

Tyre Reinsurance (Ireland) DAC

Solvency and Financial Condition Report

For Financial Year Ending 31st December 2020 (the “reporting period”)

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Executive Summary

Tyre Reinsurance (Ireland) DAC (“Tyre Re” or “the Company” or “the undertaking”) is a captive reinsurance company domiciled in Ireland which forms part of the Continental AG Group and is regulated by the Central Bank of Ireland.

The purpose of this report is to satisfy the public disclosure requirements under the European Union (Insurance & Reinsurance) Regulations 2015 including the applicable European Commission Delegated Regulations and European Commission Implementing Regulations.

The primary strategic objective and purpose of the Company is to support the risk management and risk transfer programs of the Continental AG Group and its subsidiaries. As a captive reinsurance company, it is an efficient mechanism for the Continental AG Group to retain risk, which they can afford to retain due to the size of their balance sheet and levels of sustainable profitability. In addition, the Company has played an important role in managing the insurance market’s perception of the Continental AG Group and its exposures. The very establishment of a captive sends a strong message to the reinsurance market that Continental AG:

- Has analysed its exposures and determined what level of risk it is prepared to retain;
- Is prepared to commit its own capital to support that retention of risk;
- Has taken a long-term decision to retain risk and may have a growing appetite for risk retention.

These factors lead insurers to understand that there will be competition for premium not just from their competitors but also from within the Continental AG Group in the form of a captive. The Company will not simply provide reinsurance coverage to the Continental AG Group; the intention is that its presence will complement the Group’s risk management framework and strategy. With its only customer being Continental AG Group, the Company is in a strong position to adapt and grow as its customer needs change.

This report provides the reader with a more in depth look at the Company’s business and performance, systems of governance, risk profile and solvency and capital positions.

The Company made an operating profit after tax in the period of EUR 1,054k (2019: a loss of EUR 3,362k). The key driver of the profit incurred was improved claim experience during the reporting period. The Company has complied with all aspects of the Solvency II Regulations.

As at 31st December 2020, the Company’s technical provisions as calculated under Solvency II valuation principles were EUR 7,185k (2019: EUR 11,281k) compared to GAAP technical provisions of EUR 7,107k (2019: EUR 10,938k) as booked in the financial statements of the Company.

With eligible capital of EUR 55,674k (2019: EUR 54,454k) the Company achieved a Solvency Capital Ratio (“SCR”) of 247% (2019: 240%) and Minimum Capital Requirement (“MCR”) coverage of 984% (2019: 951%).

There have been no material changes to the Company's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management over the reporting period. The spin-off of the parent company division Vitesco Technologies has been delayed until September 2021. Tyre Re will no longer be providing cover for these properties following the legal divestment of the division. The impact of this will be a slight decrease in the premium for Tyre Re in the future however it is expected that this will be largely negated by the hardening of the external insurance market and a resulting increase in premium rates across the remaining risks underwritten. The impact of this is considered in detail in the Own Risk and Solvency Assessment ("ORSA") of the Company.

The calculation of the technical provisions presented in this report, include no allowance for the potential impact of the Covid-19 pandemic. At the time of writing, the pandemic had not given rise to any direct losses to the Company and it was not anticipated that it would do so in the coming year. The Directors acknowledge the potential causal impact of COVID-19 on global economies and specifically on the parent Company Continental Group. The Directors further acknowledge the potential for this to increase the counterparty default risk arising from the intergroup loan in place with the parent and / or the deposits placed with external counterparties (i.e. Ulster Bank and Bank of Ireland). The credit ratings of all counterparties are routinely monitored with the Board of Directors having considered the remedial actions that will be taken should the counterparty default risk increase beyond the risk appetite of the Company. This is considered in detail in the Own Risk and Solvency Assessment ("ORSA") of the Company.

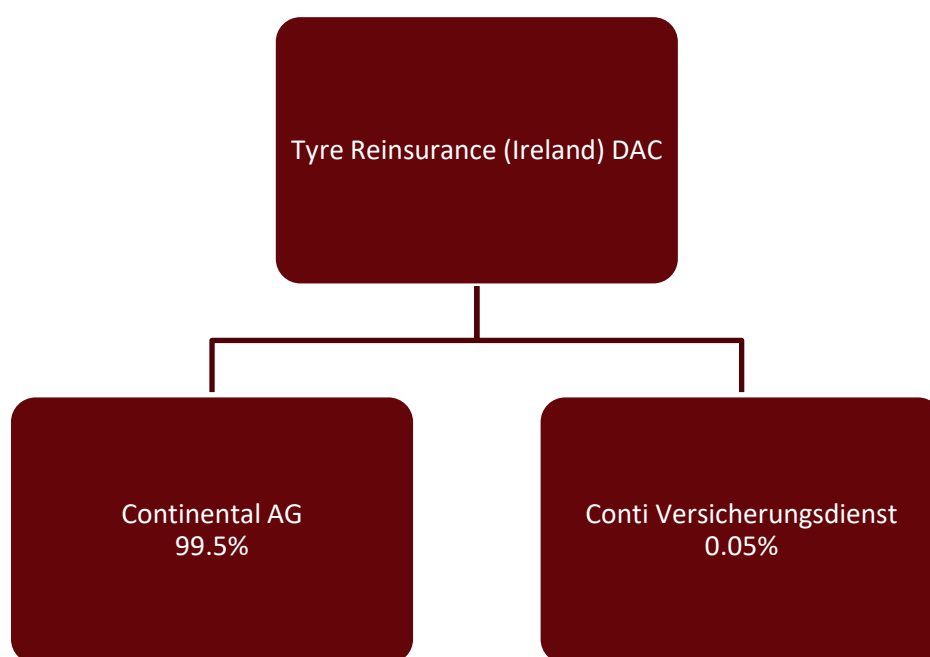
It is accepted that the causal impact on the global economy creates additional uncertainty. The position will continue to be monitored as the situation develops and will be considered throughout the year as more information becomes available.

Where there is limited detail provided in a particular section, a proportionate approach has been taken due to the scale, nature and complexity of the Company.

Section A: Business and Performance

A.1 Business

- (a) The name and legal form of the undertaking is Tyre Reinsurance (Ireland) Designated Activity Company.
- (b) The name and contact details of the supervisory authority responsible for financial supervision of the undertaking is the Insurance Supervision Division of the Central Bank of Ireland (CBI), New Wapping Street, North Wall Quay, Dublin 1, D01 F7X3, Ireland.
Telephone: +353 1 224 6000.
- (c) The name and contact details of the external auditor of the undertaking is BDO, Statutory Audit Firm, Beaux Lane House, Mercer Street Lower, Dublin 2, Ireland.
Telephone: +353 1 470 0000.
- (d) The undertaking is 100% owned by Continental AG Group.
- (e) Details of the undertakings position within the legal structure of the Continental AG Group is summarised as follows:



- (f) The Company reinsures only Property and Business Interruption risks and the Company's material geographical area where it carries out its business is Europe.
- (g) With the exception of reported reinsurance claims incurred, no significant business or other events have occurred over the reporting period that have had a material impact on the Company.

A.2 Underwriting Performance

The Company reported an underwriting profit in the period of EUR 1,060k compared to a loss of EUR (4,014k) in the previous reporting period. The key driver of this underwriting profit was improved claims experience in the reporting period.

EUR 000

	2020	2019
Earned Premiums	10,322	10,465
Allocated Investment Return	24	31
Other Technical Income	-	1,061
Claims Incurred	(7,811)	(13,891)
Net Operating Expenses	(1,475)	(1,680)
Underwriting Profit	1,060	(4,014)

A.3 Investment Performance

- (a) The Company maintains its investments in cash equivalents and short-term deposits with EU regulated credit institutions and an intercompany loan with Tyre Re's ultimate holding company Continental AG with a maturity of less than one year. The income from the intercompany loan over the reporting period was EUR 248k compared to EUR 205k over the previous reporting period, the increase reflecting the increase in the intercompany loan balance in August 2019. The Company has been subject to continual increases in negative interest rates from external counterparties (Ulster Bank and Bank of Ireland), this being indicative of current market conditions. The below table summarises the deposits by counterparty together with interest income as reported in the financial statements:

EUR 000

	2020	2019	Movement	Movement %
Cash at Bank				
Bank of Ireland EUR	503	1,005	(502)	(50%)
Ulster Bank EUR	22,138	23,776	(1,638)	(7%)
Total Cash at Bank	22,641	24,781	(2,140)	(9%)
Intercompany Loan				
Continental AG	40,000	40,000	-	-
Interest Income				
Bank Interest Income	(80)	(3)	(77)	2280%
Intercompany Loan Interest	248	205	43	21%
Total Interest Income	168	202	(34)	(17%)

- (b) No gains or losses were recognised directly in equity.
- (c) The Company had no investments in securitisation, during the reporting period or previous reporting period.

A.4 Performance of Other Activities

There have been no other significant activities undertaken by the Company other than its captive reinsurance activities.

A.5 Any Other Information

There have been no other material developments regarding the business and performance of the Company during the reporting period.

Section B: System of Governance

B.1 General Information on the System of Governance

- (a) As a captive reinsurance entity, the Company has no direct employees. All key functions, whilst outsourced, are the responsibility of the Board – refer to further paragraphs within this section for additional information on outsourcing. The Board includes senior individuals within the Continental AG Group. Given the size, nature and complexity of the Company, the establishment of Board sub-committees has not been necessary.

The Company is classified as a low impact firm under the Central Bank of Ireland's risk-based framework for the supervision of regulated firms, known as PRISM (Probability Risk and Impact System). The Company is subject to the Central Bank of Ireland's *Corporate Governance Requirements for Captive Insurance and Captive Reinsurance Undertakings 2015*.

The Company's Board has ultimate responsibility for the oversight of the business and sets its strategy and risk appetite. The Board also has responsibility for ensuring that an adequate and effective system of internal controls is maintained in the Company. The Company is committed to maintaining high standards of Corporate Governance. The Company takes a risk-based approach to the system of governance taking into consideration the nature, scale and complexity of its business.

The Board has four directors in office throughout the year who meet formally at least twice annually and there is additional interaction between members of the Board throughout each financial year:

- Mr Klaus Braukmann, Executive Director (resigned 31st December 2020);
- Mr Frank Coyle, Non-Executive Director;
- Mr Christian Mueller, Non-Executive Director;
- Mr David Riordan, Non-Executive Director.

A suite of policy documentation and checklists supports the corporate governance regime of the business ensuring robust procedures and a strong internal control environment at all times. Oversight controls around key business processes and outsourced activities are a focus of the work undertaken by the Internal Audit Function.

The Board of Directors also undertakes the completion of an annual Board performance questionnaire. The results of the questionnaire are tabled at the subsequent Board meeting for discussion and consideration.

- (b) No material changes in the system of governance have taken place over the reporting period.
- (c) Due to the scale, nature and complexity of the Company, with no full-time employees, the Company has not required the establishment of a remuneration policy.

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- (d) As a captive reinsurance undertaking, it is common to have material transactions with its shareholders. The Company has provided Continental AG with an intercompany loan. The amount of the loan at the end of the reporting period was EUR 40,000k (2019: EUR 40,000k). Interest is earned on the loan at a commercial rate of interest prevailing in the Continental AG Group. The Company may request repayment of the loan, in whole or in part, on demand.

B.2 Fit and Proper Requirements

- (a) The Company has adopted a Fitness and Probity Policy which sets out the due diligence checks that must be performed in accordance with the Central Bank of Ireland's *Guidance on Fitness and Probity Standards*. The Company recognises the importance and value of the fit and proper requirements and it has a system in place to review the ability, competence, skills and integrity of candidates for a position on the Board or for other Key Functions.

Selection and recruitment process for Key Function Holders (referred to as Pre-Approval Control Functions or PCF's):

- Completion of an assessment of the level of fitness and probity required for the role;
 - Preparation of a written job description outlining the duties and responsibilities for the role;
 - Advertisement of the position where required;
 - Interview process to match suitable candidates to the specific role;
 - Completion of fitness and probity due diligence referred to below;
 - Upon Central Bank of Ireland approval, a letter of appointment is issued and training provided.
- (b) The process for assessing the fitness and the propriety of the persons in PCF positions is summarised as follows:
- Interview and application;
 - The Company conducts its own fitness and probity due diligence before proposing a person for appointment to a PCF. The due diligence required is referenced within the Central Bank of Ireland's *Guidelines on Fitness and Probity Standards*. The following is captured:
 - Evidence of a relevant professional qualification;
 - Confirmation of continuous professional development;
 - Evidence of professional membership of an organisation (where applicable);
 - Reference checks;
 - Review of record of previous experience, including a review of curriculum vitae;
 - Record of experience gained outside the State (where applicable) – considering the extent to which the person can demonstrate competency that relates specifically to the function within the State;
 - Review of list of directorships and concurrent responsibilities;
 - Checks are also undertaken with the regulator, Companies Registration Office and a judgment debt check is performed;

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- Signed Fitness and Probity declarations;
 - Individual Questionnaire.
 - A PCF holder from the Company will review the Individual Questionnaire, complete a declaration on behalf of the Company and submit the Individual Questionnaire to the Central Bank of Ireland for assessment;
 - As part of the continuing obligations, annual declarations are sought from all PCFs, ongoing background checks are undertaken, each PCF file is reviewed and an annual PCF return is submitted to the Central Bank of Ireland via the online reporting system.

B.3 Risk Management System

- (a) The Company has established a number of risk management policies including a Risk Appetite Statement which includes an escalation procedure, an Operational Risk Policy and Capital Risk and Capital Management Policy. The Company defines operational risk as the risk of loss arising from people, processes or systems, or external events. This includes risks such as regulatory risk and operational risks such as fraud risk, IT risk, market risk and reputational risk. It excludes quantifiable risks. Quantifiable risks are set out in the Company's Risk Appetite Statement. The Risk Appetite Statement is subject to a detailed annual review by the Board. The Company aims for zero operational risk loss events, and whilst such risk cannot be eliminated completely, the strategy is to minimise such risk through a robust governance framework, systems and controls.
- (b) The risk management system including the risk management function is implemented and integrated into the organisational structure and decision-making processes of the Company via:
 - Review and ongoing maintenance of risk related policies by the Board;
 - Adherence with and annual review of the Company's Risk Appetite Statement;
 - Adequately resourced critical functions of risk management, compliance and actuarial staffed by experienced professionals;
 - Adequately resourced internal audit function with a regular review cycle;
 - Business continuity planning;
 - Succession plan for key roles;
 - Monthly underwriting and financial reporting.

The management and monitoring of risks to the business is an on-going process which is integrated into the overall organisational structure of the Company. The Own Risk and Solvency Assessment process referred to in the following paragraphs is a key component in the Company's risk management and decision-making processes.

The primary strategic objective and purpose of the Company is to support the risk management and risk transfer programs of the Continental AG Group and its subsidiaries. This objective has remained core to the business of the Company and there are no plans to change this business strategy.

B.4 Own Risk and Solvency Assessment (“ORSA”)

ORSA Process

In line with the Company’s ORSA policy, a full ORSA is performed each year. A full or partial ORSA would also be performed in the event of a known or expected event that could cause the risk profile of the Company to change.

The objective of the ORSA process is to enable the Board to assess capital adequacy in light of the assessment of its risks and the potential impacts of its risk environment, and to enable it to make appropriate strategic decisions. The Board requires that the ORSA process produces meaningful reports on the adequacy of the Company’s capital and risk sensitivities so that the output can be used in shaping the future strategy and risk appetite.

The ORSA process can be broken down into the following stages:

- Risk identification;
- Financial projections;
- Solvency projections;
- Stress, scenario and sensitivity testing;
- Qualitative discussion of risks;
- Board and management discussion and review.

At the end of the process, the ORSA report and ORSA reporting template are finalised and approved by the Board.

Risk Identification

The first step in the ORSA process is to consider which risks should be assessed. This process is performed continually throughout the year and has included the input of the Board, management, finance and actuarial functions. The risk appetite statement and various risk policies are key inputs into the identification of the risks to be considered as part of the ORSA process. Updates to these documents are also informed by the results of the ORSA process and the way it monitors, manages and mitigates risk.

The size of the Company’s limits has been identified by the Risk Function and Head of Actuarial Function as a risk to the Company, in particular given that an event limit loss occurred during 2018 and 2019. The Company has given detailed consideration to these risks in its ORSA process.

Financial Projections

The second step of the ORSA process is to project the Profit and Loss Account and Balance Sheet of the Company. A short- and medium-term projection of the Balance Sheet from 1-4 years was chosen as an appropriate timescale to provide an adequate view of the Company’s financial and solvency position.

The accounts are projected on an Irish GAAP basis under the assumptions detailed below. These base case projections were provided by the Company, after which the actuarial and risk functions

then produced the Solvency II balance sheet and SCR calculations for the base case and for the various scenarios considered.

Solvency Projections

The third step in the ORSA process is to use the above financial projections to calculate the Company's Solvency Capital Requirements for each of the next four years on a Solvency II basis.

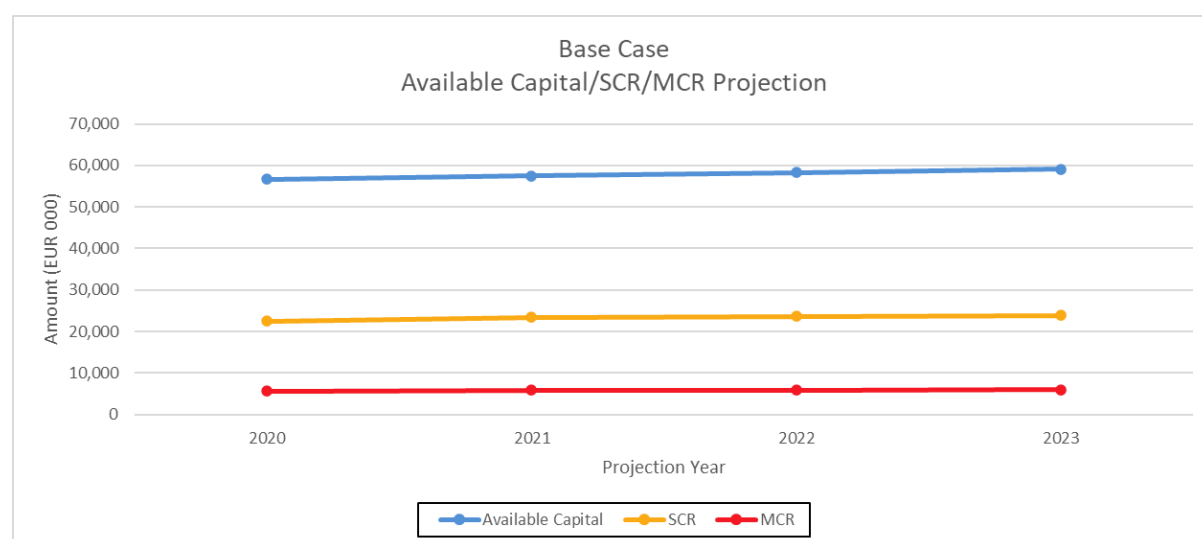
The SCR is the level of available capital that undertakings are required to hold under Solvency II. It is a risk-based capital measure, calibrated at a 1-in-200-year loss.

The MCR is the absolute minimum level of capital that undertakings are required to hold under Solvency II. It is calculated as a formula of premium and reserves, subject to a minimum of 25% of the SCR and a maximum of 45% of the SCR.

An outline of the results of these financial projections is presented below:

EUR 000

EUR 000	2020	2021	2022	2023
Available Capital	56,641	57,433	58,251	59,084
SCR	22,544	23,456	23,634	23,857
SCR Margin	34,096	33,977	34,617	35,227
SCR Coverage Ratio	251.2%	244.8%	246.5%	247.7%
MCR	5,636	5,864	5,908	5,964
MCR Margin	51,004	51,569	52,342	53,120
MCR Coverage Ratio	1,005%	979.4%	985.9%	990.6%



Stress, Scenario and Sensitivity Testing

The fourth step in the ORSA process is to consider cases where the above projections may diverge from the base case. This analysis is performed through stress and scenario testing.

Furthermore, reverse stress tests of the Company's SCR and risk appetite are performed to identify the minimum level of performance which would be required to cause a breach of the Company's solvency and risk appetite.

The nature and scope of the stress and scenario tests are decided upon following a number of discussions between management, the Board and the Head of Actuarial Function.

The stresses and scenarios considered as part of the 2020 ORSA process were as follows:

Quantitative

- A limit loss in 2021;
- An aggregate limit loss in 2021;
- Continental downgrade in 2022;
- Combined limit loss and Continental downgrade in 2021
- A loss ratio of 20% in 2021

Qualitative

- A large loss is notified which causes a breach of SCR before the Company can be recapitalised

Reverse Stress Tests

- Loss ratio required in 2021 to breach the capital risk appetite;
- Loss ratio required in 2021 and 2022 to breach the SCR;

Qualitative Discussion of Risks

A qualitative discussion of the following risks and how they impact the Company was undertaken:

- Underwriting risks;
 - Limits and volatility;
 - Pricing risks;
 - Group actions to reduce claims;
 - Emerging risks (climate change and cyber risk).
- Market risk and asset-liability matching;
 - Investments and concentration;
 - FX risk;
 - Duration matching and liquidity risk.
- Operational risk;
- Brexit,
- Outsourcing
- COVID-19
- Group Risk

Board and Management Discussion and Review

The final step of the ORSA process is the presentation of the draft projections, stress and scenario tests to the Board and management. This prompts further discussion and review of the stress and scenario tests, with further scenarios being considered at the request of the Board. This section outlines the key issues discussed in the ORSA at Board meetings and highlights the key actions and outcomes of these discussions. Some of the issues discussed were:

- Parental support and action plan in the event of a solvency breach;
- Review of the risk appetite statement and limit structure.

B.5 Internal Control

(a) Internal Control System

The principle control framework for the Company is its controls set at Board level. These controls include the Board approved policies, reports, terms of reference, schedule of matters and minutes of Board meetings. The policies describe the Board's approach to key areas of the business. The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the internal control system; however day-to-day oversight is provided by the Compliance Officer. In practice, other directors and key role holders also participate in the management of the system. The Company's internal controls are part of its compliance framework. Various measures are incorporated into systems and processes to control day-to-day activities. The Company implements adequate controls to ensure compliance and to highlight any significant breakdown in controls or inadequacy of process.

The Compliance Officer is responsible for ensuring that all Company policies are fit for purpose. The relevant area of the business is responsible for ensuring that procedures are up to date and reflect how the business operates. All amendments are submitted to the Board for approval. There is a compliance monitoring programme in place to review all of the Company's regulatory requirements. This is completed by the Compliance Officer on a regular basis and forms part of the compliance report to the Board.

The Company has established the four key independent control functions required under the *Corporate Governance Requirements for Captive Insurance and Captive Reinsurance Undertakings 2015* – actuarial, internal audit, compliance and risk management. These functions are responsible for providing oversight of and challenge to the business and for providing assurance to the Board in relation to the Company's control framework.

Where any functions or activities are outsourced, the Company expects that any outsourcing entity manages its control framework to the same standards as the Company and adheres to the Company's policies and procedures and employs fit and proper people in its controlled functions. The Company has a Service Level Agreement in place with each outsourced entity with Key Performance Indicators set to ensure regular reporting to the Board. Attestations are also received from the Service Provider in respect of the ongoing fitness and probity of its Key Control Functions. Any significant or material event that occurs requires immediate reporting to the Board.

(b) Compliance Function

The Board supports the Compliance Function and shall make available such resource as is necessary. It provides access to all relevant documentation and information from the business for the Compliance Function to fulfil its role.

A Compliance Officer is appointed through a formal outsourcing arrangement with Allied Risk Management Limited who have responsibility for the Compliance Function. The Compliance Officer ensures the Company's continuing compliance in relation to its regulatory and legal obligations. It aims to minimise the risks to the Company of material financial loss or reputational damage arising from the potential failure to comply with legal or regulatory requirements. The Compliance Officer liaises with regulatory bodies and authorities and provides updates on changes in legislation and regulatory requirements.

The Compliance Officer has responsibility for the implementation of the Company's compliance strategy and effective compliance processes and is responsible for the monitoring, managing and reporting of compliance risks to which the Company is exposed. It ensures that arrangements are sufficiently robust, proportionate, effective and efficient. The Compliance Officer is responsible for identifying and evaluating compliance risk, overseeing the implementation of controls for the risks identified, and monitoring their efficiency through compliance monitoring.

Compliance auditing occurs to check that the Company is adhering to its obligations. Compliance reports are issued to the Board assessing the effectiveness and adequacy of compliance within the Company. The activities of the Compliance Function are subject to periodic review by Internal Audit.

On an ongoing basis, the Compliance Officer strives to ensure that there is an organisational culture in place which promotes a high standard of integrity and regulatory compliance.

B.6 Internal Audit Function

The Internal Audit Function which was established during 2016 is governed by the Company's internal audit policy and is an integral part of the Company's internal control framework. It is implemented on an outsourced basis with Mr. Howard Block, 10 Clanwilliam Square, Dublin 2.

- The function provides independent and objective assurance services through a formal outsourcing arrangement in respect of the Company's processes with due regard to the adequacy of the governance, risk management and internal control framework;
- Audits are conducted with a Board approved Internal Audit Plan;
- The Head of Internal Audit reports to the Board which oversees the risk-based Audit Plan and outcomes thereof;
- Internal Audit reports can highlight any significant control failings or weaknesses identified and the impact they have had, or may have and the actions and timings which management have agreed to take to rectify them;

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- Internal Audit prepare an annual report for the Board which provides a themed assessment of the effectiveness of the Company's system of risk management and internal controls during the reporting period.

It is the responsibility of the Internal Audit Function to independently, but proportionately, assess the effectiveness of the internal control system, governance and risk management systems and to provide to the Board an evaluation of the adequacy of such systems and controls. The Head of Internal Audit has a duty to highlight any significant control failings or weaknesses identified and the impact they have had or may have and the actions and timings which management have agreed to take to rectify them.

It is the objective of the Internal Audit Function to provide independent assurance that risk management processes are operating effectively and in accordance with required legislation and regulation. To ensure this, effective controls are in place to mitigate risks or reduce those risks to an acceptable level in accordance with the Company's defined risk appetite.

The Internal Audit Function has unrestricted access to senior management and the Board. It is independent from the day-to-day operations of the business which allows it to maintain its independence and objectivity from the activities it reviews. The current structure enables the Head of Internal Audit to provide an independent opinion regarding a system, process or control.

B.7 Actuarial Function

The Actuarial Function is outsourced to Allied Risk Management. Allied Risk Management's actuaries attend every Board meeting and receive regular updates on claim activity. The Company's technical provisions are subject to quarterly review with a report presented annually detailing the Actuarial Function's Best Estimate claims reserves and Solvency II technical provisions.

The responsibilities of the Actuarial Function, in line with guidance from the Central Bank of Ireland and the Society of Actuaries, include, but are not limited to implementing/overseeing the following duties:

- Co-ordinate the calculation of the technical provisions;
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of the technical provisions;
- Assess the sufficiency and quality of the data used in the calculation of the technical provisions;
- Compare Best Estimates against experience;
- Inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of the technical provisions;
- Oversee the calculation of the technical provisions in the cases set out in Article 82;
- Express an opinion on the overall underwriting policy;
- Express an opinion on the adequacy of the reinsurance arrangements; and
- Contribute to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and assessment.

B.8 Outsourcing

The Company has an outsourcing policy the purpose of which is to establish the requirements for identifying, justifying and implementing outsourcing arrangements for the Company's critical or important operational functions or activities. This policy has been approved by the Company's Board. The Board ensures that an outsourcing arrangement shall not diminish the Company's ability to fulfil its regulatory obligations.

The Outsourcing Policy sets out the following:

- Definition of outsourcing;
- Outsourcing risks;
- Risk mitigation;
- Board and management responsibility;
- Assessment and due diligence on outsourced service provider;
- Essential requirements for inclusion in Service Level Agreements;
- Management and oversight of outsourced activities;
- Reporting requirements;
- Table of outsourced service providers;
- Business continuity and contingency planning.

The Company only enters into an outsourcing arrangement where there is a sound commercial basis for doing so and where it can be effectively managed. A full due diligence process is undertaken prior to any final decision being made as to whether to outsource a material business activity. In undertaking this assessment, the Company adheres to the *Central Bank of Ireland Notification Process for (Re)Insurance Undertakings when Outsourcing Critical or Important Function or Activities under Solvency II Regulations*.

The following is a list of the critical or important functions the Company has outsourced and the jurisdiction in which the outsourced service providers are located:

Outsourced Activity	Outsourced Provider	Jurisdiction
Actuarial Function	Allied Risk Management Limited	Ireland
Internal Audit Function	Howard Block	Ireland
Compliance Function	Allied Risk Management Limited	Ireland
Risk Management Function	Allied Risk Management Limited	Ireland

B.9 Assessment of the Adequacy of the System of Governance

Considering the nature, scale and complexity of the risks inherent in the business, the Company is very satisfied with its assessment of the adequacy and appropriateness of its system of governance.

B.10 Any Other Disclosures

There is no other material information regarding the system of governance of the Company.

Section C: Risk Profile

C.1 Risk Profile

The Company has a limit and retention structure, a prudent investment policy and proactively manages and monitors its claims very closely. As the captive reinsurer of Continental AG, the Company's risks are almost completely linked to those of the Continental Group. In particular, its asset risk depends on the financial strength of Continental and the recoverability of the intercompany loan, whilst its underwriting risk depends on the claims emanating from the Group. In this regard, the promotion of a strong risk culture across the Group is very important in terms of Continental's risks.

The Company used the Solvency II Standard Formula as its measure of economic capital in the quantitative assessment of risk presented below.

C.1 (a) Underwriting Risk

As the Company has an event limit of EUR 10M and an annual aggregate limit of EUR 25M, there is potential for some large claims to emerge relative to the size of the balance sheet. As the captive reinsurer of Continental AG, the Company's risk depends to a large degree on the risk management and risk culture of the parent group. Continental AG has invested heavily in fire prevention measures in recent years, reducing the likelihood of a claim.

As a property insurer, climate change is also a risk to the Company; whilst no definite causal link has been established there is some evidence to suggest that the increased frequency and severity of extreme weather events that could cause claims over the past number of years is due to climate change.

A quantitative breakdown of the underwriting risk as measured by the Solvency II Standard Formula is as follows:

EUR 000

	SCR 2020	SCR 2019
Premium and Reserve Risk	10,266	10,599
Catastrophe Risk	10,000	10,000
Non-Life Lapse	489	435
Diversification	4,725	(4,739)
Non-Life Underwriting Risk SCR	16,030	16,295

Lapse risk has been calculated in a literal interpretation of the Solvency II technical specifications; however, this is not considered to be a risk for the Company whatsoever.

Tyre Re only writes non-proportional property reinsurance so the catastrophe risk is as follows:

EUR 000

	SCR 2020	SCR 2019
Natural Catastrophe Risk	-	-
Non-Proportional Property Reinsurance Risk	10,000	10,000
Man-Made Catastrophe Risk	-	-
Other Non-Life Catastrophe Risk	-	-
Diversification Credit	-	-
Aggregated NL Cat Risk Module Net SCR	10,000	10,000
Aggregated Catastrophe Risk Mitigation	-	-
Total Non-Life catastrophe risk Final Net SCR	10,000	10,000

Underwriting Risk Mitigation

The Company has a limit and retention structure in place to mitigate underwriting risk. The appropriateness of this structure is assessed in the ORSA process.

C.1 (b) Market Risk

The Company monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market currency risk, interest rate risk, credit risk and liquidity risk.

The Company's principal transactions are carried out in Euro (EUR) and its business exposure to foreign exchange risk is minimal. Due to the limited exposure, the Company considers it unnecessary to attempt to mitigate foreign exchange fluctuations.

Interest rate risk is that the value of future cashflows of a financial investment will fluctuate due to changes in interest rates.

The Company has significant exposure to the parent group through its intercompany loan to Continental AG. Such a loan must be on commercial terms. The Board is comfortable with the counterparty risk of Continental.

Spread Risk and Concentration Risk

The loan to Continental AG is considered in this module, as are any term deposits or investment assets other than cash or demand deposits (as at 31st December 2020 the Company had no such assets). The SCR charge for the intercompany loan is high, reflecting the high proportion of the Company's assets represented by the loan and Continental's credit rating.

In simple terms, the concentration risk charge for the loan is 27% (2019: 27%) of the loan amount, whilst the spread risk charge is 2.5% (2019: 2.5%) of the loan amount.

Currency Risk

Tyre Re has business interests throughout the world. Therefore, it has exposures in various currencies as well as Euro, whilst its assets are all denominated in Euro. The Standard Formula currency risk charge is 25% of the mismatch in currency exposure; this is estimated as EUR 2,975k (2019: 2,298k).

C.1 (c) Credit Risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation, thus causing the Company to incur a financial loss.

The balance of the Company's investment assets is with two banks – Bank of Ireland and Ulster Bank.

EUR 000

	Loans to group undertakings and debtors arising out of insurance operations	Financial investments and cash at bank
Credit Risk 2020		
Financial Institutions	40,008	22,641
Credit Risk 2019		
Financial Institutions	40,008	24,780

The following table provides information regarding the aggregated credit risk exposure of financial assets:

	Loans to group undertakings and debtors arising out of insurance operations	Financial investments and cash at bank
Credit Risk 2020		
A-	-	100%
BBB+	-	-
BBB	100%	-
	100%	100%

	Loans to group undertakings and debtors arising out of insurance operations	Financial investments and cash at bank
Credit Risk 2019		
A-	-	100%
BBB+	100%	
BBB	-	-
	100%	100%

C.1 (d) Liquidity Risk

The Company has financial investments, cash at bank and loans to group undertakings of EUR 62,641k during the reporting period (2019: EUR 64,781k) of which EUR 54,651k (2019: EUR 54,781k) is available on demand and is in excess of the Company's total liabilities of EUR 7,237k (2019: EUR 11,064k). As such, the Company has determined that liquidity risk does not represent a significant risk to its business.

C.1 (e) Operational Risk

The Company's operational risk is considered low. It is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including but not limited to the following risks:

- Outsourcing;
- Business continuity planning;
- Reputational;
- Compliance and regulatory.

As a captive reinsurer writing property risks only with very few claims in its history, operational risk is very limited (compared to a retail insurer for example).

The Company is managed by Allied Risk Management, a professional captive management company with over twenty-eight years' experience in captive management. The Company has a full suite of governance policies and processes which further limit operational risk.

The introduction of Solvency II with its governance requirements (including the requirement for internal control, internal audit, actuarial and risk functions) assists in further reducing operational risk.

C.1 (f) Other Material Risks

There are no other material risks identified by the Company.

C.2 Risk Exposures

C.2 (a) Risk Measures

The Company uses the Solvency II Standard Formula as its measure for the quantitative assessment of risk as detailed further in the previous paragraphs. The Company also has an established Risk Appetite Statement to assess the risks in the Company and a description of the measures used therein are as follows;

Green	Green represents the Risk Appetite of the Company, it represents the level of risk the Company is willing and able to accept to satisfy its strategic objectives
Amber	Amber represents Risk Tolerances and acceptable variances which will be brought to the attention of the Board and will require monitoring
Red	Red represents the Limit for each risk, (where possible) it indicates when action needs to be taken to stop or change a situation which may result in an unacceptable level of risk to the Company

There have been no material changes over the reporting period.

C.2 (b) The Nature of Material Risk Exposures

The material risk that the Company is exposed to is the risk of adverse claims experience. This is addressed under Underwriting Risk above and Technical Provisions below. There have been no material changes over the reporting period.

C.2 (c) Investments in Accordance with the 'Prudent Person Principle'

The Company is required to invest all assets and particularly assets used to cover the minimum capital requirement and the solvency capital requirement in accordance with the 'prudent person principle'. The prudent person principle defines that the assets must be invested in a manner acceptable to a 'prudent person' – that is that the decisions are generally accepted as being sound for the average person.

The Company maintains its assets in cash equivalents and short-term deposits with EU regulated credit institutions and intercompany loans with the Company's ultimate holding company Continental AG with a maturity of less than one year.

C.3 The Nature of Material Risk Concentrations

The Continental group has operations through the world and as such the Company is not exposed to geographical concentrations of risk. The Company only writes non-proportional property reinsurance.

Concentration risk is managed through the limit system, whereby the Company cannot lose more than the event or aggregate limit on any one claim or series of claims.

The Company has concentration risk in its investment portfolio with the exposure to the Continental AG Group through intercompany lending.

C.4 Risk Mitigation Practices

The Company's main risk mitigation technique is to control its exposure through event and aggregate limits.

The Company has no retrocession in place.

C.5 Liquidity Risk

The expected profit in future premiums calculated in accordance with Article 260(2) of the Delegated Acts is a profit of EUR 1,763k (2019: EUR 1,129k).

C.6 Risk Sensitivities

In its ORSA Process, the Company considered a number of both quantitative and qualitative stress and scenarios, including reverse stress tests. These were as follows:

Quantitative

- A limit loss in 2021;
- An aggregate limit loss in 2021;

-
- Continental downgrade in 2022;
 - A loss ratio of 20% in 2021;

Qualitative

- A large loss is notified which causes a breach of the SCR before the Company can be recapitalised.

Reverse Stress Tests

- Loss ratio required in 2021 to breach the capital risk appetite;
- Loss ratio required in 2021 and 2022 to breach the SCR;

C.7 Any Other Disclosures

There is no other material information regarding the risk profile of the Company during the reporting period.

Section D: Valuation for Solvency Purposes

D.1 Assets

D.1 (a) Valuation of Assets

As at 31st December 2020, the Company held the following assets:

Tyre Reinsurance (Ireland) DAC Assets (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Goodwill		
Deferred Acquisition Costs	-	-
Intangible Assets		-
Deferred Tax Assets	330	349
Pension benefit surplus		-
Property, plant & equipment held for own use		-
Investments	12,961	12,961
Property (Other than Own Use)		-
Participations and related undertakings		-
Equities (Other than Participations)	-	-
Equities (Other than Participations) - Listed		-
Equities (Other than Participations) - Unlisted		-
Bonds	-	-
Government and Multilateral Banks		-
Corporate		-
Structured Notes		-
Collateralised Securities		-
Collective Investments Undertakings		-
Derivatives		-
Deposits other than cash equivalents	12,961	12,961
Other Investments		-
Mortgages and Loans Made	40,008	40,008
<i>Mortgages & loans to individuals</i>		-
<i>Other Mortgages & loans</i>	40,008	40,008
<i>Loans on Policies</i>		-
Reinsurance recoverables	-	-
<i>Reinsurance share of TP - non-life excluding health</i>		-
<i>Reinsurance share of TP - health similar to non-life</i>		-
Deposits to cedants		-
Insurance & Intermediaries Receivables	0	
Reinsurance Receivables	75	
Receivables (trade, not insurance)	-	-
Own Shares		-
Amounts due in respect of own fund items or initial fund called up but not yet paid in		-
Cash & Cash Equivalents	9,658	9,658
Any Other Assets, Not Elsewhere Shown	-	-
Total assets	63,032	62,976

Recognition

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

Initial Measurement

All financial assets are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Realised and unrealised gains and losses arising from changes in the fair value of investments are presented in the non-technical profit and loss account in the period in which they arise. Interest income is recognised when earned. Expenses are recognised when incurred.

D.1 (b) Material Differences used in Valuation of Assets

There is a deferred tax asset of EUR 349K (2018: EUR 523K) created on the Solvency II balance sheet by the difference in valuation of the technical provisions.

D.2 Technical Provisions

2020

EUR 000

Line of Business	Gross Best Estimate Liabilities	Risk Margin	Recoverables from Reinsurance Contracts and SPVs	Total Technical Provisions Net of Recoverables
Non-Proportional Property	5,785	1,400	-	7,185

2019

EUR 000

Line of Business	Gross Best Estimate Liabilities	Risk Margin	Recoverables from Reinsurance Contracts and SPVs	Total Technical Provisions Net of Recoverables
Non-Proportional Property	9,803	1,478	-	11,281

Given the sparsity of claims in the Company's history, individual case reserves were reviewed in all cases. Loss estimation for the Company has been very accurate. On the claims on the Company's book there has been little to no movement in recent years. Based on this, there is little that actuarial review can add to the claim reserving process other than an experienced review of the open outstanding claims. Therefore, the Company's booked reserves in the financial statements are taken as the best estimate reserves.

Solvency II technical provisions must include any claims and expenses relating to legally bound but not incepted business, any expenses incurred in the servicing of insurance or reinsurance agreements, and any payables or receivables which are not past due.

The premium provision was calculated using expected cashflows arising from the 1 January 2021 renewal which is within contract boundaries at the valuation date. The expected loss ratio used is based on the Company's own experience and benchmark data. This is the main difference between the valuation on the Solvency II basis compared with that on the financial statements, as the 2021 renewal cashflows are not considered in the 2020 financial statements.

The Risk Margin is the other main difference between the valuation bases, as this is a Solvency II-specific concept which is added to the Best Estimate of Liabilities to ensure that the value of the total technical provisions is equivalent to the amount that an insurance undertakings would be expected to require to take over and meet the insurance obligations of the Company. The Company uses Method 1 listed in Guideline 62 of EIOPA's Guidelines on the valuation of technical provisions to calculate its Risk Margin; this is the most sophisticated of the simplifications permitted.

The main risk to the adequacy of the Company's reserves is the emergence of a large claim or claims. This risk is quite low for property reinsurance, as losses in this class are typically instantaneous and known immediately.

A second risk to the adequacy of the Company's reserves is the deterioration of an existing claim or claims. Having reviewed the claims reports for a number of the largest claims, this risk is considered to be low, with the Company taking an appropriate approach to claim reserving.

The Company's approach to reserving (as outlined in the Company's reserving policy) is such that case reserves and IBNR are adequate and there is timely reporting and recognition of losses.

During 2016, an analysis was performed of reporting delays in order to assess the adequacy of the IBNR. Notification delays are very short, with Tyre Re becoming aware of claims typically within 24 hours of the loss occurring.

In respect of the premium provision, the volatility of the actual underwriting result is much higher for a captive reinsurer writing a relatively small number of risks compared to a commercial insurer.

- In calculating its technical provisions, the Company has not applied any of the following items: The matching adjustment referred to in Article 77b of Directive 2009/138/EC;
- The volatility adjustment referred to in Article 77d of Directive 2009/138/EC;
- The transitional risk-free interest rate-term structure referred to in Article 308c of Directive 2009/138/EC;
- The transitional deduction referred to in Article 308d of Directive 2009/138/EC.

The Company does not have any recoverables from reinsurance contracts or special purpose vehicles. There have been no material changes in the relevant assumptions made in the calculation of the technical provisions compared to the prior year technical provisions calculation.

D.3 Other Liabilities

D.3 (a) Valuation of Other Liabilities

As at 31st December 2020, the Company recorded the following liabilities for solvency purposes.

Tyre Reinsurance (Ireland) DAC Liabilities (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Gross Technical Provisions – Non-Life (Excluding Health)	7,107	7,185
<i>TP calculated as a whole (Best estimate + Risk margin)</i>	7,107	
<i>Best Estimate</i>		5,785
<i>Risk Margin</i>		1,400
Gross Technical Provisions - Health (Similar to Non-Life)	-	-
<i>TP calculated as a whole (Best estimate + Risk margin)</i>		
<i>Best Estimate</i>		-
<i>Risk margin</i>		-
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		-
Financial liabilities other than debts owed to credit institutions		-
Insurance & intermediaries payables		-
Reinsurance payables		-
Payables (trade, not insurance)	117	117
Subordinated liabilities	-	-
Subordinated liabilities not in BOF		-
Subordinated liabilities in BOF		-
Any other liabilities, not elsewhere shown		-
Total liabilities	7,224	7,302
Assets less Liabilities	55,808	55,674

D.3 (b) Material Differences used in Valuation of Other Liabilities

There are no material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and those used for its valuation in financial statements.

D.4 Material Information Regarding Valuation of Assets and Liabilities

There is no further material information regarding the valuation of assets and liabilities for solvency purposes.

Section E: Capital Management

E.1 Own Funds

The Company has a documented Capital Management Policy and there is no appetite for losses resulting from breach of the solvency margin. In addition, the ORSA process is an integral part of the Company's Capital Management Process. The outputs of the Actuarial Function Report are also used in the Company's decision-making process in respect of capital management.

The Company is a designated activity company whose shares are fully paid up. It has no debt-financing, nor does it have any plans to raise debt or issue new shares in the short or medium term.

The Company's own funds are invested in cash, short-term deposits or short-term loans to its parent group. There is no intention to change this policy.

The medium-term capital management plan set out by the Board is as follows:

- Own funds to be maintained at an agreed level in excess of SCR (or MCR where relevant);
- No capital is planned to be issued in the short- or medium-term;
- No dividends are anticipated in the short or medium term; and
- Own fund items are to be invested in external bank deposits, cash or loaned to its parent group in accordance with the Board's approved counterparty limits as set out in the Company's Investment Policy.

EUR 000

Own Funds Item	Value at 31 December 2020
Tier 1 unrestricted	55,325
Tier 1 restricted	
Tier 2 basic	
Tier 2 ancillary	
Tier 3	349
Tier 3 ancillary	
TOTAL	55,674

EUR 000

Own Funds Item	Value at 31 December 2019
Tier 1 unrestricted	53,931
Tier 1 restricted	-
Tier 2 basic	-
Tier 2 ancillary	-
Tier 3	523
Tier 3 ancillary	-
TOTAL	54,454

The equity as shown in the undertaking's financial statements is EUR 134k less (2019: EUR 299k greater) than the excess of assets over liabilities as calculated for solvency purposes; this difference is due mainly to the inclusion of the risk margin in the Solvency II technical provisions. In addition, the Solvency II technical provisions must include any claims and expenses relating to legally bound but not incepted business.

EUR 000

Reconciliation	2020
Irish GAAP Available Capital	55,808
+/- Deferred tax asset	19
- Risk Margin	(1,400)
+ Profit on UPR	1,257
- Expenses	(97)
+/- Discounting	87
Solvency II Available Capital	55,674

EUR 000

Reconciliation	2019
Irish GAAP Available Capital	54,754
+/- Deferred tax asset	43
- Risk Margin	(1,478)
+ Profit on UPR	1,117
- Expenses	(107)
+/- Discounting	125
Solvency II Available Capital	54,454

The Company has no own-fund items subject to the transitional arrangements referred to in Article 308b(9) and 308b(10) of Directive 2009/138/EC.

The Company has no items of ancillary own funds.

The Company has no items deducted from own funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

2020

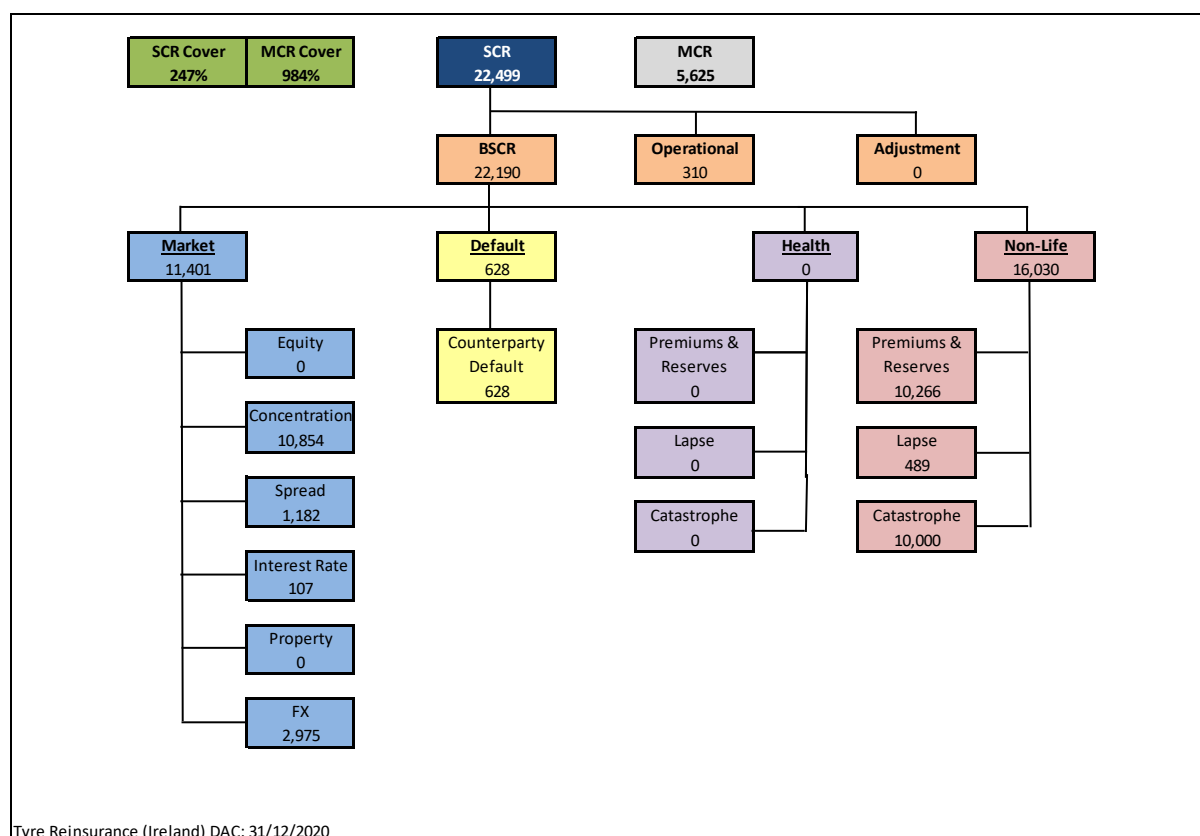
EUR 000

Solvency	Capital Requirement	Eligible Capital	Solvency Ratio
SCR	22,499	55,674	247%
MCR	5,625	55,325	984%

2019

EUR 000

Solvency	Capital Requirement	Eligible Capital	Solvency Ratio
SCR	22,672	54,454	240%
MCR	5,688	53,931	951%



The Company does not use simplified calculations for any risk-modules or sub-modules of the Standard Formula.

The Company does not use undertaking-specific parameters pursuant to Article 104(7) of Directive 2009/138/EC.

The Company is not required to apply any undertaking-specific parameters in accordance with Article 110 of Directive 2009/138/EC and is not subject to any capital add-on.

The MCR as calculated using premium and technical provisions are follows:

2020

EUR 000

Line of Business	Net Technical Provisions	Net Premium Written	α	β	MCR NL
Non-Proportional Property	5,785	10,322	19%	16%	2,717
Total	5,785	10,322			2,717

2019

EUR 000

Line of Business	Net Technical Provisions	Net Premium Written	α	β	MCR NL
Non-Proportional Property	9,803	10,465	19%	16%	3,487
Total	9,803	10,465			3,487

Since the figure of EUR 2,717k (2019: EUR 3,487k) is less than the floor of 25% of the SCR, the floor of 25% of the SCR is applied – i.e. EUR 5,625k (2019: 5,668k).

The loss-absorbing capacity of deferred taxes is an adjustment as prescribed in Articles 205-207 of the Delegated Acts. (There can also be an adjustment for the Loss Absorbing Capacity of Technical Provisions, but this does not apply to the Company.)

The Loss Absorbing Capacity of Deferred Taxes (“LACDT”) represents the tax asset that would be created should the events that would give rise to a loss the size of the SCR occur. This can be used to reduce the SCR if the Board is of the view that the Company would continue to trade profitably into the future should such circumstances occur.

The testing of the recoverability of this deferred tax asset is a requirement of the Central Bank of Ireland for companies that wish to include LACDT in their available capital for solvency purposes. Although deferred tax assets can be carried forward indefinitely in the Irish tax system, the Central Bank of Ireland has also indicated that whilst it will not exclude profits beyond 5 years in this calculation, ‘*consideration will be given to the normal planning cycle of 3-5 year period*’. The existing Deferred Tax Asset on the balance sheet must also be taken into consideration in testing the recoverability of the LACDT.

Whilst the Company expects the business to be profitable throughout the future projection period, the level profits is relatively modest and there is sufficient uncertainty over the loss ratio assumptions that the Board has decided not to take any credit for the LACDT in the Company’s SCR calculation. Furthermore, the Company is already taking full credit for an existing Deferred Tax Asset which materialised following the 2019 losses. Any credit given to LACDT would have to be in addition to the Deferred Tax Asset already on the Balance Sheet, further justifying the Board’s decision not to take any credit for LACDT.

There has been no material change in the Company's SCR or MCR over the reporting period other than change due to organic growth of the Company.

E.3 Use of Duration-Based Equity Risk Sub-Module in the Calculation of SCR

The Company is not using the duration-based equity risk-sub-module in the calculation of its SCR

E.4 Differences Between Standard Formula and Any Internal Models Used

An internal model is not used by the Company.

E.5 Non-Compliance with the MCR and Significant Non-Compliance with SCR

There has been full compliance with the Minimum Capital Requirement and the Solvency Capital Requirement over the reporting period.

E.6 Any Other Disclosures

There is no other material information regarding the capital management of the Company.

Appendices

S.02.01.02

Annex I

S.02.01.02

Balance sheet

Assets

Intangible assets
Deferred tax assets
Pension benefit surplus
Property, plant & equipment held for own use
Investments (other than assets held for index-linked and unit-linked contracts)
Property (other than for own use)
Holdings in related undertakings, including participations
Equities
Equities - listed
Equities - unlisted
Bonds
Government Bonds
Corporate Bonds
Structured notes
Collateralised securities
Collective Investments Undertakings
Derivatives
Deposits other than cash equivalents
Other investments
Assets held for index-linked and unit-linked contracts
Loans and mortgages
Loans on policies
Loans and mortgages to individuals
Other loans and mortgages
Reinsurance recoverables from:
Non-life and health similar to non-life
Non-life excluding health
Health similar to non-life
Life and health similar to life, excluding health and index-linked and unit-linked
Health similar to life
Life excluding health and index-linked and unit-linked
Life index-linked and unit-linked
Deposits to cedants
Insurance and intermediaries receivables
Reinsurance receivables
Receivables (trade, not insurance)
Own shares (held directly)
Amounts due in respect of own fund items or initial fund called up but not yet
Cash and cash equivalents
Any other assets, not elsewhere shown

Total assets

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
Contingent liabilities
Provisions other than technical provisions
Pension benefit obligations
Deposits from reinsurers
Deferred tax liabilities
Derivatives
Debts owed to credit institutions
Financial liabilities other than debts owed to credit institutions
Insurance & intermediaries payables
Reinsurance payables
Payables (trade, not insurance)
Subordinated liabilities
Subordinated liabilities not in BOF
Subordinated liabilities in BOF
Any other liabilities, not elsewhere shown

Total liabilities

Excess of assets over liabilities

	Solvency II value
	C0010
R0030	
R0040	349
R0050	
R0060	
R0070	12,961
R0080	
R0090	
R0100	
R0110	
R0120	
R0130	
R0140	
R0150	
R0160	
R0170	
R0180	
R0190	
R0200	12,961
R0210	
R0220	
R0230	40,008
R0240	
R0250	
R0260	40,008
R0270	
R0280	
R0290	
R0300	
R0310	
R0320	
R0330	
R0340	
R0350	
R0360	
R0370	
R0380	
R0390	
R0400	
R0410	9,658
R0420	
R0500	62,976
	Solvency II value
	C0010
R0510	7,185
R0520	7,185
R0530	
R0540	5,785
R0550	1,400
R0560	
R0570	
R0580	
R0590	
R0600	
R0610	
R0620	
R0630	
R0640	
R0650	
R0660	
R0670	
R0680	
R0690	
R0700	
R0710	
R0720	
R0740	
R0750	
R0760	
R0770	
R0780	
R0790	
R0800	
R0810	
R0820	
R0830	
R0840	117
R0850	
R0860	
R0870	
R0880	
R0900	7,302
R1000	55,674

S.05.01.02

Annex I
S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for:				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110																	
Gross - Proportional reinsurance accepted	R0120																	
Gross - Non-proportional reinsurance accepted	R0130																10,322	10,322
Reinsurers' share	R0140																	
Net	R0200																10,322	10,322
Premiums earned																		
Gross - Direct Business	R0210																	
Gross - Proportional reinsurance accepted	R0220																	
Gross - Non-proportional reinsurance accepted	R0230																10,322	10,322
Reinsurers' share	R0240																	
Net	R0300																10,322	10,322
Claims incurred																		
Gross - Direct Business	R0310																	
Gross - Proportional reinsurance accepted	R0320																	
Gross - Non-proportional reinsurance accepted	R0330																7,811	7,811
Reinsurers' share	R0340																	
Net	R0400																7,811	7,811
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																1,476	1,476
Other expenses	R1200																	
Total expenses	R1300																	1,476

Annex I
S.05.01.02

Premiums, claims and expenses by line of business

		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	Health reinsurance	Life-reinsurance	
		C 0210	C 0220	C 0230	C 0240	C 0250	C 0260	C 0270	C 0280	C 0300
Premiums written										
Gross	R1410									
Reinsurers' share	R1420									
Net	R1500									
Premiums earned										
Gross	R1510									
Reinsurers' share	R1520									
Net	R1600									
Claims incurred										
Gross	R1610									
Reinsurers' share	R1620									
Net	R1700									
Changes in other technical provisions										
Gross	R1710									
Reinsurers' share	R1720									
Net	R1800									
Expenses incurred	R1900									
Other expenses	R2500									
Total expenses	R2600									

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S.17.01.02
Non-life Technical Provisions

Technical provisions calculated as a whole

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

Technical provisions calculated as a sum of BE and RM

Best estimate

Premium provisions

Gross

Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Net Best Estimate of Premium Provisions

Claims provisions

Gross

Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Net Best Estimate of Claims Provisions

Total Best estimate - gross

Total Best estimate - net

Risk margin

Amount of the transitional on Technical Provisions

Technical Provisions calculated as a whole

Best estimate

Risk margin

Technical provisions - total

Technical provisions - total

Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total

Technical provisions minus recoverables from reinsurance/SPV and

Finite Re - total

	Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010																	
R0050																	
R0060																-1,230	-1,230
R0140																	
R0150																-1,230	-1,230
R0160																7,015	7,015
R0240																	
R0250																7,015	7,015
R0260																5,785	5,785
R0270																5,785	5,785
R0280																1,400	1,400
R0290																	
R0300																	
R0310																	
R0320																7,185	7,185
R0330																	
R0340																7,185	7,185

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Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	Underwriting year [UWY]
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Gross Claims Paid (non-cumulative) (absolute amount)

(absolute amount)															
Year	Development year											In Current year	Sum of years (cumulative)		
	C0010	1	2	3	4	5	6	7	8	9	10 & +				
Prior	R0100												R0100		
2011	R0160	5,250	13	3									R0160	5,266	
2012	R0170		1,500	2,030	19								R0170	3,549	
2013	R0180	4,697	1,526	2,720	10								R0180	8,953	
2014	R0190		12,235	19	18								R0190	12,272	
2015	R0200		1	0	0	0							R0200	1	
2016	R0210	2											R0210	2	
2017	R0220		11	5	20								R0220	36	
2018	R0230	6,000	3,980	1,501									R0230	11,481	
2019	R0240	6,000	6,830										R0240	12,830	
2020	R0250	3,291											R0250	3,291	
Total												R0260	11,642	57,681	

Gross undiscounted Best Estimate Claims Provisions (absolute amount)

(absolute amount)												Year end (discounted data)	
Year	Development year											Total	
	C0200	1	2	3	4	5	6	7	8	9	10 & +		
Prior	R0100											R0100	C0360
2011	R0160											R0160	
2012	R0170											R0170	
2013	R0180											R0180	
2014	R0190			65	48		69	75				R0190	74
2015	R0200		50	50	48	50	50					R0200	48
2016	R0210	300	50									R0210	
2017	R0220	265	3	3	-25							R0220	-24
2018	R0230	6,880	2,187	755								R0230	747
2019	R0240	8,516	1,727									R0240	1,720
2020	R0250	4,482										R0250	4,449
												R0260	7,015

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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 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

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 Expected profits included in future premiums (EPIFP)

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	1,023	1,023			
R0030					
R0040					
R0050					
R0070					
R0090					
R0110					
R0130	39,303	39,303			
R0140					
R0160	349				349
R0180	15,000	15,000			
R0220					
R0230					
R0290	55,674	55,325			349
R0300					
R0310					
R0320					
R0330					
R0340					
R0350					
R0360					
R0370					
R0390					
R0400					
R0500	55,674	55,325			349
R0510	55,325	55,325			
R0540	55,674	55,325			349
R0550	55,325	55,325			
R0580	22,499				
R0600	5,625				
R0620	247,45%				
R0640	983,59%				

	C0060
R0700	55,674
R0710	
R0720	
R0730	16,371
R0740	
R0760	39,303
R0770	
R0780	1,763
R0790	1,763

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Solvency Capital Requirement - for undertakings on Standard Formula

Market risk
Counterparty default risk
Life underwriting risk
Health underwriting risk
Non-life underwriting risk
Diversification
Intangible asset risk

Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

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 Requirement for remaining part
Total amount of Notional Solvency Capital Requirements 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

Approach to tax rate

Approach based on average tax rate

Calculation of loss absorbing capacity of deferred taxes

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

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010	11,401		
R0020	628		
R0030			
R0040			
R0050	16,030		
R0060	-5,870		
R0070			
R0100	22,190		
	C0100		
R0130	310		
R0140			
R0150			
R0160			
R0200	22,499		
R0210			
R0220	22,499		
R0400			
R0410			
R0420			
R0430			
R0440			
	Yes/No		
	C0109		
R0590	2 - No		
	LAC DT		
	C0130		
R0640			
R0650			
R0660			
R0670			
R0680			
R0690			

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Annex I

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

Linear formula component for non-life insurance and reinsurance obligations

	C0010
MCR _{NL} Result	R0010 2,717

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	
Income protection insurance and proportional reinsurance	R0030	
Workers' compensation insurance and proportional reinsurance	R0040	
Motor vehicle liability insurance and proportional reinsurance	R0050	
Other motor insurance and proportional reinsurance	R0060	
Marine, aviation and transport insurance and proportional reinsurance	R0070	
Fire and other damage to property insurance and proportional reinsurance	R0080	
General liability insurance and proportional reinsurance	R0090	
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	
	5,785	10,322

Linear formula component for life insurance and reinsurance obligations

	C0040
MCR _L Result	R0200

	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 2,717
SCR	R0310 22,499
MCR cap	R0320 10,125
MCR floor	R0330 5,625
Combined MCR	R0340 5,625
Absolute floor of the MCR	R0350 1,200
	C0070
Minimum Capital Requirement	R0400 5,625