous risk groups used to calculate the technical provisions

The actuarial segmentation used for the reserving process is done at a lower level of granularity than the main classes of business and Solvency II lines of business.

The segmentation must balance the need for enough volume with a reasonable degree of homogeneity to develop the best view of meaningful loss development patterns for the standard actuarial methods used. The chosen segmentation also highlights areas where the Company believes that the underlying claim characteristics would justify that the segments be modeled separately. Where the resulting grouping produces reserving segments that are deemed to be insufficiently credible to produce development patterns, appropriate internal or external benchmarks to supplement the analysis in conjunction with actuarial judgment has been used.

As at the valuation date, the segmentation underlying the IFRS reserves is based on:

- Location of business underwritten;
- Business segment (based on the internal management reporting structure);
- Class of business;
- Type of (re)insurance; and
- Type of business, other segmentations were created to allow for homogeneity in the data triangles, where necessary.

The calculated IBNR from the analyses is then allocated on a treaty level basis.

Details of the approach used to calculate material reinsurance recoverables

Reinsurance recoverables are calculated on a best estimate basis, separately from the gross BEL and are accounted on the assets side of the Balance Sheet. Reinsurance Recoverables are a probability weighted average of the discounted future cash-flows stemming from reinsurance contracts, which includes an adjustment for the expected losses due to counterparty default risk.

Principles applied in the calculation of the gross BEL are applicable also to the calculation of Reinsurance Recoverables. This means that Reinsurance Recoverables take into account expected recoveries from ENIDs and BBNI contracts wherever they occur (Claims or Premium Provision).

The gross BEL allows for expenses related to the administration of reinsurance contracts however internal expenses are not included in the recoverables.

The Company uses external and intra-group reinsurance agreements to reduce its exposure on certain risks assumed and to mitigate the effects of a single major event or the accumulation of medium-size events. The Company remains liable to its policyholders to the extent that the reinsurers do not meet their obligations under these agreements.

The majority of ceded reserves relate to intra-group quota-share agreements with PRESE which can be summarised as follows:

- 85% for 2015 to 2019 underwriting years (90% for specific energy offshore business); (and for 2020 underwriting year relating to the BBNI business);
- 70% for 2011 to 2014 underwriting years;
- 85% for 2010 and prior underwriting years;
- 100% line slip for 2010 underwriting year for business recommended by Paris Re, an affiliate company, which was merged with Partner Reinsurance Europe SE in 2010;
- The Company also has a stop loss agreement with PRCL. The stop loss cover attaches at a loss ratio of 120% with a limit of 870%.

The Company benefits from the external Group protections purchased by the Group. The external retrocessions are a small part of the Company's overall retrocession programme.

The valuation of the reinsurance recoveries was performed on the basis that the Company will continue with the same reinsurance programme to the extent that it will cover the run off of the business underlying the TPs.

Due to a significant part pertaining to the intra-group quota share and the specificities of estimating ceded loss reserves on non-proportional cessions, the estimate of the IFRS ceded losses are based on applying the various treaty terms to the gross incurred. Ceded IBNR is not projected.

In terms of priority, the specific external quota share cessions apply first, then the intra-group cession, followed by the external non-proportional cessions.

The intra-group quota share reserves mirror the inward ones. For non-proportional protection the individual losses are analysed to identify the amount covered by the protection. For proportional reinsurance contracts ceded reserves are calculated by applying the percentage ceded to the total reserve. Where the retrocession contract is on an underwriting year basis, this calculation is performed automatically by the Company's systems. For proportional cessions on an accident year basis the gross reserves are allocated by accident years before applying the cession rate.

For Solvency II purposes, the valuations of best estimate reinsurance recoverables in respect of claims provisions and premium provisions were carried out separately.

The general assumption used is that retrocession recoveries will follow the same payment patterns as the gross cashflows.

The same assumptions for the ENIDs load is used in the reinsurance recoveries as in the gross claim provision given that the vast majority of the reinsurance is proportional.

For reinsurance recoverables, in respect of the premium provision, the same approach was used. Given some of the scenarios for the ENIDs, the non-proportional external reinsurance programme and the internal stop-loss would have a significant mitigating effect so the approach taken is prudent.

- For ceded loss reserves the removal of Margin for Uncertainty ("MFU") and Unallocated Loss Adjustment Expenses ("ULAE") (for the intra-group quota share) is performed at the level of individual reinsurance contract by currency. For the discounting adjustment the average discounting observed on gross loss reserves for each discounting currency is applied, as the information on original underwriting year is not available for the ceded loss reserves. The allocation of ceded loss reserves by line of business is based on the same proportion as the gross reserves for the internal quota shares and by line of business for the most material external contracts.

- The Company adopted a percentage approach to quantify the reinsurance claim recoveries expected from its reinsurers. The percentages are predefined based on the corresponding inwards assumptions (including allowance for ENIDs).
- For premium provisions, the unearned reserves (UPR and Deferred Acquisition Costs) were removed and replaced by an estimation of future cash-flows linked with reinsurance agreements in force or bound at year-end. The best estimates of reinsurance recoverables in respect of premium provisions are calculated by considering an estimation of future cash-flows linked with reinsurance agreements in force or bound at the valuation date and with future non-proportional reinsurance on the basis that there will be exposures in the premium provision that extend beyond the one financial year retrocession programme. This was based on expected management actions to renew the non-proportional retrocession programme.

An additional adjustment is made by calculating a Counterparty Default Adjustment for ceded loss reserves in order to take account of the possible shortfall on expected recovery from reinsurers. The calculation is based on the credit quality of each counterparty, reserve durations and probability of default associated to the different Credit Quality Steps (“CQS”). The CQS are defined by Solvency II rules following the ratings of the different reinsurers.

Comparison to IFRS reporting

The IFRS BE of the Company includes the following:

- AME loss reserves
- UPR
- ULAE

The AME comprises the IFRS case reserves as reported by the cedant, additional case reserves estimated by the Company on an individual loss basis and reserves for losses incurred but not reported ("IBNR"). The MFU is added to the AME to set the Management Best Estimate reserves (“MBE”). The MFU is also internally referred to as the Reserve for Adverse Deviation ("RAD") or Additional IBNR.

The main differences between the IFRS and Solvency II valuation bases are summarised as follows:

- IFRS BE includes an explicit MFU which should not be included in the Solvency II technical provisions. Conversely, Solvency II technical provisions include the Risk Margin which is not included in the IFRS BE;
- IFRS BE is calculated on an undiscounted basis, whereas the cash-flows used to determine the Solvency II technical provisions are discounted using risk-free rates provided by EIOPA. The impact of discounting is more material on long-tail business;
- Solvency II technical provisions need to consider BBNI contracts. This is not required in the IFRS calculation;
- An allowance for ENIDs is required in the Solvency II technical provisions, whereas this is not included within the IFRS BE; and
- IFRS UPR is replaced with a best estimate of the premium provision which takes into account the expected cost of claims and expenses on the unearned period as well as expected future premium payable (net of acquisition costs and commissions). This is likely to produce a lower premium provision.

The following table shows the movement from the gross TPs in the IFRS financial statements to the claim provision under Solvency II, as at 31 December 2019 and 2018:

2019	Gross IFRS Technical Reserve €'000	Removal of UPR €'000	Removal of Prudence €'000	ENIDs Load	Change of Claims Expense Basis €'000	Earned Premium Receivables €'000	Discounting Impact €'000	Other adjustments €'000	Gross Solvency II Claim Provision €'000
Marine, aviation and transport insurance	82,169	(19,554)	(1,152)	1,573	2,800	(3,302)	(1,855)	—	**60,679**
Fire and other damage to property insurance	95,943	(20,902)	(1,125)	697	3,457	(2,682)	(1,576)	—	**73,812**
General liability insurance	224,841	(100,055)	(5,581)	2,656	2,488	(795)	(4,400)	9,024	**128,178**
Credit and Suretyship	244	(126)	—	3	7	(9)	(8)	—	**111**
Total Technical Provisions for all lines of business	**403,197**	**(140,637)**	**(7,858)**	**4,929**	**8,752**	**(6,788)**	**(7,839)**	**9,024**	**262,780**

2018	Gross IFRS Technical Reserve €'000	Removal of UPR €'000	Removal of Prudence €'000	ENIDs Load €'000	Change of Claims Expense Basis €'000	Earned Premium Receivables €'000	Discounting Impact €'000	Other adjustments €'000	Gross Solvency II Claim Provision €'000
Marine, aviation and transport insurance	98,361	(16,555)	(1,687)	2,051	2,336	(3,376)	(3,175)	—	**77,955**
Fire and other damage to property insurance	100,775	(10,656)	(3,095)	822	2,587	(2,242)	(2,716)	—	**85,475**
General liability insurance	197,742	(92,854)	(9,416)	2,113	2,889	(440)	(4,993)	6,841	**101,882**
Credit and Suretyship	69	(52)	—	—	—	(17)	(2)	—	**(2)**
Total Technical Provisions for all lines of business	**396,947**	**(120,117)**	**(14,198)**	**4,986**	**7,812**	**(6,075)**	**(10,886)**	**6,841**	**265,312**

The "Other adjustments" shown in the above table were related to recognition of earned profit commissions.

D.3. VALUATION OF OTHER ASSETS AND LIABILITIES

This section outlines the valuation basis and comparison for other assets and liabilities, excluding investments and TPs, as at 31 December 2019 and 2018. For reconciliation purposes, the categories listed below for the IFRS balance sheet have been aligned to those of the Solvency II balance sheet.

2019	Note	Solvency II Balance Sheet €'000	IFRS Balance Sheet €'000	Variance €'000
Other assets				
Insurance and intermediaries receivables	1	11,551	11,551	—
Reinsurance receivables	2	14,580	14,580	—
Receivables (trade, not insurance)	3	1,377	1,377	—
Deferred tax assets	4	1,449	208	1,241
Other assets		66	66	—
		29,023	**27,782**	**1,241**
Other liabilities				
Deposits from reinsurers	5	66,477	66,477	—
Insurance and intermediaries payables	1	3,129	3,129	—
Reinsurance payables	2	14,180	14,180	—
Payables (trade, not insurance)	3	374	374	—
Deferred tax liabilities	4	—	—	—
Other liabilities	6	611	2,386	(1,775)
		84,771	**86,546**	**(1,775)**
Total other assets and liabilities		**(55,748)**	**(58,764)**	**3,016**

2018	Note	Solvency II Balance Sheet €'000	IFRS Balance Sheet €'000	Variance €'000
Other assets				
Insurance and intermediaries receivables	1	12,608	12,608	—
Reinsurance receivables	2	9,469	9,469	—
Receivables (trade, not insurance)	3	1,734	1,734	—
Deferred tax assets	4	1,680	308	1,372
Other assets		75	75	—
		25,566	**24,194**	**1,372**
Other liabilities				
Deposits from reinsurers	5	—	—	—
Insurance and intermediaries payables	1	2,457	2,457	—
Reinsurance payables	2	14,749	14,749	—
Payables (trade, not insurance)	3	228	228	—
Deferred tax liabilities	4	—	—	—
Other liabilities	6	633	634	(1)
		18,067	18,068	-
Total other assets and liabilities		**7,499**	**6,126**	**1,372**

Notes

1. Insurance and intermediaries receivables and payables are amounts owed or due under insurance and assumed reinsurance contracts and are valued at their account balance which equates to fair value due to the short-term nature of the balances.

2. Reinsurance receivables and payables are amounts owed or due under reinsurance contracts and are valued at their account balance which equates to fair value due to the short-term nature of the balances.

3. Receivables and payables (trade, not insurance) are amounts owed by or due to employees, Group companies, business partners, etc., as well as payables and receivables from securities purchased and are generally valued at their account balances. Most balances are current items and are collected in a short timeframe, so the face value is deemed to equal fair value.

4. Deferred tax assets and liabilities are valued based on the tax impact of the difference between the values ascribed to assets and liabilities recognised and valued in accordance with Solvency II rules and the values ascribed to assets and liabilities as recognised and valued for tax purposes. Deferred tax assets are also recognised from the carry forward of unused tax credits and the carry forward of unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised, taking into account any legal or regulatory requirements on the time limits relating to the carry forward of unused tax losses or the carry forward of unused tax credits. Deferred tax assets and liabilities are not discounted. The difference between the values of the Solvency II balance sheet deferred tax assets and liabilities and the IFRS values are due to the tax impact of valuation adjustments to other assets and liabilities on the balance sheet.

5. Deposits from reinsurers are amounts deposited under retrocession contracts, which are used to settle claims. They are measured at their account balances which are deemed to equate to fair value. Deposits from reinsurers increased in 2019 as the Casualty Wholesale reinsurance agreements reinsured on a funds held basis which is presented as deposits from reinsurers under Solvency II classification.

6. Other assets and liabilities relates to prepayments, receivables, accruals and other liabilities. The difference between the Solvency II and IFRS value of Other liabilities relates to a net deferred gain of €1.8m arising on the Wholesale portfolio transaction.

E. CAPITAL MANAGEMENT

E.1. OWN FUNDS

Nature of Capital

The capital (Solvency II Own Funds) of the Company consists of ordinary shares, capital contributions from other Group companies, retained deficit and currency translation reserve.

The ordinary shares issued to Partner Re Holdings Europe Limited ("PRHEL"), fulfill the criteria in that they:

- Are issued directly by the Company with the prior approval of its shareholder; and
- Entitle the owner to claim on the residual assets of the Company in the event of winding up.

The various capital contributions from other Group companies are irrevocable transfers from the Group to the Company and, as such, do not impose any obligations on the Company. Therefore, all of the capital of the Company is classified as Tier 1 Basic Own Funds in the context of Solvency II, except for deferred tax assets which are classified as Tier 3 capital, which cannot be used to cover the MCR. There are currently no ancillary own fund items. There are no restricted Tier 1 or Tier 2 items included in Solvency II Own Funds. The Company has not applied the transitional arrangements referred to in Articles 308b(9) and 308b(10) of the Directive.

The following table shows a breakdown of the total Solvency II Own Funds as at 31 December 2019 and 2018:

2019	Tier 1 - unrestricted funds €'000	Tier 3 €'000	Total €'000
Ordinary share capital	2,249	—	2,249
Reconciliation reserve	(11,318)	—	(11,318)
Net deferred tax assets	—	1,449	1,449
Other own funds approved by the supervisory authority	111,463	—	111,463
Total Solvency II Own Funds	**102,394**	**1,449**	**103,843**

2018	Tier 1 - unrestricted funds €'000	Tier 3 €'000	Total €'000
Ordinary share capital	2,249	—	2,249
Reconciliation reserve	(21,874)	—	(21,874)
Net deferred tax assets	—	1,680	1,680
Other own funds approved by the supervisory authority	111,463	—	111,463
Total Solvency II Own Funds	**91,838**	**1,680**	**93,518**

The decrease in the negative reconciliation reserve was driven by the accounting profit earned during the year and the movement in the currency translation reserve, partly offset by changes in Solvency II valuation adjustments.

Capital Management

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a strong going concern so that it can continue to provide returns for its stakeholders and pay losses;
- To ensure that the Company is a well capitalised risk insurer for its policyholders; and
- To comply with the insurance capital requirements required by the CBI.

The capital position of the Company is monitored on a quarterly basis jointly by the Head of Finance and the CRO and is reported to the Risk & Audit Committees as well as the Board on a quarterly basis.

Any dividend payments must be approved by the Board and will take account of the short-term and long-term interests of shareholders as well as maintaining a balance between the interests of shareholders and other key stakeholders, namely policyholders and regulators.

In particular, no distribution of dividends will compromise the ability of the Company to meet its current or future commitments to policyholders. In the context of Solvency II, no distribution of dividends shall lead to the Company failing to comply with the SCR (or such higher capital requirement as the Board may determine, from time to time).

Reconciliation of Solvency II Own Funds to IFRS Net Equity

The following table compares shareholder's equity from the Company's IFRS financial statements to the Solvency II Own Funds:

	2019 €'000	2018 €'000
IFRS Shareholder's Equity	**108,943**	**100,278**
Revaluation of non-life reserves	(6,342)	(8,132)
Revaluation of other assets and liabilities	1,241	1,372
Solvency II Own Funds	**103,842**	**93,518**
Change in Equity	**(5,101)**	**(6,760)**

- See section D.2 of this report for a detailed explanation of the differences in valuation of non-life TPs.
- The difference between other assets and liabilities arises from the difference in deferred tax balances due to the tax impact of the non-life valuation adjustment and from a net differed gain balance on the Wholesale transaction. See sections D.1 and D.3 for further details of the valuation basis for other assets and liabilities.

A detailed line-by-line Solvency II balance sheet is provided in QRT number SE.02.01.02 in the annex to this report.

E.2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

The amount of the Company's SCR and MCR at the end of the reporting periods are €51.6 million and €12.9 million, respectively.

The table below shows the components of the SCR (using the Standard Formula) as at 31 December 2019 and 2018:

	2019 €'000	2018 €'000
Sum of risk components		
Market risk	15,748	10,878
Counterparty default risk	15,101	15,485
Non-life underwriting risk	25,423	18,894
Diversification effects	(13,548)	(10,693)
BSCR	**42,724**	**34,564**
SCR operational risk	8,849	9,006
SCR	**51,573**	**43,570**
Solvency II Own Funds	**103,843**	**93,518**
Ratio of Eligible Own Funds to SCR	**201 %**	**215 %**

The decrease in the Ratio of Eligible Own Funds to SCR is due to an overall increase in SCR versus Own funds year on year.

The SCR has increased by €8.0 million since 31 December 2018 for the following reasons:

- Market risk has increased by €4.8 million (before diversification) predominantly due to an increase of €5.4m in currency risk, mainly due to higher exposure to both USD and GBP.

- Non-life underwriting risk has increased by €6.5 million (before diversification) mainly due to an increase in non-life CAT risk.

The SCR calculation is based on the aggregation of the different sub-modules of the SCR that have been calculated by the various departments responsible. The Company has not applied a simplified calculation for any of the standard formula risk modules. The Company has not used any undertaking-specific parameters in calculating the SCR.

The table below outlines the components of the MCR as at 31 December 2019 and 2018:

	2019 €'000	2018 €'000
Linear MCR	5,565	5,934
SCR	51,573	43,571
MCR cap	23,208	19,607
MCR floor	12,893	10,893
Combined MCR	12,893	10,893
Absolute floor of the MCR	3,700	3,700
MCR	**12,893**	**10,893**

The MCR is calculated by applying the factors specified in the regulation to underlying drivers: premiums and best estimates by lines of business for non-life business. Ultimately, the MCR is driven by the floor calculated as 25% of the SCR. The increase in the MCR is therefore driven by the increase in SCR described above.

See template S.28.01.01 in the annex to this report for a further breakdown of the MCR calculation.

The Company was fully compliant with the MCR requirements throughout the reporting period.

E.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

The Company has chosen not to use the duration-based equity risk sub-module.

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

For the calculation of the regulatory capital requirement, the Company uses the Standard Formula and does not use an internal model.

E.5. NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

There was no breach of the SCR or MCR over the reporting period.

Annex I
SE.02.01.02
Balance Sheet
31st December 2019
€'000

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	1,449
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	2
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	177,140
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	-
Equities	**R0100**	-
Equities - listed	**R0110**	-
Equities - unlisted	**R0120**	-
Bonds	**R0130**	175,183
Government Bonds	**R0140**	75,050
Corporate Bonds	**R0150**	100,133
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	1
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	1,956
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**	262,732
Non-life and health similar to non-life	**R0280**	262,732
Non-life excluding health	**R0290**	262,732
Health similar to non-life	**R0300**	-
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	-
Health similar to life	**R0320**	-
Life excluding health and index-linked and unit-linked	**R0330**	-
Life index-linked and unit-linked	**R0340**	-
Deposits to cedants	**R0350**	564
Insurance and intermediaries receivables	**R0360**	11,551
Reinsurance receivables	**R0370**	14,580
Receivables (trade, not insurance)	**R0380**	1,377
Own shares	**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**	22,016
Any other assets, not elsewhere shown	**R0420**	66
Total assets	**R0500**	491,477

Annex I
SE.02.01.02
Balance Sheet
31st December 2019
€'000

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	302,864
Technical provisions – non-life (excluding health)	**R0520**	302,864
TP calculated as a whole	**R0530**	-
Best Estimate	**R0540**	294,959
Risk margin	**R0550**	7,905
Technical provisions - health (similar to non-life)	**R0560**	-
TP calculated as a whole	**R0570**	-
Best Estimate	**R0580**	-
Risk margin	**R0590**	-
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	-
Technical provisions - health (similar to life)	**R0610**	-
TP calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-
TP calculated as a whole	**R0660**	-
Best Estimate	**R0670**	-
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	-
TP calculated as a whole	**R0700**	-
Best Estimate	**R0710**	-
Risk margin	**R0720**	-
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	-
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	66,477
Deferred tax liabilities	**R0780**	-
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Debts owed to credit institutions resident domestically	**ER0801**	
Debts owed to credit institutions resident in the euro area other than domestic	**ER0802**	
Debts owed to credit institutions resident in rest of the world	**ER0803**	
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Debts owed to non-credit institutions	**ER0811**	
Debts owed to non-credit institutions resident domestically	**ER0812**	
Debts owed to non-credit institutions resident in the euro area other than domestic	**ER0813**	
Debts owed to non-credit institutions resident in rest of the world	**ER0814**	
Other financial liabilities (debt securities issued)	**ER0815**	
Insurance & intermediaries payables	**R0820**	3,129
Reinsurance payables	**R0830**	14,180
Payables (trade, not insurance)	**R0840**	374
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in basic own funds	**R0860**	-
Subordinated liabilities in basic own funds	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	611
Total liabilities	**R0900**	387,635
Excess of assets over liabilities	**R1000**	103,843

Annex I
S.05.01.02
Premiums, claims and expenses by line of business
31st December 2019
€'000

		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
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110						27,346	43,073	103,678	209	-	-	-					174,306
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-1,599	-	732	-	-	-	-					-866
Gross - Non-proportional reinsurance accepted	R0130													-	-	-	-	-
Reinsurers' share	R0140	-	-	-	-	-	21,815	37,267	94,041	178	-	-	-	-	-	-	-	153,300
Net	R0200	-	-	-	-	-	3,933	5,807	10,369	31	-	-	-	-	-	-	-	20,140
Premiums earned																		
Gross - Direct Business	R0210						23,315	33,085	98,507	135	-	-	-					155,043
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-372	-	1,094	-	-	-	-					722
Gross - Non-proportional reinsurance accepted	R0230													-	-	-	-	-
Reinsurers' share	R0240	-	-	-	-	-	19,335	28,986	89,316	115	-	-	-	-	-	-	-	137,752
Net	R0300	-	-	-	-	-	3,608	4,100	10,284	20	-	-	-	-	-	-	-	18,012
Claims incurred																		
Gross - Direct Business	R0310						6,790	20,814	49,908	91	-	-	-					77,604
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-1,672	-	-462	-	-	-	-					-2,134
Gross - Non-proportional reinsurance accepted	R0330													-	-	-	-	-
Reinsurers' share	R0340	-	-	-	-	-	4,121	18,100	43,346	78	-	-	-	-	-	-	-	65,644
Net	R0400	-	-	-	-	-	997	2,713	6,101	14	-	-	-	-	-	-	-	9,825
Changes in other technical provisions																		
Gross - Direct Business	R0410						0	0	0	0	-	-	-					0
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	0	-	0	-	-	-	-					0
Gross - Proportional reinsurance accepted	R1020	-	-	-	-	-	0	-	0	-	-	-	-					0
Gross - Non-proportional reinsurance accepted	R1030													-	-	-	-	-
Reinsurers' share	R1040	-	-	-	-	-	0	0	0	0	-	-	-	-	-	-	-	0
Net	R1100	-	-	-	-	-	0	0	0	0	-	-	-	-	-	-	-	0
Other expenses	R1200																	
Total expenses	R1300																	2,333

Annex I
S.05.02.01

Premiums, claims and expenses by country

31st December 2019
€'000

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
	R0010			(US) United States	(GB) United Kingdom	(AU) Australia	(NL) Netherlands	(DE) Germany
		C0080	C0140	C0090	C0090	C0090	C0090	C0090
Premiums written								
Gross - Direct Business	R0110	428	158,845	111,740	32,351	5,183	5,061	4,082
Gross - Proportional reinsurance accepted	R0120	0	-217	-357	160	0	-24	4
Gross - Non-proportional reinsurance accepted	R0130	-	0	0	0	-	0	0
Reinsurers' share	R0140	378	140,442	98,665	29,135	4,512	4,287	3,465
Net	R0200	50	18,187	12,718	3,376	672	750	620
Premiums earned								
Gross - Direct Business	R0210	577	146,904	96,235	36,178	5,206	4,706	4,002
Gross - Proportional reinsurance accepted	R0220	0	245	-307	464	36	48	4
Gross - Non-proportional reinsurance accepted	R0230	-	0	0	0	-	0	0
Reinsurers' share	R0240	510	131,853	86,658	32,668	4,603	4,032	3,383
Net	R0300	67	15,296	9,270	3,974	640	723	623
Claims incurred								
Gross - Direct Business	R0310	911	72,728	48,336	12,844	668	7,534	2,435
Gross - Proportional reinsurance accepted	R0320	-395	-301	889	-944	-36	186	0
Gross - Non-proportional reinsurance accepted	R0330	-	0	0	0	-	0	0
Reinsurers' share	R0340	430	63,144	42,741	10,760	579	6,688	1,947
Net	R0400	86	9,283	6,484	1,140	53	1,032	488
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	48	2,082	905	202	134	53	740
Other expenses	R1200							
Total expenses	R1300		2,082					

Annex I
S.17.01.02
Non-life Technical Provisions
31st December 2019
€'000

		Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
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 as a whole	**R0050**																	
Technical provisions calculated as a sum of BE and RM																		
Best Estimate																		
Premium provisions																		
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-	-	-	-	-	4,960	1,485	24,994	-17	-	-	-	-	-	-	-	31,422
Net Best Estimate of Premium Provisions	**R0150**	-	-	-	-	-	629	-650	786	-8	-	-	-	-	-	-	-	757
Claims provisions																		
Gross - Total	**R0160**	-	-	-	-	-	60,679	73,812	128,178	110	-	-	-	-	-	-	-	262,780
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	-	-	-	-	-	49,556	61,633	120,034	86	-	-	-	-	-	-	-	231,310
Net Best Estimate of Claims Provisions	**R0250**	-	-	-	-	-	11,124	12,179	8,144	24	-	-	-	-	-	-	-	31,470
Total Best estimate - gross	**R0260**	-	-	-	-	-	66,269	74,647	153,958	85	-	-	-	-	-	-	-	294,959
Total Best estimate - net	**R0270**	-	-	-	-	-	11,753	11,529	8,929	16	-	-	-	-	-	-	-	32,227
Risk margin	**R0280**	-	-	-	-	-	2,274	2,042	3,578	11	-	-	-	-	-	-	-	7,905
Amount of the transitional on Technical Provisions																		
TP as a whole	**R0290**																	
Best Estimate	**R0300**																	
Risk margin	**R0310**																	
Technical provisions - total																		
Technical provisions - total	**R0320**	-	-	-	-	-	68,543	76,689	157,536	95	-	-	-	-	-	-	-	302,864
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	-	-	-	-	-	54,516	63,118	145,029	69	-	-	-	-	-	-	-	262,732
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**R0340**	-	-	-	-	-	14,027	13,571	12,507	26	-	-	-	-	-	-	-	40,132

Annex I
S.19.01.21
Non-life Insurance Claims Information
31 December 2019
€'000

Gross Claims Paid (non-cumulative) - Development year (absolute amount)

		0	1	2	3	4	5	6	7	8	9	10
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											-249
N-9	R0160	195	25,847	27,861	9,644	854	123	141	293	96	134	
N-8	R0170	606	6,478	7,189	4,863	6,595	1,768	1,709	1,068	68		
N-7	R0180	313	9,298	5,521	3,567	1,779	488	693	765			
N-6	R0190	1,139	22,516	15,877	4,773	3,068	3,208	1,700				
N-5	R0200	2,195	23,877	18,100	21,140	14,853	5,524					
N-4	R0210	3,457	27,369	41,654	26,594	14,502						
N-3	R0220	8,336	21,008	29,105	12,384							
N-2	R0230	4,262	25,901	23,893								
N-1	R0240	4,736	48,744									
N	R0250	136										

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	-249	12,635
N-9	R0160	134	65,189
N-8	R0170	68	30,345
N-7	R0180	765	22,423
N-6	R0190	1,700	52,280
N-5	R0200	5,524	85,690
N-4	R0210	14,502	113,576
N-3	R0220	12,384	70,834
N-2	R0230	23,893	54,056
N-1	R0240	48,744	53,479
N	R0250	136	136

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

		0	1	2	3	4	5	6	7	8	9	10
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100	-	-	-	-	-	-	-	-	0	0	350
N-9	R0160	-	-	-	-	-	-	46	922	617	458	
N-8	R0170	-	-	-	-	-	10,915	9,598	9,992	9,358		
N-7	R0180	-	-	-	-	13,617	9,081	3,851	2,624			
N-6	R0190	-	-	-	16,264	12,403	8,290	8,949				
N-5	R0200	-	-	65,675	41,355	25,518	15,413					
N-4	R0210	-	103,453	75,526	54,749	29,990						
N-3	R0220	41,760	75,410	51,533	40,553							
N-2	R0230	49,436	75,346	58,274								
N-1	R0240	51,880	81,838									
N	R0250	22,813										

		Year end (discounted data)
		C0360
Prior	R0100	341
N-9	R0160	437
N-8	R0170	8,763
N-7	R0180	2,532
N-6	R0190	8,761
N-5	R0200	15,137
N-4	R0210	29,262
N-3	R0220	39,462
N-2	R0230	56,481
N-1	R0240	79,419
N	R0250	22,184
Total	R0260	262,780

Annex 1
S.23.01.01
Own Funds
31 December 2019
€'000

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35		C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	2,249	2,249			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	-11,318	-11,318			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	1,449				1,449
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	111,463	111,463			
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	103,843	102,393			1,449
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	103,843	102,393			1,449
Total available own funds to meet the MCR	R0510	102,393	102,393			
Total eligible own funds to meet the SCR	R0540	103,843	102,393			1,449
Total eligible own funds to meet the MCR	R0550	102,393	102,393			
SCR	R0580	51,573				
MCR	R0600	12,893				
Ratio of Eligible own funds to SCR	R0620	201%				
Ratio of Eligible own funds to MCR	R0640	794%				

Reconciliation reserve		C0060
Excess of assets over liabilities	R0700	103,843
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	115,161
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	-11,318
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	22,265
Total EPIFP	R0790	22,265

Annex I
S.25.01.021
Solvency Capital Requirement - for undertakings on Standard Formula
31 December 2019
€'000

Article 112? (Y/N)	**Z0010**	(2) Regular reporting

Basic Solvency Capital Requirement

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	**C0040**	**C0050**
Market risk	**R0010**	15,748	15,748	-
Counterparty default risk	**R0020**	15,101	15,101	-
Life underwriting risk	**R0030**	-	-	-
Health underwriting risk	**R0040**	-	-	-
Non-life underwriting risk	**R0050**	25,423	25,423	-
Diversification	**R0060**	-13,548	-13,548	
Intangible asset risk	**R0070**	-	-	
Basic Solvency Capital Requirement	**R0100**	42,724	42,724	

	Z0010	(2) Regular reporting

Calculation of Solvency Capital Requirement		**C0100**
Adjustment due to RFF/MAP nSCR aggregation	**R0120**	-
Operational risk	**R0130**	8,849
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**	51,573
Capital add-on already set	**R0210**	-
Solvency capital requirement	**R0220**	51,573
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 Requirement for ring fenced funds	**R0420**	-
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	-
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	-
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	**R0450**	(4) No adjustment
Net future discretionary benefits	**R0460**	-

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity
31 December 2019
€'000

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	5,565

		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	11,753	3,933
Fire and other damage to property insurance and proportional reinsurance	R0080	11,529	5,807
General liability insurance and proportional reinsurance	R0090	8,929	10,369
Credit and suretyship insurance and proportional reinsurance	R0100	16	31
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	-	-

Overall MCR calculation		C0070
Linear MCR	R0300	5,565
SCR	R0310	51,573
MCR cap	R0320	23,208
MCR floor	R0330	12,893
Combined MCR	R0340	12,893
Absolute floor of the MCR	R0350	3,700
Minimum Capital Requirement	R0400	12,893

Annex I
SE.02.01.02
Balance Sheet
31 December 2018
€'000

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	1,680
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	31
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	113,111
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	-
Equities	**R0100**	-
Equities - listed	**R0110**	-
Equities - unlisted	**R0120**	-
Bonds	**R0130**	113,098
Government Bonds	**R0140**	46,463
Corporate Bonds	**R0150**	66,636
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	1
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	12
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**	259,354
Non-life and health similar to non-life	**R0280**	259,354
Non-life excluding health	**R0290**	259,354
Health similar to non-life	**R0300**	-
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	-
Health similar to life	**R0320**	-
Life excluding health and index-linked and unit-linked	**R0330**	-
Life index-linked and unit-linked	**R0340**	-
Deposits to cedants	**R0350**	-
Insurance and intermediaries receivables	**R0360**	12,608
Reinsurance receivables	**R0370**	9,469
Receivables (trade, not insurance)	**R0380**	1,734
Own shares	**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**	21,177
Any other assets, not elsewhere shown	**R0420**	75
Total assets	**R0500**	419,239

Annex I
SE.02.01.02
Balance Sheet
31 December 2018
€'000

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	307,654
Technical provisions – non-life (excluding health)	**R0520**	307,654
TP calculated as a whole	**R0530**	-
Best Estimate	**R0540**	300,206
Risk margin	**R0550**	7,448
Technical provisions - health (similar to non-life)	**R0560**	-
TP calculated as a whole	**R0570**	-
Best Estimate	**R0580**	-
Risk margin	**R0590**	-
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	-
Technical provisions - health (similar to life)	**R0610**	-
TP calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-
TP calculated as a whole	**R0660**	-
Best Estimate	**R0670**	-
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	-
TP calculated as a whole	**R0700**	-
Best Estimate	**R0710**	-
Risk margin	**R0720**	-
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	-
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	-
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Debts owed to credit institutions resident domestically	**ER0801**	
Debts owed to credit institutions resident in the euro area other than domestic	**ER0802**	
Debts owed to credit institutions resident in rest of the world	**ER0803**	
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Debts owed to non-credit institutions	**ER0811**	
Debts owed to non-credit institutions resident domestically	**ER0812**	
Debts owed to non-credit institutions resident in the euro area other than domestic	**ER0813**	
Debts owed to non-credit institutions resident in rest of the world	**ER0814**	
Other financial liabilities (debt securities issued)	**ER0815**	
Insurance & intermediaries payables	**R0820**	2,457
Reinsurance payables	**R0830**	14,749
Payables (trade, not insurance)	**R0840**	228
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in basic own funds	**R0860**	-
Subordinated liabilities in basic own funds	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	634
Total liabilities	**R0900**	325,721
Excess of assets over liabilities	**R1000**	93,518

Annex I
S.05.01.02
Premiums, claims and expenses by line of business
31 December 2018

€'000

		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
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110	-	-	-	-	-	20,268	22,105	89,397	68	-	-	-					131,838
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	5,989	-	970	-	-	-	-					6,959
Gross - Non-proportional reinsurance accepted	R0130													-	-	-	-	-
Reinsurers' share	R0140	-	-	-	-	-	24,300	19,676	79,802	58	-	-	-	-	-	-	-	123,836
Net	R0200	-	-	-	-	-	1,958	2,429	10,565	10	-	-	-	-	-	-	-	14,962
Premiums earned																		
Gross - Direct Business	R0210	-	-	-	-	-	27,398	24,018	66,727	17	-	-	-					118,160
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	12,797	-	975	-	-	-	-					13,772
Gross - Non-proportional reinsurance accepted	R0230													-	-	-	-	-
Reinsurers' share	R0240	-	-	-	-	-	35,740	21,395	60,270	15	-	-	-	-	-	-	-	117,420
Net	R0300	-	-	-	-	-	4,455	2,623	7,432	3	-	-	-	-	-	-	-	14,512
Claims incurred																		
Gross - Direct Business	R0310	-	-	-	-	-	12,107	41,663	33,109	14	-	-	-					86,893
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-575	-	-397	-	-	-	-					-973
Gross - Non-proportional reinsurance accepted	R0330													-	-	-	-	-
Reinsurers' share	R0340	-	-	-	-	-	9,703	37,621	30,994	13	-	-	-	-	-	-	-	78,331
Net	R0400	-	-	-	-	-	1,829	4,042	1,717	2	-	-	-	-	-	-	-	7,590
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	-	-	-	-	-	1,204	715	3,091	1	-	-	-	-	-	-	-	5,011
Other expenses	R1200																	
Total expenses	R1300																	5,011

Annex I
S.05.02.01
Premiums, claims and expenses by country
31 December 2018

€'000

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
	R0010			(US) United States	(GB) United Kingdom	(DE) Germany	(AU) Australia	(NO) Norway
		C0080	C0140	C0090	C0090	C0090	C0090	C0090
Premiums written								
Gross - Direct Business	R0110	596	117,535	65,308	42,159	3,980	3,415	2,079
Gross - Proportional reinsurance accepted	R0120	228	649	-257	550	-	-68	196
Gross - Non-proportional reinsurance accepted	R0130	-	1,176	403	496	-	76	201
Reinsurers' share	R0140	733	106,313	58,159	38,409	3,672	3,052	2,288
Net	R0200	90	13,046	7,294	4,796	307	371	188
Premiums earned								
Gross - Direct Business	R0210	575	96,429	43,442	40,613	4,527	3,251	4,021
Gross - Proportional reinsurance accepted	R0220	231	678	-377	569	-	-60	315
Gross - Non-proportional reinsurance accepted	R0230	-	1,544	595	561	-	116	272
Reinsurers' share	R0240	718	87,809	38,871	37,153	4,026	2,943	4,098
Net	R0300	89	10,845	4,790	4,590	501	364	511
Claims incurred								
Gross - Direct Business	R0310	684	45,226	19,993	17,938	7,824	-144	-1,069
Gross - Proportional reinsurance accepted	R0320	-373	1,145	69	1,140	-15	-7	331
Gross - Non-proportional reinsurance accepted	R0330	-	-600	-350	-162	-	-49	-39
Reinsurers' share	R0340	297	41,810	17,792	17,888	6,596	-111	-652
Net	R0400	14	3,960	1,920	1,028	1,213	-90	-125
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	905	3,775	1,147	1,362	108	112	141
Other expenses	R1200							
Total expenses	R1300		3,775					

Annex I
S.17.01.02
Non-life Technical Provisions
31 December 2018

€'000

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
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 as a whole	**R0050**																	
Technical provisions calculated as a sum of BE and RM																		
Best Estimate																		
Premium provisions																		
Gross - Total	**R0060**	-	-	-	-	-	6,657	2,736	25,577	-76	-	-	-	-	-	-	-	34,894
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-	-	-	-	-	5,235	2,448	24,309	-52	-	-	-	-	-	-	-	31,940
Net Best Estimate of Premium Provisions	**R0150**	-	-	-	-	-	1,422	288	1,268	-23	-	-	-	-	-	-	-	2,955
Claims provisions																		
Gross - Total	**R0160**	-	-	-	-	-	77,955	85,475	101,883	-2	-	-	-	-	-	-	-	265,312
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	-	-	-	-	-	65,175	72,708	89,532	-1	-	-	-	-	-	-	-	227,414
Net Best Estimate of Claims Provisions	**R0250**	-	-	-	-	-	12,780	12,767	12,351	0	-	-	-	-	-	-	-	37,898
Total Best estimate - gross	**R0260**	-	-	-	-	-	84,612	88,211	127,460	-77	-	-	-	-	-	-	-	300,206
Total Best estimate - net	**R0270**	-	-	-	-	-	14,202	13,055	13,619	-23	-	-	-	-	-	-	-	40,852
Risk margin	**R0280**	-	-	-	-	-	2,230	1,739	3,476	2	-	-	-	-	-	-	-	7,448
Amount of the transitional on Technical Provisions																		
TP as a whole	**R0290**																	
Best Estimate	**R0300**																	
Risk margin	**R0310**																	
Technical provisions - total																		
Technical provisions - total	**R0320**	-	-	-	-	-	86,842	89,951	130,936	-75	-	-	-	-	-	-	-	307,654
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	-	-	-	-	-	70,410	75,156	113,841	-54	-	-	-	-	-	-	-	259,354
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**R0340**	-	-	-	-	-	16,432	14,794	17,094	-21	-	-	-	-	-	-	-	48,300

Annex I
S.19.01.21
Non-life Insurance Claims Inform
31 December 2018
€'000

Accident year / Underwriting year	Z0020	2

Gross Claims Paid (non-cumulative) - Development year (absolute amount)

		0	1	2	3	4	5	6	7	8	9	10
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											63
N-9	R0160	118	488	249	124	33	7	74	3	9	55	
N-8	R0170	197	26,417	27,800	9,639	885	123	146	282	93		
N-7	R0180	605	6,465	7,172	4,955	6,612	1,824	1,627	1,030			
N-6	R0190	313	9,272	5,522	3,575	1,796	463	674				
N-5	R0200	1,136	22,778	16,006	4,824	2,993	3,095					
N-4	R0210	2,189	23,824	18,130	19,851	14,442						
N-3	R0220	3,448	27,298	39,199	25,609							
N-2	R0230	8,312	19,782	28,144								
N-1	R0240	3,986	24,797									
N	R0250	2,324										

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	63	
N-9	R0160	55	1,160
N-8	R0170	93	65,583
N-7	R0180	1,030	30,290
N-6	R0190	674	21,615
N-5	R0200	3,095	50,831
N-4	R0210	14,442	78,436
N-3	R0220	25,609	95,554
N-2	R0230	28,144	56,239
N-1	R0240	24,797	28,783
N	R0250	2,324	2,324
Total	R0260	100,326	430,815

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

		0	1	2	3	4	5	6	7	8	9	10
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											553
N-9	R0160	-	-	-	-	-	-	-	220	244	108	
N-8	R0170	-	-	-	-	-	-	33	901	604		
N-7	R0180	-	-	-	-	-	11,502	9,079	9,803			
N-6	R0190	-	-	-	-	13,863	8,895	3,795				
N-5	R0200	-	-	-	16,871	11,821	8,045					
N-4	R0210	-	-	69,011	39,464	24,908						
N-3	R0220	-	109,374	71,663	53,434							
N-2	R0230	44,316	71,861	50,252								
N-1	R0240	46,681	73,415									
N	R0250	51,281										

		Year end (discounted data)
		C0360
Prior	R0100	529
N-9	R0160	105
N-8	R0170	565
N-7	R0180	9,063
N-6	R0190	3,628
N-5	R0200	7,753
N-4	R0210	23,976
N-3	R0220	51,354
N-2	R0230	48,012
N-1	R0240	70,416
N	R0250	49,910
Total	R0260	265,312

Annex I
S.23.01.01
Own funds
31 December 2018

€'000

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35		C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	2,249	2,249			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	-21,874	-21,874			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	1,680				1,680
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	111,463	111,463			
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	93,518	91,838			1,680
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	93,518	91,838			1,680
Total available own funds to meet the MCR	R0510	91,838	91,838			
Total eligible own funds to meet the SCR	R0540	93,518	91,838			1,680
Total eligible own funds to meet the MCR	R0550	91,838	91,838			
SCR	R0580	43,571				
MCR	R0600	10,893				
Ratio of Eligible own funds to SCR	R0620	215%				
Ratio of Eligible own funds to MCR	R0640	843%				

Reconciliation reserve		C0060
Excess of assets over liabilities	R0700	93,518
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	115,391
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	-21,874
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	15,252
Total EPIFP	R0790	15,252

Annex I
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula
31 December 2018

€'000

Article 112? (Y/N)	**Z0010**	(2) Regular reporting

Basic Solvency Capital Requirement

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	**C0040**	**C0050**
Market risk	**R0010**	10,878	10,878	-
Counterparty default risk	**R0020**	15,485	15,485	-
Life underwriting risk	**R0030**	-	-	-
Health underwriting risk	**R0040**	-	-	-
Non-life underwriting risk	**R0050**	18,894	18,894	-
Diversification	**R0060**	-10,693	-10,693	
Intangible asset risk	**R0070**	-	-	
Basic Solvency Capital Requirement	**R0100**	34,565	34,565	

Calculation of Solvency Capital Requirement		**C0100**
Adjustment due to RFF/MAP nSCR aggregation	**R0120**	-
Operational risk	**R0130**	9,006
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**	43,571
Capital add-on already set	**R0210**	-
Solvency capital requirement	**R0220**	43,571
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 Requirement for ring fenced funds	**R0420**	-
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	-
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	-
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	**R0450**	(4) No adjustment
Net future discretionary benefits	**R0460**	-

Annex I

S.28.01.01

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

31 December 2018

€'000

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	5,934

		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	14,202	1,958
Fire and other damage to property insurance and proportional reinsurance	R0080	13,055	2,429
General liability insurance and proportional reinsurance	R0090	13,619	10,565
Credit and suretyship insurance and proportional reinsurance	R0100	-	10
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	-	-

Overall MCR calculation		C0070
Linear MCR	R0300	5,934
SCR	R0310	43,571
MCR cap	R0320	19,607
MCR floor	R0330	10,893
Combined MCR	R0340	10,893
Absolute floor of the MCR	R0350	3,700
Minimum Capital Requirement	R0400	10,893