

Gasrule Insurance Designated Activity Company

Solvency and Financial Condition Report
Reporting period ended 31 December 2020

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Summary

This Report refers to the business of Gasrule Insurance Dac ('Gasrule', 'the Company'), a captive insurer, authorised and supervised by the Central Bank of Ireland. It provides the reader with information on the Company's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management for the reporting period ended 31 December 2020.

Gasrule has prepared this report in accordance with the relevant articles of the Commission Delegated Regulation (EU) 2015/35, together with the Guidelines on reporting and public disclosure issued by EIOPA.

Gasrule audited financial statements are prepared to 31 December 2020 in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The reporting currency is EURO.

The Company's business strategy is to provide coverage for the Snam Group including General Liability, Property, Goods in transit and Miscellaneous Financial Loss. The impact of insurance risk volatility on the Company's capital base is mitigated through the purchase of reinsurance from appropriate counterparties. Investment of Company funds is in line with the documented investment strategy, reflecting a 'prudent person' approach to the management of counterparty, concentration, interest rate and currency risk.

The Board has identified the key risks to which Gasrule is exposed and established appropriate corporate governance, risk management and reporting mechanisms to ensure that the identified risks remain relevant, and that they are managed and reported on with appropriate levels of detail and frequency. The Company has established a comprehensive suite of risk policies and implemented a series of internal controls to ensure that Gasrule can be managed in accordance with its governance and risk management systems. Documented escalation mechanisms are in place to ensure that any breaches in risk limits and tolerances, internal controls and governance requirements can be reported promptly to the appropriate individuals. Risks to which the Company is exposed are well understood and are used to determine the level of solvency and capital required over the business planning period and to better inform decision making within the Company.

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

In September 2020, Gasrule submitted an application to the Central Bank of Ireland ('CBI') noting its intention to expand its business plan to include cover under a new Non-Life Insurance Class of Business - Class 6 Ships (Sea, Lake and River and Canal Vessels). Gasrule received approval from the CBI and a copy of the updated Certificate of Authorisation effective from 26 March 2021.

As at 31 December 2020, the Company had eligible own funds of €24,406m (2019: €23,627m) available to meet its Solvency Capital Requirement (SCR) of €18,682m (2019: €17,933m); resulting in a Solvency Ratio of 131% (2019: 132%) which is in line with the Company's risk appetite. The Board of Directors is satisfied that the Company has adequate and appropriate capital to support its business plans. The Minimum Capital Requirement (MCR) was also satisfactorily met at the period-end €4,671m (2019:

€4.483m). There were no instances of non-compliance with the capital requirements during the period.

The Covid-19 global pandemic is continuing to cause significant financial market and social dislocation. The ultimate effects of the pandemic on the Company are uncertain and depend on the length and severity of the crisis period. The Board continue to assess the risks involved for the Company and is satisfied that based on the information available to date the Company is well positioned and sufficiently capitalised to manage those risks.

From 1st December 2020, cash held at bank is subject to negative interest rate charges (1).

¹ EUR Credit: €STR – 0.0650%

A. BUSINESS & PERFORMANCE

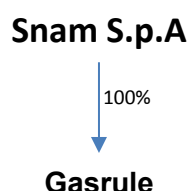
A.1 Business

Gasrule Insurance DAC is a private company limited by shares incorporated in Ireland on 23 July 2013. On 23 May 2014 the Company changed its name from Snam Risk Limited to Gasrule Insurance Limited and in line with the requirements of the Companies Act 2014 converted to a designated activity company (DAC), limited by shares, effective 23 March 2016.

The Company is a wholly-owned subsidiary of its parent company, Snam S.p.A, headquartered at Piazza Santa Barbara 7, 20097 San Donato Milanese, Italy (thereafter ‘the Group’) and insurers solely the risks of the group and is therefore considered to be a captive insurer.

The Group is listed on the FTSE MIB index of the Italian Stock Exchange and is one of the leading energy infrastructure companies in the world as well as one of the largest listed Italian companies by capitalization.

The position of the Company within the Group is set out below:



Details on other Group subsidiaries and related undertakings are published within the Group Annual Report, 2020, which is available to download from <https://www.snam.it/en/index.html>.

The Company’s business address and registered office is 3rd Floor, The Metropolitan Building, James Joyce Street, Dublin D01 K0Y8, Ireland.

The Company’s independent auditor Deloitte Ireland LLP (‘Deloitte’), is located at 29 Earlsfort Terrace, Dublin, D02 AY28.

Gasrule is authorised by the Central Bank of Ireland (‘CBI’), under the European Union (Insurance and Reinsurance) Regulations 2015 (SI 485), to carry out the business of non-life insurance. Authorisation is provided in respect of Class 7 – Goods in Transit, Class 8 – Fire and Natural Forces, Class 9 – Other Damage to Property, Class 13 – General Liability and Class 16 – Miscellaneous Financial Loss. The Company received authorisation to write business under for Class 6- Ships (Sea, Lake, River and Canal Vessels) with effective from 26 March 2021. The Company is engaged exclusively in providing coverage to the Group’s industrial risks and carries out business in countries which are part of the European Union and also with the United Kingdom. All business written by the captive relates to direct insurance and proportional reinsurance of the Group European operations. The Company’s insurance exposure is mitigated by setting limits of liability within its insurance programme and the purchase of reinsurance from a panel of reinsurers.

The insurance supervision division at the CBI may be contacted at their offices in New Wapping Street, North Wall Quay, Dublin, D01 F7X3, Ireland.

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

Gasrule conducts all of its significant business activities from its office in Ireland, including:

- Underwriting and Reinsurance (inward and outward);
- premium invoicing and collection;
- claims reserving and payments; and
- investing.

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

A.2 Underwriting Performance

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

Gasrule strategic objectives are formulated in conjunction with the Group as part of its global insurance arrangements. The Group strategy is to maintain a small element of risk within the Group subsidiaries via the use of deductibles whilst ensuring that catastrophic risks are covered via the captive. It is therefore accepted that for the foreseeable future, in accordance with the business plan, Gasrule will maintain a per event/aggregate stop loss reinsurance arrangement with the market in respect of the property line of business, which is considered to be the best strategic operating option available to the Company. Reinsurance is not considered necessary in respect of the Liability policies due to the limits of indemnity being within the Company appetite.

The Board of Directors continue to monitor Brexit and to date there has been no impact to the Company as a result of the EU-UK Brexit deal implemented on 1 January 2021.

Gasrule is currently insuring Snam Group S.p.A. risks under the following regulatory lines of business:

- General Liability
- Fire & Other Damage to Property
- Marine, Aviation & Transport
- Miscellaneous Financial Loss
- Ships (Authorisation effective from 26 March 2021)

The current reinsurance agreement is placed with a panel of reinsurers, subject to minimum rating requirements.

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Premiums written relate to business incepted during the financial year. Provision is made for notified losses on all underwriting years. Provisions are calculated gross of any reinsurance recoveries with a separate estimate being made of amounts recoverable from reinsurers.

Profit after tax for the financial year ended 31 December 2020 amounted to €0,190m (2019: €1,591m), with a dividend of €Nil m paid to the parent during 2020 (2019: €Nil m).

The underwriting performance for the period is outlined in the table below in accordance with the IFRS financial reporting framework:

Financial Statements	2020 €'000	2019 €'000
Gross premiums earned	10,635	11,051
Outward reinsurance premiums earned	(2,970)	(2,836)
Earned premiums, net of reinsurance	7,665	8,215
Net Claims incurred	(6,474)	(5,393)
Other Operating expenses	(117)	(155)
Net Technical Profit	1,074	2,667
Operating Expenses incurred	(857)	(849)
Net profit before Tax	217	1,818

All premiums resulted from contracts of proportional insurance concluded in the Republic of Ireland and are summarised by line of business in the table below:

Line of Business	2020 €'000	2019 €'000	Variance
Marine, aviation & transport	2	3	(1)
Fire & Other Damage to Property	7,135	7,702	(567)
General Liability	528	510	18
Miscellaneous Financial Loss	-	-	-
Total Earned Premium, net of reinsurance	7,665	8,215	(550)

Premiums written relate to business incepted during the financial year and have resulted from contracts of insurance concluded in the Republic of Ireland.

Gross and net claims paid during the financial year ended 31 December 2020 totalled €3,270m (2019: €1,986m) and the movement in the provision for claims amounted to an increase of €3,204m (2019: €3,407m). Claims incurred (gross and net) are split by line of business as follows:

Line of Business	Claims Paid, Net of Reinsurance			Movement in Claims Provisions		
	2020 €'000	2019 €'000	Variance	2020 €'000	2019 €'000	Variance
Marine, aviation & transport	-	-	-	-	-	-
Fire & Other Damage to Property	3,269	1,986	1,282	2,843	3,031	(188)
General Liability	871	-	871	361	376	(15)
Miscellaneous Financial Loss	-	-	-	-	-	-
Total	3,270	1,986	1,283	3,204	3,407	(203)

The increase in the net claims paid in 2020 is driven by large settlements for historical Property and Machinery Breakdown claims.

Claims incurred in the current period reflected the incidence of higher level of paid claims activity across Property and General Liability lines of business while the prior period had a more benign claims experience.

Net operating and other underwriting expenses for the year amounted to €0.974m (2019: €1.004m) of which €31k relates to Intercompany party related transactions (2019: €80k) that are paid in service charges to the Group. Other than the directors, the Company has two full time employee's that fulfil the role of the Chief Executive Officer and the Financial, Reporting & Administration Manager. Both employees receive an annual fixed remuneration for their service.

A.3 Investment Performance

In line with the Company's documented investment policy, the Company allocates its investment portfolio between cash accounts and an Intercompany loan, as described below.

- Cash - the Company maintains funds with preapproved financial institutions being BNP Paribas and Barclays. The investment income earned for the reporting period is € Nil (2019: Nil).
- Intercompany Loan – Available funds are invested, as deemed prudent by the Board of Directors, in an intercompany loan with the parent company Snam S.p.A. The investment income earned for the reporting period is € Nil (2019: Nil).

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

The investment income for the year is nil.

A.4 Performance of other activities

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

A.5 Any Other Information

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

B. SYSTEM OF GOVERNANCE

B.1 General information on the system of governance

In order to meet the requirements for sound corporate governance (including the requirements of the Corporate Governance Requirements for Captive Insurance and Reinsurance Undertakings 2015), ensure efficient conduct of business and to protect the interests of the Company's stakeholders, the Company has a comprehensive Governance and Risk Management system in place.

The Board of Directors of the Company (thereafter 'the Board') do not have any committees to delegate the governance responsibilities to, therefore, acknowledges its responsibility to ensure that risks are fully understood and appropriately managed in accordance with the framework and has taken appropriate steps to ensure that risk management, reporting and control processes have been put in place in a manner which reflects the nature and scale of the captive's activities. The Board is the focal point of the governance system and is ultimately accountable and responsible for the performance and conduct of the Company.

All authority emanates from the Board and responsibilities are delegated in such a manner so as to ensure that no one individual has unfettered powers of decision and that business is undertaken in a controlled and responsible manner. The Company employs a Chief Executive Officer and a Financial, Reporting & Administration Manager that, with the support of the management services that are outsourced to Aon Insurance Managers (Dublin) Ltd and the Compliance Function outsourced to KPMG, oversee the regular governance duties of the Company.

The overriding goal of the Company's risk management strategy is to control and to achieve, as much as possible, a reduction in the Company's risk exposure as a means of minimising the impact of undesired and/or unexpected events.

The Governance and Risk Management System of the Company, first implemented prior to the inception of the Solvency II directive in 2016 may be described as relying on four cornerstones:

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

The Board annually reviews the governance framework, the risk appetite framework setting out tolerance limits and operational limits for all risk categories, the risk management policies for all risk categories and the risk register for the Company. In order to achieve the Governance Objectives, the

Company has set up a Corporate Governance Framework based on following principles: The Board of Directors is the focal point of the governance system and is ultimately accountable and responsible for the performance and conduct of the Company and, as such, must have at its disposal all required capabilities to achieve its duties;

- an embedded Compliance Function aiming to ensure the continuous compliance of the Company with all legal, regulatory and administrative requirements, i.e. essentially the Solvency II Directive, the Regulations and any other relevant applicable guidelines and local legislation;
- an appropriate segregation of duties in order to enable the various risk management, internal audit, actuarial and Compliance Function to perform independent risk and business control, mitigation, monitoring and reporting tasks;
- a meaningful and practical approach in documenting policies and strategies to formalize all processes and ensure efficiency, fit and proper and best-in-class criteria;
- structured reporting processes to enable an appropriate escalation of risks issues to the Board of Directors in order to ensure a clear and comprehensive information process allowing the Board to perform an efficient and prudent conduct of business in line with the strategic objectives.
- the Company will monitor, and on a regular basis evaluate, the adequacy and effectiveness of the governance system and will take appropriate measures to address any deficiencies.
- the Company will ensure that the assignment of multiple tasks to individuals and organisational units does not or is not likely to prevent the persons concerned from carrying out any particular function in a sound, honest and objective manner.

According to these principles, the Company applies the "three lines of defence" governance model, illustrated in the following table:

Board of Directors		
Operations - Underwriting/Claims Management CEO with assistance from Aon	Risk Management Function Chief Risk Officer	Internal Audit Function SNAM
Operations - Finance and Accounting Aon in conjunction with CEO	Compliance Function KPMG	
Operations - Investment Aon with conjunction with CEO	Actuarial Function AGRC	
Operations - Administration Aon in conjunction with CEO		
1st line of defence Risk and control embedded in the business Primary accountability within the context of day-to-day operations. The first line of defence ensures that operations are carried out correctly and that risk exposures are managed, controlled and reported in accordance with the risk appetite and risk policies set out by the board.	2nd line of defence The oversight functions The 2nd line is in charge of defining, developing, implementing and maintaining risk frameworks, policies and procedures. It defines the business guidelines and oversees the operations. It monitors and ensures that operations, policies and strategies are adequately aligned.	3rd line of defence Provides independent assurance The 3rd line challenges the design and effectiveness of risk management, compliance, control and governance processes. In order to achieve the necessary independence and objectivity, Internal Audit is an independent function that reports directly to the Board of the Company.

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

There have been no material changes to this structure since the prior reporting period.

The Board undertake responsibility for performing the equivalent function of an Audit Committee in relation to the reporting period 31st December 2020.

Key Functions

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

Remuneration and material transactions

The members of the Board of Directors, receive no remuneration for their services as directors to the Company. The Company had two full-time employees in 2020 (2019: 1), who is the Chief Executive Officer and the Financial, Reporting & Administration Manager. Both receive fixed remuneration for their service.

As a captive insurer, all Gasrule's inward premium flows and outward claims payments relate to insured risks of the shareholder group. In addition, the Company has advanced an intercompany loan to its parent Snam S.p.A. There are also annual services charges payable to the Group for an agreed fee which is invoiced on a quarterly basis. Other than these transactions which arise in the normal course of business, the Company had no material transactions during the reporting period with members of the shareholder group and none with members of the Board of Directors.

B.2 Fit & Proper requirements

Gasrule has documented its Fitness & Probity policy specifying out the Company's approach to the selection and assessment of the persons who effectively run the Company or are responsible for other key functions.

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

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

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

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

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

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

The Company has taken appropriate actions in order to:

- embed risk management as a key function within its governance structure; and
- develop and maintain effective processes and reporting procedures to identify, measure, monitor, manage and report, on a continuous basis, the risks to which the Company is exposed.

Risk refers to the effect of uncertainty on the Company's ability to meet its objectives. Risk management is a systematic approach to protect the business resources and income against losses and unexpected events so that objectives of the Company can be achieved without unnecessary disruption.

The Company's Risk Management System:

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

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

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

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

Own Risk and Solvency Assessment

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

Define the Stress scenarios

Stress testing and scenario analysis are used to assess whether the available and future capital are sufficient in both expected and stressed situations.

Business projections, stresses and scenarios are compiled by the Operations Functions with input and agreement from the Board of Directors to ensure that these are appropriate for the Company.

Stress the Financial Plan

Stress test scenarios are embedded into the projected financial plan. Related solvency capital requirements and solvency ratios are then calculated for each year, resulting in a stressed financial plan and the solvency impact of adverse scenarios. This exercise is conducted by the Actuarial Function and validated by the Risk Management Function.

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

The Risk Management Function identifies potential additional mitigation actions to reduce the potential impact of the stress scenarios. Where applicable, any future additional capital needs will be identified and aligned to the Company's capital management plan i.e. defining the measures to restore the Company's solvency margin should the assumed scenarios occur.

Produce the ORSA Report

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

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

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

In line with CBI requirements, the Head of Actuarial Function provides an Actuarial Opinion to the Board of Directors in respect of the ORSA once the results of the ORSA process are presented to the Board for review and challenge. Following the approval from the Board, the Company's ORSA report is finalised and results submitted to the CBI within 14 days of the Boards approval.

The capital risk appetite for Gasrule is to sustain its capital at a level sufficient to meet the Regulatory Solvency Capital Requirement at all times. The Board of Directors maintains a prudent approach to the capital requirements and to ensure that the Company maintains a comfortable position to meet the obligation.

Snam S.p.A. would always seek to be in a position to take prompt corrective action to replenish capital to an appropriate level in Gasrule so that solvency capital compliance can be demonstrated. Snam S.p.A. is expected to continue to have ample capacity to provide this support to Gasrule.

B.4 Internal Control System

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

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

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

Detailed Processes and Embedded Control Activities

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

These items are approved by the Board of Directors and evaluated by the Internal and External Audit Functions. They are reviewed as often as necessary but at least annually.

Tasks and actions are shared between the key functions of the Company and clarify related roles, responsibilities and embedded control activities.

B.5 Compliance Function

The Company has a dedicated Head of Compliance which is outsourced by the Company and reports directly into the Board of Directors.

The responsibilities of the Compliance Function include:

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

The Company has a Compliance Policy and Compliance Plan in place for the 2020/21 period which was reviewed and approved by the Board.

The Head of Compliance Function is a pre-approval-controlled function (PCF-12) under the Central Bank Reform Act 2010 (Sections 20 and 22) Regulations 2011.

B.6 Internal Audit Function

Purpose & Objectives

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

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

The Board has developed effective policies and practices and will take appropriate corrective action in response to any weaknesses identified by internal and external auditors.

Independence and Impartiality

The Company's Internal Audit Function is independent of the operational activities audited and the Board of Directors.

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

The Head of Internal Audit Function is a pre-approval-controlled function (PCF-13) under the Central Bank Reform Act 2010 (Sections 20 and 22) Regulations 2011. The function is outsourced by the Company.

B.7 Actuarial Function

The Company has established an effective Actuarial Function, including a nominated Head of Actuarial Function ('HoAF'), Mr Dave Rowson approved by the CBI, which carries out the following key tasks

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

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

- Contribute to the effective implementation of the Risk Management System in particular:
 - i. with regard to risk modelling underlying the calculation of the Solvency Capital Requirement (SCR) and MCR; and,
 - ii. the ORSA process.
- think critically and organize the execution of actuarial approaches
- provide an actuarial Opinion to the Board of Directors in respect of the ORSA

In establishing the Company's Actuarial Function, the Board of Directors has ensured that the persons involved have the requisite qualifications and demonstrable experience in the area of non-life

reserving and are fully conversant with the Solvency II requirements for the calculation of Technical Provisions.

The Head of Actuarial Function is a pre-approval-controlled function (PCF-48) under the Central Bank Reform Act 2010 (Sections 20 and 22) Regulations 2011.

B.8 Outsourcing

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

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

'Outsourcing' means an arrangement of any form between an insurance or reinsurance undertaking and a service provider, whether a supervised entity or not, by which that service provider performs a process, a service, or an activity, whether directly or by sub-outsourcing, which would otherwise be performed by the insurance or reinsurance undertaking itself. The outsourced activities and functions are set out in the Compliance report.

Critical or important functions or activities include key functions of the Company's system of governance and all functions within the Company that are fundamental to carrying out its core business, specifically the internal audit function, the compliance function (KPMG), the actuarial function (Aon London UK), the risk management function and the captive manager (AIMD). EIOPA's Guidelines on the System of Governance (EIOPA-BoS-14/253) requires that the undertaking should determine whether an outsourced function or activity is critical or important on the basis of whether it is essential to the operation of the undertaking as it would be unable to deliver its services to policyholders without it. These are set out in the Compliance report.

The Board is responsible for the approval of and termination of all outsourcing arrangements of critical or important functions or activities. It is necessary for the Company to have their written agreements reviewed and approved by the legal department of the Corporate.

The Board must decide whether arrangements with third parties are deemed to fall within the scope of this outsourcing policy and whether the outsourced activity is "critical or important" based on EIOPA's guidelines. The Board is responsible for ensuring notification to the supervisory authorities is made in a timely manner prior to the outsourcing of critical or important functions or activities, and thereafter where there have been material developments in relation to the service provider. The Board is responsible for ensuring notification to the supervisory authorities is made in a timely manner

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prior to the outsourcing of critical or important Functions or activities, and thereafter where there have been material developments in relation to the service provider.

The CEO is responsible for reviewing the performance of outsourced service providers against agreed Service Level Agreements (SLA).

The Board is responsible for assessing the risks associated with the outsourcing of critical or important Functions or activities.

The following critical or important functions / activities are outsourced:

Critical or important function	Outsourced Service Provider	Jurisdiction
Underwriting administration	Aon Insurance Managers (Dublin) Limited (AIMD)	Ireland
Claims administration	AIMD	Ireland
Finance and accounting	AIMD	Ireland
Actuarial Function	Aon UK Limited	United Kingdom
Compliance Function	KPMG	Ireland
Internal Audit Function	Snam Group internal audit	Italy
Chief Risk Officer	Snam Group	Italy
Claims handling	Sedgwick Lercari S.r.l. Salomone & Associati S.r.l. Cercato & Associati S.r.l. IES Insurance Engineering Services S.r.l. Matthews Daniel International (London) Limited Rosati Perizie Assicurative S.r.l.	Italy, United Kingdom and European based on location of claims

B.9 Any Other Information

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

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

C. RISK PROFILE

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

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

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

The risk register, and risk appetite framework are regularly checked and updated. No material risk exposures are anticipated.

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

C.1 Underwriting Risk

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

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

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

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

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Given the Company is providing insurance for losses directly above local deductibles, the primary risk mitigation technique utilised is the purchase of a mixture of excess of loss and stop loss reinsurance as this provides balance sheet protection, from both claims severity and frequency, in an economically and administratively efficient manner. The effectiveness of these reinsurance arrangements is assessed monthly through the preparation of the Company's financial accounts and reviewed at an overall level as part of the considerations for premium pricing on an annual basis. The primary focus of the Company's reinsurance strategy is on the security and financial stability of reinsurers selected. The Company takes all reasonable steps to ensure that it has appropriate information regarding its underwriting exposures.

Annual support and certification is provided by the Company's Actuarial Function.

The Company commenced writing Liability business with effect from 1st October 2018 on a 70% quota-share basis of a first risk layer. Gasrule does not deem the purchase of reinsurance to be necessary due to the maximum loss being within the Company's risk appetite. As part of the Company's ORSA process, stress and scenario tests incorporating differing claims experience are considered. The Company considered the impact of two additional high severity losses being incurred under the property and liability program in addition to the actual incurred losses for the Year ended 31 December 2019 as part of the ORSA carried out in the reporting period. The scenario resulted in a reduction in the Company's available capital and reduced the solvency ratio coverage to below the minimum regulatory solvency requirement of 100% and the Company's risk tolerance of 105%. In the event of such a scenario, a short-term solution would involve a redistribution of the Company's current asset allocation to improve the Company's solvency position and an additional capital injection would be requested from the shareholder. The Board would also consider other options that could be deployed longer term as a solution.

Sensitivity analysis is also performed for underwriting risks by selecting conservative movements of gross and net claims reserves for financial statements purposes and holding all other assumptions constant.

The resultant impact on Gross and Net claims reserves, Profit before Tax (PBT) and equity is shown below:

	Gross Claims Reserves €'000	Net Claims Reserve €'000	Impact on PBT for the year €'000	Impact on Equity for the year €'000
2020				
Increase in ULRs by 10%	2,065	2,065	(2,065)	(1,807)
Decrease in ULRs by 10%	(2,065)	(2,065)	2,065	1,807
2019				
Increase in ULRs by 10%	1,745	1,745	(1,745)	(1,527)
Decrease in ULRs by 10%	(1,745)	(1,745)	1,745	1,527

C.2 *Market Risk*

The risk of future changes in market prices, which would result in devaluation of investable assets, may result from several factors, including, but not limited to, value, liquidity, duration, composition, interest rates, foreign exchange rates and market fluctuations. The Company diversifies its portfolio to reduce the exposure to market fluctuations and matches the profile of the assets backing liabilities to those liabilities. The company is not exposed to market risk. The impact of a global economic downturn was part of the stress testing in the Own Risk Solvency Assessment for 2020. The Company will continue to monitor the various risk exposures and if any changes are observed arising from the potential global economic downturn from Covid-19, the Board of Directors will immediately assess the potential impact. Balances held with banks are non-interest bearing. The loan to the parent company is at a fixed rate.

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

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

There were no material changes to the measures used to assess the risk exposure or the material risks over the reporting period.

Given the short-term cash nature of the assets and the Intercompany Loans, the impact of interest rate risk is limited. The exposure is kept under review and in particular the during the negative interest rate environment that has impacted the eurozone during 2020. The Company did not have any interest-bearing bank accounts during 2020 but is subject to negative interest rate charges effective from December 2020.

Currency risk can be described as the risk that the Company might be affected due to an adverse movement in foreign exchange rates. The Company is a Euro regulated company that operates in Ireland. The capital charge for currency risk considers the impact on the net value of assets and liabilities following a 25% rise and fall in the value of each currency against the reporting currency. The "reporting" currency is defined as the currency in which the local regulatory accounts are prepared. The capital charge is the total of the impact on the net asset and liabilities across each currency. The calculation only considers those currencies to which Gasrule has exposure. The reporting currency for Gasrule is EUR. Therefore, we are required to measure the impact on the portion of net assets and liabilities held in non-EUR currencies. The capital charge for currency risk is nil because the exposure

of Gasrule in other currencies is negligible.

Concentration risk - This risk module looks at the risk regarding accumulation of exposures with the same counterparty, where risk exposures in assets are grouped according to the counterparties involved. A concentration risk charge is generated if the exposure to a given counterparty is in excess of a defined proportion of total investable assets. The concentration risk threshold is based on asset type and credit rating. The excess exposure is then shocked by a factor, again based on asset type and credit rating, to generate the risk charge. Gasrule's concentration risk derives from the intercompany loan made to its parent Snam S.p.A for €20m which is rated as credit quality step ("CQS") 3.

Spread risk - Spread risk reflects the sensitivity of the values of assets, liabilities and financial instruments to changes in the level of credit spreads over the risk-free interest rate term structure. It is calculated with respect to the market value of the bonds held and their modified duration, since the longer the duration the greater the risk of volatile movements. The calculation also includes money market instruments and other instruments sensitive to credit risk. Gasrule's spread risk derives from the intercompany loan made to its parent Snam S.p.A for €20m.

Interest rate risk - Both the assets and the liability market values are sensitive to interest rate fluctuations. For example, if interest rates go up, the best estimate of technical provisions will decrease as the discounting benefit will be greater. To calculate the charge for interest rate risk, the impact of upward and downward interest rate shocks to the assets and liabilities are considered. For Gasrule, the capital charge for interest rate risk is nil.

C.3 Credit Risk

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

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

Investments and deposits are managed under the Investment strategy.

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

The Company entered into an intercompany loan agreement with the Parent company, Snam S.p.A, which is also subject to external credit rating.

The Company manages its reinsurance risks by establishing a reinsurance strategy and this strategy sets out the minimum requirements for any reinsurance counterparty. The Company mitigates this credit risk by reinsuring with counterparties who are considered appropriately credit worthy.

Reinsurers that are not rated or do not fall within the pre-defined rating categories are approved on a case by case basis. The credit-worthiness of reinsurers is monitored on a regular basis.

The exposure is kept under review by monitoring the credit rating of its lead reinsurer panel on a quarterly basis. For the 2020 ORSA, the impact of the lead reinsurer experiencing a downgrade from AA to A in their rating and the Global economic downturn arising from a global pandemic which included a stress test of a downgrade in the Company banking counterparty, BNP Paribas and the Parent Company SNAM S.p.A. credit rating. An 10% increase in outwards reinsurance costs was also stress tested. It concluded that the Company's SCR ratio would remain within the operational limits outlined within their risk appetite statement.

There were no material changes to the measures used to assess the credit risk exposure or the material risks over the reporting period.

C.4 Liquidity and Concentration Risk

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

The Company has determined that liquidity risk does not represent a significant exposure to its business. This assessment is based on the fact that the Company has its investments held in highly liquid assets which it can access immediately or within a very short time frame without incurring material costs or penalties. Therefore, there was no sensitivity analysis conducted during the reporting period in relation to the liquidity and concentration risk. Investments are in compliance with the Company's investment guidelines

Concentration Risk includes the risk of additional losses incurred by the company due to either a lack of diversification of assets or from a large exposure to the risk of default of a single issuer of securities or a group of related insurers.

These risks are assessed under the Risk Appetite framework focusing on the spread of assets and number of financial institutions and ensuring that the investment portfolio is at any time made up of sufficient liquid assets i.e. daily traded securities or short-term deposits.

There have been no changes to the measures used to assess the risk exposure or the material risks over the reporting period.

A profit margin of approximately 20% is included in the calculation of all future premiums.

C.5 Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud, or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications, or can lead to financial loss.

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

risk. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education, and assessment processes. Outsourced activities are monitored and managed in the same manner in line with the Outsourcing policy.

Gasrule maintains a regulatory dialogue with Central Bank of Ireland to mitigate the risk of any potential sanction or compliance breach as well as using expert, industry leading, service providers, namely Aon, KPMG, and Deloitte to provide its outsourced functions which help avoid any material error or delay. In order to ensure the quality of the outsourced functions is as high as possible, Gasrule puts in place service level agreements and fee penalties for non-performance as well as regularly reviewing the outsourced service provider. In addition, Gasrule is subject to Internal and External Audit review

In addition, third party companies have to assure the company's business continuity program, ensuring that adequate backup facilities are available if required.

There was no sensitivity analysis conducted during the reporting period in relation to the operational risk.

There were no material changes to the measures used to assess the operational risk exposure or the material risks over the reporting period.

C.6 Other Material Risk

Strategic Risk

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

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

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

Sensitivity Risk

The Actuarial function assesses the impact of varying the underlying assumptions with respect to initial average severity and expected reported loss development on their Best Estimate of Gasrule's unpaid claim liabilities and vary severity of $\pm 10\%$ around the selected average severity as well as varying the paid and reported loss development patterns.

There was no sensitivity analysis conducted during the reporting period in relation to the other material risks

No other material risks have been identified.

C.7 Any Other Information

The Prudent Person Principle

The specific requirements of the Prudent Person Principle and its implementation within the Company are detailed in the Company's Governance Manual. This standard outlines the principles and rules which apply to the investment assets of the Company. The implementation of the Prudent Person Principle comprises rules concerning the due diligence and processes, the care, skills and delegation, the quality of investments, diversification, and specific rules for investment categories.

General rules

In general, the Company only invests in assets and instruments whose risks it can properly identify, measure, monitor, manage, control and report, taking into account the assessment of its overall solvency needs, the specific risk profile, approved risk tolerance, and the business strategy. Asset Liability Management is the central part of the Investment Process for the Company: assets held to cover technical provisions are invested in accordance with the nature and duration of the liabilities.

The Board are actively monitoring developments as a result of the Coronavirus/Covid-19 situation, and its potential impact on the risk profile of the Company. Based on the current assessment of the risks posed at the time of approving this Report, there are no identified issues with the Company's ability to maintain appropriate capital levels in line with its solvency needs. The Company cannot predict the Coronavirus's potential future direct or indirect effects and, therefore, it is not possible to quantify any future potential material negative impact at this point in time.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

Gasrule prepares its financial statements on a going concern basis in compliance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Gasrule uses the historical cost convention except for those financial assets and financial liabilities, if any, that have been measured at fair value.

At the end of the current reporting period Gasrule has 7 classes of assets valued at €39,879m (2019: €36,376m) for solvency purposes.

A reconciliation of the valuation for Solvency II purposes is as follows:

	Solvency II	Financial Statements	Reclass
ASSETS	€	€	€
Cash and cash equivalents (1)	22,796,012	22,796,012	-
Loans to affiliated undertakings (2)	20,000,000	20,000,000	-
Reinsurance recoverable (3)	(3,160,368)	1,467,499	(4,627,867)
Deferred tax assets (4)	156,792	-	156,792
Receivables (trade, not insurance) (5)	86,728	86,457	271
Deferred acquisition costs (6)	-	96,810	(96,810)
Insurance and intermediaries receivables (7)	-	4,972,102	(4,972,102)
Total Assets	39,879,163	49,418,880	(9,539,717)

- (1) Cash and cash equivalents comprise cash at banks; . The Company utilises custodians deemed to be of high credit quality to hold its cash. Carrying amounts approximate fair value due to the liquid nature of the assets. There are no valuation adjustments for solvency purposes.
- (2) The Intercompany loan is reported at market value for both solvency and financial statement purposes. There are no valuation adjustments for solvency purposes.
- (3) The reinsurance technical provisions reduce by €4,628m due to adjustment of UPR to best estimate losses (€1,468m reduction) and inclusion of future premium outwards (€3,160m reduction).
- (4) Deferred tax arises due to the valuation difference on the technical provisions, debtors and creditors between the Financial Statement Balance Sheet and the Solvency II Balance Sheet, multiplied by the applicable tax rate (12.5%). There is no deferred tax asset in the financial statements.
- (5) Receivables (trade, not insurance) have been discounted the future cash flows to derive a market value.
- (6) Deferred acquisition costs are not an admissible asset under solvency II
- (7) The treatment of future cash flows relating to Insurance debtors is dealt with as part of the calculation of technical provisions (Section D2 below).

D.2 Technical Provisions

Provision is made for notified losses on all underwriting years. The Company has regard to the gross and net loss positions as indicated by the claim circumstances reported to date and loss projections carried out under the direction of the Head of Actuarial Function using actuarial techniques.

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

Solvency II Technical Provisions

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

The Solvency II BEL is comprised of a provision for claims outstanding ("PCO") and a premium provision ("PP"). The PCO represents the provision for the unpaid liabilities on claims that have been incurred as of the valuation date. The PP represents the expected profit underlying the unearned portion of policies that have already incepted and any policies that have been bound but not incepted ("BBNI"). The PCO is derived from actuarial estimate of Gasrule's IFRS unpaid claim liabilities. The adjustment of IFRS estimate of unpaid claim liabilities to a Solvency II basis requires that IFRS unpaid claim liabilities are discounted to a present value basis. The actuary utilizes the basic RFR (risk-free rate) curves with no volatility adjustment as of 31 December 2020, as published by EIOPA, to discount the cash flows underlying the PCO. These interest rates are utilized to discount all cash flows underlying the calculation of the Solvency II TPs. A provision for expenses related to the runoff of these liabilities is then added, as required by Solvency II, as the IFRS estimate of unpaid claim liabilities does not include a provision for the expenses that will be incurred in running off the liabilities.

The methodology adopted implicitly assumes that Gasrule will continue to write business into the future and that a portion of the expenses in future years will be attributable to new business, consistent with the required derivation of the expense reserve as per the current Solvency II regulations. The BEL is calculated as the sum of the PCO and the PP. Actuarial methods used include Loss Ratio, Chain Ladder, Bornhuetter-Ferguson and Benktander-Hovinen. The actuarial reserves are "best estimates" in the sense that they represent the average of all possible outcomes. The actual amounts required to meet future claim payments may differ, even significantly, from estimates. This estimation error can arise for a number of reasons, such as model specification error, parameter error and random error.

The starting point for the calculation of the Solvency II technical provisions is the amounts which have been calculated for the financial statements reserving basis. Within the financial statements, full provision is made for the estimated cost of all claims notified but not settled at the period-end using the best information available at that time. Provision is made for the cost of claims incurred but not reported and at the period-end, and potential development on outstanding claims estimates (together regarded as Incurred But Not Reported ('IBNR') reserves). In addition, an estimate is made for future claims handling expenses relating to claims outstanding at the year-end.

Provisions are calculated gross of any reinsurance recoveries with a separate estimate being made of amounts recoverable from reinsurers. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. In estimating the cost of claims notified but not paid, the Company has regard to claims circumstances as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. IBNR provisions are established having regard for the results of a valuation on a best-estimate basis together with a margin for uncertainty by an independent actuary.

Property claims projections have been carried out using a range of standard actuarial methods, including the Incurred Bornhuetter-Ferguson method (IBF). IBF is based on the ratio of claims to ground up market value of the insured assets.

Solvency II requires undertakings to hold technical provisions which correspond to the amount they would have to pay to transfer their (re)insurance obligations immediately to another undertaking. This value comprises a **best estimate** and a **risk margin**, intended to represent a market consistent valuation. The technical provisions take account of the time value of money by discounting using a risk-free interest rate term structure as at the valuation date. There is no allowance for prudence in the calculation of best estimates.

The best estimate is calculated by considering all future cash inflows and outflows required to settle the existing (re)insurance obligations over their lifetime. It represents the mean outcome of all possible scenarios, taking account of how likely they are to occur and their potential variability. In this regard, the best estimate is a probability-weighted average of future cash flows, allowing for the time value of money.

The Solvency II best estimate is calculated gross with any recoverable calculated separately following the same methodology. The best estimate is made up of a claims provision and a premium provision, relating to past and future exposures respectively. An allowance has been made for reinsurer counterparty default. Claims payments in the claim and premium provisions have been projected at annual intervals using annual paid development patterns.

The Solvency II claims provision is equivalent to the expected net present value of the best estimate claims reserve, with additional allowances to allow for all possible outcomes through the inclusion of provisions for Events Not in Data (ENID) and the future expenses that will be incurred in servicing the existing reinsurance obligations. The claims provision also includes all unpaid premium relating to earned exposures that are within payment terms.

Under the Solvency II contract boundary definition, any policies which have been bound, even if un-incepted as at the valuation date, must be considered in the premium provision. The Solvency II premium provision is therefore equivalent to the expected net present value of the following cash inflows and outflows, relating to unearned exposure from incepted contracts and exposure from un-incepted contracts bound as at the valuation date:

- Cash flows from future premiums in relation to future claims;
- Cash flows arising from future claim events (e.g. claims payments);
- Cash flows arising from loss adjustment expenses in respect of claims events occurring after the valuation date;

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- Cash flows arising from the ongoing administration of policies in-force as at the valuation date; and
- Cash flows arising from salvage and subrogation.

Estimates are “best estimates” in the sense that they are intended to be a probability-weighted average of all possible outcomes. Gasrule has employed techniques and assumptions that are appropriate for the purpose of calculating its Solvency II technical provisions. The actual amounts required to meet future claim payments may differ from estimates for a number of reasons, such as model specification error, parameter error and random error due to the inherent uncertainty in insurance. External environment risk factors may cause material deviations in estimates of technical provisions, including persistent negative interest rates, inflation and currency exchange rate fluctuations.

Risk Margin

The Solvency II risk margin is intended to represent an amount that Gasrule would be required to pay, in excess of the best estimate of the liabilities, for a third party to assume the risk of running off the existing liabilities. The actuarial calculation of the risk margin is consistent with the Solvency II regulations, applying a 6% cost of capital to the amount of capital required at the beginning of each year to support the run-off of the insurance obligations. These future costs of capital are then discounted to the valuation date and summed to calculate the amount of risk margin required.

The Gross and Net technical provisions at 31 December 2020 by line of business are as follows:

Gross Solvency II Line of Business	Claim Provision €'000	Premium Provision €'000	Best Estimate €'000	Risk Margin €'000	Technical Provisions €'000
Marine	-	-	-	-	-
Property	19,066	(6,167)	12,899	1,692	14,591
Liability	614	(46)	568	55	622
Total	19,680	(6,213)	13,467	1,747	15,214
Net Solvency II Line of Business	Claim Provision €'000	Premium Provision €'000	Best Estimate €'000	Risk Margin €'000	Technical Provisions €'000
Marine	-	-	-	-	-
Property	19,066	(3,007)	16,059	1,692	17,752
Liability	614	(46)	568	55	622
Total	19,680	(3,053)	16,627	1,747	18,374

These amounts comply in all material respects with the relevant Solvency II requirements.

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The reconciliation between the value of technical provisions for solvency purposes and the financial statements at 31 December 2020 are shown below:

Source of Change in Net Claims Provision	Gross €'000	Reinsurer's share €'000	Net €'000
Net Statutory Reserves	20,633	-	20,633
Solvency II Expenses	543	-	543
SII Expenses	516	-	516
Counterparty default	-	-	-
Unpaid premium and claims cashflows	(2,228)	-	(2,228)
Discounting	216	-	216
Total	19,680	-	19,680

Information on how the Company manages risk in the area of underwriting and reserving is set out in Section C1 above. Operational risks relating to the Company's technical provisions and claims data are managed using the Control Framework described in Section B4 above.

The Company is satisfied that it has access to sufficient historical claims data on an annual basis for the calculation of its technical provisions and that this data is accurate and appropriate for the Company's needs. Claims management processes by the Company are appropriate and adequate given the nature of the underlying risks. Significant reporting delays are not experienced.

In calculating its technical provisions on a Solvency II basis, the Company has not applied any of the following items:

- matching adjustment referred to in Article 77b of Directive 2009/138/EC;
- volatility adjustment referred to in Article 77d of Directive 2009/138/EC;
- transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC; and
- transitional deduction referred to in Article 308d of Directive 2009/138/EC.

D.3 Other Liabilities

Other liabilities of €258,823 relate to accrued expenses and are classified as any other liabilities, not elsewhere shown for solvency purposes. This amount is €810 higher than that disclosed in the financial statements due to the application of discounting to the balance.

Creditors arising out of Insurance Operations €1,810,984 and losses payable of €22,500 in the statutory financial statements relates to Insurance and Reinsurance premium payable and losses payable and is part of the unpaid claims cash flow within the calculation of the technical provisions (section D.2 above)

D.4 Alternative Methods of Valuation

No alternative methods were used.

There are no estimation or valuation uncertainty with regard to the valuation of all assets and liabilities except technical provisions.

There have been no changes to the recognition and valuation bases or to estimations during the year.

D.5 Any Other Information

There is no other information to report.

In respect of relevant quantitative information for this report please see Annual QRT S.02.01.02 extract in Appendix 1.

E. CAPITAL MANAGEMENT

E.1 Own Funds

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

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

As part of the annual review of the medium-term capital plan, the Company reviews the level, composition and classification of own fund items to ensure they continue to meet its own solvency needs, and its regulatory obligations in respect of Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR). A 3 year forward looking time horizon is used for business planning purposes and any anticipated changes to the Company's business and risk profile are factored into the ORSA process to assess the solvency and capital needs over this business planning period. It is intended that the Company's capital needs will be managed out of its existing pool of own funds and the efficient management of the Company's insurance business. Should additional funds be required outside of that, they will be requested from the shareholder. There have been no material changes to this approach from the prior year.

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

- Issued Share Capital; and
- Retained Earnings.

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

The payment of dividends is considered on an annual basis by the Board as part of its medium-term capital assessment. Potential dividends will be considered as part of the Company's ORSA process to ensure that the Company will continue to meet its solvency needs over the business planning period. No dividends were paid in 2020 or 2019.

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

Gasrule Insurance Designated Activity Company

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

Shareholders' equity	2020 €'000	2019 €'000
Ordinary paid up share capital	20,000	20,000
Deferred Tax Asset	157	241
Reconciliation reserve	4,249	3,386
Total basic own funds	24,406	23,627

The movement in basic own funds reflects the increase in retained profits during the year. The reconciliation reserve represents the Company's retained profits as adjusted for Solvency II valuation principles. The adjustments which arise in the application of these principles are shown in the equity reconciliation below.

At the end of the current reporting period eligible own funds available to meet the Company's SCR is €24.406m (2019; €23.627m) are comprised of €24.249m Tier 1 capital and €0.157m Tier 3 capital. The own funds eligible to cover the MCR are of comprised €24.249m (2019; €23.386m) Tier 1 capital.

The equity position as shown in the Company's 2020 year-end financial statements can be reconciled to the basic own funds balance under Solvency II

	2020 €'000
Equity per the Company's financial statements	25,503
Removal of DAC	(97)
Deferred tax asset	157
Reallocation to technical provisions	(3,139)
Discounting of other cashflows	(1)
Technical provision adjustment	1,982
Own funds (excess of assets over liabilities for solvency purposes)	24,406

Adjustments are made to technical provisions in line with the valuation methodologies set out in section D.2 above. This results in the removal of insurance debtors and deferred acquisition costs, the removal of insurance and reinsurance payables balances and adjustments to other assets as the future cash flows in relation to these items are dealt with as part of the calculation of technical provisions. Deferred tax is provided on these adjustments at the applicable tax rate. These adjustments are reflected in the Company's reconciliation reserve.

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

Capital management

The total capital in the financial statements of the Company as at 31 December 2020 consists of shareholder's equity of €25.503m (2019: €23.627m).

Gasrule Insurance Designated Activity Company

Management reviews capital on an ongoing basis with a view to maintaining a level of capital sufficient to cover significant statement of financial position risks and regulatory requirements.

As at 31 December 2020 the Company has adequate capital to meet these objectives.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

As the end of the current reporting year, Gasrule's SCR and MCR have been calculated as €18,682m and €4,671m respectively. (2019: €17,933m and €4,483m).

The SCR is intended to correspond to the capital the Company needs to hold in order to limit the probability of ruin, in the following 12 months, to 0.5%, i.e. ruin would occur less than once in every 200 years. The SCR calculated at the end of the current reporting period, relates to the capital required to support the business over the prospective 12 months; covering both existing liabilities and business written during 2020. Based on the Company's eligible own funds of €24.406m (2019: €23.627m) the Company has a solvency ratio at 31 December 2020 of 131% (2019: 132%).

The SCR has been calculated using the standard formula and without the application of any undertaking specific parameters. In the non-life risk module, the risk margin on technical provisions has been calculated using the second simplification provided in EIOPA's technical specifications. This is considered appropriate given the nature of the Company's business as a captive insurer.

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

Risk Charge	2020 EUR '000	2019 EUR '000	Variation EUR '000
Non-Life Underwriting Risk	14,685	13,947	738
Counterparty Default Risk	2,546	2,579	(33)
Spread Risk	500	500	-
Concentration Risk	5,319	5,319	-
<i>Diversification Benefit</i>	<i>(477)</i>	<i>(477)</i>	-
Market Risk	5,342	5,342	-
<i>Diversification Benefit</i>	<i>(4,295)</i>	<i>(4,266)</i>	<i>(29)</i>
BSCR	18,278	17,602	676
Operational Risk	404	332	72
SCR	18,682	17,933	749
Available Capital	24,406	23,627	779
Surplus/Deficit	5,724	5,693	31
Solvency Ratio	131%	132%	(1%)
MCR	4,671	4,483	187
Available Capital for MCR	24,249	23,386	863

The Counterparty Risk primary drivers in the increase of Gasrules SCR are:	
Premium/reserve risk	This risk charge has increased by €1.1m. This reflects an increase in the level of net property claims included within the claim provision reserves.
Lapse risk	This charge has increased, due to a greater level of expected profitability associated with the unexpired and bound but incepted property exposures. This greater level of expected profitability is as a result of a revision to our expected loss ratio to better reflect a long-term average.
Counterparty Risk	This charge is broadly consistent with the previous analysis, with a small reduction to reflect the better credit rating of the reinsurance panel.
Available Capital	The increase in available capital is due to the greater level of expected profit from the unexpired and bound but incepted exposures as at year-end. This increase in expected profit is due to a revision to our expected loss ratio for the property business to 43% to better reflect the long-term profitability.

The MCR is calculated through a prescribed formula based on the net technical provisions (excluding the risk margin) and net written premium. It is also constrained to be between 25% and 45% of the SCR. Further to this, SI 485 sets out absolute minimum MCR values for non-life and life insurers, reinsurers and captives. In the case of Gasrule, as a non-life captive insurer this absolute floor is the fixed amount of EUR 3,700,000. Having carried out the calculations and applied the relevant limits, the resultant MCR for the Company is €4,671m (2019: €4.483m).

E.3 Use of Duration Based Equity Risk Sub Model in calculation of the Solvency Capital Requirement

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

E.4 Differences between the Standard Model & Any Internal Model

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

E.5 Any Non-Compliance with the Minimum Capital Requirement or significant non-compliance with the Solvency Capital Requirement

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

E.6 Any Other Information

There is no other information to report.

E.7 Additional Voluntary Information

There is no other additional information to report.

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

APPENDIX I – QUANTITATIVE REPORTING TEMPLATES

The following reporting templates are appended to this report:

S.02.01.02 – Balance sheet*

S.05.01.02 – Premiums, claims and expenses

S.05.02.01 - Premiums, claims and expenses by country

S.17.01.02 – Non-Life technical provisions*

S.19.01.21 – Claim development triangles*

S.23.01.01 – Own funds*

S.25.01.21 – SCR using standard formula*

S.28.01.01 – MCR*

*templates subject to external audit.

Amounts are in EUR'000 (€'000).

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

		C0010
		Solvency II value
Assets		
R0030	Intangible assets	
R0040	Deferred tax assets	157
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	0
R0080	Property (other than for own use)	
R0090	Holdings in related undertakings, including participations	
R0100	Equities	0
R0110	Equities - listed	
R0120	Equities - unlisted	
R0130	Bonds	0
R0140	Government Bonds	
R0150	Corporate Bonds	
R0160	Structured notes	
R0170	Collateralised securities	
R0180	Collective Investments Undertakings	
R0190	Derivatives	
R0200	Deposits other than cash equivalents	
R0210	Other investments	
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	20,000
R0240	Loans on policies	
R0250	Loans and mortgages to individuals	
R0260	Other loans and mortgages	20,000
R0270	Reinsurance recoverables from:	-3,160
R0280	Non-life and health similar to non-life	-3,160
R0290	Non-life excluding health	-3,160
R0300	Health similar to non-life	
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0320	Health similar to life	
R0330	Life excluding health and index-linked and unit-linked	
R0340	Life index-linked and unit-linked	
R0350	Deposits to cedants	
R0360	Insurance and intermediaries receivables	
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	87
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	
R0410	Cash and cash equivalents	22,796
R0420	Any other assets, not elsewhere shown	
R0500	Total assets	39,879

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

		C0010 Solvency II value
Liabilities		
R0510	Technical provisions – non-life	15,214
R0520	Technical provisions – non-life (excluding health)	15,214
R0530	Technical provisions calculated as a whole	
R0540	Best Estimate	13,467
R0550	Risk margin	1,747
R0560	Technical provisions - health (similar to non-life)	0
R0570	Technical provisions calculated as a whole	
R0580	Best Estimate	
R0590	Risk margin	
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	Technical provisions - health (similar to life)	0
R0620	Technical provisions calculated as a whole	
R0630	Best Estimate	
R0640	Risk margin	
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	Technical provisions calculated as a whole	
R0670	Best Estimate	
R0680	Risk margin	
R0690	Technical provisions – index-linked and unit-linked	0
R0700	Technical provisions calculated as a whole	
R0710	Best Estimate	
R0720	Risk margin	
R0730	Other technical provisions	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	
R0870	Subordinated liabilities in Basic Own Funds	
R0880	Any other liabilities, not elsewhere shown	260
R0900	Total liabilities	15,474
R1000	Excess of assets over liabilities	24,406

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

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of business for: accepted non-proportional reinsurance				TOTAL
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	
Premiums written									
Gross - Direct Business	R0110								9,796
Gross - Prop reinsurance accepted	R0120								1,387
Gross - Non-Prop reinsurance accepted	R0130								0
Reinsurers' share	R0140								3,289
Net	R0200	0	0	0	0	0	0	0	7,894
Premiums earned									
Gross - Direct Business	R0210								9,538
Gross - Prop reinsurance accepted	R0220								1,097
Gross - Non-Prop reinsurance accepted	R0230								0
Reinsurers' share	R0240								2,970
Net	R0300	0	0	0	0	0	0	0	7,665
Claims incurred									
Gross - Direct Business	R0310								5,891
Gross - Prop reinsurance accepted	R0320								582
Gross - Non-Prop reinsurance accepted	R0330								0
Reinsurers' share	R0340								0
Net	R0400	0	0	0	0	0	0	0	6,474
Changes in other technical provisions									
Gross - Direct Business	R0410								0
Gross - Prop reinsurance accepted	R0420								0
Gross - Non-Prop reinsurance accepted	R0430								0
Reinsurers' share	R0440								0
Net	R0500	0	0	0	0	0	0	0	0
Expenses incurred	R0550								974
Other expenses	R1200								
Total expenses	R1300								974

S.05.02.01 - Premiums, claims and expenses by country (In thousands of EUR)

		Home country	Country (by amount of GWP)					Total for top 5 countries and home country
			AT	IT				
		C0080	C0090	C0090	C0090	C0090	C0090	C0140
Premiums written								
Gross - Direct Business	R0110		568	8,933				9,501
Gross - Proportional reinsurance accepted	R0120			865				865
Gross - Non-proportional reinsurance accepted	R0130							0
Reinsurers' share	R0140		12	3,047				3,059
Net	R0200	0	556	6,752	0	0	0	7,308
Premiums earned								
Gross - Direct Business	R0210		553	8,698				9,251
Gross - Proportional reinsurance accepted	R0220			751				751
Gross - Non-proportional reinsurance accepted	R0230							0
Reinsurers' share	R0240		11	2,751				2,762
Net	R0300	0	542	6,698	0	0	0	7,241
Claims incurred								
Gross - Direct Business	R0310		-23	6,062				6,039
Gross - Proportional reinsurance accepted	R0320			435				435
Gross - Non-proportional reinsurance accepted	R0330							0
Reinsurers' share	R0340							0
Net	R0400	0	-23	6,497	0	0	0	6,474
Changes in other technical provisions								
Gross - Direct Business	R0410							0
Gross - Proportional reinsurance accepted	R0420							0
Gross - Non-proportional reinsurance accepted	R0430							0
Reinsurers' share	R0440							0
Net	R0500	0	0	0	0	0	0	0
Expenses incurred	R0550		47	859				906
Other expenses	R1200							
Total expenses	R1300							906

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

		Direct business and accepted proportional reinsurance											
		Medical expense insurance	Income protection insurance	Workers' compensatio n insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130
Technical provisions calculated as a whole	R0010												
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050												
Technical provisions calculated as a sum of BE and RM													
Best estimate													
Premium provisions													
Gross	R0060						0	-6,167	-46				
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140							-3,160					
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	0	0	-3,007	-46	0	0	0	0
Claims provisions													
Gross	R0160							19,066	614				
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240												
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	0	0	19,066	614	0	0	0	0
Total Best estimate - gross	R0260	0	0	0	0	0	0	12,899	568	0	0	0	0
Total Best estimate - net	R0270	0	0	0	0	0	0	16,059	568	0	0	0	0
Risk margin	R0280							1,692	55				
Amount of the transitional on Technical Provisions													
Technical Provisions calculated as a whole	R0290												
Best estimate	R0300												
Risk margin	R0310												
Technical provisions - total													
Technical provisions - total	R0320	0	0	0	0	0	0	14,591	622	0	0	0	0
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	0	0	-3,160	0	0	0	0	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	0	0	0	17,752	622	0	0	0	0

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

		Accepted non-proportional reinsurance				TOTAL
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010					0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050					0
Technical provisions calculated as a sum of BE and RM						
Best estimate						
<u>Premium provisions</u>						
Gross	R0060					-6,213
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140					-3,160
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	-3,053
<u>Claims provisions</u>						
Gross	R0160					19,680
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240					0
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	19,680
Total Best estimate - gross	R0260	0	0	0	0	13,467
Total Best estimate - net	R0270	0	0	0	0	16,627
Risk margin	R0280					1,747
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	R0290					0
Best estimate	R0300					0
Risk margin	R0310					0
Technical provisions - total						
Technical provisions - total	R0320	0	0	0	0	15,214
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	-3,160
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	0	18,374

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

Gross Claims Paid (non cumulative absolute amount)

		0	1	2	3	4	5	6	7	8	9	10+	Current year	All years
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100												0	0
N-9	R0160												0	0
N-8	R0170												0	0
N-7	R0180												0	0
N-6	R0190			2,329	958	1,509	140	11					11	4,947
N-5	R0200	1	1,347	500	981								0	2,829
N-4	R0210			516	583	1,017							1,017	2,116
N-3	R0220		1,337	1,207	452								452	2,997
N-2	R0230	0		948									948	948
N-1	R0240		841										841	841
N	R0250												0	0
Total													3,270	14,679

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

		0	1	2	3	4	5	6	7	8	9	10+	Year End (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	
Prior	R0100												
N-9	R0160												
N-8	R0170												
N-7	R0180												
N-6	R0190				2,110	212	11	0					0
N-5	R0200			3,042	1,963	1,475	2,313						2,332
N-4	R0210		5,671	2,653	1,493								
N-3	R0220	3,407	6,940	3,397	3,433								3,453
N-2	R0230	3,133	5,102	903									912
N-1	R0240	4,224	9,945										10,056
N	R0250	2,871											2,927
Total													19,680

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

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	20,000	20,000			
Share premium account related to ordinary share capital	R0030	0				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0				
Subordinated mutual member accounts	R0050	0				
Surplus funds	R0070	0				
Preference shares	R0090	0				
Share premium account related to preference shares	R0110	0				
Reconciliation reserve	R0130	4,249	4,249			
Subordinated liabilities	R0140	0				
An amount equal to the value of net deferred tax assets	R0160	157				157
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230	0				
Total basic own funds after deductions	R0290	24,406	24,249	0	0	157
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0				
Unpaid and uncalled preference shares callable on demand	R0320	0				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0				
Other ancillary own funds	R0390	0				
Total ancillary own funds	R0400	0			0	0

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

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	24,406	24,249	0	0	157
Total available own funds to meet the MCR	R0510	24,249	24,249	0	0	
Total eligible own funds to meet the SCR	R0540	24,406	24,249	0	0	157
Total eligible own funds to meet the MCR	R0550	24,249	24,249	0	0	
SCR	R0580	18,682				
MCR	R0600	4,671				
Ratio of Eligible own funds to SCR	R0620	1.306363871				
Ratio of Eligible own funds to MCR	R0640	5.191884876				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	24,406
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	20,157
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	4,249
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	2,860
Total Expected profits included in future premiums (EPIFP)	R0790	2,860

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

Basic Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplifications
		C0040	C0090	C0100
Market risk	R0010	5,342		
Counterparty default risk	R0020	2,546		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	14,685		
Diversification	R0060	-4,295		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	18,278		

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	404
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	18,682
Capital add-on already set	R0210	
Solvency capital requirement	R0220	18,682
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01 - MCR (In thousands of EUR)

Linear formula component for non-life insurance and reinsurance obligations		MCR components
		C0010
MCRNL Result	R0010	2,190

Background information		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	2
Fire and other damage to property insurance and proportional reinsurance	R0080	16,059	7,364
General liability insurance and proportional reinsurance	R0090	568	528
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

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

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

Overall MCR calculation		C0070
Linear MCR	R0300	2,190
SCR	R0310	18,682
MCR cap	R0320	8,407
MCR floor	R0330	4,671
Combined MCR	R0340	4,671
Absolute floor of the MCR	R0350	3,700
Minimum Capital Requirement	R0400	4,671