DCC Group Insurances dac

Solvency and Financial Condition Report ("SFCR") for the financial year ended 31 March 2021

Contents

EXECUTIVE SUMMARY **4**

A BUSINESS AND PERFORMANCE **7**

A.1 BUSINESS 7
A.2 UNDERWRITING PERFORMANCE 8
A.3 INVESTMENT PERFORMANCE 10
A.4 PERFORMANCE OF OTHER ACTIVITIES 11
A.5 ANY OTHER INFORMATION 11

B SYSTEM OF GOVERNANCE **12**

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE 12
B.2 FIT AND PROPER REQUIREMENTS 14
B.3 RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY 15
ASSESSMENT 15
B.4 INTERNAL CONTROL SYSTEM 19
B.5 INTERNAL AUDIT FUNCTION 20
B.6 ACTUARIAL FUNCTION 20
B.7 OUTSOURCING 21
B.8 ASSESSMENT OF THE ADEQUACY OF THE SYSTEM OF GOVERNANCE OF THE INSURANCE OR REINSURANCE UNDERTAKING TO THE NATURE, SCALE AND COMPLEXITY OF THE RISKS 21
B.9 ANY OTHER MATERIAL INFORMATION REGARDING THE SYSTEM OF GOVERNANCE OF THE COMPANY 21

C RISK PROFILE **22**

C.1 UNDERWRITING RISK 22
C.2 MARKET RISK 23
C.3 CREDIT RISK 24
C.4 LIQUIDITY RISK 25
C.6 OTHER MATERIAL RISKS 27
C.7 AMOUNT OF EXPECTED PROFIT INCLUDED IN FUTURE PREMIUMS AS 27
CALCULATED IN ACCORDANCE WITH ARTICLE 260(2) 27
C.8 STRESS AND SENSITIVITY TESTS 27
C.9 ANY OTHER INFORMATION 27

D VALUATION FOR SOLVENCY PURPOSES **28**

D.1 ASSETS 28
D.2 TECHNICAL PROVISIONS 29
D.3 OTHER LIABILITIES 31
D.4 ALTERNATIVE METHODS FOR VALUATION FOR OTHER LIABILITIES 31
D.5 ANY OTHER INFORMATION 31

E CAPITAL MANAGEMENT **32**

E.1 OWN FUNDS 32
E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT 34
E.3 ANY USE OF THE EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT. 35

E.4 INTERNAL MODEL INFORMATION. 36
E.5 NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND 36
SIGNIFICANT NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT. 36
E.6 ANY OTHER INFORMATION 36

F TEMPLATES 37

Executive Summary

The new, harmonized EU-wide regulatory regime for Insurance Companies, known as Solvency II, came into force with effect from 1 January 2016. The regime requires new reporting and public disclosure arrangements to be put in place by (re)insurers.

This report covers the Business and Performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management.

Company Background

DCC Group Insurances dac is a company incorporated in Ireland and authorised by the Central Bank of Ireland ("CBI") to carry out the following classes of non-life insurance business:

- Class 3: Land Vehicle;
- Class 10: Motor Vehicle Liability;
- Class 13: General Liability.

The Company is a non-life captive insurance undertaking that insures selected risks of the DCC Group.

Business and Performance

The Company booked pre-tax profits of €0.7 million in the year ended 31 March 2021 (2020: pre-tax losses of €0.3 million). The profits have primarily been driven by positive claims development in respect of prior underwriting years.

The Company continues to closely monitor the ongoing COVID-19 situation and has taken measures to ensure it can maintain its business as usual. The Directors have reviewed the composition of its assets at the balance sheet date and believe that the Company has sufficient liquid assets to meet its liabilities at the balance sheet date as they fall due. Furthermore, the Directors have also assessed the security and recoverability of the Company's assets and, over the next twelve months, they consider that they are not at risk.

The Directors have also reviewed the potential impact of COVID-19 on the Company's underwriting performance and at the date of approval of the financial statements and over the period of assessment, the Directors are satisfied that Company's estimated solvency ratio under Solvency II remains within the Company's risk appetite range.

System of Governance

The Company is subject to the Central Bank of Ireland's Corporate Governance Requirements for Captive Insurance and Captive Reinsurance Undertakings 2015. The corporate governance principles of the Company are implemented via the following Corporate Governance Framework:

- Board of Directors
- Outsourced Service Providers
- Internal Control Framework
- Risk Management Framework
- Compliance Function
- Audit – Internal & External

Outsourced Activities

The following is a list of the important outsourced operational functions together with the jurisdiction in which the service providers of such functions or activities are located:

Critical Outsourcing Arrangements				
Outsourced Provider	**Service Outsourced**	**Internal/External**	**Jurisdiction**	**Outsourcing Oversight**
Marsh Management Services (Dublin) Limited	Captive Manager	External	EU	C. Coyle (PCF-2)
	Compliance Function			
	Risk Management Function			
DCC plc	Internal Audit Function	Internal	EU	
Marsh UK	Head of Actuarial Function	External	UK	
Davies Ireland Limited	Claims Administration	External	EU / UK	
Zurich Insurance PLC				
Crawford & Company				

Risk Profile

The Company uses the Standard Formula to assess the solvency and capital requirements. The following table outlines the material risks to which the Company is exposed as well as the undiversified capital charge associated with the risks at year end 2021.

SCR €'000	Market €'000	Default €'000	Non-Life €'000
6,625	**1,503**	**896**	**5,258**

Valuation for Solvency Purposes

The Company assets and liabilities, under Solvency II methodology, are valued at best estimate. This differs in some respects from the IFRS valuations for financial statements. In particular, the technical provisions for the Solvency II balance sheet represent the present value of future claim payments. A risk margin is also included in technical provisions, which represents the cost of holding the solvency capital requirement. Section D of the SFCR shows the comparison between the Solvency II balance sheet and the Financial Statements.

Capital Management

The objective of own funds management is to maintain, at all times, sufficient own funds to cover the SCR and MCR with an appropriate buffer. As part of own funds management, the Company prepares ongoing annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the basis of the ORSA contains a three-year projection of funding requirements and helps focus actions for future funding.

The Company is a single shareholder entity whose ordinary shares are fully paid up.

The Company has no debt financing nor does it have plans to raise debt or issue new share capital over the three year time horizon used for business planning.

The company solvency position including the individual risks is as follows:

Solvency	Capital requirement €'000	Eligible capital €'000	Solvency ratio %
SCR	**6,625**	**10,902**	**165**
MCR	**3,700**	**10,902**	**295**

A BUSINESS AND PERFORMANCE

A.1 Business

A.1.1 Name and legal form of the undertaking

DCC Group Insurances dac (hereinafter “the Company”) is incorporated in the Republic of Ireland and is a private company limited by shares.

A.1.2 Name of the Supervisory Authority responsible for the financial supervision of the undertaking

The Company is regulated by the Central Bank of Ireland (CBI). The CBI can be contacted at:

Central Bank of Ireland, PO BOX 559, New Wapping Street, North Wall Quay, Dublin 1, Ireland.

A.1.3 External auditor of the undertaking

The independent auditors of the Company are:

KPMG, 1, Harbourmaster Place, IFSC, Dublin 1, Ireland.

A.1.4 Holders of Qualifying Holdings in the Undertaking

The Company is wholly owned by DCC plc, a company incorporated in Ireland.

A.1.5 Legal Structure of the Group

DCC plc is also the ultimate and controlling party parent company.

A.1.6 Material lines of business and geographical areas

The Company is a non-life captive insurance undertaking that insures selected risks of the DCC Group.

The material geographical area in which the Company operates is northern Europe.

A.1.7 Significant Business events during the reporting period

No material events occurred during the year that would merit disclosure.

A.2 Underwriting Performance

The premium income written by the Company was derived from the coverage of the non-life insurance risks of DCC Group companies.

The Company writes the following lines of business:

Motor Liability (Class 10)
General Liability (Class 13)

For the purposes of capital reporting these are categorised as:

Class of Business as IFRS	Solvency II Class of Business
Motor Liability	Motor Vehicle Liability
General Liability	General Liability

The Company has determined that the Euro ("€") is the functional currency.

The tables below show a summary of the technical (underwriting) account for the year ended 31 March 2021 by material Line of Business and Geographical area (based on International Financial Reporting Standards (IFRSs)). The material geographical area in which the Company operates is northern Europe (comprising the UK and the EEA), although a small amount of business is also underwritten in respect of the US and Hong Kong.

Underwriting performance for the main Solvency II Lines of Business and Geographical areas (including aggregate performance).

Aggregate UW Performance	31/03/2021	31/03/2020
	€'000	€'000
Gross Premium Earned	6,369	6,329
Reinsurance Premium Ceded	(2,638)	(2,682)
Net Earned Premiums	3,731	3,647
Gross Claims Incurred	(4,670)	(3,435)
Reinsurers' Share of Claims Incurred	1,557	-
Net Claims Incurred	(3,113)	(3,435)
Operating Income/(Expenses)	69	(557)
Investment Income	14	48
Net Underwriting Profit/(Loss)	**701**	**(297)**

Financial Year ended 31 March 2021			
UW Performance by Line of Business	Motor Liability	General Liability	Total
	€'000	€'000	€'000
Gross Premium Earned	3,178	3,191	**6,369**
Reinsurance Premium Ceded	(953)	(1,685)	**(2,638)**
Net Earned Premiums	2,225	1,506	**3,731**
Gross Claims Incurred	(3,194)	(1,476)	**(4,670)**
Reinsurers' Share of Claims Incurred	1,557	-	**1,557**
Net Claims Incurred	(1,637)	(1,476)	**(3,113)**
Operating Income/(Expenses)	41	28	**69**
Investment Income	8	6	**14**
Net Underwriting Profit/(Loss)	**637**	**64**	**701**

Financial Year ended 31 March 2020			
UW Performance by Line of Business	Motor Liability	General Liability	Total
	€'000	€'000	€'000
Gross Premium Earned	3,427	2,902	**6,329**
Reinsurance Premium Ceded	(1,253)	(1,429)	**(2,682)**
Net Earned Premiums	2,174	1,473	**3,647**
Gross Claims Incurred	(3,074)	(361)	**(3,435)**
Reinsurers' Share of Claims Incurred	-	-	**-**
Net Claims Incurred	(3,074)	(361)	**(3,435)**
Operating Income/(Expenses)	(302)	(255)	**(557)**
Investment Income	26	22	**48**
Net Underwriting Profit/(Loss)	**(1,176)**	**879**	**(297)**

The Company booked pre-tax profits of €0.7 million in the year ended 31 March 2021 (2020: pre-tax losses of €0.3 million). The profits have primarily been driven by positive claims development in respect of prior underwriting years.

A.3 Investment Performance

A.3.1 Income and expenses arising by asset class

The Company has an investment strategy which complies with the requirements of "the prudent person principle".

As at 31 March 2021 the Company's investment portfolio comprised the following material asset classes:

Asset Class	31/03/2021		31/03/2020	
	Amount €'000	% of portfolio	Amount €'000	% of portfolio
Cash and cash equivalents	19,593	100%	17,791	100%
Total	**19,593**	**100%**	**17,791**	**100%**

The table below sets out the investment returns by asset class:

Asset Class	31/03/2021	31/03/2020
	€'000	€'000
Cash and cash equivalents	14	48
Total	**14**	**48**

Results are consistent with the prior year.

A.3.2 Gains and losses recognised directly in equity

No gains and losses have been recognised directly in equity.

A.3.3 Investments in securitisation

There are no investments in securitisation.

A.4 Performance of Other Activities

A.4.1 There have been no other significant activities undertaken by the company other than its insurance and related activities.

A.5 Any Other Information

There are no other material matters in respect of the business and performance of the Company.

B SYSTEM OF GOVERNANCE

B.1 General Information on the system of governance

B.1.1 Role and responsibilities of the administrative, management or supervisory body and key functions

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

Board of Directors:

The Company's Board of Directors carries responsibility for the effective, prudent and ethical oversight of the business and sets its business strategy and risk appetite. The Board of Directors is also responsible for ensuring that risk and compliance are properly managed in the company.

The current composition of the Board of Directors is as follows:

C. Murphy (Chairman)

C. Coyle

Y. Divilly

K. Lucey

J. Magee

Independent Control Functions:

The Company has established the four key control functions in line with Solvency II requirements: risk management, actuarial, compliance and internal audit. These functions, each possessing distinct responsibilities, are tasked with providing oversight of and challenge to the business and for providing assurance to the Board in relation to the Company's control framework.

Risk Management Function

The role of the Company's risk management function is to identify and evaluate the major risks. Having considered the nature scale and complexity of the Company the Board have determined that the role of the RMF can be carried out by the Captive Manager, Marsh Management Services (Dublin) Limited ("the Manager") under the supervision of the Board. The roles and responsibilities of the risk management function are set out within the risk management policy.

Compliance Function

In order to effectively monitor and report on The Company's requirement to be in compliance with all applicable laws and regulatory requirements the Board of Directors has outsourced the compliance

function to the Manager and an employee of the Manager has been appointed as Compliance Officer. The Compliance Officer reports to the Board.

Actuarial Function

To ensure compliance with Solvency II obligations, the role of the Head of Actuarial Function ("HoAF") is outsourced to a third party provider. The HoAF reports to the Board.

Internal Audit Function

The internal audit function is outsourced within the DCC Group Internal Audit Team. The scope of internal audit activities includes the examination and evaluation of the effectiveness of the internal control, risk management and governance systems and processes of the entire licensed entity, including the Company's outsourced activities. The Internal Audit function reports to the Board.

B.1.2 Material changes in the system of governance that have taken place over the reporting period.

No material changes to the system of governance took place over the reporting period.

B.1.3 Remuneration policy for the administrative, management or supervisory body and employees.

The Company does not have any employees. Day-to-day running of the Company is handled by the Manager under a third party administrative agreement.

Hence the Company's remuneration policy refers only to the remuneration of non-group executive directors should circumstances dictate that it is necessary to appoint external Executive Directors to the Board.

The Board of Directors of the Company includes Directors from DCC Group who receive no remuneration from the Company in relation to this.

B.1.3.2 Material transactions during the reporting period with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body.

The Company is a non-life insurance captive whose principal activity is the issuance of insurance policies direct to its parent company and its related subsidiaries/affiliated companies.

The Company did not enter into any transactions with key management personnel in the DCC Group during the year ended 31 March 2021.

Mr. J. Magee, a director of the Company, is also a director of the Captive Administration Manager, Marsh Management Services (Dublin) Limited.

B.2 Fit and Proper requirements

B.2.1 Requirements for skills, knowledge and expertise

On 1 October 2010, Part 3 of the Central Bank Reform Act 2010 introduced a harmonised statutory system for the regulation by the Central Bank of Ireland ("CBI") of persons performing Controlled Functions ("CFs") and Pre-Approval Controlled Functions ("PCFs") in regulated financial service providers.

On 1 December 2011 the CBI issued the Fitness & Probity Standards under Section 50 of the Central Bank Reform Act 2010 which all persons performing Controlled Functions or Pre-Approval Controlled Functions should, at a minimum, comply with.

Guidance for (Re)Insurance Undertakings on the Fitness & Probity Amendments 2015 further assist companies in complying with their obligations brought in by the Solvency II (European Union (Insurance and Reinsurance) Regulations 2015 S.I. 485 of 2015).

The Company has adopted a Fitness and Probity Policy (reviewed by the Board on an annual basis) with the purpose of ensuring that:

- persons holding key positions within the Company are assessed in terms of their fitness and probity in relation to a proposed role and on an ongoing basis;
- effective procedures are in place to undertake this assessment;
- the results of such an assessment are documented;
- the Board is satisfied that it can conclude that persons holding key positions are fit and proper;
- responsibility is assigned to ensure fitness and probity is monitored on a continuous basis;
- approval is sought from the CBI prior to the appointment of persons performing Pre-Approval Control Functions.

B.2.2 Process for assessing the fitness and the propriety of the persons who effectively run the undertaking or have other key functions

The Policy outlines the procedures that must be followed for assessing the fitness and probity of persons performing CFs and PCF's while also stipulating the requirements for instances when either of these functions are outsourced to a regulated or unregulated entity.

It also focuses on the documentation, controls and governance that are required to be in place to ensure compliance with the abovementioned Regulations.

This is achieved in the main by means of internal checklists, documentary evidence of qualifications proving suitability for the role in question, references, regulatory authority, companies' office and police authority checks and self-certifications from the applicant in the form of Curricula Vitae and the CBI Individual Questionnaires.

B.3 Risk management system including the own risk and solvency assessment

B.3.1 Risk management system

The Company's risk management system is set out as follows:

1. The Board sets the Company Strategy.
2. The Board sets the Risk Strategy. The Risk Strategy describes and addresses the management of all material risks that the Company is exposed to in pursuit of the Company Strategy.
3. The Board sets the Risk Appetite. The Risk Appetite sets out the desired level of risk and the maximum level of variation from its risk appetite that it is willing to accept.
4. The Board has approved a Risk Policy and other individual risk policies necessary for the implementation of its Risk Strategy, consistent with its Risk Appetite.

The Company uses the Standard Formula to assess the solvency and capital requirements.

The Company performs an Own Risk and Solvency Assessment ("ORSA") at least annually. The main purpose of performing the ORSA is to ensure that the Company engages in a process of assessing all risks inherent in the business and determining the corresponding capital needs.

In order to ensure effective risk governance, the system has been designed to identify, assess, manage and monitor and report exposure to risk. This is a continuous process subject to continuous review and development.

<u>Identify</u>

The board reviews the risk profile of the Company at least annually and the Risk Management Function reviews the risk profile on an ongoing basis to ensure that the material risks of the Company are identified and recorded in the risk register.

<u>Assess</u>

Risks identified in the risk register are then quantified by the Board with input from the Risk Management Function and tolerances are established through the development of a risk appetite statement.

<u>Manage</u>

The Board determines the minimum standards to be maintained by the Company in order to manage the risks in a way that is consistent with its risk appetite by developing suitable individual risk policies.

<u>Monitor/Report</u>

Monitoring and reporting to the Board is undertaken at least quarterly from a number of sources including the Risk Management Function, Compliance Officer and the Internal Audit Function.

Findings from the development of the risk register are considered by the Board in the preparation of the annual internal audit plans.

The result is a risk management strategy, which is led by the Board of Directors whilst being embedded in the Company's business systems, strategy and policy setting processes and the activities of the Company.

B.3.2 Implementation of the Risk management system

The Company recognises the need to have appropriate governance, monitoring and reporting processes and procedures which enable the Company to identify, assess, manage, monitor and report the risks it is or might be exposed to.

Responsibility for risk management is spread throughout the Company and the wider DCC group. Appropriate internal reporting procedures and feedback loops ensure that information on the risk management framework is actively monitored and managed by all relevant functions and the Board.

The Company adopts a "3 lines of defence" approach for the overall governance of its risk management system.

The Board of Directors is ultimately responsible for the risk management framework and internal control, including approval of the Company strategy and business planning.

<u>1st Line of Defence – Day to Day:</u>

Operations – the Manager: The Manager provides day to day operations, accounting, financial reporting and administrative support services and company secretarial and regulatory reporting services on an outsourced basis to the Company.

<u>2nd Line of Defence – Oversight:</u>

Risk Management Function ("RMF"): The RMF is responsible for the oversight of the ongoing development, implementation and operation of the risk management framework, strategy, related resource plan and making recommendations to the Board thereon.

Compliance Function: The Compliance Function is recognised as a key part of the Company's internal control system which should identify, assess, monitor and report on the compliance risk exposure of the Company.

In order to help achieve its compliance objective the Board has appointed a Compliance Officer. The role of the Compliance Officer is set out in the Company's Board approved Compliance Policy.

<u>3rd Line of Defence – Independent Assessment:</u>

Internal Audit Function: The Board has established an Internal Audit Function that is an independent function within the Company with a remit to examine and evaluate the functioning, effectiveness and efficiency of the internal control system and other elements of the system of governance of the Company.

The responsibilities of the Internal Audit function are set out in the Company's Board approved Internal Audit Policy. The Internal Audit Function reports to the Board.

External Audit: The Board recognises that the independent external auditor has an important role in the effectiveness of the governance and risk management systems of the Company. The Company is required by law to appoint an external auditor on an annual basis.

Actuarial Function: The role of the Actuarial Function is outsourced to third party provider via the terms of a written SLA.

B.3.3 ORSA

B.3.3.1 ORSA process

The Company prepares an ORSA on an annual basis and on an ad-hoc basis, if circumstances materially change. The objective of the ORSA process is to enable the Board to assess its capital adequacy in light of the assessments of its risks and the potential impacts of its risk environment, and to enable the Company to make appropriate strategic decisions.

The ORSA process is a rolling project plan of how the ORSA is completed, the interaction and contributions from different stakeholders, the process timetable, the audit trail and the monitoring and reporting cycle.

The Company has adopted the following approach for the conduction of the ORSA process:

Risk Management System: The Board puts in place an effective risk management framework comprising of strategies, tolerances, policies, governance, monitoring and reporting procedures necessary to identify, measure, monitor, manage and report, on a continuous basis, the risks to which the company is or could be exposed in pursuing its Company strategy.

Risk Identification: The Board initiates an organised identification of all actual risks as well as emerging risks, taking into account the Company's strategy and business planning horizon.

Risk Appetite: Appetites and tolerance limits for the risks identified are set by the Board, which provide a basis for allocating risk capacity against the Company's exposure to particular risk categories.

Current Business Activities, Risk Profile, Capital and Solvency: Analysis of the current business activities, risk profile (quantitative and qualitative), calculation and analysis of regulatory and economic capital, analysis of solvency margin cover and description and assessment of risk mitigation techniques.

Forecast Business Activities, Risk Profile, Capital and Solvency: Analysis of the forecast business activities, risk profile (quantitative and qualitative), calculation and analysis of regulatory and economic capital, analysis of solvency margin cover and description and assessment of risk mitigation techniques.

Stress and Scenario Analysis: The Board assesses the effect of different stresses (including reverse stress testing) and scenarios.

Impact on Strategy: Output of the ORSA process is reviewed and challenged by the Board and continuously embedded into the Company strategy and system of governance.

B.3.3.2 ORSA review and approval process

The risk management process and ORSA is performed on an annual basis, after the SCR calculation or when there is a significant change in the Company's business plan. The risk monitoring is performed on an on-going basis and the Risk Register is annually reviewed and updated during the ORSA review process.

The Board requires that the ORSA process produces meaningful reports on the adequacy of the Company's capital and that it includes risk sensitivities that can be used in shaping strategy and risk appetite.

The Board reviews the ORSA report and considers appropriate action for the business such as:

- Decisions in relation to capital;
- Reassessment of risk profile and appetite;
- Additional risk mitigation actions;
- Reassessment of investment strategy.

Under the following circumstances, a non-scheduled ORSA shall be performed immediately (in addition to the scheduled ORSA):

- Significant change in the risk profile of the Company which can be defined as a major change to the business strategy/business activity/insurance program etc.
(i.e. business activities other than the Company's current underwriting activity)
- Significant changes to Non-Financial matters - Operational/Regulatory and Legal/Strategic/Group Risks.
- Significant changes in Other categories - Capital Shortage Risks/quality of capital etc.

B.3.3.3 Statement explaining how the undertaking has determined its own solvency needs given its risk profile and how its capital management activities and its risk management system interact with each other.

The Company determines the solvency capital and assesses the overall solvency needs using the Solvency II standard formula.

A three year base case projection of the Solvency II Balance Sheets and Solvency Capital Requirements position is produced using the standard formula, as well as actuarial assumptions. The results are subjected to a range of scenario testing that is reviewed by management and challenged by the Board and, where appropriate, potential management actions are noted and conclusions drawn

The Company has sufficient capital to meet its base case SCR for its current and projected business activities over the 3-year business planning horizon. The Company also meets its strategic solvency target and is projected to meet it in future years.

The results of the ORSA show that the Company has sufficient eligible capital own funds to:

• Maintain a comfortable margin over its Overall Solvency Needs for its current and projected business activities over the business planning horizon;
• Continue to meet internal and regulatory solvency targets for capital management;
• Continue its business on a going concern basis over the business planning horizon.

B.4 Internal Control System

B.4.1 Description of the internal control system

The Board of Directors is ultimately responsible for the internal control framework, including approval of the Company strategy and business planning. Board level controls include the Board Charter, Company policies, reports and minutes of board meetings.

The Internal Control Framework of the Company has three other elements, as previously detailed in section B3.2:

First line of defence: “Day to day” operations and associated controls
Second line of defence: oversight from Compliance and Risk Management functions
Third line of defence: Independent Assessment, internal audit and actuarial functions (and also external audit).

B.4.2 Implementation of the compliance function

The Board of the Company has ultimate responsibility for its compliance objective.

To help achieve this aim the Board has established a Compliance Function, staffed by an appointed Compliance Officer, to supplement not supplant, the responsibilities of the Board to ensure compliance with legislation and applicable requirements.

The role of the Board appointed Compliance Officer is to:
- assist the Board with ensuring ongoing compliance with legislation and applicable requirements;
- enhancing the Company’s awareness of compliance matters;
- monitor the Company’s compliance with insurance legislation and applicable requirements and guidelines;
- document any breaches identified, how they were addressed and whether any third party reporting of the breach is required;
- ensure that the Board is kept informed of any amendment to the applicable regulations, legislation and guidelines or the addition of any new requirements and the potential impact on the Company;

- provide opinions, recommendations, supervision and independent controls;
- provide reasonable assessment of the effectiveness and consistency of the internal processes used to control the compliance of the Company's operations and protect its reputation.

The Compliance Officer presents a Compliance Officer report to the Board at each board meeting which outlines the following:

- Details of regulatory correspondence with the Company
- Details of regulatory developments
- Details of which controls were tested since the last report and the results of the tests
- Conclusions and recommendations on the Company's compliance with reinsurance legislation and guidelines.

B.5 Internal audit function

B.5.1 Implementation of the internal audit function

The internal audit function is outsourced within the DCC Group Internal Audit Team. The internal audit function possesses a remit to examine and evaluate the functioning, effectiveness and efficiency of the internal control system and all other elements of the system of governance.

To this end, the Internal Audit Function is mandated to:

- establish, implement and maintain an audit plan setting out the audit work to be undertaken in the upcoming years, taking into account all activities and the complete system of governance of the Company;
- take a risk-based approach in deciding its priorities;
- report the audit plan to Board of Directors;
- issue recommendations based on the result of work carried out in accordance with (a) above, and submit a written report on its findings and recommendations to the Board of Directors on at least an annual basis.

B.5.2 Independence of the internal audit function

The internal audit function provides independent and objective assurance services.

B.6 Actuarial function

The role of the Actuarial Function is outsourced to a third party provider, Marsh UK, via the terms of a written SLA.

The key role of the Head of Actuarial Function (HoAF) is to provide the following services:

- Opinion on Underwriting Policy
- Opinion on Technical Provisions
- Opinion on Reinsurance Arrangements
- Contribution to the Risk Management System
- Contribution to calculation of capital requirements
- Opinion on the ORSA process

B.7 Outsourcing

The Company has established an Outsourcing Policy which sets out the requirements for identifying, justifying and implementing material outsourcing arrangements. This Policy has been adopted by the Company and includes following:

- Definition of outsourcing and critical outsourcing;
- Risk Mitigation strategies;
- Board and Management responsibility;
- Due Diligence;
- Business Continuity Management (BCM);
- Contractual Arrangements;
- Management and control of the Outsourcing Relationship;
- Intra-Group Outsourcing;
- Final approval

The Company's outsourcing arrangements are subject to annual review and the findings of the report, along with the Outsourcing Policy are reviewed by the Board.

The following is a list of the important outsourced operational functions together with the jurisdiction in which the service providers of such functions or activities are located:

Critical Outsourcing Arrangements				
Outsourced Provider	**Service Outsourced**	**Internal/External**	**Jurisdiction**	**Outsourcing Oversight**
Marsh Management Services (Dublin) Limited	Captive Manager	External	EU	C. Coyle (PCF-2)
	Compliance Function			
	Risk Management Function			
DCC plc	Internal Audit Function	Internal	EU	
Marsh UK	Head of Actuarial Function	External	UK	
Davies Ireland Limited	Claims Administration	External	EU / UK	
Zurich Insurance PLC				
Crawford & Company				

B.8 Assessment of the adequacy of the system of governance of the insurance or reinsurance undertaking to the nature, scale and complexity of the risks

The Company has assessed its corporate governance system and has concluded that it effectively provides for the sound and prudent management of the business, which is proportionate to the nature, scale and complexity of operations of the Company.

B.9 Any other material information regarding the system of governance of the Company

No material changes regarding the system of governance of the Company took place.

C RISK PROFILE

C.1 Underwriting risk

C.1.1 Key underwriting risks

Non-life underwriting risk at 31 March 2021 comprises 69% of the undiversified basic SCR.

The key underwriting risks to which the Company is exposed to are set out below:

Non-life premium and reserve risk

Underwriting risk arises from two sources – premium risk (pricing) and adverse claims development (reserve risk).

For a non-life insurer, underwriting risk is the risk arising from non-life reinsurance obligations in relation to the perils covered and the processes used in the conduct of business.

There are a number of material risks that are considered as a result of the Company's insurance underwriting.

For premium risk, the Company has considered the risk of under-pricing of premiums resulting in higher loss ratios than expected. The Board of Directors has approved an underwriting policy that established the standards and limitations regarding the Company's underwriting activities.

The Company has no appetite for the underwriting of risks outside of its approved underwriting policy.

For reserve risk, the Company has considered the risk of over- and under-reserving of actual and expected claims. This risk is mitigated by the appointment of professional loss adjustors to assist in the determination of estimated loss reserves.

Non-life catastrophe risk

The risk of a major natural or man-made catastrophe event occurring, while not listed in the Company's risk register, is considered as part of its reinsurance strategy.

C.1.2 Material risk concentrations

The Company seeks to avoid concentration of risks by accepting insurance of risks which are sourced across a number of countries and across different lines of business.

C.1.3 Assessment and risk mitigation techniques used for underwriting risks

The Company monitors and controls risks via various methods, including:

- Having in place clear underwriting and reserving philosophies and procedures and controls in relation to pricing and reserving;
- Assessing insurance risks with quality underwriting and claims expertise and information;
- Retaining risk within an approved risk appetite and solvency requirements;

- Expertise of professional loss adjustors;
- Transferring risk, through reinsurance with high credit quality entities;
- Monitoring changing environment and market conditions that affect risk;
- The ORSA includes stress and scenario testing which is used to assess the risks under stressed conditions;
- Independent opinion on the reasonableness and adequacy of the overall underwriting policy is provided by the Head of Actuarial Function on an annual basis.

C.2 Market risk

C.2.1 Material market risks

Market risk at 31 March 2021 comprises 19% of the undiversified basic SCR.

Market risk is the risk arising from the level of volatility of market prices of financial instruments. Exposure to market risk is measured by the impact of movements in the level of financial variables such as stock prices, interest rates, real estate prices and exchange rates. Market risk is arrived at using the assumptions and calculations methods contained in the Standard Formula.

Investment objectives are outlined in the Company's Investment and Asset Liability Policy.

The table below outlines the undiversified components of the market risk module as at 31 March 2021

Market Risk sub-module	€'000
Interest Rate	5
Concentration	804
Spread	76
FX	1,248

Interest rate risk: the risk that the Company is exposed to lower returns or loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets arising from changes in underlying interest rates.

Interest risk is not considered largely material given the nature and structure of the Company's investments. The Company has allocated an interest rate charge of €5k.

Concentration Risk: the risk that excessive exposure to a counterparty will impact on the solvency of the Company.

Concentration risk of €804k arises from the term deposit with HSBC of €6.9m (AA rating).

Spread Risk: the sensitivity of the value of investments, primarily bonds and deposits in respect of the Company, to changes in the level or in the volatility of credit spreads. Spread risk is linked to the credit rating of assets held and the effect of a market change in the credit curve.

Spread risk of €76k arises from the HSBC term deposit.

Currency risk: the risk that the Company is exposed to higher or lower returns as a direct or indirect result of fluctuations in the value of, or income from, specific assets or liabilities arising from changes in underlying exchange rates.

The Company has an exposure to currency risk deriving from its UK business and has allocated an FX risk charge of €1,248k.

C.2.2 Material risk concentrations

The Company has a material market risk concentration exposure relating to its term deposit with HSBC, as detailed and quantified above.

C.2.3 Prudent person principle applied to market risks

The high quality and conservative investments are a consequence of the investment assets being prudently invested, taking into account the liquidity requirements of the business and the nature and timing of the insurance liabilities.

C.2.4 Assessment and risk mitigation techniques used for market risks

The Company monitors and controls market risks via various methods, including:

- Compliance with the Investment and Asset Liability Policy as approved by the Company's Board of Directors;
- Retaining risk within an approved risk appetite and solvency requirements;
- Monitoring changing environment and market conditions that affect risk;
- The ORSA includes stress and scenario testing which is used to assess the risks under stressed conditions.

C.3 Credit risk

C.3.1 Material market risks

Credit risk at 31 March 2021 comprises 12% of the undiversified basic SCR.

Credit risk is the risk that the Company is exposed to lower returns or loss if another party fails to perform its financial obligations towards the Company.

The counterparty default risk module in the Standard Formula is mainly driven by cash at bank, reinsurers' share of technical provisions and catastrophe risk mitigation provided by the Company's reinsurance arrangements.

C.3.2 Material risk concentrations

Reinsurance risk is managed through the Company's outward reinsurance policy, which stipulates minimum credit ratings and monitoring/reporting thereof and other salient requirements.

C.3.3 Prudent person principle applied to credit risks

Counterparties are selected by taking into account the credit rating and reputation of each entity. Credit ratings are used as a way of properly identifying and managing the risk attached to a counterparty.

C.3.4 Assessment and risk mitigation techniques used for credit risks

The Company monitors and controls credit risks via various methods, including:

- Minimum rating criteria for the placing of deposits and opening of bank accounts, in line with the Investment and Asset Liability Policy;
- Transferring risk, through reinsurance with high credit quality entities;
- Monitoring the credit ratings of counterparties;
- Reporting of cash, investment and liquidity positions takes place monthly as part of the Company's management accounts reporting process;
- Retaining risk within an approved risk appetite and solvency requirements;
- The ORSA includes stress and scenario testing which is used to assess the risks under stressed conditions.

C.4 Liquidity risk

C.4.1 Material liquidity risks

Liquidity risk refers to the risk that undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due.

It is the Company's policy that liquidity and concentration risk is minimised as much as possible

The Company has considered the risk of a lack of liquidity available to pay insurance liabilities in its risk register. No specific allocation of capital is considered necessary for this risk.

The Company's cash inflow is generated from premium income. Its cash outflow consists mainly of claims payments and a small volume of administration expenses.

C.4.2 Prudent person principle applied to liquidity risks

The investment assets are prudently invested taking into account the liquidity requirements of the business and the nature and timing of the insurance liabilities.

C.4.3 Assessment and risk mitigation techniques used for liquidity risks

The Company monitors and controls risks via various methods, including:

- Compliance with the Liquidity and Concentration Policy as approved by the Company's Board of Directors;
- Retaining risk within an approved risk appetite and solvency requirements;
- The Manager monitors cash movements and performs cash flow forecasting which are regularly reported to the Company;
- Reporting of cash, investment and liquidity positions takes place monthly as part of the Company's management accounts reporting process.

C.5 Operational risk

C.5.1 Material operational risks

Operational risk is the risk of loss resulting from failed internal processes, people and systems or from external events. Operational risks which can result in losses include internal fraud. External fraud, employments practices, system failures and disregard of company policies.

The Company seeks to limit all operational risk through the implementation of a robust system of internal controls and procedures.

For such non-quantifiable risks, the Company has set a strategic surplus (target) of 15% as a prudent buffer to the Standard Formula calculation.

Operational risks are also addressed in the capital requirement as an addition to the BSCR to the extent that they have not been explicitly covered in other risk modules. The operational risk capital charge as at 31 March 2021 is €297k.

C.5.2 Assessment and risk mitigation techniques used for operational risks

The Company monitors and controls operational risks via various methods, including:

- Identifying and analysing risk through a disciplined risk assessment process;
- Mitigating or avoiding risks that do not fit within the Company's business objectives;
- Implementing a robust system of internal controls and procedures;
- Segregation of duties;
- Monitoring and internal reporting;
- Outsourcing its management to an experienced management company;
- Setting a strategic surplus target above the SCR;
- Commitment of effective corporate governance.

C.6 Other material risks

The Company has included a range of non-quantifiable risks in its ORSA process. Documented associated actions exist for each of these risks and they are reviewed on a quarterly basis by the Board of Directors.

Potential risks include:

- Regulatory and Compliance risks;
- Loss of key personnel/director's resignation;
- Risks relating to outsourcing arrangements.

The Company has no appetite for regulatory risk. It is the objective of the Company to be at all times in compliance with Insurance Acts and Regulations, and with Guidelines issued by the insurance supervisory authority and other applicable legislation in accordance with good corporate governance and codes of conduct.

The Board is satisfied that the Company has a succession plan in place and in the event that a director resigns or intends to resign the parent Company will provide a replacement nominee for that position as soon as possible.

The Board recognises that the Company operates on a basis of an outsourced model, whereby the day to day operations and number of key functions are outsourced; the Board is satisfied that all outsourcing agreements include an appropriate notice period. This would provide the Company with sufficient time to find an alternative professional services provider. Additionally, performance of outsourced providers is reviewed on an annual basis and such review would flag any potential deficiencies of the individual service provider.

The Board considers that these non-quantifiable risks that are not captured by the standard model are covered by the application of a specified strategic solvency target.

C.7 Amount of expected profit included in future premiums as calculated in accordance with Article 260(2)

Future profits are allowed for in accordance with Article 260(2).

C.8 Stress and sensitivity tests

A number of stresses and scenarios were calculated and reported in the 2020 ORSA. Stress testing is based on the largest risks per the Company's risk register. Robust risk mitigation practices and remediation plans are in place to address these risks. None of the stress tests and scenarios considered, with the exception of the reverse stress test, were found to result in the projected SCR ratio falling below the Company's target cover of 115%.

C.9 Any Other Information

The Company has identified all material risks through its risk register and there is no other material information regarding the risk profile of the Company that warrants disclosure.

D VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

D.1.1 IFRS and Solvency II Valuations

The table below sets out the value of the Company's material assets as at 31 March 2021:

	31/03/2021		31/03/2020	
	Assets per IFRS	Assets per Solvency II	Assets per IFRS	Assets per Solvency II
	Total €'000	Total €'000	Total €'000	Total €'000
Cash and cash equivalents	19,593	12,685	17,791	10,150
Deposits other than cash equivalents	-	6,907	-	7,641
Reinsurer's share of technical provisions	2,438	1,749	1,449	-
Insurance and Intermediaries Receivables	269	269	325	325
Other Assets	114	-	116	116
Deferred tax asset	-	-	-	36
Total assets	**22,414**	**21,610**	**19,681**	**18,268**

The Company's assets are recognised and valued using the following principles:

Cash and cash equivalents

Cash and cash equivalents comprise cash deposits held at call with banks. Cash and cash equivalents are measured at fair value.

Reinsurer's share of technical provisions

Reinsurer's share of technical provisions are comprised of the reinsurer's share of unearned premiums and share of claims outstanding.

Adjustments for solvency purposes relates to the application of the Solvency II best estimate valuation. The fair value of these technical provisions is calculated by discounting estimated future cash-flows (best estimates) based on estimated duration of each provision (payment pattern), using the risk-free interest rates curve.

Insurance and intermediaries receivables

Insurance and intermediaries receivables are initially booked at fair value and are stated at amortised cost less provision for impairment.

Other assets

Other assets of €114k comprise deferred acquisition costs and prepayments. These are not recognised in the Solvency II balance sheet as there are no future cash flows related to them.

D.2 Technical Provisions

D.2.1 IFRS and Solvency II Valuations

The table below shows an analysis of the gross technical provisions as at 31 March 2021:

Insurance Class	31/03/2021		31/03/2020	
	TPs per IFRS	TPs per Solvency II	TPs per IFRS	TPs per Solvency II
	€'000	€'000	€'000	€'000
Motor Vehicle Liability				
Best estimate of liabilities (BEL)	6,865	6,038	6,320	5,709
Risk margin	-	225	-	250
General Liability				
Best estimate of liabilities (BEL)	4,995	3,854	3,612	2,658
Risk margin	-	184	-	155
Total technical provisions	**11,860**	**10,301**	**9,932**	**8,772**

Solvency II classes of business: Classes of business have been allocated to Solvency II line of business on the following basis:

Class of Business as IFRS	Solvency II Class of Business
Motor Liability	Motor Vehicle Liability
General Liability	General Liability

The IFRS accounts of the Company include provisions for claims incurred and claims incurred but not reported, which consider all reasonably foreseeable best estimates. An unearned premium reserve is also included, relating to gross premiums written that have not yet expired by the end of the financial period by reference to the full term of the insurance policies to which such premiums written relate.

A number of adjustments were made to the IFRS provisions in order to obtain the Solvency II technical provisions. Key points to note are as follows:

The Solvency II technical provisions are made up of a best estimate of the claims, premiums and expenses cash flows that are discounted to give an estimate of the provisions.

Cash-flows and discounting: Cash-flows have been discounted using the Euro risk free yield curve as at 31 March 2021 as published by the European Insurance and Occupational Pensions Authority ("EIOPA").

Risk Margin

The risk margin has been calculated separately by determining the cost of providing an amount of eligible own funds equal to the Solvency Capital Requirement necessary to support the insurance and reinsurance obligations

The annual cost of capital is taken to be 6% of the capital estimated at each future point.

D.2.2 Uncertainty associated with the value of Technical Provisions

All estimates of unpaid loss reserves are inherently uncertain. The key areas of uncertainty of the technical provisions are driven by the uncertainty of the underlying booked reserves.

D.2.3 Solvency II and IFRS valuation differences of Technical Provisions by material line of business

See analysis in Section D2.1.

D.2.4 The Company does not apply the matching adjustment referred to in Article 77b of Directive 2009/138/EC.

D.2.5 The Company does not use the volatility adjustment referred to in Article 77d of Directive 2009/138/EC.

D.2.6 The Company does not apply the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC.

D.2.7 The Company does not apply the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

D.2.8 Recoverables from reinsurance and special purpose vehicles

Total reinsurance recoverables at 31 March 2021 were €1,749k (2020: € nil). An overview of the Solvency II valuation bases has been provided in Section D1.1.

D.2.9 Material changes in relevant assumptions made in the calculation of technical provisions

There are no material changes in the relevant assumptions made in the calculation of the technical provisions compared to the previous reporting period.

D.3 Other liabilities

Other liabilities at 31 March 2021 were €407k (2020: €122k) and are composed of sundry creditors, insurance payables, tax creditors, accrued expenses and the Solvency II deferred tax liability.

With the exception of the deferred tax liability recognised under Solvency II, there were no differences between the IFRS and Solvency II valuations.

D.4 Alternative Methods for Valuation for other liabilities

The Company does not use any alternative methods for valuation.

D.5 Any Other Information

There are no other material matters in respect of the valuation of assets and liabilities.

E CAPITAL MANAGEMENT

E.1 Own funds

E.1.1 Objective, policies and processes for managing own funds

The objective of own funds management is to maintain, at all times, sufficient own funds to cover the SCR and MCR with an appropriate buffer. As part of own funds management, the Company prepares ongoing annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the basis of the ORSA contains a three-year projection of funding requirements and helps focus actions for future funding.

The Company is a single shareholder entity whose ordinary shares are fully paid up.

The Company has no debt financing nor does it have plans to raise debt or issue new share capital over the three year time horizon used for business planning.

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

- Own funds to be maintained at an agreed level in excess of the SCR, target solvency margin cover is currently set at 115% of the SCR;
- Dividends will not be paid or will be deferred if doing so would cause the Company to breach its legal and regulatory requirements or fall below the abovementioned target SCR cover;
- The Company's own funds are primarily invested in cash and cash equivalents in line with the Board approved Investment and Asset Liability Policy.

E.1.2 Own funds analysed by tiers

An analysis of own funds is shown below:

Date	Description	Tier 1 €'000	Tier 3 €'000	Total €'000
1 April 2020	Opening balance comprising: Ordinary share capital Reconciliation Reserve Deferred Tax Asset	 7,500 1,839 	 36	 **7,500** **1,839** **36**
	Movement in the Reconciliation Reserve for the year ended 31 March 2020	1,563		**1,563**
	Removal of Deferred Tax Asset		(36)	**(36)**
31 March 2021	**Closing balance**	**10,902**	**-**	**10,902**
	Represented by:			
	Ordinary share capital	7,500		**7,500**
	Reconciliation reserve (comprising retained earnings and Solvency II adjustments)	3,402		**3,402**
	Total Basic own funds after deductions	**10,902**	**-**	**10,902**

The Company's ordinary share capital and reconciliation reserve are all available as tier 1 unrestricted own funds as per Article 69 (a)(1) of the Delegated Regulation. The reconciliation reserve equals the excess of liabilities over assets less other basic own fund items, as at the reporting date. There are no foreseeable dividends or own shares held.

The Company has no tier 1 restricted own funds as at 31 March 2021.

E.1.3 Eligible amount of own funds to cover the Solvency Capital Requirement, classified by tiers

The eligible amount of own funds to cover the Solvency Capital Requirement is €10.9m. This is comprised of Tier 1 unrestricted Basic Own Funds of €10.9m. There are no Tier 3 ancillary own funds.

E.1.4 Eligible amount of own funds to cover the Minimum Capital Requirement, classified by tiers

The eligible amount of own funds to cover the Minimum Capital Requirement is €10.9m. This is comprised of Tier 1 unrestricted Basic Own Funds of €10.9m.

Reconciliation of Basic Own Funds to Equity as per financial statements as at 31 March 2021	
	€'000
Solvency II - Basic Own Funds	10,902
Total Equity as per financial statements	10,241
Difference:	661
Represented by:	
Difference between Net Technical Provisions and BEL	1,278
Risk Margin – Non Life	(409)
Removal of DAC and prepayments	(114)
Solvency II Deferred Tax Liability	(94)
Difference:	**661**

E.1.6 None of the Company's own funds are subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of Directive 2009/138/EC.

E.1.7 The Company has no Tier 3 ancillary own funds at 31 March 2021.

E.1.8 No deductions are applied to own funds and there are no material restrictions affecting their availability and transferability.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Amount of Solvency Capital Requirement and Minimum Capital Requirement

The table below shows the total SCR and MCR at 31 March 2021:

	€'000
Solvency Capital Requirement	6,625
Minimum Capital Requirement	3,700

The final amount of the SCR remains subject to supervisory assessment.

E.2.2 Solvency Capital Requirement split by risk modules

The table below shows the SCR components by risk module (using the Standard Formula) at 31 March 2021 and 31 March 2020.

	2021	2020
	€'000	€'000
Market risk	1,503	1,087
Counterparty default risk	896	725
Non-life underwriting risk	5,258	5,005
Diversification	-1,329	-1,029
Basic Solvency Capital Requirement	6,328	5,788
Operational Risk	297	251
Overall Solvency Capital Requirement	**6,625**	**6,039**

Available Capital	**10,902**	**9,375**
SCR Cover	***165%***	***155%***

E.2.3 Simplified calculations are not used for any of the risk modules or sub-modules.

E.2.4 The Company does not use undertaking specific parameters in its computation.

E.2.5 The Minimum Capital Requirement is set at the absolute minimum capital requirement of €3.7m.

E.2.6 There were no material changes to the Solvency Capital Requirement and to the Minimum Capital Requirement over the reporting period.

E.3 Any use of the equity risk sub-module in the calculation of the Solvency Capital Requirement.

The Company has not opted to use the duration-based equity risk sub-module set out in Article 304 of Directive 2009/138/EC.

E.4 Internal model information.

The Company applies the Standard Formula model and does not use an internal model to calculate the Solvency Capital Requirement.

E.5 Non-compliance with the Minimum Capital Requirement and significant non-compliance with the Solvency Capital Requirement.

There were no breaches of the Solvency Capital Requirement or the Minimum Capital Requirement during the reporting period.

E.6 Any other information.

There are no other material matters in respect of the valuation of capital management.

F TEMPLATES

The following templates are included at the end of the report.

QRT ref	QRT Template name
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	Technical Provisions
S.19.01.21	Non-Life insurance claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	6,907
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	6,907
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	1,749
Non-life and health similar to non-life	**R0280**	1,749
Non-life excluding health	**R0290**	1,749
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	269
Reinsurance receivables	**R0370**	
Receivables (trade, not insurance)	**R0380**	
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	12,685
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	21,610

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	10,301
Technical provisions – non-life (excluding health)	**R0520**	10,301
Technical provisions calculated as a whole	**R0530**	
Best Estimate	**R0540**	9,892
Risk margin	**R0550**	409
Technical provisions - health (similar to non-life)	**R0560**	
Technical provisions calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
Technical provisions calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
Technical provisions calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
Technical provisions calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	94
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	81
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	144
Subordinated liabilities	**R0850**	
Subordinated liabilities not in Basic Own Funds	**R0860**	
Subordinated liabilities in Basic Own Funds	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	88
Total liabilities	**R0900**	10,708
Excess of assets over liabilities	**R1000**	10,902

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)**								
		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**				873				3,254	
Gross - Proportional reinsurance accepted	**R0120**				1,709				0	
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**				316				1,754	
Net	**R0200**				2,266				1,500	
Premiums earned										
Gross - Direct Business	**R0210**				2,610				3,191	
Gross - Proportional reinsurance accepted	**R0220**				568				0	
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**				953				1,685	
Net	**R0300**				2,225				1,506	
Claims incurred										
Gross - Direct Business	**R0310**				2,917				1,468	
Gross - Proportional reinsurance accepted	**R0320**				285				0	
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**				1,557				0	
Net	**R0400**				1,645				1,468	
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**				210				142	
Other expenses	**R1200**									
Total expenses	**R1300**									

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: **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**								4,127
Gross - Proportional reinsurance accepted	**R0120**								1,709
Gross - Non-proportional reinsurance accepted	**R0130**								
Reinsurers' share	**R0140**								2,070
Net	**R0200**								3,766
Premiums earned									
Gross - Direct Business	**R0210**								5,801
Gross - Proportional reinsurance accepted	**R0220**								568
Gross - Non-proportional reinsurance accepted	**R0230**								
Reinsurers' share	**R0240**								2,638
Net	**R0300**								3,731
Claims incurred									
Gross - Direct Business	**R0310**								4,385
Gross - Proportional reinsurance accepted	**R0320**								285
Gross - Non-proportional reinsurance accepted	**R0330**								
Reinsurers' share	**R0340**								1,557
Net	**R0400**								3,113
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**								352
Other expenses	**R1200**								0
Total expenses	**R1300**								352

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 other than health insurance obligations	Health reinsurance	Life-reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
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**									

Annex I
S.05.02.01
Non-life premiums, claims and expenses by country (Top 5 and home country)

			Home country	Top 5 countries (by amount of gross premium written) - non-life obligations					Total Top 5 and home country
			Home country	UK	France	USA	Norway	Denmark	
Premiums written	Gross - Direct Business	R0110	279	1,750	849	395	292	286	3,851
	Gross - Proportional reinsurance accepted	R0120		1,709					1,709
	Gross - Non-proportional reinsurance accepted	R0130							
	Reinsurers' share	R0140	150	789	458	213	157	154	1,921
	Net	R0200	129	2,670	391	182	135	132	3,639
Premiums earned	Gross - Direct Business	R0210	264	3,477	833	375	296	281	5,526
	Gross - Proportional reinsurance accepted	R0220		568					568
	Gross - Non-proportional reinsurance accepted	R0230							
	Reinsurers' share	R0240	139	1,411	440	198	156	148	2,492
	Net	R0300	125	2,634	393	177	140	133	3,602
Claims incurred	Gross - Direct Business	R0310	97	4,281	(8)				4,370
	Gross - Proportional reinsurance accepted	R0320		285					285
	Gross - Non-proportional reinsurance accepted	R0330							
	Reinsurers' share	R0340		1,557					1,557
	Net	R0400	97	3,009	(8)				3,098
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	352						352
Other expenses		R1200							0
Total expenses		R1300							352

S.17.01.02
Non-life Technical Provisions

		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
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**
Technical provisions calculated as a whole	**R0010**									
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**									
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	**R0060**				733				618	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**				572				-	
Net Best Estimate of Premium Provisions	**R0150**				161				618	
Claims provisions										
Gross	**R0160**				5,305				3,236	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**				1,177				-	
Net Best Estimate of Claims Provisions	**R0250**				4,128				3,236	
Total Best estimate - gross	**R0260**				6,038				3,854	
Total Best estimate - net	**R0270**				4,289				3,854	
Risk margin	**R0280**				225				184	
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**				6,263				4,038	
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**				1,749				-	
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**				4,514				4,038	

S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		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	
		C0110	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	**R0060**								1,351
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**								572
Net Best Estimate of Premium Provisions	**R0150**								779
Claims provisions									
Gross	**R0160**								8,541
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**								1,177
Net Best Estimate of Claims Provisions	**R0250**								7,364
Total Best estimate - gross	**R0260**								9,892
Total Best estimate - net	**R0270**								8,143
Risk margin	**R0280**								409
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**								10,301
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**								1,749
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**								8,552

S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	

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

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100												R0100	0	0
N-9	R0160												R0160	0	0
N-8	R0170												R0170	0	0
N-7	R0180												R0180	0	0
N-6	R0190	56	1,275	566	158	414	18	27					R0190	27	2,515
N-5	R0200	119	1,026	338	271	71	56						R0200	56	1,882
N-4	R0210	124	743	728	177	48							R0210	48	1,821
N-3	R0220	522	442	158	87								R0220	87	1,209
N-2	R0230	133	907	258									R0230	258	1,298
N-1	R0240	168	1,489										R0240	1,489	1,657
N	R0250	244											R0250	244	244
													Total R0260	2,209	10,626

S.19.01.21
Non-life Insurance Claims Information

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											
N-9	R0160											
N-8	R0170											
N-7	R0180											
N-6	R0190			1,435	1,030	395	0	631				
N-5	R0200		2,101	1,381	830	71	752					
N-4	R0210	2,522	2,613	793	294	573						
N-3	R0220	1,272	1,021	697	365							
N-2	R0230	1,314	1,452	811								
N-1	R0240	3,988	2,103									
N	R0250	3,304										

		Year end (discounted data)
		C0360
	R0100	0
	R0160	0
	R0170	0
	R0180	0
	R0190	631
	R0200	752
	R0210	573
	R0220	365
	R0230	811
	R0240	2,104
	R0250	3,305
Total	R0260	**8,541**

Annex I
S.23.01.01
Own funds

		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	7,500	7,500			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	3,402	3,402			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	10,902	10,902			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	10,902	10,902			
Total available own funds to meet the MCR	R0510	10,902	10,902			
Total eligible own funds to meet the SCR	R0540	10,902	10,902			
Total eligible own funds to meet the MCR	R0550	10,902	10,902			
SCR	R0580	6,625				
MCR	R0600	3,700				
Ratio of Eligible own funds to SCR	R0620	165%				
Ratio of Eligible own funds to MCR	R0640	295%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	10,902
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	7,500
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	3,402
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	

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	1,503		
Counterparty default risk	R0020	896		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	5,258		
Diversification	R0060	-1,329		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	6,328		

Calculation of Solvency Capital Requirement		
Operational risk	R0130	297
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	6,625
Capital add-on already set	R0210	
Solvency capital requirement	R0220	6,625
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Annex I
S.28.01.01
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	1,171

		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	4,288	2,266
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	3,855	1,500
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
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	1,171
SCR	R0310	6,625
MCR cap	R0320	2,981
MCR floor	R0330	1,656
Combined MCR	R0340	1,656
Absolute floor of the MCR	R0350	3,700
Minimum Capital Requirement	R0400	3,700