

Standard Trane Insurance Ireland DAC

Solvency and Financial Condition Report
Reporting period ended 31 December 2019

Standard Trane Insurance Ireland DAC

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INTRODUCTION

Standard Trane Insurance Ireland DAC (“Standard Trane”, ‘STIIDAC’, ‘the Company’) has prepared this Solvency Financial Condition Report in accordance with the regulations set out in Articles 290-298 of the Solvency II Delegated Acts together with the Guidelines on reporting and public disclosure issued by EIOPA.

SUMMARY

This Report refers to the business of Standard Trane Insurance Ireland DAC, a captive insurer, authorised and supervised by the Central Bank of Ireland. It provides the reader with information on the Company’s business and performance, system of governance, risk profile, valuation for solvency purposes and capital management for the reporting period ended 31 December 2019.

The Company has not renewed any insurance policies since 30 November 2007. When actively trading, the Company provides insurance cover for affiliated companies of Ingersoll Rand PLC, a global industrial company headquartered in Ireland, in respect of marine, property and miscellaneous financial loss. Investment of Company funds is in line with the documented investment strategy, reflecting a ‘prudent person’ approach to the management of counterparty, concentration, interest rate and currency risk.

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

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

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

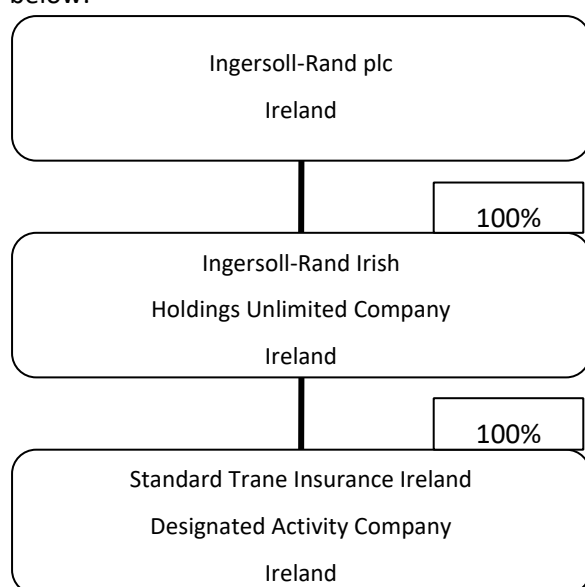
The Solvency II Solvency Capital Requirement (SCR) of the Company has been calculated to be USD472K (2018:USD498k) and the Minimum Capital Requirement (MCR) as USD2.809m (2018:USD2.863m) based on the Company’s Balance Sheet as at 31 December 2019; resulting is a Solvency Ratio of 110% (2018:112%) based on the available capital of USD3.092m (USD3.204m), which is in line with the Company’s risk appetite. The Board of Directors is satisfied that the Company has adequate and appropriate capital to support its business plans. There were no instances of non-compliance with the capital requirements during the period.

A. BUSINESS & PERFORMANCE

A.1 Business

Standard Trane Insurance Ireland DAC was incorporated in Ireland in 2002 and in line with the requirements of the Companies Act 2014 converted to a designated activity company (DAC), limited by shares, effective 23 December 2015. The principal activity of the Company is the provision of insurance, for marine, property and miscellaneous financial loss, to affiliated companies of Ingersoll Rand PLC. STIIDAC is a captive insurance undertaking, underwriting only the risks of its parent group.

The Company is a wholly owned subsidiary of Ingersoll-Rand Irish Holdings Unlimited Company, an Irish company, and its ultimate parent is Ingersoll-Rand PLC. The Company's ownership structure is as below:



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

Standard Trane incorporated in Ireland and is licensed by the Central Bank of Ireland ('CBI') as a captive insurance undertaking. The insurance supervision division at the CBI may be contacted at their offices in New Wapping Street, North Wall Quay, Dublin 1, Ireland. STIIDAC conducts all its business from its offices in Ireland.

Mazars is the appointed external auditor of the Company and is located at Harcourt Centre, Block 3 Harcourt Road, Dublin 2, Ireland.

The Company has not renewed any insurance policies since 30 November 2007. When actively trading, the Company is engaged exclusively in the underwriting of insurance risks of various firms in the Ingersoll-Rand network.

There have been no significant events during the reporting period which have had a material impact on the Company.

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

A.2 Underwriting Performance

Standard Trane has not renewed any insurance policies since 30 November 2007, due to group restructuring, which resulted in most of the insured entities being sold off. Since then, however, the Directors have remained open to writing new insurance policies in the future, and actively pursue various options, thus view the Company as a going concern.

A.3 Investment Performance

In line with the Company's documented investment policy, the Company allocates its investment portfolio in cash and short-term deposits. Income arising from investment activities for the reporting period was USD\$67k (2018: USD\$64k).

The Company has no investments in securitised asset classes and all investment income is recognised in the Company's income statement.

A.4 Performance of other activities

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

A.5 Any other information

Aon Insurance Managers (Dublin) Limited (AIMD), of which Ms. Marian Fenton is a Director acted as director to the company during the year. A management fee is paid by Standard Trane to AIMD for services provided.

Since the start of 2020 there has been an outbreak of a new virus, the Coronavirus (Covid-19). On 11 March the World Health Organisation declared the outbreak a pandemic with over 125,000 people across the world having been recorded as being affected. Many countries including Ireland have reacted to contain and delay the spread of the virus. The board is monitoring the developing situation and assessing the commercial, operational and economic risks to the business as part of their ongoing risk management. The government guidance is being applied to ensure the ongoing health and wellbeing of our staff and clients is maintained.

B. SYSTEM OF GOVERNANCE

B.1 General information on the system of governance

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

The Board of the Company acknowledges its responsibility to ensure that risks are fully understood and appropriately managed and has taken appropriate steps to ensure that risk management, reporting and control processes have been put in place in a manner which reflects the nature and scale of the captive's activities.

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

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

There have been no material changes to this structure in the period. Standard Trane implemented the above framework in advance of the inception of Solvency II to ensure compliance.

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

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

The Board undertake responsibility for performing the equivalent function of an Audit Committee in relation to the reporting period ended 31 December 2019.

Key Functions

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

Remuneration and material transactions

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

Other than transactions which arise in the normal course of business, the Company had no other material transactions during the reporting period with members of the shareholder group and none with members of the Board of Directors, apart from that disclosed in section A5 above.

B.2 Fit and proper requirements

The 'Fit and proper' requirement is the standard required by the Central Bank of Ireland when appointing pre-approved controlled function holders. Standard Trane has documented its Fitness & Probity policy setting out the Company's approach to the selection and assessment of the persons who effectively run the Company or are responsible for other key functions.

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

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

Consideration is given to ensuring an appropriate mix of knowledge, skills and experience across the Board of Directors and for those roles where specialist skills are required e.g. Head of Actuarial Function, only those individuals possessing the pertinent qualifications and expertise will be considered.

Standard Trane is satisfied that appointed individuals performing controlled functions meet all relevant regulatory requirements and have a suitable level of training and qualification in order to enable them to carry out their respective duties.

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

B.3 Risk Management System including the own risk and solvency assessment

The Company's Risk Management System:

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

- regularly reviews controls and mitigation actions to ensure that they remain relevant and effective.

In order to achieve these objectives, the Risk Management System of the Company has been clearly documented and specified through specific risk management policies for each key risk category. Should the Company decide to reactivate, its key risks will change significantly. However, as the Company currently writes no business, the key risk categories for which it has set up specific control and monitoring mechanisms are:

- Asset Liability Management ("ALM")
- Investment
- Liquidity and concentration
- Operational
- Strategic

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

Own Risk and Solvency Assessment

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

Define the Stress Scenarios

Stress testing and scenario analysis are used to assess whether the available and future capital are sufficient in expected and stressed situations. The appropriateness of the risk limits is also assessed by stress testing and sensitivity analysis.

Stress the Financial Plan

Stress test scenarios are embedded into the projected financial plan under Solvency II GAAP. Related SCR/MCR and solvency ratios are then calculated for each year, resulting in the Stressed Financial Plan and the solvency impact of validated scenarios. The tasks of this process are conducted by the Actuarial Function and validated by the Risk Management Function.

Assess prospective solvency needs on the basis of the Stressed Financial Plan

The Risk Management Function identifies potential additional mitigation actions to reduce the potential impact of the Stress Scenarios. The main purpose of this stage is to identify and assess any relevant complementary controls, mitigation actions or review of the Risk Appetite in order to match prospective solvency needs with capital position. Any remaining solvency gap will be covered through a relevant capital plan, i.e. defining the measures to restore the Company's solvency margin should the assumed scenarios occur.

Produce the ORSA Report

The ORSA report will bring clarity over projected risk assessments and solvency needs to different stakeholders through dedicated sets of information in line with their expectations. The ORSA report is reviewed and approved by the management annually.

The ORSA report provides clarity over projected risk assessments and solvency needs to three different stakeholders:

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

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

In line with CBI requirements, the Head of Actuarial Function has provided an Actuarial Function report to the Board of Directors, which incorporates the results of the ORSA. Following feedback and approval from the Board, the Company's ORSA report is finalised and results submitted to the CBI within 2 weeks.

The capital risk appetite for Standard Trane is to sustain its capital at a level sufficient to meet the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) at all times. As the Company currently does not write any business, its MCR is greater than its SCR and so, unlike most companies, the MCR becomes the relevant requirement. The Board of Directors maintains a prudent approach to capital to ensure that STIIDAC is in a comfortable position to meet this obligation.

Should Standard Trane find itself in the position where capital would need to be replenished, Ingersoll-Rand would provide additional capital to ensure that SCR/MCR compliance can be demonstrated.

Given the continued strength of its financial performance, Ingersoll-Rand is expected to continue to have ample capacity to provide this support to Standard Trane.

B.4 Internal Control System

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

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

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

In order to set out how the Internal Control System is implemented, the Company's processes and related control activities are documented, monitored and reviewed on a regular basis.

These items are designed by the Risk Management Function, approved by the Board of Directors and evaluated by the Internal Audit Function. They are reviewed as often as necessary but at least annually.

Compliance Function

The Compliance Function is an integral component of the Company's governance system. The Company has a dedicated Head of Compliance reporting to the Board of Directors.

The responsibilities of the Compliance Function include:

- utilisation of compliance management practices that contribute to the use of sound, responsible and sustainable business practices by the Company;

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

B.5 Internal Audit Function

Purpose and Objectives

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

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

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

Independence and Impartiality

The Company's Internal Audit Function has been established to be independent of the activities audited, the operational functions and the Board of Directors.

The Internal Audit Function is free to report its findings and appraisals and to disclose them to the Board as required. This principle of independence the Internal Audit Function entails that Internal Audit Function operates under direct control of the Board of the Company.

B.6 Actuarial Function

The Actuarial Function is carried out by Aon Risk Solutions with Aon UK providing a named individual as the Head of Actuarial Function (HoAF).

Role and Responsibilities of the Actuarial Function include the below, some items listed are not required in years where no business is underwritten:

- coordination of the calculation of technical provisions in conjunction with other outsourced actuarial resources;
- identify any inconsistency with the requirements set out in Articles 76 to 85 of the Solvency II Directive for the calculation of technical provisions and propose corrections as appropriate;
- ensuring the appropriateness of the methodologies, underlying models and assumptions made in the calculation of technical provisions;
- explain any material effect of change of data, methodologies or assumptions between valuation dates on the amount of technical provisions if already calculated on a Solvency II basis;
- assess the consistency of the internal and external data used in the calculation of technical provisions against the data quality standards as set out in Article 82 of the Solvency II Directive. Where relevant, the Actuarial Function will provide recommendations on internal procedures to improve data quality so as to ensure that the undertaking is in a position to comply with the related Solvency II requirements when implemented;
- calculation of the Solvency and Minimum Capital Requirements at the balance sheet date;
- ensuring results of technical provisions can efficiently feed into solvency capital calculations and Quantitative Reporting Templates (QRTs) on both a quarterly and annual basis;
- report in writing at least annually to the Board of Directors. The report should document all material tasks that have been undertaken by the Actuarial Function, and include:
 - i. Details of the Technical Provisions
 - ii. Methodologies & assumptions
 - iii. Data sufficiency & quality
 - iv. Experience analysis
 - v. Report to the Board on reliability & adequacy
 - vi. Opinion on the Technical Provisions
 - vii. Opinion on Underwriting policy
 - viii. Opinion on the ORSA
 - ix. Opinion on Reinsurance arrangements
 - x. Any deficiencies identified and give recommendations as to how such deficiencies could be remedied.
- contributing to the effective implementation of the Risk Management System, in particular:
 - i. with regard to risk modelling underlying the calculation of the SCR and MCR;
 - ii. contribute to the ORSA process;
 - iii. think critically and organise the execution of actuarial approaches.

The HoAF should meet all the following criteria:

- be a duly qualified Actuary;
- have experience of more than five years in the field of insurance and/or reinsurance.

The Head of Actuarial Function is a pre-approval-controlled function (PCF) under the Central Bank Reform Act 2010 (section 20 & 22) Regulations 2011.

B.7 Outsourcing

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

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

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

The Board is responsible for the approval and termination of all outsourcing arrangements of critical or important functions or activities. Critical or important functions or activities include key functions relating to the Company's system of Governance and all functions within the Company that are fundamental to carry out its core business. The Board is responsible for ensuring notification to the CBI is made in a timely manner prior to the outsourcing of critical or important functions or activities, and thereafter where there have been material developments in relation to the service provider.

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

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

The following critical or important functions / activities are outsourced:

Critical or important function	Outsourced Service Provider	Jurisdiction
Underwriting/claims administration	N/A (if reactivated, AIMD)	Ireland
Finance and accounting	AIMD	Ireland
Compliance Function	AIMD	Ireland
Actuarial Function	Aon Risk Solution	United Kingdom
Internal Audit Function	Ingersoll-Rand International and Aon Commercial Services Ireland Limited	Belgium and Ireland
Investment and administration	AIMD	Ireland

B.8 Any other information

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

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

C. RISK PROFILE

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

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

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

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

C.1 Underwriting risk

Standard Trane has not written any business since November 2007 and all insurance liabilities have been settled. The Company has obtained an exemption from the Central Bank of Ireland in relation to the requirement to conduct an actuarial evaluation in relation to claims reserves.

C.2 Market risk

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

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

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

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in interest rates. The company manages interest rate risk, in accordance with its policy on managing credit risk (below).

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The Company is exposed to currency risk to the extent its assets and liabilities are denominated in a currency different from its functional currency. The Company's reporting currency is USD. As it is domiciled in Ireland, and currently does not write any business, its transactions are mainly carried out in Euro with a small amount in US Dollars (US\$). The company has a Euro bank account which had a balance of EUR 25,107 as at 31 December 2019 (2018:EUR 3,911). This account is maintained with a minimum Euro balance, which is held to cover any Euro payments, with transfers made from the USD account as required.

Regarding concentration risk, the Company has two counterparties that are subject to concentration risk. The rating of counterparties (Citibank and BNP Paribas) is reviewed every quarter. The overall concentration risk charge in the solvency capital calculation is \$468k.

C.3 Credit risk

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

Cash and cash equivalents

The Company has identified credit risks associated with the cash and deposits it has placed with third party banking and investing institutions. The Company manages these risks by establishing an investment policy which is reviewed on a regular basis by the Board.

Deposits with Credit Institutions.

Deposits with credit institutions comprise short term fixed deposits with an original maturity of three months or less the withdrawal of which are subject to time restrictions. Carrying amounts approximate fair value due to the short-term nature and high liquidity of the instruments.

C.4 Liquidity risk

The Company is exposed if proceeds from financial assets are not sufficient to fund obligations. The Company can be exposed to daily calls on its available investment assets, principally from insurance claims if it reactivates. Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial obligations.

The Company has determined that liquidity risk does not represent a significant exposure to its business. This assessment is based on the fact that the Company has its investments held in highly rate deposits which the Company deems to be very liquid. Investments are in compliance with the Company's investment guidelines.

There is no expected profit included in future premiums calculations.

C.5 Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud, or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications, or can lead to financial loss. The Company have a rigorous control framework and monitoring process in place to manage operational risk. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education, and assessment

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processes. Outsourced activities are monitored and managed in the same manner in line with the Outsourcing policy.

The Company cannot expect to eliminate all operational risk, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risk.

In addition, Standard Trane is subject to Internal and External Audit review.

STIIDAC maintains a regulatory dialogue with the CBI to mitigate the risk of any potential sanction or compliance breach as well as using expert, industry leading, service providers to provide its outsourced functions which helps avoid any material error or delay. In order to ensure the quality of the outsourced functions is as high as possible, STIIDAC puts in place service level agreements outlining key performance indicators against which its outsourced service providers can be monitored and assessed.

C.6 Other material Risks

Strategic Risk

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

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

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

Sensitivity Risk

The Company does not have any sensitivity risk as it does not have any unpaid claim liabilities.

No other material risks have been identified

C.7 Any other information

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

D. VALUATION FOR SOLVENCY PURPOSES**D.1 Assets**

Standard Trane prepares its financial statements on a going concern basis in compliance with FRS 102 issued by the Financial Reporting Council, and in accordance with the provisions of the Companies Act, 2014 and the European Union (Insurance Undertakings: Financial Statements) (Amendment) Regulations, 2016.

There is one difference between the financial statement basis and the Solvency II valuation rules. This difference is driven by the requirement for all assets and liabilities to be valued on a market consistent fair value basis under Solvency II.

At the end of the current reporting period STIIDAC has total assets valued at USD 3,154k for solvency purposes. This total comprises the following categories of assets:

- Deposits other than cash equivalents USD 3,058k

This amount represents short term deposits with an original maturity of three months or less and is stated at market value for both solvency and financial statement purposes, the only difference being the inclusion of accrued interest in the above balance. Accrued interest is disclosed as a separate line item in the financial statements.

- Cash and cash equivalents USD 88k

Cash and cash equivalents comprise cash at banks. Carrying amounts approximate fair value due to the liquid nature of the assets. There are no valuation adjustments for solvency purposes.

- Receivables (trade, not reinsurance) USD 8k

Receivables (trade, not reinsurance) relates to a refund of corporation tax over-paid.

Information on how the Company invests its assets and manages risk in this area, including how it achieves compliance with the 'prudent person principle', is set out in Sections C2 – C4 above. Operational risks relating to the Company's assets are managed according to the control framework described in Section B4 above.

D.2 Technical Provisions

Standard Trane has not renewed any insurance policies since 30 November 2007; therefore, it does not hold Technical Provisions and has received an exemption from the Central Bank of Ireland to not calculate these.

D.3 Other liabilities

Payables (trade, not insurance) of USD 62k comprise purely of accrued expenses and are classified as payables for solvency purposes. There is an immaterial difference between the figures in the financial statements and the solvency II figures due to the application of discounting to the accruals balance.

D.4 Alternative methods for valuation

No alternative methods were used.

D.5 Any other information

There is no other information to report.

E. CAPITAL MANAGEMENT**E.1 Own funds**

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

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

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

The Company's own funds consist of the following items:

- Issued Share Capital,
- Retained Earnings.

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

The payment of dividends is considered on an annual basis by the Board as part of its medium-term capital assessment. Potential dividends will be considered as part of the Company's ORSA process to ensure that the Company will continue to meet its solvency needs over the business planning period.

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

Own fund items at the end of reporting period and the prior year (unaudited) comparative period are as follows:

	2019	2018
	USD'000	USD'000
Ordinary paid up share capital	1,400	1,400

Standard Trane Insurance Ireland DAC

Reconciliation reserve	1,692	1,804
Total Tier 1 capital	3,092	3,204
Total basic own funds	3,092	3,204

The movement in basic own funds during the reporting period reflects the charging of administration expenses during the year.

At the end of the current reporting period eligible own funds available to meet the Company's SCR are USD 3,092k comprised solely of Tier 1 capital. Eligible own funds available to meet the Company's MCR are USD 3,092k, comprised solely of Tier 1 capital.

The equity position as shown in the Company's 2019 period-end financial statements has no difference against the basic own funds balance under Solvency II.

Standard Trane has no ancillary own funds and there are no transitional arrangements impacting its capital calculations.

E.2 Solvency capital requirement and minimum capital requirement

At the end of the current reporting period, Standard Trane's SCR and MCR have been calculated as USD 472k and USD 2,809k.

The SCR is intended to correspond to the capital the Company needs to hold in order to limit the probability of ruin, in the following 12 months, to 0.5%, i.e. ruin would occur less than once in every 200 years. The SCR calculated at the end of the current reporting period, relates to the capital required to support the business over the prospective 12 months; covering both existing liabilities and new liabilities arising expected to be written over the next 12 months. Based on the Company's eligible own funds of USD 3,092k, the Company has a solvency ratio at 31 December 2019 of 110%.

The SCR has been calculated using the standard formula and without the application of any undertaking specific parameters.

The split of SCR by risk modules is shown below, together with the prior year audited comparative:

Risk Charge	2019 USD'000	2018 USD'000	Change USD'000
Non-Life Underwriting Risk	-	-	-
Counterparty Default Risk	6	5	1
Interest Rate Risk	17	11	6
Spread Risk	43	45	-2
Currency FX Risk	7	9	-2
Concentration Risk	468	494	-26
<i>Diversification Benefit</i>	-65	-62	-3

Standard Trane Insurance Ireland DAC

Market Risk	470	497	-27
<i>Diversification Benefit</i>	-4	-4	0
BSCR	472	498	-26
Operational Risk	-	-	-
Tax Adjustments	-	-	-
SCR	472	498	-26
MCR	2809	2863	-54
Available Capital	3092	3204	-112
Surplus/Deficit	283	341	-58
Solvency Ratio	110%	112%	-2%

The key driver of the SCR is the Concentration Risk Charge. The Concentration Risk charge is driven by the assets held with BNP Paribas and Citibank.

The MCR is calculated through a prescribed formula based on the net technical provisions (excluding the risk margin) and net written premium. It is also constrained to be between 25% and 45% of the SCR. Further to this, the Solvency II Directive states the MCR must have a minimum value of €1.2m, €2.5m, €3.6m or €3.7m depending on the type of risk being accepted by the entity. The minimum MCR for non-life insurance undertakings is €3.7m but is reduced to €2.5m if certain risk classes are not covered. In the case of Standard Trane, as a non-life captive insurer which has not written any business, this absolute floor is EUR 2.5m. Having carried out the calculations and applied the relevant limits, the resultant MCR for the Company is USD 2,809k (equivalent of the absolute floor translated at the period-end exchange rate). The movement in MCR from the prior year reflects the change in EUR/USD exchange rates over the period.

E.3 Use of duration-based equity risk sub module in calculation of the solvency capital requirement

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

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

STIIDAC used the standard formula in determining its SCR and MCR and did not rely on any internal model.

E.5 Non-Compliance with the Minimum Capital Requirement and noncompliance with the Solvency Capital Requirement

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

E.6 Any other material information

There is no other information to report.

E.7 Additional voluntary information

There is no additional voluntary information to report except to note that in accordance with Article 297 par2a we note that the SCR & MCR are still subject to supervisory assessment.

<i>Note: Tables within this report contain minor rounding differences in certain instances due to amounts being displayed as whole numbers or in thousands while the source workings underlying the annual reporting templates are calculated to two decimal places. These differences are immaterial.</i>
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ANNEX I - QUANTITATIVE REPORTING TEMPLATES

The following reporting templates are appended to this report:

S.02.01.02 - Balance Sheet

S.05.01.02 - Premiums, claims and expenses

S.17.01.01 – Non Life Technical Provisions

S.19.01.21 – Non-Life Claims Information

S.23.01.01 - Own funds

S.25.01.21 - SCR using standard formula

S.28.01.01 - MCR

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

	Solvency II value
	C0010
Assets	
Intangible assets	R0030 -
Deferred tax assets	R0040
Pension benefit surplus	R0050 -
Property, plant & equipment held for own use	R0060 -
Investments (other than assets held for index-linked and unit-linked contracts)	R0070 3,058
Property (other than for own use)	R0080 -
Holdings in related undertakings, including participations	R0090 -
Equities	R0100 -
Equities - listed	R0110 -
Equities - unlisted	R0120 -
Bonds	R0130 -
Government Bonds	R0140 -
Corporate Bonds	R0150 -
Structured notes	R0160 -
Collateralised securities	R0170 -
Collective Investments Undertakings	R0180 -
Derivatives	R0190 -
Deposits other than cash equivalents	R0200 3,058
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
Non-life and health similar to non-life	R0280
Non-life excluding health	R0290
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 -
Reinsurance receivables	R0370 -
Receivables (trade, not insurance)	R0380 8
Own shares (held directly)	R0390 -
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400 -
Cash and cash equivalents	R0410 88
Any other assets, not elsewhere shown	R0420 -
Total assets	R0500 3,154

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

Technical provisions – non-life

Technical provisions – non-life (excluding health)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions - health (similar to non-life)

TP calculated as a whole

Best Estimate

Risk margin

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

Technical provisions - health (similar to life)

TP calculated as a whole

Best Estimate

Risk margin

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

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions – index-linked and unit-linked

TP calculated as a whole

Best Estimate

Risk margin

Contingent liabilities

Provisions other than technical provisions

Pension benefit obligations

Deposits from reinsurers

Deferred tax liabilities

Derivatives

Debts owed to credit institutions

Financial liabilities other than debts owed to credit institutions

Insurance & intermediaries payables

Reinsurance payables

Payables (trade, not insurance)

Subordinated liabilities

Subordinated liabilities not in BOF

Subordinated liabilities in BOF

Any other liabilities, not elsewhere shown

Total liabilities**Excess of assets over liabilities**

R0510	
R0520	
R0530	
R0540	
R0550	
R0560	
R0570	
R0580	
R0590	
R0600	
R0610	
R0620	
R0630	
R0640	
R0650	
R0660	
R0670	
R0680	
R0690	
R0700	
R0710	
R0720	
R0740	-
R0750	-
R0760	-
R0770	-
R0780	-
R0790	-
R0800	-
R0810	-
R0820	-
R0830	-
R0840	62
R0850	-
R0860	-
R0870	-
R0880	-
R0900	62
R1000	3,092

S.05.01.02
Premiums, claims and expenses by line of business

[illegible]

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

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)							
		Legal expenses insurance	Assistance	Miscellaneous financial loss					
		C0100	C0110	C0120					
Premiums written									
Gross - Direct Business	R0110								
Gross - Proportional reinsurance accepted	R0120								
Gross - Non-proportional reinsurance accepted	R0130								
Reinsurers' share	R0140								
Net	R0200								
Premiums earned									
Gross - Direct Business	R0210								
Gross - Proportional reinsurance accepted	R0220								
Gross - Non-proportional reinsurance accepted	R0230								
Reinsurers' share	R0240								
Net	R0300								
Claims incurred									
Gross - Direct Business	R0310								
Gross - Proportional reinsurance accepted	R0320								
Gross - Non-proportional reinsurance accepted	R0330								
Reinsurers' share	R0340								
Net	R0400								
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								
Other expenses	R1200								163
Total expenses	R1300								163

S.05.02.01.01 Non-Life Premiums, claims and expense by country (Top 5 and home country)

			Home country	Top 5 countries (by amount of gross premium written) - non-life obligations	Total Top 5 and home country
			Home country	Sweden	
Premiums written	Gross - Direct Business	R0110	0	0	0
	Gross - Proportional reinsurance accepted	R0120			
	Gross - Non-proportional reinsurance accepted	R0130			
	Reinsurers' share	R0140			
	Net	R0200			
Premiums earned	Gross - Direct Business	R0210			
	Gross - Proportional reinsurance accepted	R0220			
	Gross - Non-proportional reinsurance accepted	R0230			
	Reinsurers' share	R0240			
	Net	R0300			
Claims incurred	Gross - Direct Business	R0310			
	Gross - Proportional reinsurance accepted	R0320			
	Gross - Non-proportional reinsurance accepted	R0330			
	Reinsurers' share	R0340			
	Net	R0400			
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			0
Other expenses		R1200			163
Total expenses		R1300			163

Annex I
S.17.01.02
Non-life Technical Provisions

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

Technical provisions calculated as a sum of BE and RM

Best estimate
Premium provisions
Gross

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

Net Best Estimate of Premium Provisions

Claims provisions
Gross

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

Net Best Estimate of Claims Provisions

Total Best estimate - gross

Total Best estimate - net

Risk margin

Amount of the transitional on Technical Provisions
Technical Provisions calculated as a whole
Best estimate
Risk margin

Direct business and accepted proportional reinsurance								
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
R0010								
R0050								
R0060								
R0140								
R0150								
R0160								
R0240								
R0250								
R0260								
R0270								
R0280								
R0290								
R0300								
R0310								
Direct business and accepted proportional reinsurance								
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
R0320								
R0330								
R0340								

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

Technical provisions calculated as a sum of BE and RM

Best estimate
Premium provisions
Gross

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

Net Best Estimate of Premium Provisions

Claims provisions
Gross

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

Net Best Estimate of Claims Provisions

Total Best estimate - gross

Total Best estimate - net

Risk margin

Amount of the transitional on Technical Provisions
Technical Provisions calculated as a whole
Best estimate
Risk margin

Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010							
R0050							
R0060							-
R0140							-
R0150							-
R0160							-
R0240							-
R0250							-
R0260							-
R0270							-
R0280							-
R0290							
R0300							
R0310							
Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0320							
R0330							
R0340							

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year /
Underwriting year

Z0010	
--------------	--

Gross Claims Paid (non-cumulative)

(absolute amount)

		Development year											In Current year		Sum of years (cumulative)
Year		0	1	2	3	4	5	6	7	8	9	10 & +		year	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100													R0100	
N-9	R0160													R0160	
N-8	R0170													R0170	
N-7	R0180													R0180	
N-6	R0190													R0190	
N-5	R0200													R0200	
N-4	R0210													R0210	
N-3	R0220													R0220	
N-2	R0230													R0230	
N-1	R0240													R0240	
N	R0250													R0250	
Total														R0260	

Annex I
S.19.01.21
Non-life Insurance Claims Information

(absolute amount)

[illegible]

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of

Delegated Regulation (EU) 2015/35

- Ordinary share capital (gross of own shares)
- Share premium account related to ordinary share capital
- Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
- Subordinated mutual member accounts
- Surplus funds
- Preference shares
- Share premium account related to preference shares
- Reconciliation reserve
- Subordinated liabilities
- An amount equal to the value of net deferred tax assets
- Other own fund items approved by the supervisory authority as basic own funds not specified above

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

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

Deductions

- Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Ancillary own funds

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

Total ancillary own funds

Available and eligible own funds

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

SCR

MCR

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

Reconciliation reserve

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

Reconciliation reserve

Expected profits

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

Total Expected profits included in future premiums (EPIFP)

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	1,400	1,400		0	
R0030	-	-		0	
R0040	-	-		0	
R0050	-		0	0	0
R0070	-	-			
R0090	-		0	0	0
R0110	-		0	0	0
R0130	1,692	1,692			
R0140	-		0	0	0
R0160	-				0
R0180	-	-	0	0	0
R0220					
R0230					
R0290	3,092	3,092	0	0	0
R0300	-			0	
R0310	-			0	
R0320	-			0	0
R0330	-			0	0
R0340	-			0	
R0350	-			0	0
R0360	-			0	
R0370	-			0	0
R0390	-			0	0
R0400	-			0	0
R0500	3,092	3,092	0	0	0
R0510	3,092	3,092	0	0	
R0540	3,092	3,092	0	0	0
R0550	3,092	3,092	0	0	
R0580	472				
R0600	2,809				
R0620	656%				
R0640	110%				

	C0060
R0700	3,092
R0710	-
R0720	-
R0730	1,400
R0740	-
R0760	1,692
R0770	
R0780	
R0790	-

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

Counterparty default risk

Health underwriting risk

Diversification

Intangible asset risk

Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Loss-absorbing capacity of technical provisions

Loss-absorbing capacity of deferred taxes

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

Solvency capital requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement

Other information on SCR

Capital requirement for duration-based equity risk sub-module

Total amount of Notional Solvency Capital Requirement for remaining part

Total amount of Notional Solvency Capital Requirements for ring fenced funds

Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios

Diversification effects due to RFF nSCR aggregation for article 304

Gross solvency capital requirement		USP	Simplifications
C0110		C0090	C0100
R0010	470		
R0020	6		
R0030	-		
R0040	-		
R0050	-		
R0060	4		
R0070			
R0100	472		
C0100			
R0130	-		
R0140			
R0150			
R0160			
R0200	472		
R0210			
R0220	472		
R0400			
R0410			
R0420			
R0430			
R0440			

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

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

Linear formula component for life insurance and reinsurance obligations

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

Overall MCR calculation

		C0070	
Linear MCR	R0300	-	
SCR	R0310	472	
MCR cap	R0320	212	
MCR floor	R0330	118	
Combined MCR	R0340	118	
Absolute floor of the MCR	R0350	2,809	
		C0070	
Minimum Capital Requirement	R0400	2,809	