Golden Arches Insurance DAC

Solvency and Financial Condition Report ("SFCR")

31 December 2020

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SUMMARY

Golden Arches Insurance DAC ("GAIL" or "the Company") has prepared this report in accordance with the relevant articles of the Commission Delegated Regulation (EU) 2015/35, together with the Guidelines on reporting and public disclosure issued by EIOPA.

The Company commenced underwriting business for the policy period beginning on 1 September 1993 and since that time it has insured, on a direct and fronted basis, property damage, business interruption, general liability, terrorism and intellectual property for McDonald's stores, as well as Ronald McDonald Charities Houses. In 2019, a domicile review was carried out by GAIL's ultimate parent, McDonald's Corporation Inc., to agree the structure that would best suit their future international insurance requirements. It was subsequently confirmed that from 1 July 2020 McDonald's Property and General Liability policies would be issued by Zurich and reinsured to McDonald's insurance company in Bermuda.

As a result, 83% of the business in GAIL's global insurance program expired on 30 June 2020 and was not renewed. Noting that this constituted a material change in the Company's risk profile GAIL's actuaries were engaged to carry out a full recalculation of its SCR at 30 June 2020 taking into account the non-renewal of business from that date. The results of that exercise showed a reduction in SCR from $43,532k at 31 December 2019 to $40,043k, Available Capital increased very slightly from $63,018k to $63,096k with an increase in surplus from $19,487k to $23,053 which represented an increase in cover from 145% to 158%.

As of 31 December 2020, GAIL's prospective exposure related to a worldwide Terrorism policy, expiring on 17 January 2021 and UK and Hungary Charity Houses, expiring on 31 March 2021 and 30 June 2021 respectively.

As of 31 December, the SCR had decreased again from $40,043k to $23,754k, while the MCR reduced to $5,939k (31 December 2019: US$11,059k). Available capital reduced from $63,096 to $59,487k, this is in part due to the restriction on the use of the $19m of Ancillary Own Funds (AOF) as a result of the reduction in the SCR. Following the reduction in the SCR, surplus capital over the SCR increased from $23,053k to $35,733k and the Solvency Ratio % increased from 158% to 250%.

There have been no capital injections from the parent in the year. The Board is satisfied with the company's solvency status.

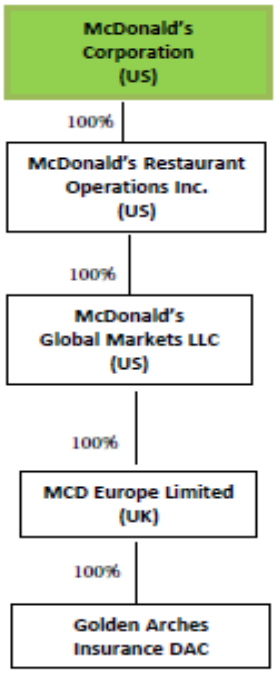
There have been no material changes to the Company's system of governance during the reporting period. The Board made minor amendments to policies throughout the year in response to recommendations from the Company's internal audit and guidance from the CBI among others, with the Risk Register and Risk Appetite reviewed and updated at each Board meeting as normal. Noting that the Company would enter run off during 2021, the Board agreed a full review of its Risk Appetite Framework and Risk Register should be undertaken in early Q1 2021 with the updated documents presented to the Risk Committee and Board for review and approval at the March meetings.

A. BUSINESS & PERFORMANCE

A.1 Business

The Company, which is a designated activity company incorporated and domiciled in Ireland, insured, on a direct and fronted basis, property damage, business interruption, general and employers' liability and Intellectual Property Liability for McDonald's Corporation including some McDonald's restaurants, as well as some Ronald McDonald Charity Houses. Material geographic areas in which GAIL has carried out business are Europe, the Middle East, Asia, Australasia and Central and South America. The Company is a wholly-owned subsidiary of MCD Europe Limited (MEL), the beneficial owner of which is McDonald's Corporation Inc.

The Company's ownership structure is as follows:



GAIL is licensed and supervised by the Central Bank of Ireland as an insurance undertaking (contact: Grant.Silliss@centralbank.ie). The Company is subject to the local regulatory and company law requirements. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions, for example capital adequacy to minimize the risk of default and insolvency on the part of the Company. GAIL is rated as a Low impact FSP for PRISM purposes.

GAIL's current strategy is:

- To support the strategic and business objectives of McDonald's Corporation;

- To provide appropriate insurance coverage to the selected risks of the McDonald's Group, related McDonald's system Companies and its Franchisees optimizing price and coverage efficiencies;
- To ensure risk retention capacity and management is available for selected non-life Insurance risks of the McDonald's group, related McDonald's system Companies and its Franchisees;
- To assist McDonald's Risk Management in the identification and mitigation of risks to which the Corporation is exposed, and to ensure customer claims are handled in accordance with McDonald's Guidelines.

As the intention is that GAIL will formally enter into run-off status effective 1 July 2021, the strategy will be reviewed and updated by the Board in the first half of 2021.

GAIL insures certain McDonald's operated restaurants, restaurants operated under a franchise or licence agreement with McDonald's, offices, Ronald McDonald House Charity Houses and supplementary risks including office locations, distribution centres and corporate residential property.

The Company's external auditor is Ernst & Young (EY), Chartered Accountants, (contact: Ciara.McKenna@ie.ey.com), who are located at Harcourt Centre, Harcourt Street, Dublin 2. EY were appointed from 23 August 1993 and are required to resign following the 2020 audit. The Board is considering its options in this regard and will look to appoint auditors for the 2021 year-end in due course.

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

A.2 Underwriting Performance

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

Premiums written primarily relate to the UK business incepted during the financial year, and, to premium adjustments related to business underwritten in prior years. Gross premiums written relate to general liability and property damage (including business interruption) located worldwide. All premiums resulted from contracts of (re)insurance concluded in the Republic of Ireland. Gross premium written for the year ended 31 December 2020 amounted to $7,568k (2019: $54,883k).

ANALYSIS OF RESULTS	Fire and other damage to property		Third Party Liability		Total	
All figure in $000s	$		$		$	
Gross Premiums Written:	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Risks located in:						
Europe	*2,721*	*31,274*	*4,824*	*18,388*	*7,545*	*49,662*
Asia	*(0)*	*863*	*0*	*483*	*0*	*1,346*
Oceania	*(2)*	*1,368*	*0*	*744*	*(2)*	*2,112*
US	*25*	*264*	*0*	*1,499*	*25*	*1,763*
Total	***2,744***	***33,769***	***4,824***	***21,114***	***7,568***	***54,883***

Gross written premium on the Company's fire and other damage to property and third-party liability business decreased significantly as a result of the non-renewal of its global insurance program which expired on 30 June 2020.

Gross claims paid during the financial year ended 31 December 2020 totalled $25,828k (2019: $44,756k) with net claims paid of $22,548k (2019: $40,303k). Provision is made for notified losses on all underwriting years and are calculated gross of any reinsurance recoveries with a separate estimate being made of amounts recoverable from reinsurers. As at 31 December 2020, the Company held gross claims provisions on a GAAP basis of $58,730k (2019: $72,039k) and net claims provisions of $49,894k (2019: $62,888k).

ANALYSIS OF RESULTS	Fire and other damage to property		Third Party Liability		Total	
All figure in $000s	$		$		$	
Net Technical Provisions	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Risks located in:						
Europe	*21,751*	*47,530*	*15,730*	*26,904*	*37,482*	*74,433*

Asia	*1,647*	*1,278*	*936*	*1,139*	*2,582*	*2,417*
Oceania	*3*	*726*	*9,810*	*3,121*	*9,813*	*3,847*
US	*1*	*120*	*0*	*1,150*	*1*	*1,270*
Total	***23,402***	***49,654***	***26,476***	***32,313***	***49,878***	***81,967***

The Company's underwriting performance during the year was favourable due to improved loss experience in the financial period. Underwriting performance by line of business is detailed in the Annual QRT extract in Appendix 1, an extract of which is below.

Underwriting Performance: 2020 Financial Year			
	Property	**Third Party Liability**	**Total**
Gross Written Premium	$2,744k	$4,824k	$7,568k
Outward Reinsurance Premium	-$287k	$3,484k	$3,197k
Net claims incurred	$1,241k	$6,150k	$7,391k
Expenses incurred	$5,190k	$3,374k	$8,564k
Underwriting Result	$10,157k	-$2,561k	$7,596k

Net operating expenses for the year amounted to $5,930k (2019: $8,015k). Profit after tax for the year ended 31 December 2020 amounted to $8,009k (2019: loss of $971k).

The Company has unutilised tax losses carried forward of $38,356k at 31 December 2020 (2019: $47,335k) and the Company does not recognise a deferred tax asset on the GAAP balance sheet in relation to these losses. The Company surrendered group tax relief trading losses of $121k in respect of the 2019 tax year (2019: surrendered $1,876k in respect of 2018). There are no trading losses in respect of the 2020 tax year.

A.3 Investment Performance

The Company's investment portfolio consists of cash in varying currencies, and fixed short-term USD deposits, with pre-approved credit institutions.

Investment income of $413k was earned on deposits in the year (2019: $1,401k). The decrease was mainly attributable to the deteriorating interest rates during the period.

A.4 Performance of other activities

There were no other material income and expenses, other than the underwriting and investment income and expense in the reporting period.

A.5 Any other Information

There are related party transactions as the Company is wholly owned within the McDonald's Group. David Bartlett, Kimberly Stokluska and David Bittner are directors of the Company and are employees of McDonald's Corporation.

The Company is managed by Aon Insurance Managers (Dublin) Limited (AIMD), under the terms of a Management Agreement. Dermot Finnerty is a director of related Aon companies and a director of Golden Arches Insurance DAC. There is a fixed amount of management fees paid to AIMD under the terms of the Management Agreement. A number of PCF roles are carried out by individuals employed by Outsourced Service Providers.

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

B. SYSTEM OF GOVERNANCE

B.1 General information on the system of governance

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

It is the responsibility of the Board of Directors to ensure that risks are fully understood and appropriately managed in accordance with this framework. Risk management, reporting and auditing processes reflect the requirements set out in this Governance system.

The Governance and Risk Management System of the Company effectively relies on four cornerstones:

1. Governance Framework, aligned with the Company's strategic objectives, providing oversight by the Board and Committees, 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 quantitative and qualitative analysis of material risks threatening at least one of the Company's strategic objectives.

There have been no material changes to this structure since the prior reporting period. GAIL implemented the above framework in advance of the inception of Solvency II.
Given the nature, scale and complexity of the Company, and having reviewed the risks facing the Company, the Board are satisfied that the system of governance in place is appropriate. As noted above, the Company carried out an extensive review of its Risk Appetite Framework and Risk Register in early 2021 considering the changes in its risk profile as it moves into run off.

The various functions assisting the Board, including the Compliance Function, have defined lines of reporting directly to the Board. In the event of a violation of a relevant law or regulation by the

Company, the Compliance Function as well as reporting to the Board, may also be required to report their findings to outside bodies such as the Central Bank of Ireland and other Regulatory Authorities.

Remuneration and material transactions

The Independent Non-Executive Directors of the Board receive fixed remuneration for their services as directors to the Company. The Company also had one part-time employee in 2020 (2019: 1), who is the Chief Executive Officer and who also receives fixed remuneration for services as director and CEO.

B.2 Fit & Proper requirements

The 'Fit and Proper' requirement is the standard required by the Central Bank of Ireland when appointing control function holders and pre-approved control function holders. GAIL is satisfied that appointed individuals performing such control functions meet all relevant regulatory requirements and have a suitable level of training and qualification to enable them to carry out their respective duties.

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

Roles and Responsibilities Detail

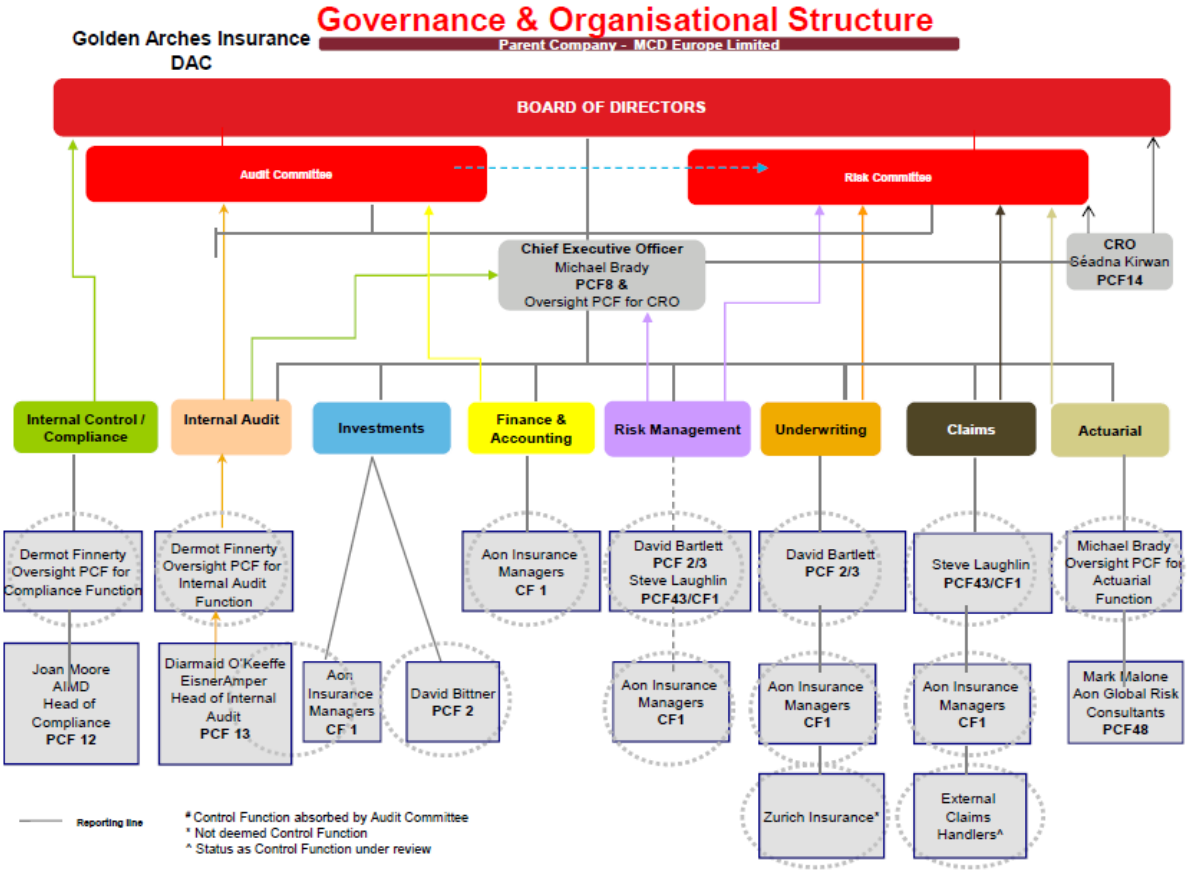
Key Roles	Outsourcing	Responsible
Board of Directors	No	David Bartlett (Chairman) Michael Brady (Chief Executive Officer) Dermot Finnerty (Non-Executive Director) Eddy Van Cutsem (Independent Non-Executive Director) Paul Duffy (Independent Non-Executive Director) Kimberly Stokluska (Non-Executive Director) David Bittner (Non-Executive Director) (Appointed 10 December 2020) Karen Matusinec (Non-Executive Director) (Resigned 10 December 2020)

Risk Management Function	Yes (External)	Seadna Kirwan (Chief Risk Officer) Aon Captive Insurance Managers Michael Brady (Chief Executive Officer) Risk Committee Mark Malone (Head of Actuarial Function)
Compliance Function	Yes (External)	Aon Insurance Managers (Dublin) Limited Joan Moore (Head of Compliance Function)
Operations - Underwriting	Yes (External)	Risk Committee with support from McDonald's, Aon Insurance Managers (Dublin) and Aon Global Risk Consulting.
Operations - Claims Management	Yes (External)	Crawford & Co, Amber Insurance and Risk Management, KJ Risk Group and Aon Claims Management in conjunction with McDonald's Steve Laughlin (Head of Claims)
Operations - Finance and Accounting	Yes (External)	Aon Insurance Managers (Dublin) Limited
Operations – Investment	Yes (External)	Aon Insurance Managers (Dublin) Limited in conjunction with McDonald's Treasury
Operations – Administration	Yes (External)	Aon Insurance Managers (Dublin) Limited
Internal Audit Function	Yes (External)	Internal Audit Function carried out by EisnerAmper – Diarmaid O'Keeffe (Head of Internal Audit Function)
Actuarial Function	Yes (External)	Actuarial Function carried out by Aon Global Risk Consulting – Mark Malone (Head of Actuarial Function)

In addition to the parties noted above, the CEO provides high level oversight of the key functions.

A change in Board members occurred during 2020 as one non-executive director, Ms. Karen Matusinec, resigned from the Board with Mr. David Bittner appointed in her place on 10 December 2020.

The Company's Governance and Organisational Structure chart is shown below.



B.3 Risk management system including the own risk and solvency assessment

The Risk Management System of GAIL comprises the following:

a) Risk management strategy; which sets out the risk management objectives, principles, risk appetite and tolerance and assignment of risk management responsibilities across all the activities of the Company consistent with the Company's strategic objectives

b) Risk management policies - for each key risk class, which defines the material risks faced by the undertaking, and sets out how the risk management strategy and the relevant risk appetite shall be implemented across that risk class and the controls and mechanisms that will be put in place

c) Risk management processes and procedures - which sets out the processes and procedures that the Company employ to identify, assess, manage and monitor material risks the Company is, or might be exposed to (emerging risks) and how these risks are reported

d) ORSA process – the at least annual process of assessing all the risks inherent in the business and thereby determining the corresponding capital needs

The key risk categories for which the Company has set up specific control, monitoring and reporting 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.

At least annually, GAIL produces an Own Risk and Solvency Assessment ("ORSA") report. The ORSA is reviewed by the Board of Directors and the Risk Committee. The approach may be summarized as follows:

Define the Stress Scenarios

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

As part of Own Risk Solvency Assessment process, the Company selects the appropriate stress and scenario tests as determined by the Board to be appropriate for the Company considering a review of all material quantifiable and non-quantifiable risks, the most significant risks from the risk register, the key capital drivers from the base SCR calculation, results from prior stress tests and potential strategic decisions. The content and conclusions of Board discussions on appropriate stress tests are included in the minutes of meetings.

Stress the Financial Plan

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

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

The Risk Management Function identifies potential additional mitigation actions to reduce the potential impact of the Stress Scenarios. Any remaining solvency gap will be covered through a relevant capital plan, i.e. defining the measures to restore the Company's solvency margin should the assumed scenarios occur.

Produce the ORSA Report

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

Stakeholder	Expectation	ORSA Report
Board of Directors	Matching projected risks vs, the Risk Appetite framework.	Provides a clear and prospective understanding of critical risk exposures and their relationship with Risk Appetite boundaries and solvency capital requirements.
Shareholders	Detailed and prospective understanding about the risk of insolvency and potential need for future additional capital.	Provides a plan for capital needs over the time horizon for 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 ensures that the ORSA is integrated in the decision-making and business planning process. Furthermore, monitoring procedures as set out in the risk management policies ensure that risk exposures are measured on a regular basis triggering exception reports for the Board and Committees.

In line with Central Bank of Ireland requirements, the Head of Actuarial Function provides an actuarial Opinion to the Board of Directors in respect of the ORSA while the results of the ORSA process are presented to the Board.

The solvency risk appetite is reviewed at each Board meeting. The Company ensures that it meets the Regulatory Solvency Capital Requirement at all times.

The chief risk officer is delegated with responsibility for monitoring and review of continued compliance with the solvency capital requirement and reporting of same to the risk committee/Board.

B.4 Internal control system

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

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

Component	Contents
1) Control environment	A strong "risk and control" culture is embedded within the Company's operations through the continuous oversight by the Board of Directors and the communication to internal stakeholders of all governance and risk principles through the present governance manual.
2) Risk assessment	Policies and procedures are detailed and formalized in order to disclose the way of identifying, managing, controlling, mitigating and reporting issues relating to each risk category.
3) Reporting channels	Clear and structured reporting processes are in place enabling the Board of Directors and Committees to have access to relevant, complete, reliable, correct and timely information related to internal as well as external events.
4) Monitoring process	The appropriate escalation of significant issues to the Board of Directors and Committees, the ongoing involvement of internal stakeholders as well as the Internal Audit and compliance processes enable 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

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

These items are approved by the Board of Directors and evaluated by the Internal Audit Function. They are reviewed by the Board as often as necessary but at least once a year.

Compliance Function

The Company has outsourced its Compliance Function to its Insurance Managers. The Insurance Managers have appointed a Head of Compliance who is responsible for overseeing all compliance activities and ensuring the Compliance Function of the Company is adequately resourced. The Compliance Function reports to the Board at each Board meeting on its activities.

The mission of the Compliance Function is:

Assisting in ensuring the long-term sustainability of the Company through the effective identification, qualification and management of compliance risks faced by the business.

- The Compliance Function is an integral component part of the internal control system of the Company and is responsible for compliance with the internal control system. The elements of the internal control system are laid out in the Corporate Governance Framework document.
- The Compliance Function identifies and communicates throughout the Company the laws, regulations and codes of conduct to which the Company is subject. The Compliance Function seeks to embed compliance with these laws, regulations and codes of conduct in the way the Company does business.

- The Compliance Function maintains a comprehensive compliance risk management control and reporting system in conjunction with the Risk Management Function to assist in managing the Compliance Risk faced by the Company.
- Any violation of relevant law by the Company is investigated and followed up by the Compliance Function and reported to the Board, and in certain circumstances to outside bodies such as the Central Bank of Ireland.
- The Compliance Function considers possible future changes in the legal environment and their potential effect on the Company.
- The Compliance Function presents an annual Compliance Plan, outlining specific areas which it will focus on during a particular year.
- The Compliance Officer provides an update on compliance at each board meeting.
- Finally, the Compliance Function promotes a culture of compliance throughout the Company

The Compliance Function reports to the Board on the management of compliance risks at each Board meeting, and provides a formal annual report summarising its activities for the year.

B.5 Internal audit function

Purpose & Objectives

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

It assists the Company in accomplishing its objectives by bringing an independent, systematic, disciplined approach to evaluate and improve the effectiveness of the risk management, control, and governance processes employed by the Company.

The Board develop effective policies and practices and take appropriate corrective action in response to significant weaknesses identified by internal and external auditors.

Independence and Impartiality

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

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

Internal Audit Policy

GAIL has in place a Board approved internal audit policy.

The policy incorporates the following:

- Purpose and objectives.

- Independence and impartiality. The Internal Audit Function is independent of the activities being audited and of the operational functions and the GAIL Board.
- Scope and responsibilities. The policy requires that the Internal Audit Function take a risk-based approach when deciding its planning priorities.
- Tasks to be carried out by the Internal Audit Function include communication with the Audit Committee, submitting reports to the Audit Committee, verifying compliance with decisions made by the Audit Committee and Board in respect of actions to be taken to ensure compliance with recommendations made by the Internal Audit Function.
- Authority of the Internal Audit Function includes unrestricted access to all Functions and records, full and free access to the Audit Committee, Board and, if necessary the whole Company. Authority to obtain assistance of personnel of outsourced service providers where they perform audits.
- Reporting protocols. Internal Audit Function reports directly to the Audit Committee and Board and is accountable to the Audit Committee for the discharge of its duties.

The policy is reviewed by the Board at least annually. The last review took place during the Board meeting held in October 2020.

Other Functions

Persons carrying out the Internal Audit Function do not assume any other key functions.

B.6 Actuarial function

The Actuarial Function is carried out by AGRC (Aon Global Risk Consulting).

Role and Responsibility of the Actuarial Function include:

- coordination of the calculation of technical provisions;
- identification of 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;
- explanation of 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;
- assessment of the consistency of the internal and external data used in the calculation of technical provisions against the data quality standards as set out in Article 82 of the Solvency II Directive. Where relevant, the Actuarial Function will provide recommendations on internal procedures to improve data quality so as to ensure that the undertaking is in a position to comply with the related Solvency II requirements when implemented;
- consideration of the interrelations between the Underwriting Policy, reinsurance arrangements and technical provisions when providing its opinion should;
- reporting 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 includes any deficiencies identified and gives recommendations as to how such deficiencies can be remedied

- contribution 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.
- provision of an Actuarial Opinion to the Board of Directors in respect of the ORSA

Overview of activities undertaken by the Actuarial Function during the reporting period.

Activity Undertaken	Contribution to effective implementation of Risk Management System
Calculation of Solvency Capital requirement (SCR) at 30th June 2020	Following material change in business plan, determination of the solvency capital requirements and reporting of same to the Company
Calculation of Solvency Capital requirement (SCR) at 31st December 2020	Determination of the solvency capital requirements and reporting of same to the Company.
Opinion on underwriting policy	Provides an opinion of the adequacy of the system of governance (underwriting and reserving policy).
Opinion on reinsurance arrangements	Makes recommendations regarding the adequacy of the system of governance (reinsurance and other risk mitigation techniques).
Opinion on the ORSA	Makes recommendations regarding realistic assumptions used in capital planning. Provides advice on treatment of qualitative risks.
Review of and actuarial opinion on technical provisions	Provides an opinion of adequacy of technical provisions held.
Quarterly and annual Quantitative Reporting Templates	Compliance with regulatory reporting requirements, ongoing monitoring of adequacy of own funds to cover SCR.

B.7 Outsourcing

In order to provide a cost-effective service to policy holders and shareholders, GAIL operates on the basis of an outsourced model similar to that typically employed by captive insurance companies.

Prior to appointment of new outsourced service providers (OSPs) to critical or important functions, due diligence is carried out in accordance with the Company's outsourcing policy. The results of the due diligence performed are received, reviewed and collated by the Chief Executive Officer (CEO) and reported to the Board for their consideration.

Annual reviews of existing providers of critical or important functions are conducted by the CEO whereby performance is evaluated against key performance indicators. Self-evaluation is conducted by the OSPs and the results are then subject to further investigation and evidence gathering by the CEO. The results of the reviews are presented to the Board along with any concerns that may be raised and any suggested remedial action if required.

Service level agreements and due diligence procedures are drafted in compliance with Article 274 of Commission delegated Regulation (EU) 2015/35 and the Central Bank's own Notification Process for (Re) Insurance Undertakings when Outsourcing Critical or Important Functions or Activities under Solvency II. In this respect, and taking into account the reviews noted above, the Company is satisfied that it has complied with these regulations/ processes.

The objectives of GAIL'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.

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

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

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

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

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

Outsourced services are located in the following jurisdictions:

- Dublin, Ireland; Risk Management, Internal Audit, Compliance, Insurance Management
- United Kingdom; Claims handling, Actuarial Function
- United States of America; Risk Management

Outsourced critical or important operational functions or activities are as follows:

- Claims handling;
- Insurance management;

- Actuarial;
- Finance
- Underwriting Support
- IT Services
- GDPR Support
- Risk management;
- Internal audit.

B.8 Any other information

The Board is satisfied, based on its ongoing assessment of the frameworks which have been established and are in use and regular review of its governance structure and policies, 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 is no other material information to report regarding system of governance.

C. RISK PROFILE

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

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

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

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

The CRO reports to the Board on a quarterly basis on the Risk Management Framework. No issues have come to the attention of the Board during the reporting period.

C.1 Underwriting Risk

The Company underwrites contracts that transfer insurance risk. The risk of an insurance contract is the possibility that the insured event occurs and the uncertainty that the premium written does not cover the amounts payable under that contract. The Company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims over time, but the uncertainty surrounding the severity and frequency of claims can lead to significant variation in the Company's performance in the short term. Whilst considerable judgment is involved, the Directors ensure that suitable processes are in place to ensure the reliability, sufficiency and adequacy of both the statistical and accounting data to be considered in the loss reserve estimation and recording process.

By writing only the risks of the McDonald's system, the Company benefits from the expertise of the parent Company's risk management function from which it has gained a thorough understanding of the risk profile of that system.

Annual support and certification is provided by the Actuarial Function. The Company additionally mitigates its insurance risk exposures through the purchase of appropriate reinsurance cover.

The Company mitigates its exposure to catastrophe type property losses, by purchasing outwards reinsurance with a vertical limit sufficient to cover its maximum probable loss. The Company protects its exposure to large attritional losses through the purchase of outwards reinsurance, excess of an annual aggregate retention, the amount of which the Company can sustain without unduly endangering its capital base. Reinsurance is arranged on a "per occurrence" basis in order to mitigate the effect of loss events affecting McDonald's locations concentrated within any particular geographic location.

Exposure to large liability losses is mitigated through the purchase of outwards reinsurance having an

attachment point at a suitable level to protect the Company against the impact of extraordinarily large claims.

Sensitivity analysis is also performed for underwriting risks by selecting conservative movements in the ultimate loss ratios ('ULRs') used in the estimation of claims reserves for financial statements purposes and holding all other assumptions constant. The resultant impact on Gross and Net claims reserves and Profit before Tax (PBT) for the financial period is shown below:

	Adjusted gross claims reserves $	Adjusted net claims reserves $	Impact on PBT for the year $
31-Dec-20			
Increase in ULRs by 10%	64,603,481	54,883,943	(4,989,449)
Decrease in ULRs by 10%	52,857,393	44,905,045	4,989,449
31-Dec-19			
Increase in ULRs by 10%	79,242,384	69,177,060	(6,288,824)
Decrease in ULRs by 10%	64,834,678	56,599,412	6,288,824

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. Management diversifies its portfolio to reduce the exposure to market fluctuations and matches the profile of the assets backing liabilities to those liabilities. The Company currently invests only in cash and short-term deposits across a number of credit institutions.

The Company 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.

The Company is exposed to currency risk to the extent its assets and liabilities are denominated in a currency different from its functional currency which is US Dollars. The Company seeks to mitigate currency risk by matching the assets and liabilities which arise in different currencies. The ultimate settlement of loss reserves may be in currencies other than USD and the Company accordingly holds assets in non-USD currencies to seek to hedge against potential currency risks arising from loss reserves on a net of reinsurance basis.

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
- Deposits with credit institutions
- Escrow Accounts
- Reinsurers' share of insurance liabilities
- Amounts due from insured
- Intercompany Receivables

Amounts due from insured and intercompany receivables relate to premium and other receivables from Group companies and companies within the McDonald's system. The S&P credit rating of McDonald's Corporation is BBB+.

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's escrow accounts are held with highly rated (credit rating A or higher) bank counterparties.

The Company also recognises the credit risks associated with its reinsurance arrangements. The Company manages its reinsurance risks by establishing a reinsurance strategy that sets out the required minimum-security ratings of its reinsurers and the procedures to follow if a financial strength rating of a minimum of A- (S&P) or A (A.M. Best) is not met. If a reinsurer has a rating of BBB- or lower, it is referred to the Board.

C.4 Liquidity 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 daily calls on its available investment assets, principally from insurance claims. Liquidity risk is the risk that cash may not be available to pay obligations when they are due without incurring an unreasonable cost.

Liquidity risk is minimised by investing primarily in highly rated short-term deposits which the Company deems to be very liquid.

C.5 Operational Risk

Operational risk entails the potential exposure of the Company to incidences of fraud, material error or delay in the processes of the Company, regulatory sanction and compliance breaches.

Operational risk is managed by a strong governance structure in place, which includes the extensive oversight of the shareholder, Board of Directors, executive management and key OSPs.

In addition, GAIL has established an Audit Committee and a Risk Committee and is subject to Internal Audit and External Audit and compliance reviews.

GAIL uses leading service providers, including Aon, Crawford, Eisner Amper Ireland and Amber Insurance & Risk Management as well as the services of McDonald's to provide its key outsourced functions and to minimise the risk and impact of any material error or delay. The quality of the outsourced functions is maintained by putting in place service level agreements which incorporate key performance indicators (KPIs) and the Board reviews the performance of its outsourced service providers against these KPIs at least annually.

C.6 Other Material Risks

Strategic Risk

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

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

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

No other material risks have been identified.

Stress testing on the material risks and events to which the Company is exposed is conducted as part of the ORSA process.

$'000	Base case	2. ULR Deterioration Scenario	5. Reverse Stress Scenario
SCR	40,043	41,436	44,388

SCR Available Capital	63,096	55,352	44,330
Surplus (+) / Deficit (-)	23,053	13,916	-58
SCR Ratio	**158%**	**134%**	**100%**
MCR	10,382	11,152	12,206
MCR Available Capital	44,096	36,352	25,330
Surplus (+)	33,714	25,200	13,124
MCR Ratio	**425%**	**326%**	**208%**
Impact on Eligible Capital	-	(9,137)	(23,111)

Further quantitative detail on the risk is assessed and outlined in the Annual QRTs as set out in Appendix 1.

C.7 Any other information

There is no other material information to be reported.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

GAIL prepares its financial statements on a going concern basis in compliance with FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 – Insurance Contracts - (Irish General Accepted Accounting Practice) and in accordance with the provisions of the Companies Act 2014 and the European Union (Insurance undertakings: Financial Statements Regulations 2015).

GAIL uses the historical cost convention. It has 6 classes of assets.

- Cash and cash equivalents of $31,701k (2019: $51,029k)
- Deposits with credit institutions of $69,048k (2019: $68,381k)
- Escrow accounts of $1,379k (2019: $1,682k)
- Amounts due from Insured of $560k (2019: $5,883k)
- Amounts due from Reinsurers of $287k (2019: $404k)
- Intercompany Receivable of $127k (2019: $0k)
- Prepayments, deferred acquisition costs and accrued income of $327k (2019: $5,159k)

The valuation of the reinsurers' share of insurance liabilities is detailed in the subsequent section, "Technical Provisions."

Cash and cash equivalents comprise cash at banks and in hand. There are no valuation adjustments for solvency purposes. Deposits with credit institutions comprise sums the withdrawal of which are subject to time restrictions. Carrying amounts approximate fair value due to the short-term nature and high liquidity of the instruments. Accrued interest is included within the Deposit balance under the Solvency II valuation but shown as a separate line in the financial statements.

Amounts due from insured and reinsurance are held at the lower of cost or market value/realizable value.

The only differences in the valuation of these assets between the financial statements and the Solvency II annual Quantitative Reporting Templates ("QRTs") relate to accrued interest on the deposits, and the escrow accounts which are shown separately in the Financial Statements, amounts due from insured and reinsurers within credit terms which are included under Technical provisions in the QRTs, and deferred acquisition costs and prepayments which are not included on the Solvency II balance sheet, instead any actual expected future cash flows associated with any future acquisition cost payments are included with the technical provisions valuation.

Prudent person principle has been applied in assessing investment in the Company's assets.

The Board prepared an ORSA Report in 2020 outlining the ORSA process which supports the Board in achieving its strategic objectives by taking a structured and combined approach of strategy, risk management and capital management.

D.2 Technical Provisions

The technical provisions of the Company by line of business at the years ending 2020 and 2019, gross and net of reinsurance, are set out below in USD:

2020

Solvency II gross technical provisions ($'000)

SII Class	Claim Provision	Premium Provision	Best Estimate	Risk Margin	Technical Provisions
Property	25,369	9	25,378	872	26,250
Liability	35,909	6	35,916	989	36,905
Total	**61,278**	**16**	**61,293**	**1,862**	**63,155**

Solvency II net technical provisions ($'000)

SII Class	Claim Provision	Premium Provision	Best Estimate	Risk Margin	Technical Provisions
Property	24,527	8	24,535	872	25,407
Liability	27,820	6	27,826	989	28,815
Total	**52,347**	**14**	**52,361**	**1,862**	**54,223**

2019

Solvency II gross technical provisions ($'000)

SII Class	Claim Provision	Premium Provision	Best Estimate	Risk Margin	Technical Provisions
Property	36,779	14,417	51,196	1,405	52,601
Liability	34,610	4,033	38,642	1,042	39,684
Total	**71,389**	**18,449**	**89,839**	**2,447**	**92,285**

Solvency II net technical provisions ($'000)

SII Class	Claim Provision	Premium Provision	Best Estimate	Risk Margin	Technical Provisions
Property	35,872	10,211	46,082	1,405	47,487
Liability	26,604	3,105	29,709	1,042	30,751
Total	**62,476**	**13,316**	**75,791**	**2,447**	**78,238**

Provision is made for notified losses on all underwriting years. Provisions are calculated gross of any reinsurance recoveries with a separate estimate being made of amounts recoverable from reinsurers. The Company has regard to the gross and net loss positions as indicated by the claim circumstances reported to date and loss projections carried out under the direction of the Head of Actuarial Function using actuarial techniques.

Reserves for insurance contract liabilities and reinsurance assets are based upon management's best estimate of the ultimate liabilities and are determined with the assistance of, and based on, the results of the analysis performed by the Actuarial Function. The reserves include estimates for case reserves and losses incurred but not reported ("IBNR"). The value of total reserves is no less than 100% of

independent actuarial valuation (best estimate). Net technical reserves booked on a GAAP basis at 31 December 2020 totalled $49,878k compared with the actuarial best estimate of $49,878k.

Solvency II Technical Provisions

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

Appropriate techniques and assumptions have been employed in determining the BEL; the actual amounts required to meet future claim payments may differ from the estimates for a number of reasons, such as model specification error, parameter error, random error inherent uncertainty in insurance and external environment risk factors. The statutory reserving results form the basis of the Solvency II technical provisions and thus the projection methods and assumptions used in both are consistent with each other. Since 2018 there has been a change in approach to recognise subrogation recoveries on a probability weighted basis in the Solvency II technical provisions. This is derived from the expert judgement of the claims handlers who assess both likelihood and quantum of potential recoveries. There are no other differences between the statutory and Solvency II reserves other than the reallocation of insurance related cashflows from elsewhere on the balance sheet and discounting to account for the time value of money.

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 GAIL's GAAP unpaid claim liabilities. The adjustment of GAAP estimate of unpaid claim liabilities to a Solvency II basis requires that GAAP unpaid claim liabilities are discounted to a present value basis. The actuary utilizes the basic risk-free rate (RFR) 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 GAAP 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 GAIL will continue as a going concern into the future. The BEL is calculated as the sum of the PCO and the PP.

Estimates are "best estimates" in the sense that they are intended to be a probability-weighted average of all possible outcomes. GAIL 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 GAIL 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. For this exercise, the risk margin calculation is based on the Level 3 simplification given in the latest technical specifications. The calculation is a relatively complex process, but can be split into the following steps:

1. An SCR is calculated in relation to the technical provisions on the opening Solvency II balance sheet.
2. An SCR is calculated in relation to the technical provisions one year after the opening Solvency II Balance Sheet with no remaining prospective risk.
3. It is assumed that the future SCRs are proportional to the best estimate technical provisions. Therefore, the future SCRs decrease in line with technical provisions run off.
4. A cost of capital for each future SCR is derived by applying a 6% charge to the projected SCR.
5. These future costs of capital are then discounted to the valuation date.
6. These discounted costs of capital are then summed to calculate the risk margin.

In calculating its technical provisions on a Solvency II basis, GAIL 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.

For GAIL the risk margin has been calculated as **$2,202k (2019: $2,447k).**

D.3 Other Liabilities

Aside from Technical provisions, the valuation of which is detailed above, GAIL has three other principal classes of liabilities:

- Creditors arising out of direct insurance operations of $3,130k (2019: $8,077k)
- Other Creditors of $nil (2019: $294k)
- Accrued expenses of $651k (2019: $438k)

The decrease in the creditors balance at the year-end compared with the prior year end was largely due to a decrease in claims payable at the year end.

D.4 Alternative Methods of Valuation

No alternative methods were used.

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 extract in Appendix 1. The Solvency II valuations at 31 December 2020 reported per the Annual QRT forms, compared with the statutory accounts values, are shown in the table below.

		Solvency II value	Statutory accounts value
		C0010	C0020
Assets			
Goodwill	R0010		0.00
Deferred acquisition costs	R0020		273,030.09
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	69,060,362.36	69,048,465.63
Derivatives	R0190	0.00	0.00
Deposits other than cash equivalents	R0200	69,060,362.36	69,048,465.63
Reinsurance recoverables from:	R0270	8,932,402.54	8,771,662.63
Non-life and health similar to non-life	R0280	8,932,402.54	8,771,662.63
Non-life excluding health	R0290	8,932,402.54	8,771,662.63
Insurance and intermediaries receivables	R0360	216,944.41	581,962.51
Reinsurance receivables	R0370	0.00	394,392.16
Cash and cash equivalents	R0410	33,080,587.28	33,080,587.28
Any other assets, not elsewhere shown	R0420	126,617.84	158,188.57
Total assets	R0500	111,416,914.43	112,308,288.87
Liabilities			
Technical provisions – non-life	R0510	63,155,040.78	58,756,855.21
Technical provisions – non-life (excluding health)	R0520	63,155,040.78	58,756,855.21
Best Estimate	R0540	61,293,443.87	
Risk margin	R0550	1,861,596.91	
Insurance & intermediaries payables	R0820	0.00	2,924,661.22
Reinsurance payables	R0830	0.00	204,943.52
Any other liabilities, not elsewhere shown	R0880	651,432.00	651,432.00
Total liabilities	R0900	63,806,472.78	62,537,891.95
Excess of assets over liabilities	R1000	47,610,441.65	49,770,396.92

E. CAPITAL MANAGEMENT

E.1 Own Funds

The Solvency II Directive and the Delegated Acts identify the criteria own funds items must possess to be classified in one of the three Tiers (Tier 1, Tier 2 and Tier 3) of eligible capital. The Delegated Acts provide lists of items that fall into each of the three Tiers.

The Company assesses material risks that may threaten the accomplishment of the Company's strategic objectives or might have a substantial impact on the available qualifying own funds. These risks could result from either internal or external events.

Management has identified Reserve Risk, and Investment Risk as the material risks to which GAIL is exposed. Management has investigated the magnitude of each of these risks as well as sought to determine any potential correlations that may exist within, or between, these risk categories based on review of historical experience.

In relation to Investment Risk, a clear strategy has been developed to manage risk in a manner which limits exposure to investment volatility for those assets matching insured liabilities.

All other risks are managed through a framework of internal controls supported by monitoring by management, internal audit, governance groups and the various functions of the board.

GAIL's capital structure is composed of ordinary share capital, share premium and retailed earnings, as seen in the table below.

CALLED UP SHARE CAPITAL	**2020**	**2019**
	$	**$**
Authorised		
20,000,000 ordinary shares of US$1 each	20,000,000	20,000,000
Issued		
2,000,003 ordinary shares of US$1 each	2,000,003	2,000,003
Called up and fully paid		
2,000,003 ordinary shares of US$1 each	2,000,003	2,000,003
Share Premium		
Issued Share Premium	19,999,997	19,999,997

There was no movement in the company's share capital during the year.

Retained Profit brought forward as at 31 December 2020 was $19,762k (2019: $20,733k). The result for the year ended 31 December 2020 was a profit of $8,009K (2019: loss of $971k).

Solvency II own funds

Under Solvency II valuation principles, the Company's eligible own funds available to meet the SCR requirements as at 31 December 2020 was $59,148k. This is sufficient to cover its SCR $23,754k as at that date.

In February 2019 the Company received approval for Ancillary Own Funds (AOF) of up to $19 million. These funds are exclusively Tier 2 capital. Both the Tier 1 and Tier 2 capital can be used to meet the Company's ongoing SCR and MCR. The AOF amount can be utilised for up to 50% of the SCR, and so only $11.9m is included in the available capital for the SCR. The AOF is not eligible for the MCR requirement.

The equity position as shown in the Company's 2020 and 2019 year-end financial statements can be reconciled to the basic own funds balance under Solvency II as follows:

	2020 USD'000	**2019 USD'000**
Equity per the Company's financial statements	**49,770**	**41,762**
Adjustments to technical provisions and reinsurance recoverables	(4,238)	3,729
Removal of insurance debtors and creditors	2,371	3,572
Removal of deferred costs and prepayments	(294)	(5,045)
Ancillary Own Funds	11,878	19,000
Net deferred tax liability	0	0
Own funds (excess of assets over liabilities for solvency purposes)	**59,487**	**63,018**

Capital management

The total capital of the Company as at 31 December 2020 consists of shareholder's equity of $49,770k (2019: $41,762k). On a Solvency II basis the available capital at the period end was $59,487k (2019: $63,018k).

Management reviews capital on an ongoing basis with a view to maintaining a level of capital sufficient to cover significant risks and regulatory requirements. As noted above the Company has adequate capital as at 31 December 2020 to meet these objectives. The Company's actuaries are satisfied with this position.

E.2 Solvency Capital Requirement & Minimum Capital Requirement

GAIL's Solvency Capital Requirement ("SCR") as at 31 December 2020 totals $23,754k. GAIL's Solvency II recognised own funds totalling $59,487k is above the SCR and results in a surplus of $35,733k and a Solvency Ratio of 250%.

GAIL's Minimum Capital Requirement ("MCR") as at 31 December 2020 totals $5,939k.

SCR Results comparison ($'000)

Risk charge	31-Dec-20	31-Dec-19	Movement
Premium/Reserve Risk	10,488	16,082	(5,594)
Catastrophe Risk	10,005	24,372	(14,367)
Lapse Risk	4	1,555	(1,551)
Diversification Benefit	*(4,294)*	*(9,590)*	*5,296*
Non-Life Underwriting Risk	**16,204**	**32,420**	**16,215**
Counterparty Default Risk	**2,226**	**3,852**	**(1,625)**
Interest Rate Risk	380	1,520	*(1,140)*
Spread Risk	801	784	17
Currency FX Risk	7,960	13,239	(5,279)
Concentration Risk	4,509	4,227	283
Diversification Benefit	*(4,191)*	*(5,192)*	1002
Market Risk	**9,460**	**14,578**	**(5,118)**
Diversification Benefit	*(5,975)*	*(10,013)*	*4,037*
BSCR	**21,915**	**40,837**	**(18,921)**
Operational Risk	**1,839**	**2,695**	**(856)**
Tax Adjustments	-	-	-
SCR	**23,754**	**43,532**	**(19,778)**
Available Capital	59,487	63,018	(3,531)
Surplus/Deficit	**35,733**	**19,487**	**16,247**
Solvency Ratio	250%	145%	105%

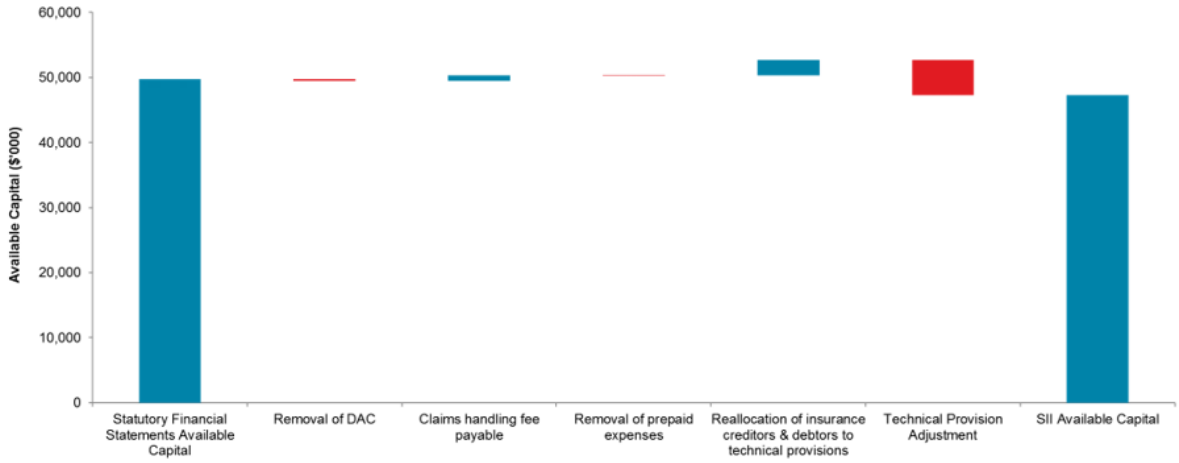
Per the above, there was a significant reduction ($19.8m) in the SCR since the prior year end. There was a reduction in available capital ($3.5m) mainly due to the amount of AOF allowable, leading to a solvency ratio at the period end of 250%. The drivers behind the material movements in the risk charges are set out below.

- **Non-life underwriting risk** – the only prospective business which remains in place relates to the UK RMHC, Hungarian RMHC and the terrorism cover. The premium, lapse and catastrophe risk modules have therefore all decreased.
- **Market risk** – currency risk has reduced as a result of better currency matching between the liabilities and assets. This is driven by a reduction of the reserves which are denominated in non-matched currencies.
- **Counterparty risk** – the reduction is a result of lower cash amounts held at bank, lower reinsurance technical provisions, and the reduction of recoveries generated in the SCR catastrophe risk.

Other information: Collateral – To support the addition of both the UK and Irish Employers' Liability business reinsured by Franchisees Reinsurance & Insurance Enterprise Services Limited (FRIES), total

collateral of £8.3m has been put in place. As a result, the reinsurance purchased from FRIES is admissible for the purposes of the SCR calculation. A further result of this collateral is that there is no material impact on the counterparty default risk, and hence, the SCR ratio arising from the assumption of this business.

GAIL's Solvency II balance sheet equity as at 31 December 2020 totals $59,487k (2019: $63,018k). Provided below is a reconciliation of GAIL's GAAP balance sheet equity as at 31 December 2020 totalling $49,770k (2019: $41,762k) and the Solvency II balance sheet equity.



Noted below are the main adjustments to convert GAIL's GAAP balance sheet to a Solvency II balance sheet:

Removal of Deferred Acquisition Costs and Deferred Statutory Financial Statements Balance Sheet Items: On a Solvency II valuation basis, there is no concept of accruals, but instead all assets and liabilities are held at a market consistent value for expected future cash flows. Therefore, items such as deferred acquisition costs are not included on the balance sheet. Instead the actual expected future cash flows associated with any future acquisition cost payments are included within the technical provision valuation. This impacts both the gross and reinsurance elements of the deferred acquisition costs, plus other deferred balance sheet items.

Claim handling fees: claims handling expenses are calculated and associated cashflows are included in the technical provisions. Therefore, statutory deferred and payable claims handling fee items are not included on the Solvency II balance sheet.

Creditors and Debtors: Under the Solvency II valuation basis GAIL's debtor items relating to unpaid premium balances are included within the Technical Provision calculation. Whilst this appears to have a significant impact in isolation, it is offset by a similar movement in the opposite direction within the technical provisions.

Deferred tax: Under SII, insurance and reinsurance undertakings should recognise and value deferred tax assets and liabilities in relation to all items that are recognised for solvency purposes or in the tax

balance sheet to ensure that all amounts which could give rise to future tax cash flows are captured. On conversion from a statutory financial statements basis to a SII valuation basis a loss is created therefore the corresponding tax impact should be reflected. For GAIL this results in a deferred tax asset, however, as agreed with our actuaries, we also include a deferred tax liability of the same amount, so the overall impact is nil.

Technical Provision Adjustments: The Solvency II technical provisions consist of a claim provision, premium provision and a risk margin.

The claim provision includes the premium and claim cash flows associated with periods of exposure prior to the valuation date. Premium provisions include the premium and claim cash flows associated with periods of exposure post the valuation date. The provisions are calculated per line of business using discounted expected cash flows. All claim estimates are on a best estimate basis, with no allowance for prudence. Risk free yield curves have been used as at 31st December 2020, published by EIOPA, to discount the cash flows to the valuation date.

There are a number of other specific changes:

Premium Cash flows: Under Solvency II, technical provisions are calculated on a discounted cash flow basis so unpaid premium cash flows are included within the valuation.

Bound but Unincepted Contracts: Under Solvency II, the contract recognition basis is different to the current Statutory Financial Statements basis. That is, under Statutory Financial Statements the technical provisions only consider contracts that have incepted as at the valuation date, whereas, under Solvency II all contracts that are legally bound need to be considered, even if they have not yet incepted. Expected profit on these contracts will reduce net technical provisions.

Expenses: Technical provisions are expected to allow for all future expenses that would be incurred in running-off the existing business. Under Solvency II these expense provisions would include additional items such as an allocation of investment manager's costs and other overheads; it is therefore expected that expense provisions will be higher under Solvency II than under the current technical provision basis. An additional allowance of 1.0% has been applied to the gross reserves to allow for additional expenses that could be allocated to the technical provisions on a Solvency II basis.

Events Not In Data: Solvency II technical provisions should be the best estimate of all future possible outcomes. An adjustment must therefore be made to allow for items not captured within the undertaking's data, e.g. latent claims or extremely high severity, low probability events. These items have been termed 'Events Not in Data' ("ENID"). A loading of 1.0% has been added to the gross reserves to allow for the expected cost of ENID. The 1.0% loading applied is consistent with a market analysis carried out by Lloyd's of London.

Risk Margin: The technical provisions include a risk margin, which will bring the best estimate provisions in line with a market consistent valuation. The risk margin covers the discounted cost of capital that would be needed to support the full run-off of the liabilities and is intended to represent the 'market premium' that would need to be paid in order to transfer the portfolio of liabilities to another party. For this exercise, the risk margin calculation has been based on the Level 3 simplification given in the latest technical specifications. The calculation is a relatively complex process, but can be split into the following steps:

1. An SCR is calculated in relation to the technical provisions on the opening Solvency II balance sheet.
2. An SCR is calculated in relation to the technical provisions one year after the opening Solvency II Balance Sheet with no remaining prospective risk.
3. It is assumed that the future SCRs are proportional to the best estimate technical provisions.
4. Therefore, the future SCRs decrease in line with technical provisions run off.
5. A cost of capital for each future SCR is derived by applying a 6% charge to the projected SCR.
6. These future costs of capital are then discounted to the valuation date.
7. These discounted costs of capital are then summed to calculate the risk margin.

For GAIL the risk margin has been calculated as $2,202k (2019: $2,447k).

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

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

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

E.5 Non-Compliance with MCR and SCR

There were no issues with non-compliance with the MCR and SCR during the reporting period.

E.6 Any Other Information

There is no other information to report.

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

APPENDIX 1 - QUANTITATIVE REPORTING TEMPLATES

The following quantitative data has been added to Appendix 1.

S.02.01.02 – Balance sheet*

S.05.01 – Premiums, claims and expenses by line of business

S.05.02 – Premiums, claims and expenses by line of business

S.17.01.02 – Non-Life technical provisions*

S.19.01.21 – Claims Developments*

S23.01.01 – Own Funds*

S25.01.21 – SCR using standard formula*

S28.01.01 – MCR*

*templates subject to external audit.

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

		C0010 Solvency II value
Assets		
R0030	Intangible assets	
R0040	Deferred tax assets	
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)	69,060
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	69,060
R0210	Other investments	
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	Loans on policies	
R0250	Loans and mortgages to individuals	
R0260	Other loans and mortgages	
R0270	Reinsurance recoverables from:	8,932
R0280	Non-life and health similar to non-life	8,932
R0290	Non-life excluding health	8,932
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	217
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	
R0410	Cash and cash equivalents	33,081
R0420	Any other assets, not elsewhere shown	127
R0500	**Total assets**	111,417

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

		C0010 Solvency II value
Liabilities		
R0510	Technical provisions – non-life	63,155
R0520	Technical provisions – non-life (excluding health)	63,155
R0530	Technical provisions calculated as a whole	
R0540	Best Estimate	61,293
R0550	Risk margin	1,862
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	651
R0900	Total liabilities	63,806
R1000	**Excess of assets over liabilities**	47,610

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

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110							-758	-28	
Gross - Prop reinsurance accepted	R0120							3,501	4,852	
Gross - Non-Prop reinsurance accepted	R0130									
Reinsurers' share	R0140							-287	3,485	
Net	R0200	0	0	0	0	0	0	3,031	1,340	0
Premiums earned										
Gross - Direct Business	R0210							5,179	3,843	
Gross - Prop reinsurance accepted	R0220							13,064	8,207	
Gross - Non-Prop reinsurance accepted	R0230									
Reinsurers' share	R0240							1,656	5,087	
Net	R0300	0	0	0	0	0	0	16,588	6,962	0
Claims incurred										
Gross - Direct Business	R0310							838	7,384	
Gross - Prop reinsurance accepted	R0320							1,342	-954	
Gross - Non-Prop reinsurance accepted	R0330									
Reinsurers' share	R0340							1,285	1,221	
Net	R0400	0	0	0	0	0	0	895	5,208	0
Changes in other technical provisions										
Gross - Direct Business	R0410									
Gross - Prop reinsurance accepted	R0420									
Gross - Non-Prop reinsurance accepted	R0430									
Reinsurers' share	R0440									
Net	R0500	0	0	0	0	0	0	0	0	0
Expenses incurred	R0550							5,536	4,315	
Other expenses	R1200									
Total expenses	R1300									

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

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of business for: accepted non-proportional reinsurance				TOTAL
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110								-785
Gross - Prop reinsurance accepted	R0120								8,353
Gross - Non-Prop reinsurance accepted	R0130								0
Reinsurers' share	R0140								3,197
Net	R0200	0	0	0	0	0	0	0	4,370
Premiums earned									
Gross - Direct Business	R0210								9,022
Gross - Prop reinsurance accepted	R0220								21,271
Gross - Non-Prop reinsurance accepted	R0230								0
Reinsurers' share	R0240								6,743
Net	R0300	0	0	0	0	0	0	0	23,550
Claims incurred									
Gross - Direct Business	R0310								8,221
Gross - Prop reinsurance accepted	R0320								387
Gross - Non-Prop reinsurance accepted	R0330								0
Reinsurers' share	R0340								2,505
Net	R0400	0	0	0	0	0	0	0	6,103
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								9,852
Other expenses	R1200								
Total expenses	R1300								9,852

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

		Line of Business for: life insurance obligations						Life reinsurance obligations		TOTAL
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410									0
Reinsurers' share	R1420									0
Net	R1500	0	0	0	0	0	0	0	0	0
Premiums earned										
Gross	R1510									0
Reinsurers' share	R1520									0
Net	R1600	0	0	0	0	0	0	0	0	0
Claims incurred										
Gross	R1610									0
Reinsurers' share	R1620									0
Net	R1700	0	0	0	0	0	0	0	0	0
Changes in other technical provisions										
Gross	R1710									0
Reinsurers' share	R1720									0
Net	R1800	0	0	0	0	0	0	0	0	0
Expenses incurred	R1900									0
Other expenses	R2500									
Total expenses	R2600									0

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

		Home country	Country (by amount of GWP)					Total for top 5 countries and home country
			CH	GB	NL	AU	SE	
		C0080	C0090	C0090	C0090	C0090	C0090	C0140
Premiums written								
Gross - Direct Business	R0110	-577		-92	-107	-2	32	-746
Gross - Proportional reinsurance accepted	R0120		4,412	3,941				8,353
Gross - Non-proportional reinsurance accepted	R0130							0
Reinsurers' share	R0140							0
Net	R0200	-577	4,412	3,850	-107	-2	32	7,607
Premiums earned								
Gross - Direct Business	R0210	-577		-92	-107	-2	32	-746
Gross - Proportional reinsurance accepted	R0220		4,412	3,873				8,285
Gross - Non-proportional reinsurance accepted	R0230							0
Reinsurers' share	R0240							0
Net	R0300	-577	4,412	3,782	-107	-2	32	7,539
Claims incurred								
Gross - Direct Business	R0310	6,711		524	-797	3	887	7,329
Gross - Proportional reinsurance accepted	R0320		2,995	369				3,364
Gross - Non-proportional reinsurance accepted	R0330							0
Reinsurers' share	R0340	1,090	89	405				1,585
Net	R0400	5,620	2,906	488	-797	3	887	9,108
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	1,265	4,337	1,736	370	535	292	8,534
Other expenses	R1200							
Total expenses	R1300							8,534

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

		Direct business and accepted proportional reinsurance											
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		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							9	6				
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140							1					
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	0	0	8	6	0	0	0	0
Claims provisions													
Gross	R0160							25,369	35,909				
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240							841	8,090				
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	0	0	24,527	27,820	0	0	0	0
Total Best estimate - gross	R0260	0	0	0	0	0	0	25,378	35,916	0	0	0	0
Total Best estimate - net	R0270	0	0	0	0	0	0	24,535	27,826	0	0	0	0
Risk margin	R0280							872	989				
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	26,250	36,905	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	843	8,090	0	0	0	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	0	0	0	25,407	28,815	0	0	0	0

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

		Accepted non-proportional reinsurance				TOTAL
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0140	C0150	C0160	C0170	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						
Premium provisions						
Gross	R0060					16
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140					1
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	14
Claims provisions						
Gross	R0160					61,278
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240					8,931
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	52,347
Total Best estimate - gross	R0260	0	0	0	0	61,293
Total Best estimate - net	R0270	0	0	0	0	52,361
Risk margin	R0280					1,862
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	63,155
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	8,932
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	0	54,223

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

Gross Claims Paid (non cumulative absolute amount)

		0	0	0	0	0	0	0	0	0	0	10+	Current year	All years
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100											581	581	581
N-9	R0160	9,819	-171	10,173	3,924	2,039	646	846	420	922	9		9	28,627
N-8	R0170	1,795	16,988	9,065	6,361	897	876	354	38	298			298	36,674
N-7	R0180	3,039	15,745	6,075	1,946	986	950	1,095	36				36	29,872
N-6	R0190	1,355	8,782	3,475	1,766	894	436	3,080					3,080	19,788
N-5	R0200	901	9,880	5,122	1,347	619	880						880	18,750
N-4	R0210	1,939	9,989	6,529	1,716	609							609	20,782
N-3	R0220	13,862	19,693	12,093	-358								-358	45,290
N-2	R0230	4,097	16,200	3,743									3,743	24,040
N-1	R0240	5,671	13,252										13,252	18,924
N	R0250	81											81	81
												Total	22,213	243,409

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

		0	0	0	0	0	0	0	0	0	0	0	Year End (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100											1,687	1,686
N-9	R0160						4,285	4,489	3,606	847	604		604
N-8	R0170					2,364	1,793	1,575	1,271	756			757
N-7	R0180				3,919	3,008	2,526	1,892	1,385				1,375
N-6	R0190			7,464	6,337	4,795	4,004	1,047					1,046
N-5	R0200		8,442	4,171	2,256	2,604	2,261						2,258
N-4	R0210	13,092	14,231	5,742	5,592	6,574							6,278
N-3	R0220	45,550	14,095	2,611	5,010								4,980
N-2	R0230	27,542	15,672	12,182									12,157
N-1	R0240	38,736	26,340										26,101
N	R0250	4,070											4,037
												Total	61,278

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

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	2,000	2,000			
Share premium account related to ordinary share capital	R0030	20,000	20,000			
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	25,610	25,610			
Subordinated liabilities	R0140	0				
An amount equal to the value of net deferred tax assets	R0160	0				
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	47,610	47,610	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	19,000			19,000	
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	19,000			19,000	0

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

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	66,610	47,610	0	19,000	0
Total available own funds to meet the MCR	R0510	47,610	47,610	0	0	
Total eligible own funds to meet the SCR	R0540	59,487	47,610	0	11,877	0
Total eligible own funds to meet the MCR	R0550	47,610	47,610	0	0	
SCR	R0580	23,754				
MCR	R0600	5,939				
Ratio of Eligible own funds to SCR	R0620	2.504303677				
Ratio of Eligible own funds to MCR	R0640	8.017214033				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	47,610
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	22,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	25,610
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	0

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

Basic Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplifications
		C0040	C0090	C0100
Market risk	R0010	9,460		
Counterparty default risk	R0020	2,226		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	16,204		
Diversification	R0060	-5,975		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	21,915		

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	1,839
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	23,754
Capital add-on already set	R0210	
Solvency capital requirement	R0220	23,754
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01 - MCR (In thousands of USD)

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

Background information		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080	24,535	3,031
General liability insurance and proportional reinsurance	R0090	27,826	1,340
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	
SCR	R0310	23,754
MCR cap	R0320	
MCR floor	R0330	
Combined MCR	R0340	
Absolute floor of the MCR	R0350	4,540
Minimum Capital Requirement	R0400	