

PartnerRe Ireland Insurance dac

2020

Solvency and Financial Condition Report

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SUMMARY

This report provides the reader with information on the business and performance, system of governance, risk profile, valuation for solvency purposes and capital management of PartnerRe Ireland Insurance dac (the Company or PRII dac) for the year ended 31 December 2020.

The Company is an Irish based multi-class insurance company capable of writing worldwide risks with multi-national access. The Company is a fully owned subsidiary of the PartnerRe Group (the Group), the parent company of the PartnerRe Group is PartnerRe Ltd. (the Group parent), a company incorporated in Bermuda. The Group is supervised by the Bermuda Monetary Authority. The ultimate parent company is Exor N.V. (EXOR), a Dutch public limited liability company (Naamloze Vennootschap).

The Company is a designated activity company incorporated and domiciled in Ireland. The registered office is located at 3rd Floor, The Exchange, George's Dock, IFSC, Dublin 1, Ireland.

The Company is incorporated under the laws of Ireland and is subject to regulation by the Central Bank of Ireland (CBI) under, inter alia, the European Union (Insurance and Reinsurance) Regulations 2015.

The Company's external auditor is EY, Chartered Accountants and Statutory Audit Firm, EY Building, Harcourt Centre, Harcourt Street, Dublin 2, Ireland.

The Company earned a pre-tax profit of €14.1m (2019: profit €10.7m). This is comprised of an underwriting profit of €19.7m (2019: profit €12.5m), net investment gain and related expenses of €3.1m (2019: gain €4.8m), administrative expenses of €6.7m (2019: €6.5m) and a net foreign exchange loss of €2.1m (2019: loss €0.2m). See sections A.2., A.3. and A.4. for a discussion of the performance of the Company during the year.

Towards the end of 2019, and in line with its business strategy, the Company identified an acquirer for its Casualty Wholesale portfolio. The Wholesale segment targeted retail clients and was placed in run-off in 2016 after the acquisition of PartnerRe by EXOR. The Company entered into a 100% reinsurance agreement for this book of business until the completion of the transfer to the acquirer. High Court approval for the Wholesale business transfer was obtained with the effective date of the transfer being 31 October 2020. Following this approval the business was transferred to the acquirer and all obligations between the two parties were settled.

The COVID-19 pandemic and the related economic impact is ongoing and there continues to be significant uncertainty surrounding the full extent of the impact. For the year ended 31 December 2020 the losses incurred as a direct result of COVID-19 were not significant for the Company. These losses are attributable to business interruption and event cancellation related coverages.

There remains significant uncertainty related to the full extent of COVID-19 losses. For example, a longer or more severe recession could increase the probability of losses. There are also potential legislative, regulatory and judicial actions that create significant uncertainty with respect to policy coverage and other issues. The Company continues to actively monitor information received from or reported by clients, brokers, industry actuaries, regulators, courts and other policymakers, and to assess that information in the context of our own portfolio.

Section B of this report outlines the Company's system of governance which includes: the role of the Board of Directors (the Board) and the Board Committees, delegation of roles and responsibilities, fit and proper requirements, risk management system, internal control system, Actuarial function, Internal Audit function and use of outsourcing.

The core of the Company's business model is the assumption and management of risk, which is described in further detail in Section C of this report. The Company is exposed to underwriting, market, credit, liquidity and operational risks. The Company has implemented a comprehensive risk management framework to monitor, manage and mitigate these risks. The most important risk management and mitigation tools of the Company are underwriting and investment guidelines, risk limits, diversification and the use of reinsurance with third parties and affiliate companies.

The Company had total Own Funds of €112.1 million in its Solvency II balance sheet at 31 December 2020 (2019: €103.8 million). The assets and liabilities in the Solvency II balance sheet were valued using Solvency II valuation

rules. The Solvency II valuation rules are different, in some areas, than those used in the Company's IFRS financial statements, with the valuation of Technical Provisions (TPs) being the major area of difference.

See section D for more detail on the valuation methods, bases and assumptions of assets and liabilities in the Solvency II balance sheet as well as a comparison with IFRS. There were no significant changes to the valuation basis of the Company's assets and liabilities during the year.

The Company's Solvency II Own Funds were as follows as at 31 December 2020 and 2019:

	2020 €'000	2019 €'000
Ordinary share capital	2,249	2,249
Reconciliation reserve	(3,525)	(11,318)
Net deferred tax assets	1,896	1,449
Other own funds approved by the supervisory authority	111,463	111,463
Total Solvency II Own Funds	112,083	103,843

All of the Company's Solvency II Own Funds, except for net deferred tax assets, are classified as Tier 1 - unrestricted funds and are fully available to cover the Minimum Capital Requirement (MCR) and Solvency Capital Requirement (SCR). Deferred tax assets are classified as Tier 3 capital which means that they are not available to cover the MCR. See section E for further details on the Company's Solvency II Own Funds as well as the objectives, policies and processes for managing capital and a reconciliation of Solvency II Own Funds to IFRS net equity. There have been no material changes in the Company's capital management objectives, policies and processes during the year.

The Company uses the Standard Formula to calculate the SCR. The Company's MCR, SCR, Solvency II Own Funds and Ratio of Eligible Own Funds to SCR were as follows as at 31 December 2020 and 2019:

	2020 €'000	2019 €'000
MCR	11,880	12,893
SCR	47,518	51,573
Solvency II Own Funds	112,083	103,843
Ratio of Eligible Own Funds to SCR	236%	201%

The 2019 SCR and Own Funds comparatives have been restated to reflect a correction to the Counterparty Default Risk as a result of using a higher than required probability of default percentage on a single counterparty. The impact of this led to a decrease of the SCR by €6.7m and an increase of own funds by €0.5m which combined had the effect of increasing the Solvency II ratio from 176% to 201%. Disclosures throughout this document have been updated accordingly.

A. BUSINESS AND PERFORMANCE

A.1. BUSINESS

The Company is a designated activity company incorporated and domiciled in Ireland. Through its head office and branch, the Company is a multi-class insurance company capable of writing worldwide risks with multi-national access. The Company underwrites non-life insurance and facultative reinsurance business within its main lines of business: aviation, energy, property and casualty, as well as some credit and agriculture.

The Company's business strategy is to support PartnerRe's overall strategy by providing clients the option to place business classified as insurance with PartnerRe. The Company is not actively pursuing an independent growth strategy of its insurance business in line with the Group's overall commitment to being a pure-play reinsurer who does not compete with its insurance clients. The Company focuses on sophisticated insurance buyers such as large corporations and multi-nationals who need to place large sums insured, multi-location business or complex risks, typically as co-insurance. The Company does not underwrite retail insurance business.

Towards the end of 2019, and in line with its business strategy, the Company identified an acquirer for its Casualty Wholesale portfolio. The Wholesale segment targeted retail clients and was placed in run-off in 2016 after the acquisition of PartnerRe by EXOR. The Company entered into a 100% reinsurance agreement for this book of business until the completion of the transfer to the acquirer. High Court approval for the Wholesale business transfer was obtained with the effective date of the transfer being 31 October 2020. Following this approval the business was transferred to the acquirer and all obligations between the two parties were settled.

In 2020 the Company stopped writing direct and facultative engineering business in order to be consistent with the PartnerRe group's strategic focus on reinsurance and reinsurance-like solutions.

At the end of 2018, the Company ceased binding business in the U.K. branch, due to the low volume of business written and in preparation for Brexit.

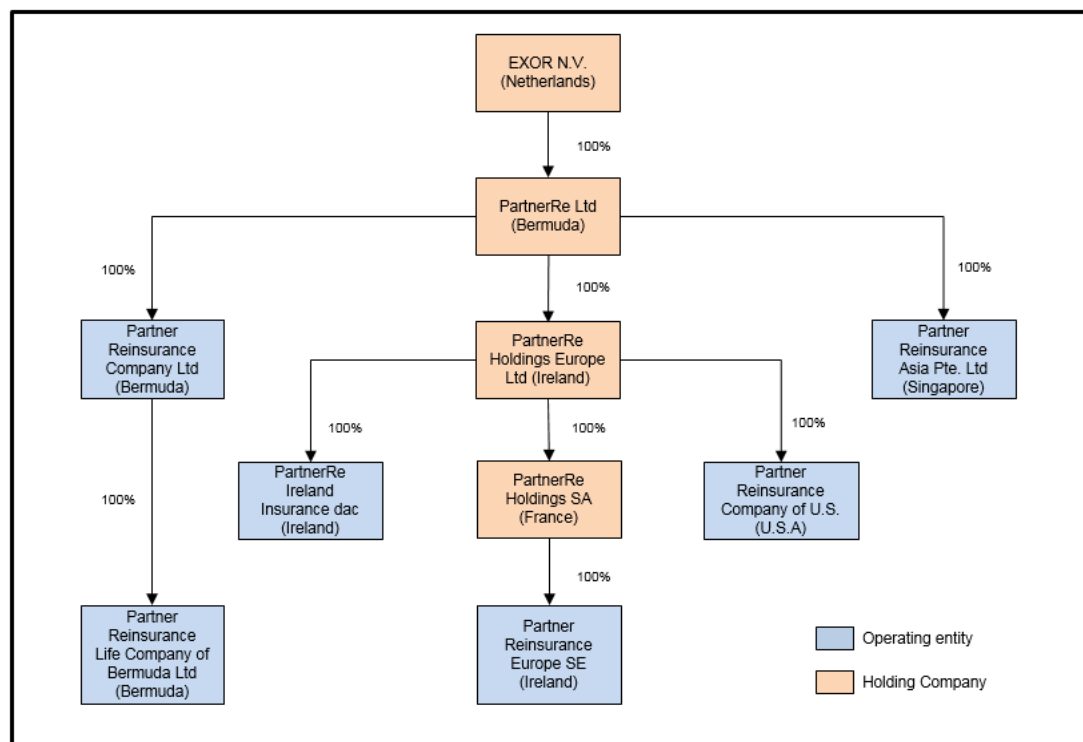
The Company secured a temporary permission in 2019 under the U.K. Temporary Permission Regime (TPR), which secured the Company's access to the U.K. market throughout the term of the TPR. In January 2020, the E.U./U.K. Withdrawal Agreement was subsequently approved by both the U.K. and E.U. Parliaments. This agreement secured the Company's access to the U.K. market (pursuant to the agreed Transitional Period) throughout 2020 under the existing E.U. regulatory framework.

Effective 1 January 2021, the U.K. Branch is subject to U.K. specific regulations as a result of the exit of the U.K. from the E.U. These regulations are in addition to existing CBI requirements. These regulatory requirements will increase over the course of 2021 and 2022 and will require the Company to file regulatory returns for its U.K. operations and business with the Prudential Regulatory Authority. To date, the Company has established a U.K. Branch Oversight Committee and adopted Branch-level policies to satisfy these U.K. requirements. Under the TPR, the Company is required to hold on deposit in the U.K. a sum equal to 25% of the absolute floor of the MCR (€3.7m) from 31 December 2020.

The Company is regulated by the CBI, New Wapping Street, North Wall Quay, Dublin 1, Ireland.

The Company's external auditor is EY, Chartered Accountants and Statutory Audit Firm, EY Building, Harcourt Centre, Harcourt Street, Dublin 2, Ireland.

The following diagram is a simplified Group structure and includes the material related reinsurance and insurance entities in the PartnerRe Group:



Group companies are located in various jurisdictions, principally in Bermuda, U.S., Switzerland, France, Singapore and Ireland, and provide services (including inter alia, Human Resources, Investment Management, I.T. and Claims) to various operating companies within the Group, including the Company.

A.2. UNDERWRITING PERFORMANCE

The tables below outline the Company's underwriting performance by Solvency II lines of business for 2020 and 2019:

	Marine, aviation and transport	Fire and other damage to property	General liability	Credit and suretyship	Total
2020	€'000	€'000	€'000	€'000	€'000
Gross premium written	18,494	66,336	88,614	328	173,772
Net premium written	1,792	8,740	10,707	49	21,288
Net premium earned	2,636	7,706	9,145	43	19,530
Net claims incurred	2,164	1,735	2,510	36	6,445
Acquisition costs (including overriding commission income)	(1,520)	(3,123)	(1,997)	(20)	(6,660)
Technical result	1,992	9,094	8,632	27	19,745
Administrative expenses	901	2,632	3,125	14	6,672
Investment expenses	38	112	133	2	285
Total underwriting result	1,053	6,350	5,374	11	12,788

	Marine, aviation and transport	Fire and other damage to property	General liability	Credit and suretyship	Total
2019	€'000	€'000	€'000	€'000	€'000
Gross premium written	25,748	43,073	104,410	209	173,440
Net premium written	3,933	5,807	10,369	31	20,140
Net premium earned	3,608	4,100	10,284	20	18,012
Net claims incurred	1,392	3,162	7,227	16	11,797
Acquisition costs (including overriding commission income)	(1,510)	(1,906)	(2,919)	(9)	(6,344)
Technical result	3,726	2,844	5,976	13	12,559
Administrative expenses	1,307	1,485	3,726	7	6,525
Investment expenses	36	41	102	—	179
Total underwriting result	2,383	1,318	2,148	6	5,855

The presentation of the above tables is in line with Quantitative Reporting Template (QRT) S.05.01.02 which is included in the annex to this report. Refer to this QRT for a further breakdown by the above lines of business. The marine, aviation and transport line of business includes marine, aviation and energy offshore exposures. The fire and other damage to property line of business includes exposures from property, engineering and energy onshore risks. The general liability line of business includes exposures from casualty risks. The credit and suretyship line of business includes exposures from credit & surety risks.

Marine, aviation and transport

Gross premiums written for the year ended 2020 were €18.5 million, this represents a decrease of €7.3 million when compared to the year ended 2019. The decrease reflects premium exposure adjustments resulting from the current economic downturn in aviation and run-off of energy offshore business.

Net premiums earned for the year ended 2020 were €2.6 million, representing a reduction of €1.0 million year-on-year. This reduction was mainly driven by the factors mentioned above for gross premiums written, partially offset by an increase in premiums earning from prior underwriting years in aviation.

The underwriting result was €1.1 million for the year ended 2020. This represents a decrease of €1.3 million when compared to prior year. The decrease in the result was driven by the reduction in premiums in 2020, as well as an increase in the net claims ratio driven by favourable development in energy offshore business during 2019.

Fire and other damage to property

Gross premiums written for the year ended 2020 were €66.3 million, representing an increase of €23.3 million when compared to the year ended 2019. This increase was mainly driven by new business and premium increases in property and energy onshore lines of business.

Net premiums earned for the year ended 2020 were €7.7 million, this represents an increase of €3.6 million compared to prior year. This increase was also mainly driven by new business and premium increases in property and energy onshore lines of business.

The underwriting result was €6.4 million for the year ended 2020. Year-on-year this represents an increase of €5.0 million. This increase was driven by a combination of the increase in premium earned and a decrease in material event losses reported during 2020, mainly due to large loss events in energy onshore and engineering in 2019, partially offset by an increase in cat events in property in 2020.

General Liability

Gross premiums written for the year ended 2020 were €88.6 million, representing a decrease of €15.8 million when compared to the year ended 2019. This decrease was mainly driven by the Wholesale business transfer and decrease in MGA business.

Net premiums earned for the year ended 2020 were €9.1 million, this represents a reduction of €1.1 million when compared to prior year driven by the Wholesale business transfer.

The underwriting result was €5.4 million for the year ended 2020. Year-on-year this represents an increase of €3.2 million. This increase was driven by a decrease in the claims ratio due to the release of Wholesale loss reserves, the recognition of a one-off deferred gain in relation to the Wholesale business transfer in 2020 and a decrease in material event loss due to a large representations and warranties claim in 2019.

Credit and Suretyship

Gross premiums written for the year ended 2020 were €0.3 million. The Company entered into an insurance arrangement with the International Finance Corporation (IFC) of the World Bank Group who wrote a small amount of credit business during 2018, 2019 and 2020.

Expenses Incurred

Administration, overhead and investment expenses are allocated across the different lines of business on the basis of gross earned premium.

Net acquisition cost was a positive €6.6 million compared to €6.3 million in 2019 with the increase primarily driven by a decrease in costs related to the Wholesale business and an increase in override commission received on the quota share with Partner Reinsurance Europe SE (PRESE).

Operating expenses were in line with 2019 at €6.5 million, slight increase mainly due to higher expenses recharged from related entities, partly offset by a decrease in compensation costs and lower outsourcing, consulting and professional fees.

Geographical Analysis

2020	Ireland	Top 5 countries by location of insured					Other	Total
		United States	United Kingdom	Germany	Australia	Canada		
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross premium written	174	114,295	32,063	4,963	3,986	3,854	14,437	173,772
Net premium written	19	14,252	3,804	500	522	483	1,708	21,288
Net premium earned	24	12,609	3,518	446	448	384	2,101	19,530
Net claims incurred	52	893	(359)	222	145	126	5,366	6,445
Acquisition costs (including overriding commission)	(699)	(3,732)	(643)	(278)	(183)	(169)	(956)	(6,660)
Technical result	671	15,448	4,520	502	486	427	(2,309)	19,745
Administrative expenses	8	4,308	1,202	152	153	131	718	6,672
Investment expenses	—	184	51	6	7	6	31	285
Total underwriting result	663	10,956	3,267	344	326	290	(3,058)	12,788

2019	Top 5 countries by location of insured							Other	Total
	Ireland	United States	United Kingdom	Australia	Netherlands	Germany			
	€'000	€'000	€'000	€'000	€'000	€'000			
Gross premium written	428	111,384	32,511	5,184	5,037	4,085	14,811	173,440	
Net premium written	50	12,718	3,376	672	750	620	1,954	20,140	
Net premium earned	67	9,270	3,974	640	723	623	2,715	18,012	
Net claims incurred	93	7,498	1,575	123	1,111	556	841	11,797	
Acquisition costs (including overriding commission)	(107)	(3,098)	(1,088)	(257)	(338)	(193)	(1,263)	(6,344)	
Technical result	81	4,870	3,487	774	(50)	260	3,137	12,559	
Administrative expenses	24	3,359	1,440	232	262	226	982	6,525	
Investment expenses	1	92	40	6	7	6	27	179	
Total underwriting result	56	1,419	2,007	536	(319)	28	2,128	5,855	

The presentation of the above tables is in line with QRT S.05.02.01 which is included in the annex to this report.

Given the nature of the commercial insurance business, where the location of the insured is not representative of the location of the risk, the Company does not manage its underwriting result by geography.

Risk mitigating techniques

For detail of the Company's risk mitigation techniques during 2020 see section C of this report. As outlined in section C, the most significant reinsurance agreements that the Company has in place are on a proportional basis and therefore share in the underwriting results of the Company.

Reinsurance has a significant impact on the underwriting result of the Company, with the 85% quota share contract with PRESE being the most material.

The ratio of ceded premium written remained stable this year at 88% of gross premium written during the year with 85% being ceded through the quota share agreement with PRESE and the remainder relating to external protections and the stop loss agreement with Partner Reinsurance Company Ltd. (PRCL).

In Q4 2019 the Company entered into a 100% reinsurance agreement for its Wholesale Casualty book of business which mitigated the risk associated with it. The reinsurance agreement was in place until the book was fully transferred following High Court approval effective 31 October 2020. Following this approval the business was transferred to the acquirer and all obligations between the two parties were settled.

The Company's reinsurance contracts are market standard contracts with market standard terms and conditions. They offer full risk transfer and are legally effective and enforceable. See section C for detail of how the Company monitors the credit risk associated with its reinsurance contracts.

A.3. INVESTMENT PERFORMANCE

The following table outlines the investment income and expenses for 2020 and 2019:

	2020	2019
	€'000	€'000
Interest income	1,263	1,885
Net realised gains	914	1,148
Net unrealised gains	1,193	1,955
Investment management and other related expenses	(284)	(199)
Total net of expenses	3,086	4,789

The Company's investments are entirely allocated to fixed income securities and accordingly interest income from fixed income securities accounts for all of the income arising from investments. The decrease in realised and unrealised gains in 2020 was primarily driven by volatile market movements, particularly in Q1 and Q2, due to COVID-19.

The Company did not recognise any gains or losses, with respect to its investment portfolio, directly in other comprehensive income (within equity) during the year as its portfolio is valued at fair value through profit and loss.

The Company did not have any investments in securitisations.

A.4. PERFORMANCE OF OTHER ACTIVITIES

The Company recognised a loss of €2.1m million (2019: loss €0.2 million) foreign exchange loss in the income statement from the revaluation of all balances held in currencies other than the functional currency of the Company.

The Company recognised a total income tax expense of €1.4 million (2019: €2.1 million) giving an effective tax rate of 9.9%. The effective tax rate is driven by the location of profits earned across the various tax jurisdictions in which the Company operates, along with the utilisation of tax losses across the tax jurisdictions.

B. SYSTEM OF GOVERNANCE

B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

The Company is categorised as Medium-Low under the CBI's Probability Risk and Impact System (PRISM) and is subject to the Corporate Governance Requirements for Insurance Undertakings 2015 (the Corporate Governance Requirements). The Company is satisfied that the corporate structures and practices pertaining to corporate governance as described in the Corporate Governance Requirements are operating effectively.

General governance standards and structure

The Board structure and responsibilities are set out in its Board Charter.

The Board are collectively responsible for promoting the success of the Company by directing, supervising and overseeing its affairs. The Board is responsible for:

- setting and overseeing the business strategy for the Company;
- setting and upholding the values and standards necessary to ensure that the Company's obligations to shareholders and other stakeholders are met;
- defining the corporate governance system and promoting the highest standards of corporate governance; and
- ensuring that the business of the Company is carried out in a prudent manner.

The Board is collectively responsible for acting in the interests of the shareholder and the Company in accordance with applicable legal and regulatory requirements. Each director's individual responsibilities are set out in their respective letters of appointment or contract. The Board comprises two Independent Non-Executive Directors (INEDs), one Executive Director (the General Manager) and three Non-Executive Directors (Group NEDs) who are employed within the Group but not by the Company. The Chairman of the Board is proposed for reappointment on an annual basis. The Chairman, in conjunction with the Company Secretary, ensures that all directors receive appropriate on-going training and are actively encouraged to further their personal development in matters relevant to the Company and its interests.

The Board has formed the following sub-committees:

- Audit Committee; and
- Risk Committee.

The General Manager (GM) has established an Executive Committee, called the Legal Entity Management Team (LEM).

The LEM is composed of the senior executive management and key function holders within the Company.

The LEM is responsible for developing an annual business plan which it recommends to the Board for approval, executing the strategy as set by the Board. In addition, the LEM has responsibility for the day-to-day management of the Company.

The Reserving and Capital Committee is a sub-committee of the LEM composed of the Head of Finance, General Manager (GM), Head of Actuarial Function (HoAF) and Chief Risk Officer (CRO). The sub-committee is responsible for the quarterly review and approval of the Solvency II returns and applicable Quantitative Reporting Templates (QRTs) and for the year end review of the annual Solvency II returns and applicable QRTs and their recommendation to the Board for approval.

The Legal Entity Branch Managers' Committee is a sub-committee of the LEM and is composed of the General Manager, Branch Managers, Head of Finance, CRO and the Head of Compliance. The sub-committee's main responsibilities are: managing issues arising from the day-to-day operation of the branches, the commercial performance of the branches. reviewing market trends arising in each jurisdiction, legal and regulatory

developments that impact the operation of the branches and any risk incidents/events occurring in the quarter at a branch level.

The Company has established the U.K. Branch Oversight Committee to oversee the operation of the business it conducts in the U.K. This committee fulfills the role of the Governing Body as defined in the Prudential Regulatory Authority's Rulebook for third country branches. The Committee is composed of the GM, the U.K. Branch Manager and key function holders.

Key elements of the Company's system of governance

Governance and oversight

The Board is ultimately responsible for the Company's system of governance and internal control. The Company's governance approach is to ensure there is a clear organisational structure in place with well defined, transparent and consistent lines of defence responsibility (see organisational structure chart below).

The Board is supported in this regard by the Company's LEM and its Audit Committee and Risk Committee. The shared cross membership between the LEM and the Risk Committee, as well as between the Audit Committee and the Risk Committee serves to enhance the Board's consideration of risk related issues.

In addition, the Company has a clearly defined structure of key functions (comprising of Risk Management, Actuarial, Finance, Internal Audit and Compliance) who report to the Committees, as appropriate, on a quarterly basis. The Company's General Manager has oversight of all activities of the Company (including the U.K. branch).

The Board sets the overall strategy of the Company in line with the strategy of the Group and risk strategy, which is reviewed annually. It also sets the Company's risk appetite and risk limits annually, or more frequently if warranted, in light of the Company's risk strategy and overall strategy. In this context the Board seeks to ensure there are sound risk management processes to effectively identify, manage, monitor and report on the risks to which the Company is exposed.

The matters specifically reserved for the Board are set out in the Company's Delegation of Authority Policy in Schedule I (Reserved Powers). This policy is approved by the Board annually.

Authority and independence of key functions

The Company possesses the key functions of Risk Management, Actuarial, Finance, Internal Audit and Compliance. Risk Management, Actuarial, Finance and Compliance functions have a dotted reporting line to the GM. Internal Audit reports to the Audit Committee.

Risk Management function

The Risk Management function, under the direction of the CRO, has independent oversight of risk management activities including identifying, assessing, monitoring and reporting existing and emerging risks. The Risk Management function will monitor the risk profile of the Company's position against risk appetite statements and tolerances and report deviations in line with agreed reporting procedures.

The CRO and Risk Management function report to the Risk Committee and the Board. The CRO is also a member of the LEM.

Actuarial function

The Company has a Head of Actuarial Function. The HoAF is a member of the LEM and has specific responsibilities under Solvency II legislation. The Actuarial function is responsible for providing actuarial services to the Company and preparing the IFRS numbers.

Actuarial services generally relate to the determination of technical provisions (TPs) and the provision of advice and opinions in respect of Capital Management, Underwriting and Retrocession with respect to the Own Risk and Solvency Assessment (ORSA), Actuarial Reports Technical Provisions (ARTPs) etc.

Finance function

The Company's Finance function (which is led by the Company's Head of Finance, who is also a member of the LEM) has responsibility for:

- the accuracy of the Company's IFRS financial reports and quarterly/annual statutory filings;
- compliance with relevant accounting policies and standards, as well as Company Act requirements;
- compliance with its regulatory financial reporting obligations to regulators;
- monitoring of solvency ratios and calculations; and
- ensuring that sufficient capital is maintained to meet business and regulatory requirements.

Internal Audit

Internal Audit is an independent evaluation and appraisal function reporting to the Board through the Audit Committee. Internal Audit examines and evaluates the functioning of the internal controls and other elements of governance and provides independent assurance over the operations of the Company. Internal Audit's responsibilities are set out in the Internal Audit Charter.

The Head of Internal Audit attends LEM meetings on at least a quarterly basis.

Compliance function

The Compliance function's main responsibilities are to identify and assess the possible impact of any changes to the applicable laws and regulations on the Company. It also provides assurance to the Board on the adequacy of measures that have been taken by the Company to comply with applicable regulations. The Company's Compliance function is led by the Head of Compliance who is a member of the LEM.

The Head of Compliance is independent and has formal status within the Company. The Head of Compliance reports on a quarterly basis to the Board and also to the Audit Committee and Risk Committee, as necessary.

Material changes in the governance of the Company in 2020

Changes in Board membership

One Independent Non-executive Director (INED), one Non-executive Director (NED) and one Executive Director resigned from the Board during the course of the year. One INED and one NED were appointed to the Board during the year.

Establishment of new Committees

The Company has established the U.K. Branch Oversight Committee to oversee the operation of the business it conducts in the U.K. following the departure of the U.K. from the European Union.

Material transactions

There were no transactions during the reporting period with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the Board other than:

- Directors' fees paid to INED's;
- Intra-group transactions in the normal course of business; and
- Remuneration paid to Executive and NED's.

Processes for monitoring the effectiveness of the system of governance

The Company's governance structure covers a wide range of processes across the Company which are listed below and further referenced and explained in this report. The report highlights the clear and consistent procedures in place for monitoring these governance arrangements and these are adapted where necessary in accordance with changing requirements.

Board governance and oversight

As mentioned above, the Board, with the assistance of its Audit and Risk Committees and the LEM, provides the Company with strategic direction, risk controls, financial oversight, investment policy and corporate governance with access to additional expertise from the PartnerRe Group should it be required.

Role of Board Committees

The Board has established two Committees, the Audit Committee and the Risk Committee, which have responsibility for and authorisation to identify any issues within their scope of control and escalate such issues to the Board along with recommendations. The Board, however, has ultimate responsibility for all matters.

The Audit Committee

The Audit Committee has been established to oversee the Company's financial reporting process and the internal control environment on behalf of the Board. The Audit Committee is governed by an Audit Committee Charter.

The Audit Committee has four main objectives:

- Review of the Company's financial reporting process;
- Review of the integrity of the Company's financial statements;
- Review of the effectiveness of the Company's internal control environment and I.T. systems; and
- Review of the performance of the Company's Internal Audit function and of the external auditors.

The Risk Committee

The Board delegates certain risk management responsibilities to the Risk Committee. The responsibilities of the Risk Committee are specified in its Charter and include, but are not limited to:

- Providing assurance on the effectiveness of the Risk Management Framework (RMF);
- Reviewing risk reports and escalating risk matters to the Board as appropriate;
- Monitoring adherence to risk appetite;
- Overseeing the Risk Management function;
- Advising the Board on capital modelling matters; and
- Advising the Board on all risk related matters.

Review of Board and Committee Roles and Responsibilities

The roles and responsibilities of the Board and its Committees, as outlined under their respective Charters, are reviewed and updated at least annually.

Assessment of Board and Committee performance

The Board formally reviews its overall performance and that of its individual directors, relative to the Board's objectives, on an annual basis. This includes a review of the Audit Committee and the Risk Committee in relation to their respective performances. During the first quarter of 2019 the Board and Committees carried out a detailed gap analysis of the respective Charters. A detailed management information (MI) assessment template was also developed in the first quarter of 2019 to include each responsibility set out in the Board and Committee Charters. The findings from the gap analysis and MI assessment were agreed with the Board and Committee members and

were implemented in 2019. Due to significant improvements observed in the gap analysis in 2019 the Board and Committees agreed to conduct the assessment every two years going forward.

During 2020, each director performed a self-assessment whereby he or she evaluated his or her performance against a range of key performance indicators. In addition, each director completed an annual Board Evaluation reviewing the overall performance of the Board and that of individual directors, relative to the Board's objectives.

Compliance reporting

The Board receives quarterly updates from the Company's Compliance function in respect of the activity of the Compliance function in the quarter. As part of this report, details of new regulatory and legal requirements and the assessed impact that they will have on the Company are provided to the Board. In addition, the report provides details of any compliance monitoring activity that has taken place in the quarter concerned. Such reporting is designed to provide the Board with sufficient comfort that the Company has complied with all requisite regulatory and legal requirements and where necessary to highlight any occasions on which the Company has deviated from such requirements.

Internal Audit plan

The Board, with the assistance of the Audit Committee, monitors the effectiveness and adequacy of the Company's internal controls (including the Company's financial reporting process) and I.T. systems through reports received from the Internal Audit function as per Internal Audit's plan. The Board and the Audit Committee review and approve the Internal Audit plan on an annual basis.

Adherence to Group and Company policies, guidelines and procedures and use of Group functions

The Board satisfies itself as to the appropriateness of compliance with Group policies and Group functions for the Company and in particular that these policies and functions take full account of local business needs, Irish laws and regulations and the supervisory requirements of the CBI. Where necessary, Company specific guidelines are put in place in addition to the Group policies, to ensure compliance with local business needs and laws, regulations and supervisory requirements.

Annual review and approval process in respect of the Company's audited Financial Statements and Directors' Report and Solvency and Financial Condition Report

The Board, with the assistance of the Audit Committee, annually undertakes a detailed review of the Company's audited Financial Statements and Directors' Report and Solvency and Financial Condition Report (SFCR). Prior to this review, a number of meetings outside of the Audit Committee and Board meetings are held to ensure the accuracy of the detail contained in the Financial Statements and Directors' Report, and the SFCR. The stakeholders of these meetings are the external auditors, Audit Committee members, members of the LEM and Internal Audit. A formal governance process supports all pre-Audit Committee meetings.

Financial reporting framework

The Company's overall financial reporting framework sets out the processes and controls regarding the preparation, presentation and filing of all requisite financial reports, including CBI reporting.

Delegation of responsibilities, reporting lines and allocation of functions

Where permissible under legislation and regulation, the Board has delegated certain authorities and activities, notwithstanding that the Board is ultimately responsible for those delegated authorities and activities.

Such delegation is documented by way of the Board's Delegation of Authority Policy which sets out the powers reserved to the Board and those delegated by the Board to its Committees, the Company's General Manager or LEM as appropriate. All matters not specifically reserved for the Board and not already delegated by the Board (as listed under the Delegation of Authority Policy), which are necessary for the day-to-day management of the Company, are delegated to the General Manager.

Delegation to the Audit Committee and the Risk Committee is reflected in the Charters for those Committees.

The Delegation of Authority Policy and the Committee Charters are reviewed and approved by the Board on an annual basis. Outside of the said review and approval process, the Board may add to such delegations at any point (a) by way of a resolution made at a Board meeting which is recorded in the Board meeting minutes or (b) by way of a written resolution. Notwithstanding such delegations, any matters with the potential to have a material impact on the reputation of the Company are brought to the attention of the Board.

Key delegations include underwriting authority, which is delegated in accordance with the Company's underwriting guidelines (approved annually by the Board) to the heads of the various underwriting departments and thereafter to identified underwriters in accordance with procedures set out in the said underwriting guidelines and the specific departmental underwriting guidelines. The Board has delegated ultimate underwriting decisions to the General Manager in cases where a referral must be escalated under the relevant underwriting guidelines.

The Group operates on a business unit basis and therefore the persons responsible for Company functions (the CRO, Compliance Officer, Head of Finance, HoAF) report within the overall Group structure with a dotted reporting line to the Company's General Manager. In addition, the Company relies on affiliated support functions to provide a full complement of functions (e.g. an affiliated Claims function and Investment Management function).

The Board requires that all policies, processes and controls applicable to the Company equally apply to its branch in addition to any local legal and regulatory requirements. Arrangements for business continuity and contingency planning similarly extend and apply to the branch. The job descriptions for these functions set out clearly the reporting structures, so as to ensure the reporting lines within the Company are uncompromised. The PartnerRe Subsidiary Corporate Governance Principles as approved and adopted by the Board also sets out roles and responsibilities of each key function.

All key functions such as Risk Management, Actuarial, Finance, Internal Audit and Compliance have established frameworks within which they operate. These are independent of business units and have the authority to operate effectively. The Internal Audit function is independent of the Company.

The Board is responsible for approving Pre-Approval Controlled Functions (PCFs) which provides the Board with further insight on resources and adequacy of experience. In addition, the General Manager provides an overview of resources, where appropriate. The Internal Audit function reports on resources across the Company (including the Internal Audit function) when carrying out an audit of a particular business unit/department.

Board structure, composition and committees

The performance of the Board (individually and as a whole) is reviewed annually and its composition (including consideration of the balance of experience and independence required) is reviewed at three-yearly intervals.

The General Manager is the sole Executive Director.

The Board's Audit and Risk Committees provide support and expert advice to the Board together with recommendations for Board decisions in all areas that the Board may require.

The Audit Committee is chaired by an INED. Each Committee is chaired in accordance with the Committees' respective Charters. The said Charters set out more specifically the composition, terms of reference and modus operandi of each Committee.

The Audit Committee oversees the financial aspects of the Company, including the statutory and regulatory reporting processes. It is responsible for liaising with the external auditors and reviewing their independence and it manages and oversees the work carried out by Internal Audit. The Audit Committee reviews the effectiveness and adequacy of the Company's system of internal controls.

The Risk Committee, in conjunction with the CRO, oversees the management of risk within the Company. Accordingly it oversees the underwriting processes and, in particular, the development of the Company's risk appetite. There is significant liaison with the Company's CRO (who reports to the Risk Committee and the Board on a quarterly basis) and the Company's Actuarial function (for example in respect of the Company's Risk Management Function and ORSA process). The Risk Committee ensures the risk appetite is appropriate given the nature, scale and complexity of the organisation.

The Board and its Committees meet quarterly and at such other times as deemed necessary to discharge their respective roles and responsibilities effectively. Board and Committee members are required to devote such time as deemed necessary to understand the issues to be discussed. The Company Secretary issues Board and Committee packs to Board and Committee members one week in advance of meetings and maintains a formal record of Board and Committee proceedings. The minutes of each Board and Committee meeting contain sufficient detail to evidence Board attention and document the decisions (including dissenting or negative votes), discussions and points for further action.

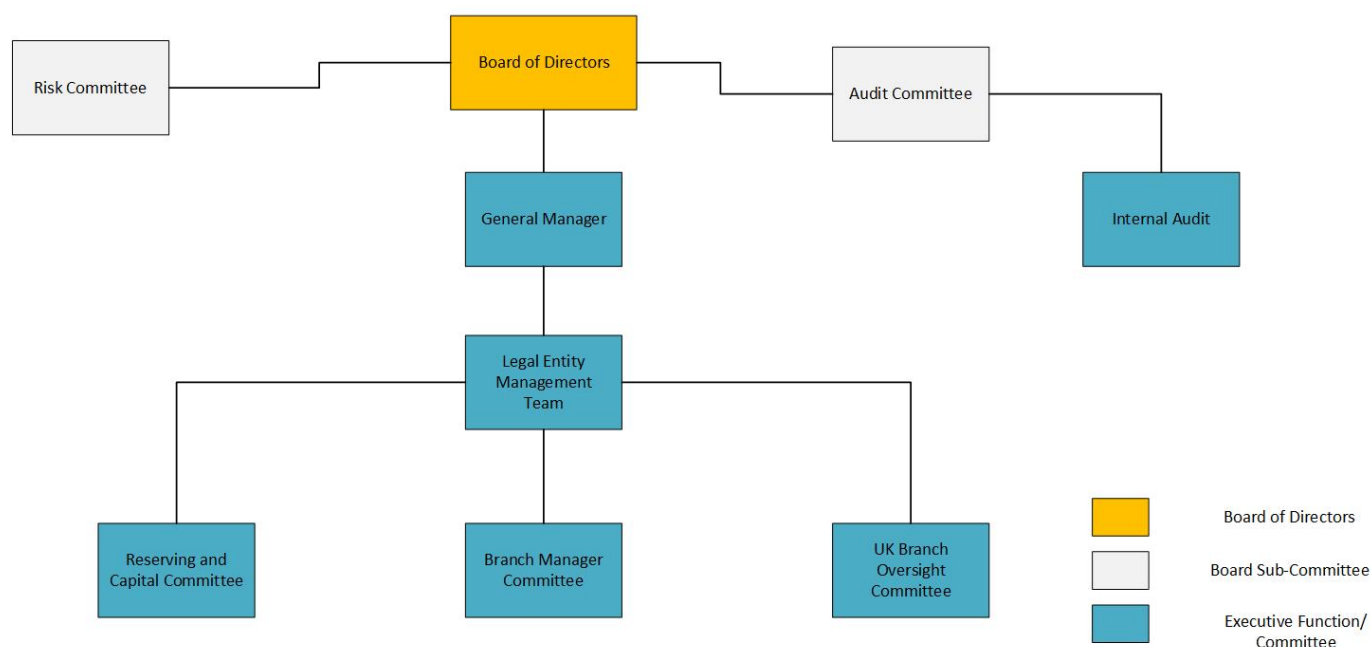
The Board has the authority to retain external counsel, expert advice and other advisors deemed necessary for the proper oversight of the Company.

A formal process has been approved by the Board which sets out the steps for making material decisions at Board level. A material decision is any decision of substantial importance or consequence to the Company. Actions logs, covering all open discussion items for the Board and Committees, have been developed and are brought forward into each relevant meeting.

Company structure

The Company structure set out as follows outlines the Company's various functions. This structure is appropriate for the planning, executing, controlling and monitoring of business operations in order to achieve the Company's objectives.

Company Organisation Chart



Remuneration policy

The Remuneration policy is approved by the Board. It is the intention of the Company to ensure that the ways in which it remunerates its employees, officers and directors meets with good practice standards as well as applicable regulatory requirements. The Company does not have any direct employees.

The Remuneration Policy is designed to meet the following objectives:

- Align the long-term interests of the Company's participants and shareholders;
- Deter excessive risk taking;
- Establish competitive pay levels on a total compensation basis;
- Clearly link pay with performance;
- Provide flexibility in form and structure to meet individual time horizons;
- Demonstrate good governance and corporate responsibility; and
- Encourage the retention of the Company's participants.

The Board considers the following structure of remuneration to be appropriate, in the context of the Company's activities and the applicable regulatory requirements:

- The philosophy is to remunerate at the median of the appropriate market;
- Remuneration is comprised of base salary and variable remuneration; and
- Local requirements relating to remuneration structures will be respected as appropriate.

With regard to the remuneration of its INEDs the Company's policy is that, in keeping with their duty of independence, they shall be remunerated by a fixed fee only, and no incentive-based payments will be made.

It is the Company's policy that NEDs who are employees of the Group receive no remuneration for their duties as directors of the Company.

The variable components of remuneration are annual incentive and Long-Term Incentive (LTI) awards. The annual incentive is a variable, performance-based component of compensation. Each employee has a target annual incentive payment, which is set as a percentage of base salary. The actual payment is then based on a combination of business unit performance, individual performance and overall Group performance. The target metrics are set by Group each year.

Pension entitlements are typically paid on a contribution basis and are based on a percentage of the participant's base salary depending upon competitive local market practice and vesting provisions meeting legal compliance standards and market trends. There is also a hybrid pension plan, which contains elements of a defined benefit and defined contribution plan.

B.2. FIT AND PROPER POLICIES AND PROCEDURES

As an insurance undertaking authorised by the CBI, the Company is subject to the CBI's Fitness and Probity Standards (Fitness and Probity). The Company has procedures to determine which roles fall under the F&P Standards and to collect and collate information to evidence compliance with the F&P Standards.

The Company's F&P Policy (the Policy) governs the Company's fitness and probity procedures. This is reviewed and approved annually by the Board.

These procedures provide a mechanism for ensuring that all relevant individuals meet and continue to meet, the Fitness and Probity Standards and fulfil any training obligations. The Policy and the procedures cover:

- New appointments of individuals performing PCFs and Controlled Functions (CFs);
- Internal PCF and CF transfers and promotions;
- Outsourcing of PCFs and CFs;
- On-going due diligence of individuals performing PCFs and CFs; and
- Potential consequences if a PCF or CF does not meet or no longer meets the F&P Standards.

As part of the Company's fitness and probity procedures, the Board endorses the appointment of individuals performing PCFs within the Company and those who may have a material impact on the risk profile of the Company (being the Company's General Manager, Head of Finance, CRO, Head of Internal Audit, Head of Compliance,

HoAF, Head of Underwriting, Head of Investments and Head of Claims). All Board Directors (incorporating Board and Committee Chairs) are categorised as PCFs.

The Company maintains records in relation to individuals performing PCF or CF roles on behalf of the Company. The records include evidence of the due diligence undertaken in respect of that individual prior to their appointment and evidence of the PCF's and CF's ongoing compliance with the F&P Standards. Annual due diligence of each Company PCF and CF is also conducted by completion of a detailed Annual Certification, which is reviewed by the Head of Compliance. Results of the due diligence are recorded.

The due diligence undertaken requires the Company to analyse the competencies and the degree of probity required to discharge a particular function (and whether the responsibilities of the function fall into a PCF or CF category) and ensures the relevant expertise, qualifications and background of the individual meets this criteria. If deemed necessary, relevant and comprehensive training is carried out in conjunction with the PCF or CF appointment process to ensure that an individual is fit and proper to perform the role.

B.3. RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT

The Company has implemented a Risk Management Framework which sets out the key components of its risk management system: risk governance and controls, risk identification and assessment, risk appetite, Own Risk and Solvency Assessment and monitoring and reporting.

Three Lines of Defence

The Company operates with a three lines of defence model. The first line of defence owns and manages risks and is responsible for implementing internal control measures to ensure compliance with all applicable laws and regulations. The second line of defence comprises of the Compliance and Risk functions and the HoAF. They are responsible for:

- Developing risk management frameworks and policies;
- Identifying, assessing and communicating known and emerging issues and risks;
- Identifying shifts in the Company's risk profile;
- Communicating compliance and regulatory risk scenarios;
- Assisting management in developing processes and effective controls to manage risks;
- Monitoring the implementation of risk management processes and internal controls;
- Monitoring the adequacy and effectiveness of internal controls;
- Proactively testing and monitoring high risk areas to ensure policies and procedures are being implemented properly;
- Providing guidance and training on risk management processes; and
- Managing the timely remediation of deficiencies.

The third line of defence is Internal Audit and responsible for providing oversight and independent assurance to the Company.

Risk governance and controls

The Risk function consists of the CRO and the supporting Risk Management team. The CRO and the Risk Management team collaborate with and are supported by Risk Management resources in other Group entities. Within the Company, the CRO has a dotted reporting line to the General Manager and reports directly to the Risk Committee and the Board.

Responsibilities of the Board and its Committees are set out in section B.1. Specific responsibilities of the Board include setting the overall risk appetite and risk limits, overseeing and reviewing the key risks of the Company, approving the risk strategy, the RMF, risk policies and the ORSA, and promoting a culture which is conducive to effective risk management.

The Company's risk policy framework addresses groups of homogenous and related risks and establishes risk management approach, risk appetite, mitigation principles, risk ownership, governance and escalation procedures. Individual risk policies are supported by sub-policies and operating guidelines. The risk policy framework consists of Group and Company risk policies which are reviewed and approved at least annually.

The Company uses PartnerRe's internal control application system Archer to document internal controls and manage its risk register. Controls and other risk management actions are performed by process owners within the business units and support functions throughout the year. Internal Audit conducts audits which test the controls to ensure appropriate design and operational effectiveness.

Risk identification and assessment

The CRO coordinates and performs an annual risk identification and assessment process to assess the Company's risks and identify any new or emerging risks and important trends. This process facilitates the setting of risk appetite by the Board and the management of material risks. In response to current events, ad hoc risk assessments of individual risks may also be conducted.

The Company's risks are structured in a risk universe which is constantly evolving in response to the evolving risk profile of the Company. The risk universe intends to capture all relevant material and potentially material risks. Each risk in the Risk Universe has a risk owner. The CRO monitors the risk profile on an ongoing basis through interaction with the LEM and business leaders and through participation in relevant Group Committees.

At least annually, a risk identification workshop is held with the LEM to review the Company's risk universe and ensure that all material and potentially material risk categories are captured. Separately, an annual emerging risk workshop is held with the LEM and business unit leaders to discuss and identify emerging risks for the Company. Any new risks identified are assigned a risk owner by the CRO in consultation with the LEM.

The CRO, in collaboration with the risk owners and other subject matter experts, assesses each risk of the Risk Universe at least annually. The individual risk assessments are documented and consider the regulatory, operational and control environment, key exposures, correlation with other risks and mitigation. For assumed risks, the tail loss potential is quantified. The individual risk assessments are stored in Archer and support the quarterly risk certification process of the first-line risk owners.

The CRO prepares an annual Risk Assessment Report (RAR) which summarises the individual risk assessments. The RAR is presented to the LEM for review and input and then discussed with the Risk Committee and Board. The RAR assists the Board in understanding the Company's risk profile and the setting of risk appetite and risk limits.

In the context of the COVID-19 pandemic which developed during 2020, risks to the Company's non-life and investment portfolios were assessed as part of COVID-19 monitoring within the management team and with the Board.

Risk appetite

Risk appetite is the overall level of risk the Company is prepared to accept in pursuit of its strategic objectives. Risk appetite, risk limits, capital level and reinsurance structure are considered and inform the setting of the Company's strategy and business plan.

Risk appetite is documented in the Risk Appetite Framework (RAF). The RAF is reviewed at least annually and approved by the Board. In setting its risk appetite, the Board considers stakeholder expectations alongside the business environment and risks including the current level of risk in the business plan and strategy.

Risk appetite is structured into Risk Appetite Statements and Risk Limits and Tolerances.

Risk appetite Statements

The Company defines risk appetite statements for all categories of its risk universe.

Risk limits and tolerances

The Company defines key risk indicators as quantitative or qualitative risk limits following a red-amber-green scale, covering the Solvency II solvency ratio, all material assumed risks as identified in the latest Risk Assessment and non-assumed risks and non-material assumed risks as considered appropriate.

The COVID-19 pandemic did not necessitate updates to the Company's RAF.

Own Risk and Solvency Assessment

The Company undertakes at least annually an internal assessment of its risk and solvency positions, and evaluates these against the business plan. The ORSA report builds on the Risk Management function activities throughout the year and aligns with the business planning and strategy setting process. The ORSA evaluates projected risk and solvency positions based on the three-year plan which in turn informs the planning process. The capital projections in the ORSA are based on projections of own funds and SCR according to the Standard Formula and the three-year business and investment plans. Projected capital adequacy is assessed against the Company's overall risk appetite and risk limits and tolerances.

The ORSA process encompasses the regular review of the ORSA policy and governance framework, the annual risk identification and assessment process, the review and continuous evolution of risk appetite and risk limits and tolerances, risk monitoring, and stress testing, reverse stress testing and capital projections. Stress testing is based on the Company's view of which risks are material.

Individual components of the ORSA process directly inform the Company's risk management system. The annual Risk Assessment informs the Company's risk monitoring as well as stress testing in the ORSA. The ORSA projections inform business planning, risk management and risk monitoring activities. The ORSA projections also inform capital management such as the design of the Company's retrocession programme or the identification of the need for capital injections.

The ORSA is prepared annually (or more frequently, if warranted) by the CRO, reviewed by the HoAF who documents his or her opinion, the LEM and the Risk Committee. The Board ultimately approves the ORSA. Following approval, the Company submits the ORSA to the CBI.

Elements of the ORSA process are also applied to large portfolio initiatives or in times of stress.

The stress testing in the 2019 ORSA was utilised to support the monitoring of downside risk during the COVID-19 pandemic. Although losses and a reduction in business volumes are conceivable, the Company does not expect to be significantly impacted by the COVID-19 pandemic.

Risk monitoring and reporting

Risk owners and the Risk function monitor risks on an ongoing basis through regular reports, interaction, participation in approval processes and management meetings.

The CRO reports on a quarterly basis to the Risk Committee and the Board. The quarterly risk report to the Risk Committee includes reporting on compliance with the RAF, risk certification by the risk owners, operational incidents and any other relevant developments such as changes in reinsurance structure.

In times of financial or operational stress, the LEM, the Risk Committee and the Board are updated on the Company's risk profile more frequently. More frequent monitoring and reporting was implemented during the COVID-19 pandemic through weekly and bi-weekly COVID-19 monitoring within the management team which included projections of the solvency position, updates on claims and market developments as well as stress testing, and monthly Board Information Sessions with the Board.

In December 2020, the Board advised to decrease the frequency of the COVID-19 monitoring to monthly given the strong solvency position of the Company.

B.4. INTERNAL CONTROL SYSTEM

The Company's internal control system is designed to adequately and effectively identify, manage, monitor and report on the risks the Company is or may be exposed to in order to secure compliance with applicable laws and regulations. It is also designed to detect and correct non-compliance in an efficient and effective manner.

The internal control system consists of a series of preventative and detective controls to prevent, mitigate and detect risk manifestation. The control system allows for escalation of control failures.

The Company will employ risk mitigation techniques as deemed appropriate to remove or reduce risks and remain within the stated risk appetite.

The Board ultimately oversees the internal control system and is supported by the Audit Committee. The Company's Compliance, Finance, Actuarial, Risk Management and Internal Audit functions are all key contributors to the governance and oversight of the Company's internal control system.

There are established robust internal controls in existence across each of these key functions in addition to the controls in place across all other areas, e.g. Underwriting, Claims, Investments and I.T.

Compliance function

The Compliance function is responsible for:

- advising the Company on applicable laws and regulation that apply to the Company as an authorised insurance company;
- providing training to staff, where necessary, on the laws and regulations applicable to the Company;
- identifying and assessing the possible impact of any changes to the applicable laws and regulations on the Company;
- providing assurance to the Board on the adequacy of measures that have been taken by the Company to comply with applicable regulations;
- managing the relationship with the Central Bank of Ireland and other financial services regulators; and
- maintaining the Company's operating licenses.

The Company's Compliance Framework comprises the tools that the Compliance function employ to meet its responsibilities. The Compliance Framework is comprised of the following elements:

- Compliance Watchlist
- Compliance Business Plan
- Compliance Monitoring Plan
- Compliance calendar
- Management and co-ordination of Compliance policies
- Training programme

Quarterly, compliance reporting to the Board includes, but is not limited to, the following:

- Pending or future regulations and legislation which will affect the Company and for which adequate time and resources shall be allocated to meet the requirements;
- Details of regulatory visits or significant contacts;
- Update on progress against the approved Compliance Business and Monitoring plans with particular reference to the adequacy of compliance resources; and
- Any other relevant information.

B.5. INTERNAL AUDIT FUNCTION

The Corporate Audit Group's (Internal Audit) mission is to provide the Audit Committee and Board with an independent appraisal function to assess the Company's internal control and operating environment so as to provide reasonable assurance that:

- operations are effective & efficient;
- financial reporting is reliable;
- there is compliance with laws & regulations;
- assets are appropriately safeguarded; and
- the Company's risk management policies are consistently applied as documented.

Annually, Internal Audit provides the Audit Committee with an overall assessment of the condition of the Company's internal control environment based on a risk-based internal audit program.

Internal Audit reports functionally to the Audit Committee in order to ensure independence. Internal Audit acts as the third line of defence. Internal Audit closely interacts with the second line of defence (e.g. Risk Management and Compliance) in relation to risk identification and risk assessment. Internal Audit leverages the work of the second line of defence when deemed appropriate from a governance and independence point of view.

Internal Audit regularly tests the Company's risk policies and the internal controls associated with the respective policies. The results of such testing are included in audit reports circulated to management and summaries of the results are provided to the Audit Committee.

B.6. ACTUARIAL FUNCTION

The Actuarial function is a key function of the Company's system of governance.

The Actuarial function is split into first line of defence and second line of defence. First line teams are responsible for production of reserves, performance of controls, monitoring of data quality, management of actuarial models, production of experience analysis and best estimate assumptions and documentation of these processes. Second line teams led by the HoAF provide an independent review and advice to management and the Board on data, models, methodologies and assumptions.

The Actuarial function's tasks are undertaken by a team who have the appropriate knowledge of actuarial and financial mathematics and experience, proportionate to the nature, scale and complexity of the risks present in the business.

The duties of the Actuarial function are under the responsibility the HoAF, a PCF 48 under the CBI's Fitness and Probity regime. The HoAF is a member of the Society of Actuaries in Ireland, with the relevant level of experience required for the role.

B.7. OUTSOURCING

The Company is part of a multi-national reinsurance group and as such the Company uses the expertise and resources from other Group entities and jurisdictions under a shared services model. The Company's outsourcing arrangements are predominately comprised of support provided via intra-group arrangements. These include support in relation to underwriting, business development and underwriting authorities, claims, regulatory legal and compliance, finance, internal audit and investments. The outsourcing of such services to intra-group affiliates falls within the scope of the Company's Outsourcing Framework. Activities provided by the Company's branch network and by way of secondments fall outside the scope of the Company's outsourcing framework.

The Company outsources certain critical or important functions to third parties in respect of underwriting and claims handling. The service providers to whom the Company outsources are based in Ireland, the U.K., the U.S. and Singapore.

The Company has adopted the Group Outsourcing Guidelines (the Guidelines) which establish the Outsourcing Control Framework and sets out parameters within which the Company can enter into outsourcing arrangements. The Guidelines are approved by the Board on an annual basis.

The Guidelines impose clearly defined roles and responsibilities and embeds ownership of outsourcing arrangements within the Company.

The Company's Outsourcing Control Framework is designed around the following key pillars:

- Due Diligence: materiality of all functions or activities considered for outsourcing are assessed and due diligence commensurate to the risks of the outsourcing is undertaken. Critical or important outsourcing arrangements are subject to more detailed consideration, examination and regulatory notification than non-critical outsourcing arrangements.
- Written Agreements: all outsourcing arrangements are evidenced by a written contract.
- Outsourcing Register: a register of outsourcings is managed by the General Manager and identifies, inter alia, the service recipient, service provider, service provider owner, description of services, whether the outsourcing is intra-group or third-party, materiality, location of service delivery, monitoring and oversight controls, confirmation that an agreement is in place, the services' commencement and termination date, due diligence undertaken and confirmation of service provider business continuity plans.
- Monitoring Oversight and Reporting: oversight controls and procedures are commensurate to the risks of the outsourcing in question and must be sufficient to facilitate appropriate oversight and supervision of the outsourcing by the service recipient owner, the Company's General Manager and the Company's Board. Oversight of outsourcing must also promptly identify any material changes, issues and or deficiencies.

The Company categorises controls in respect of its outsourcings as follows:

- Level 1: Local Company employee representation within the relevant business or support unit providing intra-group services to the Company;
- Level 2: Regular meetings between the service provider and the Company and the establishment of embedded communication channels;
- Level 3: Formal reporting from the service provider to the Company including, where appropriate, reporting directly to the Company's senior management team, Board and/or Audit or Risk Committees; and
- Other Bespoke Controls: Relevant for third party service providers according to relevant third party and type of service(s) outsourced.

Annual Review Process: On an annual basis, the Risk function assesses the relevant risks to the Company in respect of its existing and proposed outsourcing arrangements and confirms whether sufficient controls and procedures are in place to manage such risks and, where relevant, identifies any proposed recommendations to improve the Outsourcing Control Framework.

C. RISK PROFILE

The Company comprehensively identifies and assesses risks in the annual risk identification and assessment process, resulting in the Risk Assessment. Key risks identified in the Risk Assessment are regularly monitored by risk owners, the Risk function and in the Risk Committee. Details are included in section B.3 of this report.

The Company manages risk exposures in the individual underwriting and investment units with operating limits such as those expressed in the Underwriting and Investment Guidelines. There remains a chance that losses can exceed predefined thresholds, for example if multiple losses occur within the same year or if the Company's internal assessment of capital at risk for a single or multiple sources of risk proves insufficient. To reduce the chance of these unfavourable outcomes, the Company strives for a well-diversified and balanced book of business, applies and regularly monitors risk limits for material key risks, and manages its net position with reinsurance to internal and external counterparties and with other risk mitigation strategies.

Mitigation of underwriting risk by use of reinsurance

The Company uses external reinsurance agreements to reduce its exposure on certain underwriting risks assumed and to mitigate the effect of any single major event or the frequency of medium-sized events. These agreements provide for the recovery of a portion of losses and loss expenses from reinsurers.

The Company's external reinsurance agreements cover most of its non-life lines of business, and are bought on a proportional and non-proportional basis.

Reinsurers must be approved based on their financial condition and business practices, with stability, solvency and credit ratings being important criteria. Capacity limits per reinsurer are also put into place and monitored to mitigate counterparty credit risk.

The Company remains liable to its policyholders to the extent that the reinsurers do not meet their obligations under reinsurance agreements and is therefore subject to credit risk in all cases and to aggregate loss limits in certain cases. The Company holds collateral, securities and letters of credit under certain reinsurance agreements. Provisions are made for amounts considered potentially uncollectible and reinsurance losses recoverable from reinsurers are reported after allowances for uncollectible amounts.

The Company further mitigates assumed underwriting risk with the purchase of internal reinsurance cover from other Group companies. The reinsurance cover that the Company has in place with other Group companies as at 31 December 2020 can be summarised as follows:

- 85% quota-share with Partner Reinsurance Europe SE (PRESE) (90% where gross exposure exceeds 80% of its maximum allowable limit) (2015 to 2020 underwriting years);
- 70% quota-share with PRESE (2011 to 2014 underwriting years);
- 85% quota-share with PRESE (2010 and prior underwriting years);
- 100% line slip with PRESE (2010 underwriting year for business recommended by Paris Re, an affiliate company, which was merged with PRESE in 2010); and
- Stop loss agreement with Partner Reinsurance Company Ltd (PRCL). The stop loss cover attaches at a loss ratio of 120% with a limit of 870%.

The main objectives of this reinsurance cover are to reduce the capital requirements and associated cost of capital for the Company, to ensure the Company is in a position to be a well capitalised insurer for its clients, and to ensure the Company receives and maintains an appropriate rating from the rating agencies.

C.1. UNDERWRITING RISK

The Company underwrites non-life business within its main lines of business: aviation, energy, property and casualty, as well as some credit and agriculture.

The Company's business strategy is to underwrite a well-managed, well diversified, multi-class and worldwide insurance business that supports its clients' needs while ensuring that the Company retains underwriting discipline and focus on underwriting profitability.

In order to achieve that goal, the Company uses a number of tools and metrics which help to monitor and mitigate the risks inherent to its underwriting activities which are the core business of the Company:

- Underwriting and pricing guidelines;
- Underwriting and pricing processes and control; and
- Regular risk reporting on selected key risk indicators for material risks of the Company.

The Solvency Capital Requirement (SCR) in the Solvency II framework is based on a Value-at-Risk measure calibrated to a 99.5% confidence level over a one-year time horizon.

C.1.1. NON-LIFE INSURANCE RISK

Using the Standard Formula, the SCR for non-life underwriting risk is €24.1 million (2019: €25.4 million) on a pre-diversified basis, which is 44% (2019: 39%) of the Basic Solvency Capital Requirement (BSCR) before diversification. The SCR calculation is split into SCR for premium and reserve risk, SCR for lapse risk and SCR for catastrophe risks.

Sensitivity tests are conducted to assess the variability of the SCR for non-life underwriting risk.

The following sensitivities assess the impact on the SCR for non-life underwriting risk and Solvency II Own Funds to adverse deviations in net non-life best estimate liabilities; the impact on Own Funds shown in the table relates to the adverse deviation of reserves and corresponding increase of risk margin.

Adverse deviation of current net best estimate liabilities	Impact on SCR non-life underwriting risk	Impact on Own Funds (before tax):	Impact on SCR non-life underwriting risk	Impact on Own Funds (before tax):
€'m	2020 €'m	2020 €'m	2019 €'m	2019 €'m
10	+1	(11)	+1	(11)
20	+2	(22)	+2	(21)

The following sensitivities assess the impact of writing additional premium on the SCR for non-life underwriting risk.

Additional amount of net premiums underwritten	Impact on SCR non-life Underwriting Risk	Impact on SCR non-life Underwriting Risk
€'m	2020 €'m	2019 €'m
5	+1	+1
10	+1	+2

The Company's Risk Assessment identified natural catastrophe, terrorism, casualty and single-risk property lines as material non-life underwriting risks and monitors these risks in the Risk Committee and Board.

Natural catastrophe risk

Natural catastrophe risk is the risk that the aggregate losses from natural perils materially exceed the net premiums that are received to cover such risks. The Company considers both catastrophe losses due to a single large event and catastrophe losses that would occur from multiple (but potentially smaller) events in any year.

The Company measures exposure to natural catastrophe risk by peril-zone and at aggregate level. The modelling of individual peril-zones is reviewed and updated on a regular basis. The overall approach to risk measurement has remained unchanged. The Company has defined a key risk indicator for natural catastrophe risk in its Risk Appetite Framework (RAF) and monitors compliance with stated risk appetite on a quarterly basis in the Risk Committee.

The Company manages and mitigates natural catastrophe risk with monitoring of peril-zone and aggregate exposures, ongoing portfolio analysis and management as well as external and internal reinsurance.

Aggregate exposures have decreased during 2020 and are expected to increase again over the planning timeframe.

Terrorism risk

The Company is exposed to terrorism risk through its property and casualty lines of business. Terrorism risk is the risk of financial losses due to acts of terrorism.

Terrorism risk is a material risk for the Company with main exposures located in the U.S. The Company manages and mitigates terrorism accumulation risk with close monitoring of per-event exposures by location, the participation in several national terrorism pools and internal retrocession.

Top net exposures have not materially changed during 2020 but can vary from period to period depending on management's assessment on current market conditions. Top exposures are not expected to increase over the planning timeframe.

Casualty risk

The Company is exposed to casualty risk predominantly through transactional liability, professional indemnity and directors & officers insurance, located mostly in the US and written via Managing General Agents (MGA). Casualty risk is the risk that estimates of ultimate losses for long-tailed lines as outlined above will prove to be too low, leading to the need for reserve strengthening.

The Company measures casualty risk with metrics based on single-risk and aggregate exposures. The approach to risk measurement has remained unchanged. The Company has defined a key risk indicator for casualty risk in its RAF and monitors compliance with stated risk appetite on a quarterly basis in the Risk Committee.

The Company manages and mitigates casualty risk by following a disciplined underwriting process, with monitoring of per-risk exposures as well as external and internal reinsurance. Top exposures remained stable in 2020 and are also expected to remain stable over the planning timeframe.

The Wholesale Casualty segment targeting retail clients was put into run-off after the acquisition of PartnerRe by EXOR and has been sold effective 31 October 2020. All impacts including SCR projections have been reflected in the Company's Own Risk and Solvency Assessment (ORSA).

Single-risk property lines

The Company is exposed to single-risk property lines through its aviation, energy onshore, energy offshore, and property lines of business. The main exposure comes from risks such as explosion, fire, machinery breakdown and business interruption which could lead to individual large losses.

The Company measures exposure to single-risk property lines with a metric based on single-risk exposures. The approach to risk measurement has remained unchanged. The Company has defined a key risk indicator for casualty risk in its RAF and monitors compliance with stated risk appetite on a quarterly basis in the Risk Committee.

The Company manages and mitigates single-risk property lines with monitoring of per-risk exposures as well as external and internal reinsurance. Potential single-risk accumulations are monitored via the terrorism approach. Top exposures have slightly decreased during 2020 and are not expected to increase over the planning timeframe.

Concentration risk

The main area of concentration risk in non-life insurance arises from potential natural catastrophe and terrorism events. These potential concentrations of natural catastrophe risk are identified by mapping exposures of the Company to peril zones and modelling the potential aggregate losses.

Potential concentrations of terrorism risk are monitored and managed by a geospatial exposure analysis and the participation in various national terrorism pools.

C.2. MARKET RISK

The Company is exposed to financial risk through its financial and reinsurance assets and liabilities. The SCR for market risk, using the Standard Formula, on a pre-diversified basis is €15.4 million (2019: €15.7 million), which is 28% (2019: 24%) of the BSCR before diversification.

The Company's Risk Assessment identified interest rate, currency and credit spread risk as material market risks and monitors these in the Risk Committee and the Board.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument or reinsurance liabilities will fluctuate because of changes in market interest rates.

The Company manages its interest rate risk by monitoring the duration of its fixed income portfolio relative to the duration of its insurance liabilities so that the economic value of changes in interest rates has offsetting effects on the Company's assets and liabilities.

The Company is mainly exposed to an increase in the EUR yield curve. Exposures can vary over time as assets and liabilities change in line with investment and business developments.

Currency risk

Currency risk is the risk that the fair value or future cash flows of assets and liabilities will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from transactions and recognised monetary assets and liabilities which are denominated in a currency other than the functional currency of the Company.

The Company measures exposure to currency risk with scenario-based metrics on its net asset value position and with the currency SCR. The scenario-based approach has been further developed in 2020 to assess the impact on SCR in addition to the economic impact. The Company has defined a key risk indicator for currency risk in its RAF and monitors compliance with stated risk appetite on a quarterly basis in the Risk Committee.

The Company reviews and manages its net asset value position with a number of formal controls including Treasury review of the net asset value. Exposures can vary over time as assets and liabilities change in line with investment and business developments.

Assuming all other variables are held constant, as at 31 December 2020, a 10% adverse movement in the value of the Euro currency against all other currencies comprising the Company's Solvency II Own Funds would have resulted in a €5.3 million (2019: €4.2 million) fall in Solvency II Own Funds.

Credit spread risk

The Company defines credit spread risk as the risk of a significant widening of credit spreads resulting in realised or unrealised investment losses on the Company's standard fixed income securities (which include investment grade corporate bonds) which may result in economic losses to the Company.

The Company measures credit spread risk with metrics based on credit quality and duration of fixed income instruments. The overall approach to risk measurement has remained unchanged in 2020. The Company has introduced a key risk indicator for credit spread risk in its RAF and monitors compliance with stated risk appetite on a quarterly basis in the Risk Committee.

Spread risk is managed and mitigated with limits in credit quality and concentration to any single name or sector.

The Company's main exposure is to counterparties in the financial industry. Overall exposure has remained stable during 2020 and is expected to remain stable over the planning timeframe. Credit spread risk can change from period to period depending on market conditions and asset liability management actions.

Description of how assets have been invested in accordance with the 'Prudent Person Principle'

The Company employs a prudent investment philosophy. It maintains a high quality, well-balanced and liquid portfolio having a total return investment objective, achieved through a combination of optimising current investment income and pursuing capital appreciation. The Company's total invested assets were €150.6 million at 31 December 2020 (2019: €199.7 million); refer to section D.1. of this report for a breakdown by asset type. From a risk management perspective, the Company allocates its invested assets into two categories: liability funds and capital funds.

For the Company's portfolio, diversification of risks contributes to achieving the risk and return objectives of the Company. The Company's investment policy distinguishes between liquid, high quality assets that support the Company's liabilities, and the more diversified, higher risk asset classes that may make up a portion of the Company's capital funds. While there will be years where investment risks achieve less than the risk-free rate of return, or potentially even negative results, the Company believes the rewards for assuming these risks in a disciplined and measured way will produce a positive excess return to the Company over time. Additionally, since investment risks are not fully correlated with the Company's insurance risks, this increases the overall diversification of the Company's total risk portfolio.

The Company's investments are managed by PartnerRe Asset Management Corporation (PRAM) subject to a management agreement. The allocation of the Company's investments are subject to the asset allocation plan set by the Board. Furthermore, PRAM is required to adhere to investment guidelines approved by the Board as to minimum ratings and issuer and sector concentration limitations.

Liability funds represent invested assets supporting the net insurance liabilities, and are invested primarily in investment grade fixed income securities and cash and cash equivalents. The preservation of liquidity and protection of capital are the primary investment objectives for these assets.

Liability funds are invested in a way that generally matches them to the corresponding liabilities (referred to as asset-liability matching) in terms of both duration and major currency composition to provide the Company with a natural hedge against changes in interest and foreign exchange rates. In addition, the Company may use certain approved derivatives to further protect against changes in interest and foreign exchange rates.

Capital funds represents capital of the Company in excess of liability funds and may be invested in a diversified portfolio with the objective of maximising investment return, subject to prudent risk constraints. Capital funds may contain asset classes typically viewed as offering a higher risk and higher return profile. Capital funds may be invested in investment grade fixed income securities. The Company's investment strategy allows for the use of derivative instruments, subject to strict limitations and for the purpose of managing and hedging currency risk, market exposure and portfolio duration, hedging certain investments, mitigating the risk associated with underwriting operations, or enhancing investment performance that would be allowed under the Company's investment policy if implemented in other ways.

The Company through its management agreement, its investment risk policy, asset allocation plan and investment guidelines ensures that management and reporting of its investment portfolio is suitable for the nature and size of the risks of the Company and are subject to portfolio diversification guidelines which include issuer and sector concentration limitations. Processes and procedures ensure that the Company can properly identify, measure, monitor, manage, control and report on its portfolio.

Quarterly reporting is presented to the Risk and the Audit Committees of the Board. If a new asset class is proposed, the Company assesses the change including the potential impact on credit quality, liquidity and capital requirements.

In respect of liquidity, the Company's fixed income portfolio is primarily invested in high quality, investment grade securities which are characterised by relatively low levels of credit risk and relatively high liquidity. As set out in C.4, the Company ensures it holds sufficient liquid securities to meet excess liquidity after stress and downgrade requirements of its RAF.

In respect to capital funds and if permitted under the Company's asset allocation plan, and in which case subject to the set out limits therein, the Company may invest a portion of its portfolio in fixed income securities that are below

investment grade as well as other interest paying investments such as fixed income type mutual funds, notes receivable, loans receivable, private placement bond investments, derivative exposure assumed and other specialty asset classes. These securities generally pay a higher rate of interest and have a higher degree of credit or default risk. These securities may also be less liquid in times of economic weakness or market disruptions.

C.3. CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements.

Credit risk is referred to as counterparty default risk in the SCR calculation. The SCR for counterparty default risk, using the Standard Formula, on a pre-diversified basis is €15.0 million (2019: €15.1 million), which is 28% (2019: 35%) of the BSCR before diversification. See section E.2. of this report for further details.

The Company's exposure to credit risk arises mainly from cash and cash equivalents deposited with banks, insurance balances receivable, receivables from MGAs, investment in fixed income securities and reinsurance balances recoverable on ceded insurance. The Company has defined key risk indicators in respect of credit risk in its RAF and monitors compliance with stated risk appetite on a quarterly basis in the Risk Committee.

The creditworthiness of counterparties is monitored on an ongoing basis. The Company uses, where available, rating information provided by Standard & Poor's (S&P) and A.M. Best to ensure a consistent view on the financial condition of external parties.

The Company uses reinsurance agreements to reduce its exposure on certain underwriting risks assumed and to mitigate the effect of any single major event or the frequency of medium-sized events. Reinsurers must be approved based on their financial condition and business practices, with stability, solvency and credit ratings being important criteria. Limits per reinsurer are put in place and monitored to mitigate counterparty credit risk. The Company manages its credit exposure to reinsurers by generally selecting reinsurers which have a credit rating of A- and higher. In certain cases where an otherwise suitable reinsurer has a credit rating lower than A-, the Company generally requires the posting of collateral and letters of credit as a condition to it entering into a reinsurance agreement.

Credit risk related to cash, cash equivalents and investments is primarily mitigated by investing only with counterparties with strong credit ratings and managing concentration risk by limiting the aggregate exposure to any individual counterparty through the use of appropriate limits.

The credit risk associated with insurance balances receivable (premiums due) is somewhat mitigated by the fact that the Company generally has the contractual ability to offset any shortfall in payment of balances receivable with amounts owed to the insured for losses payable and other amounts contractually due.

Insurance is ceded only to counterparties with strong credit ratings, and mainly with related companies of the Group.

The main exposures related to reinsurance agreements are with related companies of the Group, rated A+.

The Company assesses stress scenarios in respect of internal and external retrocession in its ORSA and considers residual credit risk with related companies of the Group as remote.

C.4. LIQUIDITY RISK

Liquidity risk is the risk of not being able to meet financial obligations as and when they fall due, including obligations to policyholders, internal counterparties and other third parties.

The Company is exposed to liquidity risk mainly through claims arising from its reinsurance contracts. Liquidity risk may also arise from a difference in timing between claims payments and recoveries from reinsurance ceded and from a decline in disposal value of the Company's assets in financial market crises. The Company mitigates this risk by holding a large part of its investments in investment grade standard fixed income securities and other liquid instruments.

The Company assesses liquidity risks by evaluating a pre-defined liquidity crisis scenario unfolding over one year and comprising of a combination of a financial market crisis, an insurance shock loss with rapid pay-out, collateralisation of all new insurance business and downgrade to BBB+ potentially triggering collateralisation requirements in the Company's investments and insurance portfolios.

The Company has defined a key risk indicator in respect of liquidity risk in its RAF and monitors compliance with stated risk appetite on a quarterly basis in the Risk Committee. The Company has remained within approved risk tolerance during 2020.

Expected Profit Included in Future Premium

The Expected Profit Included in Future Premium (EPIFP) was €26.1 million at 2020 (2019: €22.3 million). The EPIFP represents the difference between the premiums from future exposure arising from contracts that the Company is obligated to as at 31 December 2020 and the expected acquisition costs, losses and expenses relating to these premiums. A lapse rate was assumed on in-force contracts relating to future additional premium and on premium relating to business bound but not yet incepted at the closing date. The calculation was discounted using Solvency II yield curves.

The EPIFP by line of business was as follows as at 2020 and 2019:

	2020	2019
Line of business	€'000	€'000
Marine, aviation and transport	1,771	2,725
Fire and other damage to property	14,759	7,393
General liability	9,693	12,114
Credit and suretyship	35	33
Total	26,258	22,265

C.5. OPERATIONAL RISK

Operational risks include, but are not limited to, failures or weaknesses in financial reporting and controls, regulatory non-compliance, fraud, breach of information technology and data privacy security, disaster recovery planning and reliance on third party vendors.

The Company categorises its operational risks as follows: IT (including cyber risk), business disruption, process and execution management, outsourcing, legal and compliance, fraud, and human resources. The Company also monitors branch matters, strategic and emerging risks which may relate to operational risks.

The Company manages operational risks through policies and guidelines setting out appropriate procedures and internal controls and the periodic assessment of adherence to these procedures and controls by Internal Audit. Operational risk is monitored and reported in standardised form to management, the Risk Committee and Board. Matters are escalated to the Board as required and mitigating actions are assigned to bring elevated risks back within tolerance.

The Company's risk assessment has identified IT, business disruption, process and execution management, outsourcing and legal and compliance as material operational risks.

IT (including cyber risk) relates to the potential of a successful cyber attack with significant business impact which could lead to financial losses and operational disruption. Business disruption risk relates to business continuity and emergency management. Process and execution management relates to underwriting and reporting processes. Outsourcing is covered separately in section B.7. Legal and compliance risks relate to regulatory obligations and legal risks in relation to the Company's business activities.

No material weaknesses in these operational risk categories have been identified.

C.6. OTHER MATERIAL RISKS

Strategic risks

Strategic risks are discussed with the General Manager, the Legal Entity Management (LEM), the Board and the Group and include the direction and governance of the Company, as well as its response to key external factors faced by the insurance industry, such as changes in regulation, competitive structure and macroeconomic, legal and social trends.

Strategic risks are included in the Company's risk assessment process and are monitored on a quarterly basis with onward reporting as needed to the Risk Committee and the Board.

The Company's risk assessment has identified Brexit and Group risk as material strategic risks.

Potential Brexit impacts

The U.K. left the E.U. in January 2020. During the Transition Period until December 2020, the U.K. remained subject to EU law. During the Temporary Permission Regime (TPR) (2021 to end of 2023), the operational burden within the U.K. for insurance companies will increase gradually. At the end of the TPR, the Company's U.K. branch will have to either submit an application for authorization as a third-country branch or move to an offshore model. During the TPR, access to the U.K. market is fully preserved as the U.K. branch will be deemed to have local U.K. authorisation. The deemed authorisation will apply for a maximum period of 3 years from 1 January 2021.

Regulatory reporting risk and other operational risks in relation to the obligations of the Company's U.K. branch are mitigated by a dedicated project with appropriate governance structures and reporting to the Board.

Group risks

The Company is exposed to Group risks of financial and operational nature. Financial risks relate mostly to the Company's reliance on Group affiliates, in particular Partner Reinsurance Europe SE (Ireland) and Partner Reinsurance Company Ltd. (Bermuda), for reinsurance which implies counterparty and liquidity risk. Group risks of operational nature mainly relate to the provision of services by affiliate companies.

Reputational risk

Reputational risk, is the risk of potential loss through deterioration of the Company's reputation or standing due to a negative perception of the undertaking's image among customers, counterparties, shareholders and/or supervisory authorities. Reputational impacts tend to be an outcome of other risk types materialising; therefore, managing each type of risk appropriately serves to manage reputational risk.

Emerging risk

Emerging risks are subject to the risk identification, assessment, monitoring and reporting as set out in section B.3 in this report. Notable emerging risks for the Company are climate change and pace of regulatory change.

D. VALUATION OF THE SOLVENCY II BALANCE SHEET

The Company's Solvency II balance sheet, valued using Solvency II rules, was as follows at 31 December 2020 and 2019:

	Section	2020 €'000	2019 €'000
Investments	D.1.	150,630	199,722
Other assets	D.3.	32,276	29,023
Total assets		182,906	228,745
Net non-life technical provisions	D.2.	40,178	40,131
Other liabilities	D.3.	30,612	84,771
Total liabilities		70,790	124,902
Excess of assets over liabilities		112,116	103,843

For a discussion of valuation bases, methods and assumptions for the Company's assets and liabilities see the sections below.

D.1. VALUATION OF ASSETS

The Company is required to classify its investments using the Solvency II hierarchy as follows:

- Quoted market price in active markets for the same assets (QMP);
- Quoted market price in active markets for similar assets (QMPS);
- Alternative valuation methods (AVM).

Accordingly the Company's investment assets under Solvency II by category and by valuation classification, as at 31 December 2020 and 2019, are as follows:

	QMP €'000	QMPS €'000	AVM €'000	Total €'000
2020				
Government bonds	—	53,800	—	53,800
Corporate bonds	—	67,356	—	67,356
Total fixed income	—	121,156	—	121,156
Investment funds	3,050	—	—	3,050
Cash and cash equivalents	26,246	—	—	26,246
Deposits to cedants	—	—	178	178
Property, plant and equipment held for own use	—	—	—	—
Total	29,296	121,156	178	150,630

2019	QMP €'000	QMPS €'000	AVM €'000	Total €'000
Government bonds	—	75,050	—	75,050
Corporate bonds	—	100,133	—	100,133
Total fixed income	—	175,183	—	175,183
Investment funds	1	—	—	1
Cash and cash equivalents	23,972	—	—	23,972
Deposits to cedants	—	—	564	564
Property, plant and equipment held for own use	—	—	2	2
Total	23,973	175,183	566	199,722

Fixed income

- *Government bonds* - these securities are generally priced by independent pricing services. The independent pricing services may use actual transaction prices for securities that have been actively traded. For securities that have not been actively traded, each pricing source has its own proprietary method to determine the fair value, which may incorporate an option adjusted spread, interest rate data and market news. The Company classifies all of these securities as QMPS for valuation purposes under Solvency II.
- *Corporate bonds* - consist primarily of investment grade bonds issued by U.S. and non-U.S. corporations covering a variety of industries and issuing countries. These securities are generally priced by independent pricing services and brokers. The pricing provider incorporates information including credit spreads, interest rate data and market news into the valuation of each security. The Company classifies all of these securities as QMPS for valuation purposes under Solvency II.

Cash and cash equivalents

Cash and cash equivalents represent amounts exchangeable for currency on demand at par and which are directly usable for making payments. They generally comprise cash and transferable deposits and not short-term or long-term deposits that would potentially be subject to any costs or limitations on withdrawals.

Cash and cash equivalents are carried at face value in the IFRS balance sheet as best representing their fair value. Since the underlying currency of the cash is freely tradable, the Company considers them to be classified as QMP for valuation purposes under Solvency II.

Deposits to cedants

The Company writes certain business on a funds held basis. Under such contractual arrangements, the cedant retains the premiums that would have otherwise been paid to the Company. The Company generally records deposits to cedants at face value in its IFRS balance sheet which is deemed to equate to fair value and is classified as AVM for valuation purposes under Solvency II.

Property, plant & equipment held for own use

Property, plant and equipment for own use is carried at cost, less any accumulated depreciation and impairment losses in the Company's IFRS balance sheet. The valuation of property, plant and equipment should be based upon the revaluation approach under Solvency II valuation guidelines. It is considered that the application of the valuation approach for Solvency II would not result in a material difference to the valuation reported in the Company's statutory accounts and thus the same valuation is used. Property, plant and equipment for own use is therefore classified as AVM for valuation purposes under Solvency II.

Derivatives

The Company has no exposure to derivatives for investment or hedging purposes.

Investment Funds

Collective investment undertakings represent funds invested in money market funds. The collective investment undertaking in money market funds has available prices received from independent pricing sources based on quoted prices in active markets. Accordingly, these are classified as QMP for valuation purposes under Solvency II.

Comparison of investments between Solvency II Balance Sheet and IFRS Balance Sheet

The variance in the valuation basis between the Solvency II balance sheet and the IFRS balance sheet for investments as at 31 December 2020 and 2019 is set out below. For reconciliation purposes, the categories listed below, per the IFRS balance sheet have been aligned to those of the Solvency II balance sheet.

	Solvency II Balance Sheet	IFRS Balance Sheet	Variance Solvency II vs IFRS
2020	€'000	€'000	€'000
Government bonds	53,800	53,800	—
Corporate bonds	67,356	67,356	—
Total fixed income	121,156	121,156	—
Investment funds	3,050	3,050	—
Cash and cash equivalents	26,246	26,246	—
Deposits to cedants	178	178	—
Property, plant and equipment held for own use	—	—	—
Total	150,630	150,630	—

	Solvency II Balance Sheet	IFRS Balance Sheet	Variance Solvency II vs IFRS
2019	€'000	€'000	€'000
Government bonds	75,050	75,050	—
Corporate bonds	100,133	100,133	—
Total fixed income	175,183	175,183	—
Investment funds	1	1	—
Cash and cash equivalents	23,972	23,972	—
Deposits to cedants	564	564	—
Property, plant and equipment held for own use	2	2	—
Total	199,722	199,722	—

The Company's investments are marked to market in its IFRS balance sheet and there is no variance to the valuation of investments recorded in the Solvency II balance sheet. The Company's investments decreased year on year following the completion of the Wholesale business transfer. Included within fixed income securities in 2019 is €63.8m which the Company pledged to guarantee the payment of its liability to a third party reinsurer of its Wholesale portfolio as the contract was written on a funds held basis. On completion of the transaction the pledge on the assets was extinguished with their transfer and full settlement of the obligation to the acquirer.

D.2. TECHNICAL PROVISIONS

D.2.1. VALUATION OF NON-LIFE TECHNICAL PROVISIONS

Under Solvency II, the Technical Provisions (TPs) are determined as a discounted Best Estimate Liability (BEL) augmented by a risk margin. The BEL includes claim and premium provisions and is defined as the mean of the full range of possible future outcomes on a discounted cash flow basis, taking into account the time value of money, and with all existing contracts being valued, whether they have inception or not. The RM is a component of the TPs representing the current values of all costs-of-capital that will be determined yearly until the existing liabilities are fully concluded.

(a) Technical Provisions by Line of Business

The following table outlines the Solvency II TPs by line of business, as at 31 December 2020 and 2019:

2020 Line of Business	Claim Provision €'000	Premium Provision €'000	Recoverables from Reinsurance contracts €'000	Risk Margin €'000	Total Technical Provisions net of Recoverables €'000
Marine, aviation and transport	43,459	3,517	37,796	1,739	10,919
Fire and other damage to property	59,825	(5,482)	46,763	1,947	9,527
General liability	74,612	30,368	89,259	3,946	19,667
Credit and suretyship	267	(7)	222	27	65
Total	178,163	28,396	174,040	7,659	40,178

2019 Line of Business	Claims Provisions €'000	Premium Provisions €'000	Recoverables from Reinsurance contracts €'000	Risk Margin €'000	Total Technical Provisions net of Recoverables €'000
Marine, aviation and transport	60,679	5,590	54,516	2,274	14,027
Fire and other damage to property	73,812	835	63,118	2,042	13,571
General liability	128,178	25,780	145,029	3,578	12,507
Credit and suretyship	111	(26)	69	11	27
Total	262,780	32,179	262,732	7,905	40,132

Analysis of Change

Overall, there has been no significant movement in net technical provisions since 2019.

The decrease in the claim provision of €84.6 million was driven by decreases in the IFRS reserves mainly due to the Wholesale business transfer. There have been decreases due to exchange rate movements which have been somewhat offset by yield curve movements.

The premium provision decreased by €3.8 million. The most noticeable movement in the year comes from the gross increase in the technical result on unexpired or pre-incepted property business.

Due to the fact that the vast majority of reinsurance recoverables relates to the internal quota share arrangement with Partner Reinsurance Europe SE (PRESE) these recoveries tend to move in line with the gross technical provisions.

Best Estimate Liability

The BEL was determined gross of the amounts recoverable from reinsurance contracts, which are held separately on the asset side of the Solvency II balance sheet ('Reinsurance recoverables on TPs'). The valuations of best estimate provision for claims outstanding and for premium were carried out separately. The methodology is outlined below, with commentary on the key methods and assumptions used in each element of the gross BEL.

Claim Provisions

The starting point for the calculation is the Actuarial Mid-Estimate (AME) calculated for the IFRS financial statements. The AME is comprised of Case Reserves (reported by the insurer) estimated by the Company on an individual loss basis and reserves for losses Incurred but Not Reported (IBNR). The IBNR is determined by projecting reported claims to ultimate losses using deterministic actuarial methods like Chain Ladder, Bornhuetter-Ferguson and expected loss ratio. The final selection of ultimate loss is subject to actuarial judgment and will depend on several considerations such as, but not limited to, the age of the underwriting year, the type of underlying risk, actual experience against that expected and the credibility of the underlying data used to establish the estimate of ultimate loss.

In addition to the loss reserves described above, an allowance for Events Not in Data (ENIDs) is considered and included in future claims before projecting into the future, since such losses are not considered under IFRS. The ENID loading has been selected after consideration of various extreme loss scenarios based on input from Risk Management and Capital Modelling, discussions with the Chief Pricing Actuary as well as looking at indications using a truncated distribution approach whereby it is assumed that the AME is the mean of a truncated rather than full distribution of outcomes. The final selected ENID uplifts for the claims provision were selected as the maximum, by Solvency II line of business, of the sum of the scenario uplifts and the results from the Distribution Free Approach.

In accordance with Solvency II technical specifications, the future administrative expenses, investment management expenses and claims management expenses expected to be incurred in the future related to business bound as of the valuation date have been included. The expenses were estimated based on an analysis of the planned 2021 expenses. The expenses estimated which relate to existing and Bound But Not Incepted (BBNI) business were calculated in total and allocated across lines of business and between the claims and premium provision in line with expected future payments.

The future claims payments related to the BEL (after removal of Margin For Uncertainty (MFU), Unallocated Loss Adjustment Expenses (ULAE), Unearned Premium Reserve (UPR), etc.), ENIDs and future expenses, were estimated by applying expected payout patterns derived from the Company's historical experience enhanced by market benchmarks, where appropriate and available.

The calculation of the BEL also includes expected future cash flows from premiums already earned but not yet received which are reflected within premium receivables in the IFRS balance sheet at the valuation date, together with any associated acquisition costs and commissions payable. The premium payout patterns used were derived from the Company's historical experience.

The estimated future cash-flows were then discounted using the relevant Solvency II yield curves.

Premium Provision

The premium provision was calculated by considering all future cash flows (claim payments, expenses and future premiums) relating to future exposure arising from contracts that the Company is obligated to as at 31 December 2020.

The following table shows the different components included in the calculation of the gross premium provision as at 31 December 2020 and 2019:

Line of Business	Undiscounted							Gross Premium Provision €'000
	Unearned Premium receivables net of costs	Additional Premiums net of costs	Premiums on BBNI net of costs	Future losses and expenses on UPR	Future losses and expenses on Additional Premium	Future losses and expenses on BBNI	Discounting impact	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
Marine, aviation and transport	(8,618)	—	(3,225)	12,591	—	2,833	(63)	3,518
Fire and other damage to property	(12,060)	—	(16,563)	13,319	—	9,834	(12)	(5,482)
General liability	(13,761)	(34,580)	—	49,876	30,011	—	(1,177)	30,369
Credit and Suretyship	(132)	—	—	124	—	—	—	(8)
Total	(34,571)	(34,580)	(19,788)	75,910	30,011	12,667	(1,252)	28,397

Line of Business	Undiscounted							Gross Premium Provision €'000
	Unearned Premium receivables net of costs	Additional Premiums net of costs	Premiums on BBNI net of costs	Future losses and expenses on UPR	Future losses and expenses on Additional Premium	Future losses and expenses on BBNI	Discounting impact	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
Marine, aviation and transport	(10,524)	—	(4,330)	16,853	—	4,390	(799)	5,590
Fire and other damage to property	(8,632)	—	(7,216)	12,515	—	4,362	(194)	835
General liability	(14,747)	(15,909)	—	48,976	11,069	—	(3,609)	25,780
Credit and Suretyship	(124)	—	—	101	—	—	(3)	(26)
Total	(34,027)	(15,909)	(11,546)	78,445	11,069	8,752	(4,605)	32,179

The methodology used to calculate the gross premium provisions has included all cash flows associated with the following components:

- Unearned future premium receivables net of acquisition costs and commissions payable as at the balance sheet date.
- Future losses and expenses on UPR on the IFRS balance sheet.
- Additional premiums net of acquisition costs, future losses and expenses resulting from proportional reinsurance business that is not yet accounted for as written premium within the IFRS financial statements. This value has increased significantly year on year due to the growth of an MGA contract.
- Premiums net of acquisition costs, future losses and expenses relating to BBNI contracts as at the valuation date, i.e. contracts deemed to be bound by the date of the closing, including covers beginning after the date of the closing.
- An allowance for ENIDs is also considered in the expected future losses in respect of unearned business. The approach for selecting these ENIDs is in line with the approach used for the claims provision, which is described in the previous section, and
- Future expenses were included within the premium provision based on the same approach used in the claims provisions, which is described in the previous section.

The gross premium provisions were calculated on a consistent basis across all lines of business with the expected profits and timing of cash flows being based on the characteristics of the underlying business. Future cash flows were discounted using Solvency II yield curves.

Risk Margin

In the Solvency II framework, TPs consist generally of the BEL and the risk margin.

The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the insurance obligations over the lifetime thereof. The rate used in the determination of the cost of providing that amount of Eligible Own Funds is called cost-of-capital rate and equals 6%.

The risk margin is first calculated for the whole business, allowing for diversification between lines of business. In a second step the margin is allocated to the lines of business. The allocation reflects the contributions of the lines of business to the Solvency Capital Requirement (SCR) of the reference undertaking over the lifetime of the obligations.

The risk margin per line of business takes the diversification between lines of business into account. Consequently, the sum of the risk margins per line of business equals to the risk margin for the whole business. The contribution of a line of business is calculated under the assumption that the other business does not exist.

Level of uncertainty

The IFRS reserves calculated by the Company are estimations, based on various sources of information and the use of actuarial techniques as described above. Additional assumptions guide the adjustments to calculate the Solvency II BEL out of IFRS reserves, such as priced profitability of unearned premium. The ultimate outcome of these estimations may materially differ from what is selected for the Solvency II BEL. The deviations compared to current BEL can relate, amongst others, to:

- The level of future inflation compared to current expectations;
- The evolution in case law for future claims following a change in court awards;
- The current assumptions about market environment and pricing conditions happen to be wrong; and
- Future claim activity differs from what was anticipated, due to the nature of the business covered.

Simplifications used in the calculation of the technical provisions

The following simplifications have been used in the calculation of TPs:

- reserves have been split using only seven major currencies (USD, EUR, GBP, AUD, CAD, CHF and JPY) to discount future cash flows;
- a percentage approach has been adopted to quantify reinsurance recoverables also for non-proportional treaties;
- the Company's BEL includes a provision for ENIDs which is assumed to have the same cash-flow profile of other claims for discounting purposes; and
- future SCRs used to calculate the risk margin are projected using a carrier/pattern approach which is applied to the SCR at time 0.

Lapse rates

Based on assessment of historic written premium development, we have concluded that the lapse rate assumption of zero is appropriate. In addition, given the large proportion of gross premium that is ceded, the impact of any lapse assumption would not be material.

Homogeneous risk groups used to calculate the technical provisions

The actuarial segmentation used for the reserving process is done at a lower levels of granularity than the main classes of business and Solvency II lines of business.

The segmentation of data must balance the need for enough volume with a reasonable degree of homogeneity to develop the best view of meaningful loss development patterns for the standard actuarial methods used. The chosen segmentation also highlights areas where the Company believes that the underlying claim characteristics would justify that the segments be modelled separately. Where the resulting grouping produces reserving segments that are deemed to be not sufficiently credible to produce development patterns, appropriate internal or external benchmarks to supplement the analysis in conjunction with actuarial judgment has been used.

As at the valuation date, the Company's segmentation underlying the IFRS reserves is based on:

- Location of business underwritten;
- Business segment (based on the internal management reporting structure);
- Class of business;
- Type of (re)insurance; and
- Type of business, other segmentations were created to allow for homogeneity in the data triangles, where necessary.

The calculated IBNR from the analyses is then allocated on a treaty level basis.

Details of the approach used to calculate material reinsurance recoverables

Reinsurance recoverables are calculated on a best estimate basis and are calculated separately from the gross BEL. Reinsurance Recoverables are accounted for on the assets side of the Solvency II Balance Sheet. The Reinsurance Recoverables best estimate is a probability weighted average of the discounted future cash-flows stemming from reinsurance contracts, which includes an adjustments for the expected losses due to the counterparty default risk.

Principles applied in the calculation of the gross BEL are applicable also to the calculation of Reinsurance Recoverables. This means that Reinsurance Recoverables take into account expected recoveries from ENIDs and BBNI contracts wherever they occur (Claim or Premium Provisions).

The gross BEL allows for expenses related to the administration of reinsurance contracts, however internal expenses are not included in the recoverables.

Any relevant differences in timing of reinsurance recoveries compared to direct payments are taken into account during the elimination process.

The Company uses external and internal reinsurance agreements to reduce its exposure on certain risks assumed and to mitigate the effects of a single major event or the accumulation of medium-size events. The Company remains liable to its policyholders to the extent that the reinsurers do not meet their obligations under these agreements.

The majority of ceded reserves relate to intra-group quota-share agreements with PRESE. See section C of this report for further details.

The Company benefits from the external protections purchased by the Group. The external retrocessions are mainly on a non-proportional basis and are not a major part of the Company's overall retrocession programme.

New sidecar arrangements, supported by third party capital, were an important part of the January 2021 reinsurance programme.

The valuation of the reinsurance recoveries was performed on the basis that the Company will continue with the same reinsurance programme to the extent that it will cover the run-off of the business underlying the TPs.

Due to a significant part pertaining to the intra-group quota share and the specificities of estimating ceded loss reserves on non-proportional cessions, the estimate of the IFRS ceded losses are based on applying the various treaty terms to the gross incurred. Ceded IBNR is not projected.

In terms of priority, the specific external quota share cessions apply first, then the intra-group cession, followed by the external non-proportional cessions.

The intra-group quota share reserves mirror the inward ones. For non-proportional protection the individual losses are analysed to identify the amount covered by the protection. For proportional reinsurance contracts ceded reserves are calculated by applying the percentage ceded to the total reserve. Where the retrocession contract is on an underwriting year basis, this calculation is performed automatically by the Company's systems. For proportional cessions on an accident year basis the gross reserves are allocated by accident years before applying the cession rate.

For Solvency II purposes, the valuations of best estimate reinsurance recoverables in respect of claims provisions and premium provisions were carried out separately.

The general assumption used is that retrocession recoveries will follow the same payment patterns as the gross cash flows.

The same assumptions for the ENIDs load is used in the reinsurance recoveries as in the gross claim provision given that the vast majority of the reinsurance is proportional.

For reinsurance recoverables, in respect of the premium provision, the same approach was used. Given some of the scenarios for the ENIDs, the non-proportional external reinsurance programme and the internal stop-loss would have a significant mitigating effect so the approach taken is prudent.

- For ceded loss reserves the removal of MFU and ULAE (for the intra-group quota share) is performed at the level of individual reinsurance contract by currency. For the discounting adjustment the average discounting observed on gross loss reserves for each discounting currency is applied, as the information on original underwriting year is not available for the ceded loss reserves. The allocation of ceded loss reserves by line of business is based on the same proportion as the gross reserves for the internal quota shares and by line of business for the most material external contracts.
- For premium provisions, the unearned reserves (UPR and Deferred Acquisition Costs) are removed and replaced by an estimation of future cash-flows linked with reinsurance agreements in force or bound at year-end. The best estimates of reinsurance recoverables in respect of premium provisions are calculated by considering an estimation of future cash-flows linked with reinsurance agreements in force or bound at the valuation date and with future non-proportional reinsurance on the basis that there will be exposures in the premium provision that extend beyond the one financial year retrocession programme. This was based on expected management actions to renew the non-proportional retrocession programme. The Company adopted a percentage approach to quantify the reinsurance claim recoveries expected from its reinsurers. The percentages are predefined based on the corresponding inwards assumptions (including allowance for ENIDs).

An additional adjustment is made by calculating a counterparty default adjustment for ceded loss reserves in order to take account of the possible shortfall on expected recovery from reinsurers. The calculation is based on the credit quality of each counterparty, reserve durations and probability of default associated to the different Credit Quality Steps (CQS). The CQS are defined by Solvency II rules following the ratings of the different reinsurers.

Comparison with IFRS reporting

The main differences between the IFRS and Solvency II valuation bases are summarised as follows:

- IFRS reserves includes an explicit margin for uncertainty which should not be included in the Solvency II TPs. Conversely, Solvency II TPs include the risk margin which is not included in the IFRS reserves.
- IFRS reserves are calculated on an undiscounted basis, whereas the cash-flows used to determine the Solvency II TPs are discounted using risk-free rates provided by EIOPA. The impact of discounting is more material on long-tail business.
- Solvency II TPS need to consider BBNI contracts. This is not required in the IFRS calculation;
- An allowance for ENIDs is required in the Solvency II TPs, whereas this is not included within the IFRS reserves.

- IFRS UPR is replaced with a best estimate of the premium provision which takes into account the expected cost of claims and expenses on the unearned period as well as expected future premium payable (net of acquisition cost and commissions; this is likely to produce a lower premium provision.

The following table shows the movement from the Gross IFRS reserves in the IFRS financial statements to the technical provisions under Solvency II:

2020	Best Estimate Liability	Risk Margin	Solvency II Technical Provision	Gross IFRS Technical Reserve	Difference
Line of Business	€'000	€'000	€'000	€'000	€'000
Marine, aviation and transport insurance	49,976	1,739	48,715	57,156	(8,441)
Fire and other damage to property insurance	54,343	1,947	56,290	89,037	(32,747)
General liability insurance	104,980	3,946	108,926	177,593	(68,667)
Credit and suretyship	260	27	287	459	(172)
Total Technical Provisions for all lines of business	209,559	7,659	214,218	324,245	(110,027)

2019	Best Estimate Liability	Risk Margin	Solvency II Technical Provision	Gross IFRS Technical Reserve	Difference
Line of Business	€'000	€'000	€'000	€'000	€'000
Marine, aviation and transport insurance	66,269	2,274	68,543	82,169	(13,626)
Fire and other damage to property insurance	74,647	2,042	76,689	95,943	(19,254)
General liability insurance	153,958	3,578	157,536	224,841	(67,305)
Credit and suretyship	85	11	96	244	(148)
Total Technical Provisions for all lines of business	294,959	7,905	302,864	403,197	(100,333)

The Other adjustments shown in the above table were related to recognition of earned profit commissions.

D.3. VALUATION OF OTHER ASSETS AND LIABILITIES

This section outlines the valuation basis and comparison for other assets and liabilities, excluding investments and TP's, as at 31 December 2020 and 2019. For reconciliation purposes, the categories listed below for the IFRS balance sheet have been aligned to those of the Solvency II balance sheet.

2020	Note	Solvency II Balance Sheet €'000	IFRS Balance Sheet €'000	Variance €'000
Other assets				
Insurance and intermediaries receivables	1	24,060	24,060	—
Reinsurance receivables	2	4,393	4,393	—
Receivables (trade, not insurance)	3	1,909	1,909	—
Deferred tax assets	4	1,896	410	1,486
Other assets		18	18	—
		32,276	30,790	1,486
Other liabilities				
Deposits from reinsurers	5	—	—	—
Insurance and intermediaries payables	1	16,379	16,379	—
Reinsurance payables	2	13,081	13,081	—
Payables (trade, not insurance)	3	1,152	1,152	—
Deferred tax liabilities	4	—	—	—
Other liabilities	6	—	—	—
		30,612	30,612	—
Total other assets and liabilities		1,664	178	1,486

2019	Note	Solvency II Balance Sheet €'000	IFRS Balance Sheet €'000	Variance €'000
Other assets				
Insurance and intermediaries receivables	1	11,551	11,551	—
Reinsurance receivables	2	14,580	14,580	—
Receivables (trade, not insurance)	3	1,377	1,377	—
Deferred tax assets	4	1,449	208	1,241
Other assets		66	66	—
		29,023	27,782	1,241
Other liabilities				
Deposits from reinsurers	5	66,477	66,477	—
Insurance and intermediaries payables	1	3,129	3,129	—
Reinsurance payables	2	14,180	14,180	—
Payables (trade, not insurance)	3	374	374	—
Deferred tax liabilities	4	—	—	—
Other liabilities	6	611	2,386	(1,775)
		84,771	86,546	(1,775)
Total other assets and liabilities		(55,748)	(58,764)	3,016

Notes

1. Insurance and intermediaries receivables and payables are amounts owed or due under insurance and assumed reinsurance contracts and are valued at their account balance which equates to fair value due to the short-term nature of the balances.
2. Reinsurance receivables and payables are amounts owed or due under reinsurance contracts and are valued at their account balance which equates to fair value due to the short-term nature of the balances.
3. Receivables and payables (trade, not insurance) are amounts owed by or due to employees, Group companies, business partners, etc., as well as payables and receivables from securities purchased and are generally valued at their account balances. Most balances are current items and are collected in a short timeframe, so the face value is deemed to equal fair value.
4. Deferred tax assets and liabilities are valued based on the tax impact of the difference between the values ascribed to assets and liabilities recognised and valued in accordance with Solvency II rules and the values ascribed to assets and liabilities as recognised and valued for tax purposes. Deferred tax assets are also recognised from the carry forward of unused tax credits and the carry forward of unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised, taking into account any legal or regulatory requirements on the time limits relating to the carry forward of unused tax losses or the carry forward of unused tax credits. Deferred tax assets and liabilities are not discounted. The difference between the values of the Solvency II balance sheet deferred tax assets and liabilities and the IFRS values are due to the tax impact of valuation adjustments to other assets and liabilities on the balance sheet.
5. Deposits from reinsurers are amounts deposited under retrocession contracts, which are used to settle claims. They are measured at their account balances which are deemed to equate to fair value. Deposits from reinsurers are nil at 31 December 2020 following the completion of the Wholesale transfer. In 2019 the Wholesale reinsurance agreements reinsured on a funds held basis which is presented as deposits from reinsurers under Solvency II classification.
6. Other assets and liabilities relates to prepayments, receivables, accruals and other liabilities. The difference between the Solvency II and IFRS value of Other liabilities in 2019 relates to a net deferred gain of €1.8m arising on the Wholesale portfolio transaction.

D.4. ALTERNATIVE METHODS FOR VALUATION

In valuing the Company's technical provisions, none of the following have been applied:

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

E. CAPITAL MANAGEMENT

E.1. OWN FUNDS

Nature of capital

The capital (Solvency II Own Funds) of the Company consists of ordinary shares, capital contributions from the Group, retained earnings and reserves.

The ordinary shares issued to PartnerRe Holdings Europe Limited (PRHEL), fulfil the criteria in that they:

- Are issued directly by the Company with the prior approval of its shareholders; and
- Entitle the owner to claim on the residual assets of the Company in the event of a winding up.

The various capital contributions from other Group companies are irrevocable transfers from the Group to the Company and, as such, do not impose any obligations on the Company. Therefore, all of the capital of the Company is classified as Tier 1 Basic Own Funds in the context of Solvency II, except for net deferred tax assets which are classified as Tier 3 capital, which cannot be used to cover the Minimum Capital Ratio (MCR). There are currently no ancillary Own Fund items. There are no restricted Tier 1 or Tier 2 items included in Solvency II Own Funds. The Company has not applied the transitional arrangements referred to in Articles 308b(9) and 308b(10) of the Directive.

The following table shows a breakdown of the total Solvency II Own Funds as at 31 December 2020 and 2019:

	Tier 1 - unrestricted funds €'000	Tier 3 €'000	Total €'000
2020			
Ordinary share capital	2,249	—	2,249
Reconciliation reserve	(3,525)	—	(3,525)
Net deferred tax assets	—	1,896	1,896
Other Own Funds approved by the supervisory authority	111,463	—	111,463
Total Solvency II Own Funds	110,187	1,896	112,083

	Tier 1 - unrestricted funds €'000	Tier 3 €'000	Total €'000
2019			
Ordinary share capital	2,249	—	2,249
Reconciliation reserve	(11,318)	—	(11,318)
Net deferred tax assets	—	1,449	1,449
Other Own Funds approved by the supervisory authority	111,463	—	111,463
Total Solvency II Own Funds	102,394	1,449	103,843

The reconciliation reserve is made up of IFRS retained earnings, IFRS currency translation reserve and the valuation differences between IFRS and Solvency II. The reconciliation reserve changed during the year as a result of the profit earned during the year, the foreign exchange gains recognised in the currency translation reserve and the change in Solvency II valuation differences.

The other own funds approved by the supervisory authority are equal to the additional paid-in capital of the Company.

The Company did not make any dividend payments to its shareholder in 2020 or 2019.

Capital management

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a strong going concern so that it can continue to provide returns for its stakeholders and pay losses;
- To ensure that the Company is a well capitalised risk insurer for its policyholders; and
- To comply with the insurance capital requirements required by the CBI.

The capital position of the Company is monitored on a quarterly basis jointly by the Head of Finance and the Chief Risk Officer (CRO) and is reported to the Risk and Audit Committees as well as the Board on a quarterly basis.

Any dividend payments must be approved by the Board and will take account of the short-term and long-term interests of shareholders as well as maintaining a balance between the interests of shareholders and other key stakeholders, namely policyholders and regulators.

In particular, no distribution of dividends will compromise the ability of the Company to meet its current or future commitments to policyholders. In the context of Solvency II, no distribution of dividends shall lead to the Company failing to comply with the Solvency Capital Requirement (SCR) (or such higher capital requirement as the Board may determine, from time to time).

Reconciliation of Solvency II Own Funds to IFRS Net Equity

The following table compares shareholders' equity from the Company's IFRS financial statements to the Solvency II Own Funds as at 31 December 2020 and 2019:

	2020 €'000	2019 €'000
IFRS Shareholder's Equity	121,002	108,943
Revaluation of non-life reserves	(10,411)	(6,342)
Revaluation of other assets and liabilities	1,491	1,241
Solvency II Own Funds	112,082	103,842
Change in Equity	(8,920)	(5,101)

- See section D.2 of this report for a detailed explanation of the differences in valuation of non-life TPs.
- The difference between other assets and liabilities arises from the difference in deferred tax balances due to the tax impact of the non-life valuation adjustments and from a net deferred gain balance on the Wholesale transaction in 2019. The net deferred gain was fully recognised in 2020 on completion of the Wholesale business transfer. See sections D.1 and D.3 for further details of the valuation basis for other assets and liabilities.

A detailed line-by-line Solvency II balance sheet is provided in the Quantitative Reporting Template (QRT) number SE.02.01.02 in the annex to this report.

E.2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

The amount of the Company's SCR and MCR at the end of the reporting periods is €47.5 million and €11.9 million, respectively.

The table below shows the components of the SCR (using the Standard Formula) as at 31 December 2020 and 2019:

	2020 €'000	2019 €'000
Sum of risk components		
Market risk	15,449	15,748
Counterparty default risk	15,025	15,101
Non-life underwriting risk	24,070	25,423
Diversification effects	(13,223)	(13,548)
BSCR	41,321	42,724
SCR operational risk	6,197	8,849
SCR	47,518	51,573
Solvency II Own Funds	112,082	103,843
Ratio of Eligible Own Funds to SCR	236 %	201 %

The increase in the Ratio of Eligible Own Funds to SCR is due to an overall decrease in SCR and increase in Own funds year on year.

The SCR has decreased by €4.1 million since 2019 for the following reasons:

- Non-life underwriting risk has decreased by €1.3 million (before diversification) mainly due to a decrease in non-life catastrophe risk and premium and reserve risk.
- Operational risk has decreased by €2.6 million due to the reduction in the Best Estimate Liability (BEL) due to the Wholesale business transfer.

The SCR calculation is based on the aggregation of the different sub-modules of the SCR that have been calculated by the various departments responsible.

Risk-mitigation techniques (such as retrocession) are taken into account by the departments responsible for the calculation of the different sub-modules. The SCR of the different sub-modules are net of risk-mitigation techniques and the impact of these techniques from a SCR point of view is dealt with in the Counterparty risk module.

The Company has not applied a simplified calculation for any of the standard formula risk modules. The Company has not used any undertaking-specific parameters in calculating the SCR.

The table below outlines the components of the MCR as at 31 December 2020 and 2019:

	2020 €'000	2019 €'000
Linear MCR	5,599	5,565
SCR	47,518	51,573
MCR cap	21,383	23,208
MCR floor	11,880	12,893
Combined MCR	11,880	12,893
Absolute floor of the MCR	3,700	3,700
MCR	11,880	12,893

The MCR is calculated by applying the factors specified in the regulation to underlying drivers: premiums and best estimate liabilities by lines of business for non-life business. Ultimately, the MCR is driven by the floor calculated as 25% of the SCR. The decrease in the MCR is therefore driven by the decrease in SCR described above.

See template S.28.01.01 in the annex to this report for a further breakdown of the MCR calculation.

The Company was fully compliant with the MCR requirements throughout the reporting period.

E.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

The Company has chosen not to use the duration-based equity risk submodule.

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

For the calculation of the regulatory capital requirement, the Company uses the standard formula and does not use an internal model.

E.5. NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

There was no breach of the SCR or MCR over the reporting period.

Annex I
SE.02.01.02
Balance Sheet
31 December 2020
€'000

	Solvency II value C0010
Assets	
Goodwill	R0010
Deferred acquisition costs	R0020
Intangible assets	R0030 -
Deferred tax assets	R0040 1,896
Pension benefit surplus	R0050 -
Property, plant & equipment held for own use	R0060 -
Investments (other than assets held for index-linked and unit-linked contracts)	R0070 125,289
Property (other than for own use)	R0080 -
Holdings in related undertakings, including participations	R0090 -
Equities	R0100 -
Equities - listed	R0110 -
Equities - unlisted	R0120 -
Bonds	R0130 121,157
Government Bonds	R0140 53,800
Corporate Bonds	R0150 67,356
Structured notes	R0160 -
Collateralised securities	R0170 -
Collective Investments Undertakings	R0180 3,050
Derivatives	R0190 -
Deposits other than cash equivalents	R0200 1,082
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 174,040
Non-life and health similar to non-life	R0280 174,040
Non-life excluding health	R0290 174,040
Health similar to non-life	R0300 -
Life and health similar to life, excluding health and index-linked and unit-linked	R0310 -
Health similar to life	R0320 -
Life excluding health and index-linked and unit-linked	R0330 -
Life index-linked and unit-linked	R0340 -
Deposits to cedants	R0350 178
Insurance and intermediaries receivables	R0360 24,060
Reinsurance receivables	R0370 4,393
Receivables (trade, not insurance)	R0380 1,909
Own shares	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 25,163
Any other assets, not elsewhere shown	R0420 18
Total assets	R0500 356,945

Liabilities

Technical provisions - non-life
Technical provisions - non-life (excluding health)
TP calculated as a whole
Best Estimate
Risk margin
Technical provisions - health (similar to non-life)
TP calculated as a whole
Best Estimate
Risk margin
Technical provisions - life (excluding index-linked and unit-linked)
Technical provisions - health (similar to life)
TP calculated as a whole
Best Estimate
Risk margin
Technical provisions - life (excluding health and index-linked and unit-linked)
TP calculated as a whole
Best Estimate
Risk margin
Technical provisions - index-linked and unit-linked
TP calculated as a whole
Best Estimate
Risk margin
Other technical provisions
Contingent liabilities
Provisions other than technical provisions
Pension benefit obligations
Deposits from reinsurers
Deferred tax liabilities
Derivatives
Debts owed to credit institutions
Debts owed to credit institutions resident domestically
Debts owed to credit institutions resident in the euro area other than domestic
Debts owed to credit institutions resident in rest of the world
Financial liabilities other than debts owed to credit institutions
Debts owed to non-credit institutions
Debts owed to non-credit institutions resident domestically
Debts owed to non-credit institutions resident in the euro area other than domestic
Debts owed to non-credit institutions resident in rest of the world
Other financial liabilities (debt securities issued)
Insurance & intermediaries payables
Reinsurance payables
Payables (trade, not insurance)
Subordinated liabilities
Subordinated liabilities not in basic own funds
Subordinated liabilities in basic own funds
Any other liabilities, not elsewhere shown
Total liabilities
Excess of assets over liabilities

	Solvency II value
	C0010
R0510	214,220
R0520	214,220
R0530	-
R0540	206,560
R0550	7,659
R0560	-
R0570	-
R0580	-
R0590	-
R0600	-
R0610	-
R0620	-
R0630	-
R0640	-
R0650	-
R0660	-
R0670	-
R0680	-
R0690	-
R0700	-
R0710	-
R0720	-
R0730	
R0740	31
R0750	-
R0760	-
R0770	-
R0780	-
R0790	-
R0800	-
ER0801	-
ER0802	-
ER0803	-
R0810	-
ER0811	-
ER0812	-
ER0813	-
ER0814	-
ER0815	-
R0820	16,379
R0830	13,081
R0840	1,152
R0850	-
R0860	-
R0870	-
R0880	-
R0900	244,863
R1000	112,082

Annex I
S.05.01.01
Premiums, claims and expenses by line of business
31 December 2020
€'000

[illegible]

Annex I
S.05.02.01
Premiums, claims and expenses by country
31 December 2020
€'000

	Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - non-life obligations					
R0010			(US) United States	(GB) United Kingdom	(DE) Germany	(AU) Australia	(CA) Canada	
	C0080	C0140	C0090	C0090	C0090	C0090	C0090	
Premiums written								
Gross - Direct Business	R0110	174	159,580	114,285	32,241	4,963	4,063	3,854
Gross - Proportional reinsurance accepted	R0120	-	(245)	10	(178)	-	(77)	-
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-	-	-
Reinsurers' share	R0140	155	139,756	100,044	28,259	4,464	3,463	3,371
Net	R0200	19	19,579	14,252	3,804	500	522	483
Premiums earned								
Gross - Direct Business	R0210	197	143,993	103,126	30,529	3,682	3,504	2,956
Gross - Proportional reinsurance accepted	R0220	-	174	10	241	-	(77)	-
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-	-	-
Reinsurers' share	R0240	173	126,737	90,526	27,251	3,236	2,979	2,571
Net	R0300	24	17,430	12,609	3,518	446	448	384
Claims incurred								
Gross - Direct Business	R0310	954	28,096	20,651	4,865	1,042	(18)	603
Gross - Proportional reinsurance accepted	R0320	(1,175)	(1,269)	(65)	(8)	-	(12)	(6)
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-	-	-
Reinsurers' share	R0340	(271)	27,481	20,945	5,565	864	(130)	508
Net	R0400	49	(652)	(360)	(709)	178	100	88
Changes in other technical provisions								
Gross - Direct Business	R0410	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430	-	-	-	-	-	-	-
Reinsurers' share	R0440	-	-	-	-	-	-	-
Net	R0500	-	-	-	-	-	-	-
Expenses incurred	R0550	(688)	2,236	2,011	960	(75)	21	6
Other expenses	R1200		-					
Total expenses	R1300		2,236					

Annex I
S.17.01.02
Non-life Technical Provisions
31 December 2020
€'000

	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
Technical provisions calculated as a whole	R0010																
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050																
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Premium provisions																	
Gross - Total	R0060	-	-	-	-	-	3,517	(5,482)	30,368	(7)	-	-	-	-	-	-	28,397
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	-	-	-	-	3,150	(4,330)	26,595	(5)	-	-	-	-	-	-	25,410
Net Best Estimate of Premium Provisions	R0150	-	-	-	-	-	368	(1,152)	3,773	(2)	-	-	-	-	-	-	2,987
Claims provisions																	
Gross - Total	R0160	-	-	-	-	-	43,459	59,825	74,612	267	-	-	-	-	-	-	178,164
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	-	-	-	-	34,647	51,093	62,664	227	-	-	-	-	-	-	148,630
Net Best Estimate of Claims Provisions	R0250	-	-	-	-	-	8,813	8,732	11,949	40	-	-	-	-	-	-	29,533
Total Best estimate - gross	R0260	-	-	-	-	-	46,977	54,343	104,980	260	-	-	-	-	-	-	206,560
Total Best estimate - net	R0270	-	-	-	-	-	9,180	7,580	15,722	38	-	-	-	-	-	-	32,520
Risk margin	R0280	-	-	-	-	-	1,739	1,947	3,946	27	-	-	-	-	-	-	7,659
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	-	-	-	-	-	48,716	56,290	108,927	287	-	-	-	-	-	-	214,220
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	-	-	-	-	37,796	46,763	89,259	222	-	-	-	-	-	-	174,040
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	-	-	-	-	-	10,920	9,527	19,668	65	-	-	-	-	-	-	40,180

Annex I
S.19.01.21
Non-life Insurance Claims Information
31 December 2020
€'000

**Gross Claims Paid (non-cumulative) - Development year
(absolute amount)**

		-	1	2	3	4	5	6	7	8	9	10
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											35
N-9	R0160	579	6,109	6,748	4,677	6,268	1,682	1,621	1,010	81	15	
N-8	R0170	295	8,712	5,190	3,350	1,681	457	660	718	399		
N-7	R0180	1,071	21,265	14,988	4,561	2,949	3,024	1,627	3,380			
N-6	R0190	2,057	22,428	17,089	19,867	13,982	5,275	1,419				
N-5	R0200	3,260	25,703	39,157	25,121	13,682	9,967					
N-4	R0210	7,851	19,781	27,544	11,842	6,319						
N-3	R0220	3,990	24,294	22,520	16,844							
N-2	R0230	4,438	45,903	14,984								
N-1	R0240	129	14,193									
N	R0250	281										

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	35	35
N-9	R0160	15	28,790
N-8	R0170	399	21,461
N-7	R0180	3,380	52,864
N-6	R0190	1,419	82,118
N-5	R0200	9,967	116,890
N-4	R0210	6,319	73,337
N-3	R0220	16,844	67,648
N-2	R0230	14,984	65,325
N-1	R0240	14,193	14,322
N	R0250	281	281
Total	R0260	67,837	523,072

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

0	1	2	3	4	5	6	7	8	9	10		
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											1,121
N-9	R0160	-	-	-	-	-	10,915	8,854	9,236	8,605	7,847	
N-8	R0170	-	-	-	-	13,617	8,814	3,634	2,449	1,544		
N-7	R0180	-	-	-	16,264	11,565	7,754	8,386	3,360			
N-6	R0190	-	-	65,675	38,637	24,100	14,655	7,892				
N-5	R0200	-	103,453	69,977	50,871	28,195	9,991					
N-4	R0210	41,760	70,312	48,358	38,143	8,773						
N-3	R0220	45,484	70,059	54,202	24,570							
N-2	R0230	49,781	77,038	55,922								
N-1	R0240	21,481	45,185									
N	R0250	13,459										

		Year end (discounted data)
		C0360
Prior	R0100	1,119
N-9	R0160	7,684
N-8	R0170	1,526
N-7	R0180	3,353
N-6	R0190	7,887
N-5	R0200	9,932
N-4	R0210	8,694
N-3	R0220	24,299
N-2	R0230	55,610
N-1	R0240	44,733
N	R0250	13,326
Total	R0260	178,164

Annex I
S.23.01.01
Own Funds
31 December 2020
€'000

Own funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35

Ordinary share capital (gross of own shares)
Share premium account related to ordinary share capital
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
Subordinated mutual member accounts
Surplus funds
Preference shares
Share premium account related to preference shares
Reconciliation reserve
Subordinated liabilities
An amount equal to the value of net deferred tax assets
Other own fund items approved by the supervisory authority as basic own funds not specified above

Own funds from the financial statements that shall 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 shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Deductions

Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Ancillary own funds

Unpaid and uncalled ordinary share capital callable on demand

Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand

Unpaid and uncalled preference shares callable on demand

A legally binding commitment to subscribe and pay for subordinated liabilities on demand

Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC

Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC

Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC

Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC

Other ancillary own funds

Total ancillary own funds

Available and eligible own funds

Total available own funds to meet the SCR

Total available own funds to meet the MCR

Total eligible own funds to meet the SCR

Total eligible own funds to meet the MCR

SCR

MCR

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

Reconciliation reserve

Excess of assets over liabilities

Own shares (held directly and indirectly)

Foreseeable dividends, distributions and charges

Other basic own fund items

Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

Reconciliation reserve

Expected profits

Expected profits included in future premiums (EPIFP) - Life business

Expected profits included in future premiums (EPIFP) - Non-life business

Total EPIFP

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	2,249	2,249			
R0030					
R0040					
R0050					
R0070					
R0090					
R0110					
R0130	(3,525)	(3,525)			
R0140					
R0160	1,896				1,896
R0180	111,463	111,463			
R0220					
R0230					
R0290	112,082	110,186			1,896
R0300					
R0310					
R0320					
R0330					
R0340					
R0350					
R0360					
R0370					
R0390					
R0400					
R0500	112,082	110,186			1,896
R0510	110,186	110,186			
R0540	112,082	110,186			1,896
R0550	110,186	110,186			
R0580	47,518				
R0600	11,880				
R0620	236%				
R0640	928%				
	C0060				
R0700	112,082				
R0710					
R0720					
R0730	115,607				
R0740					
R0760	(3,525)				
R0770					
R0780	26,115				
R0790	26,115				

Article 112? (Y/N)

Z0010 (2) Regular reporting

Basic Solvency Capital Requirement

Market risk
Counterparty default risk
Life underwriting risk
Health underwriting risk
Non-life underwriting risk
Diversification
Intangible asset risk
Basic Solvency Capital Requirement

	Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
	C0030	C0040	C0050
R0010	15,449	15,449	-
R0020	15,025	15,025	-
R0030	-	-	-
R0040	-	-	-
R0050	24,070	24,070	-
R0060	(13,223)	(13,223)	
R0070	-	-	
R0100	41,321	41,321	

Calculation of Solvency Capital Requirement

Adjustment due to RFF/MAP nSCR aggregation
Operational risk
Loss-absorbing capacity of technical provisions
Loss-absorbing capacity of deferred taxes
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC
Solvency Capital Requirement excluding capital add-on
Capital add-on already set
Solvency capital requirement
Other information on SCR
Capital requirement for duration-based equity risk sub-module
Total amount of Notional Solvency Capital Requirements for remaining part
Total amount of Notional Solvency Capital Requirement for ring fenced funds
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios
Diversification effects due to RFF nSCR aggregation for article 304
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation
Net future discretionary benefits

	C0100
R0120	-
R0130	6,197
R0140	-
R0150	-
R0160	-
R0200	47,518
R0210	-
R0220	47,518
R0400	-
R0410	-
R0420	-
R0430	-
R0440	-
R0450	(4) No adjustment
R0460	-

Approach to tax rate

Approach based on average tax rate

	Yes/No	Before the shock	After the shock	LAC DT
	C0109	C0110	C0120	C0130
R0590	(2) No			

Calculation of loss absorbing capacity of deferred taxes

DTA
DTA carry forward
DTA due to deductible temporary differences
DTL
LAC DT
LAC DT justified by reversion of deferred tax liabilities
LAC DT justified by reference to probable future taxable economic profit
LAC DT justified by carry back, current year
LAC DT justified by carry back, future years
Maximum LAC DT

R0600		1,896	1,896	
R0610		346	346	
R0620		1,549	1,549	
R0630		-	-	
R0640				-
R0650				-
R0660				-
R0670				-
R0680				-
R0690				(6,684)

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity
31 December 2020
€'000

Linear formula component for non-life insurance and reinsurance obligations

	C0010
MCRNL Result	R0010 5,599

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	-	-
Income protection insurance and proportional reinsurance	R0030	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	-	-
Other motor insurance and proportional reinsurance	R0060	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	9,180	1,792
Fire and other damage to property insurance and proportional reinsurance	R0080	7,580	8,740
General liability insurance and proportional reinsurance	R0090	15,722	10,707
Credit and suretyship insurance and proportional reinsurance	R0100	38	49
Legal expenses insurance and proportional reinsurance	R0110	-	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	-	-
Non-proportional health reinsurance	R0140	-	-
Non-proportional casualty reinsurance	R0150	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-
Non-proportional property reinsurance	R0170	-	-

Overall MCR calculation

	C0070
Linear MCR	R0300 5,599
SCR	R0310 47,518
MCR cap	R0320 21,383
MCR floor	R0330 11,880
Combined MCR	R0340 11,880
Absolute floor of the MCR	R0350 3,700

Minimum Capital Requirement	R0400 11,880
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