Solvency and Financial Condition Report

MBDA Insurance DAC

Report dated 30th December 2020

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A: Business Performance: Year Ended 30th December 2020

This Solvency and Financial Condition Report (SFCR) has been prepared to allow MBDA Insurance DAC ('MBDA' or 'the Company') to comply with the Pillar III reporting requirements under Directive 2009/138/EC and associated Regulations ('the Solvency II Directive')

The Company has set a target Solvency Capital Requirement (SCR) cover ratio of 125% as laid out in the Risk Appetite Statement.

A.1 General Information about the Business

Legal Form

The Company was licensed in Ireland on 5th September 2008 and is a wholly owned subsidiary of MBDA SAS. It is authorised by the Central Bank of Ireland (CBI) to carry on the business of insurance in accordance with the regulations as defined in the European Union (Insurance and Reinsurance) Regulations 2015 (S.I. 485 of 2015).

Shareholder

MBDA SAS.

Supervisory Authority

The Central Bank of Ireland

Registered Office and Registered Number

Registered Office: Elm Park, Merrion Road, Dublin 4, Ireland

Registered Number: 461828

Auditor

EY, Dublin.

Risk Profile

MBDA Insurance DAC is licenced to write the following classes of business

- Class 7: Goods in Transit
- Class 8: Fire and Natural Forces
- Class 9: Other Damage to Property
- Class 13: General Liability
- Class 14: Credit and Surety
- Class 16: Miscellaneous Financial Loss

Material Geographical Areas

- EU/EEA (France, Italy, Germany, United Kingdom)

Significant events in the reporting period

On 11 March 2020 the World Health Organisation declared the outbreak of a new virus, the Coronavirus (Covid 19), a pandemic. Many countries including Ireland have reacted to contain and delay the spread of the virus. The Board is monitoring the developing situation and assessing the commercial, operational and economic risks to the business as part of their ongoing risk management.

A.2 Underwriting Performance

2020 (all in EUR)			
Gross Premium Written:	**PDBI**	**Political Risk**	**Total**
Risks located in Ireland	-	-	-
Risks located in other EU countries	500,000	1,735,331	2,235,331
Risks Located outside EU	-	-	-
Total	500,000	1,735,331	2,235,331

2019 (all in EUR)			
Gross Premium Written:	**PDBI**	**Political Risk**	**Total**
Risks located in Ireland	-	-	-
Risks located in other EU countries	500,000	1,162,678	1,662,678
Risks Located outside EU	-	-	-
Total	500,000	1,162,678	1,662,678

2020 (all in EUR)			
Technical Result:	**PDBI**	**Political Risk**	**Total**
Gross Earned Premium	501,366	1,066,027	1,567,393
Gross incurred claims	334,193	-	334,193
Net operating expenses	(177,824)	-	(177,824)
Outward reinsurance premium	-	(1,329,406)	(1,329,406)
Change in the reinsurance unearned premiums	-	455,756	455,756
Allocated investment return	(806)	-	(806)
Net technical result	656,929	192,377	849,306

2019 (all in EUR)			
Technical Result:	**PDBI**	**Political Risk**	**Total**
Gross Earned Premium	498.634	793,519	1,292,153
Gross incurred claims	(1,050,000)	-	(1,050,000)
Net operating expenses	(207,534)	-	(207,534)
Outward reinsurance premium	-	(962,547)	(962,547)
Change in the reinsurance unearned premiums	-	277,637	277,637

Allocated investment return	(5,105)	-	(5,105)
Net technical result	-	-	(655,396)

A.3 Financial Performance

	2020 EUR	2019 EUR
Gross premiums written	2,235,331	1,662,678
Outward reinsurance premiums	(1,329,406)	(962,547)
Net premiums written	**905,925**	**700,131**
Change in the gross provision for unearned premiums	(667,938)	(370,525)
Change in the gross provision for unearned premiums, reinsurers' share	455,756	277,637
Earned Premiums, net of reinsurance	**693,743**	**607,243**
Allocated investment return transferred from the non-technical account	(806)	(5,105)
Claims paid, gross and net	-	(350,000)
Change in the provision for claims, gross and net	334,193	(700,000)
Claims incurred, net of reinsurance	**334,193**	**(1,050,000)**
Movement in Equalisation Provision	-	-
Net operating expenses	(177,824)	(207,534)
Balance on the technical account for general business	849,306	(655,396)
Investment Income	(3,129)	(16,772)
Less: Investment Income Allocated to technical account	806	5,105
Foreign Exchange (Loss) / Gain	5,720	4,344
Profit / (Loss) on ordinary activities before taxation	**841,263**	**(662,719)**
Taxation charge	**(105,158)**	**82,840**
Profit / (Loss) on ordinary activities after taxation	**736,105**	**(579,879)**

A.4 Investment Performance

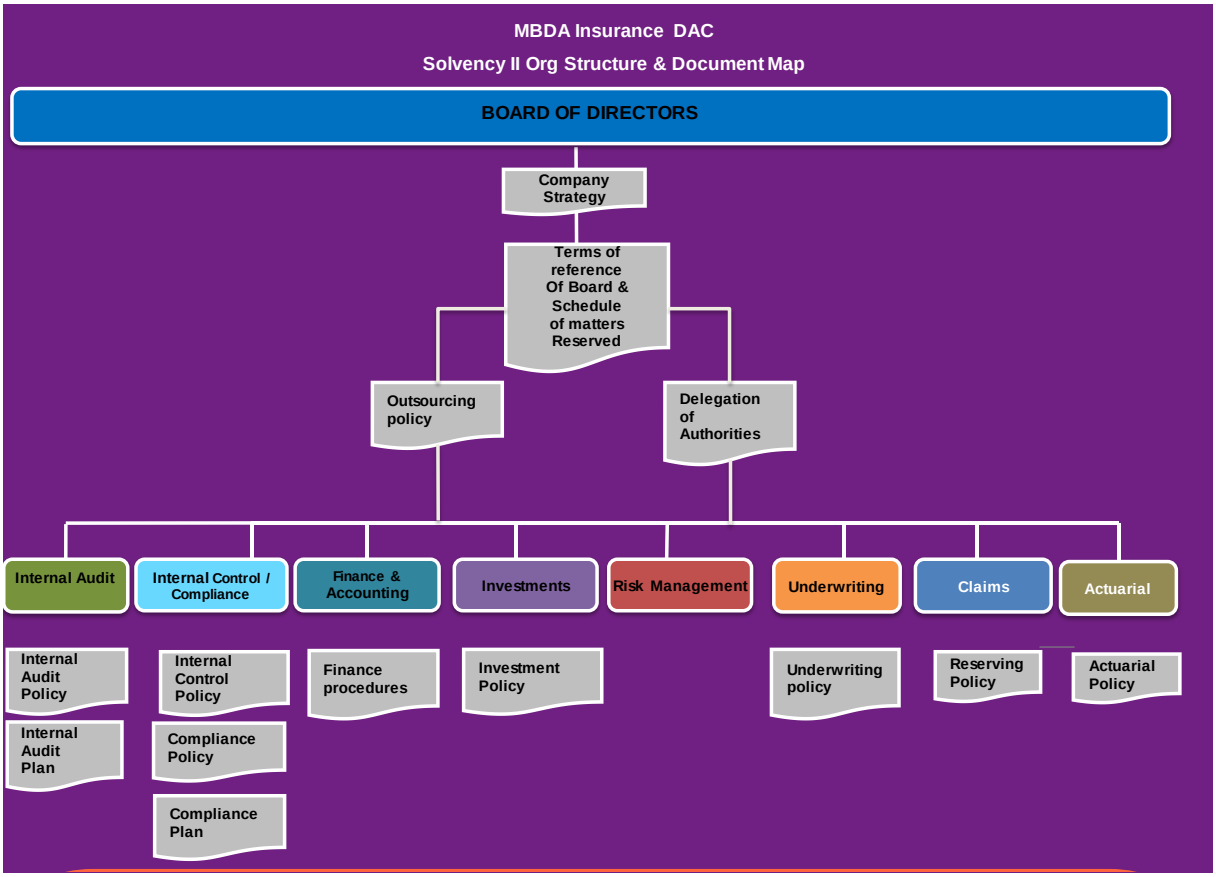
Negative Investment Income for the financial year ended 30 December 2020 was equal to EUR (3,129). The table below outlines a breakdown of the investment performance by asset class:

Asset Class	EUR
Cash and Deposits Interest	(3,129)

B: Systems of Governance

B.1 General Information

The Organisational Structure of the Company is as follows:



The Board of MBDA Insurance DAC as at 30th December 2020 comprised as follows:

Name	PCF	Date Appointed by the Board	Date Resigned
Claudio Palomby	Non-Executive Director (PCF2) & Chairman of the Board (PCF3)	20th November 2009	NA
Lee Kilby	Executive Director (PCF1)	11th December 2018	NA

Gerard Owens	Non-Executive Director (PCF2)	11th December 2018	NA
Neville Slade	Executive Director (PCF1)	9th September 2009	NA
Peter Hughes	Non-Executive Director (PCF2)	4th June 2020	NA

The following roles and decisions are the sole responsibility of the Board and it is their role to ensure:

- The effective, prudent and ethical oversight of the Company
- Setting the business strategy for the Company
- Ensuring that risk and compliance are properly managed within the Company
- Establishing Banking mandate/s
- Determining Investment Policy (to be reviewed by the Board annually)
- Insurance policy terms and conditions (including Reinsurance)
- Insurance pricing
- Loss Reserve strategy
- Appointment of Reinsurers
- Capital and calling-up of capital
- Appointment of Auditors
- Appointment of Signing Actuary
- Appointment of Corporate Secretary
- Appointment of Insurance Managers
- Appointment of Investment Managers
- Appointment of Bankers

- Appointment of Lawyers
- Appointment of Directors/Compliance Officer
- Removal of the Head of a Control Function and consequent notification of such decision to CBI within 5 working days
- Dividend Recommendations
- Setting the Risk Appetite of the Company
- Overall Responsibility for the Company's Risk
- Establishing and maintaining the Company's Internal Control Framework
- Identification and appointment of the Key Functions within the Company
- Own Risk and Solvency Assessment ("ORSA") and related activities
- Own Risk and Solvency Assessment ("ORSA") approval procedures
- Review of the Company's Policies and Procedures (annually)
- Establishment (if appropriate) of various Committees and related delegation of duties
- Sign-off various Committees' Terms of Reference (if appropriate)
- Fit and Proper Procedures and approval process

Audit Committee

Section 1551(1) of the Companies Act 2014 provides an exemption for captive insurers to establish an Audit Committee. This exemption exists where, inter alia, a body performs equivalent functions to an audit committee. The Board of MBDA Insurance DAC has determined that it will perform the equivalent functions of an audit committee for MBDA Insurance DAC and accordingly has taken responsibility to perform the equivalent functions to an audit committee for MBDA Insurance DAC.

Information on Remuneration Policies and Practices

The Company is a Captive Insurance Company and therefore the majority of Director Positions are held by Group employees with the exception of one of the Non-Executive Director positions. There is no remuneration for the positions held by the Directors.

Overview of Year Ended 30th December 2020

Four Board Meetings took place in Dublin, Ireland within the reporting period. These took place on the following dates:

- 18th March 2020
- 7th July 2020
- 23rd September 2020
- 9th December 2020

Key Functions

The Company complies with the requirements under Solvency II and the Fitness & Probity Standards to ensure that key functions are held by persons with the appropriate knowledge, experience and competence. The Company has nominated Mr. Lee Kilby, Executive Director as the designated person, with the overall responsibility for the outsourced functions. Mr. Kilby has sufficient knowledge and experience with regard to the outsourced key functions and has the ability to challenge the performance and results of the respective service providers. The following key functions are outsourced by the Company:

Captive Management Service

MBDA Insurance DAC has outsourced the management of the Captive to Willis Towers Watson Management (Dublin) Limited ('WTWMDL') and this arrangement is governed by the Management Services Agreement.

The Management Services Agreement is evergreen with an annual Board review of services and fees and the captive management services to be provided by WTWMDL are set out in Schedule A of the agreement.

The Board is responsible for monitoring the performance of the Captive Manager.

Risk Management Function

The Company's Risk Management Function is outsourced to Willis Towers Watson Management (Dublin) Limited ('WTWMDL'), subject to the conditions outlined in the Company's Outsourcing Policy.

The Board reviews the composition of its Risk Management Function at least annually.

The Board is responsible for ensuring the effectiveness of the Company's Risk Management System, for setting the risk appetite and tolerance levels as well as approving all related risk management strategies and policies.

The Company's Risk Management Function is responsible for the implementation of the Company's Risk Management arrangements within the operations of the Company on an ongoing basis.

The Risk Management Function is also responsible for effective reporting to the Board on the material risks to which the Company is exposed and on other specific areas of risks both on its own initiative and following direction from the Board.

In line with the Solvency II requirements, the Company has nominated an appropriate person to the role of Chief Risk Officer (PCF14). This function holder is provided to the Company by WTWMDL in line with the terms and conditions of the Management Services Agreement.

Compliance Function

The Company's Compliance Function is responsible for implementing an appropriate compliance framework within the Company and monitoring the Company's adherence to legal and regulatory requirements on an ongoing basis.

The Compliance Function reports to the Board periodically on all key compliance matters, such as implementation of the annual Compliance Plan, regulatory engagement and correspondence, upstream regulatory developments and any compliance breaches that may have occurred in the period and corrective actions undertaken.

In line with the Solvency II requirements, the Company has nominated an appropriate person to the role of Head of Compliance (PCF12). This function holder is provided to the Company by WTWMDL in line with the terms and conditions of the Management Services Agreement.

Actuarial Function

The Board has ensured that an appropriately resourced Actuarial Function is established and maintained within the Company. The activities of the Company's Actuarial Function are currently outsourced to Willis Towers Watson Global Solutions Consulting Group.

The Actuarial Function is carried out by persons who have an appropriate knowledge of actuarial and financial mathematics, commensurate with the nature, scale and complexity of the risks inherent in the Company, and who are able to demonstrate their relevant experience with applicable professional and other standards in line with the Company's Fitness and Probity Policy and the Central Bank of Ireland's Fitness & Probity Standards.

In line with the Solvency II requirements, the Company has nominated an appropriate person to the role of Head of Actuarial Function (PCF48).

The Actuarial Function's role can be summarised as providing the Company with the following:

- Co-ordinating the calculation of the Technical Provisions.
- Assess the sufficiency and quality of the data used in the calculation of technical provisions.

- Comparison of best estimates against experience.
- Contribution to the effective implementation of the risk management system, in particular, the Own Risk and Solvency Assessment (ORSA) and SCR (Solvency Capital Requirement) calculations.
- Provision of an opinion on the underwriting and reinsurance policy of the Company
- Production of a written report to be submitted to the Board, at least annually (Actuarial Function Report). The report documents all tasks that have been undertaken by the Actuarial Functions and their results, and clearly identifies any deficiencies and gives recommendations as to how such deficiencies should be remedied.

Internal Audit Function

The Board has ensured that an appropriately resourced Internal Audit Function is established and maintained within the Company. The Internal Audit Function is an outsourced service provided by MBDA Group Internal Audit. The Internal Audit mission is to independently examine and evaluate the functioning effectiveness and efficiency of the Company's internal control system and all other elements of governance.

The activities of the Internal Audit function are designed to provide advice to management in improving the internal control environment, monitoring the implementation of strategic control initiatives and managements remediation activity.

The Internal Audit Function provides an Audit Plan to the Board for its consideration at the beginning of an Audit Cycle and then provides a formal report to the Board at least annually. The findings of Internal Audit reviews conducted are discussed with and challenged by the Board and an action plan is agreed upon to remediate any issues identified, along with a timeline for completion.

In line with the Solvency II requirements, the Company has nominated an appropriate person to the role of Head of Internal Audit Function (PCF13).

B.2 Fit and Proper Requirements

MBDA Insurance DAC deems the following personnel to hold Pre-Approval Controlled Functions and therefore be defined as 'Relevant Persons' subject to the Fitness and Probity Standards:

- The Board of Directors
- The Chief Risk Officer
- The Head of Internal Audit
- The Head of Actuarial Function

- The Head of Compliance

Fitness:

The members of the Board of the Company collectively possess the required qualification, experience and knowledge:

- Of insurance and financial markets relevant to the operations of the Company;
- Of the business strategy and business model of the Company;
- Of the Company's system of governance;
- To perform required financial and actuarial analysis in respect of the Company;
- Of the regulatory framework and requirements applicable to the Company; and
- Generally, to be able to provide for the sound and prudent management of the Company.

The persons holding the key functions outlined above must hold the appropriate qualifications, knowledge and sufficient experience in their relevant disciplines, in compliance with the Fitness and Probity Standards ("The Standards").

Probity:

The honesty, financial soundness and reputation of every Relevant Person as defined above has been assessed by the Company in order to determine that they are of good repute and integrity. This assessment has been based on relevant evidence regarding their character, personal behaviour and business conduct including any criminal, financial and supervisory aspects, regardless of location.

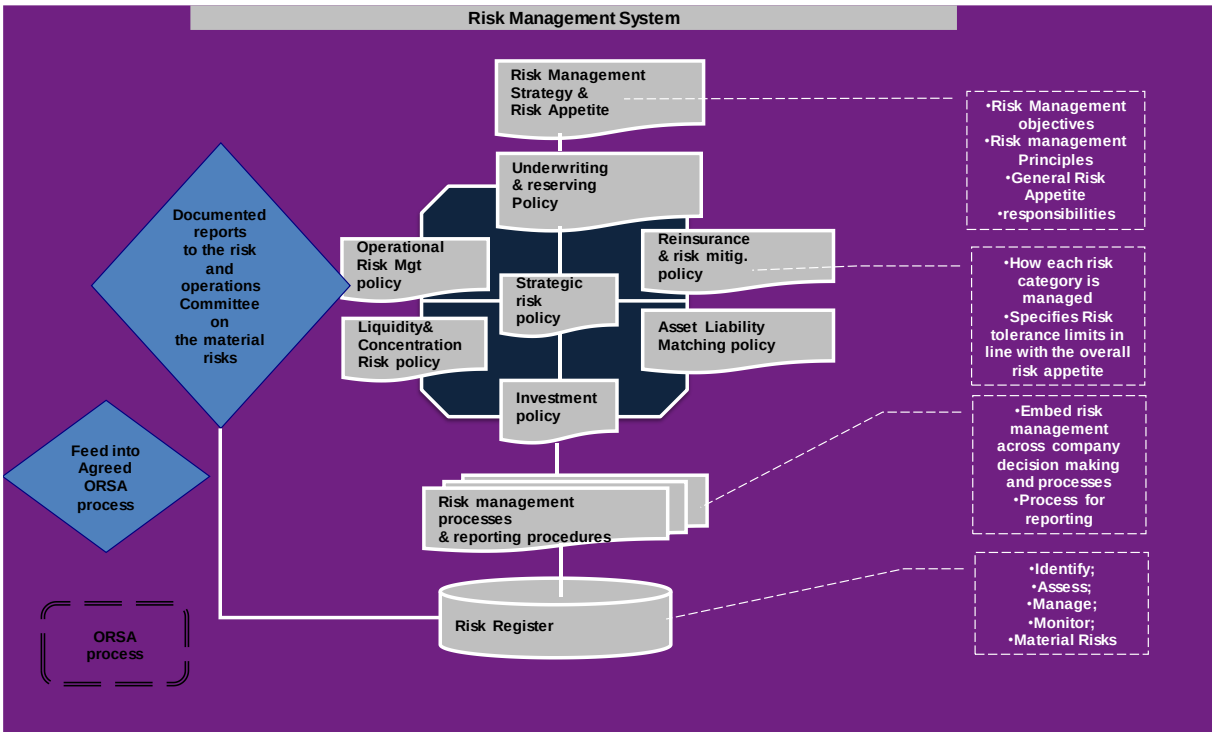
In line with The Standards, the Company submits a PCF Confirmation to the Central Bank on an annual basis confirming all PCF holders remain in compliance with the fitness and probity requirements.

B.3 Risk Management System

The Company's Risk Management System is comprised of the following elements;

- Risk Appetite Statement (RAS)
- Risk Register
- Formal Policy Documents for all key risks
- Own Risk and Solvency Assessment (ORSA)

- Formalised Risk Reporting



Each of the elements of the Risk Management System detailed above contribute to the identification, measurement, monitoring, management and reporting of risks and is intended to work as an integrated system, and therefore each should be considered both in terms of the specific function of the respective element, and in terms of its function within the overall system.

Each element of the system is embedded effectively within the Company and managed by the Risk Management Function with appropriate oversight from and reporting to the Board.

Risk Management Approach

The Company's risk management approach is centred on ensuring the inherent risk which the Company faces in the course of its business are appropriately managed to ensure the strategic objectives of the Company are achieved.

This approach also ensures that risk management is appropriately included in the Company's decision-making process.

Risk Profile

The Company, in considering its risk profile, has regard to the following factors;

Nature:

The nature of the Company's risk is confined with the MBDA Group only with no third-party policy holders and therefore represents limited systemic risk.

Scale:

The scale of the risk assumed by the Company can be considered low based on the residual 'Values at Risk' and the Company's organisational structure, relative to the general insurance market.

Complexity:

The Company assumes standard underwriting risk only, holds a simplistic and conservative investment portfolio, employs traditional risk mitigation techniques and utilises reputable counterparties, and therefore the risk assumed can be considered to be of limited complexity.

The Company's risk profile is formally reviewed at least annually as part of the Company's ORSA exercise. The Risk Management Function monitors the Company's risk profile and the corresponding risk management arrangements in place on an ongoing basis and reports to the Board on any observed material changes.

Risk Function

The Risk Management Function of the Company is responsible for the operational coordination and application of all Risk Management activities throughout the Company on an ongoing basis.

The Risk Management Function reports directly to the Board on a quarterly basis or upon occurrence of an event which could materially impact the Company's risk profile.

The Risk Management Function is responsible for the coordination of all risk management activities throughout the Company.

The Risk Management Function is also responsible for providing the Board with assistance and support in the development and implementation of the various risk management arrangements within the Company.

The Board has outsourced the activities of the Risk Management Function to Willis Towers Watson Management (Dublin) Limited in accordance with the Company's Outsourcing Policy and the terms and conditions of the Management Services Agreement.

Risk Categories & Key Risks

Key risks are considered to be the risk categories detailed in the Solvency II Directive, together with any other risks evaluated as being key risks by the Risk Management Function and the Board of Directors.

Any of the other identified risks, outside of those prescribed risk categories in the Solvency II Directive, shall be considered to be a key risk if, on a residual basis, a material level of capital is deemed to be required in order to accept the risk, or if particular controls or risk mitigation techniques specific for the risk in question must be employed in order to bring the risk within the appropriate thresholds as defined in the Risk Appetite Statement.

All key risks are documented in the Risk Appetite Statement and are subject to a specific policy document which addresses how the risk is to be managed in line with the hierarchy outlined previously.

The key risk categories for the Company are;

- Underwriting Risk
    - Underwriting Risk
    - Reinsurance Risk
- Market & Investment Risk
    - Investment Risk
    - Liquidity Risk
    - FX Risk
    - ALM Risk
- Operational Risk
    - Outsourcing Risk
    - Business Continuity / External Environment
    - Strategic Planning / Business Volume
- Compliance Risk
    - Compliance Risk
    - SCR Risk

The risk categories and key risks to which the Company is exposed are reviewed periodically by the Risk Management Function and at least;

- Quarterly
- On occurrence of an event which could materially affect the Company's risk profile
- On the introduction of material new business
- At the discretion or order of the Board

Risk Appetite Statement

The Company has in place a Risk Appetite Statement (RAS). The RAS sets out the risk appetite and tolerance levels for all key risks over the planning period of the Company.

The Company considers the RAS to be the primary element of the Risk Management System, directly linking to the overall Company Strategy and determining the levels retained for each key risk, and also influencing the nature of the controls and mitigation techniques employed to ensure that the risk remains within the tolerable range.

The Board is responsible for setting the Company's RAS. The Board periodically reviews the appropriateness and effectiveness of the RAS and performs a formal review of the RAS at least annually or upon a material change in the Company's risk profile.

The RAS includes both qualitative and quantitative aspects for each key risk and is aligned to the planning period of the Company.

The RAS is embedded within the decision-making processes of the Company. The Board of Directors, prior to finalising any material decision which could impact the risk profile of the Company, refers to the RAS for guidance as to the likely effect of the decision on the risk appetite and tolerance levels of the Company.

The RAS is also used to track actual performance against the metrics detailed in the RAS to ensure that no breach in the agreed tolerance levels has occurred that would require the submission of a report to the Central Bank of Ireland.

Monitoring of the actual performance against the metrics identified in the RAS is performed periodically by the Risk Management Function and reported to the Board in line with the reporting trigger system included in the RAS.

The Company's qualitative risk appetite principles and quantitative appetite and tolerance levels for each key risk are detailed in the Risk Appetite Matrix.

Risk Policies

The Company has documented a formal policy for each key risk included in the RAS. The policies for each specific risk are consistent with the details contained in the RAS relating to the risk in question.

The controls, reporting triggers and any other relevant aspects of the management of the risk are appropriately reflected in the policy for the risk.

Risk Register

The Company has in place a comprehensive Risk Register to evaluate and assess the risks to which the Company is exposed.

The Risk Register initially assesses the risk universe of the Company on an inherent basis. The controls and risk mitigating techniques employed by the Company, as documented in the Company's policies and procedures allow for an evaluation of the risk on a residual basis.

If the risk on a residual basis is deemed to potentially require a material level of capital or the implementation of significant additional controls to accommodate the risk to bring the risk within the appropriate thresholds, this risk should be considered a key risk. Any risk deemed to be a key risk shall be considered for inclusion in the RAS by the Board and a specific policy developed which outlines the process for the identification, management, monitoring and reporting on the risk in question.

The Risk Management Function is responsible for the ongoing maintenance of the Risk Register.

The Risk Register is updated on at least a quarterly basis and upon the occurrence of an event which may materially impact the Company's risk profile.

A summary of the results of the Risk Register review is distributed to the Board upon completion of each review as soon as is practicable and form part of the Risk Management Function's periodic Risk Reporting.

As part of each update, the Risk Register is reviewed by the Risk Management Function to ensure that the Risks included represent all the material risks to which the Company is exposed and that all applicable emerging risks have been appropriately included.

Where an emerging risk has been identified as one which should potentially be included in the Risk Register, the Risk Function advises the Board of the nature and context of the risk. The Board then determines whether the risk in question is to be included in the Risk Register and whether the risk should be considered as a Key Risk.

ORSA

The Company aims to ensure that the Company is appropriately and prudently capitalised in order to accept the risk to which the Company is exposed. In order to ensure this, the Company performs an Own Risk and Solvency Assessment ('ORSA') at least annually and upon the occurrence of an event which may materially impact the Company's risk profile.

ORSA - Approach taken:

The EIOPA guidance in relation to the ORSA focuses on what is to be achieved by this assessment rather than on how it is to be performed. Since the ORSA represents the Company's own view of its risk profile and the capital needed to address these risks, the Company decides for itself the most appropriate process by which the ORSA is performed.

The Board takes a proactive approach in the ORSA process by providing guidance to the Risk Management function as to the direction of the ORSA process, including the identification, evaluation and quantification of the risks inherent in the business.

The following approach provides a summary of the approach to be taken in 2020:

- A Risk Workshop was held on the 7th of July 2020 to review the Risk Register, Risk Appetite Statement and to discuss and agree the contents of the new ORSA framework and related items including appropriate determination of the Own Solvency Needs and suitable scenario analyses for testing.

- Board meeting on the 7th of July 2020 to approve the Risk Register, Risk Appetite Statement, Own Solvency Needs and Scenarios for testing.

- Board Meeting held on the 9th of December 2020 to approve the ORSA Report.

The Board of Directors provided substantial input and discussed in detail the various aspects of the ORSA and adjusted as and when considered necessary. This is documented in the minutes of the Board meetings where the ORSA process is an Agenda item.

Own Risk Assessment

The first element of the ORSA process was to ascertain the Company's Own Risk Assessment (ORA). ORA is a method of identifying its material risks in the context of its Risk Profile, Risk Register and Risk Appetite Statement. The following areas for assessment were identified in respect of the Company's material risks:

- The Maximum Value at Risk (VAR) for each identified key risk of the Company,

- The controls and risk management arrangements in place which act to mitigate each risk,

- The basis for measurement and assessment of the risk over the planning period,

- The current experience of each individual risk,

- The expected risk assessment for the planning period, being the anticipated financial and non-financial activity of the Company over the short, medium and long term.

- Application of appropriate and reasonable stresses to the expected risk assessment to demonstrate the robustness of the Company's capital base in the context of its current business.

- The identification of the Overall Solvency Needs (OSN) which is the result of the expected assessment and the stresses identified

- The calculation of the Regulatory Solvency Capital Requirement based on the OSN in order to assess the resilience of the Company to extreme adverse conditions

- The identification of the Solvency Capital Requirement Appetite and Tolerance level provides the necessary link between the Own Risk Solvency Assessment and the Capital Management of the Company

Risk Reporting

The Risk Management Function formally reports to the Board on a quarterly basis. The report contains details of the outcome of the Risk Register review, the results of the comparison of the RAS to actual results and an update on emerging risks.

The report contains both qualitative and quantitative aspects and covers all key risks of the Company.

The Risk Management Function is responsible for the development of the Risk Reports.

The Risk Management Function will provide a report to the Board based on the occurrence of an event which materially alters the risk profile of the Company or if the tolerance level triggers are breached.

The Risk Management Function will advise the Board on the quality of the data used in the review of the Risk Management System, including any deficiencies that may have been identified during the course of the review.

B.4 Internal Control System

The Board is ultimately responsible for ensuring that the Company has in place an effective internal control system which is commensurate with the nature, scale and complexity of the Company's operations. The Company ensures that appropriate levels of Internal Controls are present within the organisational structure, work and authority flows, and resource utilisation and information systems.

This is achieved by:

- Ensuring the presence and application of individual internal policies, procedures and guidelines for each of the critical functions and activities of the Company;

- Ensuring that adequate approval procedures, authorization authorities, verification, reconciliations, and review procedures are in place for each function or activity and are adequately documented and communicated;

- Ensuring that adequate controls are in place pertaining to safeguarding the integrity and protection of information;

- Ensuring sufficient monitoring mechanisms are in place to facilitate assessments of the effectiveness of the controls in place; and

- The activities of the Compliance function are in place, the Compliance Policy is being applied and the Compliance Plan is being implemented.

The Internal Audit Function is responsible for the evaluation of the adequacy and effectiveness of the Company's internal control system.

The Compliance Function is responsible for the review and monitoring of the application of internal controls relating to compliance risk.

The Managers are responsible for the application and ongoing maintenance of the Company's internal control activities. The Management Company has procedures manuals and internal controls in place that are documented and maintained within the Company's Corporate Governance Framework documents.

Internal controls are reviewed at least annually or when a change in the systems or operations of the Company occurs. The policies and procedures in place are proportional to the operations of the Company and cover at least the following key operational areas:

- Underwriting

- Claims reserving

- Claims settlement

- Management accounts preparation

- General bank payments

- Bank reconciliations

- Compliance

The Internal Controls are also proportional to the operations of the Company and centre on the following controls:

Regular

- Four eye review approach on all renewal activities

- Dual signatories on all payments in line with approved bank mandates
- Reconciliations of all bank accounts on a monthly basis
- Quarterly Financial reporting to Group
- Detailed bi-annual reporting to the Board on Compliance matters

Periodic

- Monitoring activities are carried out by the Compliance Function and a Compliance and Regulatory report is circulated to the Board.
- The Internal Audit Function conduct reviews of the design and effectiveness of internal controls, in line with the Internal Audit Plan approved by the Board
- The Management Company is subject to the Internal Audit processes of the Willis Towers Watson Group with Internal Audit reviews covering work performed by WTWMDL on its clients
- The Company's accounts are audited annually by the external Auditor. No material control issues have been raised to date on the operations of the Company.

B.5 Outsourcing

The Company outsources various activities where the Board believes outsourcing can provide access to superior processes and technical skills than it would otherwise achieve on a standalone basis, or where appropriate due to the nature, scale and complexity of the operations of the Company. The Board is ultimately responsible for the approval of and termination of all outsourcing arrangements of critical or important functions and activities.

The Risk Management Function is responsible for assessing the risks associated with the outsourcing of critical or important functions or activities as part of its overall remit to identify, assess, manage, monitor and report the risks of the Company on an ongoing basis. The functions deemed critical or important are defined in the Company's Outsourcing Policy.

The Board has ensured that the outsourced service providers adhere to the Company's policies and procedures and that the effectiveness of the Company's system of governance has not been lessened or compromised by the outsourcing arrangements.

The performance of each service provider is based on a comparison of the actual performance of the service provider in comparison with the required performance as per the agreed Service Level Agreement ('SLA'). The SLA's include details covering Business Continuity Planning and ensure that acceptable service levels are maintained in the event of problems occurring with the service provider. The performance of the service providers are formally assessed by the Board on an annual basis.

In the Board’s current assessment of the performance of each service providers acting in an outsourced capacity, no material deficiencies noted.

C: Risk Profile

The Company operates a low-risk business model that is supported by a robust risk management framework that ensures risks are well understood and controlled. This is facilitated by systematic quantification of all risks and a culture that promotes the importance of risk management.

Integral to this is a thorough understanding and articulation of the Company's risk exposures. Determining the prevailing risk landscape within the Company allows Management, the Risk Function and the Board to assess the appetite for each emerging risk and to ensure that all are quantifiable and managed consistently with our appetite to risk.

An overview of the key risks associated with the business including an outline of how they are managed is provided below.

C.1 Underwriting Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random, unknown and unpredictable

As its primary insurance activity, the company assumes risks relating to the Shareholder's Political and Export Credit Risk Insurance (PRI) and accepts inwards reinsurance placement for Property Damage and Business Interruption. The Company is therefore exposed to the uncertainty surrounding the timing and severity of claims under these insurance contracts. The terms and conditions of the insurance contracts it issues set out the basis for the determination of the Company's liability should the insured event occur.

The Company manages it insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging issues.

C.2 Counterparty Default Risk

Reinsurance Risk

The Company utilises reinsurance to manage efficiently the insurance risk. The Company is therefore exposed to the failure of these counterparties. The exposure is reduced as the counterparties are diversified with the risk spread among 7 reinsurers and also the credit default risk is managed by ensuring a general minimum credit rating of A or greater, as documented in the Company's Reinsurance Policy.

Investment Risk

The investment strategy and minimum rating requirement outlined in the Company's Investment Policy is pursued and seeks to minimise credit default risk. The investment portfolio is composed of Interest-bearing current account deposits or fixed term bank deposits.

The Company seeks to spread investments across a number of institutions to reduce concentration risk.

The Company and the Board will annually review the amount of funds invested with any one institution and has an appetite to maintain a minimum of three credit institutions but will tolerate a minimum of two credit institutions.

The Company has little appetite for counterparty default risk in relation to investments and seeks to invest in institutions of the greatest strength and stability.

C.3 Market Risk

Liquidity Risk

The Company's Liquidity Policy requires sufficiently liquid assets to be held in order to meet outflows. All investments are held in a liquid state and the Company has clear visibility of when policyholder obligations will and could fall due given the nature and scale of the Company being a Captive Insurer. Ongoing monitoring of liquidity also allows mitigating actions to be taken at an early stage if required.

ALM Risk

All of the Company's liabilities can be considered short term in nature and hence the company looks to limit the duration of investments to reduce Asset Liability Matching risk.

C.4 Operational Risk

The Company is exposed to operational risk, which is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In particular, this includes the failure of key outsourcing arrangements, business disruption, fraud and loss of key personnel.

The process through which the Company's operational risk universe is determined and subsequent estimates of frequency and severity are assessed is captured in the Operational Risk Policy. This process safeguards the ongoing improvement of the control environment and ensures that operational risk is identified and mitigated.

The Company is reliant on the use of external parties to provide a significant portion of the services required, and thus is therefore exposed to the potential failure of these outsourcing partners. The Company has documented a Contingency Plan and an Outsourcing Policy which set out how this risk is managed and monitored.

The Company also has potential exposure to Compliance Risk, which is the non-adherence to regulatory requirements. There are compliance controls at management, board and parent level with regular updates to the Board on compliance monitoring.

C.5 Other Material Risks

The Company considers that there are no other Material Risk to be considered at this time.

D: Valuation for Solvency Purposes

D.1 Assets

Valuation of Assets

The recognition and valuation basis are in accordance with the provisions of the Solvency II Directive. The main difference is due to the recognition of the Deferred Acquisition Costs and the valuation basis on the reinsurance share of TP. On a Solvency II valuation basis all assets and liabilities are held at a market consistent value for expected future cash flows. Therefore, items such as deferred acquisition costs are not included on the balance sheet. Instead the actual expected future cash flows associated with any future acquisition cost payments are included within the technical provision valuation. For the reinsurance share of TP the adjustments for solvency purposes relates to the application of the Solvency II best estimate valuation. The fair value of these combined technical provisions is calculated by discounting estimated future cash-flows (best estimates) based on estimated duration of each provision (payment pattern), using the risk-free interest rate curve. An adjustment for reinsurer default is then applied.

Material Differences in the above used for valuation in Financial Statements

MBDA Insurance DAC: Assets (EUR)	Current Accounting Bases	SII Valuation Principles
Deferred Acquisition Costs	557,213	-
Deferred Tax Assets	-	108,355
Investments	8,650,357	8,650,357
Reinsurance share of TP - non-life excluding health	4,000,364	487,630
Premium Receivables	1,329,069	-
Reinsurance Receivables	279,759	196,587
Receivables (trade, not reinsurance)	-	-
Cash & Cash Equivalents	636	636
Any Other Assets, Not Elsewhere Shown	157,815	157,815
Total assets	**14,975,213**	**9,684,552**

Overview of any assets not regularly traded in Financial Markets

The Company has no assets that are not regularly traded in financial markets.

D.2 Technical Provisions

Valuation of Technical Provisions per Line of business

Technical provisions are valued in accordance with Article 77 of the Solvency II Directive which states that the value of technical provisions shall be equal to the sum of a best estimate and a risk margin.

Valuation results

The valuation was carried out together for each line of business. Under Solvency II, the balance sheet is required to be valued on a “best estimate” discounted cash flow basis. This leads to differences in claims provision between financial statements and Solvency II.

The table below sets out the results of the Technical provision calculations on the financial statements and Solvency II basis.

MBDA Insurance DAC Liabilities (EUR)	Current Accounting Bases	SII Valuation Principles
Gross Technical Provisions – Non-Life (Excluding Health)	*5,727,983*	*2,314,842*
TP calculated as a whole (Best estimate + Risk margin)	5,727,983	-
Best Estimate	-	1,903,249
Risk Margin	-	411,593
Reinsurance payables	1,119,037	-
Any other liabilities, not elsewhere shown	1,320,639	1,320,639
Total liabilities	**8,167,658**	**3,635,481**

The Solvency II Directive regulation requires the inclusion of "run-off" expenses to be incorporated into the Solvency II calculation. This has been added to the net technical provisions for the Company.

Claims Provision

As at the reporting date, the Company had no known losses reported and all claims provisions were in the form of Incurred but not Reports (IBNR) provisions.

Material Differences in the above used for valuation in Financial Statements

The above table outlines the material differences in the valuation of technical provisions between the Financial Statements and Solvency II valuation.

Simplification

The Company utilises the standard formula for the calculation of its Solvency Capital Requirement ('SCR'). Simplification method three is used for the standard formula.

Uncertainties in the value of Technical Provisions

The key assumptions that impact the Technical Provisions are detailed below along with comments regarding the materiality of these assumptions.

- **Settlement period:** All of the risks being underwritten are assumed to be short-tailed.

- **Assumed loss ratio:** This is used to capture the expected profit in the unearned premium reserve. We have assumed loss ratios of 100%. This is a prudent assumption and using a lower loss ratio would improve the solvency position further.

- **Discount rate:** Current yields are very low and even negative in the next few years, which means that almost no discounting is applied to the Technical Provisions given the risks underwritten by the Captive is short-tailed.

- **Expenses:** The total expense involved in the operation of the Company is relatively large when compared to other elements in the calculation of the technical provisions.

- **Reinsurance:** We have also assumed that the reinsurance will perform as expected.

The above assumptions are consistent with the previous Actuarial Function Report therefore there have been no material changes in technical provisions due to underlying changes in the assumptions.

Impact of Reinsurance on Technical Provisions

The impact of reinsurance under SII valuation principles is to reduce the Company's Gross Technical Provisions by EUR 487,630.

Effectiveness of reinsurance arrangements

The Company's "Reinsurance and Other Risk Mitigation Techniques" Policy refers to the below key principle:

- That the reinsurance programme provides cover appropriate to the Company's level of capital, risk profile, business strategy and risk appetite statement.

It is noted that: "The use of reinsurance is to maintain underwriting risk within the Company's approved risk tolerance levels. The Board were satisfied with the effectiveness of the reinsurance arrangements in place.

Matching Adjustments, Volatility Adjustments and Transitional Measures

The Company has no matching adjustments, volatility adjustments or transitional measures as at the reporting period.

D.3 Other Liabilities

Valuation of liabilities per Class of Liability

Recognition

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangement entered into.

Initial measurement

All financial liabilities are initially measured at transaction price.

LIABILITIES	EUR
Reinsurance payables	1,119,037
Any other liabilities, not elsewhere shown	1,320,639
Total	**2,439,676**

Material Differences in the above used for valuation in Financial Statements

There is no differentiation between the valuation of the other liabilities under FRS financial statements and Solvency II valuation.

D.4 Alternative methods for valuation

No alternative methods for Valuation are utilised.

E: Capital Management

E.1 Own Funds

Objectives, Policies and Processes for Management of Own Funds

The Own Funds are managed in accordance with the Company's Capital Management Policy and the main objective is continuously maintaining the SCR coverage using a time horizon of three years in accordance with the Own Risk and Solvency Assessment. There have been no material changes to the Capital Management Policy, its main objective or the length of the business planning period, over the course of the reporting period. Any change in the policy is reserved for the Board of the Company.

Structure, Amount and Quality of Own Funds

The Company has Tier 1 unrestricted own funds composed of ordinary share capital and retained earnings, as well as Tier 3 own funds; deferred tax asset.

The table below sets out the Company's Pillar I capital position as at the current and prior financial year-end:

Composition	2020 EUR		2019 EUR	
	Available Capital	Eligible Capital	Available Capital	Eligible Capital
Tier 1 unrestricted	5,940,717	5,940,717	5,359,167	5,359,167
Tier 1 restricted	-	-	-	-
Tier 2 basic	-	-	-	-
Tier 2 ancillary	-	-	-	-
Tier 3	108,355	108,355	-	-
Total	6,049,071	6,049,071	5,359,167	5,359,167

SCR and MCR Cover

2020				
Solvency	Capital Requirement	Eligible Capital	Solvency Ratio	MCR as % SCR
SCR	3,636,017	6,049,071	166.4%	101.8%
MCR	3,700,000	5,940,717	160.6%	

2019				
Solvency	Capital Requirement	Eligible Capital	Solvency Ratio	MCR as % SCR
SCR	3,479,282	5,359,167	154.0%	106.3%
MCR	3,700,000	5,359,167	144.8%	

Shareholder's Equity versus Excess of Assets Over Liabilities

The difference between the Company's equity as shown in its audited financial statements and the excess of assets over liabilities, as calculated for solvency II purposes, is called Reconciliation Reserve and is composed of:

- the difference between the technical provisions calculated in accordance with Solvency II valuation principles; and
- the reclassification of the premium receivable balance (in respect of unexpired policies) from being an asset to being netted against the Premium Provision component of Technical Provisions for the purposes of Solvency II.

Reconciliation of Basic Own Funds to Equity as per Financial Statements as at 31st December	**2020**	**2019**
	EUR	**EUR**
Solvency II – Excess Assets Over Liabilities	6,049,071	5,359,167
Financial Statements – Shareholder's Equity	6,807,555	6,071,450
Difference:	**(758,484)**	**(712,283)**
Represented by:		
Difference between Net Technical Provisions and BEL	3,824,734	2,751,680
Risk Margin – Non-Life	(411,593)	(301,454)
Removal of Premium Receivable and Reinsurance Recoverables	(4,841,803)	(3,595,186)
Removal of Reinsurance Payables	1,119,037	786,354
Removal of DAC	(557,213)	(353,677)
Difference:	**(758,484)**	**(712,283)**

Transitional Arrangements

None of the Company's own funds are subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of Directive 2009/138/EC.

Ancillary Own Funds

There are no ancillary own funds items.

Deductions and Restrictions

No deductions are applied to own funds and there are no significant restrictions affecting their availability and transferability.

Deferred Tax Asset

A deferred tax asset in the amount of EUR 108,355 has been calculated as a result of the revaluation of the Company's assets and liabilities applying Solvency II valuation principles. The full deferred tax asset has been recognised on the Company's Solvency II Balance Sheet for the current reporting period.

The Company has determined that sufficient probable future taxable profits would be earned in order to fully utilise the deferred tax asset being recognised.

In revaluing its assets and liabilities using Solvency II principles, the Company is recognising a net deferred tax asset, as quantified above. The net deferred tax asset is available as basic own funds, classified as tier 3 in accordance with Article 76(a)(iii).

In line with the eligibility limits set out in Article 82, tier 3 own funds items, including the net deferred tax asset, do not exceed 15% of the SCR – 2020: 2.9% – as such the full net deferred tax asset is recognised as eligible own funds.

The amount of deferred tax asset is not deemed to be material.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

Requirements for the Reporting Period

The Company has achieved SCR coverage of 166.4% (2019 154.0%) and MCR coverage of 160.6% (2019 144.8%) as at 30th December 2020. It is noted that the MCR is driven by the Absolute Minimum Capital Requirement ("AMCR").

SCR Risk Models

The table below shows the SCR components by risk module (using the Standard Formula) at 31 December 2020:

SCR Overview	EUR 2020	EUR 2019
Market Risk	2,485,033	2,531,803
Counterparty Default Risk	155,540	109,668
Health underwriting risk	-	-
Non-life underwriting risk	1,928,607	1,651,488
Diversification	(990,260)	(892,954)
Basic Solvency Capital Requirement	**3,578,920**	**3,400,005**
Operational Risk	57,097	79,277
Loss Absorbing Capacity of Deferred Taxes	-	-
Solvency Capital Requirement	**3,636,017**	**3,479,282**

Simplifications

Simplified calculations are not used for any of the risk modules or sub-modules.

Undertaking – Specific Parameters

The Company does not use undertaking specific parameters in its computation.

MCR Inputs

The Minimum Capital Requirement is calculated using the Standard Formula specifications.

The table below shows the inputs into the MCR calculation as at the current and prior reporting period:

MCR Overview	EUR 2020	EUR 2019
Linear MCR	267,467	320,447
SCR	3,636,017	3,479,281
MCR cap	1,636,208	1,565,676
MCR floor	909,004	869,820
Combined MCR	909,004	869,820
Absolute floor of the MCR	3,700,000	3,700,000
Minimum Capital Requirement	**3,700,000**	**3,700,000**

Material Changes to SCR and MCR

The observed changes to the Solvency Capital Requirement and to the Minimum Capital Requirement over the reporting period are not material.

Loss-Absorbing Capacity of Deferred Taxes ("LACDT")

The SCR has not been adjusted for LACDT. The Company has determined not to utilise a proportion of loss-absorbing capacity of deferred taxes.

Hence, as defined in Article 207(1), the Company's LACDT represents 0% and as such is deemed not material.

E.3 Use of duration-based equity risk Sub module in SCR calculation

The Company does not hold any liabilities that require this approach; therefore, this is not applicable for the Company.

E.4 Non-Compliance with MCR and SCR during the period

The Company was compliant at all times with the MCR and SCR requirements during the reporting period.

MBDA Insurance DAC

Solvency and Financial Condition Report

Disclosures

31 December

2020

(Monetary amounts in EUR thousands)

General information

Undertaking name	MBDA Insurance DAC
Undertaking identification code	213800R6DNGRSJEE8A60
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	IE
Language of reporting	en
Reporting reference date	31 December 2020
Currency used for reporting	EUR
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
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

List of reported templates

S.02.01.02 - Balance sheet

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

S.05.02.01 - Premiums, claims and expenses by country

S.17.01.02 - Non-Life Technical Provisions

S.19.01.21 - Non-Life insurance claims

S.23.01.01 - Own Funds

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

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

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	108
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	8,650
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	0
R0200	*Deposits other than cash equivalents*	8,650
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	488
R0280	*Non-life and health similar to non-life*	488
R0290	*Non-life excluding health*	488
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	0
R0370	Reinsurance receivables	280
R0380	Receivables (trade, not insurance)	0
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	1
R0420	Any other assets, not elsewhere shown	158
R0500	**Total assets**	9,685

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	2,315
R0520	*Technical provisions - non-life (excluding health)*	2,315
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	1,903
R0550	*Risk margin*	412
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	0
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	1,321
R0900	**Total liabilities**	3,635
R1000	**Excess of assets over liabilities**	6,049

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business									1,735								1,735
R0120	Gross - Proportional reinsurance accepted							500										500
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share							0		1,329								1,329
R0200	Net							500		406								906
	Premiums earned																	
R0210	Gross - Direct Business									1,066								1,066
R0220	Gross - Proportional reinsurance accepted							501										501
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share							0		874								874
R0300	Net							501		192								694
	Claims incurred																	
R0310	Gross - Direct Business									0								0
R0320	Gross - Proportional reinsurance accepted							-334										-334
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share																	0
R0400	Net							-334		0								-334
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net							0		0								0
R0550	**Expenses incurred**							158		20								178
R1200	**Other expenses**																	
R1300	**Total expenses**																	178

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			GB	FR	ES	IT		
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business		86	1,649				1,735
R0120	Gross - Proportional reinsurance accepted		500					500
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share		66	1,263				1,329
R0200	Net	0	520	386	0	0		906
	Premiums earned							
R0210	Gross - Direct Business		500	520	22	24		1,066
R0220	Gross - Proportional reinsurance accepted		501					501
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share		168	673	16	16		874
R0300	Net	0	833	-154	6	8		694
	Claims incurred							
R0310	Gross - Direct Business							0
R0320	Gross - Proportional reinsurance accepted		-334					-334
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share							0
R0400	Net	0	-334	0	0	0		-334
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0		0
R0550	**Expenses incurred**		102	76	0	0		178
R1200	**Other expenses**							
R1300	**Total expenses**							178

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**																	0
R0050	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																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross							-119		1,097								978
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							0		488								488
R0150	**Net Best Estimate of Premium Provisions**							-119		609								490
	Claims provisions																	
R0160	Gross							919		6								925
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							0		0								0
R0250	**Net Best Estimate of Claims Provisions**							919		6								925
R0260	**Total best estimate - gross**							801		1,102								1,903
R0270	**Total best estimate - net**							801		615								1,416
R0280	**Risk margin**							137		275								412
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**							938		1,377								2,315
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**							0		488								488
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**							938		889								1,827

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Underwriting Year

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

	Year	C0010 0	C0020 1	C0030 2	C0040 3	C0050 4	C0060 5	C0070 6	C0080 7	C0090 8	C0100 9	C0110 10 & +	C0170 In Current year	C0180 Sum of years (cumulative)
		Development year												
R0100	Prior											0	0	0
R0160	2011	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2012	0	0	0	0	0	0	0	0	0			0	0
R0180	2013	0	0	0	0	0	0	0	0				0	0
R0190	2014	0	350	0	0	0	0	0					0	350
R0200	2015	0	0	0	0	0	0						0	0
R0210	2016	0	0	0	0	0							0	0
R0220	2017	0	0	350	0								0	350
R0230	2018	0	0	0									0	0
R0240	2019	0	0										0	0
R0250	2020	0											0	0
R0260												Total	0	700

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	C0200 0	C0210 1	C0220 2	C0230 3	C0240 4	C0250 5	C0260 6	C0270 7	C0280 8	C0290 9	C0300 10 & +	C0360 Year end (discounted data)
		Development year											
R0100	Prior											0	0
R0160	2011	0	0	0	0	0	0	0	0	0	0		0
R0170	2012	0	0	0	0	0	0	0	0	0			0
R0180	2013	0	0	0	0	0	0	0	0				0
R0190	2014	0	0	0	0	0	0	12					12
R0200	2015	0	0	0	0	0	0						0
R0210	2016	0	0	0	0	4							4
R0220	2017	523	350	0	1								1
R0230	2018	262	700	701									706
R0240	2019	548	1										1
R0250	2020	199											201
R0260												Total	925

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Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35					
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	3,500	3,500		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	2,549	2,549			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**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**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	6,049	6,049	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			0	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	6,049	6,049	0	0	0
R0510	Total available own funds to meet the MCR	6,049	6,049	0	0	
R0540	Total eligible own funds to meet the SCR	6,049	6,049	0	0	0
R0550	Total eligible own funds to meet the MCR	6,049	6,049	0	0	
R0580	**SCR**	3,636				
R0600	**MCR**	3,700				
R0620	**Ratio of Eligible own funds to SCR**	166.37%				
R0640	**Ratio of Eligible own funds to MCR**	163.49%				
	Reconcilliation reserve	C0060				
R0700	Excess of assets over liabilities	6,049				
R0710	Own shares (held directly and indirectly)	0				
R0720	Foreseeable dividends, distributions and charges	0				
R0730	Other basic own fund items	3,500				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
R0760	**Reconciliation reserve**	2,549				
	Expected profits					
R0770	Expected profits included in future premiums (EPIFP) - Life business					
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	160				
R0790	**Total Expected profits included in future premiums (EPIFP)**	160				

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	2,485		
R0020	Counterparty default risk	156		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	1,929		
R0060	Diversification	-990		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	3,579		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	57
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	3,636
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	3,636

	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	0

	Calculation of loss absorbing capacity of deferred taxes	**LAC DT**
		C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

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Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

		C0010
	Linear formula component for non-life insurance and reinsurance obligations	
R0010	MCR_{NL} Result	267

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	0	0
R0060	Other motor insurance and proportional reinsurance	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	0
R0080	Fire and other damage to property insurance and proportional reinsurance	801	500
R0090	General liability insurance and proportional reinsurance	0	0
R0100	Credit and suretyship insurance and proportional reinsurance	615	406
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	0
R0140	Non-proportional health reinsurance	0	0
R0150	Non-proportional casualty reinsurance	0	0
R0160	Non-proportional marine, aviation and transport reinsurance	0	0
R0170	Non-proportional property reinsurance	0	0

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

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

		C0070
	Overall MCR calculation	
R0300	Linear MCR	267
R0310	SCR	3,636
R0320	MCR cap	1,636
R0330	MCR floor	909
R0340	Combined MCR	909
R0350	Absolute floor of the MCR	3,700
R0400	**Minimum Capital Requirement**	3,700