



**Great American International Insurance (EU) DAC**  
**Solvency and Financial Condition Report (“SFCR”)**  
(for the financial year ended 31 December 2020)

## **Contents**

### **Summary**

#### **A. Business and Performance**

- A.1 Business
- A.2 Underwriting Performance
- A.3 Investment Performance
- A.4 Performance of other Activities
- A.5 Any Other Information

#### **B. System of Governance**

- B.1 General Information on the System of Governance
- B.2 'Fit and Proper' requirements
- B.3 Risk Management System including the Own Risk and Solvency Assessment
- B.4 Internal Control System
- B.5 Internal Audit Function
- B.6 Actuarial Function
- B.7 Outsourcing
- B.8 Any Other Information

#### **C. Risk Profile**

- C.1 Underwriting Risk
- C.2 Market Risk
- C.3 Credit Risk
- C.4 Liquidity Risk
- C.5 Operational Risk
- C.6 Other Material Risks
- C.7 Any Other Information

#### **D. Valuation for Solvency Purposes**

- D.1 Assets
- D.2 Technical Provisions
- D.3 Other Liabilities
- D.4 Alternative Methods for Valuation
- D.5 Any Other Information
- D.6 Going Concern

#### **E. Capital Management**

- E.1 Own Funds
- E.2 Solvency Capital Requirement and Minimum Capital Requirement
- E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR
- E.4 Differences between the standard formula and an internal model used
- E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement
- E.6 Any Other Information

## Executive Summary

This is the fifth Solvency and Financial Condition Report ("SFCR") that is required to be published by Great American International Insurance (EU) DAC (the "Company" or "GAEU").

The SFCR aims to provide the reader with an overview of the business and performance, system of governance, risk profile, the valuation for solvency purposes and the capital management of the Company for the year ended 31 December 2020.

The Company's financial year runs to 31 December each year, and it reports its results in Euro. The Company will report a profit after tax for 2020, which marks the Company's twelfth consecutive year of profitability.

The Gross Written Premium was €34,183,460 (2019: €38,473,426) a decrease of 11% on the prior year. The Company ceased writing UK business in 2019, the 2020 GWP figure excluding previously recognised UK business increased by 14% despite Covid-19. The profit on ordinary activities before taxation amounted to €2,524,161 (2019: €90,460) for the year. After providing for taxation of €18,967 (2019: €4,710), the profit of €2,505,194 (2019: €85,750) was transferred to reserves.

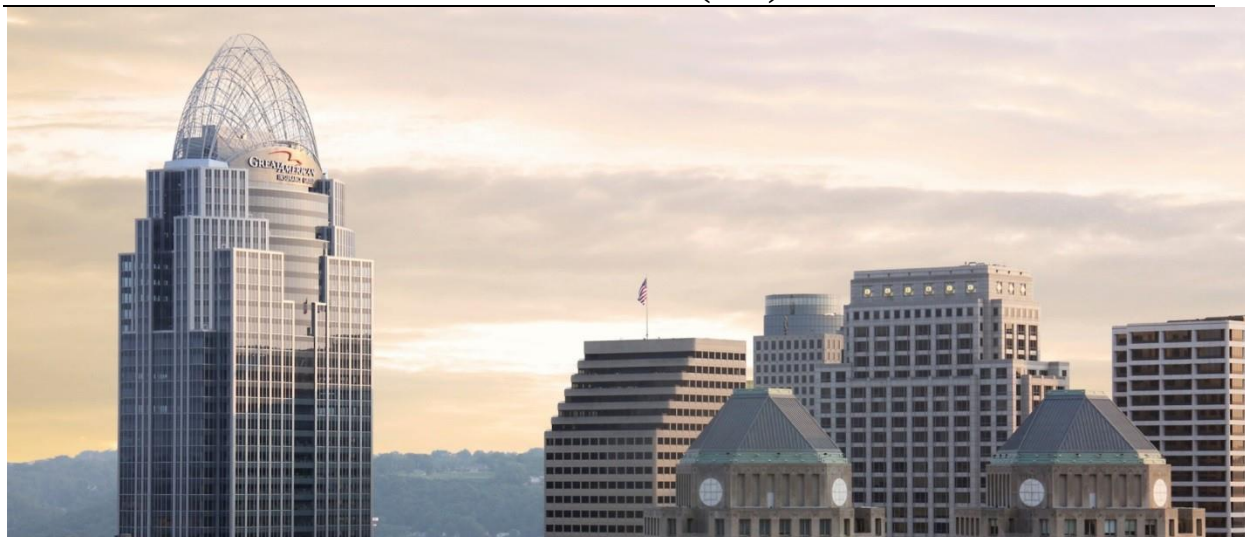
The biggest impact on the Company during 2020 was COVID-19, which was both a strategic and operational risk. The Company continues to operate on a business as usual basis throughout the ongoing COVID-19 pandemic and has taken measures to ensure it can successfully continue to meet the needs of its stakeholders. The Company continues to assess its overall risk exposure across all classes of business. Whilst the Company does not write business that provides specific cover for losses due to COVID-19, such as Business Interruption cover, it has a number of lines that are likely to be commercially impacted due to the economic downturn. Covid-19 scenarios were stressed as part of the Company's 2020 ORSA exercise, this demonstrated the Company's solvency resilience.

There have been no material changes in the system of governance in 2020 besides changes to Board composition which are addressed in section A.

## **A: Business & Performance**

### **A.1 Business**

## Great American International Insurance (EU) DAC



We are a member of Great American Insurance Group whose roots go back to 1872 with the founding of its flagship company Great American Insurance Company. Great American International Insurance (EU) DAC is rated A+ by Standard & Poor's.<sup>1</sup>

Great American Insurance Group is engaged primarily in property and casualty insurance focusing on specialised commercial products for businesses and in the sale of traditional fixed and fixed-indexed annuities. Headquarters operations are based in Cincinnati, Ohio, USA. Member companies of Great American Insurance Group are ultimately owned by American Financial Group, Inc.

Great American International Insurance (EU) DAC ("GA EU" or "the Company") was established in Ireland on January 5, 2004, to write commercial insurance throughout Europe. The Company is an authorised and regulated Non-Life insurance undertaking and operates on a freedom of services basis. We are authorised to write the following classes of insurance: 1, 2, 3, 7, 8, 9, 13, 14, 15 & 16.

The Company operates on a freedom of services basis and holds pass-porting rights for the following territories:

- |            |           |                  |              |
|------------|-----------|------------------|--------------|
| • Austria  | • Belgium | • Bulgaria       | • Denmark    |
| • Finland  | • France  | • Czech Republic | • Hungary    |
| • Ireland  | • Italy   | • Germany        | • Luxembourg |
| • Norway   | • Poland  | • Portugal       | • Romania    |
| • Slovakia | • Spain   | • Sweden         |              |

<sup>1</sup> Standard & Poor's rating affirmed March 5, 2020

The Company's registered office details are as follows:

Great American International Insurance (EU) DAC

Station House

Dublin Road

Malahide

Co. Dublin

Company Registration Number: 380145

**Tel:** +353 1 8454850

**Website:** <http://www.greatamericaneu.com/>

The Company is authorised & Regulated by the Central Bank of Ireland ("CBI")

The CBI acts as the Company supervisor for Solvency II, the CBI's address is:

Central Bank of Ireland,

New Wapping Street,

North Wall Quay,

Dublin 1

Ireland

**Website:** [www.centralbank.ie](http://www.centralbank.ie)

The Company's external auditor is PWC

The address for PWC is as follows:

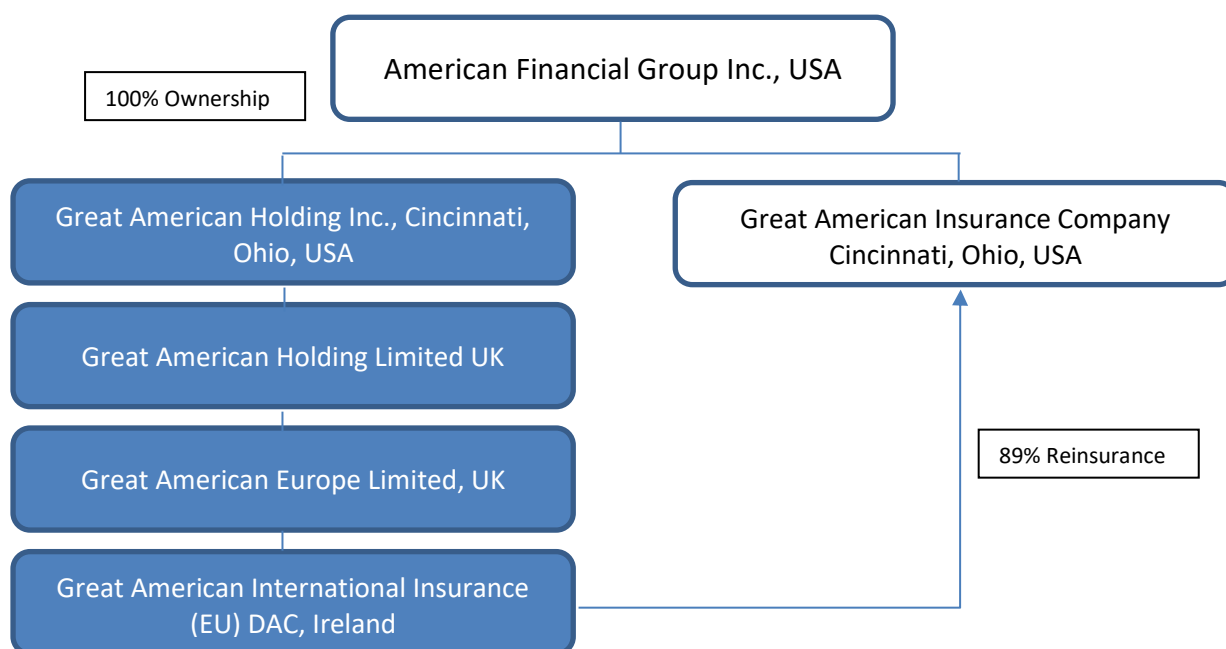
PWC

One Spencer Dock

North Wall Quay

Dublin 1

**Website:** [www.pwc.ie](http://www.pwc.ie)

**Fig 1: Organisational Chart & Group Overview**

Great American International Insurance (EU) DAC remains an ultimate subsidiary of AFG, an Ohio corporation.

AFG is a holding company based in Cincinnati, Ohio. AFG's common stock is listed and traded on the New York Stock Exchange under the symbol AFG. Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company.

### Business Strategy

The Company's high-level business strategy is as follows:

- Diversification of products & territories to assist with capital management and safeguarding of the Company's position in the market, so there is no over-reliance on any one product;
- Utilise & build on the existing product experience & capabilities of our U.S parent;
- Build specialist teams of underwriters for each product line; and
- Grow the overall book & presence of Great American Insurance Group across Europe in a prudent & profitable manner.

### Major Changes in 2020

There have been no material changes in the system of governance in 2020 other than Board composition changes. Other than the intra-group reinsurance arrangements, detailed in Figure 1. Above which have been in place since the inception of the Company, there have been no material

---

transactions during 2020 (2019: nil) with the shareholder, any Board member or any other influential party.

GAEU's Chairman Vincent McLenaghan decided to retire from his position with Great American Insurance Company in 2020, resulting in his resigning his position as Director and Chairman of GAEU with effect from 31/12/2020. Following a due diligence exercise and subsequent CBI approval, Julian Bartlett has assumed the role of Chairman at the submission date of this report (April 2021).

### **Emerging Risks**

The impacts of the worldwide pandemic caused by the Covid-19 virus are set to continue well into 2021 and remain on GAEU's emerging risk monitor. GAEU has no direct exposure to mortality or business interruption risks, which are those most impacted by the pandemic. GAEU has several lines of business that are sensitive to a downturn in economic conditions. The Company is also conscious of the operational resilience framework of its suppliers given remote working arrangements which have been adopted across Europe.

The Company has engaged with material external suppliers providing claims handling services to the Company to understand if there were any issues with operational resilience and their ability to adhere to SLA's. The framework has not been materially impacted by Covid and policyholders continue to be supported albeit both service providers and the Company have adopted "work from home" models in-line with governmental advice. This has demonstrated the operational resilience and the robustness of GAEU's business continuity planning during 2020.

In 2020, the Company experienced an increase in claims incidence in the CdQ product line, for which Covid-19 was an underlying factor due to the deterioration in economic activity in Italy.

The Company has taken a very prudent approach in reserving for future claims on this business and has revised upwards its loss ratio assumptions on policies already written, assuming no improvement in incidence rates on these policies over the long tail run-off period. Following a review of the portfolio in 2020, rate increases were put in-place and underwriting criteria amended so that certain market sectors which were deemed heavily exposed to Covid risk would be excluded from underwriting appetite on a go-forward basis. These management actions ensure that the portfolio remains a viable product line for GAEU, despite market conditions.

A significant element of the Company's business comes from products and business relationships which have been in place for many years. The quality of these arrangements is reflected in the fact that the Company has never experienced bad debt losses. This continues to be the case however, over the course of 2020 the Company, recognising that the growth ambitions of the Company required a more formal, and current, management of the premium collection and allocation activities, undertook a significant project on the treatment and recognition of aged debtors. Additional resources and enhanced system controls with respect to the allocation of cash receipts

against specific receivables have been put in place over the course of 2020 and it is expected that the new credit management processes will be finalised and fully implemented during 2021. For year-end 2020, the exercise has resulted in a greater allocation of aged debtors to the 90 days plus category and a consequent increase in the capital requirement at that date. It is expected that this capital allocation will reverse on completion of the project, which will result in an uplift to the Company's SCR coverage.

The combination of additional prudence in reserving for the loss incident rates in the CdQ business and the work in progress on improvements to the credit management processes has negatively impacted the Solvency ratio coverage at the end of 2020. The actual solvency ratio at the end of 2020 remains strong at 136% but is reduced from the 2019 number of 174%. The Solvency will continue to be actively managed by the Company in line with its capital management policy.

## A.2 Underwriting performance

The Company underwrites Non-Life insurance products across Europe in line with its authorisation and pass-porting rights. Existing policyholders are located across Europe. In 2020 the most significant countries for the Company were Italy (41.9%), France (18.5%) and Ireland (13.4%) which on a combined basis represent over 73% of the Company's gross written premium ("GWP"), with Italy being the most significant market for the Company. The company reported a strong year in WP growth in 2020 (excluding the impact of Brexit) with Irish risks continuing to grow in importance within the overall portfolio mix. Italy continues to be the largest market for the Company and CdQ its largest product. In 2020 the Company continued its strategy to address concentration risk by further diversifying the product ranges it writes in Italy and writing additional construction business. The Company intends to further diversify the product/country mix.

### Breakdown of GWP by LOB

|            | Fire & Property Damage<br>€000'S | Credit & Suretyship<br>€000'S | General Liability<br>€000'S | Misc. Financial Loss<br>€000'S | Medical<br>€000'S | Total GWP<br>€000'S |
|------------|----------------------------------|-------------------------------|-----------------------------|--------------------------------|-------------------|---------------------|
| 2019       | 17,402                           | 14,756                        | 2                           | 5,298                          | 1,022             | 38,478              |
| 2020       | 15,285                           | 13,822                        | 2                           | 4,173                          | 901               | 34,183              |
| Difference | -12%                             | -6%                           | 0%                          | -21%                           | -12%              | -11%                |

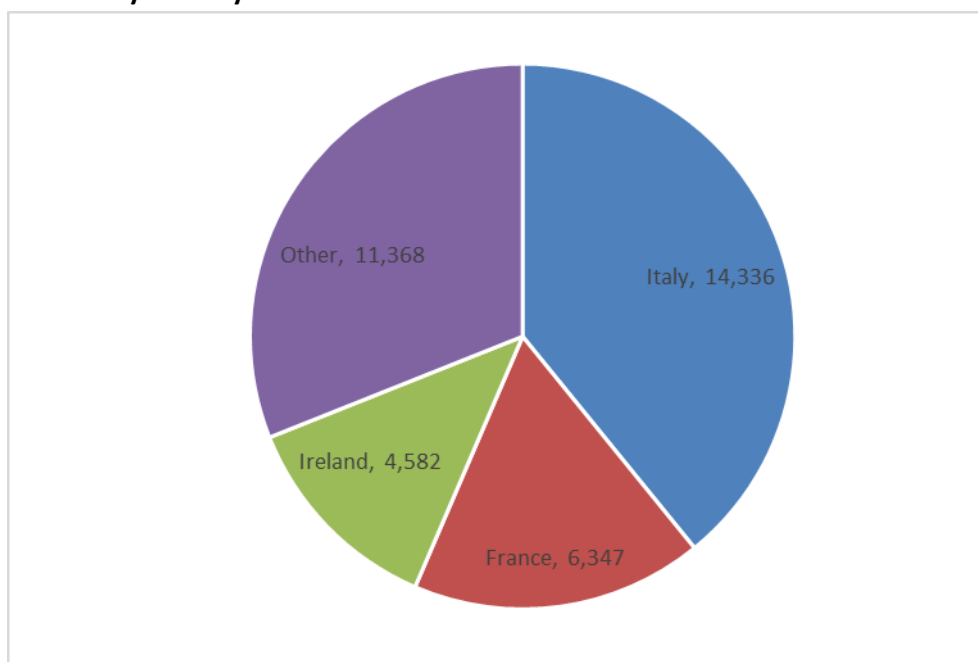
The company's overall GWP decreased by just over 11% between 2019 & 2020, mainly driven by the loss of the UK book of business. Additionally influencing the decrease was €2.1m less Fire & Property Damage and a €1.1m less Misc Financial Loss business underwritten. This was due to the effects of Covid-19 which impacted, for example, the leasing portfolios of some of our main policyholders and by default decreased the level of asset insurance premium the Company wrote. The Company increased staffing within the reporting period and has hired additional staff within the underwriting

and the finance department to ensure sufficient resource to manage the Company's capital position and associated reporting requirements. The Fire & Other Damage to Property line of business as well as Miscellaneous Financial Loss line of business remained largely consistent with premiums reported for the previous calendar year. The other lines of business remained largely consistent with premiums reported for the previous calendar year. Please see the Appendix for QRT S.05.01.01, for further details as submitted.

### Breakdown of Premium by Country

In 2020 the most significant countries for the Company were Italy, France & Ireland, representing over 66% of the Company's gross written premium ("GWP") on a combined basis. Please see the Appendix for QRT S.05.02.01, for further details as submitted.

### Breakdown GWP by Country



### Underwriting Profits

| €000'S                 | 2020         | 2019         |
|------------------------|--------------|--------------|
| <b>Premium Written</b> |              |              |
| Gross                  | 34,183       | 38,473       |
| RI Share               | -29,664      | - 32,615     |
| <b>Net</b>             | <b>4,520</b> | <b>5,859</b> |
| <b>Premium Earned</b>  |              |              |
| Gross                  | 34,074       | 33,700       |
| RI Share               | -29,216      | - 27,643     |
| <b>Net</b>             | <b>4,859</b> | <b>6,057</b> |

| Commission Expense                              |                |                |
|-------------------------------------------------|----------------|----------------|
| Gross                                           | -8,993         | - 11,816       |
| RI Share                                        | 14,305         | 12,868         |
| <b>Net</b>                                      | <b>5,313</b>   | <b>1,052</b>   |
| Claims Incurred                                 |                |                |
| Gross                                           | 12,413         | - 13,937       |
| RI Share                                        | -11,154        | 12,591         |
| <b>Net</b>                                      | <b>1,259</b>   | <b>- 1,347</b> |
| Other Technical Provisions                      |                |                |
| Gross                                           | -1,129         | - 2,181        |
| RI Share                                        | 290            | 443            |
| <b>Net</b>                                      | <b>-839</b>    | <b>- 1,738</b> |
| <b>Operating Expenses</b>                       | <b>-5,582</b>  | <b>- 3,985</b> |
| <b>Investment Income</b>                        | <b>24</b>      | <b>51</b>      |
| Gross Underwriting P/L<br>(% of Premium Earned) | 5,402<br>84.1% | 1,831<br>87.2% |
| Net Underwriting P/L<br>(% of Premium Earned)   | 2,491<br>92.6% | 90<br>98.9%    |

Gross and net underwriting profits of the Company have increased for the year. The Company's overall GWP decreased by just over 13% between 2019 & 2020, as per the above table the main reason behind the decrease was the loss of the UK book of business due to BREXIT.

### A.3 Investment Performance

The Company has a conservative outlook when it comes to investment decisions. On average between the years 2017-2020, the Company has held assets of between 15-29 million euros, and this is all kept in either cash or cash/term deposits. As all insurance assets are held in cash and have been since the inception of the Company, there is currently no Investment Committee, and there is no authority given by the Board to any of the officers to deviate from the current investment strategy.

The primary investment goal of the Company is to satisfy its regulatory solvency requirements and capital protection of all funds. Once these requirements are met, the secondary goal is to generate investment income from these investments to contribute to the profitability of the group by way of interest income from deposit accounts.

The prevailing interest rates in the market over the reporting period resulted in a minimal return on investment.

The table below shows the breakdown of cash holdings as of 31<sup>st</sup> December and Investment Income during the year.

| €000'S           | Cash Holdings (as of 31 <sup>st</sup> December) | Investment Income |
|------------------|-------------------------------------------------|-------------------|
| 2019             | 26,327                                          | 50                |
| 2020             | 30,205                                          | 24                |
| Movement on year | 3,878                                           | 26                |

#### A.4 Performance of other Activities

The Company's only activity is that of a Non-Life insurance undertaking.

Operating costs of the Company including director's fees, auditor's fees and consultancy fees such as those associated with the legal, tax and actuarial advice are charged through the technical account of the profit & loss statement.

#### A.5 Any other Information

The Company did not write any new classes of insurance in 2020.

### **B: System of Governance**

#### B.1 General Information on the System of Governance

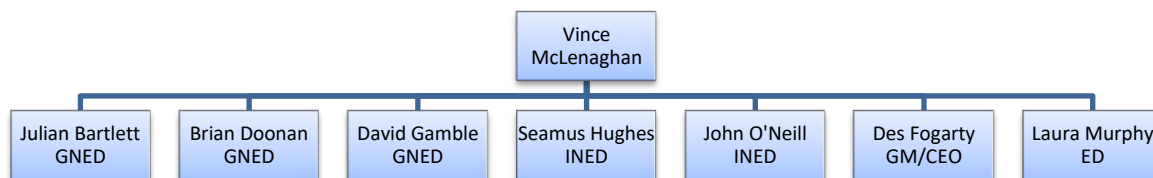
##### B.1.1 Overview:

The Company is classified as a low impact firm under the Central Bank of Ireland's risk-based framework for the supervision of regulated firms, known as "PRISM" or Probability Risk and Impact System and is subject to the Central Bank of Ireland's Corporate Governance Requirements for Insurance Undertakings 2015. There have been no material changes in the system of governance in 2020. Other than intra-group reinsurance arrangements, there have been no material transactions during 2020 (2019: nil) with the shareholder, any Board member or any other influential party.

The Board of Directors is primarily responsible for:

- Determining the Company's strategic objectives and policies;
- Monitoring progress towards achieving the objectives and policies;
- Appointing senior management; and
- Accounting for the Company's activities to relevant parties, e.g. the shareholder and Regulatory Authority(s).

## Board of Directors<sup>2</sup>:



The Company's Board is made up of eight members:

- Chairperson (a Group Non-Executive Director)
- General Manager / CEO
- Two Independent Non-Executive Directors "INEDs" as mandated by the Corporate Governance Code
- Three Group Non-Executive Directors "GNEDs"
- One Executive Director (elected from within GA EU's management team)
- Company Secretary: Goodbody Secretarial

Company Secretary: Goodbody Secretarial

Vince McLenaghan retired from his position with Great American Insurance Company, which resulted in him also retiring from his position as Chairman of the Board of GAEU with effect from 31/12/2020. Julian Bartlett has assumed the role of Chairman following a due diligence exercise and subsequent Central Bank approval.

Des Fogarty retired from his position as CEO of the Company & Executive Director in February 2021, Brian Doonan at the report date (April 2021) is acting as Interim CEO, until a permanent appointment is made.

The Company is committed to high standards of corporate governance. The Company has appointed an outsourced Head of Actuarial Function, and the Board has completed an annual review of Governance and its Committee structures in line with the Corporate Governance Requirements for Insurance Undertakings 2015. The following Committees have been established by the Board to assist it in discharging its obligations and all committees operated throughout the year under review:

- Audit Committee
- Risk Committee
- Underwriting Committee

Each Committee operates under a defined committee charter. Committee outputs and recommendations are included in Board packs as discussion items.

<sup>2</sup> Board structure as of the 31/12/2020

The Audit Committee met five times in 2020. The Risk Committee met five times in 2020 to consider among other items the Company's Brexit contingency plan and related risks as well as ORSA planning. The Audit and Risk Committees are chaired by Independent Non-Executive Directors while the Underwriting Committee is chaired by a Group Director:

- Audit Committee (Chairman: John O'Neill)
- Risk Committee (Chairman: Seamus Hughes)
- Underwriting Committee (Chairman: Julian Bartlett)

### **Audit Committee**

The purpose of the Audit Committee, which is a committee of the Board, is to assist with the Board's oversight of:

- The integrity of the Company's financial statements;
- The effectiveness of the Company's internal control framework;
- The effectiveness of the Company's Internal Audit function in the context of the Company's overall risk management system;
- The performance of the Company's independent auditors;
- The Company's compliance with legal and regulatory requirements; and
- Monitoring the effectiveness, independence and objectivity of the external auditor.

### **Risk Committee**

The purpose of the Risk Committee, which is a committee of the Board, is to assist with the Board's oversight of:

- The effectiveness of the Company's risk management systems;
- The risk appetite of the Company and the timely reporting of material deviations from defined risk appetite;
- Management actions are taken to mitigate or manage any high impact risks to which the Company is exposed or may become exposed to;
- The effectiveness, independence and objectivity of the risk function; and
- The oversight of solvency II developments or any regulatory risk developments.

### **Underwriting Committee**

The function of the Committee is to review underwriting risk appetite and approve or decline new business proposals which fall outside of the company's risk appetite or outside of the underwriting authorities of the management team. The Underwriting Committee also reviews proposals for material or significant outsourced functions which are seeking underwriting or claims handling authorities. The Underwriting Committee also oversees product reviews and related 3<sup>rd</sup> party outsourcing reviews in conformance with expectations of the Insurance Distribution Regulations.

#### B.1.2 Independent Control Functions:

The Company has established the four key functions required under Solvency II - risk management, compliance, actuarial and internal audit. These functions are responsible for providing oversight of and challenge to the business and for assuring the Board about the Company's control framework.

##### B.1.2.1 Chief Risk Officer

The Chief Risk Officer (PCF-14) is responsible for the implementation and adherence to the Company's Risk Management Policy, reporting to the Board & Risk Committee. The responsibilities of the Chief Risk Officer include:

- The implementation and ownership of and adherence to the Company's Risk Management Plan;
- Maintenance of the Risk Register as the focal point for risk event reporting;
- Identification, assessment and monitoring of key risks to which the Company is exposed;
- To monitor adherence to the Risk Appetite Statement and report and monitor key risk indicators of risk limits; and
- To manage the annual 'Own Risk and Solvency Assessment' (ORSA) process and ensure that the Board and senior management consider its outputs on an ongoing basis throughout the year.

##### B.1.2.2 Compliance Function

The Company has a dedicated Compliance Officer (PCF-12) who also sits on the Board of the Company. The responsibilities of the compliance function include:

- Identification, assessment and reporting concerning the Company's compliance risks;
- Assessment of upstream legislative change and monitoring the appropriateness of the Company's compliance procedures to comply with the same;
- Assisting, supporting & advising, as appropriate senior management and the Board concerning compliance responsibilities; and
- Oversight of the submission of the Company's regulatory returns.

##### B.1.2.3 Head of Actuarial Function ( "HoAF")

The function of the HoAF is outsourced to Deloitte; this adds an independent oversight of the Company's actuarial activities. HoAF responsibilities are fulfilled by Paul Connor (PCF-48) of Deloitte. David Gamble, Director (PCF-2) is responsible for oversight of the outsourced arrangement.

The responsibilities of the HoAF, in line with guidance from the CBI and the Society of Actuaries, include, but are not limited to the following matters:

- Coordinating the calculation of the firm's technical provisions;
- Assessing the consistency of the internal and external data used in the calculation of technical provisions against the data quality standards as set in Solvency II;
- Ensuring the appropriateness of the methodologies and underlying models used as well as assumptions made by the Company in the calculation of technical provisions;
- Provision of an annual HoAF report providing advice on the Company's underwriting policy, reinsurance policy and also the provision of advice to the Company on the ORSA (Own Risk and Solvency Assessment) process, including the opining on the appropriateness and financial consequences of stresses and scenarios; and
- Performance of all of the necessary actuarial work in respect of the actuarial certification of the technical provisions as required by the CBI, including the provision of an actuarial opinion on technical provisions (AOTP).

#### B.1.2.4 Internal Audit Function

The Head of Internal Audit function is outsourced to the Manager of the Group Internal Audit function at American Financial Group, Inc. ("AFG"). In 2020 Head of Internal Audit (PCF-13) responsibilities were fulfilled by Tony Dunn, Head of Internal Audit. Laura Murphy in her capacity as Compliance Manager (PCF-12) is responsible for oversight of the outsourced arrangement. Mr Dunn was approved by the CBI to take up the role in 2020 following his appointment as Head of Internal Audit for the Group.

Internal Audit is an assurance function that primarily provides an independent and objective opinion to AFG on the control environment, comprising risk management, control and governance, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the internal control environment as a contribution to the proper, economic, efficient and effective use of resources. Internal Audit Reports highlight any significant control failings or weaknesses identified and the impact they have had or may have. The report also captured management actions and agreed on timelines to rectify and action any findings.

A risk-based and cyclical 3-year coverage approach is used to determine the annual Internal Audit plan aligned with the group. The audit plan is shared with the Company's Audit Committee and Board along combined with progress reports, audit report ratings, key findings and the number of open and past past-due issues.

## B.2 'Fit and Proper' Requirements

The Company has adopted a Fitness and Probity Policy. The procedures set out in this policy are designed to promote compliance and reduce the Company's compliance risk, thereby protecting the

---

Company and its stakeholders. The policy is intended to assist the Company's management and the Board in fulfilling their responsibilities as set out under section 50 of the Central Bank Reform Act 2010.

As per policy, the Compliance Officer will decide in conjunction with the CEO and/or recruiting Manager whether an applicant is in the scope of the F&P policy and follows the documented procedure.

The Fitness and Probity Standards provide that an individual performing a PCF is required to be:

- Competent and capable;
- Honest, ethical and to act with integrity; and
- Financially sound.

Before appointing a PCF (Pre-approved Control Functions) role holder, due diligence is undertaken in line with the Central Bank of Ireland's Guidance on Fitness and Probity Standards 2014. These include:

- Confirmation of compliance with the minimum competency code, where relevant;
- Professional qualification(s);
- Continuous Professional Development, where relevant;
- Interview notes and application/cv;
- Collating references;
- Record of previous experience;
- Record of experience gained outside the State;
- Details of any current directorships or concurrent responsibilities;
- Completion of the Individual Questionnaire;
- Written confirmation from the applicant confirming compliance with the standards; and
- Probity checks.

The recruitment process for a candidate for a Control Function role includes the following:

- A written job description outlining the duties and responsibilities of the position;
- An assessment of the level of fitness and probity required for the role, by the formally documented job description;
- An interview process that matches the person with the requirements of the position;
- Verification of identity, validation of relevant qualifications, experience, references and professional memberships including CPD details where applicable;
- Probity checks depending on the nature of the role; and
- Obtaining written confirmation from the applicant confirming compliance with the fitness & probity standards.

Once the optimal candidate possessing the required skills has been sought the required application of

---

due diligence above is retained, and then a submission is made to the CBI for pre-approval for the PCF role.

The Compliance Officer, in conjunction with HR, ensures that the appointee to the function receives relevant onboarding and continual training during their tenure.

The Compliance Officer carries out an annual review of persons performing a controlled function or pre-approval controlled function by requesting details from them as to whether there have been any material changes regarding their compliance with the fitness and probity standards. Individuals will be re-assessed in respect of Fitness & Probity in the event of any of the following scenarios:

- Change of role within the organisation (CF or PCF role);
- In conjunction with the annual PCF F&P declaration;
- On receipt of a notification from a PCF /CF of a change in personal circumstances (this declaration will be considered by the CEO to consider whether the difference represents an impact on the individual's ability to carry out their role); and
- Adverse media attention in respect of a PCF may give rise to concern.

Following completion of the annual review the CEO lodges an annual PCF declaration to the Central Bank on behalf of the Company confirming:

- That the Company has brought the Fitness and Probity Standards to the attention of every person performing PCFs in the firm and that the firm is satisfied on reasonable grounds that all persons performing PCFs in the firm are compliant with the Fitness and Probity Standards;
- That the Company is satisfied on reasonable grounds that the written agreement of each person performing a PCF to abide by the Fitness and Probity Standards has been obtained;
- That the Company has undertaken due diligence to evidence compliance of each person performing a PCF with the Fitness and Probity Standards; and,
- That the Company will investigate concerns regarding the fitness and probity of each person performing a PCF, take appropriate action and notify the Central Bank of any action taken without delay.

#### B.2.1 Remuneration, Employee Benefits and Practices

The Company has an established Remuneration Policy which has been reviewed by the Board. The Company provides a range of benefits to employees, including contractual salary, life cover, health insurance and paid holiday arrangements. Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. The Company does not have a remuneration committee due to its size and scale; remuneration policy is dictated by the shareholder.

The Company pays contributions based on a percentage of salary determined by length of service into a pensions fund on behalf of its employees (defined contribution plans). Once the contributions

have been paid, the company has no further payment obligations. The contributions are recognised as an expense when they are due. The assets of the plan are held separately from the Company in independently administered funds. Employees may contribute additional voluntary contributions to suit their circumstances.

The Company uses a structured annual appraisal system, under which staff are assessed against objectives and remunerated accordingly. The process is collaborative. On an annual basis, staff members meet with their line managers to agree and document objectives for the forthcoming year. Staff are then assessed against those objectives and remunerated accordingly. There are no incentives offered to staff for selling, or assisting with the sale of products that are not aligned to customers' needs and expectations. The Company does not make direct sales to consumers, so therefore there is no consumer-facing staff on sales-driven incentive plans. The business development function does not have any binding authority and all risks introduced are subject to risk appetite and underwriting approval. Therefore the Company's remuneration practices are considered to promote sound and effective risk management and do not encourage excessive risk-taking. The Company operates an annual discretionary bonus plan for employees based on overall Company performance and that of the global Group as well as individual performance. The provision of HR services is outsourced to Great American Europe Limited ("GAEL") which is the Company's shareholder.

The Company intends to review its remuneration policy in 2021 as part of the Company's project works undertaken to support diversity and inclusion.

### **B.3 Risk Management System including the Own Risk and Solvency Assessment**

The Company's Board has established a Risk Management System to promote a pro-active risk management cycle to set, identify, measure, manage, monitor and report on risk impacting business. The CRO will ensure that the Company has adequate oversight of key risks and a framework in place to assess and manage these risks within specified tolerances as per the Company's Risk Appetite. A Risk management policy has been adopted, which:

- a) Defines the risk categories and the methods to identify the risks;
- b) Outlines how the undertaking manages each relevant category, the area of risks and any potential aggregation of risks;
- c) Describes the connection with the overall solvency needs assessment as identified in the ORSA, the regulatory capital requirements and the undertaking's risk tolerance limits;
- d) Defines the approach to the measurement of assigned risk limits and risk tolerances within all relevant risk categories in line with the undertaking's risk appetite;
- e) Describes the link to ORSA policy outlining the frequency (regular/ad-hoc) and the process of selection of routine stress tests observing events that could likely threaten the entity's ability to achieve its strategic objectives; and
- f) Defines the method of monitoring and reporting risk through Committees and Board structures

The Board is ultimately responsible for ensuring the effectiveness of the risk management system, setting the undertaking's risk appetite and overall risk tolerance limits as well as approving the central risk management strategies and policies.

The Board has created a number of committees who are involved in the oversight and implementation of Risk Management:

- **Risk Committee:** Meeting quarterly the term of reference defined purpose of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities of the governance, risk appetite, risk management and compliance framework. The Risk Committee reviews the general manager risk summary report, key risk dashboard, stress testing, ORSA Reports, performance reports and actuarial reports collating key facts from all functions of the business. The Risk Committee decides upon actions to take where appropriate or recommends to the Board for approval.
- **Underwriting Committee:** The function of the Committee is to approve or decline new business proposals or new business partners under a delegated authority from the Board of the Company. The committee is also responsible for the review and proposal of underwriting authorities and limits on behalf of the Board.

There are clearly defined roles and responsibilities within the risk management process, which are set out in the table below:

| Key Task                        | Board                                                                                                    | Risk Committee / Underwriting Committee                                                        | CRO                                                                                                                                                                                      | Business Unit                                                                                                                                      | Internal Audit                                                                                                                           |
|---------------------------------|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Risk Management Strategy</b> | Approves strategy to manage risk by avoiding/ accepting/ transferring/mitigating                         | Reviews risk strategy documentation & authorise documentation to be tabled at the Board level. | Develops, documents and executes the strategy                                                                                                                                            | Executes risk strategy                                                                                                                             | Constructs independent assessment of the overall risk process. Focus on potential management bias in reporting of risk events and errors |
| <b>Risk Appetite (RA)</b>       | Approves risk appetite for each risk, individually and in aggregate                                      | Reviews and sanctions risk appetite before tabling at Board.                                   | Proposes to UWC and explains to BUs                                                                                                                                                      | Manages risk within limits assigned                                                                                                                |                                                                                                                                          |
| <b>Risk Identification</b>      | Approves risk identification process and outputs                                                         | Approves responsibility for risks and validates the risks identified                           | Provides supports to BUs in identifying risks. Documents them in the risk register and assigns responsibility.                                                                           | Identifies their risks and reports to CRO                                                                                                          |                                                                                                                                          |
| <b>Ownership</b>                | Approves ownership of risks across GA EU                                                                 | Assigns / Approves responsibility for ownership of risks                                       | Owens and manages risks assigned to CRO and communicates ownership to other BUs as applicable                                                                                            | Owens and manages risks relevant to them                                                                                                           |                                                                                                                                          |
| <b>Risk Assessment</b>          | Reviews results of business environment review and scenario analysis and approves actions to manage risk | Validates the results of risk assessment. Considers strategy changes if necessary              | Identifies significant risks from risk universe. Documents results of risk assessment and reports to the Risk Committee. Develops risk scenarios. Analyses the potential impact of risks | Identify significant risks from the risk universe. Analyse the potential impact of risk.                                                           |                                                                                                                                          |
| <b>Risk Reporting</b>           | Reviews RC reports. Take/approve action based on changes in risk strategy or profile                     | Review, approve CRO reports. Escalates matters to the Board with proposed actions              | Prepares internal summary reports for the Risk Committee. Documents breaches in appetite any other material changes. Recommends actions if profile changed                               | Report breaches in appetite errors and losses to CRO. Identify measure and report losses to monitor and manage activities and implement mitigants. | Reporting is communicated to Internal Audit                                                                                              |

The above table shows that risk management is embedded throughout the organisational activities and normal working routines of the Company and hence facilitates a prompt and proportionate response to risks as they arise.

### **Own Risks Solvency Assessment (“ORSA”)**

As annually required, the ORSA is performed to ensure that the Board is aware of the adequacy of the Company’s capital position assessed the risks and possible changes to the risk environment. The ORSA is a crucial input into the capital management, business planning, and product development and design activities of the Company. The ORSA is utilised to ensure that strategy, and risk appetite is aligned.

The ORSA Policy adopted by the Company sets out how the various stages of the ORSA are performed and the critical elements required within the ORSA Report, which is submitted to the CBI.

Elements of the ORSA are performed by a variety of contributors and key functions within the Company:

- The Board approve the ORSA policy, discuss and review the ORSA assumptions, process and conclusions prior to actual sign-off on the ORSA report;
- The Risk Committee evaluates the appropriateness of proposed scenarios and risks identified;
- The Risk Management function manages and co-ordinates the ORSA process, runs the stress and scenario testing required and communicates the ORSA results;
- The Compliance Function provides input on compliance risks and assures the Board that the ORSA process is conducted in a manner consistent with Solvency II requirements;
- The Actuarial Function provides an annual opinion on the ORSA which addresses the adequacy of stress scenarios, appropriateness of financial projections and calculation of the Technical Provisions; and
- The Management team contribute to the ORSA via the identification and management of risks which they individually and collectively own, manage and report out on.

The multiple contributors and users of the ORSA process shown above highlights how integrated the ORSA process is within the Company.

The ORSA Report itself is split into three main areas:

- i) Description of the Company’s Risk Management Framework;
- ii) An Assessment of Risk Exposures; and
- iii) Risk Capital Requirements and Prospective Solvency Assessment.

The CRO is the key individual responsible to the Directors' for the preparation of the ORSA and in particular the assessment of the capital requirements of the Company. To perform this assessment, the CRO undertakes the following:

- Projections of Solvency cover and capital needs based on the Board approved three-year business plan;
- Appropriateness of Standard Formula versus development of a partial or full internal model;
- Key assumptions utilised in ORSA regarding settlement patterns, future premiums, future dividends and CAT exposure;
- Scenario testing, including possible macro business environment impacts, expansion into new lines of business; and
- Reverse stress testing and individual stresses based on premium levels, loss ratio deterioration, commission changes and increased counterparty default. Combination stress scenarios are run given the interdependence of risks.

Key findings are shared internally with senior management and the Board in the form of an internal ORSA report to improve further business strategy and operations, e.g. via investment decisions, product development and review of financial controls. Ultimately a summary report is submitted to the Central Bank of Ireland.

In addition to the ORSA report, the Company maintains sufficient documentation to allow a knowledgeable third party to reconstruct an individual ORSA. The process inputs/outputs include the following documentation:

- i) ORSA Policy;
- ii) Minutes of the Committees and bodies involved in the ORSA;
- iii) Working papers/correspondence regarding the assessment of risks and solvency;
- iv) Drafts and Final version of ORSA report; and
- v) ORSA Excel Template submitted to CBI.

#### B.4 Internal Control System

Internal control policies and procedures are checks and balances designed to identify and mitigate, rather than eliminate, the potential risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material financial misstatement or loss. This system ensures stakeholder protection from but not limited to internal threats, such as theft, mismanagement of funds by perceived or actual conflicts of interest.

The Company's Internal Control framework consists of three elements:

- a) Board level controls;
- b) Independent key functions and policies as detailed within section B of this document; and
- c) Oversight of outsourced services.

The Company has in place Internal Control policies and procedures which protect the Company from any one individual having undue influence and ensure that a minimum of at least two persons effectively run the Company. This framework ensures that one individual acting alone cannot make any significant decision of the Company.

- **1<sup>st</sup> line of defence** - Each control function is the 1st line of defence (e.g. Finance, Underwriting, Claims) and is responsible for oversight of internal controls to ensure adequate prevention and detection controls. They must also ensure that segregation of duties is in place as per relevant procedural documents and regulations.
- **2<sup>nd</sup> line of defence** - is the Company's Compliance, Risk and Actuarial functions that provide independent oversight of the risk management activities of the first line of defence.
- **3<sup>rd</sup> line of defence** - is that of internal and external auditors who report independently to the audit committee charged with the role of representing the Company's stakeholders relative to internal control, compliance, risk and governance issues.

#### Board Level controls

Significant decisions are matters reserved for Board approval or appropriate Board sub-committee such as the Underwriting Committee. Structures are in place to ensure that no individual has unfettered control.

In accordance with Article 41 and Article 44 of the Solvency II Directive, the Company ensures that it appropriately documents decisions taken at the management level and evidence of how information from the risk management system has been taken into account when considering a material decision.

### **Documentation of Decisions taken by the Board of Directors**

The Board has formally set-out vital decisions which are reserved for Board approval to ensure that no one individual has unfettered influence and that the Company complies with Article 41 of the Solvency II Directive. The matters reserved for the Board are subject to periodic review to ensure appropriateness.

All Board members operate under a Board role statement and terms of reference as set out in formal letters of appointment.

All Board meetings are minuted by an independent legal firm to evidence decisions taken by the Board of Directors appropriately. Minutes from Board sub-committees and details of any business sanctioned by the Underwriting Committee as per the Board approved committee charter are included in the following quarters' Board pack for oversight purposes.

### **CEO Delegated Authorities**

The Board of Directors has delegated to the General Manager / CEO all powers they deem necessary for the operational day to day management of the Company. These authorities are periodically reviewed by the Board to ensure they are appropriate without being excessive. The authorities are intentionally limited to ensure that any material decisions that the Company faces are reviewed and sanctioned by more than one individual.

The CEO has further authority to sub-delegate underwriting authorities which have been sub-delegated to the Underwriting Director as set out in his underwriting authorities. In turn, appropriate authorities, have been cascaded to members of the Underwriting Team to enable them to manage their business lines. Risks are reviewed as part of the implementation process to ensure that Underwriters are acting within the scope of their authorities and in-line with the Company's Underwriting Appetite.

The CEO is also a signatory for payments on company mandates. This authority is restricted to ensure that there is a "four eyes" approach with respect to the release of company funds with no one individual being able to transfer, to ensure appropriate segregation of duty and as an anti-fraud measure.

### **Review of Policies & Procedures**

All material policies are subject to annual review by the Board of Directors and/or the appropriate Board Committee. Committee charters/ terms-of-reference are subject to periodic review in line with the terms set out in the respective charters.

### **Oversight of Outsourced Services**

The Company requires that any outsourcing partner, be they intra-group or not, have in place an appropriate control environment and employ fit and proper people in its control functions.

All outsourced services are subject to the Company's outsourcing policy and material, or significant services are also subject to the CBI Outsourcing Notification Process under Solvency II. Outsourcing arrangements are also subject to periodic audit where applicable to ensure no deviation from authorities granted and adherence to the contractual terms, including service levels or KPI's as appropriate. A monitoring programme is in place concerning outsourced TPA arrangements.

The Company experienced some deviation from its intended oversight plan with respect to outsourced services in 2020 as it was not possible to visit our service providers given travel restrictions associated with COVID-19. To ensure oversight of material providers servicing our policyholders, oversight questionnaires were issued to identify any operational resilience issues as well as facilitating an update of the Company's due diligence files. Virtual claims audits have also been undertaken but as all service providers had to move to work from home contingency plans, which delayed the provision of claims files in some cases, some of the 2020 planned audit actions are being finalised in Q1 2021. The audit works undertaken demonstrated that the company's service providers notwithstanding contingency plans continued to comply with SLA's and service policyholders.

### **B.5 Internal Audit Function**

The Head of Internal Audit function is outsourced to the Internal Audit function at GAIC, a Group company via a services level agreement.

Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Company / Board on the control environment, comprising risk management, control and governance, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the internal control environment as a contribution to the proper, economic, efficient and effective use of resources. Internal Audit Reports highlight any significant control failings or weaknesses identified and the impact they have had or may have. The report also captured management actions and agreed on timelines to rectify and action any findings.

A risk-based and cyclical coverage approach is used to determine the annual Internal Audit plan. The audit plan is shared with the Company's Audit Committee and Board along with progress reports, audit report ratings, key findings and the number of open and past-due issues.

## **B.6 Actuarial Function**

Article 48.1 of the Solvency II Directive requires that an Actuarial Function is established to:

- Coordinate the calculation of technical provisions;
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- Assess the sufficiency and quality of the data used in the calculation of technical provisions;
- Compare best estimates against experience;
- Inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
- Oversee the calculation of technical provisions;
- Express an opinion on the overall underwriting policy;
- Express an opinion on the appropriateness of reinsurance arrangements; and
- Contribute to the effective implementation of the risk management system, in particular concerning the risk modelling underlying the calculation of the capital requirements.

The Company as per the details of section B1 outsources the Head of Actuarial Function to Deloitte. By the instructions as set out in the engagement letter between the parties, Deloitte undertakes a detailed actuarial review of the Company's business and provide a HoAF report to the Board on an annual basis opining on the adequacy and appropriateness of Technical Provisions, Reinsurance, Underwriting & ORSA. As per Solvency II Regulations and the CBI domestic actuarial regime requirements, the Company ensures that the HoAF has the necessary access to information and resources, including appropriate authority and reporting lines, as required for providing the opinions and performing the tasks allocated. Deloitte also performs all of the necessary actuarial work in respect of the actuarial certification of the technical provisions as required by the CBI with the provision of an actuarial opinion on technical provisions (AOTP). The Company in Q1 2018 hired an actuary who will act as the Company's principal interface with the HoAF.

## **B.7 Outsourcing**

The Company's management team and ultimately, the Board is responsible for oversight procedures in the application of the Company's outsourcing policy. The Company outsources and enters into outsourcing arrangements only where there is a sound commercial basis for doing so and where the risk can be effectively managed.

The Company will not outsource critical or important functions that:

- a) materially impair the quality of the Company's internal control of
- b) Restrict the ability of the Central Bank of Ireland ("CBI") or other relevant regulatory authority to supervise the Company's compliance with its obligations under applicable legal and regulatory requirements
- c) Negatively impact operation in a way that would result in policyholder detriment.

In general, this means that:

- a) Any outsourcing arrangement will not result in the delegation of responsibilities of the Company's management team and the Board of directors (the "Board");
- b) If the Company outsources a critical or important function, it remains fully responsible for its legal and regulatory responsibilities and must satisfy itself that the service provider carries out the outsourced services effectively; and
- c) the Company remains accountable for the performance of all outsourced activities.

In advance of outsourcing any activity, the Company considers a business case/business logic for outsourcing. This due diligence includes consideration as to whether the Company is appropriately resourced to provide the required service within the required timeframe and budget available, actual and potential conflicts of interest and risks of the proposed outsourcing. This process may also include consideration as to whether an outsourced arrangement is part of an overall new business opportunity and if so, whether both the risk and the outsourced arrangement are within appetite.

Once a decision is taken to outsource a material business activity, the Company chooses an appropriate selection process, e.g. tender or recommendations of possible business partners from legal advisors or external experts.

Due diligence is carried out on potential service providers in line with the Company's outsourcing policy, before any final decision being made whether to outsource the activity to a particular service provider. This process seeks to address all material factors that might impact the potential service providers' ability to perform the specified activity. The Company's management undertakes due diligence of chosen service provider to make sure all pre-stated requirements are met (Regulations 40 and 51 of the European Union (Insurance and Reinsurance) Regulations 2015, Article 274 (2)-(5) of Commission Delegation Regulation (EU) 2015/35 and Guidelines 14, 60, 61, 63 and 64 of the EIOPA Guidelines on the System of Governance).

All outsourcing arrangements relating to critical or important functions are subject to the Central Bank of Ireland notification process for (Re) Insurance undertakings under SII. Intra-group outsourced functions are managed with the same vigour at arms-length as per the requirements.

Monitoring of outsourcing arrangements takes place via regular reporting to the risk/audit committee and Board as appropriate. Periodic audits are undertaken for material activities such as claims handling; an escalation process is in place in the event of a material breach. The Company's outsourcing arrangements are subject to regular review by the Board, and the outsourcing policy is subject to a minimum of the annual review for appropriateness.

**Material Outsourcing activities of the Company are as follows:**

| Provider                             | Nature of arrangement                                                                          | PCF Responsible for oversight | Jurisdiction of Service provider |
|--------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------|
| <b>AFG Internal Audit</b>            | Internal Audit Services                                                                        | Compliance Manager PCF-12     | USA                              |
| <b>All Risks Srl.</b>                | Claims handling & binding based on rates pre-agreed by the Company                             | Head of Underwriting PCF-18   | Italy                            |
| <b>Arachas</b>                       | Claims handling & binding based on rates pre-agreed by GAI DAC                                 | Head of Underwriting PCF-43   | Ireland                          |
| <b>Assur - Abbo</b>                  | Claims handling & binding based on rates pre-agreed by the Company                             | Head of Underwriting PCF-43   | France                           |
| <b>Barracuda</b>                     | Cloud Backup Provider                                                                          | CEO PCF-8                     | Ireland                          |
| <b>CBP</b>                           | Claims handling & binding based on rates pre-agreed by the Company                             | Head of Underwriting PCF-43   | Italy                            |
| <b>Deloitte</b>                      | Head of Actuarial Function                                                                     | CEO PCF-8                     | Ireland                          |
| <b>Filhet Allard</b>                 | Claims handling & binding based on rates pre-agreed by the Company                             | Head of Underwriting PCF-18   | France                           |
| <b>Northern Cover SL</b>             | Claims handling (sub-delegation of claims handling authority on the Hoomu Spanish bike scheme) | Head of Claims PCF-43         | Spain                            |
| <b>SOVOS Fiscal Reps</b>             | Fiscal Representation                                                                          | Head of Finance PCF-11        | UK / Ireland                     |
| <b>Great American Europe Limited</b> | First Notification of Loss for Claims Handling & TPA services                                  | Head of Claims PCF-43         | UK / Ireland                     |
| <b>Great American Europe Limited</b> | Technical and Actuarial Services                                                               | CEO PCF-8                     | UK/Ireland                       |
| <b>Great American Europe Limited</b> | HR Services                                                                                    | CEO PCF-8                     | UK /Ireland                      |
| <b>Great American Europe Limited</b> | IT & Network Maintenance                                                                       | CEO PCF-8                     | UK/Ireland                       |
| <b>Pension Trustees</b>              | Pension Trustee                                                                                | Compliance Manager PCF-12     | Ireland                          |
| <b>PWC</b>                           | External Audit                                                                                 | Head of Finance PCF-11        | Ireland                          |
| <b>Solly Azar Group</b>              | Claims handling & binding based on rates pre-agreed by the Company                             | Head of Underwriting PCF-18   | France                           |
| <b>Zenith</b>                        | Claims handling & binding based on rates pre-agreed by the Company                             | Head of Underwriting PCF-18   | UK                               |

## **B.8 Any Other Information**

The Company has assessed its corporate governance system & concludes that it is appropriate given the nature, scale and complexity of the operations of the Company. As the Company grows and diversifies product ranges, additional controls will be put in place to ensure the control framework remains appropriate.

## **C: Risk Profile**

The Company has in place a risk management system comprising strategies, processes and reporting procedure necessary to identify, measure, monitor, manage and report the risks continuously, at an individual and at an aggregated level to which the Company is or could be exposed. A principal part of this is the risk management policy, which outlines the guidelines necessary to accept risks only where they are consistent with the Company's objectives and risk appetite.

The key material financial risks to which the Company is exposed are discussed below. For each category of risk, the Company's Board determines its risk appetite and sets its risk management, investment and associated policies accordingly.

### **C.1 Underwriting Risk**

Underwriting risk refers to the risk that the cost of claims and benefits paid may deviate from the expected costs accidentally or owing to error or change of circumstances. The underwriting risk is a normal trading risk, arising out of contracts of insurance that the Company is exposed to in day to day operations, which includes claims as well as insurance underwriting. Authority for all action and expenditure within the Company is delegated from the Board to Underwriting Committee via the stated underwriting risk appetite. This appetite ensures necessary controls are in place, so the business is undertaken responsibly.

As a Non-Life insurance company, the Company is subject primarily to Underwriting risk via the sub-risks of Premium & Reserve risk, Lapse risk and Catastrophe risk. Given the nature of the policies written Lapse and Catastrophe risk are deemed to be captured within the prudent cancellation reserves included within the setting of technical provisions as part of the assessment of Premium & Reserve Risk.

- Premium Risk: the risk that the premium amount is insufficient to provide insurance cover as a result of inadequate pricing;
- Reserve Risk: the risk that the true value of insurance liabilities is greater than the estimated amounts of insurance liabilities.

The control of underwriting risk has been delegated by the Board to the Underwriting Committee in conjunction with the Company Management team. The Board have approved the following critical

---

items within the Company's Risk Appetite for Underwriting Risk:

- a) Low tolerance for significant adverse deviations in the calendar year net profit caused by variances in forecasted reserves;
- b) The premium income per product line and the country is managed within risk appetite to minimise the risk of being over-exposed in any one product line or location;
- c) Conservative risk exposures are developed To meet the profitability target, in each class of business through:
  - Building a sustainable portfolio of business that balances risks from high and low volatility products with a spread across our European target countries;
  - Selective underwriting, where there are lower-level natural catastrophic perils; and
  - Monitoring of aggregate exposure.
- d) As far as possible, risks are written that do not overlap with the exposures of other group companies to ensure that the Group is not overexposed to the risks it writes; and
- e) To maintain adequate control and oversight of the business written, the Company avoids overexposure to third parties underwriting risks on its behalf.

#### *Mitigation*

Under prevention controls, there are:

- The Company currently has Board established Underwriting and Reinsurance policies to manage Underwriting Risk;
- Established Company's reinsurance strategy whereby for most lines of business gross premiums are ceded on a quota share basis to a Group Company; and
- On-going actuarial reviews on the performance.

Under detection controls there are:

- Monthly reviews of financial reporting by the Company's finance manager and the wider AFG team;
- Quarterly review of the Solvency II capital position/QRTs by CFO/ Actuarial Manager;
- Quarterly Underwriting Committee/Risk Committee/Board performance reporting and monitoring versus appetite; and
- Annual review of the SII SCR Standard formula calculation by Deloitte HoAF.

## **C.2 Market Risk**

Market Risk is the risk resulting directly or indirectly from fluctuations in the level of volatility of market prices for assets, liabilities and financial instruments. The primary elements of Market Risk for the Company are Currency, Concentration, Spread and Interest Rate Risks. The table below shows the key risk drivers for market risk over the last two years:

| Risk Driver          | 2020 SCR charge | 2019 SCR charge |
|----------------------|-----------------|-----------------|
| <b>Currency</b>      | 35% (€1,493k)   | 22% (€893k)     |
| <b>Concentration</b> | 55% (€2,329k)   | 66% (€2,639k)   |
| <b>Spread</b>        | 9% (€395k)      | 11% (€438k)     |
| <b>Interest Rate</b> | 0% (€0k)        | 0% (€0k)        |
| <b>Total</b>         | <b>100%</b>     | 100%            |

Currency risk is primarily a mismatch risk, where there are differences in currencies of assets and liabilities or supporting capital. The Company is exposed to variable returns as a direct or indirect result of fluctuations in the value of, or income from, assets net of liabilities due to exchange rate changes. Currency risk is addressed in the Asset Liability Management policy ("ALM"). The Company does not intentionally seek to make gains via deliberate currency mismatches. The ALM policy's purpose is to ensure a reduction where possible in currency risk arising from asset/liability mismatches. The Finance Manager monitors the movements in major currencies and highlights to the Board if there are significant movements in any one quarter.

|                                      | € 2020 €000's | 2019 £000's |
|--------------------------------------|---------------|-------------|
| <b>Gross Assets</b>                  | 64,131,785    | 8,997,914   |
| <b>Matching currency liabilities</b> | 54,066,681    | 4,062,609   |
| <b>Uncovered currency exposures</b>  | 10,065,104    | 4,935,305   |
| <b>EURO equivalent of exposure</b>   | 10,065,104    | 5,493,451   |

At the year-end, the financial investments of the Company by currency were as follows:

| Currency      | 2020 %      | 2019 %      |
|---------------|-------------|-------------|
| <b>EURO</b>   | 78%         | 73%         |
| <b>GBP</b>    | 22%         | 24%         |
| <b>Others</b> | 0%          | 3%          |
| <b>Total</b>  | <b>100%</b> | <b>100%</b> |

Concentration risk is the risk arising from the Company assuming investments in single or highly correlated entities. The Company's Concentration Risk is addressed in the Investment Management Policy and is the possible exposure that the Company would be subject to increased losses associated with inadequately diversified portfolios of assets. As part of the 2017 ORSA process sensitivity analysis on concentration risk was carried out on the impact of varying the maximum percentage of investments to be held with any single entity. As a result, the Company has set a maximum risk appetite limit for direct assets to be held with any single credit institution or Group.

Due to the Company's conservative investment strategy, all funds are invested in cash or short-term deposits. Prohibited investments include equities, fixed income products, commodities, derivatives and securitised investments. The Company is required to apply the 'Prudent Person Principle' in

relation to investing in assets as introduced by Solvency II regulations. The Company is required to apply this principle and has ensured that its investment policy and asset selections are consistent with this Principle.

The Spread Risk is the risk of a change in value due to a deviation of the actual market price of credit risk from the expected price of Credit Risk. The Company seeks to mitigate spread risk via its Investment policy of placing deposits with the highest quality credit institutions where available. A summary of the Company's liquid assets at the balance sheet date is set out in C3 below.

#### *Mitigation*

The Company currently has Board enacted policies to materially manage Market Risk and its sub-risks, namely the Asset Liability Management Policy, Capital Management Policy, Investment Management Policy and a Liquidity and Concentration Risk Management Policy. Within the Board Terms of Reference is a list of material Board reserved decisions. Under detection controls there are:

- Monthly reviews of financial reporting by the Company's finance manager and the wider AFG finance team;
- Quarterly review of the Solvency II capital position/QRTs by the CFO/ Actuarial Manager;
- Quarterly Risk Committee/Board reporting and monitoring versus appetite; and
- Annual review of the SII SCR Standard formula calculation/capital position by Deloitte HoAF.

### **C.3 Credit Risk**

Credit risk is the risk arising from default or fluctuations in the creditworthiness (credit spread) of security issuers, counterparties and other debtors against whom the Company has claimed. Key areas where the Company is exposed to credit risk are:

- Reinsurers' share of technical reserves;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders; and
- Deposit amounts due to bank counterparties.

Credit Risk is primarily managed within the Investment Management Policy as Counterparty Default Risk. Significant capital savings are achieved by utilising financial institutions with a Credit Quality Step of 4 or better (equivalent to an S&P rating of BB+ to BB-).

| Risk Driver              | 2020 SCR charge | 2019 SCR charge |
|--------------------------|-----------------|-----------------|
| Credit/Counterparty Risk | 6,333,366       | € 2,922,947     |

The Company holds some funds with Irish domestic banks (AIB and Bank of Ireland) and is aware that "bail-in" / deposit guarantee coverage by the Irish Government only extends to the first €100,000 of funds per account. The majority of these funds relate to day to day operational expenses. The funds are held in short-term deposits which can be readily transferred as necessary to higher-rated institutions.

The credit exposure for the last two years is shown in the table below:

| Credit Quality Step | Investment Deposits<br>31.12.20<br>€'000 | Investment Deposits<br>31.12.19<br>€'000 |
|---------------------|------------------------------------------|------------------------------------------|
| 1                   | 0 (0%)                                   | 0 (0%)                                   |
| 2                   | 17,007 (73%)                             | 7,742 (37%)                              |
| 3                   | 6,289 (27%)                              | 13,177 (63%)                             |
| 4                   | 0 (0%)                                   | 0 (0%)                                   |
| <b>Total</b>        | <b>23,295</b>                            | <b>20,919</b>                            |

Due to the Reinsurance policy of reinsuring all risks on a quota share basis back to a Group Company, there is a material credit risk borne from the SII Standard Formula arising from the reinsurance recoverables under this arrangement. The Company accepts this credit risk, and if any external reinsurers are utilised they must hold a rating equivalent or higher to that of the Group Company or a bank guarantee is required from a bank with at least a rating equal to that of the Group Company. The Company reduces its exposure to non-group reinsurer default by managing reinsurer concentration and actively monitoring the amount of premium held by reinsurers.

As part of the ORSA process, a stress test, including the downgrade of investment and reinsurance counterparties was performed to model the future impact on credit risk. Mitigation strategies to rectify any breach of solvency cover requirements include seeking capital support from the parent and/or alternative reinsurance partners.

#### *Mitigation*

Both prevention and detection controls are in place for credit risk.

Under prevention controls, the Company currently has:

- A Board established Underwriting Policy and Capital Management to manage credit risk/counterparty risk;
- Due to the Company's conservative investment strategy, all funds are invested in cash or short-term deposits;
- Significant capital savings are achieved by utilising financial institutions with a Credit Quality Step of 4 or better (equivalent to an S&P rating of BB+ to BB-). The majority of these funds relate to day to day operational expenses. The funds are held in short-term deposits which can be readily transferred as necessary to higher-rated institutions.
- Credit Risk exposure to Third Party Claims Administrators (TPAs) are reduced by requiring that claims escrows are held in designated accounts with signatory approval required by the Company with respect to claims settlements above delegated authorities. Escrow funds are monitored by the finance team;
- Broker credit risk exposure is minimised by managing broker concentration and monitoring overdue balances. Broker appointments are subject to due diligence, and in the event, there

is a weakness identified in a balance sheet an annual review of their financials is undertaken to mitigate potential credit risk exposure;

- Prohibited investments include equities, fixed income products, commodities, derivatives and securitised investments; and
- The Company is required to apply the 'Prudent Person Principle' as per Art 132 of Solvency II in relation to its investment activities.

Under detection controls there are:

- Monthly finance reviews of the reinsurance recoveries;
- Monthly reviews of financial reporting by the Company's finance manager and the wider AFG finance team;
- Quarterly Risk Committee and Board reporting;
- Quarterly review of the Solvency II capital position/ QRTs by the CFO/ Actuarial Manager; and
- Annual review of the SII SCR Standard formula calculation and capital position by Deloitte HoAF.

#### **C.4 Liquidity Risk**

Liquidity risk is the risk that the Company is not in a position to realise investments and other assets to meet financial obligations as they fall due. The risk consists of the costs of financing debts and market liquidity risk in connection with investments.

The Company has a very low appetite for liquidity risk, and this is reflected by the conservative nature of its investments which are all in cash or short term deposits.

##### *Mitigation*

Both prevention and detection controls are in place for liquidity risk.

Under prevention controls, the Company uses the Board approved Investment Policy. Liquidity risk is managed via monitoring of adherence to the Risk Appetite Statement, which states:

- The Company maintains sufficient liquid funds to meet all daily insurance transactions and expenses such that no material costs are incurred to meet cash flow needs;
- The Company maintains sufficient funds available within two days to reach its net CAT appetite such that no material costs are incurred to meet cash flow needs;
- As per the Risk Appetite a minimum specified balance in readily available cash is held to guard against a liquidity shortfall;
- Per the Liquidity and Concentration Risk Management Policy cash flow projections are required if material new business lines are considered to assess the impact on liquidity risk; and
- A material change to Investment Policy is on the list of material Board reserved decisions contained within the Board Terms of Reference.

Under detection controls there are:

- Monthly finance reviews of the reinsurance recoveries;
- Monthly reviews of financial reporting by the Company's Finance Manager and the wider AFG finance team;
- Quarterly review of the Solvency II capital position/ QRTs by the CFO/ Actuarial Manager;
- Quarterly Risk Committee and Board reporting; and
- Annual review of the SII SCR Standard formula calculation by Deloitte HoAF.

## C.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people/personnel and systems or external events. For the Company, this is the risk that it incurs losses from IT failures, legal and regulatory non-compliance, internal control breakdowns, loss of key personnel, outsourced arrangements etc. The Company utilises the Solvency II Standard Formula method to calculate the charge on the level of capital required to cover its operational risk calculated as a percentage of Technical provisions and written premiums.

As the Operating risk is calculated as 3% of the Technical Provisions, the concentration is directly proportionate to the technical provisions by LOB, as shown in the table below:

| Line of Business             | Operating Risk 2020 | Operating Risk 2019 |
|------------------------------|---------------------|---------------------|
| Fire & Property Damage       | 45% (682k)          | 37% (€457k)         |
| Credit & Surety              | 48% (731k)          | 54% (€657k)         |
| Miscellaneous Financial Loss | 6% (93k)            | 7% (€87k)           |
| General Liability            | 0% (0k)             | 0% (€0k)            |
| Medical Expenses             | 2% (26k)            | 2% (€23k)           |
| Total                        | 100% (1,531k)       | 100% (€1,224k)      |

The key operational sub-risks that the Company has identified are:

### Cyber/IT Risk

This relates to the security risk of data theft, malicious electronic data damage or service disruption arising from unauthorised access. Over the course of 2020, there has been a significant focus both at the company and corporate level for cybersecurity initiatives to safeguard the company's data. An enhanced Information Technology section was introduced within Board packs to ensure on-going focus on this area. A working group was also put together to review the Company's IT risks and to ensure that appropriate procedures are put in place directly or on an outsourced basis to mitigate against exposures where possible. Following recommendations from the working group, enhanced business continuity arrangements were put in place on an outsourced basis. There have also been several bulletins and training sessions provided to all staff members by EISG (Enterprise Information Security Group) as part of the group-wide Data Loss Prevention (DLP) program.

---

### Outsourcing Risk

Similar to the reputational risk which arises from arrangements such as MGA/TPA appointments, the Company also outsources a number of operational functions such as claims handling. The outsourcing risk stems from the possible failure of an outsourced service provider to fulfil their obligations. The Company has in place an outsourcing policy and carries out due diligence before the appointment of an outsourced service provider. Material service providers such as claims handlers are subject to at least an annual claims audit to ensure an appropriate level of service is being provided as per the terms and conditions of the associated service level agreement. The Company manages and monitors all of its outsourcing arrangements and reports as necessary on material risk issues as they arise to the Risk Committee and Board.

#### *Mitigation*

Both prevention and detection controls are in place for operational risk.

Under prevention controls applied the Company has the following:

- The Company's Board powers of reserved decision for material changes,
- Established business resumption protocols for the Company's operations;
- Business resumption plan for IT/building damage or failure including IT back-ups.

Under detection controls there are:

- Monitoring of service level agreements for key outsourced activities;
- Annual claims oversight audits per country carried out by internal appointee reporting to committees;
- Annual review of the Company's policies;
- Annual SOX /Internal audit testing of internal controls;
- Annual external audit (group and local) testing of controls;
- Monthly reviews of financial reporting by the Company's finance manager and the wider AFG finance team;
- Quarterly review of the Solvency II capital position/ QRTs by the CFO/ Actuarial Manager;
- Annual review of the SII SCR Standard formula calculation by Deloitte HoAF; and
- Quarterly Risk Committee and Board reporting.

### C.6 Other Material Risks

Other key material risks can be sub-categorised into two categories of Capital Risk and Strategic Risk.

#### **Capital Risk**

Capital risk is the risk that capital is required to act as a cushion to absorb losses arising from business operations and allow the Company to remain regulatory solvent under challenging conditions. Capital risk stems mainly as a result of the quality or quantity of capital available, the sensitivity of a firm's exposures to external threats and/or the level of capital planning and management process.

### *Mitigation*

Both prevention and detection controls are in place for capital risk.

Under prevention controls the Company:

- Risk Committee monitors adverse trends that would impact the SCR charge and takes pro-active mitigating action before events would cause material harm;
- Annual review of policies and procedure;
- Annual ORSA process challenges via stress testing and confirms the health of the SII capital position.

Under detection controls there are:

- Monthly reviews of financial reporting by the Company's finance manager and the wider AFG finance team;
- Quarterly review of the Solvency II QRTs by the CFO/ Actuarial Manager ;
- Quarterly Risk Committee/Board reporting;
- Annual actuarial reviews by Deloitte HoAF on technical provisions underwriting and reinsurance and ORSA; and
- Annual review of SII SCR Standard formula calculation and resulting capital position by Deloitte HoAF.

### **Strategic Risk**

Strategic risk is the risk of incompatibility between the strategic goals and resources deployed or the economic situation. For the Company, this is the risk that its goals and resources are misaligned.

### *Mitigation*

Both prevention and detection controls are in place for strategic risk.

Under prevention controls the Company:

- Holds quarterly Risk committee/Board meetings; and
- Annual strategy /budget setting process.

Under detection controls there are:

- Quarterly review of the Solvency II QRTs by the finance manager/in-house actuary;
- Quarterly Risk Committee/Board reporting;
- Annual actuarial reviews by Deloitte HoAF on technical provisions underwriting and reinsurance and ORSA; and
- Annual review of SII SCR Standard formula calculation and resulting capital position by Deloitte HoAF;

## C.7 Any Other Information

### COVID-19

Due to recent developments in the worldwide COVID-19 pandemic in consideration of the possible impacts to our business and customers, we have enacted our Business Continuity Plan. The main goal of this plan is to smoothly transition to an operating environment where we minimise the potential spread of the virus by following advice regarding social distancing, whilst still meeting client needs. Primarily this will be via working from home where viable and having a greatly reduced number of team members present in the office where it is deemed essential for Business Continuity purposes. The Group of which this Company is a member has roots dating back to 1872; it has navigated other periods of uncertainty and various economic cycles and its strength reflects continued execution of a long-term strategy focused on pricing discipline, profitable growth and honouring our commitments: The critical business risks and the known impact and mitigation is as follows:

- **Environmental** – We are fully complying with the relevant authority's provisions. Governmental advice is being monitored very closely, and we are committed to following expert opinion as closely as possible. Our established COVID -19 Committee is meeting regularly to monitor the evolution of the facts and define the adequate measures to be taken.
- **Operational** – Working from home, rotating schedule of team members where permissible based on guidelines working alternatively in the office and at home unless temporary attendance in the office is required. Wherever possible both internal and external meetings to be conducted by telephone/video conferencing
- **Outsourcing** – Close contact is being maintained with intragroup and 3rd party outsourcers observing possible impacts on the delivery of service to customers and continuous development of mitigations plans for alternative work practices are being executed.
- **Premium/Reserve Risk** – From the analysis of known impacts to countries and lines of business that have been analysed and observed by management to date, it is foreseen that minimal impact on lapse will occur to justify an adjustment to reserves at this time.
- **Capital Risk**– Solvency has been stressed for recessionary pressures combined with other events in 2020 ORSA. Due to the strong 89%:11% reinsurance structure, the scenarios have a minimal impact on the solvency of the entity. The company's investments have been solely maintained in cash deposits, so there is no adverse impact that will be felt from the stock market downturn. This position will continue to be closely monitored.
- **Conduct Risk** – Customer service has been the core of the continuity plan implemented, striving to ensure service continuity at the reduced service levels in compliance with local consumer regulations.

**D: Valuation for solvency purposes****D.1 Assets**

The following table analyses the Company's assets at 31 December 2020:

| Asset Class                            | Solvency II<br>Value<br>€000's | Per F/S<br>€000's | Difference<br>€000's |
|----------------------------------------|--------------------------------|-------------------|----------------------|
| DAC Assets                             | -                              | 10,093            | - 10,093             |
| Fixed Assets                           | 25                             | 25                | -                    |
| Investments                            | 23,295                         | 23,295            | -                    |
| RI Share of Technical Provisions       | 32,298                         | 48,028            | - 15,730             |
| Deposits to Cedants                    | 1,653                          | 1,653             | -                    |
| Insurance & Intermediaries receivables | 8,879                          | 8,879             | -                    |
| Reinsurance Receivables                | 326                            | 326               | -                    |
| Cash and cash equivalents              | 6,910                          | 6,910             | -                    |
| Other Prepayments                      | 2,372                          | 2,372             | -                    |
| <b>TOTAL</b>                           | <b>75,758</b>                  | <b>101,581</b>    | <b>-25,823</b>       |

The following table analyses the Company's assets at 31 December 2019:

| Asset Class                            | Solvency II<br>Value<br>€000's | Per F/S<br>€000's | Difference<br>€000's |
|----------------------------------------|--------------------------------|-------------------|----------------------|
| DAC Assets                             | -                              | 15,157            | -15,157              |
| Fixed Assets                           | 42                             | 42                | -                    |
| Investments                            | 20,919                         | 20,919            | -                    |
| RI Share of Technical Provisions       | 28,206                         | 47,631            | -19,425              |
| Deposits to Cedants                    | 2,120                          | 2,120             | -                    |
| Insurance & Intermediaries receivables | 4,385                          | 4,385             | -                    |
| Reinsurance Receivables                | -                              | -                 | -                    |
| Cash and cash equivalents              | 5,408                          | 5,408             | -                    |
| Other Prepayments                      | 1,949                          | 1,949             | -                    |
| <b>TOTAL</b>                           | <b>63,029</b>                  | <b>97,612</b>     | <b>-34,582</b>       |

The Company has followed the Solvency II Directive and Delegated Regulation (EU) 2015/35 which provides for undertakings to recognise and value assets and liabilities other than technical provisions under International Financial Reporting Standards ("IFRS").

**DAC:** Deferred acquisition costs ("DAC") are excluded from the valuation of assets for solvency purposes. DAC is made up of commissions that are related to the acquisition of the new business and the renewal of existing insurance contracts. These are deferred in the balance sheet to the extent that they are attributable to premiums unearned at the balance sheet date. All cash-flows arising from expenses that will be incurred in servicing insurance & reinsurance obligations over the lifetime are considered in determining the best estimate technical provisions. The relevant adjustment is made under technical provisions.

**Fixed Assets:** Tangible fixed assets are carried at cost less accumulated depreciation and provisions for impairment. The value of an asset is made up of the purchase price of the asset plus any costs directly attributable to bringing the asset into working condition for its intended use.

**Investments:** Investments comprises entirely of term deposits that have maturity dates in excess of three months at the date of acquisition. These are valued at the year-end exchange rate where appropriate. For the financial statements, investments and cash & cash equivalents are combined and reported as “cash at bank and in hand”.

**RI Share of Technical Provisions:** This is the most material difference between valuation for Solvency II purposes and the valuation in the financial statements. It comprises of RI share in claims outstanding, ENIDs, commissions, Profit share, etc.

**Other Prepayments:** A difference arises in the valuation of assets for solvency purposes with respect to other prepayments due to funds held in trust as a security against a bond. Ring-fenced funds such as funds held in trust are excluded from a Solvency valuation perspective.

**Cash & Cash Equivalents:** comprises cash on hand and demand deposits. Such investments are classified as cash equivalents, where they have maturity dates of three months or less from the date of acquisition. These are valued at the year-end exchange rate where appropriate.

All other assets are valued for Solvency II on the same basis as the financial statements.

## D.2 Technical Provisions

The technical provisions comprise the Best Estimate of the Liabilities (“BEL”) and the Risk Margin. Breakdown of Gross Technical Provisions by the line of business are:

| Line of Business     | 2020          |             |               | 2019          |             |               |
|----------------------|---------------|-------------|---------------|---------------|-------------|---------------|
|                      | Best Estimate | Risk Margin | Total         | Best Estimate | Risk Margin | Total         |
| Fire & Other Damage  | 22,730        | 185         | 22,915        | 15,238        | 213         | 15,451        |
| Credit & Surety      | 24,371        | 626         | 24,997        | 21,888        | 397         | 22,285        |
| Misc. Financial Loss | 3,115         | 105         | 3,220         | 2,910         | 114         | 3,025         |
| General Liability    | -             | -           | -             | -             | 0           | 0             |
| Medical Expense      | 817           | 10          | 827           | 778           | 10          | 788           |
| <b>Total</b>         | <b>51,034</b> | <b>926</b>  | <b>51,960</b> | <b>40,815</b> | <b>724</b>  | <b>41,549</b> |

The key sources of uncertainty for the Company are expenses, policyholder behaviour assumptions and the potential cost of litigation or legislative changes.

The financial statement technical provisions are based on the FRS 102/103 accounting standards, whereas the Company values technical provisions using the methodology prescribed in the Solvency II Directive & associated regulations made under the Directive.

The following actuarial methodologies were utilised when considering technical provisions.

- Paid-Link Ratio Method
- Credibility Methods (Bornhuetter-Ferguson)
- Estimated Loss Ratio (“ELR”) Method

The technical provisions are comprised of premium provision, claims provision and risk margin.

### Premium Provision

The Company’s premium provision as of 31/12/2020 is the present value of all future cash flows associated with an unexpired business which is grouped into three categories.

- **Existing Business:** this relates to the unexpired portion of policies that have already inceptioned and that have been reported to the Company
- **Business inceptioned but not yet reported:** given the nature of the Company’s business model, where the business is acquired through third parties, there is a delay between the date of policy inception and the date of reporting the policy to the Company
- **Business bound but not inceptioned:** The Company writes a significant volume of business under a master policy structure which has a number of risks with various inception dates attached

### Claims Provision

The table below provides a summary of the components of the claims provision gross of reinsurance as of 31/12/2020:

| Claims Provision Component       | the Company<br>(2020) | the Company<br>(2019) |
|----------------------------------|-----------------------|-----------------------|
| Premiums due                     | -                     | -                     |
| Claims Outstanding (OSCR + IBNR) | 9,054                 | 9,401                 |
| Commission                       | -                     | -                     |
| Expenses                         | 543                   | 564                   |
| Profit-Sharing                   | -                     | -                     |
| ENIDs                            | 694                   | 545                   |
| <b>Total</b>                     | <b>10,291</b>         | <b>10,511</b>         |
| Discounting                      | 66                    | 27                    |
| <b>Total (Discounted)</b>        | <b>10,357</b>         | <b>10,537</b>         |

For Fire & Other damage lines of business claims where the Company had significant historical data, the paid link ratio method was selected for reporting the year 2020 to allow for future claims development. This approach recognises the level of maturity of claims in this accident year.

There is limited claims experience data for the year 2020. Therefore the results of the paid link ratio method, which is based solely on claims experience to date, is less reliable for 2020 than for older accident years. Combination of Paid Link Ratio, Bornheutter-Ferguson (BF) and Expected Loss Ratio (ELR) method was selected for this accident year, as deemed appropriate by HoAF, this places weights on the claims experience to date and on an Initial Expected Loss Ratio ("IELR") which is based on prior years' estimated ultimate claims or loss ratio assumed in the pricing of the product.

The Estimated Loss Ratio method was utilised with respect to lines of business such as Trade Credit, CDQ, LOR and Medical to estimate claims where there is limited historical claims experience. For these lines of business, it was considered that the Link Ratio Method gives unreliable answers due to the immaturity of the development. An estimated loss ratio was applied to the ultimate premium to calculate the ultimate claims estimate. The estimated loss ratio was based on items such as prior claims experience, expert judgement, external benchmarks or a combination of these factors.

**Recoverables on Claims:** the Company has quota share reinsurance treaties in place with a group Company to mitigate risk relating to claims.

### **Risk Margin**

In calculating its risk margin as of 31/12/2020, the Company has applied the simplification corresponding to Method 2 in Guideline 61 and Annex IV of EIOPA's Guidelines on Valuation of Technical Provisions.

### **Events Not In Data (ENIDs)**

Solvency II requires that the best estimate corresponds to the probability-weighted average of future cash flows and that "cash flow projection used in the calculation of best estimate shall, explicitly or implicitly, take account of all uncertainties in the cash flows" (Delegated Acts, Article 30). The Company's best estimate has been derived from historical data, in line with standard actuarial techniques, and expert judgement where historical data does not exist. However, historical data may not capture all potential future outcomes, particularly stressed outcomes, and therefore an adjustment to the best estimate for Events Not In Data ("ENIDs") has been included.

Although the Company has several years of data for certain classes, it is plausible that events could occur which are not reflected in the historical data. The Company also wrote some new products during 2018 for which there is limited historical data. Therefore the value of estimated future claims and future cancellations have been actuarially adjusted to allow for such events.

**D.3 Other Liabilities**

These are comprised of reinsurance, trade and intermediaries payables. There is no difference in the valuation basis for these amounts for solvency purposes as the amounts held under IFRS measurement principles are deemed to be approximations of fair value.

| Great American International Insurance Liabilities (EUR ) | Current accounting basis<br>€000's | SII Valuation Principles<br>€000's |
|-----------------------------------------------------------|------------------------------------|------------------------------------|
| DAC Liabilities                                           | 17,909                             | 0                                  |
| Reinsurance payables                                      | 243                                | 243                                |
| Payables (trade, not insurance)                           | 0                                  | 0                                  |
| Any Other Liabilities, not elsewhere shown                | 3,038                              | 3,038                              |
| <b>Total</b>                                              | <b>21,190</b>                      | <b>3,281</b>                       |

| Great American International Insurance Liabilities (€000's) | 2020         |                          | 2019         |                          |
|-------------------------------------------------------------|--------------|--------------------------|--------------|--------------------------|
|                                                             | Per FS       | SII Valuation Principles | Per FS       | SII Valuation Principles |
| Reinsurance payables                                        | 243          | 243                      | 3,436        | 3,436                    |
| Payables (trade, not insurance)                             | 0            | 0                        | 2,456        | 2,456                    |
| Any Other Liabilities, not elsewhere shown                  | 3,038        | 3,038                    | 1,605        | 1,605                    |
| <b>Total</b>                                                | <b>3,281</b> | <b>3,281</b>             | <b>7,497</b> | <b>7,497</b>             |

**Reinsurance Payables:** Reinsurance payables represent the sum of creditors arising out of direct insurance operations. These liabilities are measured as the amount due, which represents the amount expected to be paid.

**Insurance & intermediaries' payable:** Insurance & intermediary's payable represent the sum of creditors from new business introductions. These liabilities are measured as the amount due, which represents the amount expected to be paid.

**Payables (trade, not insurance):** Other liabilities include amounts due to employees, suppliers & public entities which are not insurance related as well as Insurance Premium taxes payable.

In the financial statements, insurance & intermediaries payable and Payables (trade, not insurance) are detailed on the Balance Sheet as Other Creditors including tax & social welfare and Accruals & Deferred Income.

#### **D.4 Alternative Methods for Valuation**

The Company does not use any alternative methods for valuation which are available under Articles 77 & 308 of the Solvency II Directive 2009/138/EC, e.g. volatility adjustment, matching adjustment, transitional risk-free interest rate or the transitional deduction.

#### **D.5 Any Other Information**

The Company has adopted a simplification for the calculation of CAT risk (in line with that utilised by Lloyds of London) where an “average” Cresta zone exposure has been assumed for each country. Given the mobility of assets insured and the impracticalities of attempting to track the exact whereabouts of an asset within a country, this approximation is considered reasonable.

#### **D.6 Going Concern**

A going concern assessment has been undertaken as part of the 2020 reporting process. The assessment considered the Company's capital & solvency, investment strategy, liquidity strategy, Insurance exposure and reinsurance strategy. In addition, the 'Financial Statements' includes notes on the Company's management of its insurance risks including concentration risk, liquidity risk, currency risk, sensitivity analysis and counterparty default risk (Note 20). The going concern assessment included consideration of the Company's current and forecast solvency and liquidity positions over three years through management's 2021 to 2023 business plan and evaluates the results of stress and scenario testing. The Company's stress and scenario testing consider the Company's capacity to respond to a series of relevant financial, insurance or operational shocks should future circumstances or events differ from the current assumptions in the business plan, focussing on the impacts on solvency, cash remittances and liquidity. The range of scenarios allow for the potential impacts of COVID-19 both directly on the claims and also on the wider macroeconomic environment. Even in severe downside scenarios, no material uncertainty in relation to going concern has been identified.

As a result, the Directors and Management have a reasonable expectation that the Company has adequate resources to continue in operational existence and to support its growth and business plan projections.

## **E: Capital Management**

### **E.1 Own Funds**

The Company has Basic Own Funds comprising Tier 1 unrestricted items as follows:

| € '000k                   | 31.12.20      | 31.12.19      |
|---------------------------|---------------|---------------|
| Ordinary share capital    | 635           | 635           |
| Shareholder contributions | 715           | 715           |
| Surplus Funds             | -             | -             |
| Reconciliation Reserve    | 14,932        | 11,899        |
| <b>Total Own Funds</b>    | <b>16,282</b> | <b>13,248</b> |

The Company is a single shareholder entity. All the Company's shares are fully paid up and held by the immediate parent, GAEL based in the UK.

There is no issued debt and no plans to issue any in the short or medium term.

Own funds are all invested in cash & cash equivalents or term deposits of less than one-year duration in line with the Company's investment policy.

The Board approved Capital Management Policy, and Medium-term Capital Management Plan states:

- Own funds must be maintained at least 120% of the SCR (or MCR where relevant);
- No capital planned to be issued, redeemed or repaid in the short or medium-term;
- The Board considers all requests from the shareholder for any potential distributions. The impact on solvency and potential growth opportunities will be assessed before the Board will draft a resolution to approve a dividend.

### **E.2 Solvency Capital Requirement and Minimum Capital Requirement**

The amount of the Company's Solvency Capital Requirement and Minimum Capital Requirement at the end of the reporting period are €7.6m and €3.7m respectively as detailed in the table below.

**FIG 1: Solvency Position & SCR ratio at 31/12/2020 v 31/12/2019**

| Solvency Position as at 31 December 2020 |                     |                  |                |              |
|------------------------------------------|---------------------|------------------|----------------|--------------|
| Solvency                                 | Capital requirement | Eligible capital | Solvency ratio | MCR as % SCR |
| SCR                                      | 11,960,816          | 16,281,718       | 136.1%         | 30.9%        |
| MCR                                      | 3,700,000           | 16,281,718       | 440%           | N/A          |

| Solvency Position as at 31 December 2019 |                     |                  |                |              |
|------------------------------------------|---------------------|------------------|----------------|--------------|
| Solvency                                 | Capital requirement | Eligible capital | Solvency ratio | MCR as % SCR |
| SCR                                      | 8,049,093           | 13,983,297       | 173.73         | 46.0%        |
| MCR                                      | 3,700,000           | 13,983,297       | 377.9%         | N/A          |

The table below shows the components of the SCR at 31/12/2020 v 31/12/2019:

| €m's                              | 2020  | 2019  | Movement |
|-----------------------------------|-------|-------|----------|
| Underwriting Risk                 | 4.27  | 3.34  | 0.94     |
| Market Risk                       | 2.85  | 2.85  | -0.01    |
| Counterparty Default Risk         | 6.33  | 2.92  | 3.41     |
| Operational Risk                  | 1.53  | 1.22  | 0.31     |
| Health Risk                       | 0.03  | 0.03  | 0.01     |
| Aggregate SCR                     | 15.02 | 10.36 | 4.65     |
| Correlation credit                | -3.05 | -2.31 | -0.74    |
| Aggregate SCR net of correlations | 11.96 | 8.05  | 3.91     |

The Company uses EIOPA's Solvency II Standard Formula. It does not use Company-specific parameters and does not use simplified calculations in its computation

### Underwriting Risk

Underwriting risk is made up of three elements, premium risk, reserve risk and catastrophe risk. The calculation for the first two elements is based on the expected value of net premiums over the next 12 months and the valuation of net technical (claims) provisions. Over the course of the reporting period the Company's management team have actively engaged with its outsourced HoAF with respect to actuarial assumptions and methodologies, this has resulted in a review of the underlying assumptions concerning risk calculations.

### Counterparty Default Risk

From the Company's perspective, the main element of counterparty default risk relates to default risk arising from investment activities pertaining to our banking partners where funds are held on short term deposit in line with the Company's investment appetite.

The main changes in methodology/assumptions are as follows:

- Insurance aged balances having an impact, both positive and negative, from one period to the next;
- Commission has been removed from the Unearned Premium Reserve ("UPR") as it reflected a double counting as it had already been paid;
- Cancellation reserve was amended;
- We had not previously taken credit for ceding commission & profit share on reinsurance arrangements with GAIC; and
- The Company invoked an investment policy whereby funds were moved from some of the domestic banks to higher-rated banks where possible; this resulted in a reduction in the Company's counterparty default risk

### **E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR**

Within the Solvency II regulations, the option to use the duration-based equity risk sub-module. The Company has not availed of this option as it does not hold any equity-based investments and neither does it qualify as a life insurer that provides occupational pensions.

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

The Company does not use an internal model or a partial internal model for its calculation of its Solvency Capital Requirement. The Standard formula model is utilised entirely for this purpose.

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

The Solvency Capital Requirement ratio was maintained at above 100% over the reporting period in line with regulatory requirements, and the Board approved Capital Management plan.

### **E.6 Any Other Information**

There is no other material information to report regarding the Company's capital management during the reporting period.

## Appendix: Annual Quantitative Reporting Templates

### General Information

|                                                     |                                                               |
|-----------------------------------------------------|---------------------------------------------------------------|
| Undertaking name                                    | Great American International Insurance (EU) DAC               |
| Undertaking identification code and type of code    | LEI/635400UCIHHMUXBWLN80                                      |
| Type of undertaking                                 | Non-Life undertakings                                         |
| Country of authorisation                            | IRELAND                                                       |
| Language of reporting                               | English                                                       |
| Reporting reference date                            | 31/12/2020                                                    |
| The currency used for reporting                     | EUR                                                           |
| Accounting standards                                | IFRS                                                          |
| Method of Calculation of the SCR                    | Standard formula                                              |
| Transitional measure on the risk-free interest rate | No use of transitional measure on the risk-free interest rate |
| Transitional measure on technical provisions        | No use of transitional measure on technical provisions        |
| Figures in                                          | '000s                                                         |

## S.02.01.02

|        |                                                                                        |                                                                                    | Solvency II value                                      |
|--------|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------|
|        | Assets                                                                                 |                                                                                    | C0010                                                  |
| Assets | Goodwill                                                                               | R0010                                                                              |                                                        |
|        | Deferred acquisition costs                                                             | R0020                                                                              |                                                        |
|        | Intangible assets                                                                      | R0030                                                                              | -                                                      |
|        | Deferred tax assets                                                                    | R0040                                                                              | -                                                      |
|        | Pension benefit surplus                                                                | R0050                                                                              | -                                                      |
|        | Property, plant & equipment held for own use                                           | R0060                                                                              | 25                                                     |
|        | Investments (other than assets held for index-linked and unit-linked contracts)        |                                                                                    | R0070                                                  |
|        |                                                                                        | Property (other than for own use)                                                  | R0080                                                  |
|        |                                                                                        | Holdings in related undertakings, including participations                         | R0090                                                  |
|        |                                                                                        | Equities                                                                           | R0100                                                  |
|        |                                                                                        |                                                                                    | Equities - listed                                      |
|        |                                                                                        |                                                                                    | Equities - unlisted                                    |
|        |                                                                                        | Bonds                                                                              | R0130                                                  |
|        |                                                                                        |                                                                                    | Government Bonds                                       |
|        |                                                                                        |                                                                                    | Corporate Bonds                                        |
|        |                                                                                        |                                                                                    | Structured notes                                       |
|        |                                                                                        |                                                                                    | Collateralised securities                              |
|        |                                                                                        | Collective Investments Undertakings                                                | R0180                                                  |
|        |                                                                                        | Derivatives                                                                        | R0190                                                  |
|        |                                                                                        | Deposits other than cash equivalents                                               | R0200                                                  |
|        |                                                                                        | Other investments                                                                  | R0210                                                  |
|        | Assets held for index-linked and unit-linked contracts                                 |                                                                                    | R0220                                                  |
|        | Loans and mortgages                                                                    |                                                                                    | R0230                                                  |
|        |                                                                                        | Loans on policies                                                                  | R0240                                                  |
|        |                                                                                        | Loans and mortgages to individuals                                                 | R0250                                                  |
|        |                                                                                        | Other loans and mortgages                                                          | R0260                                                  |
|        | Reinsurance recoverables from:                                                         |                                                                                    | R0270                                                  |
|        |                                                                                        | Non-life and health similar to non-life                                            | R0280                                                  |
|        |                                                                                        |                                                                                    | Non-life excluding health                              |
|        |                                                                                        |                                                                                    | Health similar to non-life                             |
|        |                                                                                        | Life and health similar to life, excluding health and index-linked and unit-linked | R0310                                                  |
|        |                                                                                        |                                                                                    | Health similar to life                                 |
|        |                                                                                        |                                                                                    | Life excluding health and index-linked and unit-linked |
|        |                                                                                        | Life index-linked and unit-linked                                                  | R0340                                                  |
|        | Deposits to cedants                                                                    |                                                                                    | R0350                                                  |
|        | Insurance and intermediaries receivables                                               |                                                                                    | R0360                                                  |
|        | Reinsurance receivables                                                                |                                                                                    | R0370                                                  |
|        | Receivables (trade, not insurance)                                                     |                                                                                    | R0380                                                  |
|        | Own shares (held directly)                                                             |                                                                                    | R0390                                                  |
|        | Amounts due in respect of own fund items or initial fund called up but not yet paid in |                                                                                    | R0400                                                  |
|        | Cash and cash equivalents                                                              |                                                                                    | R0410                                                  |
|        | Any other assets, not elsewhere shown                                                  |                                                                                    | R0420                                                  |
|        | Total assets                                                                           |                                                                                    | R0500                                                  |
|        |                                                                                        |                                                                                    | 75,758                                                 |

|             |                                                                                 |                                                                                 |                                                 |        | Solvency II value |
|-------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-------------------------------------------------|--------|-------------------|
| Liabilities |                                                                                 |                                                                                 |                                                 |        | C0010             |
| Liabilities | Technical provisions – non-life                                                 |                                                                                 |                                                 | R0510  | 51,960            |
|             |                                                                                 | Technical provisions – non-life (excluding health)                              |                                                 | R0520  | 51,133            |
|             |                                                                                 |                                                                                 | Technical provisions calculated as a whole      | R0530  | -                 |
|             |                                                                                 |                                                                                 | Best Estimate                                   | R0540  | 50,217            |
|             |                                                                                 |                                                                                 | Risk margin                                     | R0550  | 916               |
|             |                                                                                 | Technical provisions - health (similar to non-life)                             |                                                 | R0560  | 827               |
|             |                                                                                 |                                                                                 | Technical provisions calculated as a whole      | R0570  | -                 |
|             |                                                                                 |                                                                                 | Best Estimate                                   | R0580  | 817               |
|             |                                                                                 |                                                                                 | Risk margin                                     | R0590  | 10                |
|             |                                                                                 | Technical provisions - life (excluding index-linked and unit-linked)            | Technical provisions - health (similar to life) |        | R0600             |
|             |                                                                                 |                                                                                 |                                                 | R0610  | -                 |
|             | Technical provisions calculated as a whole                                      |                                                                                 |                                                 | R0620  | -                 |
|             | Best Estimate                                                                   |                                                                                 |                                                 | R0630  | -                 |
|             | Risk margin                                                                     |                                                                                 |                                                 | R0640  | -                 |
|             | Technical provisions – life (excluding health and index-linked and unit-linked) |                                                                                 |                                                 | R0650  | -                 |
|             |                                                                                 |                                                                                 | Technical provisions calculated as a whole      | R0660  | -                 |
|             |                                                                                 |                                                                                 | Best Estimate                                   | R0670  | -                 |
|             |                                                                                 |                                                                                 | Risk margin                                     | R0680  | -                 |
|             | Technical provisions – index-linked and unit-linked                             |                                                                                 |                                                 | R0690  | -                 |
|             |                                                                                 |                                                                                 | Technical provisions calculated as a whole      | R0700  | -                 |
|             |                                                                                 |                                                                                 | Best Estimate                                   | R0710  | -                 |
|             |                                                                                 | Risk margin                                                                     | R0720                                           | -      |                   |
|             | Other technical provisions                                                      |                                                                                 |                                                 | R0730  | -                 |
|             | Contingent liabilities                                                          |                                                                                 |                                                 | R0740  | -                 |
|             | Provisions other than technical provisions                                      |                                                                                 |                                                 | R0750  | -                 |
|             | Pension benefit obligations                                                     |                                                                                 |                                                 | R0760  | -                 |
|             | Deposits from reinsurers                                                        |                                                                                 |                                                 | R0770  | -                 |
|             | Deferred tax liabilities                                                        |                                                                                 |                                                 | R0780  | -                 |
|             | Derivatives                                                                     |                                                                                 |                                                 | R0790  | -                 |
|             | Debts owed to credit institutions                                               |                                                                                 |                                                 | R0800  | -                 |
|             |                                                                                 | Debts owed to credit institutions resident domestically                         |                                                 | ER0801 | -                 |
|             |                                                                                 | Debts owed to credit institutions resident in the euro area other than domestic |                                                 | ER0802 | -                 |
|             |                                                                                 | Debts owed to credit institutions resident in rest of the world                 |                                                 | ER0803 | -                 |

|  |                                                                    |                                                      |                                                                                     |        | Solvency II value |
|--|--------------------------------------------------------------------|------------------------------------------------------|-------------------------------------------------------------------------------------|--------|-------------------|
|  | Liabilities                                                        |                                                      |                                                                                     |        | C0010             |
|  | Financial liabilities other than debts owed to credit institutions |                                                      |                                                                                     | R0810  | -                 |
|  |                                                                    | Debts owed to non-credit institutions                |                                                                                     | ER0811 | -                 |
|  |                                                                    |                                                      | Debts owed to non-credit institutions resident domestically                         | ER0812 | -                 |
|  |                                                                    |                                                      | Debts owed to non-credit institutions resident in the euro area other than domestic | ER0813 | -                 |
|  |                                                                    |                                                      | Debts owed to non-credit institutions resident in rest of the world                 | ER0814 | -                 |
|  |                                                                    | Other financial liabilities (debt securities issued) | ER0815                                                                              | -      |                   |
|  | Insurance & intermediaries payables                                |                                                      |                                                                                     | R0820  | 4,235             |
|  | Reinsurance payables                                               |                                                      |                                                                                     | R0830  | 243               |
|  | Payables (trade, not insurance)                                    |                                                      |                                                                                     | R0840  | -                 |
|  | Subordinated liabilities                                           |                                                      |                                                                                     | R0850  | -                 |
|  |                                                                    | Subordinated liabilities not in Basic Own Funds      |                                                                                     | R0860  | -                 |
|  |                                                                    | Subordinated liabilities in Basic Own Funds          |                                                                                     | R0870  | -                 |
|  | Any other liabilities, not elsewhere shown                         |                                                      |                                                                                     | R0880  | 3,038             |
|  | Total liabilities                                                  |                                                      |                                                                                     | R0900  | 59,476            |
|  | Excess of assets over liabilities                                  | Excess of assets over liabilities                    |                                                                                     |        | R1000             |

S.05.01.01

|                  |                                               |       | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) |                                             |                             |                                 |                              | Total  |
|------------------|-----------------------------------------------|-------|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------------|---------------------------------|------------------------------|--------|
|                  |                                               |       | Medical expense insurance                                                                                                    | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Miscellaneous financial loss |        |
|                  |                                               |       | C0010                                                                                                                        | C0070                                       | C0080                       | C0090                           | C0120                        | C0200  |
| Premiums written | Gross - Direct Business                       | R0110 | 901.36                                                                                                                       | 15,287                                      | -                           | 13,822                          | 4,173                        | 34,183 |
|                  | Gross - Proportional reinsurance accepted     | R0120 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -      |
|                  | Gross - Non-proportional reinsurance accepted | R0130 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -      |
|                  | Reinsurers' share                             | R0140 | 802.21                                                                                                                       | 13,215                                      | -                           | 11,617                          | 3,721                        | 29,354 |
|                  | Net                                           | R0200 | 99.15                                                                                                                        | 2,073                                       | -                           | 2,205                           | 452                          | 4,829  |
| Premiums earned  | Gross - Direct Business                       | R0210 | 1,027.58                                                                                                                     | 15,680                                      | -                           | 12,026                          | 5,119                        | 33,853 |
|                  | Gross - Proportional reinsurance accepted     | R0220 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -      |
|                  | Gross - Non-proportional reinsurance accepted | R0230 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -      |
|                  | Reinsurers' share                             | R0240 | 914.54                                                                                                                       | 13,799                                      | -                           | 10,690                          | 4,436                        | 29,840 |
|                  | Net                                           | R0300 | 113.03                                                                                                                       | 1,881                                       | -                           | 1,335                           | 683                          | 4,013  |

|                                       |                                                |       | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) |                                             |                             |                                 |                              | Total  |
|---------------------------------------|------------------------------------------------|-------|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------------|---------------------------------|------------------------------|--------|
|                                       |                                                |       | Medical expense insurance                                                                                                    | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Miscellaneous financial loss |        |
|                                       |                                                |       | C0010                                                                                                                        | C0070                                       | C0080                       | C0090                           | C0120                        | C0200  |
| Claims incurred                       | Gross - Direct Business                        | R0310 | 433.53                                                                                                                       | 3,489                                       | -                           | 7,855                           | 2,141                        | 13,919 |
|                                       | Gross - Proportional reinsurance accepted      | R0320 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -      |
|                                       | Gross - Non-proportional reinsurance accepted  | R0330 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -      |
|                                       | Reinsurers' share                              | R0340 | 385.84                                                                                                                       | 3,185                                       | -                           | 6,991                           | 1,870                        | 12,432 |
|                                       | Net                                            | R0400 | 47.69                                                                                                                        | 304                                         | -                           | 864                             | 271                          | 1,487  |
| Changes in other technical provisions | Gross - Direct Business                        | R0410 | -                                                                                                                            | 486                                         | -                           | 777                             | -                            | 1,263  |
|                                       | Gross - Proportional reinsurance accepted      | R0420 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -      |
|                                       | Gross - Non- proportional reinsurance accepted | R0430 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -      |
|                                       | Reinsurers' share                              | R0440 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -      |
|                                       | Net                                            | R0500 | -                                                                                                                            | 486                                         | -                           | 777                             | -                            | 1,263  |

|                   |                                |                                               |       | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) |                                             |                             |                                 |                              | Total |
|-------------------|--------------------------------|-----------------------------------------------|-------|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------------|---------------------------------|------------------------------|-------|
|                   |                                |                                               |       | Medical expense insurance                                                                                                    | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Miscellaneous financial loss |       |
|                   |                                |                                               |       | C0010                                                                                                                        | C0070                                       | C0080                       | C0090                           | C0120                        | C0200 |
| Expenses incurred |                                |                                               | R0550 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|                   | Administrative expenses        | Gross - Direct Business                       | R0610 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|                   |                                | Gross - Proportional reinsurance accepted     | R0620 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|                   |                                | Gross - Non-proportional reinsurance accepted | R0630 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|                   |                                | Reinsurers' share                             | R0640 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|                   |                                | Net                                           | R0700 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|                   | Investment management expenses | Gross - Direct Business                       | R0710 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|                   |                                | Gross - Proportional reinsurance accepted     | R0720 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|                   |                                | Gross - Non-proportional reinsurance accepted | R0730 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|                   |                                | Reinsurers' share                             | R0740 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|                   |                                | Net                                           | R0800 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |

|  |                            |                                               |       | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) |                                             |                             |                                 |                              | Total |
|--|----------------------------|-----------------------------------------------|-------|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------------|---------------------------------|------------------------------|-------|
|  |                            |                                               |       | Medical expense insurance                                                                                                    | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Miscellaneous financial loss |       |
|  |                            |                                               |       | C0010                                                                                                                        | C0070                                       | C0080                       | C0090                           | C0120                        | C0200 |
|  | Claims management expenses | Gross - Direct Business                       | R0810 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|  |                            | Gross - Proportional reinsurance accepted     | R0820 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|  |                            | Gross - Non-proportional reinsurance accepted | R0830 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|  |                            | Reinsurers' share                             | R0840 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|  |                            | Net                                           | R0900 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|  | Acquisition expenses       | Gross - Direct Business                       | R0910 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|  |                            | Gross - Proportional reinsurance accepted     | R0920 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|  |                            | Gross - Non-proportional reinsurance accepted | R0930 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|  |                            | Reinsurers' share                             | R0940 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|  |                            | Net                                           | R1000 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |

|                |                   |                                               |       | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) |                                             |                             |                                 |                              | Total |
|----------------|-------------------|-----------------------------------------------|-------|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------------|---------------------------------|------------------------------|-------|
|                |                   |                                               |       | Medical expense insurance                                                                                                    | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Miscellaneous financial loss |       |
|                |                   |                                               |       | C0010                                                                                                                        | C0070                                       | C0080                       | C0090                           | C0120                        |       |
|                | Overhead expenses | Gross - Direct Business                       | R1010 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|                |                   | Gross - Proportional reinsurance accepted     | R1020 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|                |                   | Gross - Non-proportional reinsurance accepted | R1030 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|                |                   | Reinsurers' share                             | R1040 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
|                |                   | Net                                           | R1100 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
| Other expenses |                   |                                               | R1200 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |
| Total expenses |                   |                                               | R1300 | -                                                                                                                            | -                                           | -                           | -                               | -                            | -     |

S.05.02.01

|                                       |                                               |       |              | Country | Country | Country     | Country | Country |
|---------------------------------------|-----------------------------------------------|-------|--------------|---------|---------|-------------|---------|---------|
|                                       |                                               |       | Home country | ITALY   | FRANCE  | NETHERLANDS | BELGIUM | SPAIN   |
|                                       |                                               |       | C0080        | C0090   | C0090   | C0090       | C0090   | C0090   |
| Premiums written                      | Gross - Direct Business                       | R0110 | 4,115        | 14,336  | 6,459   | 2,541       | 2,133   | 1,579   |
|                                       | Gross - Proportional reinsurance accepted     | R0120 | -            | 0       | 0       | 0           | 0       | 0       |
|                                       | Gross - Non-proportional reinsurance accepted | R0130 | -            | 0       | 0       | 0           | 0       | 0       |
|                                       | Reinsurers' share                             | R0140 | 3,667        | 11,379  | 4,363   | 1,967       | 1,669   | 1,287   |
|                                       | Net                                           | R0200 | 448          | 2,957   | 2,095   | 574         | 464     | 292     |
| Premiums earned                       | Gross - Direct Business                       | R0210 | 4,156        | 12,810  | 4,569   | 1,393       | 1,810   | 903     |
|                                       | Gross - Proportional reinsurance accepted     | R0220 | -            | 0       | 0       | 0           | 0       | 0       |
|                                       | Gross - Non-proportional reinsurance accepted | R0230 | -            | 0       | 0       | 0           | 0       | 0       |
|                                       | Reinsurers' share                             | R0240 | 3,707        | 11,376  | 3,921   | 1,230       | 1,503   | 775     |
|                                       | Net                                           | R0300 | 449          | 1,434   | 647     | 163         | 306     | 128     |
| Claims incurred                       | Gross - Direct Business                       | R0310 | 1,201        | 8,033   | 1,649   | 508         | -       | 468     |
|                                       | Gross - Proportional reinsurance accepted     | R0320 | -            | 0       | 0       | 0           | 0       | 0       |
|                                       | Gross - Non-proportional reinsurance accepted | R0330 | -            | 0       | 0       | 0           | 0       | 0       |
|                                       | Reinsurers' share                             | R0340 | 1,068        | 6,281   | 1,468   | 452         | -       | 404     |
|                                       | Net                                           | R0400 | 133          | 1,753   | 181     | 56          | -       | 64      |
| Changes in other technical provisions | Gross - Direct Business                       | R0410 | -            | 0       | 0       | 0           | 0       | 0       |
|                                       | Gross - Proportional reinsurance accepted     | R0420 | -            | 0       | 0       | 0           | 0       | 0       |
|                                       | Gross - Non-proportional reinsurance accepted | R0430 | -            | 0       | 0       | 0           | 0       | 0       |
|                                       | Reinsurers' share                             | R0440 | -            | 0       | 0       | 0           | 0       | 0       |
|                                       | Net                                           | R0500 | -            | -       | -       | -           | -       | -       |
| Expenses incurred                     |                                               | R0550 | - 639        | -4,236  | -281    | -373        | -3      | -260    |
| Other expenses                        |                                               | R1200 |              |         |         |             |         |         |
| Total expenses                        |                                               | R1300 |              |         |         |             |         |         |

S.17.01.02

|                                                                                                                                                                   |                                            |                    |                                                                                                                            |                                                                                                         |       | Direct business and accepted proportional reinsurance |                                             |                                 |                              | Total Non-Life obligation |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-------|-------------------------------------------------------|---------------------------------------------|---------------------------------|------------------------------|---------------------------|
|                                                                                                                                                                   |                                            |                    |                                                                                                                            |                                                                                                         |       | Medical expense insurance                             | Fire and other damage to property insurance | Credit and suretyship insurance | Miscellaneous financial loss |                           |
|                                                                                                                                                                   |                                            |                    |                                                                                                                            |                                                                                                         |       | C0020                                                 | C0080                                       | C0100                           | C0130                        |                           |
| Technical provisions calculated as a whole                                                                                                                        |                                            |                    |                                                                                                                            |                                                                                                         | R0010 | -                                                     | -                                           | -                               | -                            | -                         |
|                                                                                                                                                                   | Direct business                            |                    |                                                                                                                            |                                                                                                         | R0020 | -                                                     | -                                           | -                               | -                            | -                         |
|                                                                                                                                                                   | Accepted proportional reinsurance business |                    |                                                                                                                            |                                                                                                         | R0030 | -                                                     | -                                           | -                               | -                            | -                         |
|                                                                                                                                                                   | Accepted non-proportional reinsurance      |                    |                                                                                                                            |                                                                                                         | R0040 | -                                                     | -                                           | -                               | -                            | -                         |
| 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 - Total                                                                                                              |                                                                                                         | R0060 | 321                                                   | 19,558                                      | 19,293                          | 1,505                        | 40,677                    |
|                                                                                                                                                                   |                                            |                    |                                                                                                                            | Gross - direct business                                                                                 | R0070 | 321                                                   | 19,558                                      | 19,293                          | 1,505                        | 40,677                    |
|                                                                                                                                                                   |                                            |                    |                                                                                                                            | Gross - accepted proportional reinsurance business                                                      | R0080 | -                                                     | -                                           | -                               | -                            | -                         |
|                                                                                                                                                                   |                                            |                    |                                                                                                                            | Gross - accepted non-proportional reinsurance business                                                  | R0090 | -                                                     | -                                           | -                               | -                            | -                         |
|                                                                                                                                                                   |                                            |                    | Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default |                                                                                                         | R0100 | 260                                                   | 4,406                                       | 18,079                          | 806                          | 23,551                    |
|                                                                                                                                                                   |                                            |                    |                                                                                                                            | Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses | R0110 | 260                                                   | 4,406                                       | 18,079                          | 806                          | 23,551                    |
|                                                                                                                                                                   |                                            |                    |                                                                                                                            | Recoverables from SPV before adjustment for expected losses                                             | R0120 | -                                                     | -                                           | -                               | -                            | -                         |
|                                                                                                                                                                   |                                            |                    |                                                                                                                            | Recoverables from Finite Reinsurance before adjustment for expected losses                              | R0130 | -                                                     | -                                           | -                               | -                            | -                         |
|                                                                                                                                                                   |                                            |                    |                                                                                                                            |                                                                                                         |       |                                                       |                                             |                                 |                              |                           |

|  |  |                   |                                                                                                                            |       | Direct business and accepted proportional reinsurance |                                             |                                 |                              | Total Non-Life obligation |
|--|--|-------------------|----------------------------------------------------------------------------------------------------------------------------|-------|-------------------------------------------------------|---------------------------------------------|---------------------------------|------------------------------|---------------------------|
|  |  |                   |                                                                                                                            |       | Medical expense insurance                             | Fire and other damage to property insurance | Credit and suretyship insurance | Miscellaneous financial loss |                           |
|  |  |                   |                                                                                                                            |       | C0020                                                 | C0080                                       | C0100                           | C0130                        |                           |
|  |  |                   | Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default  | R0140 | 260                                                   | 4,399                                       | 18,065                          | 806                          | 23,528                    |
|  |  |                   |                                                                                                                            |       |                                                       |                                             |                                 |                              |                           |
|  |  |                   |                                                                                                                            |       |                                                       |                                             |                                 |                              |                           |
|  |  |                   | Net Best Estimate of Premium Provisions                                                                                    | R0150 | 62                                                    | 15,159                                      | 1,228                           | 700                          | 17,149                    |
|  |  | Claims provisions | Gross - Total                                                                                                              | R0160 | 496                                                   | 3,173                                       | 5,078                           | 1,610                        | 10,357                    |
|  |  |                   | Gross - direct business                                                                                                    | R0170 | 496                                                   | 3,173                                       | 5,078                           | 1,610                        | 10,357                    |
|  |  |                   | Gross - accepted proportional reinsurance business                                                                         | R0180 | -                                                     | -                                           | -                               | -                            | -                         |
|  |  |                   | Gross - accepted non-proportional reinsurance business                                                                     | R0190 | -                                                     | -                                           | -                               | -                            | -                         |
|  |  |                   | Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default | R0200 | 418                                                   | 2,736                                       | 4,292                           | 1,333                        | 8,779                     |
|  |  |                   | Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses                    | R0210 | 418                                                   | 2,736                                       | 4,292                           | 1,333                        | 8,779                     |
|  |  |                   | Recoverables from SPV before adjustment for expected losses                                                                | R0220 | -                                                     | -                                           | -                               | -                            | -                         |
|  |  |                   | Recoverables from Finite Reinsurance before adjustment for expected losses                                                 | R0230 | -                                                     | -                                           | -                               | -                            | -                         |
|  |  |                   | Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default  | R0240 | 417                                                   | 2,732                                       | 4,288                           | 1,332                        | 8,770                     |

|                                                                  |                                                                                                                                      |                                                                        |                                        |       | Direct business and accepted proportional reinsurance |                                             |                                 |                              | Total Non-Life obligation |
|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------|-------|-------------------------------------------------------|---------------------------------------------|---------------------------------|------------------------------|---------------------------|
|                                                                  |                                                                                                                                      |                                                                        |                                        |       | Medical expense insurance                             | Fire and other damage to property insurance | Credit and suretyship insurance | Miscellaneous financial loss |                           |
|                                                                  |                                                                                                                                      |                                                                        |                                        |       | C0020                                                 | C0080                                       | C0100                           | C0130                        |                           |
|                                                                  |                                                                                                                                      |                                                                        | Net Best Estimate of Claims Provisions | R0250 | 79                                                    | 441                                         | 790                             | 278                          | 1,587                     |
|                                                                  |                                                                                                                                      |                                                                        | Total Best estimate - gross            | R0260 | 817                                                   | 22,730                                      | 24,371                          | 3,115                        | 51,034                    |
|                                                                  |                                                                                                                                      |                                                                        | Total Best estimate - net              | R0270 | 140                                                   | 15,600                                      | 2,019                           | 977                          | 18,736                    |
|                                                                  |                                                                                                                                      |                                                                        | Risk margin                            | R0280 | 10                                                    | 185                                         | 626                             | 105                          | 926                       |
| Amount of the transitional on Technical Provisions               | TP as a whole                                                                                                                        |                                                                        |                                        | R0290 | -                                                     | -                                           | -                               | -                            | -                         |
|                                                                  | Best estimate                                                                                                                        |                                                                        |                                        | R0300 | -                                                     | -                                           | -                               | -                            | -                         |
|                                                                  | Risk margin                                                                                                                          |                                                                        |                                        | R0310 | -                                                     | -                                           | -                               | -                            | -                         |
| Technical provisions - total                                     | Technical provisions - total                                                                                                         |                                                                        |                                        | R0320 | 827                                                   | 22,915                                      | 24,997                          | 3,220                        | 51,960                    |
|                                                                  | Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total |                                                                        |                                        | R0330 | 677                                                   | 7,130                                       | 22,353                          | 2,138                        | 32,298                    |
|                                                                  | Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total                                                    |                                                                        |                                        | R0340 | 150                                                   | 15,785                                      | 2,644                           | 1,082                        | 19,662                    |
| Line of Business: further segmentation (Homogeneous Risk Groups) | Premium provisions - Total number of homogeneous risk groups                                                                         |                                                                        |                                        | R0350 | -                                                     | -                                           | -                               | -                            | -                         |
|                                                                  | Claims provisions - Total number of homogeneous risk groups                                                                          |                                                                        |                                        | R0360 | -                                                     | -                                           | -                               | -                            | -                         |
| Cash-flows of the Best estimate of Premium Provisions (Gross)    | Cash out-flows                                                                                                                       | Future benefits and claims                                             |                                        | R0370 | 27                                                    | 4,725                                       | 23,153                          | 1,738                        | 29,644                    |
|                                                                  |                                                                                                                                      | Future expenses and other cash-out flows                               |                                        | R0380 | 3                                                     | 10,237                                      | 6,976                           | 1,539                        | 18,754                    |
|                                                                  | Cash in-flows                                                                                                                        | Future premiums                                                        |                                        | R0390 | -                                                     | 4,153                                       | 9,927                           | 1,817                        | 15,896                    |
|                                                                  |                                                                                                                                      | Other cash-in flows (incl. Recoverable from salvages and subrogations) |                                        | R0400 | -                                                     | -                                           | -                               | -                            | -                         |

|                                                                                             |                |                                                                        |       | Direct business and accepted proportional reinsurance |                                             |                                 |                              | Total Non-Life obligation |
|---------------------------------------------------------------------------------------------|----------------|------------------------------------------------------------------------|-------|-------------------------------------------------------|---------------------------------------------|---------------------------------|------------------------------|---------------------------|
|                                                                                             |                |                                                                        |       | Medical expense insurance                             | Fire and other damage to property insurance | Credit and suretyship insurance | Miscellaneous financial loss |                           |
|                                                                                             |                |                                                                        |       | C0020                                                 | C0080                                       | C0100                           | C0130                        |                           |
| Cash-flows of the Best estimate of Claims Provisions (Gross)                                | Cash out-flows | Future benefits and claims                                             | R0410 | 496                                                   | 3,173                                       | 5,078                           | 1,610                        | 10,357                    |
|                                                                                             |                | Future expenses and other cash-out flows                               | R0420 | -                                                     | -                                           | -                               | -                            | -                         |
|                                                                                             | Cash in-flows  | Future premiums                                                        | R0430 | -                                                     | -                                           | -                               | -                            | -                         |
|                                                                                             |                | Other cash-in flows (incl. Recoverable from salvages and subrogations) | R0440 | -                                                     | -                                           | -                               | -                            | -                         |
| Percentage of gross Best Estimate calculated using approximations                           |                |                                                                        | R0450 | -                                                     | -                                           | -                               | -                            | -                         |
| Best estimate subject to transitional of the interest rate                                  |                |                                                                        | R0460 | -                                                     | -                                           | -                               | -                            | -                         |
| Technical provisions without transitional on interest rate                                  |                |                                                                        | R0470 | -                                                     | -                                           | -                               | -                            | -                         |
| Best estimate subject to volatility adjustment                                              |                |                                                                        | R0480 | -                                                     | -                                           | -                               | -                            | -                         |
| Technical provisions without volatility adjustment and without others transitional measures |                |                                                                        | R0490 | -                                                     | -                                           | -                               | -                            | -                         |

## S.19

## Gross Claims Paid (non-cumulative) - Accident Year

|              |              | 0     | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10 & + | In Current year | Sum of years (cumulative) |
|--------------|--------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-----------------|---------------------------|
|              |              | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110  | C0170           | C0180                     |
| Prior        | R0100        |       |       |       |       |       |       |       |       |       |       | -      | -               | -                         |
| N-9          | R0160        | 902   | 201   | -     | -     | -     | -     | -     | -     | -     | -     |        | -               | 1,103                     |
| N-8          | R0170        | 1,112 | 153   | 2     | 3     | -     | -     | -     | -     | -     |       |        | -               | 1,270                     |
| N-7          | R0180        | 1,269 | 199   | -     | -     | 1     | -     | -     | -     |       |       |        | -               | 1,468                     |
| N-6          | R0190        | 1,239 | 426   | 7     | 10    | -     | -     | -     |       |       |       |        | -               | 1,682                     |
| N-5          | R0200        | 1,495 | 407   | 13    | 1     | -     | -     |       |       |       |       |        | -               | 1,916                     |
| N-4          | R0210        | 1,743 | 720   | 184   | 125   | 16    |       |       |       |       |       |        | 16              | 2,788                     |
| N-3          | R0220        | 2,682 | 2,075 | 595   | 202   |       |       |       |       |       |       |        | 202             | 5,554                     |
| N-2          | R0230        | 4,402 | 3,839 | 875   |       |       |       |       |       |       |       |        | 875             | 9,116                     |
| N-1          | R0240        | 5,100 | 4,189 | -     |       |       |       |       |       |       |       |        | 4,189           | 9,290                     |
| N            | R0250        | 7,131 |       |       |       |       |       |       |       |       |       |        | 7,131           | 7,131                     |
| <b>Total</b> | <b>R0260</b> |       |       |       |       |       |       |       |       |       |       |        | <b>12,414</b>   | <b>41,318</b>             |

Gross undiscounted Best Estimate Claims Provisions

|              |              | 0      | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10 & + | Year end<br>(discounted data) |
|--------------|--------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------------------------------|
|              |              | C0200  | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0290 | C0300  | C0360                         |
| Prior        | R0100        |        |       |       |       |       |       |       |       |       |       | -      | -                             |
| N-9          | R0160        | -      | -     | -     | -     | -     | -     | -     | -     | -     | -     |        | -                             |
| N-8          | R0170        | -      | -     | -     | -     | -     | -     | -     | -     | -     |       |        | -                             |
| N-7          | R0180        | -      | -     | -     | -     | -     | -     | -     | -     |       |       |        | -                             |
| N-6          | R0190        | -      | -     | 2     | -     | -     | -     | -     |       |       |       |        | -                             |
| N-5          | R0200        | -      | 278   | 6     | -     | 37    | -     |       |       |       |       |        | -                             |
| N-4          | R0210        | 924    | 816   | 52    | 371   | -355  |       |       |       |       |       |        | -357                          |
| N-3          | R0220        | 2,192  | 1,691 | 459   | -906  |       |       |       |       |       |       |        | -913                          |
| N-2          | R0230        | 3,893  | 1,510 | -490  |       |       |       |       |       |       |       |        | -494                          |
| N-1          | R0240        | 8,133  | 322   |       |       |       |       |       |       |       |       |        | 323                           |
| N            | R0250        | 11,720 |       |       |       |       |       |       |       |       |       |        | 11,797                        |
| <b>Total</b> | <b>R0260</b> |        |       |       |       |       |       |       |       |       |       |        | <b>10,357</b>                 |

## S.23.01.01

|                                                                                                                                                                             |                                                                                                                                                                             |       | Total  | Tier 1 -<br>unrestricted | Tier 1 -<br>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 | 635    | 635                      | -                      | -      | -      |
|                                                                                                                                                                             | Share premium account related to ordinary share capital                                                                                                                     | R0030 | -      | -                        | -                      | -      | -      |
|                                                                                                                                                                             | Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings                                                       | R0040 | 715    | 715                      | -                      | -      | -      |
|                                                                                                                                                                             | Subordinated mutual member accounts                                                                                                                                         | R0050 | -      | -                        | -                      | -      | -      |
|                                                                                                                                                                             | Surplus funds                                                                                                                                                               | R0070 | -      | -                        | -                      | -      | -      |
|                                                                                                                                                                             | Preference shares                                                                                                                                                           | R0090 | -      | -                        | -                      | -      | -      |
|                                                                                                                                                                             | Share premium account related to preference shares                                                                                                                          | R0110 | -      | -                        | -                      | -      | -      |
|                                                                                                                                                                             | Reconciliation reserve                                                                                                                                                      | R0130 | 14,932 | 14,932                   | -                      | -      | -      |
|                                                                                                                                                                             | Subordinated liabilities                                                                                                                                                    | R0140 | -      | -                        | -                      | -      | -      |
|                                                                                                                                                                             | An amount equal to the value of net deferred tax assets                                                                                                                     | R0160 | -      | -                        | -                      | -      | -      |
|                                                                                                                                                                             | Other own fund items approved by the supervisory authority as basic own funds not specified above                                                                           | R0180 | -      | -                        | -                      | -      | -      |
| Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds | Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds | R0220 | -      | -                        | -                      | -      | -      |
| Deductions                                                                                                                                                                  | Deductions for participations in financial and credit institutions                                                                                                          | R0230 | -      | -                        | -                      | -      | -      |
| Total basic own funds after deductions                                                                                                                                      |                                                                                                                                                                             | R0290 | 16,282 | 16,282                   | -                      | -      | -      |

|                                    |                                                                                                                                                               |       | Total  | Tier 1 -<br>unrestrict<br>ed | Tier 1 -<br>restricted | Tier 2 | Tier 3 |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|--------|------------------------------|------------------------|--------|--------|
|                                    |                                                                                                                                                               |       | C0010  | C0020                        | C0030                  | C0040  | C0050  |
| Ancillary own funds                | Unpaid and uncalled ordinary share capital callable on demand                                                                                                 | R0300 | -      | -                            | -                      | -      | -      |
|                                    | Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand | R0310 | -      | -                            | -                      | -      | -      |
|                                    | Unpaid and uncalled preference shares callable on demand                                                                                                      | R0320 | -      | -                            | -                      | -      | -      |
|                                    | A legally binding commitment to subscribe and pay for subordinated liabilities on demand                                                                      | R0330 | -      | -                            | -                      | -      | -      |
|                                    | Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC                                                                             | R0340 | -      | -                            | -                      | -      | -      |
|                                    | Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC                                                                  | R0350 | -      | -                            | -                      | -      | -      |
|                                    | Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC                                                            | R0360 | -      | -                            | -                      | -      | -      |
|                                    | Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC                                               | R0370 | -      | -                            | -                      | -      | -      |
|                                    | Other ancillary own funds                                                                                                                                     | R0390 | -      | -                            | -                      | -      | -      |
| Total ancillary own funds          |                                                                                                                                                               | R0400 | -      | -                            | -                      | -      | -      |
| Available and eligible own funds   | Total available own funds to meet the SCR                                                                                                                     | R0500 | 16,282 | 16,282                       | -                      | -      | -      |
|                                    | Total available own funds to meet the MCR                                                                                                                     | R0510 | 16,282 | 16,282                       | -                      | -      | -      |
|                                    | Total eligible own funds to meet the SCR                                                                                                                      | R0540 | 16,282 | 16,282                       | -                      | -      | -      |
|                                    | Total eligible own funds to meet the MCR                                                                                                                      | R0550 | 16,282 | 16,282                       | -                      | -      | -      |
| SCR                                |                                                                                                                                                               | R0580 | 11,961 | -                            | -                      | -      | -      |
| MCR                                |                                                                                                                                                               | R0600 | 3,700  | -                            | -                      | -      | -      |
| Ratio of Eligible own funds to SCR |                                                                                                                                                               | R0620 | 136%   |                              |                        |        |        |
| Ratio of Eligible own funds to MCR |                                                                                                                                                               | R0640 | 440%   |                              |                        |        |        |

|                                                            |                                                                                                             |       |        |
|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------|--------|
|                                                            |                                                                                                             |       | C0060  |
| Reconciliation reserve                                     | Excess of assets over liabilities                                                                           | R0700 | 16,282 |
|                                                            | Own shares (held directly and indirectly)                                                                   | R0710 | -      |
|                                                            | Foreseeable dividends, distributions and charges                                                            | R0720 | -      |
|                                                            | Other basic own fund items                                                                                  | R0730 | 1,350  |
|                                                            | Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | R0740 | -      |
| Reconciliation reserve                                     |                                                                                                             | R0760 | 14,932 |
| 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 | -      |

## S.25.01.21

|                                       |       | Net solvency<br>capital<br>requirement | Gross solvency<br>capital<br>requirement | Allocation from<br>adjustments due to<br>RFF and Matching<br>adjustments portfolios |
|---------------------------------------|-------|----------------------------------------|------------------------------------------|-------------------------------------------------------------------------------------|
|                                       |       | C0030                                  | C0040                                    | C0050                                                                               |
| Market risk                           | R0010 | 2,847                                  | 2,847                                    | -                                                                                   |
| Counterparty default risk             | R0020 | 6,333                                  | 6,333                                    | -                                                                                   |
| Life underwriting risk                | R0030 | -                                      | -                                        | -                                                                                   |
| Health underwriting risk              | R0040 | 31                                     | 31                                       | -                                                                                   |
| Non-life underwriting risk            | R0050 | 4,273                                  | 4,273                                    | -                                                                                   |
| Diversification                       | R0060 | -<br>3,054                             | -<br>3,054                               | -                                                                                   |
| Intangible asset risk                 | R0070 | -                                      | -                                        | -                                                                                   |
| Basic Solvency Capital<br>Requirement | R0100 | 10,430                                 | 10,430                                   | -                                                                                   |

|                                                                                             |                                                                                           | Value  |
|---------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|--------|
|                                                                                             |                                                                                           | C0100  |
| Adjustment due to RFF/MAP nSCR aggregation                                                  | R0120                                                                                     | -      |
| Operational risk                                                                            | R0130                                                                                     | 1,531  |
| 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                                                                                     | 11,961 |
| Capital add-on already set                                                                  | R0210                                                                                     | -      |
| Solvency capital requirement                                                                | R0220                                                                                     | 11,961 |
| 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  |
|                                                                                             | Method used to calculate the adjustment due to RFF/MAP nSCR aggregation                   | R0450  |
|                                                                                             | Net future discretionary benefits                                                         | R0460  |

S.28.01.01

|             |              |       |                |
|-------------|--------------|-------|----------------|
|             |              | R0010 | MCR components |
|             |              |       | C0010          |
| Solvency II | MCRNL Result |       | 2,476          |

|                                                                          |       | 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 | 140                                                                 | 99                                                          |
| 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 | 15,600                                                              | 2,073                                                       |
| General liability insurance and proportional reinsurance                 | R0090 | -                                                                   | -                                                           |
| Credit and suretyship insurance and proportional reinsurance             | R0100 | 2,019                                                               | 2,205                                                       |
| Legal expenses insurance and proportional reinsurance                    | R0110 | -                                                                   | -                                                           |
| Assistance and proportional reinsurance                                  | R0120 | -                                                                   | -                                                           |
| Miscellaneous financial loss insurance and proportional reinsurance      | R0130 | 977                                                                 | 452                                                         |
| Non-proportional health reinsurance                                      | R0140 | -                                                                   | -                                                           |
| Non-proportional casualty reinsurance                                    | R0150 | -                                                                   | -                                                           |
| Non-proportional marine, aviation and transport reinsurance              | R0160 | -                                                                   | -                                                           |
| Non-proportional property reinsurance                                    | R0170 | -                                                                   | -                                                           |

|                             |       |        |
|-----------------------------|-------|--------|
|                             |       | C0070  |
| Linear MCR                  | R0300 | 2,476  |
| SCR                         | R0310 | 11,961 |
| MCR cap                     | R0320 | 5,382  |
| MCR floor                   | R0330 | 2,990  |
| Combined MCR                | R0340 | 2,476  |
| Absolute floor of the MCR   | R0350 | 3,700  |
| Minimum Capital Requirement | R0400 | 3,700  |