Squadron Reinsurance DAC

Solvency and Financial Condition Report

Reporting period ended 31 December 2020

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EXECUTIVE SUMMARY

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

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

Squadron's business strategy is to provide insurance coverage to Grifols S.A. group entities. The impact of insurance risk volatility on the Company's capital base is mitigated through the purchase of retrocession from appropriate counterparties. The investment of Company funds is in line with the documented investment strategy, reflecting a 'prudent person' approach to the management of counterparty, concentration, interest rate and currency risk.

The Board has identified the key risks to which Squadron is exposed and established appropriate corporate governance, risk management and reporting mechanisms to ensure that the identified risks remain relevant, and, that they are managed and reported on with appropriate levels of detail and frequency. The Company has established a comprehensive suite of risk policies and implemented a series of internal controls to ensure that Squadron can be managed in accordance with its governance and risk management systems. Documented escalation mechanisms are in place to ensure that any breaches in risk limits and tolerances, internal controls and governance requirements can be reported promptly to the appropriate individuals.

Risks to which the Company is exposed are well understood and are used to determine the level of solvency and capital required over a forward looking three-year business planning period. The results of this exercise are used to better inform decision making within the Company.

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

As at 31 December 2020, the Company had eligible own funds of US$84.8m (2019: US$77.6m) available to meet its Solvency Capital Requirement ('SCR') of US$25.0m (2019: US$19.4m); resulting in a Solvency Ratio of 339% (2019: 399%), which is in compliance with the regulatory solvency requirements per the Solvency II regulations. The Board of Directors is satisfied that the Company has adequate and appropriate capital to support its business plans. The Minimum Capital Requirement ('MCR') of US$6.3m (2019: US$4.9m) was also satisfactorily met at the period-end. There were no instances of non-compliance with the capital requirements during the period.

A. BUSINESS & PERFORMANCE

A.1 Business

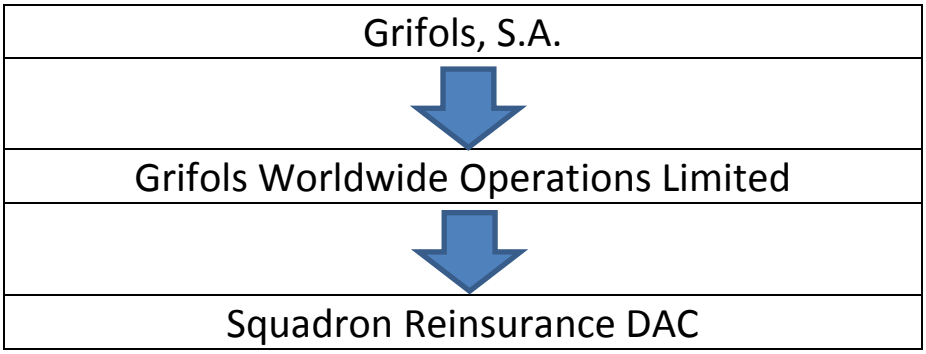
Squadron is a captive reinsurance undertaking, underwriting only the risks of its parent group, Grifols S.A. ('Grifols'). The principal activity of the Company is the provision of insurance to companies within the Grifols group. The Company's business address and registered office is Third Floor, The Metropolitan Building, James Joyce Street, Dublin 1, Ireland.

Squadron is incorporated in Ireland and is licensed by the Central Bank of Ireland ('the CBI') as a captive reinsurance undertaking under the European Union (Insurance and Reinsurance) Regulations 2015 (SI 485). The Company is authorised to carry on the business of non-life reinsurance. The insurance supervision division at the CBI may be contacted at their offices in New Wapping Street, North Wall Quay, Dublin 1, Ireland.

Squadron conducts all of its significant business activities, including underwriting, premium collection, claims reserving & payments, and investing from its offices in Ireland. As such, Squadron strives to ensure compliance with all relevant Irish laws and regulations. The Company's external auditor is KPMG, which is located at Harbourmaster Place, Dublin 1, Ireland.

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

The Company is a wholly-owned subsidiary of Grifols S.A. which is incorporated in Barcelona, Spain. Its immediate parent is Grifols Worldwide Operations Limited. A summary of the ownership structure is shown below:



A.2 Underwriting Performance

The principal risks and uncertainties that the Company faces are, by the very nature of the business, those for which it provides insurance cover. The Company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims over time, but the uncertainty surrounding the severity and frequency of claims can lead to significant variation in the Company's performance in the short term. Whilst considerable judgment is involved, the Directors adopt an appropriately prudent

approach to the provision and valuation of adequate insurance reserves, with annual support and certification being provided by an external actuary who serves as the Head of Actuarial Function.

The Group strategy is to maintain a level of risk within Squadron that provides Grifols and its subsidiaries with the optimal insurance structure. It is therefore accepted that, in accordance with its business plan, the best strategic operating option available is for Squadron to write reinsurance business, insuring Grifols S.A. and its subsidiaries for the following lines of business:

- Fire and other damage to Property
- General Liability
- Marine, Aviation & Transport

All policies are subject to original policy deductibles with Squadron reinsuring the first layer of each and every loss from primary insurers, up to pre-determined limits per claim and in the annual aggregate.

The Company's underwriting performance for these lines of business for the year ended 31 December 2020 and the comparative period is set out below. Amounts are presented in US Dollar (USD), which is the Company's functional currency:

	2020 USD	2019 USD
Gross Premiums Written	14,367,308	11,949,640
Reinsurers' Share	(1,415,081)	(1,300,000)
Net Premiums Written	12,952,227	10,649,640
Net Premiums Earned	11,384,284	10,268,461
Net Claims Paid	(485,579)	(487,869)
Net Change in Provision for Claims	(2,000,543)	(148,813)
Net Operating Expenses	(643,700)	(587,676)
Underwriting Result	**8,254,462**	**9,044,103**

Net premiums earned increased due to additional risks assumed under the General Liability line of business which was offset by decreased premium in the Fire and other damage to property line of business. The net claims incurred increased in line with the additional risks and the net underwriting result was largely in line with the prior year.

Premiums written relate to business incepted during the year for Grifols S.A. risks located worldwide. The gross earned premiums are split by line of business below:

	2020 USD	2019 USD
Fire and other damage to property	1,577,571	2,454,590
General Liability	11,899,737	8,497,205
Marine, aviation and transport	890,000	590,000

The gross premium written is split as follows:

Region	% of Gross Premium Written
European Economic Area	77%
United States of America	23%

The net claims incurred by line of business is set out below:

	2020 USD	2019 USD
Fire and other damage to property	(369,365)	(392,445)
General Liability	(1,397,369)	(173,345)
Marine, aviation and transport	(719,490)	(70,891)

As noted above, there was an increase in the gross premiums written during 2020 due to an increase in the level of reinsurance accepted by the Company. This ultimately led to an increase in the Incurred But Not Reported ('IBNR') reserves held by the Company which was reflected in the 2020 claims incurred.

A.3 Investment Performance

The Company allocates its investment portfolio in cash and cash equivalents and fixed term deposits with maturity dates less than one year.

The investment position of the Company is monitored by Grifols Group Treasury and the Board of Directors on a regular basis to ensure the investment guidelines of the Company are adhered to. The Company allocates its investments portfolio in cash and fixed deposits, as described below.

Cash: The Company maintains funds of US$16.7m (US$16.4m and US$0.3m) with two preapproved financial institutions, HSBC and Allied Irish Bank respectively.

Fixed Term Deposits: The Company has US$29.3m on deposit with HSBC with maturity dates between one month and three months and earning yields of 0.04% to 0.05%. The Company has $45.5m on deposit with BNP Paribas with maturity dates between three months and one year and earning yields of 0.15% to 1.80%. Interest earned for the year was US$743k (2019: $1.7m).

The Company's investments are managed by Grifols Group Treasury and monitored by the Board.

A.4 Performance of other activities

Other than underwriting and Investment activities, the Company has no other material activities.

A.5 Other Information

The Company has monitored both direct and indirect effects of the COVID-19 pandemic over the past 12 months and there has been no material impact financially or from an operational standpoint on Squadron.

There is no other information to note.

B. SYSTEM OF GOVERNANCE

B.1 General Information on the System of Governance

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

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

The Governance and Risk Management System of the Company may be described as relying on four cornerstones:

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

There have been no material changes to this structure since the prior reporting period. Squadron implemented the above framework in advance of the inception of Solvency II.

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

The various functions assisting the Board, including the Compliance Function, have defined lines of reporting directly to the Board. In relation to any violation of relevant law by the Company the Compliance Function, as well as reporting to the Board, will, in certain circumstances, also be required to report to outside bodies such as the CBI.

1st line of defence **Risk and control embedded in the business**	2nd line of defence **The oversight functions**	3rd line of defence **Provides independent assurance**
Primary accountability within the context of day-to-day operations. The first line of defence ensures that operations are carried out correctly and that risk exposures are managed, controlled and reported in accordance with the risk appetite and risk policies set out by the board.	The 2nd line is in charge of defining, developing, implementing and maintaining risk frameworks, policies and procedures. It defines the business guidelines and oversees the operations. It monitors and ensures that operations, policies and strategies are adequately aligned.	The 3rd line challenges the design and effectiveness of risk management, compliance, control and governance processes. In order to achieve the necessary independence and objectivity, Internal Audit is an independent function that reports directly to the Board.

Remuneration and material transactions

Members of the Board of Directors receive no remuneration for their services as directors to the Company.

A management fee is paid by the Company to the appointed management company, Aon Insurance Managers (Dublin) Ltd. for outsourced services provided which include the provision of a director.

One of the Directors of Squadron Reinsurance DAC is a partner at the appointed law firm Osborne Clarke. During 2020, the Company paid a fee to Osborne Clarke for the provision of a director.

As a captive reinsurer, all inward premium flows and claims payments relate to insured risks of the shareholder group. Other than these transactions which arise in the normal course of business, the

Company had no material transactions during the reporting period with members of the shareholder group and none with members of the Board of Directors.

B.2 Fit & Proper Policy

The 'Fit and Proper' requirement is the standard required by the CBI when appointing pre-approval controlled function holders.

The Company has documented its Fitness & Probity policy setting out the Company's approach to the selection and assessment of the persons who effectively run the Company or are responsible for other key functions. In selecting individuals as directors or function holders, the Company takes account of the following factors:

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

Consideration is given to ensuring an appropriate mix of knowledge, skills and experience across the Board of Directors and for those roles where specialist skills are required, such as the Head of Actuarial Function, only those individuals possessing the pertinent qualifications and expertise will be considered. Squadron is satisfied that appointed individuals performing controlled functions meet all relevant regulatory requirements and have a suitable level of training and qualification in order to enable them to carry out their respective duties.

The Compliance function adopts appropriate control and due diligence processes in the selection and vetting of individuals to ensure that identified individuals meet the regulators' fit and proper criteria at the point of registration.

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

B.3 Risk Management System

The Risk Management System details the Company's strategic objectives in documented Risk Policies for each risk including limits and operational checkpoints, as well as documenting functional identification, mitigation and monitoring processes.

In order to set out how the Risk Management Strategy, the Risk Appetite and the specific controls are implemented, the Company's risk management policies are documented and reviewed on an annual basis. These policies, being the cornerstones of the Risk Management Framework, are specified essentially for each risk category.

The purpose of the risk policies is to ensure a common understanding and to specify risk definitions and related approaches in order to secure the robustness of the Company's global Risk Management System, i.e.:

- identify risks that may impact the Company's strategic and business objectives;
- assess the risk exposure level, defined as the product between the probability of the risk occurrence and the impact of the risk for the Company and compare it to the Risk Appetite Framework;
- manage risks by identifying the appropriate risk response with which to develop a plan to mitigate, transfer or resolve with actions assigned to stakeholders;
- implement the actions defined in the response to the risk;
- monitor and update on progress of actions undertaken to mitigate the impact of risks and escalate through reporting.

Own Risk and Solvency Assessment

Each year, Squadron carries out an Own Risk and Solvency Assessment ('ORSA') to provide its Board of Directors with a forward-looking risk and capital assessment.

The approach may be summarized as follows:

Define the Stress Scenarios

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

As part of the Own Risk Solvency Assessment process, the Company selects the appropriate and realistic stress and scenario tests as determined by the Board to be appropriate for the Company. Risks and scenarios to which the Company is exposed during the business planning period and which may affect the capacity to meet its insurance obligations or pose a threat to the achievement of its business objectives are taken into account.

Stress the Financial Plan

Stress test scenarios are embedded into the projected financial plan under Solvency II. The adequacy of the available capital, the Risk Appetite Framework and the appropriateness of the risk limits are assessed for the business planning period, considering the evolving risk profile.

Related Solvency Capital Requirement ('SCR')/ Minimum Capital Requirement ('MCR') and solvency ratios are then calculated for each year, resulting in the stressed financial plan and the solvency impact of adverse loss scenarios. The tasks of this process are conducted by the Actuarial Function and validated by the Risk Management Function.

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

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

Produce the ORSA Report

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

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

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

In line with CBI requirements, the Head of Actuarial Function provides an Actuarial Opinion to the Board of Directors in respect of the ORSA at the same time that the results of the ORSA process are presented to the Board.

The capital risk appetite for Squadron is to keep eligible own funds above 125% of the SCR at all times.

B.4 Internal Control System

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

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

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

Detailed Processes and Embedded Control Activities

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

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

Compliance Function

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

The responsibilities of the Compliance Function include:

- utilisation of compliance management practices that contribute to the use of sound, responsible and sustainable business practices by the Company;

- presentation of an annual compliance plan to the Board of Directors, outlining specific areas which it will focus on during a particular year;
- promotion of a culture of compliance within the organisation;
- maintenance of a comprehensive compliance risk management control and reporting system in conjunction with the Risk Management Function to assist in managing the compliance risks faced by the Company;
- consideration of possible future changes in the legal environment and their potential effect on the Company as well as providing regular compliance and regulatory updates to the Board of Directors;
- identification and communication throughout the Company of the laws, regulations and codes of conduct to which the Company is subject and assisting to embed compliance with these in the way the Company does business; and
- investigation and follow up of compliance breaches, ensuring timely reporting to the Board and in certain circumstances to outside bodies such as the CBI.

B.5 Internal Audit Function

Purpose & Objectives

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

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

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

Independence and Impartiality

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

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

B.6 Actuarial Function

The Actuarial Function is carried out by Aon Global Risk Consulting as Head of Actuarial Function.

Roles and Responsibilities of the Actuarial Function include:

- Coordination of the calculation of technical provisions;
- Identification of any inconsistencies with the requirements set out in Articles 76 to 85 of the Solvency II Directive for the calculation of technical provisions and proposal of corrections as appropriate;
- Explanation of any material effect of change of data, methodologies or assumptions between valuation dates on the amount of technical provisions if already calculated on a Solvency II basis;
- Assessment of the consistency of the internal and external data used in the calculation of technical provisions against the data quality standards as set out in Article 82 of the Solvency II Directive. Where relevant, the Actuarial Function should provide recommendations on internal procedures to improve data quality so as to ensure that the undertaking is in a position to comply with the related Solvency II requirements;
- Consideration of the interrelations between the Underwriting Policy, reinsurance arrangements and technical provisions when providing its opinion;
- Provision of a report, in writing, at least annually to the Board of Directors.

The reporting should document all material tasks that have been undertaken by the Actuarial Function and should include:

- Calculation of Technical Provisions;
- Identification of deficiencies and recommendations as to how such deficiencies could be remedied;
- Methodologies & assumptions used in the calculation of technical provisions;
- Data sufficiency & quality;
- Experience analysis;
- Report to the Board on reliability & adequacy;
- Opinion on the Underwriting policy;
- Opinion on Reinsurance arrangements.

The Actuarial Function should contribute to the effective implementation of the Risk Management System, in particular:

- with regard to risk modelling underlying the calculation of the SCR and MCR;
- contributing to the ORSA process;
- thinking critically and organizing the execution of actuarial approaches;
- providing an Actuarial Opinion to the Board of Directors in respect of the ORSA.

Responsibility

The person in charge of the Actuarial Function shall meet all the following criteria:

- Be a duly qualified actuary and have experience of more than five years in the field of insurance and / or reinsurance;
- The Head of Actuarial Function is a pre-approval control function (PCF) under the Central Bank Reform Act 2010 (Sections 20 and 22) Regulations 2011;
- The Head of Actuarial Function reports to the Board on an annual basis.

B.7 Outsourcing

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

- Reduction in the Board's responsibility for, or influence over, key Functions of the Company;
- Material impairment of the quality of the Company's System of Governance;
- Any impairment of the Company's ability to meet its regulatory requirements;
- Non-adherence to the Company's approved policies and procedures;
- Undue increases in operational risk or cost;
- Material impairment of the Company's ability to fulfil its obligations to stakeholders or to facilitate effective supervision by regulators;
- Conflicts of Interest;
- Breach of the Company's data protection obligations.

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

The Board is responsible for the approval and termination of all outsourcing arrangements of critical or important Functions or activities. Critical or important Functions or activities include key Functions of the Company's System of Governance and all Functions within the Company that are fundamental to carry out its core business. The Board is responsible for ensuring notification to the supervisory authorities is made in a timely manner prior to the outsourcing of critical or important Functions or activities, and thereafter where there have been material developments in relation to the service providers.

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

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

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

The following critical or important Functions / activities are outsourced:

Critical or important Function	Outsourced Service Provider
Operations - Finance and Accounting	Aon Insurance Managers – Ireland
Operations - Underwriting and Claims Administration	Aon Insurance Managers – Ireland
Operations - Investment	Grifols Treasury – Spain; Aon Insurance Managers – Ireland
Compliance Function including Head of Function	Aon Insurance Managers – Ireland
Risk Management	Head of Risk Management Function – Spain; Aon Insurance Managers – Ireland
Actuarial Function including Head of Function	Aon Global Risk Consulting – United Kingdom
Internal Audit	Head of Internal Audit Function – Spain; Aon Commercial Services Ireland Ltd - Ireland

B.8 Any Other Material Information

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

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

C. RISK PROFILE

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

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

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

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

C.1 Underwriting Risk

The Company enters into agreements that transfer reinsurance risk. The Company is licenced by the CBI to carry on reinsurance business and currently writes Fire and Other Damage to Property, General Liability and Marine, Aviation and Transport insurance.

The risk under any reinsurance agreement is the possibility that the insured event occurs and the uncertainty that the Company will have sufficient assets to satisfy the amounts payable under the contract. The Company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims over time but the uncertainty surrounding the severity and frequency of claims can lead to significant variation in the Company's performance in the short term.

As the Company is a captive reinsurer, the Company is effectively insuring the risks of one customer, its parent group, and thus is exposed to risk concentration. However, diversification is achieved through the number of unrelated lines of business and the varying geographical locations of the underlying risks. The Company additionally manages its insurance risk exposures through the purchase of retrocession cover.

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

Whilst considerable judgment is involved, the Directors ensure that suitable processes are in place to ensure the reliability, sufficiency and adequacy of both the statistical and accounting data to be

considered in the loss reserve estimation. Annual support and certification is provided by the Actuarial Function.

C.2 Market Risk

The risk of future changes in market prices, which would result in devaluation of investable assets, may result from several factors, including, but not limited to, value, liquidity, duration, composition, interest rates, foreign exchange rates and market fluctuations.

The Company maintains cash and deposits at banks which have daily liquidity; therefore, liabilities can be matched as they fall due for payment. The Company holds funds in EUR and USD to match the currency of the liabilities.

C.3 Credit Risk

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

- Cash and cash equivalents
- Investments and deposits with credit institutions
- Reinsurers' share of insurance liabilities
- Amounts due from cedants

The Company utilises custodians deemed to be of high credit quality to hold its cash and cash equivalents and deposits with credit institutions, and additionally has limits in place in relation to the proportion of cash which can be held by any one financial institution. The Company holds no structured products or guarantees.

The Company has in place a Reinsurance Strategy which sets out the minimum rating that a retrocessionaire must hold; Squadron are only permitted to retrocede risk to a retrocessionaire that holds a financial strength rating of A- or above.

C.4 Liquidity Risk

Liquidity risk is the risk that cash may not be available to pay obligations when they are due without incurring an unreasonable cost. The Company is exposed to liquidity risk if proceeds from financial assets are not sufficient to fund obligations arising from its reinsurance contracts. The Company can be exposed to daily calls on its available investment assets, principally from reinsurance claims. Liquidity risk is managed by investing primarily in highly rated deposits which the Company deems to be very liquid.

The expected profit included in future premiums is calculated as the difference between the technical provisions without a risk margin and a calculation of the technical provisions without a risk margin under the assumption that the premiums relating to existing reinsurance contracts that are expected

to be received in the future are not received for any reason other than the insured event having occurred, regardless of the legal or contractual rights of the policyholder to discontinue to policy.

At 31 December 2020, the expected profit in future premiums is US$nil (2019: US$260,203).

C.5 Operational Risk

Operational risk entails the potential exposure of the Company to incidences of fraud, material error or delay in the processes of the Company, regulatory sanction, external events and compliance breaches. Operational risk is managed by a strong governance structure which includes the extensive oversight of the shareholder, Board of Directors and executive management.

The Company maintains a regulatory dialogue with the CBI to mitigate the risk of any potential sanction or compliance breach as well as using expert, industry leading, service providers to provide its outsourced functions in order to avoid any material error or delay. In order to ensure the quality of the outsourced functions is as high as possible, the Company puts in place service level agreements and fee penalties for non-performance as well as regularly reviewing the outsourced service providers.

In addition, the Company is subject to internal and external audit.

C.6 Other Material Risk

Strategic Risk

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

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

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

No other material risks have been identified.

C.7 Any other information

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

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

Squadron prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law, and in accordance with the provisions of the Companies Act 2014 and the European Union (Insurance undertakings: Financial Statements Regulations 2015).

Squadron uses the historical cost convention.

Squadron has 2 classes of assets.

- Cash and cash equivalents - $7,666,521
- Fixed deposits with credit institutions (with maturity less than one year) - $74,753,302

Cash and cash equivalents comprise cash at banks and in hand, fixed deposits with original maturities less than three months, and pledged cash, the withdrawal of which is subject to restrictions. Carrying amounts approximate fair value due to the short-term nature and high liquidity of the instruments.

There is no difference in the valuation of these assets between the financial statements and the Solvency II Annual Quantitative Reporting Templates ('QRT's'), with the exception of the pledged asset which is classified as other investments on the Solvency II balance sheet, with a value of US$9,000,000 and the addition of accrued interest which is recorded separately in the financial statements.

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

D.2 Technical Provisions

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

Reserves for reinsurance liabilities and reinsurance assets are based upon management's best estimate of the ultimate liabilities and are determined with the assistance of, and based on, the results of the analysis performed by the Actuarial Function. The reserves include estimates for both case reserves and IBNR.

Best Estimate of Unpaid Claim Liabilities

The overall methodology for estimating Squadron's unpaid claim liabilities is based upon a combination of several actuarial valuation methods that, based on the Actuarial Function's opinion, are believed to accurately reflect the reserve requirement for the individual policy year and line of business.

The Head of Actuarial Function estimates ground-up gross ultimates (the sum total of paid claims, case estimates, cost of claims function related overhead costs ('ULAE') and IBNR) by policy year, allocating an IBNR and ULAE for each line of business and policy year for future claim development.

Key Assumptions

The actuary has identified the following assumptions as being the most significant assumptions underlying the methodology:

1. That the range analysis applied has been estimated by considering 50% and 200% of the best estimate prior loss ratio for the lower and upper reserves respectively, and that this range is significantly larger than what one may expect to see in a larger, more diversified insurance company;
2. The relatively few claims and lack of extensive development patterns add to the uncertainty of the Best Estimates;
3. That the Best Estimates are neither deliberately overstated nor deliberately understated, and that it is equally likely for this to be understated as it is overstated;
4. That the techniques and assumptions employed are appropriate for the purpose of determining the Best Estimate, and that the actual amounts required to meet future claim payments may differ, due to the inherent uncertainty of insurance.

Solvency II Technical Provisions

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

Best Estimate of Liabilities

The Solvency II BEL is comprised of a provision for claims outstanding ('PCO') and a premium provision ('PP').

The PCO represents the provision for the unpaid liabilities on claims that have been incurred as of the valuation date and is derived from an actuarial estimate of Squadron's unpaid claim liabilities.

The PP represents the expected profit underlying the unearned portion of policies that have already incepted and any policies that have been bound but not incepted ('BBNI').

The adjustment of the IFRS estimate of unpaid claim liabilities to a Solvency II basis requires that IFRS unpaid claim liabilities are discounted to a present value basis. The actuary utilizes the basic RFR (risk-free rate) curves with no volatility adjustment as of 31 December 2020, as published by EIOPA, to discount the cash flows underlying the PCO. These interest rates are utilized to discount all cash flows underlying the calculation of the Solvency II TPs. A provision for expenses related to the runoff of

these liabilities is then added, as required by Solvency II, as the IFRS estimate of unpaid claim liabilities does not include a provision for the expenses that will be incurred in running off the liabilities.

The methodology adopted implicitly assumes that Squadron will continue to write business into the future and that a portion of the expenses in future years will be attributable to new business, consistent with the required derivation of the expense reserve as per the current Solvency II regulations. The BEL is calculated as the sum of the PCO and PP.

Risk Margin

The Solvency II risk margin is intended to represent an amount that Squadron would be required to pay, in excess of the Best Estimate of the Liabilities, for a third party to assume the risk of running of the existing liabilities. The actuarial calculation of the Solvency II risk margin is consistent with the Solvency II regulations, which applies a 6% cost of capital to the amount of capital required at the beginning of each year to support the runoff of the reinsurance obligations.

Technical provisions at 31 December 2020

Solvency II gross technical provisions (€'000)

Line of Business	Best Estimate	Risk Margin	SII Technical Provision	IFRS Total
Fire and other damage to property insurance	394	77	472	1,841
Marine, aviation and transport insurance	1,076	316	1,392	1,207
General liability insurance	3,904	711	4,615	6,733
Total	**5,374**	**1,104**	**6,478**	**9,781**

The net technical provisions after retrocession recoverable and adjustment for expected losses due to counterparty default are $6,533m.

The main changes from the methodology used to derive the technical provisions on an IFRS basis are as follows:

i. The reserves held for future claims are calculated on a best-estimate basis with an explicit risk margin added onto this best estimate. This is different from the IFRS basis where the booked reserves may include some implicit margin for uncertainty.
ii. The technical provisions include an allowance for Events Not in Data representing low frequency/high severity events.
iii. Future premium income and claims outgoing are all discounted for the time value of money using the relevant risk-free interest rate term structure.
iv. Bound but not incepted business is included in the analysis, with the expected claims offset by the future premium income for this business.
v. Unearned claims are estimated rather than 100% unearned premium reserve being held.

vi. The expected cost of future claims is offset by the future premium income.
vii. All calculations are based on a cash flow basis. This means that any transaction that has taken place but where the cash has not yet been paid or received will be included as a future cash flow.
viii. Additional allowance for expenses is made on the basis that the provision includes the expected expense amount needed to service all existing policies throughout their lifetime.

The Company does not apply the matching adjustment referred to in Article 77b of Directive 2009/138/EC.

The Company does not use the volatility adjustment referred to in Article 77d of Directive 2009/138/EC.

The Company does not apply the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC.

The Company does not apply the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

D.3 Other Liabilities

Aside from Technical provisions, the valuation of which is detailed above, other liabilities of US$189,315 (2019: US$274,098) are classified as payable for Solvency II purposes. This comprises accrued expenses and deferred tax liability of $9,331.

The deferred tax liability arises as a result of the overall increase in the Company's available capital when moving from the financial statements basis of accounting to a Solvency II valuation. It is calculated by applying the prevailing corporation tax rate of 12.5% to the sum of all the other valuation adjustments explained in this Section D.

No adjustment is required for the valuation of the above liabilities for Solvency II purposes as the amounts held under IFRS measurement principles are deemed to be approximations of fair value.

All data is subject to multiple checks from outsourced service providers as well as the management and governance functions and the Board of Directors.

There were no material changes in the lapse rates used.

There were no contract boundaries applied.

There were no options or guarantees used in the calculation of technical provisions.

There was no unbundling used.

It is assumed that management actions and policyholder behaviour will remain the same during the three-year business planning period.

D.4 Alternative Methods of Valuation

No alternative methods were used.

D.5 Any Other Material Information

There is no other material information to report.

E. CAPITAL MANAGEMENT

E.1 Own Funds

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

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

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

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

- Ordinary Share Capital; and
- Retained Earnings

Authorised	**2020**	**2019**
	EUR	**EUR**
5,000,000 ordinary shares of €1 each	5,000,000	5,000,000
Issued	**USD**	**USD**
635,000 ordinary shares of €1 each	669,355	669,355
Retained earnings	**USD**	**USD**
Closing balance	84,067,155	76,163,673

Profit after tax for the year ended 31 December 2020 amounted to US$7.9m (2019: US$9.4m).

Solvency II own funds

Under Solvency II valuation principles, the eligible own funds available to meet the SCR and MCR is US$84.8m (2019: US$77.6m). This is comprised solely of Tier 1 capital.

The Company has no material ancillary own funds.

Capital management

The total capital of the Company as at 31 December 2020 consists of shareholder's equity of US$84.7m (2019: US$76.8m).

Management reviews capital on an ongoing basis with a view to maintaining a level of capital sufficient to cover significant statement of financial position risks and regulatory requirements. As at 31 December 2020, the Company has adequate capital to meet these objectives.

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

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

In relation to Investment Risk, a clear strategy has been developed to manage risk in a manner which limits exposure to investment volatility for those assets matching insured liabilities. All other risks are managed through a framework of internal controls supported by monitoring by management, internal audit, governance groups and the various functions of the Board.

The Company regularly performs an ORSA to provide the Board with a forward-looking risk and capital assessment. The adequacy of the available capital is assessed for a 3 year forward looking period, considering the evolving risk profile. To this end, risks and scenarios to which the Company is exposed during the business planning period and which may affect the capacity to meet its reinsurance obligations or pose a threat to the achievement of its business objectives are taken into account. The Company assesses that available and future capital is sufficient in expected and credible stressed scenarios across the current three-year Company business plan.

E.2 Solvency Capital Requirement & Minimum Capital Requirement

Squadron's SCR as of 31 December 2020 totals US$25.0m (2019: US$19.4m) and results in a Solvency Ratio of 339% (2019: 399%). Squadron's MCR as of 31 December 2020 totals US$6.3m (2019: US$4.9m).

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

SCR Results by Risk charge	**31-Dec-20**	**31-Dec-19**	**Movement**
Non-Life Underwriting Risk	**21,434**	**14,911**	**6,523**
Counterparty Default Risk	**1,309**	**468**	**842**
Market Risk	**12,662**	**12,387**	**275**
Diversification Benefit	*(7,236)*	*(5,898)*	*(1,338)*
BSCR	**28,169**	**21,869**	**6,301**
Operational Risk	**412**	**347**	**64**
Tax Adjustments	(3,573)	(2,777)	(796)
SCR	**25,009**	**19,439**	**5,569**
Available Capital	84,802	77,645	7,156
Surplus/Deficit	**59,793**	**58,206**	**1,587**
Solvency Ratio	339%	399%	(60%)

Squadron's SCR at 31 December 2020 has increased by $5.6m since the previous year end. There are a number of partially offsetting movements driving this change:

Market Risk – HSBC Downgrade

During 2020, HSBC Bank plc was downgraded from AA- to A+ by S&P. Squadron Re holds cash and fixed deposits with HSBC, increasing concentration risk. This change in credit rating has driven the increase in market risk.

Non-Life Underwriting Risk – Additional Liability Premium

Squadron's exposure increased, driven additional risks assumed under the General Liability line and further increases forecasted for the 2021 financial year. Forecasted earned liability premium for the following 12 months has increased by $7.0m since the previous valuation date. This has resulted in an increase in the premium and reserve risk and non-life man-made catastrophe risk charges, which has driven the increase in non-life underwriting risk.

Counterparty Default Risk – Increased Asset Holdings with HSBC

An additional $6m of assets are held in cash compared to our previous analysis. Moreover, the majority of Squadron's cash assets are held with HSBC. The increased amount of cash coupled with the lower credit rating of HSBC has led to an increase to the counterparty default risk charge.

MCR – Minimum Capital Requirement

Under the standard formula, the MCR is calculated through a prescribed formula based on the net technical provisions (excluding the risk margin) and net written premium. It is also constrained to be between 25% and 45% of the SCR. Further to this, the Solvency II Directive states the MCR must have a minimum value of €1.2m, €2.5m, €3.6m or €3.7m. Reinsurance undertakings have a minimum MCR of €3.6m.

Having carried out the calculations and applied the relevant limits, the resultant MCR for Squadron Re is $6.3m (2019: $4.9m).

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

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

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

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

E.5 Non-Compliance with MCR and SCR

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

E.6 Any Other Material Information

There is no other material information to report.

ANNEX I - QUANTITATIVE REPORTING TEMPLATES

The following reporting templates are appended to this report:

S.02.01.02 - Balance Sheet

S.05.01.02 - Premiums, claims and expenses

S.05.02.01 - Premiums, claims and expenses by country

S.17.01.02 - Non Life technical provisions

S.19.01.21 - Claim development triangles

S.23.01.01 - Own funds

S.25.01.21 - SCR using standard formula

S.28.01.01 - MCR

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

		C0010
		Solvency II value
Assets		
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	83,753
R0080	Property (other than for own use)	
R0090	Holdings in related undertakings, including participations	
R0100	Equities	0
R0110	Equities - listed	
R0120	Equities - unlisted	
R0130	Bonds	0
R0140	Government Bonds	
R0150	Corporate Bonds	
R0160	Structured notes	
R0170	Collateralised securities	
R0180	Collective Investments Undertakings	
R0190	Derivatives	
R0200	Deposits other than cash equivalents	74,753
R0210	Other investments	9,000
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	Loans on policies	
R0250	Loans and mortgages to individuals	
R0260	Other loans and mortgages	
R0270	Reinsurance recoverables from:	-55
R0280	Non-life and health similar to non-life	-55
R0290	Non-life excluding health	-55
R0300	Health similar to non-life	
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0320	Health similar to life	
R0330	Life excluding health and index-linked and unit-linked	
R0340	Life index-linked and unit-linked	
R0350	Deposits to cedants	
R0360	Insurance and intermediaries receivables	
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	104
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	
R0410	Cash and cash equivalents	7,667
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	91,469

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

		C0010 Solvency II value
Liabilities		
R0510	Technical provisions – non-life	6,478
R0520	Technical provisions – non-life (excluding health)	6,478
R0530	Technical provisions calculated as a whole	
R0540	Best Estimate	5,374
R0550	Risk margin	1,104
R0560	Technical provisions - health (similar to non-life)	0
R0570	Technical provisions calculated as a whole	
R0580	Best Estimate	
R0590	Risk margin	
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	Technical provisions - health (similar to life)	0
R0620	Technical provisions calculated as a whole	
R0630	Best Estimate	
R0640	Risk margin	
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	Technical provisions calculated as a whole	
R0670	Best Estimate	
R0680	Risk margin	
R0690	Technical provisions – index-linked and unit-linked	0
R0700	Technical provisions calculated as a whole	
R0710	Best Estimate	
R0720	Risk margin	
R0730	Other technical provisions	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	9
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	
R0870	Subordinated liabilities in Basic Own Funds	
R0880	Any other liabilities, not elsewhere shown	180
R0900	Total liabilities	6,667
R1000	**Excess of assets over liabilities**	84,802

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

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110									
Gross - Prop reinsurance accepted	R0120						890	1,578	11,900	
Gross - Non-Prop reinsurance accepted	R0130									
Reinsurers' share	R0140						46	81	1,289	
Net	R0200	0	0	0	0	0	844	1,497	10,611	0
Premiums earned										
Gross - Direct Business	R0210									
Gross - Prop reinsurance accepted	R0220						790	1,913	10,017	
Gross - Non-Prop reinsurance accepted	R0230									
Reinsurers' share	R0240						42	104	1,190	
Net	R0300	0	0	0	0	0	748	1,809	8,827	0
Claims incurred										
Gross - Direct Business	R0310									
Gross - Prop reinsurance accepted	R0320						719	354	1,397	
Gross - Non-Prop reinsurance accepted	R0330									
Reinsurers' share	R0340									
Net	R0400	0	0	0	0	0	719	354	1,397	0
Changes in other technical provisions										
Gross - Direct Business	R0410									
Gross - Prop reinsurance accepted	R0420									
Gross - Non-Prop reinsurance accepted	R0430									
Reinsurers' share	R0440									
Net	R0500	0	0	0	0	0	0	0	0	0
Expenses incurred	R0550						30	64	531	
Other expenses	R1200									
Total expenses	R1300									

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

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of business for: accepted non-proportional reinsurance				TOTAL
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110								0
Gross - Prop reinsurance accepted	R0120								14,367
Gross - Non-Prop reinsurance accepted	R0130								0
Reinsurers' share	R0140								1,415
Net	R0200	0	0	0	0	0	0	0	12,952
Premiums earned									
Gross - Direct Business	R0210								0
Gross - Prop reinsurance accepted	R0220								12,720
Gross - Non-Prop reinsurance accepted	R0230								0
Reinsurers' share	R0240								1,336
Net	R0300	0	0	0	0	0	0	0	11,384
Claims incurred									
Gross - Direct Business	R0310								0
Gross - Prop reinsurance accepted	R0320								2,470
Gross - Non-Prop reinsurance accepted	R0330								0
Reinsurers' share	R0340								0
Net	R0400	0	0	0	0	0	0	0	2,470
Changes in other technical provisions									
Gross - Direct Business	R0410								0
Gross - Prop reinsurance accepted	R0420								0
Gross - Non-Prop reinsurance accepted	R0430								0
Reinsurers' share	R0440								0
Net	R0500	0	0	0	0	0	0	0	0
Expenses incurred	R0550								625
Other expenses	R1200								
Total expenses	R1300								625

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

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

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

		Home country	Country (by amount of GWP)					Total for top 5 countries and home country
			ES	MT	US			
		C0080	C0090	C0090	C0090	C0090	C0090	C0140
Premiums written								
Gross - Direct Business	R0110							0
Gross - Proportional reinsurance accepted	R0120		10,198	2,627	1,543			14,367
Gross - Non-proportional reinsurance accepted	R0130							0
Reinsurers' share	R0140		1,202	134	79			1,415
Net	R0200	0	8,996	2,493	1,464	0	0	12,952
Premiums earned								
Gross - Direct Business	R0210							0
Gross - Proportional reinsurance accepted	R0220		9,928	914	1,878			12,720
Gross - Non-proportional reinsurance accepted	R0230							0
Reinsurers' share	R0240		1,187	47	102			1,336
Net	R0300	0	8,741	867	1,776	0	0	11,384
Claims incurred								
Gross - Direct Business	R0310							0
Gross - Proportional reinsurance accepted	R0320		1,275	852	344			2,470
Gross - Non-proportional reinsurance accepted	R0330							0
Reinsurers' share	R0340							0
Net	R0400	0	1,275	852	344	0	0	2,470
Changes in other technical provisions								
Gross - Direct Business	R0410							0
Gross - Proportional reinsurance accepted	R0420		444	114	67			625
Gross - Non-proportional reinsurance accepted	R0430							0
Reinsurers' share	R0440							0
Net	R0500	0	444	114	67	0	0	625
Expenses incurred	R0550							0
Other expenses	R1200							
Total expenses	R1300							0

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

		Direct business and accepted proportional reinsurance											
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130
Technical provisions calculated as a whole	R0010												
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050												
Technical provisions calculated as a sum of BE and RM													
Best estimate													
Premium provisions													
Gross	R0060						195	179	1,968				
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140						6	11	-27				
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	0	189	168	1,995	0	0	0	0
Claims provisions													
Gross	R0160						881	216	1,935				
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240								-45				
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	0	881	216	1,980	0	0	0	0
Total Best estimate - gross	R0260	0	0	0	0	0	1,076	395	3,904	0	0	0	0
Total Best estimate - net	R0270	0	0	0	0	0	1,070	384	3,975	0	0	0	0
Risk margin	R0280						316	77	711				
Amount of the transitional on Technical Provisions													
Technical Provisions calculated as a whole	R0290												
Best estimate	R0300												
Risk margin	R0310												
Technical provisions - total													
Technical provisions - total	R0320	0	0	0	0	0	1,392	472	4,614	0	0	0	0
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	0	6	11	-72	0	0	0	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	0	0	1,386	461	4,686	0	0	0	0

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

		Accepted non-proportional reinsurance				TOTAL
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010					0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050					0
Technical provisions calculated as a sum of BE and RM						
Best estimate						
Premium provisions						
Gross	R0060					2,342
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140					-10
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	2,353
Claims provisions						
Gross	R0160					3,032
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240					-45
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	3,076
Total Best estimate - gross	R0260	0	0	0	0	5,374
Total Best estimate - net	R0270	0	0	0	0	5,429
Risk margin	R0280					1,104
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	R0290					0
Best estimate	R0300					0
Risk margin	R0310					0
Technical provisions - total						
Technical provisions - total	R0320	0	0	0	0	6,478
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	-55
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	0	6,533

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

Gross Claims Paid (non cumulative absolute amount)

		0	1	2	3	4	5	6	7	8	9	10+	Current year	All years
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100												0	0
N-9	R0160	28	31	176									0	236
N-8	R0170		695	6	86	-25							0	763
N-7	R0180		243	85	34								0	363
N-6	R0190		105	688	-4								0	789
N-5	R0200		356	804	37								0	1,197
N-4	R0210		174	167		0							0	342
N-3	R0220		1,071	218	64								64	1,353
N-2	R0230		266	198									198	464
N-1	R0240		208										208	208
N	R0250												0	0
												Total	470	5,714

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

		0	1	2	3	4	5	6	7	8	9	10+	Year End (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100												
N-9	R0160					15	9	0	0				
N-8	R0170				62	36	0	0					
N-7	R0180			53	34								
N-6	R0190		855	87	5								
N-5	R0200	1,134	1,273	60			62						60
N-4	R0210	697	257	3		23							23
N-3	R0220	1,528	319	62	75								74
N-2	R0230	1,564	134	113									113
N-1	R0240	1,363	888										887
N	R0250	1,899											1,874
												Total	3,032

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

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	669	669			
Share premium account related to ordinary share capital	R0030	0				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0				
Subordinated mutual member accounts	R0050	0				
Surplus funds	R0070	0				
Preference shares	R0090	0				
Share premium account related to preference shares	R0110	0				
Reconciliation reserve	R0130	84,132	84,132			
Subordinated liabilities	R0140	0				
An amount equal to the value of net deferred tax assets	R0160	0				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230	0				
Total basic own funds after deductions	R0290	84,802	84,802	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0				
Unpaid and uncalled preference shares callable on demand	R0320	0				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0				
Other ancillary own funds	R0390	0				
Total ancillary own funds	R0400	0			0	0

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

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	84,802	84,802	0	0	0
Total available own funds to meet the MCR	R0510	84,802	84,802	0	0	
Total eligible own funds to meet the SCR	R0540	84,802	84,802	0	0	0
Total eligible own funds to meet the MCR	R0550	84,802	84,802	0	0	
SCR	R0580	25,009				
MCR	R0600	6,252				
Ratio of Eligible own funds to SCR	R0620	3.390911545				
Ratio of Eligible own funds to MCR	R0640	13.56364564				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	84,802
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	669
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	84,132
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	0

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

Basic Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplifications
		C0040	C0090	C0100
Market risk	R0010	12,662		
Counterparty default risk	R0020	1,309		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	21,434		
Diversification	R0060	-7,236		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	28,169		

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	412
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-3,573
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	25,009
Capital add-on already set	R0210	
Solvency capital requirement	R0220	25,009
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	16,372
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	8,637
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01 - MCR (In thousands of USD)

Linear formula component for non-life insurance and reinsurance obligations		MCR components
		C0010
MCRNL Result	R0010	2,176

Background information		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070	1,070	844
Fire and other damage to property insurance and proportional reinsurance	R0080	384	1,497
General liability insurance and proportional reinsurance	R0090	3,975	10,611
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

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

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

Overall MCR calculation		C0070
Linear MCR	R0300	2,176
SCR	R0310	25,009
MCR cap	R0320	11,254
MCR floor	R0330	6,252
Combined MCR	R0340	6,252
Absolute floor of the MCR	R0350	4,540
Minimum Capital Requirement	R0400	6,252