Samuelson International dac

Solvency and Financial Condition Report
for the reporting period ended 30 June 2021

Approved by the Board on 22 September 2021

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Summary

This Report refers to the business of Samuelson International dac ('the Company', 'Samuelson'), an authorised reinsurer supervised by the Central Bank of Ireland. It provides the reader with information on the Company's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management for the reporting period ended 30 June 2021.

Samuelson is a subsidiary of Irish Distillers Group Unlimited Company, which in turn is owned by Pernod Ricard, the world's co-leader in the wines and spirits industry. Samuelson's business strategy is to act as a captive reinsurer in respect of a defined portion of the worldwide property and business interruption risks of the Pernod Ricard Group. The Company caps its exposure on the reinsurance programme through the use of an occurrence and annual aggregate.

This non-proportional property business is the main area of focus for the Company, while also managing the run-off of a small non-proportional casualty programme transferred from another captive in the Group in 2007. That captive was subsequently closed and Samuelson is the only (re)insurance entity in the Pernod Ricard Group.

The Company provides reinsurance at the primary layer and as a consequence, its results are subject to volatility from the occurrence of natural catastrophes. This reporting period was another successive benign year for Samuelson, yielding an underwriting profit of EUR2,322,107 (2020: EUR2,953,216). The Company does not currently purchase retrocession due to its capital strength and the quantum of the annual aggregate in place. This approach is reassessed on an annual basis when considering its reinsurance programme.

The overall strategic objective of the Company's investment policy is to preserve principal value while covering its technical reserve requirements and meeting its ongoing cash flow needs. Given the short-term nature of property risk exposures, the practice is to retain funds to meet such liabilities in short term deposits/cash balances. Additional funds are advanced by way of an intercompany loan to Irish Distillers Group Unlimited Company.

The Board of the Company is ultimately accountable and responsible for the performance and conduct of Samuelson and has appointed four key function holders (Compliance, Internal Audit, Risk Management and Actuarial) and a Management Services Provider to ensure the Company is governed effectively and in line with its regulatory obligations.

The Board has identified the key risks to which Samuelson is exposed and established appropriate corporate governance, risk management and reporting mechanisms to ensure that the identified risks remain relevant, and that they are managed and reported on with appropriate levels of detail and frequency. Documented escalation mechanisms are in place to ensure that any breaches in risk tolerances, internal controls and governance requirements are reported promptly to the appropriate individuals. The current risk profile of the Company and its underlying drivers are well understood and appropriate for the nature, scale and complexity of the business and within its risk appetite.

There have been no material changes over the reporting period in respect of the Company's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management.

The Company's assets are valued on an economic basis in line with FRS 102 and its technical provisions include a discounted best estimate plus risk margin.

The Company has calculated its own solvency needs through an assessment of its risks, business plans and financial and capital projections over the next three years. The results of this exercise are used to better inform decision making within the Company. As at 30 June 2021, the Company had basic own funds of EUR23,734,839 (2020: EUR21,799,219) available to meet its Solvency Capital Requirement of EUR12,080,322 (2020: EUR11,599,047). The consequent free surplus amount of EUR11,654,517 is above the Company's risk appetite EUR5m free surplus threshold. The Minimum Capital Requirement was satisfactorily met at the period-end. There were no instances of non-compliance with the capital requirements during the period.

A. Business and Performance

A.1 Business

General Information

Samuelson International dac was incorporated on the 17 February 2003 as a captive reinsurer of the Pernod Ricard Group. The Company converted to a designated activity company limited by shares under the Companies Act 2014 on 18 July 2016.

The Company holds a Certificate of Authorisation from the Central Bank of Ireland ('CBOI') to carry out the business of reinsurance (Ref. No.: C40451) pursuant to the European Union (Insurance and Reinsurance) Regulations 2015 (SI 485). Its registered office is Simmonscourt House, Simmonscourt Road, Ballsbridge, Dublin 4 and its place of business during the reporting period was 13 Fitzwilliam Street Upper, Dublin 2.

The Insurance Supervision Team of the Central Bank of Ireland may be contacted at:

Central Bank of Ireland
New Wapping Street
North Wall Quay
Dublin 1
Tel: +353 1 224 4000

The Company's external auditors are:

Deloitte
29 Earlsfort Terrace
Dublin 2
D02 AY28
Tel: +353 1 417 2200

The Company is a wholly owned subsidiary of Irish Distillers Limited, a company incorporated in Ireland. Irish Distillers Limited is in turn owned by Irish Distillers Group Unlimited Company (83.2%) and Comrie Limited (16.8%). Its ultimate parent undertaking is Pernod Ricard S.A., a public company incorporated in France. Samuelson is the only (re)insurance company within the Pernod Ricard Group and has no branches

Irish Distillers is Ireland's leading supplier of spirits and wines and producer of the world's most well-known and successful Irish whiskey, Jameson. In 1988, Irish Distillers joined the Pernod Ricard Group. Pernod Ricard is the world's number 2 in wines and spirits and holds one of the most prestigious brand portfolios in the sector, with 240 brands available in over 160 countries. Pernod Ricard employs a workforce of approximately 18,800 people and operates through a decentralised organisation comprised of a global flagship in France, autonomous affiliates, brand companies, and market companies. Pernod Ricard's strategy and ambition are based on 4 Essentials and 4 Accelerators defining the Group's priorities to ensure it stays relevant to customers. The Essentials are based on historic strengths – Operational Excellence, Talent Development, Sustainability & Responsibility and Route to Market - while the Accelerators leverage these essentials to meet evolving customer needs – Portfolio Management, Digital Acceleration, Innovation and Premiumisation & Luxury. Pernod Ricard is listed on Euronext (Ticker: RI; ISIN code: FR0000120693) and is part of the CAC 40 index.

Business Details

The principal activity of the Company is to provide reinsurance coverage for Property Damage/Business Interruption ('PD/BI') risks within group companies. Samuelson provides the working layer of reinsurance protection to Pernod Ricard's global PD/BI insurance programme. This business is categorised as non-proportional property reinsurance. The cedant is situated in Switzerland and the risks arise in approximately 96 production sites located in 59 countries. The global spread of risks provides geographical diversification although this is not a significant consideration for the working layer cover that is provided. Around 76% of the total reinsurance premium that Samuelson receives relates to exposure in Europe with the remaining split between North America (11%), Oceania (7%), Asia (5%)

and Central/South America (1%). Cover provided is limited to EUR3m per loss and EUR5m as an annual aggregate.

The Company continues to manage the run-off of liabilities associated with the portfolio transfer from Portland Insurance Company Limited (the captive which provided reinsurance coverage to Allied Domecq group companies acquired by the PR Group in 2007), with only one (1) workers compensation claim remaining open at this stage.

A.2 Underwriting Performance

The Company's underwriting period is co-terminus with its financial period ending 30 June. Results for the reporting periods ended 30 June 2021 and 2020 are shown below:

	2021 EUR	2020 EUR
Gross premiums assumed and earned - gross and net amount	3,310,701	3,400,261
Claims paid	*(586,409)*	*(1,531,615)*
Change in provision for claims – gross and net amount	*(12,374)*	*1,431,643*
Claims incurred, gross and net of reinsurance	(598,783)	(99,972)
Acquisition costs *(including surety costs)*	(157,278)	(153,708)
Administrative expenses *(excluding foreign exchange gains/losses)*	(232,533)	(193,365)
Underwriting result	**2,322,107**	**2,953,216**

Premiums and acquisition costs relate solely to the non-proportional property line of business. Excluding a prior year premium adjustment of EUR35k, 2021 premium fell marginally on the prior period level due to a rate reduction applied following favourable claims experience in recent years. A flat fee for acquisition costs, comprising commission to the fronting insurer, was agreed for year 2021, whereas the prior year cost was based on a 4.75% rate. The 20% year on year increase in administrative costs was driven by a significant increase in bank charges incurred.

Claims incurred are split by line of business as follows:

	Non-Prop Property 2021	Non-Prop Casualty 2021	Non-Prop Property 2020	Non-Prop Casualty 2020
Claims paid	(586,409)	-	(1,515,287)	(16,328)
Change in provision for claims – gross and net amount	(17,143)	4,769	1,307,209	124,434
Claims incurred, gross and net of reinsurance	(603,552)	4,769	(208,078)	108,106

Only one open claim remains on the non-proportional casualty run-off book. A small revision in the outstanding reserve for this claim was made during the period following an update received from the local claims handler.

The non-proportional property line of business, as previously mentioned, recorded a ratio of 30% on its claims activity in the period totalling €973k. The balancing incurred amount reflected a net favourable reduction in reserves required for prior years, after settlements made.

A.3 Investment Performance

In line with its investment policy and guidelines, the Company invests in deposits with appropriately rated banks and has entered into a loan facility agreement with Irish Distillers Group Unlimited Company. Its net investment return for the reporting and comparative period is as follows:

	2021 EUR	2020 EUR
Intercompany loan (classified as 'Other loans and mortgages')	39,547	39,406
Deposits other than cash equivalents	3,137	32,773
Net investment return	**42,684**	**72,179**

The decrease in deposit interest was due to an adverse movement in the prevailing average USD market rate during this period compared to last period – 0.16% versus 1.62% on a deposit principal amount which was comparable with the amount held during 2020.

A.4 Performance of other activities

The Company does not carry out any other activities other than the reinsurance business described in A.1 above and has not entered into any leasing agreements.

A.5 Any other information

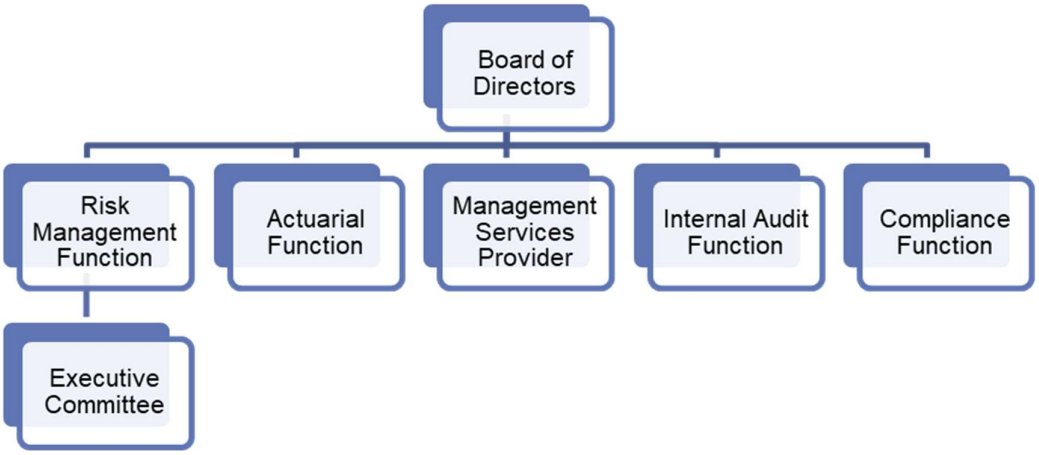
The overall results for the current reporting period include an unrealised foreign exchange loss of EUR40,419 (2020: gain of EUR9,509). The Company held some assets in foreign currencies during the period, the primary exposures relating to GBP and USD. Unfavourable movements in the exchange rates of these during the financial period resulted in the foreign exchange loss recorded.

There are no other material matters to disclose in relation to the Company's business.

B. System of Governance

B.1 General information on the system of governance

The organisational structure of the Company is as follows:



Indicates direct reporting lines

The Board of the Company is the focal point of the corporate governance regime. It is ultimately accountable and responsible for the performance and conduct of the Company. The Board has a paramount role to ensure that the Company satisfies all regulatory and statutory requirements related to its operations and has appointed four key function holders (Compliance, Internal Audit, Risk Management and Actuarial) and a Management Services Provider to ensure adherence to these obligations. All function holders report directly to the Board through the Chairman. In reporting to the Board, the holders of the above positions ensure that they provide information which is timely, accurate and sufficiently detailed so as to enable the Board to make informed decisions and discharge its duties appropriately.

The Directors are responsible for monitoring performance of the Company on behalf of its ultimate shareholder. In this context, the Board has defined the Company's strategic objectives, which are reviewed annually.

Authority for all actions and expenditure within the Company flows from the Board who have put in place the necessary systems of internal control within the Company to ensure that business is undertaken in a controlled and responsible manner.

The Company has formalised and documented its governance structures and responsibilities within its Corporate Governance Manual (CGM) which is updated, together with the supporting policies, and reviewed by the Board on an annual basis.

Board of Directors

The Board is comprised of only those persons with sufficient knowledge of the Company's business and the environment in which it operates so as to properly contribute to the effective running of the Company and the achievement of its objectives.

The Board members have:

- The necessary knowledge, skills, experience, expertise, competencies, professionalism, fitness, probity and integrity to carry out their duties;
- A full understanding of the nature of the Company's business, material activities and related risks;
- A full understanding of their individual direct and indirect responsibilities and collective responsibilities; and
- An understanding of the Company's financial statements and key performance drivers.

The Company is controlled and directed through the Board which consists of the following senior personnel who have been selected to ensure that the Company is being run by individuals of appropriate expertise and integrity and who meet the criteria set out above:

Jean-Baptiste Briot
Thomas Keane
Colm Maguire
Nicolas Piketty (resigned 30 June 2021)

Notwithstanding any third-party/group management arrangements or delegated authorities which are established, the Board formally acknowledges its responsibility for the following areas:

- The effective, prudent and ethical oversight of the Company;
- Ensuring that risk and compliance are properly managed;
- Establishing the strategy and policies of the Company and overseeing and monitoring their implementation;
- Setting the corporate tone with regard to governance, ethics and general behaviour;
- Establishment, review and approval of systems of internal control, risk management, regulatory compliance and codes of conduct to ensure that the Company is compliant with relevant laws, regulations and codes of conduct; and
- Accountability for the Company's performance and results.

The Board may delegate authority to sub-committees or management to act on their behalf in respect of certain matters but, where the Board does so, it has documented mechanisms in place regarding the activities delegated and the monitoring of the exercise of such delegated functions. Activities are delegated and allocated in such a manner that no one individual has unfettered control of the business. The Board cannot abrogate its responsibility for functions delegated.

The Terms of Reference of the Board are fully documented and are reviewed annually to ensure that they continue to be appropriate and reflective of the Board's obligations.

As documented in the CGM, the key responsibilities of the Board are to:

a. Ensure the appropriate knowledge, skills, experience and commitment exists within the Board of Directors to oversee the Company effectively.
b. Set out the corporate governance principles, responsibilities, and commitments appropriate to the Company and ensure they are communicated throughout the Company.
c. Establish policies and strategies to ensure compliance with principles, responsibilities, and commitments and to establish procedures for monitoring and evaluating the progress towards them. Adherence to the policies and strategies must be reviewed annually.
d. Establish standards of business conduct and ethical behaviour for directors, senior management and other personnel. These include policies on conflicts of interest.
e. Establish procedures for the appointment, disciplinary procedures and dismissal of senior management, including the establishment of a remuneration policy that is reviewed periodically. The remuneration policy will not include incentives that would encourage imprudent or reckless behaviour.
f. Satisfy itself that the Company is organised in a way that promotes the effective and prudent management of the undertaking and the Board of Director's oversight of that management. In this context, the Board of Directors must satisfy itself as to the existence of a risk management function, proportionate to the nature, scale and complexity of the reinsurance undertaking's business that monitors the risks related to the type of business undertaken.
g. Establish an appropriate compliance function, internal audit function, actuarial function and risk management function and establish the applicable checks and balances for each function.
h. Determine and review the Company's strategic direction.
i. Approve and oversee the management of all renewal processes, including signing off inwards reinsurance and outwards reinsurance programmes as necessary.
j. Keep under review and maintain the Company's capital and liquidity positions.
k. Review and approve proposals for the allocation of capital and other resources.
l. Approve material acquisitions and disposals of assets.

m. Approval of and review of compliance with the Risk Appetite Statement.
n. Approve material joint ventures, strategic partnerships and alliances which are significant in terms of the business of the Company.
o. Receive Quarterly Business and Financial Reports and review actual performance in the light of the Company's strategy, objectives, corporate and business plans and budgets.
p. Consider and approve the Company's procedures for reviewing and monitoring risk and receive regular reports thereon.
q. Approve the Company's annual audited financial statements and any other published financial statements or other material significant statements issued.
r. Determine dividend policy.
s. Review and approve the Company's annual Compliance and Directors' Accuracy statements which form part of and accompany the return to the CBOI.
t. Review and approve annually all policies of the Company.
u. Review and, as appropriate, agree changes in the terms of reference of sub committees that could be established by the Board.
v. Collectively ensure that the Company complies with all relevant laws, regulations and any established codes of conduct.
w. Identify a Compliance Officer.
x. Ensure an open and transparent communication with the CBOI.
y. Take an active role in the Own Risk & Solvency Assessment processes and develop the appropriate responses for the Company.

Delegated Authorities
In furtherance of the effective operation of the Company's activities, the Board has seen fit to delegate the following roles to the persons/bodies noted:

Activity	Individual/Body Responsible
Transfer of funds/payments in line with established bank mandate	Authorised Signatories
Approval of expenses	Authorised Signatories

The Board reserves the right to withdraw or amend such delegated authorities at any time should they see fit to do so.

Executive Committee

The Board has also delegated authority to the Executive Committee ('the Committee') in order that it may monitor, oversee and advise upon specific aspects of the Company's business. The Committee comprises the following individuals at a minimum:

- Compliance Officer for the Company
- Representative from Management Services Provider for the Company
- Representative from the Outsourced Provider for the performance of the Risk Management Function
- Representative from Shareholder group

The membership of the Committee has been selected based on the nature, scale and complexity of the business. The Chairperson of the Committee is the Shareholder group representative. The representative from the Outsourced Provider for the performance of the Risk Management Function reports directly to the Board at each meeting.

Key Functions

The main roles and responsibilities of the key functions are as follows:

<u>Compliance</u>
- Ensure the Company is kept up to date with the CBOI's compliance standards;
- Obtain the approval of the Board of Directors for policy statements on compliance with the Regulations, with the requirements of the CBOI and with any other applicable legislation; and
- Monitor the implementation of compliance procedures and to report periodically to the Board of Directors thereon.

Actuarial

- Review of the reliability and adequacy of the calculation of technical provisions, including the appropriateness of methodologies adopted and the sufficiency and quality of data used;
- Comparison of best estimates against experience;
- Express an opinion on the Company's Own Risk and Solvency Assessment ('ORSA');
- Express an opinion on the Company's overall underwriting policy;
- Express an opinion on the adequacy of reinsurance arrangements; and
- Contribute to the effective implementation of the Company's risk management system.

Internal Audit

- Review and assess compliance with, and the efficacy of, the Company's governance arrangements, operational procedures and internal controls;
- Report to the Board on scope of work to be carried out and subsequent findings and recommendations; and
- Check to ensure that any agreed recommendations arising from internal audit reviews are implemented by the Board.

Risk Management

- Monitoring and managing the risks to which the Company is exposed;
- Reporting into the Executive Committee on the Company's risks and the processes established to identify and manage risks;
- Ensuring that risk management is well integrated into the organisation structure of the Company and its decision-making processes; and
- Presenting to the Board at each Board meeting on the current status of any risks identified which need to be brought to their attention.

The Board ensures that the function holders have the necessary authority, resources and operational independence to carry out their tasks. This is achieved by ensuring clear documented terms of reference, policies and procedures are in place and agreed by all parties and by having an open communication channel between the Board and the function holders. The Company's size and straightforward structure also facilitates the direct reporting by the function holders to the Board.

Remuneration

Directors who are not employees of the Company but who are employed by another group company receive no remuneration for the performance of their duties as Directors. All Directors receive a letter of appointment setting out the terms and conditions of their role. Directors are entitled to the reimbursement of normal business expenses associated with their travel to the Company's main place of business for the purpose of discharging their duties as Directors.

Changes and Material Transactions

There have been no material changes to the Company's system of Governance during the reporting period. The Company did not enter into any material transactions with its shareholder or members of the Board of Directors.

B.2 Fit and proper requirements

The Company acknowledges its responsibilities with respect to ensuring the fitness and probity of those individuals carrying out controlled functions on its behalf. The relevant Pre-approval Controlled Functions (PCF) applicable to the Company have been identified and the individuals being proposed for a PCF role will be subject to the appropriate level of due diligence in order for the Company to confirm that they are:

(a) competent and capable;
(b) honest, ethical and act with integrity; and
(c) financially sound.

As part of its Corporate Governance regime the Company has adopted a policy which sets out the minimum operational standards, roles and responsibilities pertaining to Fitness & Probity. All persons proposed for a PCF role must complete an Individual Questionnaire (IQ) providing details on their:

- experience
- qualifications
- reputation and character
- other responsibilities
- shareholding links to the Company

Qualifications and experience are double checked by the Compliance Officer against appropriate support and confirmation is obtained that the individual has no judgements or disqualifications against them. Certification is also provided by the individual that they will abide by the Standards of Fitness & Probity and the Guidance issued by the CBOI. Pending successful completion of these actions, the IQ is reviewed and approved by an existing PCF and submitted to the CBOI for processing and approval.

For each proposed PCF role, including key functions, the Company requires that the individual being proposed has the skills, knowledge and expertise commensurate with the role. This is assessed both in terms of the requirements for specific individual functions and also in terms of the composite when looking at the make-up of the overall Board. For functions which require specific qualifications or skills e.g. actuarial, only individuals who possess the necessary qualifications and experience in that field will be considered for the role. The Fitness & Probity of function holders is re-assessed on an annual basis.

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

The Company has taken appropriate actions in order to:

- embed risk management as a key function within its governance structure; and
- develop and maintain effective processes and reporting procedures to identify, measure, monitor, manage and report, on a continuous basis, the risks to which the Company is exposed.

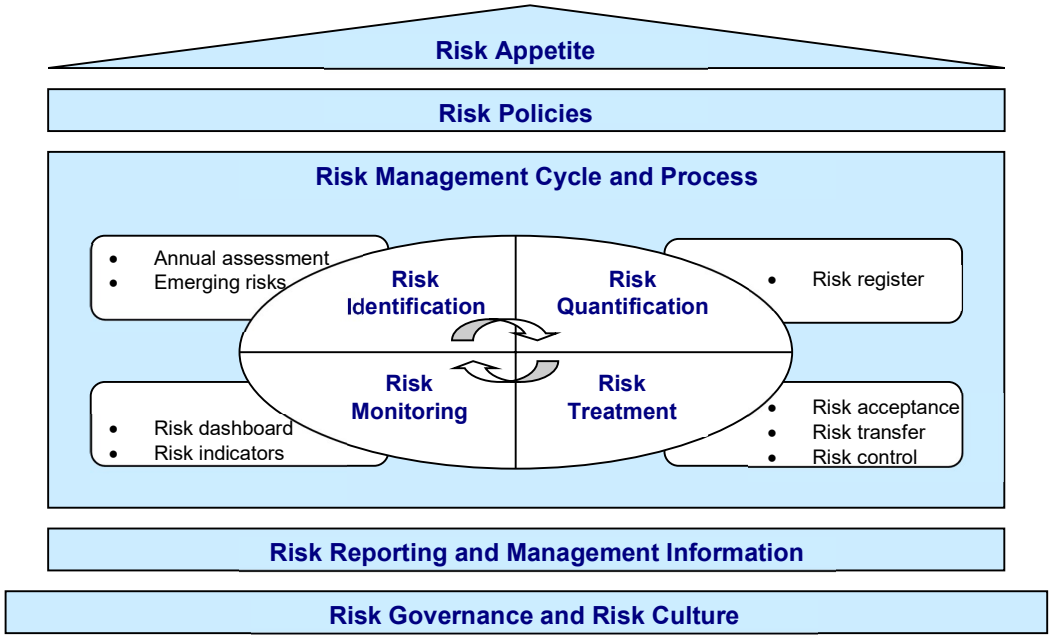
Risk refers to the effect of uncertainty on the Company's ability to meet its objectives. Risk management is a systematic approach to protect the business resources and income against losses and unexpected events so that objectives of the Company can be achieved without unnecessary disruption.

Roles and Responsibilities

The Board of Directors acknowledges its responsibility to establish a risk management system and have outsourced the performance of the Risk Management Function to Allied Risk Management Ltd ('ARM) to ensure that the risk management system is implemented and well-integrated into the organisation structure of the Company and its decision-making processes.

Risk Management System

The Company's risk management system is made up of a number of components as illustrated below:



The Company's strategy towards risk is set out in its documented Risk Appetite Statement and supporting Risk Policies. These are reviewed by the CRO, Executive Committee and the Board on an annual basis or in the event of a material change in circumstances for the Company or the environment in which it operates.

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

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

In addition to its financial results, the Company's performance is measured on a quarterly basis in terms of its compliance with the adopted Risk Appetite. A 'heat-map' reporting system is used to clearly illustrate where risks are within appetite or where various trigger levels have been breached and the appropriate escalation procedures followed.

Risks are categorised into six groups based on the interpretations within SI 485:

- Underwriting risk
- Market risk
- Credit risk
- Liquidity risk
- Operational risk
- Concentration risk

The key risks to which the Company is exposed have been identified by the Risk Management Function ('RMF') and agreed by the Board and will be re-assessed and validated annually by them in terms of the Company's risk appetite and tolerance for future strategy. A formal risk register has been developed and is reviewed by the RMF and Executive Committee at each Committee meeting. Each identified risk has an owner assigned to it who is responsible for taking any action or implementing any changes identified. Such actions/changes are recorded in the Committee meeting minutes. A copy of the related minutes is included in the meeting papers of the next Board meeting.

The Board of Directors has delegated the responsibility for reporting on compliance with the triggers established in the risk appetite and the performance of the internal control framework to ARM in their

role as outsourced service provider of the RMF, who utilise all relevant management information supplied.

An escalation mechanism is in place to ensure the timely reporting of breaches in triggers to the appropriate body. Reporting of management information on all key risks takes place at each Executive Committee and Board meeting. All management information shall be:

i. timely;
ii. validated;
iii. comprehensive;
iv. reliable; and
v. presented in a manner that highlights any relevant issues.

Underpinning the risk management system is a governance framework and an organisational culture which embodies a high standard of accountability and ownership.

With respect to the management of risks identified in the Risk Appetite Statement and risk register, the following policies have been established by the Board:

- Conflicts of Interest
- Compliance
- Outsourcing
- Fitness and probity
- Underwriting and reserving
- Reporting of corporate governance deviations
- IT systems
- Remuneration
- Investment, liquidity and asset /liability management
- Own Risk and Solvency Assessment
- Capital management
- Internal Control
- Internal Audit

Review

The established risk management system is reviewed on an annual basis under the direction of the RMF. The review will take into account the results of the Company's annual Own Risk and Solvency Assessment and the insights gained during the performance of this assessment. Any proposed amendments/enhancements will be discussed with the Executive Committee and their recommendations presented by the RMF for approval by the Board at their summer board meeting each calendar period. The review will be carried out by ARM against the criteria of:

- Appropriateness
- Adequacy
- Relevance
- Transparency
- Accountability
- Legal/Regulatory Compliance

Own Risk and Solvency Assessment ('ORSA')

The key stakeholders and their relevant responsibilities with respect to the Company's ORSA are set out below:

The Board of Directors				
• Approve ORSA Policy and review annually for applicability • Implement business strategy in conjunction with parent company • Establish risk appetite and tolerances • Identify relevant stresses and scenarios for use in capital calculations • Reinsurance planning and structuring • Investment policy and asset allocation		• Challenge the ORSA assumptions and findings • Consider and assess the output from the ORSA processes and then develop the appropriate responses for the Company • Sign-off on ORSA prior to submission to the Central Bank of Ireland • Embed the ORSA as part of the Company's decision-making process		
Shareholder	**Risk Management Function (RMF)**	**Management Services Provider (MSP)**	**Actuarial Function (HoAF)**	**Internal Audit**
• Set overall business strategy • Budgeting and business planning • Provide input into stress and scenario analysis	• Manage ORSA process • Manage stress and scenario testing • Oversee the setting of the risk appetite and tolerances • Oversee work of Management Services Provider in respect of the ORSA	• Profit & Loss account and Balance Sheet projections • Capital calculations • Conduct stress and scenario testing • Documentation and reporting	• Provide input into stress and scenario analysis • Provide opinion on ORSA process	• Consider review of the ORSA as part of their schedule of work

In line with the Company's documented ORSA policy and assuming business-as-usual conditions, the ORSA is performed on an annual basis during the final quarter of the Company's financial period so that the findings can be discussed and approved by the Board of Directors and reported to the CBOI prior to the financial year-end. A more frequent ORSA is not deemed necessary due to the straightforward nature of the Company's activities and risk profile and the fact that the Company's financial position and solvency needs are not subject to significant volatility. The calendar of annual ORSA activities, by reference to the Company's *financial* year end 30 June, is as follows:

Process Step	Description	Responsibilities	Timeframe
Step 1	Review of the documented policy and process as to how the forward-looking assessment is to be performed, by whom, how often and what is involved ('the ORSA policy'). Review of the Company's governance structure and risk management framework.	Board	Quarter 3 as part of annual cycle of Corporate Governance Manual review
Step 2	3-year financial business planning, considering relevant parameters (premium levels / products / expenses / claims / investment strategy)	RMF/MSP working with Shareholder to define business plan assumptions	Quarter 4

Process Step	Description	Responsibilities	Timeframe
Step 3	Identify via discussion, the stresses and scenarios that could impact the financial position, solvency and risk profile of the Company and also a scenario that could cause the business to fail	RMF/MSP to lead and facilitate discussion with the Board and document output.	Quarter 4
Step 4	Solvency assessment • on the prior 30 June balance sheet under Solvency II calculations; and under • stresses and scenarios The output will be circulated to the Board for consideration and challenge and for the Board to draw its conclusions on the results of the assessment and any actions required.	RMF / MSP Board	Quarter 4
Step 5	Document the assessment in qualitative and quantitative terms including the methods and assumptions used and the conclusion of the assessment in an internal report for the Board to consider and approve.	RMF / MSP HoAF Board	Quarter 4 Board meeting cycle to consider, review and approve
Step 6	Report to the CBOI via the on-line reporting tool	MSP on behalf of the Board	Within 2 weeks of the Board approval

In the event that certain defined triggers occur, the RMF will initiate the performance of an ad-hoc ORSA and will co-ordinate with the Management Services Provider to establish the scope (whether a full or partial assessment), time-frame and deadlines for its performance.

The triggers for an ad-hoc ORSA are:

- A change in the group structure, financial position or business profile that significantly changes the risk, business or solvency profile of the Company
- The launch of a new line of business
- A breach in a risk appetite limit
- A sudden significant reduction in the solvency ratio

The main objectives of the ORSA with respect to risk management are to:

1. Foster internal risk management within the Company.
2. Enhance management awareness of the interrelationships between risks
3. Increase understanding of the relationship between overall risk exposure and the capital needed to support it.

The ORSA process creates the link between risk management, capital management and strategic planning. The risks identified as part of the risk management system are used to inform the stress and scenario tests which form part of the solvency assessment. The resultant findings provide a better understanding to the Board of the impact of key risk drivers on the operations of the Company and in turn better inform the setting and update of the Risk Appetite.

The Company uses the ORSA process to determine its own solvency needs. This involves the:

- calculation of the required Solvency and Minimum Capital Requirements under the standard formula over a 3-year projection period based on the Company's budget for that period;
- application of stresses and scenarios across the projection period which are based on the key risk drivers for the Company (taken from risk appetite statement);
- consideration of an extreme stress scenario which includes a set of circumstances which could cause the business to fail;
- review of the output by the Board and refinement and recalculation to take account of alternative scenarios; and

- determination by the Board of a threshold level of solvency capital coverage appropriate for the Company's own needs over the planning period with a lower trigger set as a review point to determine whether the contributing circumstances indicate that a capital injection is required. These capital coverage levels have been incorporated into the Company's Risk Appetite Statement.

B.4 Internal control system

Internal control system

The Company has established and documented an appropriate system of internal control which satisfies the following objectives:

- Operational risks are identified and effectively managed
- Key processes and activities are documented
- Assets are safeguarded
- The reliability and integrity of financial information is maintained consistently
- Compliance with Company policies, procedures, applicable laws and regulation is achieved

All accounting and expense transactional procedures of the Company are fully documented and maintained in a procedures document which forms part of the Company's permanent files. This document is updated on an annual basis by the Management Services Provider to ensure accuracy and on-going relevance and is presented to the Board.

An Operational Risk Assessment and Control Framework has been established for the Company. This reflects the operational risks which have been identified by the Risk Management Function and agreed by the Board as relevant to the Company's operations; together with the activities and internal processes in place for managing those risks. On a quarterly basis, compliance against this framework is documented in a log. At each Board meeting, the most recent quarterly completed Operational Controls Logs are presented to the Board for review. The appropriateness of this framework is re-assessed by the CRO and the Board on an annual basis. The risk tolerance limit for operational risk and the breach escalation process is included within the Company's Risk Appetite Statement.

Controls established reflect the following principles:

- Segregation of duties
- Authorisation and approval
- Custodial; and security arrangements
- Timely and accurate review and reconciliation

There have been no control issues or weaknesses identified in the reporting period.

Compliance function

The Company is fully committed to compliance with the requirements of the CBOI and all applicable legislation and regulations (collectively known as the Company's 'Compliance Obligations'). In order to ensure that the Company's activities remain within the boundaries of these Compliance Obligations the Board of Directors has appointed a Head of Compliance / Compliance Officer to assume responsibility for the discharge of the Company's Compliance Function.

The Company interprets "applicable legislation and regulations" as follows:

> "any legislation and regulations which a company must comply with in order to represent a true and fair reflection of its financial performance or which forms an explicit condition of the business license that the entity holds".

In order to demonstrate the Company's ongoing commitment to compliance, a submission is made by the appointed Compliance Officer to the Board of Directors at each Board meeting. This report addresses how the Company is achieving compliance, whether there are any breaches and how such breaches are being rectified.

The Compliance Function is reinforced by a formal framework of compliance checklists which are reviewed by the Compliance Officer, who will then report to the Board on the results of this review at each Board meeting. A compliance action list is considered and addressed by the Board at each meeting and the considerations recorded in the minutes.

Notwithstanding the fact that the role of Compliance Officer/Compliance Function has been outsourced to a third party, the Board acknowledges that it retains all responsibility for the management of risk in this area

B.5 Internal audit function

The Board has the responsibility to establish and maintain an effective internal audit function which is objective and independent from the Company's operational functions.

The Head of Internal Audit (HoIA) is the Internal Audit Director for the Parent Group and is responsible for:

- leading the preparation of an annual audit plan for the Company based on a methodical assessment of the Company's risks, governance system and the nature of its activities, including expected developments;
- leading the implementation of the annual internal audit plan;
- directing the work of any outsourced service providers who have been engaged to carry out internal audit testing;
- ensuring that the requirements of the Company's outsourcing policy are complied with for the selection of parties to perform internal audit testing;
- reviewing the output of annual internal audit testing; and
- reporting findings to the Board and the other Key Functions.

The HoIA may also carry out special audit tasks at the request of the Board where significant breaches in the Company's policies or internal control framework have been identified.

The Board recognises the added value to be derived from internal audit through the review and assessment of compliance with, and the efficacy of, its governance arrangements and operational procedures.

An internal audit plan, comprising a programme of proportionate audits of internal controls, governance arrangements and operational procedures will be developed, implemented and reviewed annually.

The internal audit function is structured according to the following principles:

- the HoIA has the necessary skills and expertise required for the role and meets the Fitness & Probity due diligence criteria;
- the Company has taken appropriate measures in order to mitigate the risk of any conflict of interest within the internal audit function;
- the HoIA does not perform any operational functions for the Company and is free from undue influence by any other key functions;
- the Board shall not place undue influence on the HoIA in the performance of its duties; and
- the internal audit approach shall be proportionate, ensuring that the responsibilities of the function are fulfilled while recognising the small scale of the Company.

The Company recognises the value in seeking external, professional support to conduct internal audits. This is particularly relevant for areas where specialist knowledge is not available in-house and given the size of the Company to ensure that an independent and objective view is provided. PricewaterhouseCoopers have been engaged to carry out internal audit activities under the direction of the HoIA.

B.6 Actuarial function

The position of Head of Actuarial Function (HoAF) for the Company is outsourced to Aaron Kenny, Allied Risk Insurance and Reinsurance Services Limited. He has been approved by the CBOI to perform this function. The outsourcing of this function reflects the fact that, as a captive reinsurer, the Company does not have the in-house specialist skills required for this function. The engagement of an

industry specialist who has the support of a wider team in carrying out their duties is the most efficient approach for the Company. The Board is satisfied that there are no conflicts of interest impacting the HoAF's work.

A documented services level agreement is in place for this function. The HoAF reports directly to the Board.

B.7 Outsourcing

The Company has a documented outsourcing policy which the Board reviews on an annual basis as part of its scheduled review of the Company's CGM. This policy is specific to the Company and outlines its approach to the identification, justification, implementation and management of outsourcing arrangements for any Company function. The policy sets out the operational standards and roles and responsibilities with respect to outsourcing and the approach to be adopted for:

- Business needs analyses
- Due diligence
- Contracts
- Implementation of outsourcing arrangements
- Ongoing monitoring and oversight
- Decommissioning

In line with EIOPA's guidelines on the System of Governance, the following four key functions of the system of governance are deemed critical or important functions and have been identified as such in the Company's outsourcing policy:

- Risk Management
- Internal Audit
- Actuarial
- Compliance

Risk Management, Actuarial and Compliance functions are fully outsourced and Internal Audit is partially outsourced. In addition, the Company considers Captive Management & Administration (including financial and regulatory reporting) to be a critical and important outsourced function.

Service providers for these outsourced functions are located in Ireland.

B.8 Any other information

The Board considers that the Company's system of governance is adequate and appropriate for the nature, scale and complexity of the risks associated with the Company's operations. The development of the system of governance, as documented in the Company's CGM and supporting policies, has been carried out in such a manner so as to ensure that the framework, policies and procedures are tailored to the Company's specific risks and are fit for purpose.

The appropriateness of the system of governance is formally reviewed on an annual basis by the Board and documented via the minutes of the meeting at which the updates/changes are approved. Responsibility for ensuring that this review is completed on a timely basis rests with the Head of Compliance.

No other material information to report.

C. Risk Profile

C.1 Underwriting Risk

The Company is exposed to underwriting risk which can arise from large catastrophe losses, inadequate pricing or an adverse change in the value of reinsurance liabilities due to inadequate provisioning assumptions. The specific underwriting risks to the Company are assessed by a thorough review of all proposed annual programmes of reinsurance with reference to:

- Event and annual aggregate limits
- Loss history
- Premium levels
- Material changes to Group organisation and strategy
- Company costs
- Findings from the ORSA process
- Consideration of the need for retrocession

The Company assesses the risk of inadequate provisioning by evaluating the outturn over time of claims settlements against initial provisions.

There have been no changes to the Company's underwriting risk exposures or the basis by which they are assessed in the reporting period.

The risk associated with the run-off programme is assessed as low given the age and profile of the claims. The property programme is short tail in nature and the ultimate cost of loss events can usually be estimated with reasonable certainty based on the information available.

The Company is only accepting the underwriting risk of effectively one policyholder, its parent group. Therefore, there can be no stacking or clash concentration risks which one would find in commercial reinsurers. The Company is exposed to worldwide risks. This provides diversification of risk on the one hand, but as has been experienced, the possibility exists of a number of natural catastrophes occurring worldwide in one underwriting period. The fact that an annual aggregate cap of EUR5M is in place, limits the impact on the Company to an amount that can be absorbed by the current surplus and capital of the Company in any one period. However, this would not be sustainable for more than two consecutive underwriting periods and pricing/underwriting action would be required.

Underwriting risk is managed through:

- the adoption of documented controls and policies in relation to the underwriting and reserving processes;
- the setting of a risk appetite by the Board with reporting triggers and limits which are monitored and escalated as in accordance with the Company's documented policy;
- the deployment of event and annual aggregate limits for the risks it reinsures which can be met through the Company's capital base; and
- the calculation of technical provisions in a prudent, reliable and objective manner using appropriate and consistent data.

The Company assesses the adequacy of premium to cover claims and associated expenses through its review of quarterly financial reports and by reviewing the loss and combined ratios applicable for individual policy periods. Performance against the loss ratio appetite and triggers in the risk appetite statement is measured on a quarterly basis and reviewed by the Executive Committee. These review processes ensure that the mechanisms adopted by the Company for the management of underwriting risk are monitored for continuing effectiveness.

As part of the Company's ORSA process, stress and scenario tests incorporate varying claims exposure levels and/or changes in reinsured underwriting limits. For the 2021 ORSA, the projection period for 2022 – 2024 assumed a loss ratio of 60%, based on the selected ultimate loss ratio ('ULR') in the 'Actuarial Report on Technical Provisions 2019/20'. Three scenarios were then considered:

- Scenario 1 assumed no large losses. A loss ratio of 20%, aligned to the average loss ratio since inception excluding large losses, was applied across the projection period;

- Scenario 2 assumed an event loss in each of years 2022 and 2024, with a loss ratio of 60% in 2023. This 60% ratio was based on the selected loss ratio ('ULR') under the base (unstressed) scenario. Additionally, a time lag of a year in settling each of the event losses was assumed such that the event loss of EUR3m was held in reserves as at year ends 2022 and 2024.

- Scenario 3 was the 'extreme" stress scenario which included a set of loss circumstances which could cause the business to fail. It assumed aggregate losses of EUR5m in each of the 3 years over the projection period. Additionally, a year's time lag in the assumed payment pattern of claims was applied for all years.

In comparison to the base (unstressed) scenario, the capital requirements across the projection period for non-life underwriting risk only:

- Reduced by an average of 7% across Scenario 1;
- Increased by an average of 11.94% across Scenario 2;
- Increased by an average of 35.2% across Scenario 3.

In addition, the Company carried out sensitivity tests showing the impact on profit before tax and shareholders' equity in the financial statements. For each item tested the impact of a change in a single factor is shown, with other assumptions unchanged.

	Pre-tax profit		Shareholders' equity	
	2021	**2020**	**2021**	**2020**
	EUR	**EUR**	**EUR**	**EUR**
12.5% increase in loss ratios				
- Gross and net	(74,848)	(12,497)	(65,492)	(10,934)
Doubling of Margin for Uncertainty				
- Gross and net	(86,713)	(45,677)	(75,874)	(39,967)

The Company's method for sensitivity testing is consistent for both periods.

The Board has noted the findings of these stress and sensitivity tests in its decision making.

C.2 Market Risk

The Company is exposed to market risk as part of its business by virtue of:

- Currency risk – where operating expense and tax payments are payable in Euro and premium receivable/claims payable are in GBP, USD and Euro. The functional currency is Euro.
- Interest rate risk – which may arise due to a mismatch in asset / liability durational matching.
- Concentration risk – where the quantum of an individual asset is such that its impairment would have a significant impact on the Company
- Spread risk – which can arise on assets held due to changes in credit spreads over the risk-free interest rate term structure.

Market risk for currency is assessed in the setting of the Company's risk appetite statement and performance against risk tolerances is monitored by the Executive Committee. The metrics are updated on an annual basis or more frequently if the CRO and the Executive Committee believe that such action is warranted. Currency risk is managed by the Risk Management Function to ensure that the level of mismatch is not of such a quantum as to be of potential threat to the solvency position of the Company.

As the majority of claims exposures are short-tail in nature, the Company mitigates against interest rate risk by holding sufficient funds in short term deposits and liquid cash.

A risk appetite with appropriate reporting and escalation triggers has been set for the desired credit rating for credit institutions with which deposits are placed.

With the exception of concentration risk, the market risks to which the Company is exposed are not considered material to its overall financial and solvency position and are not subjected to specific stress and sensitivity testing. In the prevailing market of negligible/negative interest rates, a sensitivity analysis of a +/- 10% change in interest rates would have an immaterial impact on the Company's income.

Concentration risk arises from the intercompany loan advanced to Irish Distillers Group Unlimited Company. While various scenarios involving the quantum and stressed value of this loan are considered under the Company's ORSA process, the Company is satisfied that the parent group has sufficient liquidity to be in a position to repay the current value of the loan advanced.

Prior to any decision being made to change the loan advance, the implications on the Company's Solvency Capital Requirement and Minimum Capital Requirement are calculated and assessed to ensure that the proposed action is within appetite.

Prudent person principle

The Company has adopted a written investment policy which it reviews on an annual basis. The overall strategic objective of the Company with respect to its investment policy is to preserve principal value and increase the value of investments while covering its technical reserve and solvency capital requirements and meeting its ongoing cash flow needs.

The Board has developed the investment policy having due regard to:

- the Company's solvency needs;
- the nature of the risks being underwritten by the Company;
- the regulatory requirements to match its technical liabilities;
- the expected pay-out patterns for claims;
- market, credit, liquidity, operational and legal risk;
- the need to invest in secure assets;
- asset diversification; and
- settlement risk.

The guiding principles of the policy are as follows:

- To meet all liabilities as they fall due by matching term, nature and currency of investments to the term, nature and currency of the liabilities;
- Investments should be diversified and adequately spread with counterparties that meet the rating criteria specified in the investment policy;
- To maximise the investment return subject to the constraints imposed.

The Board of Directors, having taken account of those factors set out above, has deemed that funds received by the Company should only be invested according to the following categories:

1. Bonds meeting approved credit rating criteria
2. Deposits with approved credit institutions
3. Liquidity funds meeting approved credit rating criteria
4. Loans to affiliate companies

The investment policy contains procedures to be followed in the event of an asset downgrade. Minimum credit ratings are prescribed within the policy together with guidelines on currency exposure.

The assets and liabilities of the Company are managed in order to protect it from any materially negative financial consequences arising from changes in interest rates. The profile of the risk underwritten by the Company is such that approximately all property claims are paid out within 2-3 periods from the end of the related underwriting period, whilst the Allied Domecq portfolio is in run-off and not liable to significant deterioration. For this reason, the Company is not exposed to significant claims inflation and it is therefore considered appropriate to hold all investments in short term instruments.

C.3 Credit Risk

The primary area of credit risk under Solvency II arises from the credit institutions with which the Company places its cash assets. This has been identified as part of the process for setting the Company's risk appetite and appropriate tolerances and limits put in place. Monitoring against pre-determined triggers is carried out by the Executive Committee on a quarterly basis. In order to avoid risk concentration cash is placed with more than one counterparty.

Prior to any decision being made to change the mix of and/or exposure to counterparties, the implications on the Company's Solvency Capital Requirement and Minimum Capital Requirement are calculated and assessed to ensure that the proposed action is within appetite.

As part of the Company's ORSA process, the sensitivity of the cash balances to changes in ratings was assessed. A drop in current ratings by one credit step doubled the average capital requirement for counterparty default risk across the projection period. A drop by two credit steps was more drastic with the average counterparty default risk charge across the projection period, increasing eightfold.

In order to manage this risk, the Company's investment policy, described in C2 above, also sets out the criteria for the selection of counterparties for the placement of cash balances.

C.4 Liquidity risk

A large proportion of funds are held in short-term deposits ensuring sufficient cash is on hand to meet claims payments as they fall due and to cover any unexpected cash outflows.

The Board has taken the decision that a further refinement in the matching of claims pay-out and asset maturity patterns is not required given the relatively short tail nature of the business. Thus, the maintenance of available cash and short-term deposits is the most appropriate for the nature, scale and complexity of the Company's business.

The Company writes one annual reinsurance contract each period which incepts on 1 July and so coincides with the financial period. Therefore, there are no unexpired premiums as at 30 June 2021.

C.5 Operational risk

Operational risks to which the Company is exposed have been assessed using the Operational Risk Assessment and Control Framework described in Section B4 above. There have been no changes to this approach during the reporting period.

The Company does not consider that it is exposed to material residual risk in this area due to the formality that has been created around the Company's processes and procedures including those for financial and regulatory reporting. The Company has taken appropriate measures to address the risk of reporting misstatement from the additional analysis required under Solvency II through the deployment of additional resources and the development of control checks and balances.

There is no specific risk concentration associated with this category as internal controls include appropriate segregation of duties.

C.6 Other material risks

There are no other material risks to which the Company is exposed.

C.7 Any other information

There are no other items to report in this area.

D. Valuation for Solvency Purposes

Note: Tables within sections D and E contain minor rounding differences in certain instances due to amounts being displayed as whole numbers while the source workings underlying the annual reporting templates are calculated to two decimal places. These differences are immaterial.

D.1 Assets

The Company's total assets at 30 June 2021 of EUR25,155,557 (2020: EUR23,398,668) comprise the following items:

	2021	2020
Deposits other than cash equivalents	EUR1,983,822	EUR2,080,519

This balance represents the fair value of deposits with counterparty banks together with any accrued interest at the balance sheet date. For the purposes of the Company's financial statements, accrued interest is shown as part of the 'Prepayments and accrued interest' balance. The valuation is based on the amounts placed on deposit at the period end together with a calculation of the portion of interest accrued at that time.

	2021	2020
Other mortgages and loans	EUR11,138,571	EUR11,099,024

This amount represents the loan advanced to Irish Distillers Group Unlimited Company at the balance sheet date. It is valued at fair value being the amount advanced at that time.

	2021	2020
Cash & cash equivalents	EUR12,033,164	EUR10,218,792

The balance represents cash balances held with counterparty banks which are valued at the fair value amounts held at the period-end.

	2021	2020
Any other assets, not elsewhere shown	EUR0	EUR333

The prior year amount of EUR333 related to prepayments and was measured at the fair value of the amount receivable.

Other than the inclusion of accrued interest in a different category, there are no other asset valuation differences between the financial statements and the solvency calculations. The financial statements have been prepared in accordance with Financial Reporting Standards 102 and 103 (FRS 102 and 103), the requirements of the Companies Acts 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations, 2015.

Information on how the Company invests its assets and manages risk in this area, including how it achieves compliance with the 'prudent person principle', is set out in Sections C2 – C4 above. Operational risks relating to the Company's assets are managed using the Operational Risk Assessment and Control Framework described in Section B4 above.

D.2 Technical provisions

The technical provisions comprise the following amounts by line of business:

	Non-proportional casualty reinsurance EUR	Non-proportional property reinsurance EUR	Total EUR
At 30 June 2021			
Gross and net best estimate	105,374	620,088	725,462
Risk margin	14,474	543,593	558,066
Total gross and net technical provisions	**119,847**	**1,163,680**	**1,283,528**
At 30 June 2020			
Gross and net best estimate	115,623	345,706	461,329
Risk margin	18,223	632,956	651,179
Total gross and net technical provisions	**133,846**	**978,662**	**1,112,508**

The line of business analysis used to segment the Company's claims data reflects the characteristics of the PD/BI and separate run-off programmes. This is consistent throughout the reporting period.

Best estimate claims provisions have been calculated based on the expected losses in each underwriting period by reference to reported and paid losses and historical experience. For property business a number of approaches including expected loss ratio, Chain Ladder, Bornhuetter-Ferguson and Frequency-Severity have been adopted to ensure claims incurred but not reported and claims incurred but not enough reported have been considered in setting the provisions. A provision for the possibility of deterioration in the one remaining open claim is included for casualty.

Best estimate premium provision cashflows have also been calculated for PD/BI business written but not yet incepted as at 30 June 2021 and is consistent with the 2020 calculation. As the Company has approved the renewal of the 2021/22 treaty in advance of this reporting period end, and based on significant precedents in place, the 2021/22 treaty has been deemed to be bound but not incepted as at 30 June 2021.

Therefore, the related premium provision calculation is based on:

- projected premium
- expected losses
- expenses to be incurred in servicing the business.

As the business is expected to be profitable in line with historical patterns, this results in a best estimate which is a negative premium provision i.e.an asset rather than a liability. This negative result is netted off the claim provision numbers to produce the figures presented in the table above.

Best estimates have been adjusted to allow for all possible outcomes through the inclusion of provisions for Events Not in Data (ENID) for the property book and the future expenses that will be incurred in servicing the existing reinsurance obligations. The resultant future cash flow projections were then discounted, applying the yield curve published by EIOPA for June 2021.

The reinsurance contract is co-terminus with the reporting period end and as a result there is no unexpired risk, unearned premium or lapse provision at 30 June.

There is no retrocession applicable to this business.

The risk margin is calculated using Method 1 from Guideline 61 of the Solvency II "Guidelines on the valuation of technical provisions".

There have been no notable material changes in the assumptions made in the calculation of the technical provisions since the 2020 year-end.

The material difference between the calculation of technical provisions for solvency purposes and the financial statements is as follows:

	EUR 2021	EUR 2020
Margin for Uncertainty (MfU) between GAAP and Best estimate actuarial TPs	(86,713)	(80,160)
Risk margin on technical provisions	558,066	651,180
Claims payable included in claim provision	132,779	78,107
Provision for Events Not In Data in claims provision	78,930	79,596
Provision for expenses on claims provision	80,804	65,520
Premium provision for written but not yet incepted business	(3,120,913)	(3,249,950)
Provision for claims in premium provision	1,994,755	1,949,970
Provision for expenses in premium provision	282,811	261,969
Discounting	20,355	25,996
	(59,126)	**(217,772)**

The Company considers the approach adopted to be appropriate and the resultant calculated technical provisions to be adequate, despite the uncertainty present from process and parameter risk.

- *Process risk* - Insurance is inherently random and the number of claims incurred is also random. The Technical Provisions are calculated on a best estimate basis and are a probability weighted average of all possible outcomes. In particular, given that the Company reinsures a small commercial property book, the underwriting result can be driven by the emergence/non-emergence of a small number of large losses.

- *Parameter risk* - In calculating the Technical Provisions for the PD/BI business, assumptions have been calibrated to both the Company's internal data and external benchmarks. There is a risk that the assumptions derived are inappropriate for the Company's exposure.

However, while actual experience can differ from the expected outcome, the underlying claims are not exposed to significant volatility given the short-tail nature of commercial property business. Therefore, the level of uncertainty associated with the value of the claim provision is not considered significant.

The premium provision is subject to more uncertainty as the observed loss ratio may differ from the initial estimate based on historical performance. The volatility of the underwriting result for a captive reinsurer is generally higher than that of a commercial insurer writing a diverse portfolio. However, the Company's limit structure reduces this volatility in the level of the premium provision.

It should be noted that the COVID-19 pandemic introduces some uncertainty into the valuation of the technical provisions, particularly the potential for delays and distortions in the claims data arising from the operational implications of the pandemic. This has been captured by the inclusion of a delay factor applied in the claims reserving process.

Information on how the Company manages risk in the area of underwriting and reserving is set out in Section C1 above. Operational risks relating to the Company's technical provisions and claims data are managed using the Operational Risk Assessment and Control Framework described in Section B4 above.

The Company is satisfied that it has access to sufficient historical claims data by line of business for the calculation of its technical provisions and that this data is accurate and appropriate for the Company's needs. Claims data for property risks has been compiled on a consistent basis for the last 13 years and is received and recorded on a timely basis and considered free from material error. For the casualty run-off book, data has been allocated to the 2007 underwriting period (period of portfolio transfer) and data triangles have been prepared on a consistent basis containing information for the last 12 years. The Company is satisfied that this is appropriate for its purposes given the stage of maturity of the run-off book. The work required and associated costs to collate additional historical data

on a more granular underwriting year basis would have been disproportionate to any benefit to be gained from an analytical, loss reserving or business management perspective. The Company's claims data is inherently sparse given the nature, scale and complexity of its captive reinsurance business. However, this is not an impediment to the setting of its technical provisions.

Claims management processes by the Company and the cedant are appropriate and adequate given the nature of the underlying risks.

Adjustments and Transitional Measures

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

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

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

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

D.3 Other liabilities

Deferred tax liability of EUR22,955 (2020: EUR36,985) is calculated at 12.5% of the undiscounted adjustments to the technical provisions. The only other notable difference between the valuation basis on the Solvency II balance sheet compared with the financial statements is the reallocation of claims payable of EUR 124,516 from insurance payables on the financial statements to technical provisions on the Solvency II balance sheet.

Other liabilities of EUR114,236 comprise expense accruals (EUR98,689) and corporation tax payable (EUR15,547). These accruals are valued on the same basis as used in the financial statements and are expected to be settled within one year. Balances have not been discounted and are considered to be the fair value amounts.

D.4 Alternative methods for valuation

Due to the fact that there is no quoted market price in active markets for assets which are the same or similar to the intercompany loan, this is valued at fair value based on the present value of the amount receivable.

D.5 Any other information

There are no other items to report in this area.

E. Capital Management

E.1 Own funds

The primary capital management objectives of the Company are to maintain a strong capital base to support the development of its business and to meet regulatory and solvency capital requirements at all times. It is intended that the Company's capital needs will be managed out of its existing pool of own funds and the efficient management of the Company's reinsurance business. Should additional funds be required outside of that, they will be advanced by the shareholder. The Company's documented capital management policy outlines the Company's approach to distributions and its medium-term capital management plan. There have been no material changes to this approach from the prior year.

Distributions will only be considered in those circumstances where the Company is deemed to have surplus funds over and above those required for its own solvency needs. Whilst being mindful that the Company is part of a wider Group, it is the Board's responsibility to ultimately determine whether it is appropriate for the Company to declare a dividend to its sole shareholder. In assessing whether or not to declare a dividend, the Board will take account of the financial position of the Company, its Risk Appetite tolerances and limits, its own assessment of its regulatory capital requirements (current and forward looking over a three-year planning horizon) as well as its liquidity position.

Note: In a 'Dear CEO' letter issued by the CBOI in February 2021, the CBOI still expect firms to continue to exercise prudence in respect of intragroup transactions, especially relating to dividends and intergroup loans during COVID-19. While their preference would be to continue a postponement of such transactions at this time, they are not averse to considering a proposal from a company where a board determines it appropriate to enter into either of these group transactions. In such a case, the CBOI expects the company to engage with their supervision team before proceeding with the proposal, demonstrating satisfactory forward-looking solvency, liquidity and operational resilience positions in light of the current environment.

At 30 June 2021 and 2020 the Company's own funds in Euro were as follows:

	2021	**2020**
Tier 1 – unrestricted		
Ordinary share capital	635,100	635,100
Reconciliation reserve (after deductions)	23,099,739	21,164,119
Tier 3 – Net deferred tax asset	-	-
Total basic own funds	**23,734,839**	**21,799,219**

The movement in basic own funds in the reporting period reflects the profit of the Company as adjusted for Solvency II valuation items. No distributions were made during the reporting period. The reconciliation reserve represents the retained earnings of the Company as adjusted for Solvency II valuation differences and deductions for items which do not meet the criteria to be classified as Solvency II own funds (see equity position reconciliation below for nature and quantum of reconciling items).

The eligible amount of own funds available to cover the Solvency Capital Requirement at 30 June 2021 is EUR23,734,839, fully comprised of Tier 1 unrestricted funds, which are also eligible to meet its Minimum Capital Requirement at the end of the reporting period.

The equity position shown in the Company's financial statements at 30 June 2021 can be reconciled to the basic own funds balance as follows:

(Amounts expressed in EUR)	**2021**	**2020**
Shareholder's funds per FRS Financial Statements	23,574,152	21,540,325
Margin for Uncertainty (MfU) between GAAP and Best estimate actuarial TPs	86,713	80,160
Risk margin on technical provisions	(558,066)	(651,180)
Claims payable included in claim provision not in financial statements	(8,263)	-
Provision for Events Not In Data in claims provision	(78,930)	(79,596)
Provision for expenses on claims provision	(80,804)	(65,520)
Premium provision for written but not yet incepted business	3,120,913	3,249,950
Provision for claims in premium provision	(1,994,755)	(1,949,970)
Provision for expenses in premium provision	(282,811)	(261,969)
Discounting of technical provisions	(20,355)	(25,996)
Net deferred tax liability	(22,955)	(36,985)
Total basic own funds	**23,734,839**	**21,799,219**

The most significant reconciling items relate to the different basis of reserving for technical provisions under Solvency II. The inclusion of a risk margin is to ensure that the value of technical provisions is equivalent to the amount (re)insurance undertakings would require in order to take over and meet the Company's reinsurance obligations. Solvency II also requires the Company to allow for all possible outcomes in setting its technical provisions and not just the reasonably foreseeable. The technical provisions have therefore been adjusted to include a provision for Events Not in Data (ENID) as they pertain to the Company's reinsurance programme. A further provision has been included for expenses that will be incurred in servicing existing reinsurance obligations.

Inclusion of a provision for written but not yet incepted business has the greatest impact. This reflects the fact the Company is bound into a reinsurance programme for the forthcoming policy year prior to 30 June 2021. A provision for expenses has also been calculated in connection with this business.

The adjustment for discounting is not significant due to the short tail nature of the claims and it decreases shareholder funds due to negative interest rates. The deferred tax adjustment is calculated at 12.5% of the undiscounted adjustments to the technical provisions.

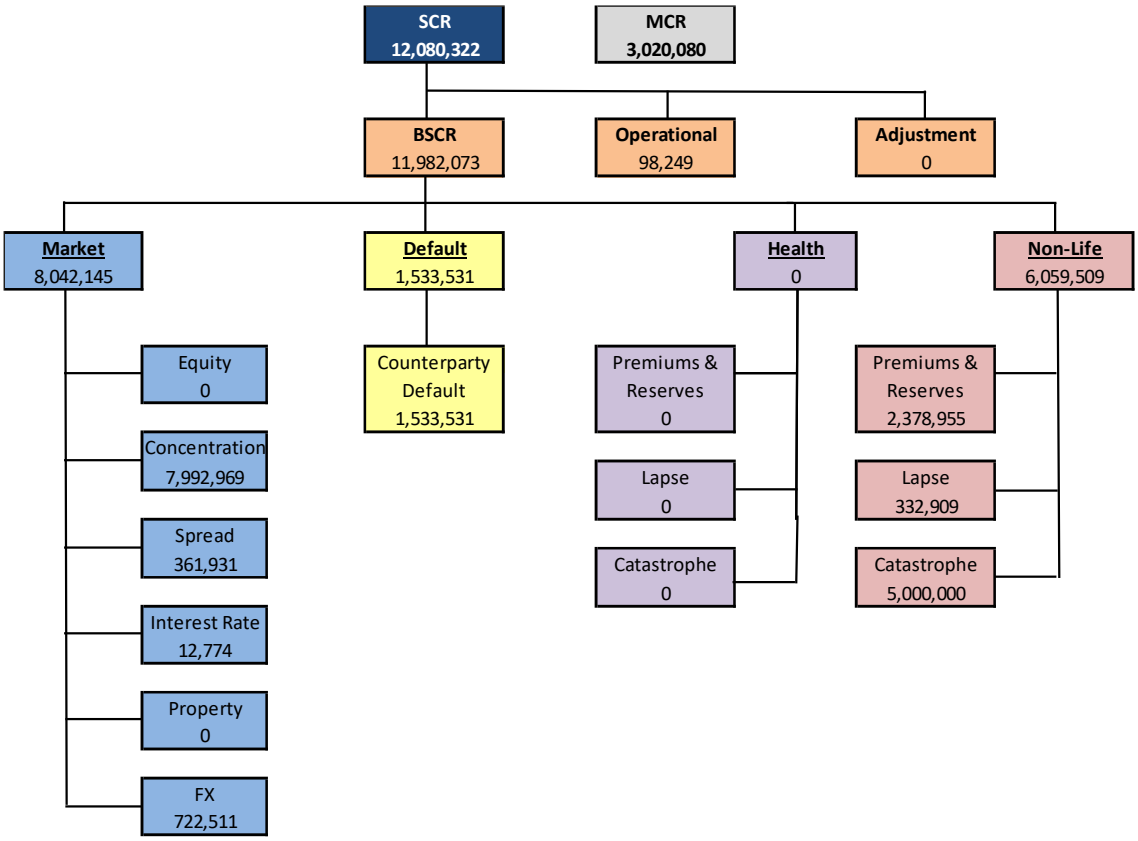
There are no deferred tax assets recognised on the Solvency II balance sheet.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Company's 30 June 2021 Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) are shown in the table below.

	SCR	**MCR**
Capital required (EUR)	12,080,322	3,020,080

The SCR has been calculated utilising the standard formula and the analysis by risk module is shown below:



The Company has not utilised simplified calculations nor undertaking specific parameters in calculating its SCR.

The SCR includes no adjustment for the loss absorbing capacity of deferred taxes.

The MCR represents 25% of the SCR and the amount has been calculated in accordance with Article 248 of the Commission Delegated Regulations (EU) 2015/35 taking into account the absolute capital floor and the linear calculation for non-life reinsurance obligations:

Minimum Capital Requirement (MCR)

MCR	3,020,080

Total MCR NL	655,655
Cap	5,436,145
Floor	3,020,080

Parameters	
Cap	45%
Floor	25%
AMCR	1,200,000

Line of Business	Net Technical Provisions	Net Premium Written	Paremeters		MCR NL
			α	β	
NRP - Property	620,088	3,274,963	19%	16%	636,055
NPR - Casualty	105,374	0	19%	16%	19,599

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

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

E.4 Differences between the standard formula and any internal model used

The Company has only used the standard formula for its capital calculations.

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

The Company was compliant with its obligations to meet its Solvency and Minimum Capital Requirements in the period under review and the prior comparative period.

E.6 Any other information

There are no other items to report in this area.

Quantitative Reporting Templates

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
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**	1,984
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**	1,984
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	11,139
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	11,139
Reinsurance recoverables from:	**R0270**	
Non-life and health similar to non-life	**R0280**	
Non-life excluding health	**R0290**	
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**	0
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**	12,033
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	25,156

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	1,284
Technical provisions – non-life (excluding health)	**R0520**	1,284
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	725
Risk margin	**R0550**	558
Technical provisions - health (similar to non-life)	**R0560**	
TP 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**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	23
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	114
Total liabilities	**R0900**	1,421
Excess of assets over liabilities	**R1000**	23,735

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

		Line of business for: **accepted non-proportional reinsurance**				Total
		Health	Casualty	Marine, aviation, transport	Property	
		C0130	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written						
Gross - Direct Business	**R0110**					
Gross - Proportional reinsurance accepted	**R0120**					
Gross - Non-proportional reinsurance accepted	**R0130**				3,311	3,311
Reinsurers' share	**R0140**					
Net	**R0200**				3,311	3,311
Premiums earned						
Gross - Direct Business	**R0210**					
Gross - Proportional reinsurance accepted	**R0220**					
Gross - Non-proportional reinsurance accepted	**R0230**				3,311	3,311
Reinsurers' share	**R0240**					
Net	**R0300**				3,311	3,311
Claims incurred						
Gross - Direct Business	**R0310**					
Gross - Proportional reinsurance accepted	**R0320**					
Gross - Non-proportional reinsurance accepted	**R0330**		-5		604	599
Reinsurers' share	**R0340**					
Net	**R0400**		-5		604	599
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**				390	390
Other expenses	**R1200**					
Total expenses	**R1300**					390

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		CH	GB				
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130		3,311					3,311
Reinsurers' share	R0140							
Net	R0200		3,311					3,311
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230		3,311					3,311
Reinsurers' share	R0240							
Net	R0300		3,311					3,311
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330		604	-5				599
Reinsurers' share	R0340							
Net	R0400		604	-5				599
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	232	157	0				390
Other expenses	R1200							
Total expenses	R1300							390

Annex I
S.17.01.02
Non-life Technical Provisions

		Accepted non-proportional reinsurance				Total Non-Life obligation
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0140	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**					
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**				-832	-832
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**					
Net Best Estimate of Premium Provisions	**R0150**				-832	-832
Claims provisions						
Gross	**R0160**		105		1,452	1,558
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**					
Net Best Estimate of Claims Provisions	**R0250**		105		1,452	1,558
Total Best estimate - gross	**R0260**		105		620	725
Total Best estimate - net	**R0270**		105		620	725
Risk margin	**R0280**		14		544	558
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**		120		1,164	1,284
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**					
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**		120		1,164	1,284

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	Underwriting year [UWY]

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

Year		Development year 1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior R0100												R0100		
2012 R0160	98	187	88		31							R0160		404
2013 R0170		201	35	7								R0170		243
2014 R0180	31	417	228	3,011								R0180		3,686
2015 R0190	22	58	248	5		1						R0190		333
2016 R0200	337	56	41	9								R0200		443
2017 R0210	3,003	16	818	3	18							R0210	18	3,857
2018 R0220	157	2,543	1,318	207								R0220	207	4,226
2019 R0230	66	193	12									R0230	12	271
2020 R0240	1	342										R0240	342	343
2021 R0250	7											R0250	7	7
											Total	R0260	586	13,813

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year		Development year 1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior R0100											108	R0100	105
2012 R0160												R0160	
2013 R0170												R0170	
2014 R0180			3,051	20								R0180	
2015 R0190		66	64									R0190	
2016 R0200	694	140	9	13	0	0						R0200	0
2017 R0210	951	1,105	619	12	3							R0210	3
2018 R0220	4,318	3,257	176	7								R0220	8
2019 R0230	695	254	82									R0230	83
2020 R0240	915	339										R0240	341
2021 R0250	1,008											R0250	1,017
											Total	R0260	1,558

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 (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	635	635			
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	23,100	23,100			
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	23,735	23,735			
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	23,735	23,735			
Total available own funds to meet the MCR	R0510	23,735	23,735			
Total eligible own funds to meet the SCR	R0540	23,735	23,735			
Total eligible own funds to meet the MCR	R0550	23,735	23,735			
SCR	R0580	12,080				
MCR	R0600	3,020				
Ratio of Eligible own funds to SCR	R0620	196.48%				
Ratio of Eligible own funds to MCR	R0640	785.90%				

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0060				
Reconciliation reserve						
Excess of assets over liabilities	R0700	23,735				
Own shares (held directly and indirectly)	R0710					
Foreseeable dividends, distributions and charges	R0720					
Other basic own fund items	R0730	635				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740					
Reconciliation reserve	R0760	23,100				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	R0770					
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	832				
Total Expected profits included in future premiums (EPIFP)	R0790	832				

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	8,042		
Counterparty default risk	R0020	1,534		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	6,060		
Diversification	R0060	-3,653		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	11,982		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	98
Loss-absorbing capacity of technical provisions	R0140	0
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	12,080
Capital add-on already set	R0210	
Solvency capital requirement	R0220	12,080
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	

Approach to tax rate		Yes/No C0109
Approach based on average tax rate	R0590	3 - Not applicable as LAC DT is not used (in this case R0600 to R0690 are not applicable)

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

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	656

		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	105	
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170	620	3,275

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	656
SCR	R0310	12,080
MCR cap	R0320	5,436
MCR floor	R0330	3,020
Combined MCR	R0340	3,020
Absolute floor of the MCR	R0350	1,200
		C0070
Minimum Capital Requirement	R0400	3,020