

Securitas Group Reinsurance DAC

Solvency and Financial Condition Report (“SFCR”) for the financial
year ended 31 December 2023

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Executive Summary

Company Background

Securitas Group Reinsurance dac is a company incorporated in Ireland and authorised by the Central Bank of Ireland to carry out the following classes of non-life reinsurance business:

- Motor Vehicle Liability;
- Workers' Compensation, Employers' Liability and General Liability.

The Company is a non-life reinsurance captive whose principal activity is the undertaking of reinsurance business in respect of the General Liability, Workers Compensation, Auto Liability and Employers Liability risks of the Securitas group.

Business and Performance

The Company's financial year end is 31 December each year. The Company booked pre-tax profits of USD 13.4 million in the year ended 31 December 2023 (2022: USD 7.2 million). The profits have been driven by a positive underwriting performance on the business written in the year. Dividends of USD 6 million were declared and paid during 2023 (2022: 7 million).

System of Governance

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

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

Outsourced Activities

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

Critical Outsourcing Arrangements				
Outsourced Provider	Service Outsourced	Internal/External	Jurisdiction	Outsourcing Oversight
Marsh Management Services (Dublin) Limited	Captive Manager	External	EU	Chairman (PCF-3)
	Compliance Function			
	Risk Management Function			
Oliver Wyman	Head of Actuarial Function	External	US	
Mazars	Internal Audit Function	Internal	EU	

Risk Profile

The following table outlines the material risks to which the Company is exposed as well as the undiversified capital charge associated with the risks.

Risk	Capital Charge USD'000 2023	Capital Charge USD'000 2022
Market Risk	52,481	50,180
Counterparty Default	8	185
Health Underwriting	16,663	16,982
Non-Life Underwriting	17,038	17,890

These risks are covered in further detail in Section C of this report.

Valuation for Solvency Purposes

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

Capital Management

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

The Company is a single shareholder entity whose ordinary shares are fully paid up. It has no debt financing nor does it have plans to raise debt or issue new shares capital over the three year time horizon used for business planning.

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

Solvency	2023 Capital requirement USD	2023 Eligible capital USD	2023 Solvency ratio
SCR	67,219,488	111,001,469	165%
MCR	16,804,872	111,001,469	661%

Solvency	2022 Capital requirement USD	2022 Eligible capital USD	2022 Solvency ratio
SCR	65,823,393	100,324,878	152%
MCR	16,455,848	100,324,878	610%

A BUSINESS and PERFORMANCE

A.1 Business

A.1.1 Name and legal form of the undertaking

Securitas Group Reinsurance DAC (hereinafter “the Company”) is incorporated in the Republic of Ireland and is a private company limited by shares.

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

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

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

A.1.3 External auditor of the undertaking

The independent auditors of the Company are:

Ernst & Young, Chartered Accountants and Statutory Audit Firm, Harcourt Centre, Harcourt Street, Dublin 2, Ireland.

A.1.4 Holders of Qualifying Holdings in the Undertaking

The Company is wholly owned by Securitas AB., a company incorporated in Sweden.

A.1.5 Legal Structure of the Group

Securitas AB is also the ultimate parent company.

A.1.6 Material lines of business and geographical areas

The Company is a non-life reinsurance captive whose principal activity is the undertaking of reinsurance business in respect of the General Liability, Workers Compensation, Auto Liability and Employers Liability risks of the Securitas group.

The material geographical areas in which the Company operates are the European Economic Area (“EEA”) and the United States.

A.1.7 Significant Business events during the reporting period

The Directors have reviewed the composition of its assets at the balance sheet date and believe that the Company has sufficient liquid assets to meet its liabilities at the balance sheet date as they fall due. Furthermore, the Directors have also assessed the security and recoverability of the Company's assets and, over the next twelve months, they consider that they are not at risk and will continue to monitor developments and respond as appropriate.

A.2 Underwriting Performance

The premium income written by the Company was derived from the coverage of the non-life reinsurance risks of the Securitas group.

The Company writes the following lines of business: Workers' Compensation, Employers' Liability and General Liability and Motor Vehicle Liability. For the purposes of capital reporting these are categorised as:

Class of Business as Local GAAP	Solvency II Class of Business
Workers' Compensation	Workers' Compensation
Employer's Liability	General Liability
General Liability	General Liability
Motor Vehicle Liability	Motor Vehicle Liability

The Company has determined that the USD is the functional currency.

The tables below show a summary of the technical (underwriting) account for the year ended 31 December 2023 by material Line of Business and Geographical area (based on Irish GAAP):

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

Aggregate UW Performance	31/12/2023	31/12/2022
	USD'000	USD'000
Written Premiums	38,592	33,694
Earned Premiums	38,007	33,694
Claims Incurred	(31,253)	(30,392)
Underwriting Expenses	(1,255)	(627)
Allocated Investment Return	5,666	2,406
Net Technical Result	11,165	5,081

Financial Year Ended 31 December 2023				
Line of Business	Workers' Compensation	General Liability	Motor Vehicle Liability	Total
	USD'000	USD'000	USD'000	USD'000
Written Premiums	21,716	13,016	3,860	38,592
Earned Premiums	21,716	12,431	3,860	38,007
Claims Incurred	(18,885)	(9,013)	(3,355)	(31,253)
Underwriting Expenses	(706)	(423)	(125)	(1,255)
Allocated Investment Return	3,188	1,911	567	5,666
Net Technical Result	5,313	4,906	946	11,165

Financial Year Ended 31 December 2023			
Material Geographical Location	United States	Non- United States	Total
	USD'000	USD'000	USD'000
Written Premiums	32,303	6,289	38,592
Earned Premiums	32,303	5,704	38,007
Claims Incurred	(29,090)	(3,163)	(31,253)
Underwriting Expenses	(1,050)	(205)	(1,255)
Allocated Investment Return	4,743	923	5,666
Net Technical Result	6,905	3,260	11,165

Financial Year Ended 31 December 2022				
Line of Business	Workers' Compensation	General Liability	Motor Vehicle Liability	Total
	USD'000	USD'000	USD'000	USD'000
Written Premiums	20,125	11,039	2,530	33,694
Earned Premiums	20,125	11,039	2,530	33,694
Claims Incurred	(11,799)	(15,092)	(3,501)	(30,392)
Underwriting Expenses	(435)	(165)	(27)	(627)
Allocated Investment Return	1,437	788	181	2,406
Net Technical Result	9,328	(3,430)	(817)	5,081

Financial Year Ended 31 December 2022			
Material Geographical Location	United States	Non- United States	Total
	USD'000	USD'000	USD'000
Written Premiums	32,430	1,264	33,694
Earned Premiums	32,430	1,264	33,694
Claims Incurred	(29,800)	(592)	(30,392)
Underwriting Expenses	(225)	(402)	(627)
Allocated Investment Return	2,316	90	2,406
Net Technical Result	4,721	360	5,081

A.3 Investment Performance

A.3.1 Income and expenses arising by asset class

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

As at 31 December 2023 the Company's investment portfolio comprised the following material asset classes:

Asset Class	31/12/2023		31/12/2022	
	Amount USD'000	% of portfolio	Amount USD'000	% of portfolio
Cash at bank and in hand	106	1%	2,754	2%
Intercompany deposit	196,156	99%	187,222	98%
Total	196,262	100%	189,976	100%

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

Asset Class	31/12/2023	31/12/2022
	USD'000	USD'000
Cash and fixed deposits	9	35
Intercompany deposit	11,084	4,466
Total	11,093	4,501

A.3.2 Gains and losses recognised directly in equity

No gains and losses have been recognised directly in equity.

A.3.3 Investments in securitisation

There are no investments in securitisation.

A.4 Performance of Other Activities

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

A.5 Any Other Information

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

B SYSTEM of GOVERNANCE

B.1 General information on the system of governance

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

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

Board of Directors:

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

The directors of the Company during the year are listed below:

S. Grace (Chairman)

A. Lindback

M. Östman

M.L. Björk

Independent Control Functions:

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

Risk Management Function

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

The roles and responsibilities of the risk management function are set out within the risk management policy.

Compliance Function

In order to effectively monitor and report on The Company's requirement to be in compliance with all applicable laws and regulatory requirements the Board of Directors has outsourced the compliance function to the Manager and an employee of the Manager has been appointed as Compliance Officer. The Compliance Officer reports to the Board.

Actuarial Function

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

Internal Audit Function

Mazars were newly appointed as Head of Internal Audit during 2023. The scope of internal audit activities includes the examination and evaluation of the effectiveness of the internal control, risk management and governance systems and processes of the entire licensed entity, including the Company's outsourced activities. The Internal Audit function reports to the Board.

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

None

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

B.1.3.1 Remuneration policy for the administrative, management or supervisory body and employees

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

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

The Board of Directors of the Company includes Group Directors who are remunerated via their service agreements with Securitas AB.

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

The Company is a non-life reinsurance captive whose principal activity is the undertaking of reinsurance business in respect of workers compensation, employers' liability liability), general liability and automobile liability risks of the Securitas group.

The Company did not enter into any transactions with key management personnel in the Securitas group during the year ended 31 December 2023.

There is a credit agreement in place with Securitas AB and the deposit balance to the Company as at 31 December 2023 was USD 196.2m (2022: USD 187.2m). Dividends of USD 6.0m were declared and paid during 2023 (2022: 7.0m).

B.2 Fit and Proper requirements

B.2.1 Requirements for skills, knowledge and expertise

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

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

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

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

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

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

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

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

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

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

B.3.1 Risk management system

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

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

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

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

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

Identify

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

Assess

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

Manage

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

Monitor/Report

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

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

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

B.3.2 Implementation of the Risk management system

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

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

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

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

1st Line of Defence – Day to Day:

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

2nd Line of Defence – Oversight:

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

Compliance Function: The Compliance Function is recognised as a key part of the Company’s internal control system which should identify, assess, monitor and report on the compliance risk exposure of the Company. The Compliance Function also shares its responsibilities with other Company Functions which are responsible for their specific areas.

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

3rd Line of Defence – Independent Assessment:

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

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

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

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

B.3.3 ORSA

B.3.3.1 ORSA process

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

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

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



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

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

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

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

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

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

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

B.3.3.2 ORSA review and approval process

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

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

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

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

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

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

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

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

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

The Company has sufficient capital to meet its base case SCR for its current and projected business activities over the 3 year business planning horizon. The Company also exceeds its strategic minimum SCR coverage over the period.

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

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

B.4 Internal Control System

B.4.1 Description of the internal control system

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

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

First line of defence: "Day to day" operations and associated controls/

Second Line of defence: oversight from Compliance, Risk Management functions

3rd Line of defence – Independent Assessment, internal audit and actuarial functions (and also external audit).

B.4.2 Implementation of the compliance function

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

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

The role of the Board appointed Compliance Officer is to:

- assist the Board with ensuring ongoing compliance with legislation and applicable requirements;
- enhancing the Company's awareness of compliance matters;
- monitor the Company's compliance with (re)insurance legislation and applicable requirements and guidelines;
- document any breaches identified, how they were addressed and whether any third party reporting of the breach is required;
- ensure that the Board is kept informed of any amendment to the applicable regulations, legislation and guidelines or the addition of any new requirements and the potential impact on the Company;
- provide opinions, recommendations, supervision and independent controls;
- provide reasonable assessment of the effectiveness and consistency of the internal processes used to control the compliance of the Company's operations and protect its reputation.

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

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

B.5 Internal audit function

B.5.1 Implementation of the internal audit function

The Company has outsourced its Internal Audit Function. The internal audit function possesses a remit to examine and evaluate the functioning, effectiveness and efficiency of the internal control system and all other elements of the system of governance.

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

- establish, implement and maintain an audit plan setting out the audit work to be undertaken in the upcoming years, taking into account all activities and the complete system of governance of the Company;
- take a risk-based approach in deciding its priorities;
- report the audit plan to Board of Directors;

- issue recommendations based on the result of work carried out in accordance with the audit plan and submit a written report on its findings and recommendations to the Board of Directors on at least an annual basis.

B.5.2 Independence of the internal audit function

The internal audit function provides independent and objective assurance services, via an Internal Audit Agreement.

B.6 Actuarial function

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

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

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

B.7 Outsourcing

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

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

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

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

Critical Outsourcing Arrangements				
Outsourced Provider	Service Outsourced	Internal/External	Jurisdiction	Outsourcing Oversight
Marsh Management Services (Dublin) Limited	Captive Manager	External	EU	Chairman (PCF-3)
	Compliance Function			
	Risk Management Function			
Oliver Wyman	Head of Actuarial Function	External	US	
Mazars	Internal Audit Function	Internal	EU	

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

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

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

Aside from the information disclosed in Section B1.2, there is no other material information regarding the system of governance of the Company.

C RISK PROFILE

C.1 Underwriting risk

C.1.1 Key underwriting risks

Health (similar to Non-life) underwriting risk at 31 December 2023 comprises 19% of the undiversified basic SCR (2022: 20%).

Non-Life (excluding Health) underwriting risk at 31 December 2023 comprises 20% of the undiversified basic SCR (2022: 21%).

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

Non-life premium and reserve risk

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

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

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

For premium risk, the Company has considered the risk of under-pricing of premiums resulting in higher loss ratios than expected. The Board of Directors has approved an underwriting policy that established the standards and limitations' regarding the Company's underwriting activities. The Company has no appetite for the underwriting of risks outside of its approved underwriting policy.

For reserve risk, the Company has considered the risk of over- and under-reserving of actual and expected claims. The Board of Directors has approved a loss reserving and IBNR policy that sets out the standards and requirements in relation to the establishment of technical provisions. The Company has no appetite for the setting of technical provisions below the actuarial best estimate of technical provisions.

Non-life catastrophe risk

The risk of a major natural or man-made event occurring is covered under the Catastrophe risk module. The Company has allocated a catastrophe risk charge of USD 975k for Workers Compensation and USD 8.6m for Liability and Auto.

C.1.2 Material risk concentrations

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

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

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

- Having in place clear underwriting and reserving philosophies and procedures and controls in relation to pricing and reserving;
- Assessing reinsurance risks with quality underwriting and claims expertise and information;
- Retaining risk within an approved risk appetite and solvency requirements;
- Transferring risk if required, through retrocession with high credit quality entities;
- Monitoring changing environment and market conditions that affect risk;
- The ORSA includes stress and scenario testing which is used to assess the risks under stressed conditions;
- Independent opinion on the reasonableness and adequacy of the overall underwriting policy is provided by the Head of Actuarial Function on an annual basis.

C.2 Market risk

C.2.1 Material market risks

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

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

The table below outlines the material components of the market risk module as at 31 December 2023.

Market Risk sub-module	USD'000 2023	USD'000 2022
Concentration	52,168	49,792
Interest Rate Risk	1,361	2,393
Spread	4,904	4,681

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

Concentration risk of USD52.2m is the most significant market risk charge and arises from the intercompany balance with Securitas AB of USD196.2m.

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

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

Interest and spread risk are not considered largely material given the nature and structure of the Company's investments. The Company has allocated an interest rate charge of USD 1.4m and a spread risk charge of USD 4.9m.

C.2.2 Material risk concentrations

Market risk concentration arises in respect of the inter-company deposit (BBB rating).

C.2.3 Prudent person principle applied to market risks

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

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

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

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

C.3 Credit risk

C.3.1 Material market risks

Credit risk at 31 December 2023 comprises 0% of the undiversified basic SCR (2022: 0%).

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

The counterparty default risk module in the Standard Formula is driven by SEB Cash balance held at bank.

C.3.2 Material risk concentrations

There are no material credit risk concentrations.

C.3.3 Prudent person principle applied to credit risks

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

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

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

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

C.4 Liquidity risk

C.4.1 Material liquidity risks

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

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

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

The Company's cash in-flow is generated from premium income. Its cash out-flow consists mainly of claims payments and a small volume of administration expenses

C.4.2 Prudent person principle applied to liquidity risks

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

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

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

- Compliance with the Liquidity and Concentration Policy as approved by the Company's Board of Directors;
- Retaining risk within an approved risk appetite and solvency requirements;
- The Manager monitors cash movements and performs cash flow forecasting which are regularly reported to the Company;
- Premiums are billed on an annual basis. Upon receipt of premium, investments are made in line with the Company's Investment and Asset Liability Policy;
- Reporting of cash, investment and liquidity positions takes place monthly as part of the Company's management accounts reporting process.

C.5 Operational risk

C.5.1 Material operational risks

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

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

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

Operational risks are also addressed in the capital requirement as an addition to the BSCR to the extent that they have not been explicitly covered in other risk modules. The operational risk capital charge as at 31 December 2023 is USD 2.4m (2022: USD 2.5m).

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

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

- Identifying and analysing risk through a disciplined risk assessment process;
- Mitigating or avoiding risks that do not fit within the Company's business objectives;
- Implementing a robust system of internal controls and procedures;
- Segregation of duties;
- Monitoring and internal reporting;
- Outsourcing its management to an experienced management company;
- Setting a strategic surplus target of 15% above the SCR;
- Commitment of effective corporate governance.

C.6 Other material risks

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

Sample risks include:

- Regulatory and Compliance;
- Loss of key personnel/director's resignation;
- Outsourcing.

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

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

The Board recognises that the Company operates on a basis of an outsourced model, whereby the day to day operations and number of key functions are outsourced, the Board is satisfied that all outsourcing agreements include an appropriate period notice.

This would provide the Company with sufficient time to find an alternative professional services provider. Additionally, performance of outsourced providers is reviewed on an annual basis and such review would flag any potential deficiencies of the individual service provider.

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

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

An amount of USD 9.6m is included in technical provisions in relation to expected profit included in future premiums.

C.8 Stress and sensitivity tests

The Company's ORSA is undertaken using stress test scenarios, which are based on the largest risks per the Company's risk register, and reverse stress tests where appropriate.

The results of the stress testing conducted during 2023 indicate that the Company is well capitalised at present and is projected to have sufficient own funds to meet its overall solvency needs throughout the projection period. No further general management actions are required outside of the existing reporting and monitoring controls that are in place.

C.9 Any Other Information

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

D VALUATION for SOLVENCY PURPOSES

D.1 Assets

D.1.1-2 Local GAAP and Solvency II Valuations

The table below sets out the value of the Company's material assets as at 31 December 2023:

	31/12/2023		31/12/2022	
	Assets per GAAP	Assets per Solvency II	Assets per GAAP	Assets per Solvency II
	Total USD'000	Total USD'000	Total USD'000	Total USD'000
Deposits other than cash equivalents	196,156	-	187,222	-
Loans and Mortgages	-	196,156	-	187,222
Cash and cash equivalents	106	106	2,754	2,754
Reinsurance recoverables	585	5	-	(165)
Insurance receivables	-	-	55	-
Deferred Tax Asset	-	-	-	-
Other Assets	43	43	180	180
Total material assets	196,890	196,311	190,211	189,991

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at fair value.

Deposit to Group Undertaking

Measured at fair value.

Adjustment for solvency purposes relates to the reclass of the inter-company deposit to "Deposits other than cash equivalents".

D.2 Technical Provisions

D.2.1 Local GAAP and Solvency II Valuations

The valuation of liabilities for Solvency II has been determined in accordance with Articles 75-86 of the Solvency II Directive 2009/138/EC and related guidance.

The table below shows an analysis of the gross technical provisions as at 31 December 2023:

Insurance Class	31/12/2023		31/12/2022	
	TPs per GAAP	TPs per Solvency II	TPs per GAAP	TPs per Solvency II
	USD'000	USD'00	USD'00	USD'00
Workers' Compensation				
Best estimate of liabilities (BEL)	57,278	40,247	57,280	42,203
Risk margin	-	2,312	-	2,426
General Liability				
Best estimate of liabilities (BEL)	33,070	31,328	36,132	35,075
Risk margin	-	1,537	-	1,761
Motor Vehicle Liability				
Best estimate of liabilities (BEL)	5,824	5,716	5,653	6,293
Risk margin	-	299	-	315
Non-Proportional Casualty Reinsurance				
Best estimate of liabilities (BEL)	-	1,324	-	(547)
Risk margin	-	196	-	115
Total technical provisions	96,172	82,961	99,065	87,641

The GAAP accounts of the Company include provisions for claims incurred and claims incurred but not reported, which consider all reasonably foreseeable best estimates.

Technical provisions include a negative Premium Provision of USD 9.6m relating to gross premiums written in relation to 2023 but bound by 31 December 2023. The Claims Provision also includes insurance expenses payable of USD 3,905k.

The Solvency II technical provisions are made up of a best estimate of the claims and expenses cash flows that are discounted to give an estimate of the provisions. A risk margin is then added.

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

Cash-flows and discounting: Cash-flows have been discounted using the USD risk free yield curve as at 31 December 2023 as published by the European Insurance and Occupational Pensions Authority ("EIOPA").

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

Class of Business as per Local GAAP	Solvency II Class of Business
Workers' Compensation	Workers' Compensation
Employer's Liability	General Liability
General Liability	General Liability
Motor Vehicle Liability	Motor Vehicle Liability

Expenses: An allowance has been made for claims handling expenses.

Risk Margin

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

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

D.2.2 Uncertainty associated with the value of Technical Provisions

All estimates of unpaid loss reserves are inherently uncertain. The key areas of uncertainty of the technical provisions are driven by the uncertainty of the underlying booked reserves. Hence, the key area of particular uncertainty relating to the Company's liabilities are as follows:

The best estimate projections of future claim payments are based upon the Company's historical experience. It is possible that the historical data will not necessarily be predictive of future claim development.

In determining the Solvency II technical provisions, assumptions are made about future experience, however, actual experience could have a significant effect on actual results.

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

See analysis in Section D2.1.

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

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

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

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

D.2.8 Recoverables from reinsurance and special purpose vehicles

There were no recoverables or special purpose vehicles as at 31 December 2023 (2022: Nil).

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

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

D.3 Other liabilities

Other liabilities on an accounting basis at 31 December 2023 are USD 4.1m (2022: USD 3.6m) and are composed of losses payable and accrued expenses. The losses payable and insurance expenses have been classified to be within the Best Estimate liabilities for the Solvency II Balance Sheet. The impact is for these balances to be considered for discounting along with the other insurance cashflows. This treatment is based on the fact that these insurance balances relate to the period of unexpired risk.

The Company has a deferred tax liability of USD 2,140k in 2023 (2022: 1,832k).

D.4 Alternative Methods for Valuation for other liabilities

The Company does not use any alternative methods for valuation.

D.5 Any Other Information

Going concern

In making the going concern assessment, the Directors considered the principal risks faced by the Company, its existing financial and operational resources and its overall solvency position. In making this assessment the directors considered the potential impact of Covid-19 on the Insurance industry and the wider company's business, including:

- a) the Company's capital position and the surplus over its required solvency capital ratio and minimum capital ratio;
- b) the potential range of impact that Covid-19 may have on this surplus taking account of the Company's ORSA stress testing where appropriate;
- c) the Company's initial assessment of the impact on its business and investments
- d) the Company's liquidity position.

On the basis of the above, the directors have concluded that the company has no material uncertainties, which would cast significant doubt on the going concern assumption.

E CAPITAL MANAGEMENT

E.1 Own funds

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

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

The Company is a single shareholder entity whose ordinary shares are fully paid up. It has no debt financing nor does it have plans to raise debt or issue new share capital over the three year time horizon used for business planning.

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

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

E.1.2 Own funds analysed by tiers

An analysis of own funds is shown below:

Date	Description	Tier 1 USD'000	Total USD'000
1 January 2023	Opening balance comprising: Ordinary share capital Reconciliation Reserve	2,000 98,325	2,000 98,325
	Movement in the Reconciliation reserve for the year ended 31 December 2023	16,676	16,676
	Dividend paid	(6,000)	(6,000)
31 December 2023	Closing balance	111,001	111,001
	Represented by:		
	Ordinary share capital	2,000	2,000
	Reconciliation reserve (comprising retained earnings and Solvency II adjustments)	109,001	109,001
	Total Basic own funds after deductions	111,001	111,001

The Company's ordinary share capital and reconciliation reserve are all available as tier 1 unrestricted own funds as per Article 69 (a)(1) of the Delegated Regulation. The positive reconciliation reserve equals the excess of assets over liabilities less other basic own fund items, as at the reporting date.

The Company has no tier 1 restricted own funds and no tier 2 or tier 3 own funds.

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

The eligible amount of own funds to cover the Solvency Capital Requirement is USD111.001m. This is comprised of Tier 1 unrestricted Basic Own Funds of USD111.001m.

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

The eligible amount of own funds to cover the Minimum Capital Requirement is USD111.001m. This is comprised of Tier 1 unrestricted Basic Own Funds of USD111.001m.

E.1.5 Difference between equity as shown in the financial statements and the Solvency II value excess of assets over liabilities

Reconciliation of Basic Own Funds to Equity as per financial statements as at 31 December 2023	
	USD'000
Solvency II - Basic Own Funds	111,001
Total Equity as per financial statements	96,019
Difference:	14,982
<u>Represented by:</u>	
Difference between Net Technical Provisions, insurance assets and liabilities and Best Estimate Liabilities	21,467
Risk Margin – Non Life (Excluding Health)	(2,033)
Risk Margin – Health (Similar to Non-Life Health)	(2,312)
Deferred tax liability	(2,140)
Difference:	14,982

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

E.1.7 The Company does not hold any ancillary own funds.

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

E.2 Solvency Capital Requirement and Minimum Capital Requirement

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

The table below shows the total SCR and MCR at 31 December 2023:

	USD'000
SCR	67,219
MCR	16,805

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

E.2.2 Solvency Capital Requirement split by risk modules

The table below shows the SCR components by risk module (using the Standard Formula) at 31 December 2023.

SCR Overview	USD'000 2023	USD'000 2022
Market risk	52,481	50,180
Counterparty default risk	8	185
Health underwriting risk	16,663	16,982
Non-life underwriting risk	17,038	17,890
Diversification	-21,329	-21,905
Basic Solvency Capital Requirement	64,861	63,332
Operational risk	2,358	2,491
Solvency Capital Requirement	67,219	65,823

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

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

E.2.5 The Minimum Capital Requirement is calculated using the Standard Formula specifications.

The table below shows the inputs into the MCR calculation as at 31 December 2023.

Minimum Capital Requirement (MCR)					
MCR		16,804,872			
Total MCR NL		11,930,952			
Cap		30,248,770			
Floor		16,804,872			
		Parameters			
Cap		45%			
Floor		25%			
AMCR		1,444,820			
Line of Business	Net Technical Provisions	Net Premium Written	Parameters		MCR NL
			α	β	
Medical Expense	0	0	5%	5%	0
Income Protection	0	0	13%	9%	0
Workers' Compensation	40,246,842	21,716,101	11%	8%	5935120
Motor Vehicle Liability	5,716,304	3,859,333	9%	9%	848,663
Other Motor	0	0	8%	8%	0
Marine, Aviation & Transport	0	0	10%	14%	0
Fire & Other Damage to Property	0	0	9%	8%	0
General liability insurance	31,328,037	10,766,081	10%	13%	4,637,144
Credit & Suretyship	0	0	18%	11%	0
Legal Expenses	0	0	11%	7%	0
Assistance	0	0	19%	9%	0
Miscellaneous Financial Loss	0	0	19%	12%	0
NPR - Health	0	0	19%	16%	0
NRP - Property	0	0	19%	16%	0
NPR - Casualty	1,318,761	1,665,000	19%	16%	510,025
NPR - Marine, Aviation & Transport	0	0	19%	16%	0

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

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

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

E.4 Internal model information.

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

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

There were no breaches of the Solvency Capital Requirement (and hence the Minimum Capital Requirement) over the reporting period.

E.6 Any other information.

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

Annex I
S.02.01.02
Balance sheet

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	-
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	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	196,156
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	196,156
Reinsurance recoverables from:	R0270	5
Non-life and health similar to non-life	R0280	5
Non-life excluding health	R0290	5
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	
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	106
Any other assets, not elsewhere shown	R0420	43
Total assets	R0500	196,310

Annex I
S.02.01.02
Balance sheet

		Solvency II value
		C0010
Liabilities		
Technical provisions - non-life	R0510	82,961
Technical provisions - non-life (excluding health)	R0520	40,402
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	38,369
Risk margin	R0550	2,033
Technical provisions - health (similar to non-life)	R0560	42,559
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	40,247
Risk margin	R0590	2,312
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	-
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions - index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	2,140
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	208
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	R0900	85,309
Excess of assets over liabilities	R1000	111,001

Annex I

S.04.05.21

Non-life premiums, claims and expenses by country (Top 5 and home country)

		Home country
		C0010
Premiums written (gross)		
Gross Written Premium (direct)	R0020	
Gross Written Premium (proportional reinsurance)	R0021	
Gross Written Premium (non-proportional reinsurance)	R0022	
Premiums earned (gross)		
Gross Earned Premium (direct)	R0030	
Gross Earned Premium (proportional reinsurance)	R0031	
Gross Earned Premium (non-proportional reinsurance)	R0032	
Claims incurred (gross)		
Claims incurred (direct)	R0040	
Claims incurred (proportional reinsurance)	R0041	
Claims incurred (non-proportional reinsurance)	R0042	
Expenses incurred (gross)		
Gross Expenses Incurred (direct)	R0050	
Gross Expenses Incurred (proportional reinsurance)	R0051	
Gross Expenses Incurred (non-proportional reinsurance)	R0052	

United States	Sweden	Total Top 5 and home country
C0020	C0020	
		-
32,303	6,289	38,592
	2,250	2,250
32,303	6,289	38,592
	2,250	2,250
		-
		-
28,090	1,602	29,692
	2,146	2,146
		-
225	402	627
	237	237

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

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of Business for: accepted non-proportional reinsurance				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	
Premiums written									
Gross - Direct Business	R0110								-
Gross - Proportional reinsurance accepted	R0120								36,341
Gross - Non-proportional reinsurance accepted	R0130					2,250			2,250
Reinsurers' share	R0140					585			585
Net	R0200	-	-	-	-	1,665	-	-	35,756
Premiums earned									
Gross - Direct Business	R0210								-
Gross - Proportional reinsurance accepted	R0220								36,341
Gross - Non-proportional reinsurance accepted	R0230					2,250			2,250
Reinsurers' share	R0240					585			585
Net	R0300	-	-	-	-	1,665	-	-	38,006
Claims incurred									
Gross - Direct Business	R0310								-
Gross - Proportional reinsurance accepted	R0320								29,818
Gross - Non-proportional reinsurance accepted	R0330					2,020			2,020
Reinsurers' share	R0340					585			585
Net	R0400	-	-	-	-	1,435	-	-	31,253
Expenses incurred	R0550					230			864
Balance - other technical expenses/income	R1210								
Total technical expenses	R1300								864

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-	Total Non-Life obligation
		Workers' compensation insurance	Motor vehicle liability insurance	General liability insurance	Non-proportional casualty reinsurance	
		C0040	C0050	C0090	C0150	
Technical provisions calculated as a whole	R0010					-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050					-
Technical provisions calculated as a sum of BE and RM						
Best estimate						
<u>Premium provisions</u>						
Gross	R0060	(8,565)	(655)	(1,883)	(353)	(11,456)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140				(383)	(383)
Net Best Estimate of Premium Provisions	R0150	(8,565)	(655)	(1,883)	30	(11,073)
<u>Claims provisions</u>						
Gross	R0160	48,812	6,371	33,212	1,678	90,073
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240				389	389
Net Best Estimate of Claims Provisions	R0250	48,812	6,371	33,212	1,289	89,684
Total Best estimate - gross	R0260	40,247	5,716	31,329	1,325	78,617
Total Best estimate - net	R0270	40,247	5,716	31,329	1,319	78,611
Risk margin	R0280	2,312	299	1,537	197	4,345
Technical provisions - total						
Technical provisions - total	R0320	42,559	6,015	32,866	1,522	82,962
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	-	-	6	6
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	42,559	6,015	32,866	1,516	82,956

Annex I
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	2,000	2,000		-	
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	109,001	109,001			
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	111,001	111,001	-	-	-
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	111,001	111,001	-	-	-
Total available own funds to meet the MCR	R0510	111,001	111,001	-	-	
Total eligible own funds to meet the SCR	R0540	111,001	111,001	-	-	-
Total eligible own funds to meet the MCR	R0550	111,001	111,001	-		
SCR	R0580	67,219				
MCR	R0600	16,805				
Ratio of Eligible own funds to SCR	R0620	165%				
Ratio of Eligible own funds to MCR	R0640	661%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	111,001
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	2,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring	R0740	-
Reconciliation reserve	R0760	109,001
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	11,073
Total Expected profits included in future premiums (EPIFP)	R0790	11,073

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

Basic Solvency Capital Requirement		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	52,481	-
Counterparty default risk	R0020	8	
Life underwriting risk	R0030		-
Health underwriting risk	R0040	16,663	-
Non-life underwriting risk	R0050	17,038	-
Diversification	R0060	(21,329)	
Intangible asset risk	R0070		
Basic Solvency Capital Requirement	R0100	64,861	

Calculation of Solvency Capital Requirement		Value
		C0100
Operational risk	R0130	2,358
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	
		-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	67,219
Capital add-on already set	R0210	-
of which, capital add-ons already set - Article 37 (1) Type a	R0211	-
of which, capital add-ons already set - Article 37 (1) Type b	R0212	-
of which, capital add-ons already set - Article 37 (1) Type c	R0213	-
of which, capital add-ons already set - Article 37 (1) Type d	R0214	-
Solvency capital requirement	R0220	67,219
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	-
		-
Total amount of Notional Solvency Capital Requirements 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	-

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	11,931

		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	40,247	21,716
Motor vehicle liability insurance and proportional reinsurance	R0050	5,716	3,859
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	31,328	10,766
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	1,319	1,665
Non-proportional marine, aviation and transport reinsurance	R0160	-	-
Non-proportional property reinsurance	R0170	-	-

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR _L Result	R0200	-

Total capital at risk for all life (re)insurance obligations

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

Overall MCR calculation

		C0070
Linear MCR	R0300	11,931
SCR	R0310	67,219
MCR cap	R0320	30,249
MCR floor	R0330	16,805
Combined MCR	R0340	16,805
Absolute floor of the MCR	R0350	1,445
Minimum Capital Requirement	R0400	16,805