Allianz p.l.c.

Solvency and Financial Condition Report

For the year ended 31 December 2020

Registered number: 143108

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Executive Summary

Allianz plc (hereafter referred to as "AZI" or the "Company"), has prepared this Solvency Financial Condition Report (hereafer "SFCR") to satisfy the public disclosure requirements under the Commission Delegated Regulation (EU) 2015/35 (hereafter 'Delegated Regulation') of the European Parliament supplementing Directive 2009/138/EC, known as Solvency II, which came into effect from 1 January 2016. This report covers the business and performance, system of governance, risk profile, valuation for solvency purposes and capital management process of the Company as set out in the Delegated Regulation. The ultimate administrative body that has responsibility for all these matters is the Company's Board of Directors, who use the assistance of various governance and control functions that it has put in place to monitor risk and manage the business.

A. Business and Performance

The Company is a wholly owned subsidiary of Allianz Holdings p.l.c and is ultimately owned by Allianz SE, who offers non-life insurance, life/health insurance, reinsurance and asset management products and services in over 70 countries, with the largest of its operations in Europe. Allianz SE, the parent company of the Allianz Group, has its headquarters in Munich, Germany and holds the legal form of a European company or Societas Europaea (SE).

The Company is regulated by the Central Bank of Ireland and complies with the "Corporate Governance Requirements for Insurance Undertakings 2015". The Company is also regulated by the Financial Conduct Authority for conduct of business rules in respect of its business in Northern Ireland. The principal activity of the Company is the transaction of property, motor, liability and marine insurance business within the Island of Ireland. The Company offers a wide range of non-life insurance products to both individual and corporate customers. The Company is one of the leading non-life insurers in Ireland. The key performance indicators for 2020 are noted below:

	2020	2019
Gross premium written	**€588.8m**	€565.8m
Underwriting result	**€3.4m**	€27.0m
Operating result	**€10.1m**	€41.9m
Profit after taxation	**€12.3m**	€43.8m
Shareholders' funds	**€449.8**	€411.6m

Shareholders' funds of €449.8m were €38.2m above the 2019 level reflecting the non-payment of a dividend in respect of 2019. Our capital and solvency position remains strong, the latter continues to be supported through a quota share reinsurance arrangement.

B. System of Governance

The Company's system of governance is tailored to the nature, scale and complexity of the Company and has been implemented in accordance with the Corporate Governance Requirements for Insurance Undertakings 2015, the CBI guidelines on Systems of Governance and the Pillar II requirements of the Solvency II Directive. The Company's Board of Directors (hereafter 'the Board') is responsible for the overall management and oversight of the Company. The Board strives to keep the current corporate governance framework up to date with new legislation and to identify best practice. The Board of Directors retains primary responsibility for business decisions and corporate governance within the Company at all times and may delegate authority to sub-committees or management to act on behalf of the Board in respect of certain matters. The Board is composed of a majority of non-executive directors and performs its duties with the support of sub-committees. In this regard, the Board established four sub-committees: Audit Committee, Risk

Committee, Remuneration Committee, and Nomination Committee. However, the Board retains oversight of each of the Committees and each Committee has a documented terms of reference which evidences the functions delegated to them. The general operational management and control of the Company is delegated by the Board to the Chief Executive Officer under the Board Charter, supported by an executive Board of Management.

The Company complies with the Fitness and Probity requirements of the Central Bank of Ireland, Allianz SE Group Fit and Proper Policy and its own internal Minimum Competency Code Policy and Fitness and Probity Policy which sets out principles, criteria and processes to ensure the fitness and probity of those persons who manage the undertaking or work within key functions.

The Company is committed to having an Internal Control System (ICS) that fulfils its organisational needs and all relevant regulatory requirements. The Company's ICS is embedded into the operational and organisational set up throughout the Company and is articulated along the three-lines of defence model. According to the model, the first line of defence covers business operations; assurance functions (risk management, actuarial and compliance) represent the second line, while internal audit provides the third line of defence.

C. Risk Profile

The company uses the Allianz Internal Model to calculate the capital requirement. For all material risks, a compressive quantitative and qualitative risk management process is in place that incorporates (i) risk identification, (ii) risk assessment, (iii) risk response and control activities, (iv) risk monitoring, and (v) risk reporting. The section on the risk management system also includes a description of the risk management strategies and processes for each risk category.

D. Valuation for Solvency Purposes

This SFCR provides information on the Market Value Balance Sheet (hereafter 'MVBS') and a comparison of MVBS and statutory figures, which are based on FRS 101 Reduced Disclosure Framework requirements. Therefore, a quantitative and qualitative explanation for material differences in the valuation of assets, technical provisions and other liabilities is included.

E. Capital Management

The Company uses a Central Bank of Ireland approved internal model for the calculation of the Solvency Capital Requirement (SCR). The company was sufficiently capitalised at year end 2020 with own funds exceeding the SCR by €152m resulting in a solvency coverage ratio of 170%.

A. Business and Performance

A.1 Business

A.1.1 Financial Supervision, group membership and legal structure

Allianz plc is a non-life insurance company located at Allianz House, Elmpark, Merrion Road, Dublin 4, Republic of Ireland. The Company has a branch in Belfast located at 3 Cromac Quay, The Gasworks, Ormeau Road, Belfast, Northern Ireland.

Ownership structure as at 31 December 2020 - the Company is a subsidiary of Allianz Holdings plc, who, in turn, is a wholly owned subsidiary of Allianz Europe B.V. Allianz Europe B.V is owned by Allianz SE. The directors regard Allianz SE (registered in Germany) as the ultimate parent Company, its headquarters in Koeniginstrasse 28, 80802 Munich, Germany and holds the legal form of a European company (Societas Europaea).

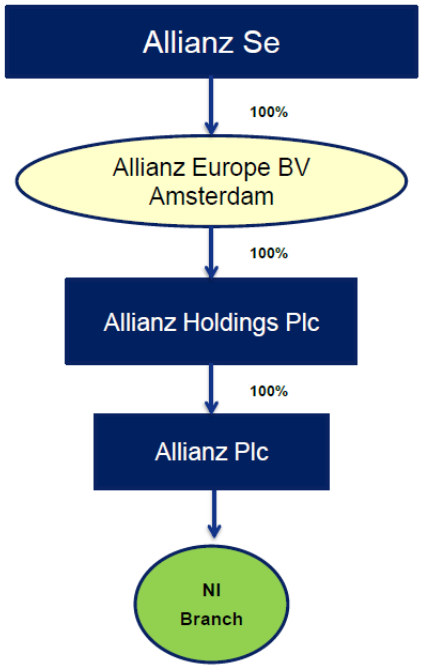

Figure 1: Current Corporate Group Structure Allianz plc as at 31 December 2020

A.1.2 External Auditor

PriceWaterhouseCoopers (PwC) audited the financial statements of the company and issued an unmodified opinion. They are located at Spencer Dock, North Wall Quay, Dublin 1, Ireland.

A.1.3 Supervisor

The Company is regulated by the Central Bank of Ireland (CBI), PO Box 559, New Wapping Street, North Wall Quay, Dublin 1, Ireland.

The German Federal Financial Supervisory Authority ("Bundesanstalt fürFinanzdienstleistungsaufsicht" or "BaFin"), Dreizehnmorgenweg 13-15, 53175 Bonn is responsible for the overall supervision of the Allianz SE Group.

A.1.4 Principal Activities

The principal activity of the Company is the transaction of property, motor, liability and marine insurance business within the Island of Ireland. The Company offers a wide range of non-life insurance products to both retail and corporate customers. The Company is one of the leading non-life insurers in Ireland.

A.1.5 Significant business and other events

Insurance activity

The Company renewed the 50% quota share agreement with Allianz Re Dublin dac for 2020.

Regulatory Developments

The Solvency II directive came into effect on 1 January 2016. The Company met its requirements during 2020.

UK exit from the EU (Brexit)

The impact of Brexit continues to be closely monitored in terms of NI trading conditions and any knock on impact on the ROI economy from trading with the UK. We operate a matched asset and liability positon in Sterling for NI business which limits foreign currency exposure in our results. On 4th March 2021, the company announced its plans to exit from the Northern Irish market starting in Q4 2021. Having considered in significant detail the needs of our customers in Northern Ireland amid the increasingly divergent regulations governing insurance provision in Northern Ireland and the European Union, the company has taken the decision to consolidate service to Allianz customers in Northern Ireland under the existing UK regulated Allianz Group brands of 'Allianz Insurance UK' for business customers and 'LV= General Insurance' for personal customers. Following the UK's exit from the EU we entered the UK government Temporary Permissions Regime (TPR) on 31st December 2020. The TPR will allow firms to operate in the UK for a limited period while they seek authorisation from UK regulators. Under TPR, a firm that is authorised to carry on regulated activities in the UK through Freedom of Services or Freedom of Establishment, can continue to carry on those activities for a maximum of three years.

Covid-19

The Covid-19 pandemic which began to impact in 2020 continues to affect all aspects of our personal and professional lives, the health of the world's population, global economic performance and the financial markets. Despite these uncertainties, Allianz plc is very well prepared having a strong capital base and a home working enabled workforce. Allianz plc has ensured its employees are safe and that customers will continue to be served. We will continue to work with our customers and brokers to offer them the supports they need.

A Covid-19 task force was setup in 2020, chaired by the Chief Operating Officer and comprised of representatives of Underwriting, Claims, Finance, Actuarial and Risk Management, to provide a joint expert assessment of Covid-19 liabilities. The results are reported to the Board on a regular basis.

Appointments and resignations

Details of directors appointments and resignations during 2020 are detailed in note B.1.2 Board Oversight.

A.2 Underwriting performance

The Company defines underwriting result for all qualitative and quantitative information provided in this section, in line with QRTs S.05.01 and S.05.02, and its financial statements as:

(Net earned) premiums - claims incurred (including changes in other technical provisions) - expenses incurred = underwriting result

A.2.1 Underwriting Performance

Trading in 2020 was affected by Covid-19 restrictions which gave rise to business interruption costs that were partially offset by lower motor claims. The underlying underwriting trading performance when Covid-19 impact is excluded was strong, driven by benign weather in the period and positive prior year development. Top line performance in 2020 was better than 2019 as policy volumes grew, while we maintained our strong underwriting discipline. Top line growth was after allowing for Covid-19 related motor refunds of €9m and non-motor refunds, mainly to commercial customers with liability covers, of €8m.

Premium

Gross premium written of €588.8m was in line with the previous year. Policy volumes grew as we maintained our underwriting discipline against a back drop of uncertainty with Covid 19.

Underwriting result

Net Underwriting Result – total		
€'m	**2020**	**2019**
Net Earned Premiums	261.3	260.2
Net Claims Incurred	(188.7)	(169.0)
Net expenses incurred	(69.2)	(64.2)
Underwriting Result	**3.4**	**27.0**

Table 1: Non-life - Underwriting performance

2020 underlying trading performance was impacted by Covid 19 resulting in an increase claims reserves. This is partially offset by benign weather and benefit of reduced motor frequency.

A.2.2 Underwriting Performance by material line of business

Net Underwriting Result - by solvency II line of business		
	2020 €'m	**2019 €'m**
Motor	23.2	1.2
Fire and other damage to property insurance	(26.1)	14.7
General liability insurance	2.7	7.0
Marine, aviation and transport insurance	0.5	1.0
Other	1.1	1.2
Total	**1.5**	**25.1**

Table 2: Net Underwriting result by Solvency II line of business

The difference between the 2020 total underwriting result of €3.4m (per the Financial Statements) and the €1.5m reported above relates to investment management expenses of €1.9m (2019: €1.9m), which are excluded for Solvency II reporting. Motor vehicle liability insurance continues to be Allianz plc's ("Allianz Ireland" or "AZI") largest line of business. The margin on total business reduced in 2020 due to the impact of Covid 19. The underwriting profit on Fire and property damage and general liability insurance includes business interruption reserves. The underwriting profit on motor portfolio improved as a result of reduced motor frequency during Covid 19 lockdown periods.

A.2.3 Underwriting Performance by geographical area

Net U/W Result		
€'m	**2020**	**2019**
Ireland	0.8	22.5
United Kingdom	0.7	2.6
Other	0.0	0.0
Total	**1.5**	**25.1**

Table 3: Non-life - Underwriting performance by material geographical area

The Company operates in the Republic of Ireland and Northern Ireland. The margin in both regions has been impacted by measures taken as a result of Covid 19 including Business Interruption reserves as noted above.

A.3 Investment performance

The Company assets held for investment purposes are used to match our insurance liabilities and shareholders' funds. The vast majority of assets are invested in bonds.

A.3.1 Information on income and expenses arising from Investments

In 2020, our total investment return in the profit and loss account amounted to €10.8m. The components were investment income and realised gains offset by impairment. COVID-19 had a negative impact on the market in first

half of 2020, particularly Equity. As a result of this, impairment of €11.4m was booked on Equity and €2.1m on debt. During Quarter 3 2020 we sold our Equity portfolio, investing in fixed income instead. We continue to take a long-term investment perspective and our careful attention to risk has been valuable in navigating the uncertain environment. At the year-end we held 92% of our investments in fixed income assets and our strategy remains relatively conservative.

An analysis of our investment result by type of asset is shown below:

2020	Debt instruments €M	Equities €M	Real Estate, Cash & Other €M	Total €M
Interest and similar income	12.3	0.4	9.5	22.1
Realized gains and losses	2.6	4.5	0.0	7.1
Impairments (net)	(2.1)	(11.4)	0.0	(13.5)
Subtotal	**12.8**	**(6.5)**	**9.5**	**15.7**
Income from fair value options, trading & FX	*n.a.*			(1.4)
Investment expenses	*n.a.*			(3.5)
Total income (net of expenses) arising from investments				**10.8**

2019	Debt instruments €M	Equities €M	Real Estate, Cash & Other €M	Total €M
Interest and similar income	12.7	3.2	10.3	26.2
Realized gains and losses	4.8	0.7	0.0	5.5
Impairments (net)	(1.2)	0.0	0.0	(1.2)
Subtotal	**16.3**	**3.9**	**10.3**	**30.5**
Income from fair value options, trading & FX	*n.a.*			(2.5)
Investment expenses	*n.a.*			(4.4)
Total income (net of expenses) arising from investments				**23.6**

Table 4: Analysis of the investment result in the profit and loss account

A.3.2 Gains/Losses recognised directly in equity

The following amounts were recorded in the statement of other comprehensive income which includes capital gains from market movements in available for sale financial assets and gains in the defined benefit pension scheme from changes in pension discount rate.

€'m	2020	2019
Available-for-sale investments – change in fair value (net of tax)	14.4	41.1
Re-measurements of defined benefit pension liability (net of tax)	11.4	(4.5)
Total other comprehensive income	**25.9**	**36.7**

Table 5: Composition of the other comprehensive income

A.3.3 Information about investments in securitisation

In relation to the Solvency II Market Value Balance Sheet items, we define securitisation as the sum of investments in 'structured notes' and 'collateralised securities'. As of 31 December 2020, we have no exposure to collateralised securities. Collateralised securities primarily comprise ABS and Mortgage Backed Securities (MBS) according to the Solvency II classification rules. Covered bonds are not categorised as investments in securitisation as those are assigned to the corporate bonds exposure.

B. System of Governance

B.1 General Information on the System of Governance

B.1.1 General Information

Responsibility for corporate governance in terms of the overall management and oversight of the Company lies with the Board of Directors (Board). The Board is committed to high standards of corporate governance. This section describes the corporate governance framework and how the principles of good governance are applied. The framework is subject to ongoing review to help ensure best practice and compliance with applicable existing and new Irish and European legislation.

The Board is responsible for:

- the business strategy for the Company;
- the strategy for the on-going management of material risks including, inter-alia, liquidity risk;
- setting and overseeing:
    - the amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the Company;
    - a robust and transparent organisational structure with effective communication and reporting channels;
    - a remuneration framework that is in line with the risk strategies of the Company; and
    - an adequate and effective internal control framework, that includes well-functioning risk management, compliance and internal audit functions as well as an appropriate financial reporting and accounting framework.

The Board is supported in satisfying its responsibilities by the Board of Management (BoM) who oversee the day to day operations of the Company.

A key component of the systems of governance is the independence and work of the control functions within the Company. Section B.2 describes the fit and proper requirements implemented by the Company to ensure that the control functions have the ability to carry out their duties. In addition the Company carries out regular internal assessments of the effectiveness of each function to ensure their current and ongoing appropriateness.

The internal control system is described in Section B.4 and specifically includes the risk governance structure of the Company based on the three lines of defence model. This includes the key responsibilities of the control functions, how they achieve independence in carrying out their roles and their reporting responsibilities to the Board.

There have been no material changes to the Systems of Governance during 2020. The company strategy, corporate plan and governance structure have not changed and the annual review of strategy and corporate plan will follow the same robust governance processes as in previous years.

The key elements of the corporate governance framework currently in place are detailed below.

B.1.2 Board oversight

The 2020 board comprised a number of non-executive directors and two executive directors. The roles of the chairman and chief executive are separate. The Board members were as follows:

Dr. Brigitte Bovermann (German) – Non Executive and Chairman of the Board
Sean McGrath – Chief Executive Officer
Marie Corry – Executive
Robert Dix – Independent Non Executive
Richard Hudson (British) – Independent Non Executive
Sean Casey – Independent Non Executive
Niranjan Peiris (Australian) – Non-Executive (retired 31st December 2020)
Ann Kelleher Independent Non-Executive

The Board meets regularly and also operates an effective committee structure with defined terms of reference to assist it in its governance of the Company. There are defined matters specifically reserved for Board decision. Nine board meetings were held during 2020 where some of the key responsibilities include approving the annual risk appetite of the business, monitoring adherence to the risk appetite through review of corporate plans and operations supported by a full system of financial reporting, planning and budgetary control, regular management accounts reporting against budget and key performance indicators.

There are separate audit, remuneration, nomination and risk committees. The audit, remuneration and nomination committees are comprised exclusively of non-executive directors. The risk committee is comprised of a majority of independent non-executive directors.

The composition and nature of these committees during 2020 is outlined below:

Board Committees	
Risk Committee	4 Members - Chairperson: Sean Casey (Independent Non Executive) - Executive: Marie Corry - Independent Non Executive - Richard Hudson - Independent Non Executive - Ann Kelleher
Audit Committee	3 Members - Chairman: Robert Dix (Independent Non Executive) - Non Executive - Niranjan Peiris (retired 31st December 2020) - Independent Non Executive - Sean Casey
Nomination Committee	3 Members - Chairperson: Niranjan Peiris (Non Executive) (retired 31st December 2020) - Independent Non Executive - Robert Dix - Independent Non Executive - Richard Hudson
Remuneration Committee	3 Members - Chairperson: Niranjan Peiris (Non Executive) (retired 31st December 2020) - Independent Non Executive - Robert Dix - Independent Non Executive - Richard Hudson

Table 6: Allianz plc Committees

B.1.3 Internal control

The directors have overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Company implements a three-level internal controls framework known as the three lines of defence model. Based on this framework, operational controls constitute the first line of defence (operational controls embedded within processes and performed in a structured, diligent and timely manner). Assurance and oversight functions constitute the second level of defence (such as compliance, actuarial, risk). Internal audit constitutes the third line of defence. Further detail can be found in B.4 below. Responsibility for implementation of the internal control system is delegated to executive management. Any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and compliance. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's systems are designed to provide the directors with reasonable assurance on management of business objectives and compliance, and that physical and financial assets are safeguarded, transactions are authorised and recorded properly and material errors and irregularities are either prevented or detected with minimum delay.

An effective Internal Control Framework is a critical component in the effective management of the Company. Internal control is not a procedure or policy performed at a certain point in time, but rather a set of continually operating processes involving all employees and directors of the Company. The Internal Control Framework of the Company comprises five interrelated components:

- Control Environment;
- Risk Assessment;
- Control Activities;
- Monitoring; and
- Information, Communication and Reporting.

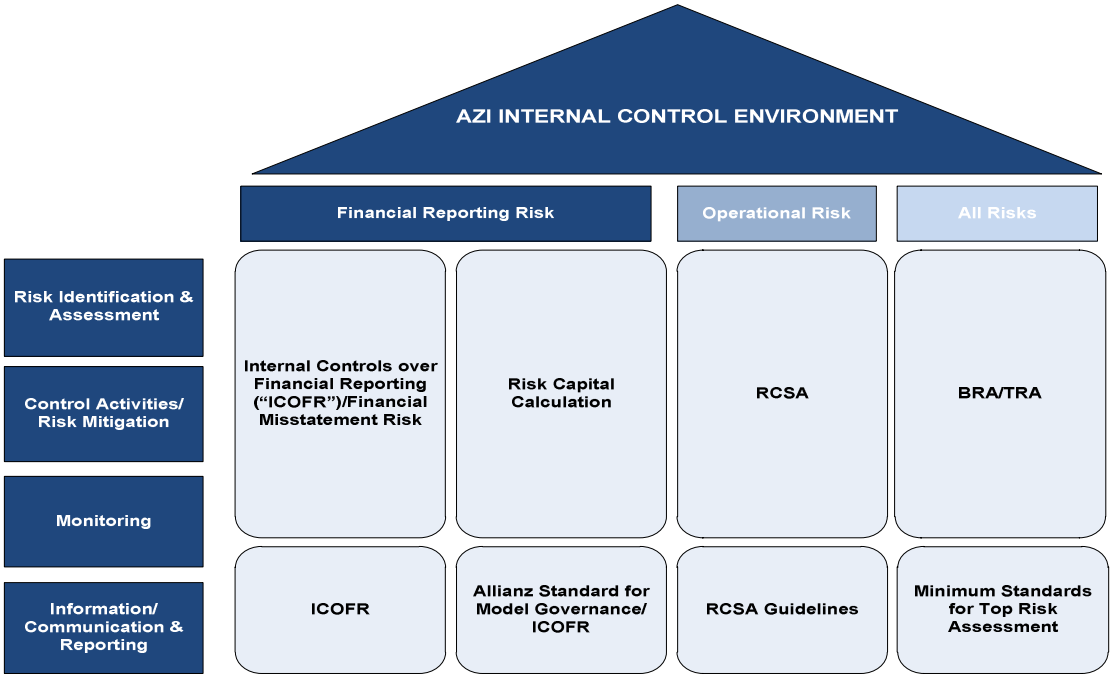

Figure 2: Internal Control Framework

Steering and controlling the Company is further supported by a set of corporate rules. At Group level, Allianz SE has defined a policy framework that outlines the relevant criteria for creating and updating corporate rules including the underlying rule-setting process which each component of the Allianz Group, including the Company, must apply subject to review from a local legal and regulatory perspective. The policy framework comprises four levels (from top to bottom):

- Allianz Code of Conduct
- Allianz Policies
- Allianz Standards and
- Allianz Functional Rules

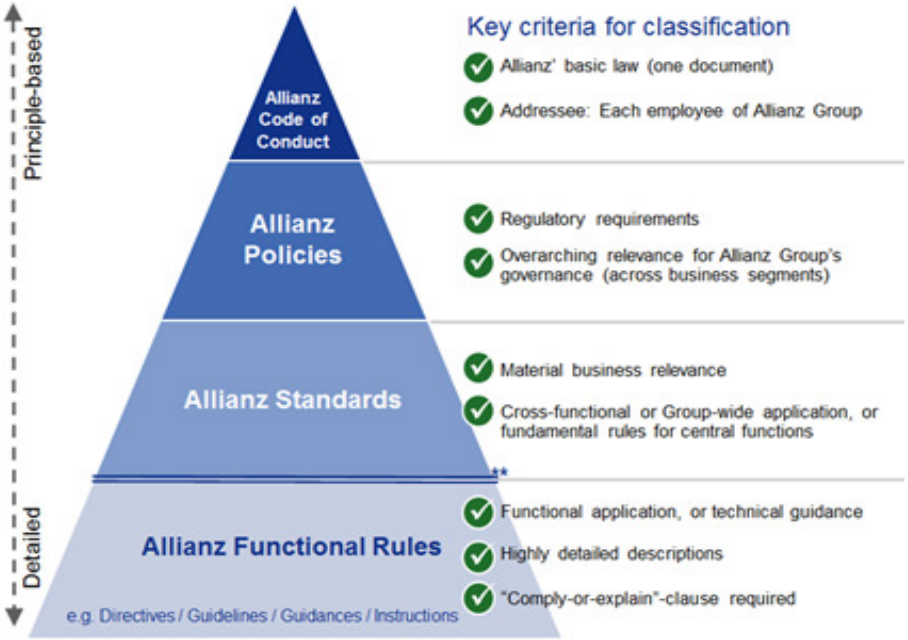

Figure 3: Policy framework of Allianz plc

The Company has developed a suite of local policies in order to ensure that these Group rules are applied as well as all other local regulatory requirements. The adoption of these rules has been approved by the Board or its Risk Committee as required. The most material of these policies from a Risk Management perspective are outlined below:

Policy	Owner	Department
Internal Control Policy	Chief Risk Officer	Risk Management
Internal Audit Policy	Head of Internal Audit	Internal Audit
Risk Management Policy	Chief Risk Officer	Risk Management
Compliance Policy	Head of Compliance	Compliance
Actuarial Policy	Head of Actuarial Function	Actuarial
Fitness and Probity Policy	Head of People & Resourcing	People & Organisation
Outsourcing Policy	Outsourcing Committee Chair	Outsourcing Committee
Capital Management Policy	Chief Financial Officer	Finance
Financial Reporting Policy	Chief Financial Officer	Finance
Remuneration Policy	Head of People and Resourcing	People and Organisation

Table 7: Allianz plc policies

Besides the general elements related to any control activities as shown above and in addition to the risk management framework, specific controls are implemented around entity level controls, financial reporting, IT, risk capital calculation, underwriting and investments. All of these are supplemented by an appropriate suite of management reports.

B.1.4 Risk management

Effective risk management is established through the risk management system. This includes the risk management system policy documentation, risk governance embedded in the organisational structure, regular risk reporting, risk management processes and systems. The Internal Model is fully integrated into the risk management system and is the key tool used by management to aid decision making. The risk management strategy articulates the Company's attitude to the recognition and management of risk. The risk management principles and objectives are set down in the risk management strategy and are inter-related with the Company's corporate strategy and risk appetite statement.

The Board is ultimately responsible for risk management and carries out this function in conjunction with its risk sub-committee, through delegation of authority to the chief executive and through the defined reserved powers of the board structure. The risk committee carries out its duties by regular review of the risk profile of the Company. This is achieved via appropriate internal model and other capital model output, reviews of the top risks in the risk register across all risk categories to which the Company is exposed and other risk assessments as required. The risk committee provides regular updates to the board on the risk profile of the Company and adherence to the approved risk appetite statement.

A management risk committee, chaired by the chief risk officer, assists the board risk sub-committee in the running of the risk management activities. The chief risk officer leads the risk management function and is responsible for the internal model, risk management documentation, processes and risk reporting to the Risk Committee and Board of Directors as appropriate. Risk reporting includes regular and continuing analysis of trading operations and performance, monitoring of adherence to the board approved policies including the risk appetite statement, monitoring of capital and reserving adequacy and updates to the Company's risk register to include operational and emerging risks. The internal model is a key component of the Company's risk management system.

Other key procedures which the directors have established to provide effective risk management and internal control are:

- the Company internal audit function reports to the audit committee which reviews the reports and plans of internal audit and reports from the independent external auditor to monitor and provide reasonable assurance of internal control;
- the Company has an established organisational structure with clearly defined lines of responsibility and reporting. Key risks are controlled through defined authorisation levels and appropriate control procedures. Staff and Line Management are responsible for day to day risk management and decision making and therefore have a primary responsibility for establishing and maintaining an effective control environment (first line of defence). Staff and Line Management have a responsibility to work with the Risk Management Function to identify, assess, monitor, and report risk. Line Management are also responsible to ensure that their staff receive appropriate training. Experienced and suitably qualified staff are responsible for important business functions.

B.1.5 Directors' Compliance Statement

The directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014 and Tax laws ('relevant obligations'). The directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies that, in their opinion, are appropriate with regard to such compliance;
- appropriate arrangements and structures have been put in place that, in their opinion, are designed to provide reasonable assurance of compliance in all material respects with those relevant obligations; and
- a review of the Company's compliance arrangements and structures has been conducted during the period.

B.1.6 Board of Management

The BOM manages the Company on a day to day basis under the supervision of the Board. Its responsibilities include, inter alia, setting the business objectives and the strategic direction, establishing a sound business organisation and implementing an efficient risk management system. Certain management tasks are delegated to individual members of the BoM. These responsibilities comprise responsibilities for business segments as well as functional responsibilities. The organisational structure at year end 2020 was as follows:

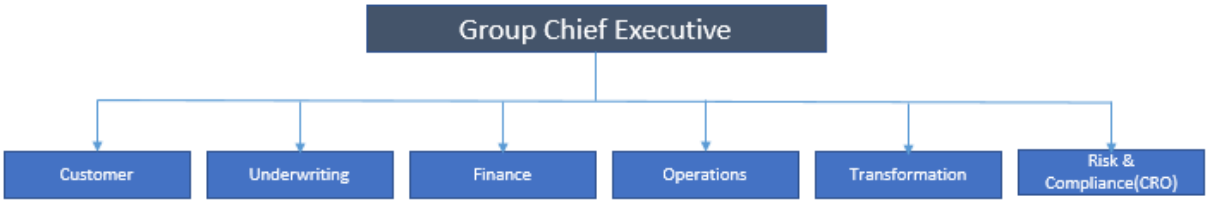

Figure 4: Organisational Structure

A part of the BoM's work is assigned to Committees as part of the first line of defence. These committees comprise members of the BoM with other members of senior management. The following first line management committees operated throughout 2020:

- Underwriting Policy Committee
- Reserving Committee
- Reinsurance Committee
- Investment Committee
- Financial Reporting and Disclosure Committee
- Customer Forum
- Management Risk Committee
- Anti-Fraud Integrity Committee
- Outsourcing Committee
- Data Quality Committee

Details of the allocation of responsibilities and relevant procedures are outlined in the documented terms of reference for each committee. Key decisions in the Company are discussed and approved in the respective committees. The second and third line functions are appropriately represented on these committees and there are clear policies and procedures in place to ensure that any input from these functions required for a decision is included in the relevant documentation.

B.1.7 Declaration of Conformity with the Corporate Governance Code for Insurance Undertakings issued by the CBI

The Company complied with the "Corporate Governance Requirements for Insurance Undertakings 2015" (the Code) in 2020. The Code imposes minimum corporate governance standards for insurance undertakings including provisions on the membership of the Board of Directors, the role and responsibilities of the Chairman and other directors and the role and operation of various Board committees. The Company has been designated under the Code as a "High Impact designated Institution" and complies with the requirements for same.

B.1.8 EU Solvency II Directive

The Company meets the requirements of the EU Solvency II Directive (Directive). The objective of the Directive is to implement solvency requirements that better reflect the risks that insurers and reinsurers face. The Company has adopted the Allianz SE Group developed internal capital model into which our business details are fed and from which an appropriate risk capital charge is calculated. The governance structure of the Company has been reviewed to ensure that formal risk management processes are fully embedded in line with the Code and the Solvency II Directive.

B.1.9 Remuneration policy and practices

B.1.9.1 Remuneration Principles

The Company's Remuneration Policy sets the framework for the system and facilitates the implementation of regulatory requirements. The implementation of the Remuneration Policy is guided by the principle of proportionality, taking into account the nature of the business, size, complexity and regulation of the business and is consistent with the framework operated throughout the Allianz Group.

B.1.9.2 Principles of Remuneration Policy including any fixed or variable proportions

Remuneration structures and incentives are designed to encourage sustainable value creating activities for the Company. The Remuneration Policy and practices are set relative to the following principles:

- Remuneration policy and practices support the Company's business objectives, risk strategy and values.
- The Remuneration Policy applies to all Company staff and takes into account the respective roles of administration, customer service, key functions and senior management.
- The policy includes both fixed and variable components and these are appropriately balanced.
- When defining an individual's performance both financial and non-financial performance will be considered. Non financial performance includes adherence to all Company policies which include, but is not limited to, the Code of Conduct, business ethics, project delivery and personal development.
- The policy is transparent, clearly documented and appropriately communicated. The Company is committed to providing competitive compensation and benefits to all employees based on merit and equality. The objectives of the Remuneration Policy are to promote transparency, fairness and performance expectations for each staff member. The Remuneration Policy is designed to ensure unauthorised or unwarranted excessive risk taking does not take place within the organisation.

B1.9.3 Remuneration Components – General principles for employees

The model provides for a balance between fixed and variable remuneration components. The Company's employees are entitled to join the Company pension scheme which is a defined contribution scheme. The following components set the remuneration structure for senior executives to comply with applicable regulations with some individual variations in the mix of components:

- Base salary:

Base salary is the fixed remuneration component. The base salary remunerates employees' daily work and depends on the level of responsibility and skills required for the job. Annual adjustments also take account of

sustained performance in the position, the performance of the company, general economic and compensation market conditions. The proportion of the fixed component within total remuneration is designed to balance performance incentives and to avoid excessive risk-taking. Base salary is expressed as an annual cash amount which is paid in monthly instalments and subject to the appropriate deductions. Base pay is reviewed annually and approved by the Remuneration Committee of the Board in the Company and as appropriate by Allianz SE. There are also packages which include fringe benefits such as death in service benefit, medical insurance and permanent health insurance.

- Variable remuneration:

Variable remuneration is designed to encourage and reward achievement of both annual performance goals and the sustainable success of the Group and local companies. Eligibility to participate in the variable remuneration scheme depends on the individual's job and responsibilities. It is structured to align with Allianz's overall risk positioning strategy and to reward personal contributions. Annual targets, both quantitative and qualitative are set and communicated in advance of the performance period and generally conform with SMART (specific, measurable, attainable, relevant and time-bound) principles. In the case of breaches of the Allianz's Code of Conduct, compliance or other relevant criteria, the pay-out can be either reduced partially or in full. The Remuneration Committee in the Company also approves variable compensation in respect of executives and as appropriate there is Allianz SE oversight and approval. Members of the Board of Management and other executives may participate in the Allianz Group Equity Incentive Scheme, subject to the rules of the scheme. The scheme comprises of Restricted Stock Units (RSU's) that are administered and managed by the ultimate parent Company, Allianz SE. RSU's constitute the right to receive the value of an Allianz SE share equivalent to the stock market price at the time of exercise. The variable remuneration of second and third line Control Functions is based on personal objectives only with no influence from the Company's financial results in line with the Central Bank of Ireland requirements in this regard. The profit share scheme is established and all employees are entitled to participate, subject to the rules of the scheme. Pay-out is determined by overall Company performance and is subject to confirmation by the external auditors of the Company.

B.1.10 Material Transactions

The Company paid no dividends in 2020. All other material transactions of the Company with other Allianz Group entities were conducted on an arm's length basis. These transactions primarily relate to reinsurance business ceded by the Company to Group companies and to payments for services provided by the parent and other Group companies along the provision of IT infrastructure by Allianz Technology and Investment Management services with PIMCO.

There were no transactions with directors or others with significant influence in the period.

B.2 Fit and proper requirements

The Company complies with the Fitness and Probity requirements of the Central Bank of Ireland. In addition, the Company also complies with the Allianz SE Group Fit and Proper Policy (GFPP) where there are no conflicts from a local legal and regulatory perspective. In order to facilitate compliance with both of these policies, the Company has also adopted its own internal 'Fitness and Probity Policy' both of which were reviewed in 2020.

The GFPP sets out principles, criteria and processes which ensure the fitness and propriety of the Board members, the Senior Management and Key Functions holders (as defined in the policy). The Central Bank of Ireland ("CBI") has designated certain functions as being Pre-Approval Controlled Functions (PCF). The Company will not appoint a person to a PCF role without the prior written approval of the CBI. In addition to the foregoing, and in advance of making any

offer to appoint a person to a PCF role, the Company carries out a full and thorough due diligence exercise on all proposed appointments at PCF level in order to determine that the person is:

i. Competent and capable
ii. Honest and ethical and acts with integrity; and
iii. Financially sound

This process is managed by the Company Secretary.

The GFPP contains a definition of fitness and probity and the fitness and probity requirements for the various relevant positions and describes the processes necessary to ensure the fitness and probity of the persons holding these positions. Those processes are:

- At recruitment:
  - the specific fitness requirements for the position must be determined along with a written job specification which sets out the responsibilities for the role,
  - a copy of the candidate's curriculum vitae must be available ,
  - several interviews, one of which with a HR professional, are to be conducted, where the interview process is aligned with the requirements of the role (number of interviews and diversity of interviewers), and
  - Searches carried out against the individual (judgment, bankruptcy and directorship searches via an external provider, searches against regulatory websites to ensure the individual has not been sanctioned or worked for a company which has been sanctioned by a supervisory authority, negative news screening). Furthermore, background checks include the verification of the information provided for the relevant educational and professional qualifications, and a reference check.
  - Where an individual is being proposed to a Pre-Approved Control Function role ("PCF"), once the due diligence has been completed the individual must populate the individual questionnaire for submission to the CBI. Once the CBI confirms their approval of the appointment, only then may the individual commence performance of the PCF role within the Company.
- Regular reviews through performance reviews (for all persons in the scope of the GFPP) and career development conferences (for the Senior Management and Key Function Members) take place on an annual basis.
- In terms of ongoing monitoring, a bi-annual review of the PCF holders and Controlled Function positions 1 and 2, is carried out in terms of requesting the PCF holders and Controlled Function 1 and Controlled Function 2 holders to confirm whether they are aware of any material developments in relation to their compliance with the Fitness and Probity requirements of which the Company ought to be aware. On an annual basis, for PCF holders and Controlled Function 1 and Controlled Function 2 holders, searches in relation to any regulatory sanctions, bankruptcy, judgment, and restricted/disqualified directors and negative news screenings are carried out. In relation to the other Controlled Function holders, the individuals are required to confirm on an annual basis that they continue to meeting their obligations under the Fitness and Probity Standards, a sample of those holders is also subject to regulatory sanctions, bankruptcy, judgment and restricted/disqualified director searches and negative news screenings as part of the annual review.

On an ongoing basis, professional training ensures that the fitness requirements are constantly met and training on ethical business behaviour, consumer protection, sanctions, anti-fraud and anti-corruption is offered to provide employees with clear rules for proper behaviour.

Controlled functions, which relate to having significant influence and compliance responsibilities, are included in the Prescribed and Significant Control Function Policy. Responsibility for the Prescribed & Significant Control Function Policy lies with the Company Secretary in conjunction with the Head of People and Resourcing.

The review of persons performing Control Function ("CF") 1 and 2 roles, is completed on at least an annual basis by the People and Organisation department by requesting those individuals to confirm whether they are aware of any material developments in relation to their compliance with the Fitness and Probity Standards of which the Company ought to be aware and completing a review of the information and documentation provided by the individual as part

of the Company's Fitness and Probity Policy and Procedure. The People and Organisation department also carry out searches against a sample of individuals identified in the Company as CF 1 and 2 as outlined above.

The Company submits an Annual PCF Confirmation Return to the CBI and maintains appropriate information and records in order to demonstrate its compliance with the CBI Fitness and Probity Standards. In respect of Key Function holders, the directors and any person performing a Pre-Approval Controlled Function within the Company are subject to the fitness and probity standards and the Code issued under Section 50 of the Central Bank Reform Act 2010.

All persons performing Pre-Approval Controlled Functions have declared that they meet the fitness and probity standards, that they are competent and capable, act honestly, ethically and with integrity, and are financially sound.

The Company does not outsource any of its key functions to an external undertaking. This narrative relates mainly to the CBI's Fitness and Probity requirements from a prudential regulatory perspective.

The Company's key function holders have been identified as follows:

Key function	**Key Function Holder**
Risk Management Function	Chief Risk Officer
Compliance Function	Head of Compliance
Internal Audit Function	Head of Internal Audit
Actuarial Function	Head of Actuarial Function
Accounting and Reporting Function	Chief Financial Officer

Table 8: Company key function holders

B.3 Risk management system including the ORSA

B.3.1 Risk management Framework

The Company considers risk management to be one of its core competencies. It is therefore an integral part of its business process. The Company's risk management framework covers, on a risk-based approach, all operations including IT, processes, products, and departments/subsidiaries within the Company. The key elements of the Company's risk management framework are:

- Promotion of a strong risk management culture, supported by a robust risk governance and control structure.
- Consistent application of an integrated risk capital framework across the Company to protect its capital base and support effective capital management.
- Integration of risk considerations and capital needs into management and decision-making processes through the attribution of risk and allocation of capital to the various business segments.

This comprehensive framework ensures that risks are identified, analysed, assessed, and managed in a consistent manner across the Company.

The Company's risk strategy is to deliver its business strategy whilst remaining within the bounds of its defined risk appetite. The Company's risk appetite is defined by clear risk appetite statements and limit structures. Close risk monitoring and reporting allows us to detect potential deviations from our risk tolerance at an early stage.

For the benefit of shareholders and policyholders alike, the risk management framework adds value to the Company through the following four primary components:

Risk strategy and risk appetite: Our risk strategy clearly defines the Company's risk appetite. It ensures that rewards are appropriate for the risks taken and that the delegated authorities are in line with the overall risk-bearing capacity. The risk-return profile is improved through the integration of risk considerations and capital needs into decision-making processes. This also keeps risk strategy and business objectives consistent with each other and allows the Company to take opportunities within defined risk tolerance.

Risk identification and assessment: A sound risk identification and assessment framework forms the foundation for adequate risk-taking and management decisions such as individual transaction approvals, new product approvals, and strategic asset allocations. The framework includes risk assessments, risk standards, valuation methods, and clear standards for underwriting.

Risk reporting and monitoring: A comprehensive qualitative and quantitative risk reporting and monitoring framework provides senior management with the transparency and risk indicators to help them decide on the Company's overall risk profile and whether it falls within delegated limits and authorities.

Communication and transparency: Finally, transparent and robust risk disclosure provides the basis for communicating this strategy to internal and external stakeholders, ensuring a sustainable positive impact on valuation and financing. It also strengthens the risk awareness and risk culture throughout the Company.

B.3.1.1 Strategy and objectives

The risk strategy is a core element of the the Company's risk management framework that defines a strategy for the management of risks that the Company faces during the pursuit of its broader business strategy. With the risk strategy, the Company aims to:

- Protect the Allianz brand and reputation;
- Remain solvent even in the event of extreme, worst case scenarios;
- Maintain sufficient liquidity to always meet its obligations; and
- Provide resilient profitability.

The Corporate Strategy, the Risk Strategy and the Risk Appetite are all set by the Board and are dependent upon, and inter-related with, one another. At the centre of the Company's corporate planning and risk management activity are the 'Corporate Objectives'. These Corporate Objectives are largely static objectives that guide the Corporate Strategy and underpin the Risk Strategy and Risk Appetite. Broadly speaking they represent the long term desires of the shareholders.

Figure 5: Illustration of the interdependencies involved in strategy development

The Corporate Strategy, pursuant to the Corporate Objectives, is set on an annual basis and follows the Corporate Planning process. The process consists of the following stages:

1. Strategic Dialogue: The annual strategic dialogue takes place mid-year and agrees the key strategic objectives for the business over the following three years through discussion between the Company and Allianz SE Board of Management.
2. Corporate Plan: The annual corporate plan is prepared following the strategic dialogue and represents the detailed planning phase of the process. The key performance targets and capital position, for the current forecast year and three following years, form the basis for discussions at the planning dialogue.
3. Planning Dialogue: The planning dialogue takes place in the fourth quarter of each year and challenges the outcome of the corporate plan preparation in terms of performance and risk appetite. It ensures the outcome is aligned with both the strategic dialogue and Allianz Group's strategic direction. It is attended by members of the Board of Management (BoM), the relevant Allianz SE Business Division and other Allianz SE senior management representatives. The agreed plan is then recommended to the Board for approval.

The Corporate Strategy is informed by the amount of risk the Company is willing and able to accept.
Implementation of the risk strategy is supported through the risk appetite, which establishes in more concrete terms the risk tolerance level of the Company with respect to all material qualitative and quantitative risks.

The Company's risk appetite inherently contains the following five core elements:

- Setting target ratings for top risks,
- Allocating capital and defining minimum (target) capital ratios,
- Managing liquidity to ensure flexibility,
- Defining quantitative financial limits, and
- Defining local strategies, policies and procedures

The risk strategy and corresponding risk appetite are transferred into standardised limit management processes covering all quantified risks throughout the Company and taking into account the effects of risk diversification and risk concentration. It also includes appetite for operational, compliance, consumer protection and data protection risks.

B.3.1.2 Risk Governance Structure

As a key element of the Company's risk management framework, the approach to risk governance enables an integrated management of relevant risks and ensures that the risk profile remains consistent with the Company's risk strategy and capacity to bear risks.

B.3.1.2.1 Overall risk organisation and roles in risk management

The Risk Strategy and Risk Appetite are reviewed and approved by the Board on an annual basis in line with the corporate planning process. Responsibility for update of the documents rests with the Chief Risk Officer (CRO). Specific risk types are managed at a more detailed strategy and policy level. Strategy and policy documentation is in place for the following risk areas:

- Insurance Risk
- Market Risk
- Credit Risk
- Operational Risk
- Liquidity Risk

Risk area strategy and policy documents are updated upon material change to the Risk Strategy, Risk Management Policy, Risk Appetite Framework, relevant Allianz Group policies, standards and functional rules and/or at least

annually. Documents will be reviewed and recommended for approval by the business areas to which they relate to the Management Risk Committee (MRC) and the Board Risk Committee (RiCo) for recommendation for ultimate approval by the Board.

The Company has developed a comprehensive risk universe in line with the Allianz Group Risk methodology. Each of the risk categories and sub categories from the Company's risk universe are mapped to the risk area strategy and policies.

In addition to the above, the protection of the reputation of the Company is a key risk management objective as set down in the Company's Risk Strategy. The standards for management of reputational risks are set down in the Risk Management Policy.

The CRO is responsible for providing comprehensive, understandable and well interpreted information on the risk types documented above, enabling management to understand the Company's overall risk profile. The CRO is responsible for management of the Risk Management Function and its responsibilities. The roles and responsibilities of the Risk Management Function are documented in the Risk Management Policy, which is reviewed and approved on an annual basis. The CRO has also assumed the role of Governance and Control caretaker of the Company and the MRC covers governance objectives as part of its responsibilities.

The Company has an integrated structure in place to oversee the operation of the Risk Management Framework and in turn the Risk Management Function operating within the Company. The Board has overall responsibility for ensuring an effective risk management system is in place throughout Allianz Ireland. The Board is responsible for ensuring that it (collectively) has an adequate understanding of each of the components of the risk management system and, also, of the technical aspects underpinning risk management including the Internal Model and the calculation of technical provisions. The Board is responsible for the approval of several important risk management documents including strategies, policies and regulatory disclosures. The RiCo assists the Board in fulfilling its responsibilities regarding risk management. This includes the advance review of information and documentation prior to Board review. The RiCo has responsibility for escalating issues and breaches to the Board as appropriate. The RiCo Terms of Reference are reviewed and approved by the Board on an annual basis. The MRC is a risk oversight committee made up of members of the BoM. The committee, which is chaired by the CRO, reports directly to the RiCo. The MRC is responsible for oversight and challenge of the risk management structures in place. The MRC Terms of Reference are reviewed and approved by the BoM annually.

B.3.1.3 Risk management Process

B.3.1.3.1 Adequacy of internal risk capital model to business profile and model governance

The Company uses the Allianz Group Internal Model for the purposes of calculating the Company Solvency Capital Requirement (SCR). The Company works within the Group model governance framework covering both Group managed and locally managed model components. The use of the Internal Model is subject to approval by the Board of Directors of the Company. In line with Solvency II requirements, a set of compulsory model governance and control principles is applied to the whole life cycle of the internal risk capital model, covering, for instance, the model change and model approval processes. The Allianz Internal Model Governance Framework encompasses the governance rules and principles to ensure the initial and ongoing appropriateness of the Internal Model. The framework covers the whole life cycle of the Internal Model from model development to model implementation and use. Specifically, key topics covered include: model changes, model updates, validation, approval, implementation and operational use and the monitoring of the ongoing appropriateness for use. The following standards and documents constitute the main model governance building blocks:

- Allianz Standard for Model Governance;

- Allianz Standard for Model Change;
- Model Governance Policy;
- Model Change Policy;
- Model Use Policy; and
- Model Validation Policy

The Parameters and Assumptions Approval Committee (PAAC) oversees the model governance framework and activity of the Company. The PAAC reports to the MRC, RiCo and ultimately the Board. The PAAC oversees a well-defined calendar of activities including model production and model validation. Specifically, the model governance framework requires a regular re-validation of model components with appropriate success criteria and escalation in case of an issue. Ultimately the Board approves the Internal Model annually via the Annual Validation Report. This report details all relevant model validation results to assess the appropriateness of the Internal Model.

The Internal Model is fully embedded in the Company and is used extensively in key business decisions. Some refinements to the model have been agreed with Allianz Group lead supervisor BaFin and implemented since the beginning of Solvency II. This underpins the Company's objective to ensure the ongoing appropriateness of the model.

B.3.1.3.2 Top Risk Assessment and other specific risk management processes

The Top Risk Assessment (TRA) is the Company's process focusing on the identification, assessment, mitigation and monitoring of both quantifiable and non-quantifiable risks (including concentration and emerging risks) with the potential to significantly threaten the achievement of the Company's objectives. The process follows a standard qualitative assessment methodology as defined in the Allianz Standard for Top Risk Assessment (ASTRA).

The TRA process requires an annual risk assessment to identify risks that may merit inclusion in the TRA. The risk function initiates and facilitates the TRA process by performing a preliminary analysis of potential top risk candidates based on consideration of existing TRA results and results from other risk assessment and management processes, as well as consideration of changes in internal and external business and control environments within which new top risks may have materialised. These are discussed, challenged and finalised with the responsible risk experts throughout the Company and/or BoM risk owners with actions taken to mitigate any risks where the risk assessment is above the agreed target level.

Although the end-to-end TRA process occurs on an annual cycle, quarterly monitoring activities are also in place. In the event that, due to the emergence of new potential top risks during the year, an extraordinary out-of-cycle update to the set of in-scope top risks is required, the general TRA process applies.

In addition to the TRA and the processes outlined in Section C, the Company has some further specific risk management processes. The Company identifies, assesses, manages and monitors operational risks and control weaknesses via structured risk and control assessments through the Integrated Risk and Control System (IRCS) process and with involvement of risk experts. The IRCS is a risk management process by which the Risk Management Function provides independent oversight on operational risks. As part of this process, the Company must ensure, through performance of a qualitative analysis that effective controls or other risk mitigation activities are in place for all potentially large impact operational risks. Results from previous IRCS activities and occurred Operational Risk Events are taken into account when carrying out the analysis.

The management of legal, compliance and outsourcing risks is covered as part of the broader operational risk management framework.

In general, liquidity risk in the Company is a secondary risk following external events, such as natural disasters, that are generally reflected in the internal risk capital model. As part of the regular monitoring of liquidity risk, the Company produces a rolling liquidity forecast considering cash-flow sources and needs over forward-looking time horizons of

varying length under base and stressed positions. This assessment is performed by the Risk Management Function with input from the investments team and is conducted in accordance with the Company's Liquidity Risk Strategy and Policy.

Emerging risks are tracked via the emerging risk register and are regularly monitored by the assigned BoM member (risk owner). The BoM is required to review emerging risks on a quarterly basis and updates are reported to the MRC and RiCo each quarter. An annual "deep dive" workshop is also held with the BoM for the identification of new emerging risks, consideration of external reporting on emerging risks and documentation of existing emerging risks and their potential impact on the Company.

The management of strategic risks is implicitly embedded into the execution of the annual Strategic Dialogue process, including the establishment of strategic priorities and execution of the steps towards their fulfilment.

B.3.2 Own Risk and Solvency Assessment

The Company performs an Own Risk and Solvency Assessment (ORSA) on at least an annual basis, known as a "regular" ORSA, as well as following any internal or external events or transactions with the potential to materially alter the Company's risk profile, with the latter being termed an "ad-hoc" ORSA. The ORSA is a comprehensive assessment of all risks inherent to the business in order to determine whether current and future capital will be sufficient to ensure ongoing solvency against these risks. It goes beyond the determination of capital needs provided solely through application of risk capital models by additionally considering stress scenarios, model limitations and non-modelled risks and how risks translate into capital needs or are otherwise mitigated. The ORSA process and the ORSA report are integral to the decision-making process in the Company. Capital management is a key use of the ORSA and the production of the ORSA report is aligned with the planning process to ensure that it is used in the decision in relation to the capital adequacy of the Company. Another key use of the ORSA is in the development of key management actions that are designed to aid the Company in achieving its strategic and corporate objectives. These actions are documented in the ORSA report and tracked quarterly by the RiCo. The RiCo and Board provide regular guidance and challenge of ORSA activity, for example, in proposing additional scenarios to be assessed.

B.3.2.1 ORSA Process

The main elements and associated timing of the ORSA process is outlined in the diagram below:

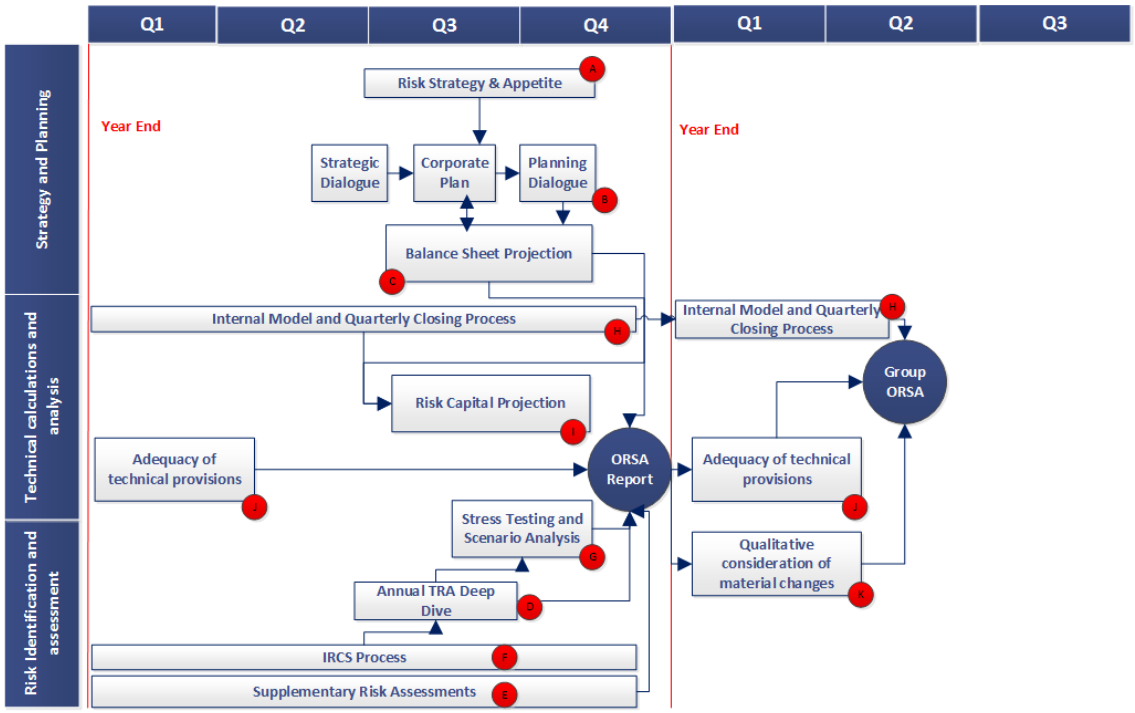

Figure 6: ORSA process

The outcome of each ORSA is documented in an ORSA Results Report, which contains all risk-related information that is relevant for the overall ORSA conclusion. The sources of information used and the approach followed in performing the ORSA are captured in a separate ORSA Process Report. Preparation of the ORSA Results and Process Reports is coordinated by the Risk Management Function. The MRC discusses the outcome of the ORSA, challenging the results where necessary, and comes to a decision on whether they should recommend approval of the ORSA conclusion and corresponding ORSA Results and Process Reports to the RiCo for review, challenge and/or recommendation to the Board for ultimate approval. The Board has overall responsibility for reviewing the ORSA Results and Process Reports and challenging, either directly or through delegates, as appropriate, the completeness of the assessment, its conclusions and its ultimate approval. The conclusion reached in the ORSA Results Report assesses whether current and projected capitalisation is sufficient, even under consideration of (i) severe but reasonably frequent and therefore tangible outcomes of risk situations and (ii) scenarios that emphasise the relevant risk exposures and critical modelling assumptions against the background of the Company's specific risk business profile. It also assesses if all material risks have been identified and sufficiently managed within the risk appetite, including model limitations and risks not reflected in the risk capital model, taking into account the effectiveness of the System of Governance and Internal Control. The approved reports are provided to the Central Bank of Ireland and to Allianz Group.

B.4 Internal control system

Company is committed to having an Internal Control System in place that fulfils its organisational needs and all relevant regulatory requirements. The Company's Internal Control System is based on a strong control culture which emphasises and demonstrates to all relevant employees the importance of internal controls in the Company. As part of this, the Company seeks to avoid policies and practices that may provide incentives for inappropriate activities.

The Company operates a "three lines of defence" model consisting of multiple committees, control functions and individuals with specified responsibilities and authority. To ensure an effective Internal Control System, all functions within the three lines of defence are obliged to co-operate and to exchange necessary information and advice

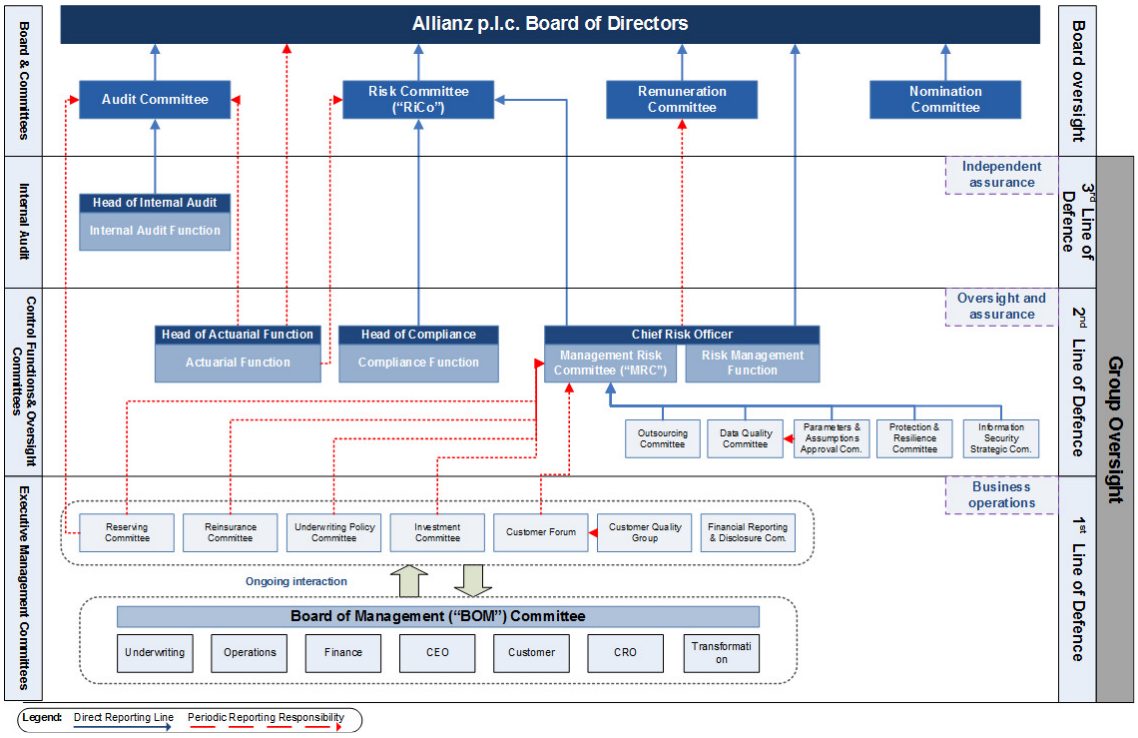

Figure 7: Three lines of defence*

B.4.1 Three lines of defence model

The Company applies a "three lines of defence"-model with graduated control responsibilities.

- **"First line of defence"**: is performed in the business through the management of day-to-day activities, risk management and controls. Key activities include:
  - Operational management of risks and returns by taking responsibility for or directly influencing the origination, pricing and acceptance of risks;
  - Designing and implementing methodologies, models, management reports or other control standards to support the optimisation of risks and returns; and
  - Participating in business decisions based on an equal vote.

  Any function not deemed as second or third line perform first line controls.

- **"Second line of defence"**: provides independent oversight and challenge of the day-to-day risk taking and controls by the first line. It is performed by the assurance functions: Risk Management, Actuarial and Compliance. Key activities include:
  - Defining the overarching control frameworks;
  - Performing controlling activities;
  - Providing assurance on the design and operation of the control environment, including the evaluation / validation, reporting or effectiveness of control frameworks and methodologies; and
  - Advising on risk mitigation strategies and control activities.

  Its competencies include:

    - Independence in terms of reporting lines, objectives, target setting and compensation towards the first line responsibility;
    - A direct reporting line to the relevant member of the BoM;
    - The right to veto business decisions on sound reasons; and
    - The right to participate in key business decision processes (but no direct management) and to request all relevant information necessary to make a professional judgement.

- **"Third line of defence"**: provides independent assurance across the first and second lines. It is performed by the Internal Audit Function and its key activities include:
    - An independent assessment of the effectiveness and efficiency of the internal control system; and
    - a review of the Company's system of governance

Relationship between control functions within the "three lines of defence"-model

To ensure an effective Internal Control System, all functions are obliged to cooperate and to exchange necessary information and advice. Given that control activities may be exercised by staff in different organisational units, appropriate mechanisms are in place between the control functions to allow fully informed and educated decision-making.

Relationship between second line functions and Internal Audit Function

The Actuarial, Compliance and Risk Management Functions are separated from the Internal Audit Function with no instruction right or reporting of one function into the other. The Actuarial, Compliance and Risk Management Functions are included in the audit programme and methodology of the Internal Audit Function, including a periodic assessment of the adequacy and effectiveness of these functions. The Head of Internal Audit keeps the Heads of Actuarial, Compliance and Risk Management informed of any Audit findings in their areas of responsibility. For further details on the description on the Internal Audit Function, please see Section B.4.5 ("Internal Audit Function").

Joint responsibilities of second and third line functions

The Risk Management, Actuarial, Compliance, and Internal Audit Functions jointly ensure and assess, at least once per year, that clear and consistent responsibilities and processes regarding the control framework are in place and executed (e.g. via discussions at the Management Risk Committee meetings or involvement in the System of Governance review). These functions closely cooperate, maintain reciprocal oversight and are aware of the concrete tasks and competencies of each sister function. The responsibility of the Internal Audit Function to independently assess the effectiveness and efficiency of the Company's Internal Control System remains unaffected.

The distinction between the different lines of defence is principle-based and determined by activities. Independent oversight of any "first line of defence" function is exercised by the following second line functions:

- Compliance;
- Risk Management; and
- Actuarial.

B.4.2 Compliance Activity

The Head of Compliance is the Key Function Holder as regards the independent Compliance Function of the Company and is part of the second line of defence. The objectives of the Compliance Function are:

- Supporting and monitoring compliance with applicable law, regulations and administrative provisions issued by regulatory and supervisory authorities in order to assess the impact of these on the Company and to protect the Company against compliance risks. This includes identification, assessment, and mitigation of these risks;
- Identifying, documenting and assessing compliance risks associated with the business activities of the Company;

- Ensuring ongoing compliance with regulatory requirements through ongoing monitoring and compliance testing;
- Regular staff training on compliance matters, including Countering the Financing of Terrorism (CFT) and financial sanctions, anti-corruption and bribery, and data protection;
- Educating staff on compliance issues and acting as a point of contact within the Company for compliance queries from staff members;
- Establishing written guidance to staff on the appropriate implementation of compliance laws, rules and standards through policies and procedures and other documents such as internal codes of conduct and practice guidelines;
- Reviewing the policies and procedures on a regular basis to ensure that they remain appropriate and up to date;
- Attending regular functional committees within the Company, including but not limited to the MRC, Outsourcing Committee and Customer Forum;
- Advising senior management and the Board on compliance with laws, regulations and standards, including keeping them informed on developments in these areas;
- Liaising with external bodies including regulatory authorities, insurance associations and external experts;
- Reporting to the Board and its sub-committees on compliance-related matters;
- Interacting with the Allianz Group compliance function through the submission of any Allianz Group reporting requirements in a timely manner; exchanging best practices with other members of the compliance functions in the Group; aligning policies to the compliance framework of Allianz Group, where applicable and possible in accordance with local legislation; and
- Overseeing the resolution of compliance issues reported to the Compliance Function or otherwise identified by the Compliance Function and reporting on the issue resolution process to senior management (through the MRC and/or BoM) and to the Board (through the RiCo).

The role is a Pre-Approved Controlled Function and the Head of Compliance reports directly to the CRO as well as to the RiCo and has a functional reporting line to the Head of Compliance of Allianz Group.

The Compliance Policy is approved by the Board and the Compliance Plan is reviewed and approved annually by the RiCo and Board. The risk areas assigned to the Compliance Function (Compliance Risk Areas) include:

- Consumer Protection;
- Professional Conduct and Ethics, i.e. confidentiality, conflicts of interest, professional practices and the prevention of insider trading as set up in the Code of Conduct;
- Anti-corruption and bribery;
- Anti-fraud;
- Economic Sanctions Compliance;
- Anti-terrorism financing;
- Data Protection;
- Capital Markets;
- Antitrust (market abuse and insider trading; however, advice on antitrust law is provided by the Legal Counsel); and
- Fitness, probity and competency of the staff of the Company.

On a regular basis, the Compliance Function reviews documentation and assesses the compliance risk associated with the Company's business activities. This helps to ensure that the overall compliance framework appropriately reflects the risk exposure. The Compliance Function supports the Risk Management Function in the TRA and in the IRCS at a Company level. The results are reviewed and used for steering of compliance programmes as well as for the overall

compliance planning process. The Compliance Policy details organisational safeguards and powers. As specified in the Compliance Policy, the Compliance Function has general oversight regarding all areas of applicable laws, rules and regulations pertaining to the topics listed above. This includes the interpretation of the relevant legal and regulatory requirements, monitoring of all relevant regulatory changes and advising senior management on regulatory topics. As part of the second line of defence of the Company, the Compliance Function interacts with other functions and contributes to the reinforcing of the risk control framework of the Company.

B.4.3 Legal Function

The Legal Function has the general oversight regarding all areas of applicable laws, rules and regulations from a prudential perspective. This includes:

- the provision of legal advice and support to the business;
- advising and managing the engagement of external legal advice or counsel;
- management of non-claims related litigation; and
- maintenance of all Company secretarial registers

B.4.4 Actuarial Function

Refer to Section B.6 Actuarial Function for an outline of second line of defence activities.

B.4.5 Internal Audit Function

Refer to Section B.5 Internal Audit for an outline of third line of defence activities.

B.5 Internal audit function

B.5.1 Audit Function

The Company has an Internal Audit policy in place. The Internal Audit policy constitutes a local adaption of the Allianz Group Audit Policy taking into consideration the specific circumstances and requirements of the Company and any local legal and regulatory requirements where applicable. Compliance with the Group Internal Audit policy is mandatory within Allianz Group. The purpose of the Internal Audit Policy is to ensure that the organisation and work of the Company's Internal Audit function adheres to a consistent set of minimum rules and operating procedures such that the effectiveness of the controls necessary to achieve the Company's goals is ensured. The policy is supplemented by the local Standard Audit Manual, which is derived from the Allianz Group Standard Audit Manual.

The Head of Internal Audit in the Company is the owner of the Policy and is responsible for maintaining and updating the Policy. The document will be reviewed at least once per year. The Policy and all material changes require approval by the Audit Committee and Board of Directors of the Company.

The Internal Audit Function is an independent assurance function forming the 'Third Line of Defence' in the Company governance and internal control framework. Internal Audit evaluates and makes recommendations for improvements in the effectiveness of the systems of governance and internal control through the application of a systematic and disciplined internal audit process.

An Audit Universe which covers all risk and governance areas is defined and is reviewed and updated annually on a risk basis. The Audit Universe drives audit coverage and activity by directing internal audit activity on a risk basis within an overall strategic objective to obtain adequate risk coverage of the entire universe as part of a five year strategic audit cycle. Within the strategic cycle, prioritisation and frequency of audit review for individual risk areas is based on risk assessment or regulatory expectation.

Internal Audit formally reports the results of all audits completed, makes improvement and risk control based recommendations, agrees the related remediation actions with management and implements remediation issue

follow-up and reporting processes. Internal Audit reporting is to the Audit Committee, CEO, Group Audit and, additionally, to the relevant responsible management. Internal Audit performs follow-up monitoring to ensure the deficiencies are resolved.

B.5.2 Maintaining independence

The following Audit Policy requirements ensure independence and objectivity of the Internal Audit function:

The reporting structure ensures that the Internal Audit Function has a standing within the Company's organisational structure that maintains the necessary independence. Necessary independence means that no undue influence is exercised over the Internal Audit Function, for instance in terms of reporting, objectives, target setting, and compensation or by any other means. Internal Audit must avoid conflicts of interest in fact or appearance. Internal Auditors and the Internal Audit function have the authority to express assessment and recommendations but cannot give orders (except in cases of suspicion of illegal activities/fraud).

The Head of Internal Audit must confirm to the CEO and Audit Committee, at least annually, the independence of the Internal Audit activity. Independence is achieved by ensuring that audit is positioned outside of functional roles and responsibilities, that there are no obvious conflicts of interest in assignments, and that auditors have not been engaged in drafting procedures, designing, installing or operating systems, or implementing recommendations. They may not carry out operational roles.

The Head of the Internal Audit department reports directly to the Company's CEO and also has a reporting line to the Chairman of the Audit Committee. Internal Audit also reports functionally to Allianz Group Audit and is subject to oversight from Group Audit.

The Internal Audit Function shall have the right to communicate with any employee and obtain access to any information, records or data necessary to carry out its responsibilities, to the extent legally permitted. It has the responsibility and the right to review activities, procedures and processes in all areas of the Company, without limitation. Internal Audit has the unlimited right to obtain information and management must inform Internal Audit of serious deficiencies and major changes in internal control systems. This information must be handled with discretion and confidentiality.

In addition to auditing activities, management may seek the advice of Internal Audit on internal control related topics which Internal Audit may provide. However, Internal Audit cannot compromise its independence and cannot implement working procedures. The advisory function of Audit may not jeopardise its core audit activities and the fulfilment of its audit plan.

B.6 Actuarial function

The Head of Actuarial Function ("HoAF"), a PCF, is the key function holder and part of the second line of defence in relation to reporting, oversight and controlling activities.

The Actuarial Function performs tasks that are based on regulatory and business requirements. This consists of coordination and calculation of technical reserves for accounting and regulatory purposes and other controlling and reporting figures, expression of an opinion on the overall underwriting policy and on the adequacy of the reinsurance arrangements, and contribution to the effective implementation of the risk management system.

The core tasks performed by the Actuarial Function in 2020, as defined by the Domestic Actuarial Regime and Related Governance, issued by the CBI in 2018 and the Guidance for (Re) Insurance Undertakings on the Head of Actuarial Function Role, issued by the CBI in 2016, included:

- The co-ordination of the calculation of reserves / technical provisions (and other figures) to be reported for accounting and regulatory purposes;
- Providing an opinion on the compliance of the Technical Provisions, as reported in the annual QRTs, with all relevant Solvency II requirements;
- The expression of an opinion on the overall underwriting policy including pricing and product development and the adequacy of reinsurance arrangements;
- Contribution to the effective implementation of the risk management system; and
- Provision of an opinion on the ORSA process.

The Head of Actuarial Function for the Company produces all of the above on an annual basis. In relation to Technical Provisions requirements, the Head of Actuarial Function provides an Actuarial Opinion on Technical Provisions ('AOTP') to the CBI and an Actuarial Report on Technical Provisions ('ARTP') supporting the AOTP to the Board. The regime also requires an independent peer review of the technical provisions and the associated AOTP and ARTP, thereby providing an independent view of the company's reserving / calculation of technical provisions every two years. The Company also engages with an independent actuary to perform a more limited scope independent reserve review of standard casualty lines in the interim years.

The Actuarial Function operates in such a way that necessary independence from the day-to-day risk-taking and risk-mitigating (first line of defence) activities are maintained. This requires that no undue influence be exercised over the Actuarial Function, in terms of reporting, objectives, target-setting, compensation or other means.

B.7 Outsourcing

Outsourcing is a relationship or arrangement between an insurance undertaking with a service provider, including intra group arrangements, whether a supervised entity or not, by which the service provider performs a function or activity, whether directly or by sub-outsourcing relating to the core business that would otherwise be performed in-house by the insurance undertaking itself. The company outsources and enters into outsourcing arrangements only where there is a sound commercial basis for doing so, and where the risk can be effectively managed.

The Company has an Outsourcing Policy which complies with the Group Outsourcing Policy subject to amendments to comply with local legal and regulatory requirements. The Outsourcing Policy is consistent with and promotes sound and effective risk management and enables the Company to identify, manage, monitor and report on such outsourcing risk to which it is or might be exposed.

The Outsourcing Policy establishes the principles and processes for outsourcing of functions or services to an internal or external provider. Its main objective is to determine the relevant processes and strategies for outsourcing on a company level and ensure adherence to regulatory requirements. In particular, this includes key definitions for outsourcing, criteria for selecting, mandating and monitoring providers, determination of clear roles and responsibilities as well as controlling rights, and rules for the closing and termination of outsourcing agreements.

Elements of the outsourcing process which are specifically considered in the Outsourcing Policy include:

i. Identification and categorisation of outsourcing arrangements;
ii. Consideration of impact of outsourcing;
iii. Due diligence and vendor integrity;
iv. Written agreement including SLAs;
v. Monitoring;
vi. Contingency Planning and exit strategies;
vii. Internal outsourcing;
viii. Notification to the CBI.

The Outsourcing Policy requires that prior to the commencement of any outsourcing of critical or important functions or activities, a detailed due diligence review is carried out. In particular, prior to deciding on an outsourcing arrangement, the Company should ensure that the following factors have appropriately been taken into account:

- How the outsourcing provided shall affect the Company's business strategy and its ability to continue to meet its regulatory obligations;
- Regulatory compliance;
- Reputation and experience;
- Exit strategy;
- Location of the services provider (e.g. where the provider is located outside the EU, how any potential restriction of access to data or premises have been considered and appropriately addressed)
- Information security in the event of the provider handling Company's customer or commercially sensitive data to ensure confidentiality and compliance with data protection;
- Business continuity management for provider providing business critical services;
- Human Resource practices and standards where applicable in respect of the activities being carried out;
- The fitness and probity of the relevant individuals in the service provider where applicable in respect of the activities being carried out;
- The service provider's obligation to disclose information and data, including its ability to provide access to data to the CBI and external auditors;
- Any actual or potential conflict of interest and how these are/will be managed;
- The service provider's financial stability in order for them to perform the outsourced function;
- Data protection law
- The service provider's resources, ability, capacity and relevant authorisations required in order for them to perform the outsourced function; and
- Details of the regulatory status of the service provider.

The CBI shall be notified at least six weeks before the outsourcing is due to come into effect, in accordance with the "Notification Process for (Re)Insurance Undertakings when Outsourcing Critical or Important Functions or Activities under Solvency II" guideline. At least the following information should be included in the outsourcing notification regarding the outsourcing of a critical or important function or activity: description of the scope and rationale for the outsourcing; the service provider's name and contact details; and, additional information as set out in the guidelines, in case of outsourcing of a key function. The Outsourcing Policy set the criteria for determining whether a function or activity is critical or important. Within the Company, "critical" or "important" activities are those deemed essential for the activity of the Company having regard to the fact that the Company could not deliver its service to its customers without these functions or activities. This definition is in line with the Article 49 of the Solvency II Directive.

As at 31st December 2020, for the critical operational functions/activities that are outsourced, please see the table below:

Number	Supplier	Critical operational functions/activities	Jurisdiction
1	Allianz Technology	IT Services	Ireland Branch
2	Forward Emphasis	Policy & Claims Administration	Ireland
3	Sedgwick (ROI)	Claims & Assistance Management	Ireland
4	Thornton & Partners (ROI)	Claims & Assistance Management	Ireland
5	ProAdjust (ROI)	Claims & Assistance Management	Ireland
6	Allianz Partners	Claims & Assistance Management	Ireland
7	PIMCO Europe Limited	Investment Management	United Kingdom

8.	Prestige Underwriting Services Limited	Underwriting & Claims Management	Ireland & United Kingdom

Table 9: List of outsourcers

B.8 Any other information

The Company continuously aims to improve its compliance and governance systems by ensuring that they are reviewed, evaluated, and recommendations are made to the Board regarding enhancing and developing the systems, including the outcomes from compliance monitoring programmes, root cause analysis and complaints, breaches and risk events, and incremental development as the systems mature.

The Company's Governance and Control policy requires the Company to undertake a review of its Systems of Governance on an annual basis. This exercise was undertaken in 2020 by the Risk Function supported by the Finance Department and Internal Audit. This review considers a five years cycle testing plan, covering both the design effectiveness and the operating effectiveness of the framework. The Company concluded that its System of Governance is designed appropriately and operating effectively in all material respects.

C. Risk Profile

C.1 Summary of Risk Profile

The Company's principal activity is the transaction of property, motor, liability and marine insurance business on the island of Ireland. As a result, the main risks and therefore drivers of the risk capital requirement are insurance-related risk. The Company's strategic position is to maintain and expand its underwriting portfolio through accepting exposures at economic prices and providing good value and quality service to its policyholders.

Within the Company, risk is measured and steered based on the Internal Model, which derives risk capital assuming a 1-in-200 year deterioration in Own Funds.

Risk management of operating performance is addressed through a system of corporate planning and budgetary control together with monthly and quarterly management accounting processes. The Board-approved risk appetite framework requires the Company to maintain risk appetite metrics in order to provide an early warning in relation to events that could threaten the ability of the Company to meet its corporate objectives and are reported to the Board on a quarterly basis. They also define a range of limits covering all risk categories, and any breaches of these limits require a remediation plan which must be approved by the RiCo.

No material risk has been transferred to special purpose vehicles and the Company has no material exposure arising from off-balance sheet positions.

C.2 Detailed Overview by Risk Category

C.2.1 Underwriting Risk

Risk Exposure

The general insurance underwritten by the Company is both of a short-tail nature such as motor, household and commercial property business and longer-tail in the form of commercial liability, guarantee and marine business.

The Internal Model is the key measure used to assess underwriting risk. No material change has occurred to this measure during 2020.

The Company uses reinsurance to mitigate underwriting risk within a defined risk appetite, to protect its solvency and to improve the efficiency of its use of capital.

Underwriting risk, continually assessed by management, is primarily made up of the following risk types:

- Reserve risk;
- Premium risk:
    - Premium non-catastrophe ("non-cat") risk;
    - Natural catastrophe ("nat-cat") risk; and
    - Terror risk

Further details have been included about these below:

C.2.1.1 Reserve risk

The projection of outstanding losses is based upon the Company's historical experience. It is a key assumption that this historical data will be predictive of the future loss reporting and claims development of the Company. These projections are predominantly based on the following accepted actuarial reserving methods:

- Paid Loss Development Method;
- Incurred Loss Development Method;
- Expected Loss Ratio Method;
- Paid Bornhuetter-Ferguson Method; and
- Incurred Bornhuetter-Ferguson Method.

The final selected loss estimates are based on a judgemental consideration of the results of each method and qualitative information such as that provided in meetings with experts in various other departments. The choice of method to estimate ultimate losses considers, among other things, the line of business, the number of years of experience and the accident year being developed. The impact of extraordinary events such as COVID-19 on reserving levels and methods is also taken into account.

There are instances where past data is not appropriate or where no data exists to project. These include recent accident years where the claims experience has not yet emerged, process changes leading to uncertainty over future development patterns and lines of business where past data is not available. In these cases, explicit assumptions are made about the level of claims inflation and expected changes in claims frequency. The booked claims provision includes a qualitative reserve on top of the actuarial best estimate reserves.

Reserve risk measures the volatility of the best estimate reserves that are held to cover claims resulting from past events that have not yet been settled, over a one-year time horizon. Motor and liability business are the key drivers of reserve risk capital. Most reserve risk capital is held in respect of the longer-tail injury lines of business, for which the ultimate claims settlement amounts are subject to considerable uncertainty due to changes in the claims environment.

C.2.1.2 Premium risk

Premium risk measures the volatility of underwriting profitability over a one-year time horizon. Motor business is the most significant contributor to premium non-cat risk capital, followed by property and liability business.

The premium nat-cat and terror risk types are not considered to be material compared with premium non-cat risk.

C.2.1.2 Risk Concentration

The Company aims to maintain a balanced risk profile, writing various types of non-life insurance risks - including property, motor, liability and marine business - across different customer segments within the Republic of Ireland and

Northern Ireland. Management of concentrations (including reinsurance concentrations) is discussed in the risk mitigation section below, as well as in Section C.4 ("Risk Diversification").

C.2.1.3 Risk Mitigation

The Company mitigates underwriting risks in line with the defined risk appetite as described in the following:

- Mitigation of risks relating to reserving, including latent claims:

Close monitoring is performed of claims settlement averages and savings or deteriorations on settlements. Actuarial management meet regularly with internal claims management and external professional society peer groups to discuss claims handling and developments in the external claims environment. The Head of Actuarial Function provides an annual statutory actuarial opinion on the level of reserves / technical provisions, and an annual third party expert review by reputable firms of consulting actuaries to report on reserving adequacy is also commissioned.

The risk of unanticipated latent claims, or adverse developments arising from the Company's historic portfolio of liabilities, is reviewed at periodic actuarial and claims meetings. The emergence of new types of claims is monitored on an ongoing basis and such claims are fully reserved for.

Specific assumptions relating to the calculation of the claims reserves are reviewed at the quarterly Reserving Committee meetings.

- Mitigation of risks relating to underwriting:

The Company's underwriting strategy and acceptance criteria are communicated through comprehensive underwriting guidelines which are adhered to on a strict basis. Risk acceptance is controlled through structured delegated underwriting authority limits (DUA's) for underwriting staff. DUA's are allocated based on business needs and appropriate skill sets and are reviewed regularly.

- Mitigation of risks relating to pricing:

Actuarial management conduct regular reviews of rating changes on renewals and new business compared to budget. They evaluate whether a product's price covers both its costs and the required profit and risk margins. Frequent tracking of product profitability against target loss ratios is also performed.

- Mitigation of risks relating to claims management:

As with underwriting, claims registration and estimation is governed by strict guidelines and procedures. These include formal regular claims estimate review processes, regular training of personal injury and damage staff and regular reviews of large cases by senior management.

At an overall level, monitoring of average settlement costs and a legal panel help ensure that claims are not being settled too expensively. Senior claims management apply a proactive approach in monitoring developments in the internal claims handling process and the external claims environment for trends that have the potential to impact the Company.

- Mitigation of risks relating to reinsurance concentration and significant weather events or catastrophes:

Reinsurance strategy and the extent of cover are reviewed annually by the Reinsurance Committee, the RiCo and the Board of Directors to ensure that the levels of protection being purchased are sufficient in relation to developments in exposure and are within the risk appetite of the Company. These reviews are supported through sophisticated modelling techniques used by the Company as part of the Internal Model together with actuarial and risk management input. The required reinsurance cover is placed only with reinsurers that meet Allianz Group counterparty requirements as manifested in the reinsurer security listing which is updated annually. Catastrophe reinsurance protecting the Company's risk portfolio against significant windstorm and other natural hazards is purchased based on the outputs of sophisticated probabilistic catastrophe models.

C.2.1.4 Risk Sensitivity

Please refer to Section C.5 for a description of the stress and scenario tests performed on the most material risks on a quarterly basis. For underwriting risk, these include 1-in-5 year stresses on both the net underwriting result and the net reserve deterioration. Additional underwriting risk deteriorations are considered as part of the Top Risk Assessment.

C.2.2 Market Risk

Risk Exposure

Market risk is the risk of loss arising due to changes in market prices or parameters influencing market prices. This includes changes in market prices due to a worsening of market liquidity.

The Company has invested in fixed income products, derivatives, collective investment schemes, private equity limited partnerships and loans. These investments are subject to market risk whereby the value of the investments may fluctuate as a result of changes in market prices, changes in market interest and inflation rates or changes in the foreign currency rates of the currency in which the investments are denominated.

The Internal Model is the key measure used to assess market risk. No material change has occurred to this measure during 2020.

The sub-sections below provide further details with regard to each individual market risk type:

C.2.2.1 Interest Rate Risk

The Company's assets held for investment purposes are used to match the insurance liabilities and shareholders' funds. The fair values of the Company's liabilities and fixed interest security assets depend on interest rate term structures and are therefore exposed to adverse yield developments. Since asset and liability cash flows cannot be perfectly matched, e.g. due to the timing of cash-flows, the Company is exposed to interest rate risk. The average duration of the fair value insurance liabilities is low and, as such, the SCR of the Company is not highly-sensitive to interest rate movements.

C.2.2.2 Foreign Exchange (FX) Risk

FX risk is the risk that fluctuations in exchange rates may lead to a material change in the value of currency assets and liabilities. FX risk is not significant as most business is transacted in euro, and the Company has a policy of matching its non-euro currency liabilities with assets of the same currency denomination on an economic basis. The net currency exposure is reviewed monthly in arrears and surpluses or deficits are addressed through the purchase and sale of currency.

C.2.2.3 Inflation Risk

As an insurer, the Company is exposed to changing inflation rates, predominantly due to the inflation of pension obligations. In addition, inflation of claims costs (driven by price, wage and court-award inflation) leads to increased liabilities. This is managed by investing in inflation-linked bonds and derivatives.

C.2.2.4 Credit Spread Risk

Our Company's internal risk capital framework allows for the risk of declining market values for its fixed income assets; such as bonds, due to the widening of credit spreads. The key drivers of credit spread risk capital are credit rating and the duration of fixed income assets.

C.2.2.5 Equity Risk

Equity risk is the risk that the value of investments may fluctuate as a result of changes in equity prices.

The Company sold its publicly-traded equity portfolio during 2020 to protect the investment portfolio against further equity market downturns in light of the COVID-19 pandemic.

C.2.2.6 Real Estate Risk

Real estate risk is the risk that arises from the possibility that changes in real estate values may affect the value of the portfolio.

C.2.2.2 Risk Concentration

The main market risk concentration for the Company is credit spread and inflation. The investment strategy is primarily focused on fixed income instruments and the fixed income portfolio is broadly diversified.

C.2.2.3 Risk Mitigation

The extent of the exposure to market risk is mitigated by the formulation of, and adherence to, clearly defined investment policy statements which are regularly reviewed and approved by the Board of Directors. Limits are set in relation to the magnitude and nature of risk exposures which can be undertaken. These guidelines are subject to strict internal controls and reporting procedures and are monitored by both the Investment and Finance Committees, which are chaired by the Chief Executive Officer and include other senior management members as well as members of the Board of Directors.

In addition, the employment of appropriately qualified and experienced personnel to manage the Company's investment portfolio and the contractual appointment of external investment experts also serves to mitigate the risks. The Company has not changed the processes used to manage its risks relative to previous periods.

Below is some detail on the key risk mitigation techniques and the processes for monitoring their continued effectiveness, by individual market risk type:

- **Interest rate** risk is managed, in the main, by matching the average duration of the fixed interest debt securities held to the average duration of the fair value insurance liabilities that they support;
- **FX risk** is managed through the Company's policy of matching its non-euro currency liabilities with assets of the same currency denomination on an economic basis;
- **Inflation** assumptions are taken into account in the Company's product development and pricing processes, and the risk of changing inflation rates is reflected in the Internal Model and managed by investing in inflation-linked bonds;
- **Credit spread** risk is managed by selecting assets with a strong credit rating;
- **Equity** risk is managed by strict adherence to investment policy statement guidelines detailing strong-quality quoted stock indices as benchmarks, together with specified tolerances for benchmark deviations and concentration risk. Strict procedures are also followed in the event of investing in unquoted stocks. The Company sold its publicly-traded equity portfolio during 2020 to protect the investment portfolio against further equity market downturns in light of the COVID-19 pandemic; and
- **Real estate** risk is managed by strict adherence to investment policy statement guidelines detailing target returns as benchmarks, together with specified tolerances for benchmark deviations and concentration risk.

Market risk in respect of pension assets and liabilities is managed similarly by the Trustees within the pension scheme

C.2.2.4 Risk Sensitivity

Please refer to Section C.5 for a description of the stress and scenario tests performed on the most material risks on a quarterly basis. For market risk, these include stresses on equities, real estate, interest rates, credit spreads and combined market shocks. Additional market risk deteriorations are considered as part of the Top Risk Assessment.

C.2.3 Credit Risk

Risk Exposure

Credit risk is defined as the potential economic loss in the value of the Company's portfolio due to changes in the credit quality of its coun¬terparties ("migration risk") or the inability or unwillingness of counterparties to fulfil contractual obligations ("default risk"). Key areas where the Company is exposed to credit risk are:

- **Investment credit risk:** Counterparty risk in respect of debt securities, cash and cash equivalents;
- **Reinsurance credit risk:** Reinsurers' share of insurance liabilities and amounts due from reinsurers in respect of claims already paid; and

- **Other counterparty credit risk:** Amounts due from insurance intermediaries and other policyholders, either through normal credit terms or other instalment billing.

Credit spread risk is excluded from the scope of credit risk and is managed as part of the market risk module.

The Internal Model is the key measure used to assess credit risk. No material change has occurred to this measure during 2020.

Credit risks were not subject to any material changes during 2020.

Risk Concentration

Details of credit risk concentrations have been provided below:

- **Investment credit risk:** Please refer to Section C.2.2.2 (Risk Concentration) above.
- **Reinsurance credit risk:** Concentrations of reinsurance credit risk do exist due to the specialised nature of reinsurance; however, the debt profile and exposure are actively managed. Due to the quota share agreement, Allianz Re Dublin dac holds 83% of total net reinsurance exposure as at the 31st of December 2020. Other than Allianz Re Dublin dac, only Allianz Global Corporate & Specialty holds balances in small excess of 5% of total net reinsurance exposure as at the 31st of December 2020.
- **Other counterparty credit risk:** There are concentrations of risk in relation to the intermediaries through which the Company distributes its business, but the Company believes that the Central Bank of Ireland's rules in relation to separate client bank accounts and the Financial Conduct Authority's Client Asset rules greatly mitigate this risk.

Risk Mitigation

Controls in place to mitigate credit risk include the following:

Investment credit risk: As part of the investment policy statements, all developed market debt must be rated "BBB-" (or "B-" for emerging market debt) or better at the time of purchase. Additional concentration risk limits are defined, including those for individual issues, issuers and country exposures.

The Company controls its exposures to loans and receivables according to a series of credit risk policies that reflect the individual considerations of the risk categories. These policies are supported by a series of procedures (e.g. counterparty assessment processes) and limits (e.g. investment and bank counterparty limits), which are designed to ensure that the Company's appetite for risk is not exceeded.

Reinsurance credit risk: Reinsurance is used to manage insurance risk. Reinsurance does not, however, discharge the Company's liability as primary reinsurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder.

Reinsurance security is limited to a small number of highly-regarded reinsurers that offer the best long-term security. Reinsurance is only placed with companies that meet the Allianz Group's security criteria.

At the 31st of December 2020, 98% of net reinsurance exposure related to companies with a credit rating of A or better.

Other counterparty credit risk: Insurance receivables are closely monitored via the credit control process. For amounts due from intermediaries, credit terms are applied which are determined by a range of factors including the type of business, size of account and financial standing. Intermediaries are obliged to return annual accounts to the Central Bank of Ireland and to the Financial Conduct Authority for inspection to assess their financial status as they are directly regulated firms.

In addition, the majority of intermediaries are affiliated to broker representative organisations who insist that their members are adequately bonded. Business dealt with on a direct basis is on a "cash only" basis and no credit is extended. Provisions are made where there is a doubt over the recoverability of any balance.

For policyholders, credit is managed so that the amount due is matched to the unexpired risk. Where amounts fall outside credit terms, a full range of credit control procedures is applied. Where these are not successful, the debt is impaired.

Risk Sensitivity

Please refer to Section C.5 for a description of the stress and scenario tests performed on the most material risks on a quarterly basis. Additional credit risk deteriorations (e.g. reinsurance credit risk) are considered as part of the Top Risk.

C.2.4 Liquidity Risk

Risk Exposure

Liquidity risk is the risk that the Company may be unable to meet payment of obligations in a timely manner at a reasonable cost. The Company is exposed to daily calls on its cash resources, mainly from claims.

The principal objective of the Company's treasury function is to ensure that sufficient funding is available at an optimal cost and net cash-flows are monitored on a daily basis. The majority of the Company's financial liabilities, excluding claims outstanding and deposits received from reinsurers, fall due within one year and the Company has sufficient liquidity to meet its requirements. No material change occurred to the liquidity profile of the Company during 2020.

Risk Concentration

There are no significant liquidity risk concentrations within the Company portfolio at year-end 2020.

Risk Mitigation

Liquidity risk is managed in line with the Company's Liquidity Risk Strategy and Policy. The relationship between cash-flow needs and cash-flow sources is monitored prospectively on a quarterly basis as part of the Board-approved risk appetite framework. The Company's Liquidity Risk Strategy and Policy defines the risk management process for managing liquidity cost.

The Company's stock of liquid assets is set out in investment parameters approved by the Board and is maintained at a level considered sufficient to meet both normal and abnormal trading condition requirements and to ensure that a contingency plan is in place to mitigate the risk of extreme liquidity events.

Risk Sensitivity

Forward-looking stresses are performed on the "liquidity intensity ratio" (i.e. the ratio of cash-flow needs to cash-flow sources) over rolling time horizons of varying length between 1 week and 12 months. At year-end 2020, none of these stresses led to a material deterioration in the liquidity profile of the Company.

C.2.4.1 Expected Profits in Future Premiums

The expected profits in future premiums are not considered to be material for the Company due to the nature of non-life insurance business. While cash-flows from future premiums are an important consideration in assessing liquidity risk, the expected profits in these future premiums do not form a material part of this assessment.

C.2.5 Operational Risk

Risk Exposure

The Company defines operational risk as the risk of loss resulting from inadequate or failed internal processes and systems, from human misbehaviour or error and from external events. Operational risk includes legal and compliance risk and excludes strategic and reputational risk. Nevertheless, the management of operational risk is closely related to the management of reputational risk as reputational risks normally result from the occurrence of non-reputational risk events such as operational risks. Losses from operational risk may be in the form of additional expense, regulatory sanctions or legal settlements.

The Internal Model is the key measure used to assess operational risk. No material change has occurred to this measure during 2020.

Operational risks were not subject to any material changes during 2020.

Risk Concentration

The relevant functions of the Company are regularly involved in both the assessment of operational risks and the analysis of operational risk events. As such, potential structural weaknesses which affect the Company as a whole and may, under certain circumstances, indicate a concentration of operational risks, are identified in a timely manner. Depending on the necessity, pertinent counter-measures are taken within the scope of the risk management system so that the Company is not exposed to any material concentrations of operational risk.

C.2.5.3 Risk Mitigation

The Company seeks to manage its operational risk exposure and to minimise related financial losses through an Operational Risk Strategy and Policy, approved by the Board of Directors. The two primary and complementary methods of operational risk identification in place within the Company are the Integrated Risk and Control System (IRCS) and the Top Risk Assessment (TRA). The IRCS process is the Company's structured and formalised approach for ensuring that operational risks are identified, assessed, managed, mitigated and monitored. Through performance of the IRCS, the Risk Management Function oversees and supports the business functions with respect to the identification, assessment and mitigation of operational risks associated with the Company's business activities. The TRA is an annual process for the identification and assessment of all enterprise risks, some of which may be operational risks. The TRA is informed by the IRCS process and aims to identify 'top risks' which require the attention of senior management, as opposed to the IRCS which addresses risks at a business unit level.

The Company is regulated by the Central Bank of Ireland and must ensure that it conducts its business in accordance with regulatory requirements at all times. The Company has no appetite on an ongoing basis for regulatory compliance risk and for risk incidents or compliance incidents that impact materially on the reputation of the Company or its shareholders. The Company has controls in place to mitigate the key operational risk exposures and a regular reporting process established to provide assurance to the Board of Directors that controls are operating effectively in the Company and in compliance with regulatory requirements.

C.2.5.4 Risk Sensitivity

Deteriorations in key operational risk exposures are considered as part of the Top Risk Assessment. Furthermore, expert judgment is utilised to analyse important 1-in-20 year scenarios for the calibration of the Internal Model for operational risk.

C.2.6 Other Material Risks

Further details with regard to other material risk exposures have been provided below:

C.2.6.1 Pension Risk

Risk Exposure

The Company operates a defined benefit pension scheme which was closed to future accrual from the 31st of December 2015. The pension scheme trust, as required by the Pension Acts, is a separate legal entity from the Company. The Board of Trustees of the scheme has responsibility for the management and administration of the trust affairs and to act in the best interests of the members in accordance with the terms of the Trust Deed and Rules.

The Company is exposed to longevity risk, i.e. the risk that due to improving life expectancies, the current estimate of future pension liabilities might be insufficient. The Internal Model is the key measure used to assess longevity risk and the risk associated with the pension scheme in general.

Risk Concentration

There are no significant concentrations of risks within the pension scheme at year-end 2020.

Risk Mitigation

From a Company perspective, the financial and capital implication of operating the scheme is monitored by the Financial Reporting and Disclosure Committee. In addition, monitoring of pension risk is a standing agenda item at the quarterly RiCo meetings.

Risk Sensitivity

Please refer to Section C.5 for a description of the stress and scenario tests performed on the most material risks on a quarterly basis. For pension risk, these include stresses on interest rates and equities. Additional pension risk deteriorations are considered as part of the Top Risk Assessment.

C.2.6.2 Reputational Risk

Risk Exposure

The Company's reputation as a well-respected and socially-aware insurance provider is influenced by its behaviour in a range of areas such as product quality, corporate governance, financial performance, customer service, employee relations, intellectual capital and corporate responsibility. Reputational risk is the risk of an unexpected drop in the value of the Allianz SE share price, the value of the in-force business or the value of future business caused by a decline in the reputation of Allianz Group or one or more of its specific operating entities from the perspective of its stakeholders.

No material changes occurred to the level of reputational risk during 2020.

Risk Concentration

There are no significant reputational risk concentrations within the Company at year-end 2020.

Risk Mitigation

Reputational risk management decisions are integrated into the overall risk management framework and reputational risks are identified and assessed as part of the processes for the Top Risk Assessment and the Integrated Risk and Control System, during which senior management also decides on a risk management strategy and related actions.

Risk Sensitivity

Deteriorations in reputational risk exposures are considered as part of the Top Risk Assessment and the Integrated Risk and Control System.

C.2.6.3 Strategic Risk

Risk Exposure

Strategic risk is the risk of an unexpected negative change in the value of the Company, arising from the adverse effect of management decisions regarding business strategies and their implementation.

No material changes occurred to the level of strategic risk during 2020.

Risk Concentration

There are no significant strategic risk concentrations within the Company at year-end 2020.

Risk Mitigation

Strategic objectives are discussed and agreed with the main shareholder (Allianz SE) and with the Board of Directors on an annual basis as part of the strategic and planning dialogues. The Company's strategy is aligned with the amount of risk that the Board is willing to accept. This is further outlined in the Risk Appetite Framework which is approved by the Board annually.

Once the strategy is approved, there is a strong control process in place that incorporates constant and regular monitoring of implementation success and adherence to the Board-approved risk appetite. Strategic risks are also covered as part of the Top Risk Assessment process.

Risk Sensitivity

Deteriorations in strategic risk exposures are considered as part of the Top Risk Assessment.

C.3 Prudent Person Principle

Allianz Group has set up a comprehensive risk management framework in order to promote a strong risk management culture. This framework is laid down in the Allianz Corporate Rules Book and implemented for the Company through appropriate local policies where there are no conflicts from a local legal and regulatory perspective. The guiding principle for investment risk management is the Prudent Person Principle (Article 132 of the Solvency II EU Directive).

The Prudent Person Principle comprises both a portfolio and a single-investment dimension:

- All assets need to be invested to ensure the quality, security, liquidity, profitability and availability of the investment portfolio as a whole. This also includes the need to structure the investment portfolio appropriately in accordance with the nature and duration of insurance liabilities covered with these assets.
- Assets are only admissible if the investors can properly identify, measure, monitor, manage, control, report their risks and appropriately integrate them into their solvency assessment.

Additionally, the Prudent Person Principle lays down criteria for the quality of processes and the qualifications of the people working in the Investment Management Function.

C.3.1 Portfolio Dimension of the Prudent Person Principle

The Strategic Asset Allocation (SAA) defines the long-term investment strategy for the overall investment portfolio. The SAA is based on a detailed asset-liability analysis that respects the financial frame of the Company. The financial

frame comprises a consistent set of all investment-relevant Key Performance Indicators (KPIs), e.g. the degree of asset-liability cash-flow match, the Solvency Capital Ratio in the Internal Model and limits on financial risks, as well as a mid-term view of their development and impact.

When setting up the SAA, care is taken to ensure an adequate target level of quality and security (e.g. ratings, collateral, etc.) together with a sustainable return as well as sufficient liquidity and availability of the investment portfolio as a whole.

This ex-ante assessment is substantiated by an ongoing adherence to the SAA (including leeways and limits) in the investment process and an ex-post monitoring in order to allow for corrective action in case of target deviations.

In addition to the general asset class limits set by the SAA, the Company's risk management framework imposes consistent and well-balanced limits on investment risks and financial risks arising from all types of assets and counterparty exposures, and addressing both market and credit risk factors.

The Allianz Board of Directors has adopted the Allianz Group Financial Limit Framework for limit-setting via the Company's Risk Appetite Framework. The Board has delegated the authority for limit approval to the RiCo. All limits are subject to annual review and approval.

Further information on the Company's investment portfolio composition can be found in Section A.3.

C.3.2 Single-Investment Dimension of the Prudent Person Principle

To ensure that single investment decisions adhere to the Prudent Person Principle, Allianz Ireland and Allianz Group have:

- specified a catalogue of routine investments (Standard Investment List); and
- set up a New Financial Instrument (NFI) process for non-routine investments.

The Standard Investment List relates to investments that are performed on a regular basis for a considerable period of time, are adequately catered for in internal processes and IT systems and for which the entity has thorough investment expertise. Standard Investments constitute the basis of each insurance portfolio.

Before performing any investment of a non-routine nature, the NFI process must be adhered to in order to assess, in particular, the ability to manage all investment-specific risks, the consistency with policyholders' interests and the impact of the relevant investment on the quality, security, liquidity, profitability and availability of the whole portfolio.

C.3.3 Special governance regarding the use of derivatives

Derivatives in the insurance portfolios are only allowed insofar as they contribute to a reduction of risks or facilitate efficient portfolio management.

The use of investment portfolio derivatives must always take place within an approved derivative strategy that defines motivation, background and scope, risks addressed by the strategy, eligible instruments, limits for steering and appropriate risk control (e.g. via netting, collateral and avoidance of counterparty concentrations), and countermeasures in the event that a limit is reached.

Details are governed by the Allianz Functional Rules for Derivatives.

C.4 Risk Diversification

Diversification typically occurs in the context of combined risks that are not, or only partly, dependent on each other. This may be the case for risks in different regions, different entities or for different types of risks. For example, an operational risk event can be regarded as highly independent of a change in credit spreads.

Diversification is a key element in managing risks efficiently by limiting the economic impact of any single event and by contributing to relatively stable results and risk profile in general. Therefore the aim is to maintain a balanced risk profile without any disproportionately large risk concentrations and accumulations. The monitoring of concentrations and accumulations of non-market risks is carried out on a standalone basis (i.e. before diversification effects) within a limit framework in order to avoid substantial losses from single events such as natural catastrophes, terror or credit events. Also, avoiding concentration risk in the asset portfolio is a key principle of the Prudent Person Principle.

Given that the Company transacts property, motor, liability and marine insurance business within both the Republic of Ireland and Northern Ireland, diversification is key to its business model. Also, significant diversification occurs between the non-life and pension portfolios due to low correlations between the relevant risk factors. The level of diversification within the non-life and pension portfolios and at the overall portfolio level is monitored on an ongoing basis.

C.5 Stress and Scenario Testing

For each risk category and risk type, the Company has estimated the risk capital over a range of return periods. This analysis shows that reserve risk is the key risk for the Company at all return-periods. Other key risks on a standalone basis include premium non-cat, credit spread and real estate risk.

As part of the quarterly reporting to the RiCo, the Company performs stress and scenario tests on the risks which are deemed to be the most material, i.e. primarily the risks outlined above. These stress and scenario tests have been carried out as at year-end 2020 and the solvency coverage ratio has been re-assessed and compared with the risk appetite thresholds in each case. A brief summary of the scenarios has been provided below:

- **Equity:** 30% decrease in equity markets;
- **Real Estate:** 30% decrease in real estate values;
- **Interest Rates Up:** 100 basis points (bps) increase in interest rates;
- **Interest Rates Down:** 100 bps decrease in interest rates;
- **Credit Spread Up:** 100 bps increase in credit spreads across all rating curves, including subsequent effects on the Volatility Adjustment (VA) benefit;
- **Underwriting (Non-Cat and Nat-Cat):** Combination of the 1-in-5 year non-cat loss and the €10m nat-cat retention limit;
- **Reserve Strengthening:** 1-in-5 year net reserve deterioration;
- **Combined Market:** Combined market stress consisting of a -50 bps interest rates shock, -30% equity shock, -5% real estate shock and a rating-specific credit spread shock accounting for more severe hits to lower than higher-rated investments (including subsequent effects on the VA benefit);
- **Non-Financial Shock:** 1-in-5 year non-financial shock stemming from insurance, business, longevity and operational risk

At year-end 2020, only the 1-in-5 year non-financial shock (which has a significant impact on non-life insurance liabilities) would have reduced the solvency coverage ratio below the amber risk appetite threshold of 128%. Given the nature and risk profile of the Company, the second and third most severe tests after this were the credit spread up and 1-in-5 year reserve strengthening scenarios.

As part of the ORSA process, the solvency coverage impacts of the above stress and scenario tests, as well as stresses on a range of key corporate plan and capital modelling assumptions, are assessed over the business planning horizon on an annual basis. This helps management to understand the sensitivities of the Company's solvency coverage to these stress events and to plan accordingly.

C.6 Any other information

All material information regarding the risk profile of the Company has been provided above.

D. Valuation for Solvency Purposes

In order to compare the assets as reported in the Financial Statements based on FRS 101 and the Solvency II Market Value Balance Sheet figures, the FRS 101 data is remapped to the MVBS line-item structure. The classes shown below are therefore the same as used in the Solvency II Market Value Balance Sheet. The aggregation is based on the nature and function of assets and their materiality for solvency purposes. The recognition and valuation rules used for preparing the financial statements under FRS 101 and those used to value assets and liabilities for solvency purposes are described in the paragraphs below.

D.1 Assets

D.1 Assets	FRS 101	Reclassification adjustments	Solvency II valuation adjustments	Solvency II
1. Goodwill				
2. Deferred acquisition costs	50.3	0.0	(50.3)	0.0
3. Intangible assets				
4. Deferred tax assets	5.6	(5.6)	0.0	0.0
5. Pension benefit surplus	46.2	6.9	0.0	53.1
6. Property, plant and equipment held for own use	42.1	0.0	(8.9)	33.2
7. Investments(other than assets held for index/unit-linked)	1,720.9	26.3	0.0	1,747.2
7.1 Property (other than for own use)				
7.2 Holding in related undertakings, including participation				
7.3 Equities	13.0	0.0	0.0	13.0
7.3.1 Equities – listed				
7.3.2 Equities – unlisted	13.0	0.0	0.0	13.0
7.4 Bonds	1,512.0	26.3	0.0	1,538.3
7.4.1 Government Bonds	428.1	2.3	0.0	430.4
7.4.2 Corporate Bonds	1,083.9	24.0	0.0	1,108.0
7.4.3 Structured notes				
7.4.4 Collateralised securities				
7.5 Collective Investments Undertakings	170.4	0.0	0.0	170.4
7.6 Derivatives	6.3	0.0	0.0	6.3
7.7 Deposits other than cash equivalents	19.2	0.0	0.0	19.2
7.8 Other investments				
8. Assets held for index-linked and unit-linked contracts				
9. Loans and mortgages	55.2	(17.0)	0.4	38.6
9.1 Loans on policies				
9.2 Loans and mortgages to individuals				
9.3 Other loans and mortgages	55.2	(17.0)	0.4	38.6
10. Reinsurance recoverables from:	842.2	(5.8)	(52.4)	784.0
10.1 Non-life and health similar to non-life	842.2	(5.8)	(52.4)	784.0
10.1.1 Non-life excluding health	837.1	(5.8)	(52.3)	779.0
10.1.2 Health similar to non-life	5.1	0.0	(0.1)	5.0
10.2 Life and health similar to life, excl. health/index-lin	0.0	0.0	0.0	0.0
10.2.1 Health similar to life				
10.2.2 Life excl. health and index-linked and unit-linked				
10.3 Life index-linked and unit-linked				
11. Deposits to cedants				
12. Insurance and intermediaries receivables	127.7	(125.7)	0.0	2.0
13. Reinsurance receivables	0.1	0.0	0.0	0.1
14. Receivables (trade, not insurance)	14.7	(9.3)	0.0	5.4
15. Own shares (held directly)				
16. Amounts due in respect of own fund item or initial funds				
17. Cash and cash equivalents	14.4	0.0	0.0	14.4
18. Any other assets, not elsewhere shown				
Total assets	2,919.4	(130.2)	(111.2)	2,678.0

Table 10: Comparison of MVBS and FRS 101 balance sheet – Assets

D.1.1 Goodwill

Goodwill is not applicable for the Company.

D.1.2 Deferred Acquisition Costs

Under FRS 101, Deferred Acquisition Costs (DAC) represent the proportion of commission and management expenses which are attributable to unearned premiums. These costs are deferred and amortised on the same basis as related premiums are earned. In the MVBS, cash flows relating to DAC are included in the best estimate of the technical provisions and are not recognised separately on the asset side in contrast to FRS 101. For further details, please refer to the section on Technical Provisions.

D.1.3 Intangible Assets

This line item includes intangible assets other than goodwill. Intangible assets are non-monetary assets without physical substance. Under FRS 101, intangible assets are measured at amortised cost. They are only recognised in the MVBS when they are separable and there is evidence of exchange transactions for the same or similar assets, indicating it is saleable in the market place. They are measured at fair value with their market price. No intangible assets are recognised in MVBS at year end 2020.

D.1.4 Deferred Tax Assets

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognised in line with IAS 12 only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be future taxable profits available against which the temporary differences can be utilised.

D.1.5 Pension Benefit Surplus

Pension benefit obligations are measured in accordance with IAS 19 as the Company considers the valuation method according to IAS 19 the most appropriate valuation under Solvency II.

Allianz p.l.c. operates a defined benefit pension scheme for qualifying employees. The scheme closed to future accrual of benefits on 31 December 2015 and from 1 January 2016 pension benefit is delivered to all qualifying employees through a defined contribution pension scheme.

The defined benefit scheme is a funded pension scheme governed by a trust deed. The trustees of the scheme are required by law to act in the best interests of members and are responsible for setting certain policies, e.g. investment policy, of the scheme. An actuarial valuation of each of the scheme's obligations using the projected unit method and a fair valuation of each of the scheme's assets is performed annually by external actuaries in accordance with the requirements of FRS101.

Defined benefit plans

The following table sets out the defined benefit obligation and the fair value of plan assets:

	2020 €'m	**2019 €'m**
Fair Value of plan assets	436.3	418.9
Defined benefit obligation	(383.2)	(379.2)
Related deferred taxation liability	(6.9)	(5.0)
Net Defined Benefit Balance	46.2	34.7

Table 11: Changes in defined benefit obligation

The chart below shows the current asset allocation:

as of 31 December	2020 €'m	2020 %	2019 €'m	2019 %
Equity securities	38.9	8.9	35.1	8.4
Debt securities	395.9	90.7	373.0	89.2
Real estate	7.7	1.8	8.2	2.0
Other	(6.2)	(1.4)	1.8	0.4
Total	436.3	100.0	418.1	100

Table 12: Asset allocation

The actuarial valuation is dependent upon a series of assumptions, the key assumptions being discount rates and rate of pension increases as follows:

	2020 %	2019 %
Rate of increase in pensions in payment	1.4	1.4
Discount rate	0.8	1.1

Table 13: Actuarial assumptions

There are no valuation differences between FRS101 and MVBS values, but the MVBS presentation excludes deferred tax which has been reclassified to item 4. Deferred Tax Liabilities.

D.1.6 Property, plant and equipment held for own use

Property, plant and equipment held for own use includes tangible assets which are intended for permanent use and is measured at cost less depreciation and accumulated impairment losses in FRS101. Under Solvency II guidelines property, plant and equipment must be measured at economic fair value. The economic fair value for the property, plant and equipment is considered to be immaterial. The company adopted IFRS 16 Leases retrospectively from 1 January 2019. Lease contracts are recognised on the statement of financial position as tangible assets and other creditors for lease payments.

D.1.7 Investments

Property (other than for own use)

Property (other than for own use) is not applicable for the Company.

Equities

This category includes private equity fund investments of €13.0m (2019: €13.4m) which are measured at fair value in accordance with IAS 39. The fair value of private equity funds are delivered as net asset values by the fund managers. The net asset values are calculated using industry-specific valuation methods. Allianz plc has only limited insight into the specific inputs used by the fund managers and hence a narrative sensitivity analysis is not applicable. There is no difference between FRS 101 and MVBS values.

Bonds

This category includes government and corporate bonds. Government bonds are bonds issued by public authorities, e.g. central governments, supra-national government institutions, regional governments or municipal governments. Corporate bonds include bonds issued by corporations and covered bonds which are backed by cash flows from mortgages or public sector loans. All financial assets as defined in IAS 39 are valued at fair value.

As at 31 December 2020 in €'m:

€'m	FRS 101	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II Values
7.4.1 Government Bonds	428.1	2.3	-	430.4
7.4.2 Corporate Bonds	1,083.9	24.0	-	1,108.0
7.4.3 Structured notes	-	-	-	-
7.4.4 Collateralised securities	-	-	-	-
Total Bonds	1,512.0	26.3	-	1,538.3

As at 31 December 2019 in €'m:

€'m	FRS 101	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II Values
7.4.1 Government Bonds	387.1	2.7	-	389.8
7.4.2 Corporate Bonds	963.2	17.0	-	980.2
7.4.3 Structured notes	-	-	-	-
7.4.4 Collateralised securities	-	-	-	-
Total Bonds	1,350.3	19.7	-	1,370.0

Table 14: Table of Company bonds

Their fair values are based on quoted bid prices on an active market. Fair values for unlisted securities, if held, are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. There is no valuation difference between FRS 101 and MVBS for bonds, but the MVBS presentation includes accrued income which has been reclassified from item 14. Receivables (trade, not insurance).

Investment funds

Investment Funds are defined as undertakings for collective investment in transferable securities in an alternative investment fund as defined in Article 4(1) of Directive 2011/61/EU. Investment Funds mainly include stock funds, debt funds, and real estate funds. All financial assets as defined in IAS 39 are valued at fair value.

The fair value of Investment Funds of €170.4m (2019: €232.9m) is mainly determined by quoted market prices.

There is no valuation difference between FRS 101 and MVBS for Investment funds

Derivatives

Derivatives are classified as Held for Trading (HFT) unless they have been designated as hedges. The derivatives are over the counter (OTC) and the majority are related to an executive incentive scheme with the remainder relating to FX forward contracts. The derivatives were put in place to protect against the associated liability recorded in the balance sheet. All derivatives are held at fair value in line with IAS 39. Fair values are obtained from quoted prices prevailing in active markets where available. Otherwise, valuation techniques including discounted cash flow analysis and option pricing are used to value the instruments. Gains and losses arising from HFT derivatives are recognised in investment return or investment charges in the profit and loss account.

There is no difference between FRS 101 and MVBS values.

Deposits other than cash equivalents

Deposits other than cash equivalents include short-term investments measured at nominal amount as the nominal value is considered as a good proxy for the fair value within the materiality and proportionality principles. All financial assets as defined in IAS 39 are valued at fair value.

There is no valuation difference between FRS 101 and MVBS.

Other investments

Other investments are not applicable for the Company.

D.1.8 Assets held for index-linked and unit-linked funds

Assets held for index-linked and unit-linked funds are not applicable for the Company.

D.1.9 Loans and Mortgages

As per 31 December 2020 Allianz plc held €55.3m (2019: €25.6m) in Loans and Mortgages. Loans and mortgages are measured at amortized cost using the effective interest method under FRS 101 while they are measured at their fair value in the MVBS. One instrument, a profit participation note valued at €17.1m, has been reclassified from a loan under IFRS to a corporate bond in line with EIOPA requirements for registered bonds and promissory notes.

D.1.10 Reinsurance recoverables

For details on reinsurance recoverable refer to the section on Non-Life Technical Provisions D.2.4.Reinsurance recoverables.

Non-life and health similar to non-life

See comment above (D.1.10).

Life and health similar to life, excl. health/index-linked

Life and health similar to life, excl. health/index-linked is not relevant for the Company.

Life index-linked and unit-linked

Life index-linked and unit-linked is not relevant for the Company.

D.1.11 Deposits to cedants

Deposits to cedants are not relevant for the Company.

D.1.12 Insurance and intermediaries receivables

Insurance and intermediaries receivables include amounts due by policyholders, insurers, and others participating in the insurance business that is not included in cash inflows of technical provisions. For FRS 101 receivables from insurance and intermediaries are generally measured at their nominal amount with an adjustment for the probability of default of the counterparty. The nominal value is considered a good proxy for the fair value for Solvency II within the materiality and proportionality principles.

The difference between FRS 101 and MVBS relates to the recognition of certain premiums that are already included in receivables under FRS 101, while they are recognised within technical provisions in the MVBS. The insurance receivables under FRS 101 and MVBS can differ as the premiums are booked according to cash flows under Solvency II. On this basis, premiums written but not yet due (e.g. future payments or reinstatement premium) are not shown as receivables in the MVBS, like in FRS 101, but are included in the technical provisions.

D.1.13 Reinsurance receivables

Reinsurance receivables include amounts due by reinsurers that are linked to the reinsurance business but that are not reinsurance recoverables. They include receivables from reinsurers that relate to settled claims of policyholders or beneficiaries, payments in relation to other than insurance events or settled insurance claims. Reinsurance receivables are generally measured at their nominal amount with an adjustment for the probability of default of the counterparty. The nominal value is considered a good proxy for the fair value within the materiality and proportionality principles. There is no difference between FRS 101 and MVBS values.

D.1.14 Receivables (trade, not insurance)

Receivables (trade, not insurance) include amounts receivable from employees or various business partners and are not insurance-related. Receivables (trade, not insurance) are measured at nominal value with an adjustment for probability of default for counterparty risk under FRS 101 and MVBS, unless the market value deviates materially from the adjusted nominal value. Then, the market value is used in the MVBS.

As at 31 December 2020:

€'m	FRS 101	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II Values
Accrued Income	9.3	(9.3)	0.0	0.0
Tax recoverable	0.0	0.0	0.0	0.0
Other Debtors	5.4	0.0	0.0	5.4
Receivables (trade, not insurance)	**14.7**	**(9.3)**	**0.0**	**5.4**

As at 31 December 2019:

€'m	FRS 101	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II Values
Accrued Income	10.1	(10.1)	0.0	0.0
Tax recoverable	0.0	0.0	0.0	0.0
Other Debtors	12.4	0.0	0.0	12.4
Receivables (trade, not insurance)	**22.5**	**(10.1)**	**0.0**	**12.4**

Table 15: Breakdown of Receivables

D.1.15 Own shares

Not relevant for the Company.

D.1.16 Amounts due in respect of own fund item or initial funds

Not relevant for the Company.

D.1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. They are typically maturities of three months or less from the acquisition date and are subject to an insignificant risk of change in their fair value. Cash and cash equivalents are measured at nominal amount. The nominal value is considered a good proxy for the fair value within the materiality and proportionality principles.

D.1.18 Any other assets, not elsewhere shown

Any other assets, not shown elsewhere shown are not applicable for the Company.

D.2 Technical Provisions

D.2.1 Technical provisions per Aggregated-LoB as of 31 December 2020

The technical provisions are discounted using risk-free yield curves that include volatility adjustment The impact of including the volatility adjustment at year end 2020 was to reduce the technical provisions by c€1.8m. The following table shows the MVBS technical provisions gross of reinsurance recoverables as shown in QRT S.02.01.02:

€'m As at 31 December 2020	FRS 101	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II Values
19. Technical provisions - non life	1,579.5	(105.9)	(35.8)	1,437.8
19.1. Technical provisions - non-life (excluding health)	1,569.5	(105.5)	(36.3)	1,427.8
19.1.1 TP calculated as a whole				
19.1.2 Best Estimate	1,569.5	(105.5)	(65.4)	1,398.6
19.1.3 Risk margin	0.0	0.0	29.1	29.1
19.2. Technical provisions - health (similar to non-life)	9.9	(0.4)	0.5	10.0
19.2.1 TP calculated as a whole				
19.2.2 Best Estimate	9.9	(0.4)	0.3	9.8
19.2.3 Risk margin	0.0	0.0	0.2	0.2

€'m As at 31 December 2019	FRS 101	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II Values
19. Technical provisions - non life	1,482.1	(125.3)	(42.9)	1,313.9
19.1. Technical provisions - non-life (excluding health)	1,473.7	(124.8)	(42.3)	1,306.6
19.1.1 TP calculated as a whole	0.0	0.0	0.0	0.0
19.1.2 Best Estimate	1,473.7	(124.8)	(73.7)	1,275.2
19.1.3 Risk margin	0.0	0.0	31.4	31.4
19.2. Technical provisions - health (similar to non-life)	8.3	(0.5)	(0.6)	7.2
19.2.1 TP calculated as a whole	0.0	0.0	0.0	0.0
19.2.2 Best Estimate	8.3	(0.5)	(0.7)	7.1
19.2.3 Risk margin	0.0	0.0	0.1	0.1

Table 16: MVBS technical provisions on Aggregated-LoB basis

D.2.1.2 Description of the basis for the valuation of Best Estimate Liabilities and Risk Margin

For solvency purposes the technical provisions correspond to the current amount that the company would have to pay if it was to transfer its insurance obligations immediately to another (re)insurance undertaking. The calculation of technical provisions equals the sum of Best Estimate Liabilities and a Risk Margin, which are calculated separately. Further quantitative information can be found in Appendix H - QRT S.17.01.02.

2020 Line of Business	Gross Best Estimate Liability	Risk Margin	Recoverables from Reinsurance contracts and SPVs	Total Technical Provisions net of Recoverables
Motor	595.9	14.6	(330.5)	280.0
Fire and other damage to property insurance	167.2	2.9	(99.5)	70.6
General liability insurance	604.0	11.0	(328.9)	286.1
Marine, aviation and transport insurance	2.9	0.2	(2.8)	0.4
Other	38.4	0.6	(22.3)	16.7
Total	1,408.4	29.3	(784.0)	653.8

2019 Line of Business	Gross Best Estimate Liability	Risk Margin	Recoverables from Reinsurance contracts and SPVs	Total Technical Provisions net of Recoverables
Motor	620.7	15.3	(335.9)	300.1
Fire and other damage to property insurance	48.8	2.9	(48.1)	3.6
General liability insurance	570.8	12.4	(309.6)	273.7
Marine, aviation and transport insurance	5.4	0.2	(4.7)	0.9
Other	36.6	0.7	(22.1)	15.3
Total	1,282.3	31.6	(720.3)	593.6

Table 17: MVBS technical provisions by LoB

D.2.1.2.1 Best Estimate Liabilities (BEL)

- BEL are calculated for both in-force and bound but not incepted contracts at the valuation date.
- The BEL are defined as the probability-weighted average of the future cash flows, taking into account the time value of money (expected value of future cash flows), using the relevant risk-free interest rate term structure.
- The calculation of the BEL is based on up-to-date and credible information and realistic assumptions and is performed using adequate, applicable and relevant actuarial and statistical methods.
- The cash flow projection used in the calculation of the BEL takes account of all the cash inflows and cash outflows required to settle the insurance and reinsurance obligations over the lifetime thereof, including future claims, future expenses (maintenance, servicing, overhead, commission, investment management), future premiums (contracted premiums).
- BEL comprise claims provisions and premium provisions.
- The calculations are on a gross basis without deduction of the amounts recoverable from reinsurance contracts. These amounts are calculated separately.
- The claims provisions consider the full range of future events and includes low probability and extreme events ("low frequency, high severity"), i.e., latent claims and events not in data.
- The BEL represents the mean of the cash flows, this includes the best estimate of claims reserves including salvage and subrogation and loss adjustment expenses and the best estimates of premium provisions.
- The BEL for non-life and health (similar to non-life) insurance obligations are calculated separately for the claims provisions and for the premium provisions. Thereby, the premium provisions relate to future expected claim events covered by (re)insurance obligations falling within the contract boundary. The best estimate of the premium provision is defined as the expected present value of future in- and out-going cash flows including, e.g., future premium payments, future claims, future expenses etc. It follows from the definition that in some cases, the resulting premium provision might lead to a negative provision, i.e. an asset.
- The claims provisions relate to claim events that have already occurred, regardless of whether the claims arising from these events have been reported or not. Cash flow projections for the calculation of the provisions for claims outstanding include benefits, expenses and premiums relating to these events.
- For discounting, the relevant risk-free interest rate for the term (i.e. currency specific swap-rate curve with volatility adjustment) is used.

D.2.1.2.2 Risk Margin

The market value of liabilities is defined as the discounted best estimate liabilities plus a risk margin, representing the cost of capital to run-off the business until final settlement. Therefore, the risk margin is the cost of holding the necessary capital in excess of the BEL. In other words, at the time the balance sheet is drawn up, all contractual obligations are carried at their expected value (discounted for time value) plus the risk margin.

To calculate the cost of capital the risk profile for the underlying business is required. The Solvency Capital Requirement (SCR) is the risk capital required for one year only. Hence, the SCR for individual points of time in the future needs to be estimated. The risk margin is based on a cost of capital approach for run-off of business in scope

for MVBS closing. Solvency II requires an allowance for the cost of holding non-hedgeable risk capital but no risk margin is required for hedgeable financial risks as these are transferred to the capital markets. The cost of capital is the expected cost of transferring the non-hedgeable financial, insurance and operational risks to another insurer, reinsurer or other market participants. The rate assumed is 6%, per article 39 of the Delegated Regulation.

Credit risk with respect to reinsurers is assumed to be fully hedgeable and is, therefore, excluded from the calculation of the risk margin.

Appropriate diversification benefits between Lines of Business (LoB) are reflected in the calculation of the risk margin at Company level.

D.2.1.2.3 Aspects of technical provisions

The calculation of the technical provisions (claims provisions, premium provisions and risk margin) is done using appropriate valuation methods. This is crucial as only appropriate valuation methods ensure that the nature and complexity of the insurance risks are adequately addressed and the limitations of the methods are known. The choice between non-life actuarial methodologies is based on the nature of the liabilities being valued and on the identification of risks which materially affect the underlying cash flows. The selection of the appropriate method is based on expert judgment which considers, among other factors, the quality, quantity and reliability of the available data and analyses all important characteristics of the business. The method is designed to ensure that the assumptions and parameters used in the method are clear and explicit; key influencing factors are identified, mainly the appropriateness of the best estimate regarding influencing factors and their variability. The key drivers and uncertainties associated with the best estimate liabilities are explored. This is done, for example, by the application of stress and scenario testing. Back-testing methods, i.e., actual versus expected values and movement analysis, are used to follow up on reserves development over time as an additional method to validate estimates.

Sometimes there are situations where an assessment needs to be done on scarce data and/or based on information which could not be treated as reliable. Therefore, the value of technical provisions does not rely solely on models. It relies on a variety of techniques including the application of expert judgment or the assessment of a range of best estimate liabilities based on sound reasoning and business knowledge. However, even in case of scarce data the aim is to arrive at one (defined and justified) value for best estimate liabilities.

D.2.2 Uncertainty – Level of sensitivity

An analysis of the level of sensitivity of models used to derive best estimate liabilities is performed to gain an understanding of the volatility of the underlying business. Sensitivity testing of the models is not only limited to stochastic simulations, e.g. bootstrapping. It can also consider model uncertainty, which includes scenario testing, consideration of the result of ranges coming from different models and back-testing to monitor the change in estimates due to additional information. Stochastic simulations are used to estimate uncertainty in future claims development based on the selected best estimate liabilities. If the internal risk model is applied, the approach that is defined under the internal model framework is followed. Allowance for model uncertainty in the valuation process produces different point estimates. This is achieved by considering the results from the application of different methods, i.e., paid, incurred or frequency/severity, because different methods credit the importance of certain information over others. Scenario testing is the variation of specific underlying assumptions within the methods, which are also used to derive a range of possible estimates. For example, scenario testing provides a good insight on the effects of inflation or events not in data on reserve estimation. Back-testing validates the choice of previous selections and highlights the limitations in the accuracy of estimates over time. If the assumptions used in the range of calculations mentioned above are reasonable, the outcome might contribute to the final decision regarding the ultimate reserve levels.

The range of possible outcomes is based on statistical modelling of past events. The level of uncertainty is clearly explained to ensure the correct use of the results. Based on this modelling, key assumptions or those with potentially material impact are monitored closely. The analysis suggests is a 1-in-4 chance of current reserves deteriorating by €38m post quota share (2019: €38m post quota share) and a 1-in-10 chance of current reserves deteriorating by €76m post quota share (2019: €75m post quote share).

Actual versus expected analysis is carried out regularly to assess the reasonableness of the methodologies and parameter selections. This includes a reconciliation of the current and previous loss reserve valuations. All material deviations/differences are analysed between actual and expected experience. The same applies to changes in assumptions and methodology. These are investigated and satisfactorily explained. Expert judgment is included in the validation process.

A movement analysis is carried out between the current quarter and prior year-end. The purpose of the movement analysis is to provide an insight into the movement of reserves between two periods. The full movement in reserves should reconcile to the balance sheet at the beginning and the end of the analysed period. Transparency of movements is generated by a breakdown into major contributors such as:

- payments made from reserves,
- new information relevant for reserve estimation,
- the change in judgement on reserve estimates,
- new business covered, and
- adjustments to the scope to match opening and ending reserves.

The scope of the movement analysis includes claims reserves and premium provision but not the RM.

D.2.3 Valuation differences between Solvency II and FRS 101

Although the wording for the definition of best estimate under FRS 101 and Solvency II is not identical, the same theoretical concepts and calculation methods are applied in the estimation process. Judgments with regard to model selection and calibration are also identical. Events not in data under Solvency II, which are a form of scenario testing under FRS 101, are considered under both regimes.

In comparison with FRS 101, there are four additional aspects under Solvency II: Premium provisions, estimation of cash flow pattern, discounting with risk-free rates and risk margin. Separate calculations of these four individual aspects are required and shown in the ARTP. This is also approved by the Actuarial Function for recording in the MVBS. The following table sets out differences between valuation for financial reporting and valuation for solvency purposes.

€'m **As of 31 December 2020**	**FRS 101**	**MVBS**	**Variance**
UPR (net of DAC) / Premium Provision	121.0	21.0	100.0
Claim Reserves / Provisions	601.8	603.4	(1.6)
Risk Margin	0.0	29.3	(29.3)
Net Technical provisions – non-life	722.8	653.7	69.1

€'m **As of 31 December 2019**	**FRS 101**	**MVBS**	**Variance**
UPR (net of DAC) / Premium Provision	120.0	(0.5)	120.5
Claim Reserves / Provisions	572.8	562.5	10.3
Risk Margin	-	31.6	(31.6)
Net Technical provisions – non-life	692.8	593.6	99.2

Table 18: Valuation differences of technical provisions

The differences between the best estimate technical provisions valuation for Solvency purposes and the valuation in the financial statements can be split into the following drivers:

- Premium provisions - Under SII the premium provision is equal to a best estimate of future cashflows in respect of unexpired exposures rather than the unearned proportion of written premium (UPR). Expected profits are immediately recognised which is not the case under FRS 101 (UPR) methodology.
- Deferred acquisition costs – Under SII DAC are no longer recognised as an asset.
- Future premium – Under SII future premiums are treated as a technical provision but under FRS 101 future premiums are treated as a non-technical provision.
- There is an explicit risk margin in Solvency II allowing for the cost of capital. There is an additional qualitative reserve under FRS 101, but under Solvency II this is considered part of the best estimate and therefore included within the Technical Provisions for MVBS to provide for Events not in Data.
- The remaining difference is immaterial and related to discounting.

D.2.4 Reinsurance recoverables

€'m As at 31 December 2020	FRS 101	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II Values
TP calculated as a whole				
Best estimate	784.0	(5.8)	5.8	784.0
Technical provisions – non-life (excluding health)	780.3	(5.8)	5.6	780.2
TP calculated as a whole	0.0	0.0	0.0	0.0
Best estimate	780.3	(5.8)	5.6	780.2
Technical provisions - health (similar to non-life)	3.7	0.0	0.2	3.8
Technical provisions – non-life	784.0	(5.8)	5.8	784.0

€'m As at 31 December 2019	FRS 101	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II Values
TP calculated as a whole				
Best estimate	778.6	(4.5)	(53.9)	720.3
Technical provisions – non-life (excluding health)	774.5	(4.5)	(53.4)	716.6
TP calculated as a whole				
Best estimate	774.5	(4.5)	(53.4)	716.6
Technical provisions - health (similar to non-life)	4.2	(0.0)	(0.5)	3.7
Technical provisions – non-life	778.6	(4.5)	(53.9)	720.3

Table 19: Non-life – Reinsurance recoverables according to MVBS

The amounts recoverable from reinsurance contracts are calculated consistently with the boundaries of the underlying insurance or reinsurance contracts to which they relate.

The calculation of reinsurance recoverables is based on the best estimate for the recoverable. No risk margin is reported in the section of the reinsurance recoverable as the risk margin recognised within the technical provisions is already net of reinsurance. In addition, a counterparty default adjustment (CDA) is calculated using the simplification specified in Article 61 of the Delegated Regulation.

The time difference between recoveries and direct payments is taken into account when calculating the reinsurance recoverables. For the purpose of calculating the amounts recoverable from reinsurance contracts, the cash-flows shall only include payments in relation to compensation of insurance events and unsettled insurance claims.

Cash in-flows include at least:

- recoverables from reinsurance contracts and recoverables for related expenses, and
- reinsurance commission and profit participation as specified in individual reinsurance contracts.

Cash out-flows include at least:

- future premiums / adjustment premiums for reinsurance contracts , and

The result from the calculation of reinsurance recoverables is adjusted to take into account the CDA, i.e. the expected losses due to default of the counterparty as a result of insolvency or a dispute. This adjustment shall be based on an assessment of the probability of default of the counterparty and the loss resulting therefrom (loss-given-default).

D.2.5 Actuarial methodologies and assumptions

D.2.5.1 Proportionality

The Actuarial Function ensures that the technical provisions are determined by using data, assumptions and methods that are proportionate to the risk profile of the Company, taking into account the nature, scale and complexity of the risks. The principle of proportionality means that the Company is allowed to choose and apply a valuation method which is:

- suitable to achieve the objective of deriving BEL, but
- not more sophisticated than is needed in order to reach this objective.

This does not mean size is the only relevant factor when the principle of proportionality is considered. Instead, the Company's risk profile is the primary guide in assessing the need to apply the proportionality principle.

D.2.5.2 Materiality

Each Actuarial Function review establishes a level of materiality concept appropriate for reserving and consistent for the purposes of using it under FRS 101 and in the MVBS. This enables informed decisions on each aspect of the reserving process in assessing the potential for a material misstatement of technical provisions. Levels of materiality are different from Company to Company and at operating entity or Group level and are relative to the scale and complexity of the underlying business.

D.2.5.3 Risk Margin (RM)

The RM is calculated on the basis of the formula provided by EIOPA (Articles 37 - 39 of the Delegated Regulation), where it is defined as the cost of capital rate times the sum of discounted Solvency Capital Requirements (SCR) using the risk-free rate for the respective maturity. The Company calculates the SCR using the Allianz internal model. Diversification between lines of business is taken into account. The required cost of capital rate for the RM calculation is based on the EIOPA prescribed rate of 6%.

D.2.5.4 Simplifications

D.2.5.4.1 Expert judgment

Valuation of technical provisions is a process which requires expert judgment in a number of areas, for example, regarding the credibility assigned to historical data, the extent to which reliance should be placed on prospective models and the requirement to consider uncertainty in the estimation. Regardless of the technique, judgment is required in making additions or adjustments to the estimates to allow for circumstances not included in the history that need to be incorporated in the BEL (for example events not in data). Hence, expert judgment is not dissociated from any task performed by the Actuarial Function. Its role is expressed in complementing the statistical analysis performed, in the interpretation of the results and in the identification of a solution in the presence of shortcomings. As part of the analysis, the actuary shows the appropriateness of the expert judgment to avoid biased estimates that either over- or underestimate the true underlying risk. However, expert judgment is not applied in isolation unless there is no reliable alternative, for example because of a scarcity of relevant data. Where an assumption depends on expert judgment, this shall be applied by person(s) with the relevant knowledge, understanding and comprehension of the subject.

D.2.5.4.2 Counterparty default adjustment

Article 42 of the Delegated Regulation specifies that *"Adjustments to take account of expected losses due to default of a counterparty….shall be calculated separately from the rest of the amounts recoverable"*. In our calculation, we are considering the risk-mitigating effect of reinsurance even though the risk of the counterparties' default remains. This is considered separately and an adjustment is made to the reinsurance recoveries accordingly. Based on the former calculation, the Counterparty default adjustment is small compared to the amount of ceded reserves. Taking proportionality and materiality into consideration, the following simplifications (not material) are used with regard to the granularity of the calculation:

- For calculation of the CDA we use the simplification specified in Article 61 of the Delegated Regulation.
- Although, the Counterparty default adjustment needs to be calculated based on the discounted best estimate of reinsurance recoverables, the simplification is to calculate the nominal best estimate without discounting, depending on the size of the Counterparty default adjustment. This approach is then considered to be conservative in a normal interest rate environment.
- It is usually necessary to perform the calculation by counterparties, reserving segments and accident years. However, simplification can be applied by calculating on an aggregated level, e.g. by counterparties with the same probability of default, segments or accident years can be combined in one calculation. If an aggregated amount is calculated, it can be split into the appropriate segments at a later stage to meet reporting requirements.

D.2.5.5 Methods

The methods used are appropriate for the nature and complexity of the risks. Some aspects (but not limited to) that are considered are as follow:

- the type of business being valued,
- the maturity of the business,
- the Company's environment,
- relevant industry practice, and
- the particular circumstances of the Company

In the analysis of the claim experience, the following aspects (but not limited to) are considered:

- claim frequency,
- claim severity,
- pattern of claim occurrence (or seasonality),
- development of reporting of claims,
- development of claim settlement or finalisation,
- development of claim payments,
- development of incurred losses,
- incidence and development of large claims, and
- the potential impact of catastrophes.

Diagnostics are also used to help identify potential trends and/or anomalies in the data:

- closed claim count/reported claim count,
- paid loss/incurred loss,
- paid loss/closed claim count,
- incurred loss/reported claim count,
- outstanding case reserves/open claim count,
- incurred loss/earned premium,
- residual plots (a comparison of actual data values versus predicted data values), and
- average premium rates.

D.2.5.6 Estimation in special cases

The section above might not be applicable for special types of business or claims where standard methods are not appropriate. Hence, alternative methodologies tailored to the individual characteristics are considered. When such alternative methodologies are employed, the rationale for the selected approach, methodology, potential validation and back testing are documented. Events not in data and qualitative adjustments are examples where such documentation is requested.

In the following sections some unique characteristics of the special types of business/claims are explained:

D.2.5.6.1 Asbestos and other latent claims

Due to the long latency of asbestos claims, methods projecting the future cost of claims based on the triangulation of reported claims and claim payments to date do not yield reasonable results. There are a number of different methodologies that are common to model this claim type including exposure based models and industry aggregate claims models.

D.2.5.6.2 Covid-19 related business interruption claims

At year-end 2020 Allianz booked an amount in relation to business interruption claims arising due to the ongoing Covid-19 pandemic. The approach was to examine the potential number of claims by policy type and then apply an average cost based on expert judgements.

To derive a BEL the actuarial function placed material reliance on the work and expert judgements of the underwriting/portfolio and claims departments.

D.2.5.6.3 Discounting and cash flow of technical provisions

To evaluate the market value of technical provisions, cash flow patterns, discounted loss and premium provisions and risk margins have to be calculated. The estimates of technical provisions for the MVBS and best estimate used in the risk capital model have to be consistent. Therefore, identical cash flow patterns and risk-free yield curves are used. For cash flow projections the in-coming and out-going cash flows (including expenses) required to settle the insurance obligations have to be considered. It is necessary to consider the currency of the cash flows unless the concept of proportionality applies. If benchmarks for cash flow patterns are used, the time lags in the patterns between direct, assumed and ceded (especially non-proportional) business are taken into account. The estimate of a market value requires discounting. For discounting the relevant interest rate for the term is used. To avoid inconsistencies, the yield curves are taken from one single source.

The unwinding of discount is considered. As discounting is applied to future cash payments to arrive at a present value for the technical provisions, it becomes necessary to unwind that discount for each successive period to arrive at the undiscounted value at the date of payment.

The table below shows the impact of the Volatility Adjustment (VA) on the TPs, Own Funds, SCR and MCR of the Company as at year-end 2020. Please refer to QRT 22.01.21 for further details.

YE (€m)	2020 Base Value	2020 Impact of Zero VA	2019 Base Value	2019 Impact of Zero VA
Technical Provisions	653.8	1.8	1,313.9	3.8
Own Funds	370.3	(2.0)	355.5	(2.0)
Solvency Capital Requirement	218.0	9.9	209.2	8.0
Minimum Capital Requirement	85.8	0.1	79.1	0.2

Table 20: Impact of the Volatility Adjustment

The Company applies the VA according to Article 77d of the Solvency II Directive 2009/138/EC. A reduction of the VA to zero would still result in a coverage ratio in excess of the Board-approved risk appetite amber threshold of 128%. The SCR figures include impacts due to static and dynamic volatility adjustment (see section "E.4.2 Methodology underlying the internal model" for a description of the dynamic volatility adjustment methodology).

D.3 Other Liabilities

D.3 Other liabilities	FRS 101	Reclassification adjustments	Solvency II valuation adjustments	Solvency II
23. Contingent liabilities				
24. Provisions other than technical provisions	17.2	0.0	0.0	17.2
25. Pension benefit obligations				
26. Deposits from reinsurers	712.3	0.0	2.0	714.3
27. Deferred tax liabilities	9.5	1.4	(4.2)	6.7
28. Derivatives	0.0	0.0	0.0	0.0
29. Debts owed to credit institutions	4.4	0.0	0.0	4.4
30. Financial liabilities other than debts owed to credit institutions	34.2	0.0	0.0	34.2
31. Insurance and intermediaries payables	20.2	(19.9)	0.0	0.3
32. Reinsurance payables	21.4	(5.8)	(3.2)	12.4
33. Payables (trade, not insurance)	2.9	0.0	(2.8)	0.1
34. Subordinated liabilities				
34.1. Subordinated liabilities not in BOF				
34.2. Subordinated liabilities in BOF				
35. Any other liabilities, not elsewhere shown	67.9	0.0	(37.7)	30.2
Total other liabilities	890.0	(24.3)	(45.9)	819.8

Table 21: Comparison of MVBS and FRS 101 balance sheet – Liabilities

D.3.1 Contingent liabilities

The Company does not have any current contingent liabilities. Contingent liabilities are measured at the expected present value of future cash flows required to settle the contingent liability over the lifetime of that contingent liability using the basic risk-free interest rate term structure. Under FRS 101, contingent liabilities are not recognised in the balance sheet but are disclosed with their best estimate in the notes according to IAS 37. Contingent liabilities are recognised in the MVBS if they are material.

D.3.2 Provisions other than technical provisions

These provisions refer to liabilities of uncertain timing and amount. They include, e.g., staff-related provisions, provisions for stock-based compensation, and provisions for legal expenses. The provisions are valued at nominal value and this is considered to be a good proxy for fair value. Although there are no material differences between FRS 101 and MVBS values there is a reclassification between the 'Provisions other than technical provisions' and the 'Any other liabilities, not elsewhere shown' lines.

D.3.3 Deposits from reinsurers

Deposits received from reinsurers represent the collateral contractually withheld by the Company from its reinsurers and represents their share of the Companies technical liabilities. For FRS 101 these deposits are measured at their repayment amount. For MVBS the deposits are revalued to their market value. A valuation difference is noted for Solvency II due to the contract terms of the underlying reinsurance agreement.

D.3.4 Deferred tax liabilities

Deferred tax liabilities (DTL) are the amounts of corporation tax payable in future periods with respect to taxable temporary differences. Deferred taxes are recognised and valued in relation to all assets and liabilities that are recognised for Solvency II or for tax purposes. There is no expiry date for deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the balance sheet. The difference

between MVBS and FRS 101 relates mostly to deferred taxes on temporary differences resulting from revaluation adjustments concerning values of assets and liabilities under FRS 101 and MVBS.

D.3.5 Derivatives

Derivatives are financial instruments that have values based on the expected future price movements of the assets to which they are linked. Derivatives with negative values are reported on the liability side. Derivatives are measured at fair value according to IAS 39 without taking into account adjustments for own credit standing. There is no liability for derivatives in FRS 101 or MVBS. Refer to Section D.1.7 for the derivative classified as an asset.

D.3.6 Debts owed to credit institutions

Debts owed to credit institutions are liabilities to banks, the carrying amount is considered to be a reasonable estimate of the fair value.

D.3.7 Financial liabilities other than debts owed to credit institutions

Financial liabilities other than debts owed to credit institutions as defined in FRS 26 (IAS 39) are valued at fair value.

D.3.8 Insurance and intermediaries payables

Insurance and intermediaries payables refer to amounts due to policyholders, insurers and others participating in the insurance business, but are not technical provisions. They include amounts past-due to (re)insurance intermediaries (e.g. commissions due to intermediaries but not yet paid) and excludes loans and mortgages due to insurance companies, if they are not linked to insurance business but are only related to financing (and are, therefore, included in financial liabilities). They are generally measured at their nominal amount, without taking account of subsequent changes to own credit standing. The nominal value is considered a good proxy for the fair value within the materiality and proportionality principles.

The reclassification difference relates to the recognition of commissions that are already included in the payables under FRS 101 while they are recognised within technical provisions in the MVBS.

D.3.9 Reinsurance payables

Reinsurance payables are amounts payable, due to reinsurers other than deposits that are linked to the reinsurance business, but that are not included in reinsurance recoverables. They include payables to reinsurers that relate to ceded premiums. They are measured at their nominal amount without taking account of subsequent changes to own credit standing. The nominal value is considered as a good proxy for the fair value within the materiality and proportionality principles.

Reinsurance payables are measured at the amount due, which represents the amount expected to be paid. As these are liabilities there is no allowance made for own credit standing.

The reclassification difference mainly relates to the recognition of certain premiums that are already included in the payables under FRS 101 while they are recognised within technical provisions in the MVBS.

D.3.10 Payables (trade, not insurance)

Payables (trade, not insurance) include the total amount of trade payables, including amounts due to employees, suppliers, etc. and are not insurance-related. Payables are generally recognised with their settlement amount under FRS 101 which is also considered to be the market value. There is a revaluation difference between FRS 101 and MVBS relating to the write off of deferred income.

D.3.11 Subordinated liabilities

Subordinated liabilities are not applicable to the Company.

D.3.12 Any other liabilities, not elsewhere shown

Any other liabilities, not elsewhere shown include any liabilities that are not included in the other balance sheet items. They are generally measured at their nominal amount, without taking account of subsequent changes to own credit standing. The nominal value is considered as a good proxy for the fair value within the materiality and proportionality principles.

There is no difference between FRS 101 and MVBS aside from the reclassification between the 'Any other liabilities, not elsewhere shown' and the 'Provisions other than technical provisions' lines.

D.4 Alternative methods for valuation

Information on alternative methods for valuation is provided under the description of the MVBS line items respectively.

D.5 Any other information

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As a result they continue to adopt the going concern basis of accounting in preparing the financial statements. In forming this view, the directors have reviewed the Company's corporate plan for 2021 to 2023, the conclusions reached in the 2020 ORSA report, the current and expected future trading performance, the Company's capital position, the key risks facing the business.

All important information regarding the valuation of its assets, technical provisions and other liabilities for solvency purposes is addressed in the above sections.

E. Capital Management

E.1 Own funds

E.1.1 Objectives, policies and process for managing own funds

Capital is a key resource for the Company and is used to support the business in achieving its corporate objectives. It is a key part in determining the Company's risk strategy and defining the risk appetite regarding risk bearing capacity of the business. The Company Capital Management policy describes the set of activities undertaken by the Company to ensure that appropriate capitalisation is maintained to achieve the corporate objectives.

The Board bears the overall responsibility for capital management and is responsible for the Capital Management Policy and the related Risk Appetite Framework.

Any capital repatriation recommendations (e.g. dividends) are proposed by management to the Board of Directors within the framework set out within the Company's Capital Management Policy. The Board of Directors has the final say on any capital repatriation decisions.

The current liquidity plan and solvency projections reflect all planned changes in own funds for the next 3 years. There were no material changes over the reporting period with regards to objectives, policies and processes employed by the Company for managing its Own Funds.

E.1.2 Structure amount and quality of Own Funds

The classification into tiers follows the criteria set out in articles 93 to 96 of the Solvency II Directive 2009/138/EC as well as in articles 69 to 78 of the Solvency II Delegated Regulation. Ordinary share capital (paid-in), share premium related to ordinary share capital, surplus funds and the reconciliation reserve are classified as Tier 1 unrestricted Own Funds, the amount equal to the value of net deferred tax assets is classified as Tier 3 Own Funds as detailed in QRT S.23.01.01.

The Basic Own Funds amount to €370.3m (2019: €355.5m) and consist of €370.3m (2019: €355.5m) Tier 1 unrestricted Own Funds and €0.0m (2019: €0.0m) Tier 3 Own Funds. Tier 1 unrestricted Own Funds relate to fully paid-in share capital of €31.3m (2019: €31.3m) along with share premium of €0.5m (2019: €0.5m), the Reconciliation Reserve amounting to €328.1m (2019: €313.3m) and Other Own Fund items approved by the supervisory authority as Basic Own Funds of €10.4m (2019: €10.4m).

The Company holds no ancillary Own Funds. The Reconciliation Reserve consists of retained earnings. There are no items deducted from Own Funds and no restrictions affecting the availability and transferability of same. The amount of Basic Own Funds that is eligible to cover the SCR is €370.3m (2019: €355.5) and €370.3m (2019: €355.5m) for the MCR. The following table provides details with regard to the individual Basic Own Funds items and the respective classification into tiers below:

In €'m as at 31 Dec 2020	Total	Tier 1 unrestricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	31.3	31.3	-	-
Share premium account related to ordinary share capital	0.5	0.5	-	-
Reconciliation Reserve (solo)	328.1	328.1	-	
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	10.4	10.4	-	-
Total Basic Own Funds after adjustments (solo)	**370.3**	**370.3**	**-**	-

In €'m as at 31 Dec 2019	Total	Tier 1 unrestricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	31.3	31.3	-	-
Share premium account related to ordinary share capital	0.5	0.5	-	-
Reconciliation Reserve (solo)	313.3	313.3	-	-
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	10.4	10.4	-	-
Total Basic Own Funds after adjustments (solo)	**355.5**	**355.5**	-	**-**

Table 22: Classification of Own Funds

No items of the Company's Basic Own Funds are subject to the transitional arrangements referred to in Article 308b (9) and (10) of Directive 2009/138/EC.

E.1.3 Reconciliation between FRS 101 (Statutory accounts) and MVBS excess assets over liabilities

The €79.5m (2019: €56.1m) difference between FRS101 equity and MVBS Own Funds is attributable to four key items:

1. FRS 101 balance sheet items that are not recognised in the MVBS (e.g. DAC) and MVBS items that are not recognised in FRS 101 (e.g. risk margin and discounting).
2. Revaluation to fair value of assets and liabilities that are valued at amortised cost under FRS 101 (such as tangible assets).
3. Differences in recognition and valuation of technical provisions, reinsurance recoverable and deposits from reinsurers.
4. Deferred taxes on the above mentioned balance sheet differences.
5. Foreseeable dividend.

The following table reconciles the FRS 101 equity to MVBS Own Funds.

As at 31 December 2020	€'m 2020	€'m 2020	€'m 2019	€'m 2019
FRS 101 Equity		449.8		411.6
Gross Deferred Acquisition Costs	(50.3)		(45.4)	
Reinsurance Deferred Acquistion Costs	37.7		34.3	
Net Deferred Acquisition Costs		(12.6)		(11.1)
Deposits from reinsurers		(2.0)		(2.0)
Gross Technical Provisions	65.1		74.5	
Reinsurance Technical Provisions	(49.2)		(52.1)	
Net Technical Provisions		15.9		22.4
Risk Margin		(29.3)		(31.6)
Other Asset Revaluations	(8.5)		(7.1)	
Other Liability Revaluations	2.8		3.0	
Total Revaluations		**(5.8)**		**(4.1)**
Deferred Tax		4.2		3.3
Forseeable Dividend		**(50.0)**		**(33.0)**
MVBS Own Funds		**370.3**		**355.5**

Table 23: Reconciliation FRS 101 to MVBS

The line-by-line description of the differences between FRS 101 and MVBS can be found in Section D of this report.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Determination of SCR and MCR

When determining the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR), the Company uses results derived from the Allianz Internal Model.

E.2.2 Values of the SCR and MCR

The SCR at the 31st of December 2020 amounts to €218m (2019: €209m) and the MCR amounts to €86m (2019: €79m). A split of the SCR by the different risk categories modelled by the Internal Model is shown in the following table:

Risk Category	SCR at 31/12/2020 in EUR (€m)	SCR at 31/12/2019 in EUR (€m)
Market Risk	183	187
Insurance Risk	200	194
Longevity Risk	40	31
Business Risk	8	7
Credit Risk	39	34
Operational Risk	26	29
Sum of standalone risks	**496**	**482**
Diversification impact	(277)	(268)
Loss absorbing capacity of deferred taxes	(1)	(5)
SCR	**218**	**209**

Table 24: SCR split by risk category

While the SCR in Table 26 above is consistent with QRT S.25.03.21, please note that there are differences in the levels of risk capital within each risk category and the diversification benefit. This is due to the fact that Table 26 is based on standalone risk capital whereas QRT S.25.03.21 applies diversification within each risk category, e.g. it allows for diversification between the various types of market risk. Also, Table 26 presents longevity risk explicitly whereas it is integrated into Underwriting Risk in QRT S.25.03.21.

E.2.3 Inputs used for the MCR calculation

The calculation of the MCR, which can be seen in QRT S.28.01.01, follows the methodology described in the Solvency II regulation and uses the SCR as an input parameter for determining the possible range for the MCR.

E.2.4 Material Changes to the SCR or MCR over the reporting period

The SCR increased from c€209m at year-end 2019 to c€218m at year-end 2020. The key drivers of this movement were:

- an increase in the level of non-life insurance risk capital due to uncertainty in respect of the COVID-19 reserves and an increase in forecasted exposure;

- an increase in the level of credit risk capital due to higher exposure as a result of the Company's strategy of shifting from equity to fixed income assets and the implementation of immaterial central model changes; and

- a reduction in the level of tax relief owing to a decrease in taxable profits arising largely from COVID-19 impacts.

The MCR increased by c€7m compared to year-end 2019, and this was primarily due to an increase in the level of technical provisions due to the booking of reserves in respect of COVID-19 liabilities.

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

The Company does not make use of the duration-based equity risk sub-module.

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

Internal Model Uses

The key areas in which the Internal Model is used within the Company are as follows:

- Calculation of SCR
- ORSA
- Business planning
- Monitoring and control of risk
- Decision-making and steering.

These Internal Model uses and supporting analyses are reported to the relevant committees and senior management and, where appropriate, the Board. Senior management and the Board have sufficient familiarity with the Internal Model to challenge its outputs and ensure its ongoing appropriateness for use within the business. It is a fundamental element for risk-based and forward-looking steering. Moreover, by using an Internal Model, the calculated risk capital better reflects the underlying business and is more appropriate compared to the Standard Formula approach of Solvency II.

E.4.1 Scope of the internal model

The Internal Model covers all risk categories reflecting the Company's risk profile which are deemed quantifiable under Solvency II; it is therefore, in this respect, a full Internal Model. The pie charts below show how total standalone risk capital at year-end 2020 is sub-divided between the different risk categories:

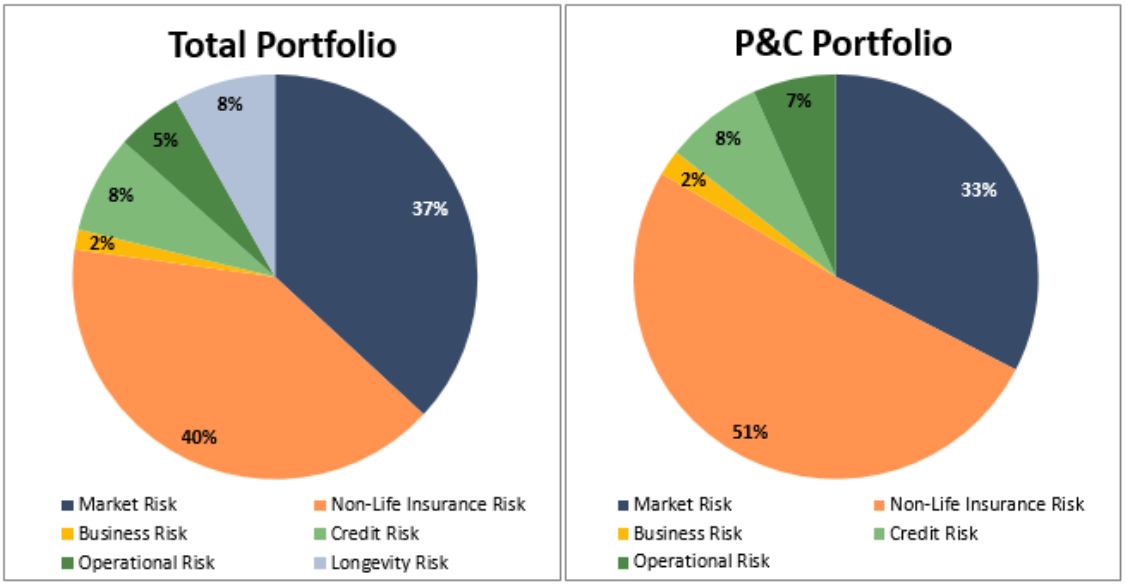

Table 25: Risk categories

As may be seen from the above, non-life insurance risk and market risk are the most significant risk categories at year-end 2020, contributing 40% and 37% respectively to the sum of standalone risk capital at the "total" portfolio level (i.e. including the pension scheme). Credit and longevity risk each contribute 8% to the sum of standalone risk capital. Please note that the weightings attached to various risk categories are broadly similar at the "P&C" portfolio level (i.e. excluding the pension scheme), although the contribution of non-life insurance risk to the sum of standalone risk capital is relatively more material under this view (51% as compared to 40%).

The following table provides an overview of the diversified risk capital (Solvency Capital Requirement, or "SCR"), own funds and solvency coverage ratio of the Company at year-ends 2020 and 2019:

€'m	YE 2020	YE 2019
SCR	218	209
Own Funds	370	355
Coverage Ratio	170%	170%

Table 26: Overview of diversified risk capital

Please note that the official MVBS Own Funds in the table above includes pension surplus in line with IFRS reporting. For risk appetite monitoring purposes, pension surplus is excluded from Own Funds in order to be consistent with the SCR treatment.

The Board-approved Risk Appetite Framework requires the Company to maintain a solvency coverage ratio above the risk appetite "amber" threshold of 128%; hence, the risk appetite coverage metric is green at year-end 2020. The risk appetite metrics provide an early warning in relation to events that could threaten the ability of the Company to meet its corporate objectives and are reported to the Board on a quarterly basis. They also define a range of limits covering all risk categories and any breaches of these limits require a remediation plan which must be approved by the RiCo. No material risk has been transferred to special purpose vehicles and the Company has no material exposure arising from off-balance sheet positions.

Risk categories covered by the internal model are presented and explained in Section C.

E.4.2 Methodology underlying the internal model

Company's internal risk capital model is based on a Value-at-Risk (VaR) approach using a Monte Carlo simulation. The starting point of the risk calculation is the Market Value Balance Sheet (MVBS) and the attribution of each position to the relevant risk categories. A bond, for example, will be represented in the relevant market risk categories - such as interest rate, credit spread or currency risk - as well as in the credit risk category. Risk capital is defined as the change in economic value over the projected time period based on the underlying distributional assumptions for each risk factor. Where possible, the distributions are calibrated to market data or the Company's own internal historical data, e.g. for setting actuarial assumptions. In addition, the Company considers recommendations from the insurance industry, supervisory authorities and actuarial associations when calibrating model parameters.

Following this approach, the maximum loss in the portfolio value of the Company's businesses in the scope of the model within a specified time-frame ("holding period") and probability of occurrence ("confidence level") is determined. The risk capital is computed as the 99.5%-VaR from the profit and loss distribution over a one-year holding period where, in each scenario, the change in economic value is derived from the joint realisation of all risk factors. This 1-in-200 year event is modelled as an instantaneous loss shock for all balance sheet positions.

The internal model contains different risk categories, which can themselves be further subdivided into different risk types.

For each level, the Internal Model delivers risk capital figures on a standalone basis, i.e. before diversification with other risk types or categories, but also on an aggregated level taking diversification into account (see Section E.4.4, "Aggregation of Risks"). A more detailed description of each risk category can be found in Section C.

For the valuation of technical provisions, a volatility adjustment is applied on top of the risk-free interest rate curve (see section D.2.5.6.2, "Discounting and cash flow of technical provisions"). As the volatility adjustment (VA) is derived from credit spreads, simulated changes in the credit spreads conceptually also imply changes in the volatility adjustment in each underlying scenario of the risk calculation. These changes can consequently be anticipated and considered in the valuation of technical provisions in each underlying scenario to reflect them in the risk capital. Therefore, the Internal Model contains a dynamic component to cover this impact. The Company's approach to model the dynamic component differs methodologically from replicating the EIOPA VA methodology. In the risk capital calculations, the impact of the dynamic movement of the volatility adjustment based on the credit spread movements of the Company's own portfolio is reflected. This asset-side effect is transferred to the liability side of the balance sheet by using asset and liability durations. To account for deviations with respect to the EIOPA VA methodology, the Company applies a scaling factor for the dynamic volatility adjustment. A regular validation is performed to verify the appropriateness and prudency of the approach used.

E.4.3 Aggregation of Risks

For the aggregation of risks, the Company applies an industry-standard approach known as the "Gaussian copula". The dependence structure between risks included in this copula is defined by a matrix of correlations. Where possible, the Company derives correlation parameters for each pair of market risks through statistical analysis of historical market data, considering quarterly observations over several years. In the event that historical market data or other portfolio-specific observations are insufficient or not available, correlations are derived according to a well-defined, Group-wide process. Correlations are determined by the Correlation Settings Committee, which combines the expertise of risk and business experts across Allianz Group, and assessed for their local appropriateness to the Company as part of a validation exercise. In general, correlation parameters are selected to represent the level of a joint movement of risks under adverse conditions.

To calculate diversified risk capital, the change in economic value is determined for the 1-in-200 year event arising from a joint realisation of risks based on the methodology described in the previous section.

E.4.4 Main differences per risk module between the internal model and the standard formula

A fundamental difference between the Standard Formula and Internal Model is that the Standard Formula uses factor-based shocks whereas the Internal Model derives the risk capital on the basis of simulating each risk driver (and its corresponding economic P&L impact) based on its assumed distribution and dependency to other risk drivers.

The following table provides an overview of differences between the standard formula and internal model by risk module:

Risk Module	Standard Formula (factor based approach)	Internal Model (stochastic simulation)
Equity	Several standardised equity shocks, depending on classification of equity investments: – 39 % for equities listed in countries that are members of EEA or OECD (type 1) – 49 % for remaining equity-type investments, commodities, and alternative investments (type 2) – Symmetric adjustment is applied to 39 % and 49 %, base shocks depending on the relation between the current and the average historical market level. – Strategic participation with a risk charge of 22 % – Other reduced capital charge for qualifying infrastructure (corporate) and long-term equity investments – Aggregation of equity shocks based on simplified correlation assumption of 0.75 between type 1 and the rest	Underlying distribution for each equity risk factor modelled is calibrated to market data – Traded equity indices (ca. 35 % - 60 %, depending on the index) – Non-traded equity indices (ca. 10 % - 80 % depending on the index and risk classification) – Participations (35 %) – Volatility stress applied – Aggregation is based on correlations between different risk factors calibrated to market data and expert estimates
Interest rate	– Pre-defined up/down shocks as percentage change to the EIOPA risk-free rates varying by term to maturity from 20 % to 75 %. Minimum up-shock of 100 bps – Worst case of up and down scenario determines capital requirements – Down shocks of the negative rates are not allowed	- Underlying distributions of interest rate term nodes are calibrated to market data for each interest rate curve modelled – Interest rates shocks in up to 10 nodes are modelled stochastically, no min/max shock size applied – Volatility stress applied – Shifted log-normal model allows for down-shocks in negative rates
Property	- 25% for all properties	– Country/sector-specific real-estate indices (shocks ranging from ca. 19 % – 33 %)
Spread	Spread risk is subdivided into three categories for bonds and loans, securitizations, and credit derivatives. Shock impacts are calculated using a pre-defined methodology for each category and summed up to obtain the overall spread module figure: – For bonds, loans, and securitizations, shock factors depend on the respective modified duration and credit rating. No spread risk on certain bonds and loans (e.g. EEA sovereign bonds) denominated and funded in domestic currency – For credit derivatives, shock factors for an increase in spreads depend on the credit rating of the underlying. Down shock of 75 % for all ratings. Shock is then determined by the larger resulting capital requirement – Where approved by the regulator, the EIOPA volatility adjustment is used as a constant discount rate for the valuation of the technical provisions	Modelling of various spreads differentiated by, e.g., sector, rating, country/region. The underlying distribution of each spread modelled is calibrated to market data. The main differences are: – EEA sovereign bonds, AAA and AA rated non-EEA sovereign bonds, supranational bonds, and mortgage loans on residential property are not exempt from spread risk – Shocks for securitization which are calibrated under the Internal Model are lower than those in the standard formula, which can be as high as 100 % – For valuation purposes of the technical provisions, the EIOPA volatility adjustment is used where approved by the regulator. In addition, the volatility adjustment is also modelled dynamically within the risk capital calculation. The dynamic component's contribution towards the value of the technical provisions is determined based on the own portfolio movements caused by simulated changes in credit spreads during risk capital calculation.
Currency	– +/- 25 % for each currency, except for currencies pegged to the EUR – Worst-case scenario is selected for each currency – No diversification/netting of cross currencies	– Exchange rates shocks for different currencies vs. EUR (from ca. 18 % - 33 % depending on the currency)

Concentration		- Formula based on exposure, rating, and total assets held	- Implicitly covered in the credit risk models and via diversification in market risk modules
Credit risk / counterparty default risk		Scope: Limited to specific exposure types – Type 1: Mainly reinsurance arrangements, derivatives, cash at bank, deposits with ceding undertakings, and commitments – Type 2: Mainly receivables, policyholder debtors, retail mortgage loans – Counterparty default risk module does not contain bond portfolio and credit insurance – Methodology: Closed-formula approach to determine, for exposures in scope of the module, possible losses resulting from unexpected counterparty default – Parameters: Assigned according to Delegated Regulation (e.g. PDs, LGDs). PDs predominantly based on ratings from external rating agencies	Scope: Much broader including – Investment portfolio: Fixed-income investments, cash positions, derivatives, securities lending and structured transactions, receivables, off-balance exposures (e.g. guarantees and commitments) – Reinsurance exposures – Credit insurance exposures – Methodology: Portfolio model based on Monte Carlo simulation and covering default and migration risk. Loss distribution is determined by taking into account interdependencies and exposure concentrations. – Parameters: Mostly own internal estimates (e.g. PDs, LGDs). Ratings derived via an internal rating approach which is based on long-term ratings from rating agencies
Underwriting risk life and health		– Mortality risk: 15 % increase in mortality rates, 0.15 % mortality calamity – Longevity risk: 20 % decrease in mortality rates – Morbidity risk: 35 % increase in the first year, 25 % thereafter 20 % decrease for recovery rates – Lapse risk: the lowest of 50 % up and down shock and 70 %/40 % mass lapse shock, depending on business type (retail/non-retail) – Expense risk: 10 % increase in expenses + 1 % increase in expense inflation	– Mortality risk: Based on company experience, 0.15 % mortality calamity – Longevity risk: Modified Lee-Carter model – Morbidity risk: Based on company experience – Lapse risk: Shocks are calibrated from historical data. Country specific calibration possible – Expense risk: as standard formula but entity-specific calibration possible. In addition, the Internal Model allows for new-business risk, which is not modelled under the Standard Formula
Underwriting risk for non-life & health (not similar to life technics)	**Premium and reserve risk**	In the Standard Formula, a factor-based approach is used to estimate the combined premium and reserve risk: – Standard volatility factors (market averages) by Solvency II line of business are applied to different volume measures, such as net earned premiums and net claim reserves – In a linear correlation approach, values are aggregated over Solvency II lines of business and risk modules using pre-defined correlations – Different submodules for Non-Life and Health (not similar to life techniques) Solvency II lines of business – Allowance for geographical diversification based on a pre-defined set of regions	In the Internal Model, premium non-catastrophe and reserve risk are modelled individually: – Actuarial models are fitted to local company-specific data, leading to a better reflection of a company's individual risk profile – Standard actuarial techniques such as frequency / severity modelling and bootstrapping are used – The model is more granular than Solvency II line of business and in line with the risk profile observed in the relevant company – Reinsurance application for premium risk is more advanced in the Internal Model, as single large losses are modelled separately and non-proportional reinsurance contracts can be applied – The aggregation method used is based on a Copula approach – Credit insurance exposures are modelled in the credit risk module

	Catastrophe Risk	– Catastrophe risk is split into four modules: natural catastrophe, non-proportional property reinsurance, man-made, other – Standardised shock scenarios are applied as specified by the Delegated Acts – The 1-in-200-year natural catastrophe loss is largely based on shocked sums insured and gross premiums. Reinsurance is applied based on the consideration of single events. Separate approach for health catastrophe risk (mass accident, accident concentration and pandemic modules)	– Natural-catastrophe risk is based on probabilistic models, which use special modelling techniques to combine portfolio data (such as the geographic distribution and characteristics of insured objects and their values) with simulated natural disaster scenarios to estimate the magnitude and frequency of potential losses – Man-made risk is modelled together with premium non-catastrophe risk – Reinsurance can be reflected, e.g. single event losses are simulated and mitigated with the respective reinsurance arrangement, if applicable
	Business risk	– Only lapse risk is considered, with a focus on deterioration of future earnings	– Both the lapse and the cost risk are explicitly modelled with a focus on cost coverage
Loss absorbing capacity of tax		– The adjustment is equal to the change in value of deferred taxes that results from an instantaneous loss of an amount equal to the Basic Solvency Capital Requirement (BSCR) plus capital requirement for operational risk plus adjustment for the loss-absorbing capacity of technical provisions. Under the Standard Formula, only the corporate tax rate is considered	– The tax relief on risk capital is based on tax rates applied to the overall market value balance sheet shock in the 99.5 %-quantile scenario, capped by the level of net deferred tax liabilities plus loss carryback capacity. In the Internal Model framework, a separate tax rate for equities is considered in addition to the corporate tax rate
Loss-absorbing capacity of technical provisions		– Ensures that for participating business there is no multiple usage of the future discretionary benefit buffers (FDB) – The BSCR is calculated with and without allowance for FDB and the total relief is limited to the current value of FDB	– As SCR figures are calculated directly on a net basis, based on replicating portfolios for technical provisions, they already include the loss-absorbing capacity of technical provisions
Intangible asset risk		– 80 % of intangible assets recognized	– Intangible asset risk is not covered by the Internal Model
Operational Risk		– Factor-based approach based on earned premium amount and technical provisions	– Scenario-based risk modelling approach – Risk identification within each entity – Aggregation of operational risks based on loss frequency and loss severity distributions
Aggregation		– Simple correlation approach with predefined correlations between risk modules	– Aggregation based on correlation matrix calibrated where possible to available market data or based on expert judgement in case no or limited data is available. – Aggregation model (Copula approach)

Table 27: Overview of differences between the standard formula and internal model

For non-life underwriting risk, the difference with respect to the risks covered by the Internal Model compared to the Standard Formula is very limited. The main categories are reflected in both models, and there is no material risk covered by the Standard Formula that is not covered by the Internal Model.

In the Standard Formula, the mandatory Fire Cat scenario requires the maximum concentration of property risk within a 200m radius to be assessed on a sums insured basis. This is considered by the Company to be far more remote than a 1-in-200 year scenario, as a man-made catastrophe event would have to occur in the exact area that the Company's concentrations are based and cause a complete loss to all properties. The Company is satisfied that the Internal Model gives an appropriate reflection of fire catastrophe losses, and to its risk profile as a whole.

The credit risk module of the Internal Model, in contrast to the counterparty default risk module of the Standard Formula, covers the entire bond and loan portfolio and also credit insurance exposures. This approach allows the Company to model diversification and concentration effects across all credit risk-bearing exposures.

The market risk module of the Internal Model strongly benefits from diversification benefits within and across sub-modules. This drives a lower credit spread risk capital in the Internal Model as compared to the Standard Formula.

For life underwriting risk, the covered risks are not aligned between the two models. The Internal Model covers longevity risks for pension obligations for employees, whereas this risk is not accounted for in the Standard Formula.

Operational risk capital for the Standard Formula is calculated based on a factor-based approach, where the underlying economic risk profile is only partly reflected. The Internal Model calculation of operational risk capital is based on the Company's operational risk management framework (described in Section C.3.5) which, in contrast, leads to an adequate coverage of the underlying risks.

E.4.5 Nature and appropriateness of data

Various sources of data are used as input to the Internal Model and for the calibration of parameters as described in previous sections. Where reasonable, the input data is identical to the data used for other purposes, for example for local GAAP (FRS101). The appropriateness of this data is regularly verified internally and by external auditors.

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

The Company complied with the Minimum Capital Requirement and the Solvency Capital Requirement for year-end 2020.

E.6 Any other information

All important information regarding the capital management of the undertaking is addressed in the above sections.

F. Glossary

AIM	Allianz Investment Management
AZT	Allianz Technology
ASMG	Allianz Standards for Model Governance
ASORM	Allianz Standards for Operational Risk Management
BaFIN	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
BCM	Business Continuity Management
BEL	Best Estimate Liability
CBI	Central Bank of Ireland
CF	Controlled Functions
CRisP	Credit Risk Platform
ECB	European Central Bank
EIOPA	European Insurance & Occupational Pensions Authority
ELCA	Entity Level Controls Assessment
FICO	Finance & Investment Committee
GAAP	General Accepted Accounting Practice
ICOFR	Internal Control of Financial Reporting
IMF	International Monetary Fund
L&H	Life & Health
LoB	Line of Business
MRC	Management Risk Committee
MVBS	Market Value Balance Sheet
MCK	Minimum Capital Requirement
OE	Operating Entity
OECD	Organisation for Economic Co-operation and Development
ORGS	Operation Risk Governance System
ORSA	Own Risk & Solvency Assessment
P&C	Property & Casualty
PCF	Pre-approval Control Function
PFE	Potential Future Exposures
PIMCO	Pacific Management Investment Company
RAI	Risk Analysis Infrastructure
RCSA	Risk and Control Self-Assessment
RCSAG	Risk & Control Self-Assessment Guideline
RiCo	Risk Committee
RM	Risk Margin
RMF	Risk Management Framework
RTCS	Risk Tolerance & Control Statements
SAA	Strategic Asset Allocation
ScA	Scenario Analysis
SCR	Solvency Capital Requirement
TP	Technical Provisions
TRA	Top Risk Assessment
UPR	Unearned Premium Reserve

G. References

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European Insurance and Occupational Pensions Authority (EIOPA), “Guidelines on Submission of Information to National Competent Authorities (EIOPA-CP-13/010)”, 2013;
European Parliament and European Council, “Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)”, 2009

H. Annex: Quantitative Reporting Templates

This Annex lists the annual quantitative templates submitted to the CBI in respect of the year 31 December 2020

The following templates are reproduced in this Annex:

Code	Template Name
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life Insurance Claims
S.22.01.21	Impact of long term guarantees and transitional measures
S.23.01.01	Own Funds
S.25.03.21	Solvency Capital Requirement - for undertakings on Full Internal Models
S.28.01.01	Minimum Capital Requirement – only life or non-life insurance or reinsurance activity

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	-
Pension benefit surplus	**R0050**	53,093.00
Property, plant & equipment held for own use	**R0060**	33,150.89
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	1,747,131.24
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	-
Equities	**R0100**	13,005.55
Equities - listed	**R0110**	-
Equities - unlisted	**R0120**	13,005.55
Bonds	**R0130**	1,538,323.61
Government Bonds	**R0140**	430,365.51
Corporate Bonds	**R0150**	1,107,958.09
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	170,377.69
Derivatives	**R0190**	6,257.98
Deposits other than cash equivalents	**R0200**	19,166.41
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	-
Loans and mortgages	**R0230**	38,611.52
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	38,611.52
Reinsurance recoverables from:	**R0270**	784,007.94
Non-life and health similar to non-life	**R0280**	784,007.94
Non-life excluding health	**R0290**	778,993.75
Health similar to non-life	**R0300**	5,014.19
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**	1,960.82
Reinsurance receivables	**R0370**	141.93
Receivables (trade, not insurance)	**R0380**	5,411.49
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**	14,358.09
Any other assets, not elsewhere shown	**R0420**	-
Total assets	**R0500**	2,677,866.92

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	1,437,762.34
Technical provisions – non-life (excluding health)	**R0520**	1,427,774.43
TP calculated as a whole	**R0530**	-
Best Estimate	**R0540**	1,398,631.28
Risk margin	**R0550**	29,143.15
Technical provisions - health (similar to non-life)	**R0560**	9,987.91
TP calculated as a whole	**R0570**	-
Best Estimate	**R0580**	9,815.93
Risk margin	**R0590**	171.98
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**	-
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	17,194.13
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	714,318.23
Deferred tax liabilities	**R0780**	6,656.32
Derivatives	**R0790**	15.75
Debts owed to credit institutions	**R0800**	4,439.87
Financial liabilities other than debts owed to credit institutions	**R0810**	34,190.20
Insurance & intermediaries payables	**R0820**	309.67
Reinsurance payables	**R0830**	12,417.07
Payables (trade, not insurance)	**R0840**	97.05
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in BOF	**R0860**	-
Subordinated liabilities in BOF	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	30,189.15
Total liabilities	**R0900**	2,257,589.78
Excess of assets over liabilities	**R1000**	420,277.14

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)**								
		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
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**
Premiums written										
Gross - Direct Business	**R0110**	5,010.39	-	-	218,588.49	49,631.50	7,805.02	161,842.66	133,267.07	116.32
Gross - Proportional reinsurance accepted	**R0120**	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**	2,552.44	-	-	112,158.67	25,448.97	4,367.76	95,937.98	74,134.50	105.51
Net	**R0200**	2,457.96	-	-	106,429.82	24,182.53	3,437.25	65,904.68	59,132.57	10.80
Premiums earned										
Gross - Direct Business	**R0210**	4,970.25	-	-	212,946.93	48,321.95	8,650.40	157,919.73	125,518.87	787.98
Gross - Proportional reinsurance accepted	**R0220**	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**	2,532.42	-	-	108,829.32	24,677.98	4,772.09	93,228.74	69,096.09	446.84
Net	**R0300**	2,437.83	-	-	104,117.61	23,643.97	3,878.32	64,691.00	56,422.78	341.14
Claims incurred										
Gross - Direct Business	**R0310**	3,412.56	-	-	126,702.07	6,207.22	2,660.12	130,842.91	66,292.86	(2,719.17)
Gross - Proportional reinsurance accepted	**R0320**	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**	1,706.28	-	-	67,143.62	3,217.70	690.98	65,906.67	34,909.94	(2,187.85)
Net	**R0400**	1,706.28	-	-	59,558.45	2,989.52	1,969.14	64,936.24	31,382.92	(531.33)
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**	666.67	-	-	35,615.64	6,337.44	1,445.09	25,836.86	22,343.47	412.46
Other expenses	**R1200**									
Total expenses	**R1300**									

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)**			Line of business for: **accepted non-proportional reinsurance**				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written									
Gross - Direct Business	**R0110**	-	-	12,496.73					588,758.18
Gross - Proportional reinsurance accepted	**R0120**	-	-	-					-
Gross - Non-proportional reinsurance accepted	**R0130**				-	-	-	-	-
Reinsurers' share	**R0140**	-	-	6,248.26	-	-	-	-	320,954.09
Net	**R0200**	-	-	6,248.47	-	-	-	-	267,804.08
Premiums earned									
Gross - Direct Business	**R0210**	-	-	11,569.05					570,685.16
Gross - Proportional reinsurance accepted	**R0220**	-	-	-					-
Gross - Non-proportional reinsurance accepted	**R0230**				-	-	-	-	-
Reinsurers' share	**R0240**	-	-	5,784.52	-	-	-	-	309,368.00
Net	**R0300**	-	-	5,784.52	-	-	-	-	261,317.17
Claims incurred									
Gross - Direct Business	**R0310**	-	-	8,484.12					341,882.68
Gross - Proportional reinsurance accepted	**R0320**	-	-	-					-
Gross - Non-proportional reinsurance accepted	**R0330**				-	-	-	-	-
Reinsurers' share	**R0340**	-	-	4,242.06	-	-	-	-	175,629.41
Net	**R0400**	-	-	4,242.06	-	-	-	-	166,253.28
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**	-	-	1,016.00	-	-	-	-	93,673.61
Other expenses	**R1200**								-
Total expenses	**R1300**								93,673.61

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

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010							
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	**R0110**	525,187.58	63,537.09	-	-	-	-	588,724.67
Gross - Proportional reinsurance accepted	**R0120**	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	**R0130**	-	-	-	-	-	-	-
Reinsurers' share	**R0140**	285,111.64	35,808.93	-	-	-	-	320,920.57
Net	**R0200**	240,075.94	27,728.16	-	-	-	-	267,804.10
Premiums earned								
Gross - Direct Business	**R0210**	511,262.40	59,406.40	-	-	-	-	570,668.80
Gross - Proportional reinsurance accepted	**R0220**	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	**R0230**	-	-	-	-	-	-	-
Reinsurers' share	**R0240**	276,636.25	32,718.16	-	-	-	-	309,354.41
Net	**R0300**	234,626.15	26,688.24	-	-	-	-	261,314.39
Claims incurred								
Gross - Direct Business	**R0310**	311,895.59	29,970.77	-	-	-	-	341,866.36
Gross - Proportional reinsurance accepted	**R0320**	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	**R0330**	-	-	-	-	-	-	-
Reinsurers' share	**R0340**	161,620.38	14,000.87	-	-	-	-	175,621.25
Net	**R0400**	150,275.21	15,969.90	-	-	-	-	166,245.12
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**	83,503.12	10,171.17	-	-	-	-	93,674.29
Other expenses	**R1200**							-
Total expenses	**R1300**							93,674.29

Annex I
S.17.01.02
Non-life Technical Provisions

		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**
Technical provisions calculated as a whole	**R0010**	-	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	**R0060**	1,913.55	-	-	44,949.88	5,942.03	(1,594.42)	24,914.63	26,108.67	10.15
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	1,021.98	-	-	33,903.86	4,626.47	353.38	24,007.64	20,303.25	15.24
Net Best Estimate of Premium Provisions	**R0150**	891.57	-	-	11,046.02	1,315.56	(1,947.80)	906.99	5,805.42	(5.09)
Claims provisions										
Gross	**R0160**	7,902.38	-	-	537,541.98	7,478.56	4,526.85	142,317.23	577,841.25	18,970.53
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	3,992.21	-	-	288,267.08	3,756.24	2,401.93	75,466.90	308,593.24	12,591.38
Net Best Estimate of Claims Provisions	**R0250**	3,910.17	-	-	249,274.90	3,722.32	2,124.92	66,850.33	269,248.01	6,379.15
Total Best estimate - gross	**R0260**	9,815.93	-	-	582,491.86	13,420.59	2,932.43	167,231.86	603,949.92	18,980.68
Total Best estimate - net	**R0270**	4,801.74	-	-	260,320.92	5,037.88	177.12	67,757.32	275,053.43	6,374.06
Risk margin	**R0280**	171.98	-	-	14,611.64	13.57	201.73	2,866.78	11,007.49	297.83
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	**R0290**	-	-	-	-	-	-	-	-	-
Best estimate	**R0300**	-	-	-	-	-	-	-	-	-
Risk margin	**R0310**	-	-	-	-	-	-	-	-	-

Annex I
S.17.01.02
Non-life Technical Provisions

		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**
Technical provisions - total										
Technical provisions - total	**R0320**	9,987.91	-	-	597,103.50	13,434.16	3,134.16	170,098.64	614,957.41	19,278.51
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	5,014.19	-	-	322,170.94	8,382.71	2,755.31	99,474.54	328,896.49	12,606.62
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	4,973.72	-	-	274,932.56	5,051.45	378.85	70,624.10	286,060.92	6,671.89

Annex I
S.17.01.02
Non-life Technical Provisions

		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**
Technical provisions calculated as a whole	**R0010**	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	**R0060**	-	-	5,581.96	-	-	-	-	107,826.45
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-	-	2,563.10	-	-	-	-	86,794.92
Net Best Estimate of Premium Provisions	**R0150**	-	-	3,018.86	-	-	-	-	21,031.53
Claims provisions									
Gross	**R0160**	-	-	4,041.98	-	-	-	-	1,300,620.76
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	-	-	2,144.04	-	-	-	-	697,213.02
Net Best Estimate of Claims Provisions	**R0250**	-	-	1,897.94	-	-	-	-	603,407.74
Total Best estimate - gross	**R0260**	-	-	9,623.94	-	-	-	-	1,408,447.21
Total Best estimate - net	**R0270**	-	-	4,916.80	-	-	-	-	624,439.27
Risk margin	**R0280**	-	-	144.11	-	-	-	-	29,315.13
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	**R0290**	-	-	-	-	-	-	-	-
Best estimate	**R0300**	-	-	-	-	-	-	-	-
Risk margin	**R0310**	-	-	-	-	-	-	-	-

Annex I
S.17.01.02
Non-life Technical Provisions

		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**
Technical provisions - total									
Technical provisions - total	**R0320**	-	-	9,768.05	-	-	-	-	1,437,762.34
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	-	-	4,707.14	-	-	-	-	784,007.94
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	-	-	5,060.91	-	-	-	-	653,754.40

Annex I
S.19.01.21
Non-life insurance claims

Total Non-Life Business

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

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											2,573.93	R0100	2,573.93	2,573.93
N-9	R0160	83,270.59	59,347.14	23,816.98	18,364.02	12,418.97	9,998.84	10,065.74	2,557.66	2,639.25	1,236.84		R0160	1,236.84	223,716.03
N-8	R0170	81,872.96	51,554.53	23,309.59	17,769.85	18,151.26	10,248.70	7,856.23	6,412.16	1,939.88			R0170	1,939.88	219,115.16
N-7	R0180	88,798.41	71,035.99	27,887.34	21,624.19	15,611.69	14,601.70	7,084.34	4,290.22				R0180	4,290.22	250,933.88
N-6	R0190	92,569.81	50,830.93	26,835.55	28,723.27	28,800.05	12,821.84	8,958.32					R0190	8,958.32	249,539.77
N-5	R0200	82,095.64	61,860.53	32,108.56	26,253.09	33,487.59	16,761.32						R0200	16,761.32	252,566.73
N-4	R0210	95,222.52	55,559.95	35,351.65	32,860.88	29,573.09							R0210	29,573.09	248,568.09
N-3	R0220	95,119.93	60,582.33	36,618.86	35,022.33								R0220	35,022.33	227,343.45
N-2	R0230	97,373.05	50,015.14	26,712.61									R0230	26,712.61	174,100.80
N-1	R0240	89,991.00	43,942.53										R0240	43,942.53	133,933.53
N	R0250	80,678.58											R0250	80,678.58	80,678.58
													Total R0260	**251,689.65**	**2,063,069.95**

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											150,419.50	R0100	151,966.10
N-9	R0160	-	-	-	-	-	35,616.22	20,492.65	17,004.47	12,657.54	11,879.33		R0160	12,017.55
N-8	R0170	-	-	-	-	51,355.71	37,055.13	26,614.76	18,729.18	15,791.93			R0170	15,942.80
N-7	R0180	-	-	-	76,537.60	58,042.81	39,852.33	28,114.10	20,080.55				R0180	20,302.78
N-6	R0190	-	-	144,751.46	116,892.87	72,883.52	54,597.66	40,607.19					R0190	41,032.68
N-5	R0200	-	217,004.18	172,962.56	140,599.96	95,524.79	63,467.10						R0200	64,071.01
N-4	R0210	275,806.43	241,761.89	199,110.57	158,520.18	126,908.24							R0210	128,431.22
N-3	R0220	283,929.27	244,543.71	191,118.87	142,061.12								R0220	143,589.00
N-2	R0230	263,141.83	224,661.90	180,173.96									R0230	182,257.88
N-1	R0240	249,366.69	222,261.32										R0240	224,804.30
N	R0250	313,206.82											R0250	316,205.37
													Total R0260	**1,300,620.69**

Annex I
S.22.01.21
Impact of long term guarantees and transitional measures

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	1,437,762.34	-	-	3,561.72	
Basic own funds	R0020	370,277.14	-	-	(1,758.70)	
Eligible own funds to meet Solvency Capital Requirement	R0050	370,277.14	-	-	(1,758.70)	
Solvency Capital Requirement	R0090	218,029.99	-	-	9,872.42	
Eligible own funds to meet Minimum Capital Requirement	R0100	370,277.14	-	-	(1,758.70)	
Minimum Capital Requirement	R0110	85,758.87	-	-	169.00	

Annex I
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	31,250.00	31,250.00		-	
Share premium account related to ordinary share capital	R0030	493.45	493.45		-	
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	328,115.69	328,115.69			
Subordinated liabilities	R0140	-		-	-	-
An amount equal to the value of net deferred tax assets	R0160	-				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	10,418.00	10,418.00	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	
Total basic own funds after deductions	R0290	370,277.14	370,277.14	-	-	-
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	370,277.14	370,277.14	-	-	-
Total available own funds to meet the MCR	R0510	370,277.14	370,277.14	-	-	
Total eligible own funds to meet the SCR	R0540	370,277.14	370,277.14	-	-	-
Total eligible own funds to meet the MCR	R0550	370,277.14	370,277.14	-	-	
SCR	R0580	218,029.99				
MCR	R0600	85,758.87				
Ratio of Eligible own funds to SCR	R0620	169.83%				
Ratio of Eligible own funds to MCR	R0640	431.77%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	420,277.14
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	50,000.00
Other basic own fund items	R0730	42,161.45
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve	R0760	328,115.69
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	36,000.93
Total Expected profits included in future premiums (EPIFP)	R0790	36,000.93

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	139,825.53		2 - Simplifications not used
Counterparty default risk	R0020	31,836.69		
Life underwriting risk	R0030	0.00	None	2 - Simplifications not used
Health underwriting risk	R0040	3,969.76	None	2 - Simplifications not used
Non-life underwriting risk	R0050	381,380.91	None	2 - Simplifications not used
Diversification	R0060	(101,596.90)		
Intangible asset risk	R0070	0.00		
Basic Solvency Capital Requirement	R0100	455,416.00		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	42,253.64
Loss-absorbing capacity of technical provisions	R0140	0.00
Loss-absorbing capacity of deferred taxes	R0150	(1,441.38)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0.00
Solvency capital requirement excluding capital add-on	R0200	496,228.25
Capital add-on already set	R0210	0.00
Solvency capital requirement	R0220	496,228.25
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Annex I
S.25.03.21
Solvency Capital Requirement - for undertakings on Full Internal Models

Unique number of component	Components description	Calculation of the Solvency Capital Requirement
C0010	**C0020**	**C0030**
10	IM - Market risk	88,430.56
11	IM - Underwriting risk	166,738.58
12	IM - Business risk	7,103.03
13	IM - Credit risk	38,763.41
14	IM - Operational risk	26,086.82
15	IM - LAC DT (negative amount)	(1,441.38)
16	IM - Capital Buffer	-
17	IM - Adjustment due to RFF/MAP nSCR aggregation	-

Calculation of Solvency Capital Requirement		**C0100**
Total undiversified components	**R0110**	325,681.03
Diversification	**R0060**	(107,651.03)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional)	**R0160**	-
Solvency capital requirement excluding capital add-on	**R0200**	218,029.99
Capital add-ons already set	**R0210**	-
Solvency capital requirement	**R0220**	218,029.99
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	**R0300**	-
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	**R0310**	(1,441.38)
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))	**R0420**	-
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	-
Diversification effects due to RFF nSCR aggregation for article 304	**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

		C0010
MCR_{NL} Result	R0010	85,758.87

		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	4,801.78	2,458.32
Income protection insurance and proportional reinsurance	R0030	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	260,322.20	130,399.18
Other motor insurance and proportional reinsurance	R0060	5,037.91	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	177.14	3,418.93
Fire and other damage to property insurance and proportional reinsurance	R0080	67,757.93	65,805.06
General liability insurance and proportional reinsurance	R0090	275,054.69	58,904.21
Credit and suretyship insurance and proportional reinsurance	R0100	6,374.10	10.77
Legal expenses insurance and proportional reinsurance	R0110	-	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	4,916.87	6,248.47
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	85,758.87
SCR	R0310	218,029.99
MCR cap	R0320	98,113.50
MCR floor	R0330	54,507.50
Combined MCR	R0340	85,758.87
Absolute floor of the MCR	R0350	3,700.00
		C0070
Minimum Capital Requirement	R0400	85,758.87