Solvency & Financial Condition Report

Vishay Insurance DAC

Report Dated: 31st December 2023

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Summary

This Solvency and Financial Condition Report ("SFCR") has been drafted in line with articles 290 through 299 of the Commission Delegation Regulation (EU) 2015/35 of 10 October 2014.

The objective of this report is to consolidate all material and key information relating to Vishay Insurance DAC ("the Company" or "VINS") over the reporting period of 1 January 2023 through 31 December 2023, in respect of the following categories:

- Business and performance
- System of governance
- Risk profile
- Valuation for solvency purposes
- Capital management

The following summarises the information and findings in the subsequent sections of this report:

- The Company's business remained unchanged from the prior year with no adjustments to the lines of business licensed to be underwritten. The financial performance of the Company was acceptable with a net profit after tax achieved of USD 3,048,211 (2022: USD 1,932,656).
- The Company's System of Governance is robust and fit for purpose with the appointed Board of Directors together with the respective Heads of Functions, adequately fulfilling their requirements over the reporting period.
- The risk profile of the Company is relatively unchanged from the prior year. The levels of risk and retention for the E&O and GL policies remain unchanged and the gross limit on the PDBI programme remains at USD 150m. The Company continues to participate in a reinsurance excess layer above this however no risk is retained on a net line basis on this excess layer.
- The Company has calculated its solvency capital requirement ("SCR") using the standard formula. As at 31 December 2023 the Company's technical provisions as calculated under Solvency II valuation principles were USD 6.68M (2022: USD 5.50M) compared to GAAP technical provisions of USD 8.68M (2021: USD 6.95M), as booked in the audited financial statements.
- With eligible capital of USD 31.36M (2022: USD 28.28M) in place, the Company achieved SCR coverage of 268.3% (2022: 276.1%) and MCR coverage of 709.6% (2022: 668.2%).

A. Business Performance: Year Ended 31st December 2023

This Solvency & Financial Condition Report (SFCR) has been prepared to allow Vishay Insurance DAC ('VINS' or 'the Company') to comply with the Pillar III reporting requirements under Directive 2009/138/EC as supplemented by Commission Delegation Regulation (EU) 2015/35 of 10 October 2014 and associated Regulations ('the Solvency II Directive')

The Company has set a target Solvency Capital Requirement (SCR) cover ratio of 120%.

A.1 General Information about the Business

Legal Form

The Company was licensed in Ireland on 31st October 2007 and is a wholly owned subsidiary of Vishay Intertechnology Inc. It is authorised by the Central Bank of Ireland (CBI) to carry on the business of insurance in accordance with the regulations as defined in European Union (Insurance and Reinsurance) Regulations 2015 (S.I. 485 of 2015).

Shareholder

Vishay Intertechnology Inc., a United States of America registered group.

Supervisory Authority

The Central Bank of Ireland, New Wapping Street, North Wall Quay, Dublin1, Ireland.

Registered Office and Registered Number

Registered Office: Elm Park, Merrion Road, Dublin 4, Ireland

Registered Number: 446898

Auditor

Deloitte Ireland LLP, Deloitte and Touche House, 29 Earlsfort Terrace, Dublin 2, Ireland

Risk Profile

Vishay Insurance DAC is licenced to write the following classes of business:

- Class 8: Fire and Natural Forces
- Class 9: Other Damage to Property
- Class 13: General Liability
- Class 16: Miscellaneous Financial Loss

Material Geographical Areas

- EU/EEA (Germany, Czech Republic)
- Non EU/EEA (USA, Israel)

Significant events in the reporting period

There were no significant events within the reporting period that had a material impact on the Company.

A.2 Underwriting Performance

2023 (all in USD)			
Gross Premium Written:	PDBI	General Liability	Total
Risks located in Ireland	-	-	-
Risks located in other EU countries	3,567,440	-	3,567,440
Risks Located outside EU	5,031,527	495,563	5,527,090
Total	8,598,967	495,563	9,094,530

2022 (all in USD)			
Gross Premium Written:	PDBI	General Liability	Total
Risks located in Ireland	-	-	-
Risks located in other EU countries	2,958,639	-	2,958,639
Risks Located outside EU	3,600,726	493,638	4,094,364
Total	6,559,365	493,638	7,053,003

2023 (all in USD)			
Technical Result:	**PDBI**	**General Liability**	**Total**
Gross Earned Premium	6,904,673	493,972	7,398,645
Gross claims cost	(20,541)	(14,003)	(34,544)
Gross operating expenses	(333,145)	(23,834)	(356,979)
Reinsurance balance	(4,915,223)	-	(4,915,223)
Allocated investment return	127,557	9,126	136,683
Net technical result	1,763,321	465,261	2,228,582

2022 (all in USD)			
Technical Result:	**PDBI**	**General Liability**	**Total**
Gross Earned Premium	6,262,070	454,693	6,716,763
Gross claims cost	(32,819)	(95,590)	(128,409)
Gross operating expenses	(352,960)	(25,603)	(378,563)
Reinsurance balance	(4,310,608)	-	(4,310,608)
Allocated investment return	31,748	2,303	34,051
Net technical result	1,597,431	335,803	1,933,234

A.3 Financial Performance

	2023 USD	2022 USD
Gross premiums written	9,094,530	7,053,003
Outward reinsurance premiums	(6,417,192)	(4,630,799)
Net premiums written	**2,677,338**	**2,422,204**
Change in the gross provision for unearned premiums	(1,695,885)	(336,239)
Change in the provision for unearned premiums, reinsurer's share	1,501,969	320,190
Change in the provision for unearned premiums, net of reinsurance	(193,916)	(16,049)
Earned premiums, net of reinsurance	**2,483,422**	**2,406,155**
Allocated investment return transferred from the non-technical account	136,683	34,051
Claims paid, gross and net		
Change in the provision for claims, gross and net	(34,544)	(128,409)
Claims incurred, net of reinsurance	(34,544)	(128,409)
Net operating expenses	(356,979)	(378,563)
Balance on the technical account for general business	**2,228,582**	**1,933,234**
Investment Income	1,414,016	351,087
Less: Investment Income Allocated to technical account	(136,683)	(34,051)
Foreign Exchange (Loss) / Gain	(18,556)	(38,035)
Investment expenses and charges	(4,337)	(3,666)
Profit on ordinary activities before taxation	**3,483,022**	**2,208,569**
Taxation (charge) / credit	(434,811)	(275,913)
Profit on ordinary activities after taxation	**3,048,211**	**1,932,656**

A.4 Investment Performance

Total Investment Income for the financial year ended 31 December 2023 was equal to USD 1,414.016. The table below outlines a breakdown of the investment performance by asset class:

Asset Class	USD 2023	USD 2022
Government Bonds	-	-
Equities	-	-
Derivatives	-	-
Cash and Deposits Interest	1,414,016	351,087

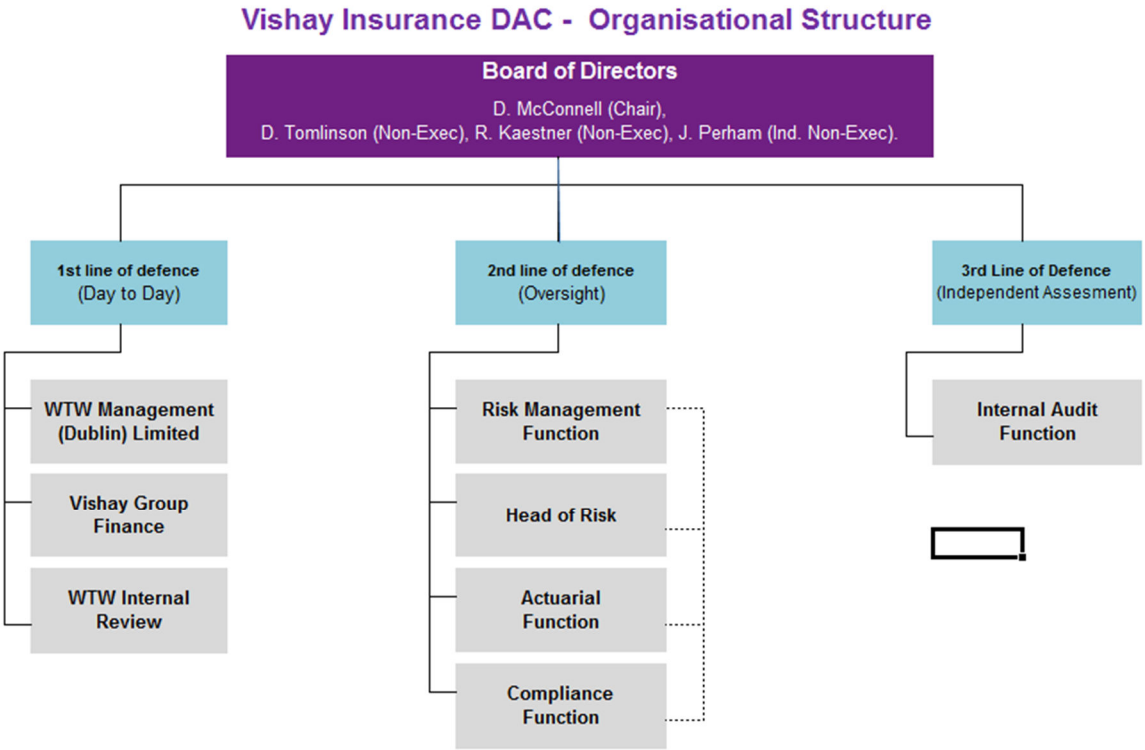
A.5 Any Other Information

No other information

B. Systems of Governance

B.1 General Information

The Organisational Structure of the Company is as follows:



Board of Directors

The Board of Vishay Insurance DAC as at 31st December 2023 comprised as follows:

Name	PCF	Date Appointed by the Board	Date Resigned
David McConnell	Non-Executive Director (PCF2) & Chairman of the Board (PCF3)	18/04/2014	N/A
David Tomlinson	Non-Executive Director (PCF2)	27/03/2014	N/A
Ralf Kaestner	Non-Executive Director (PCF2)	01/10/2007	N/A
John Perham	Non-Executive Director (PCF2)	01/10/2007	N/A

The following roles and decisions are the sole responsibility of the Board and it is their role to ensure:

- The effective, prudent and ethical oversight of the Company
- Setting the business strategy for the Company
- Establishing Banking mandate/s
- Determining Investment Policy (to be reviewed by the Board annually)
- Insurance policy terms and conditions (including Reinsurance)
- Insurance pricing
- Loss Reserve strategy
- Appointment of Reinsurers
- Capital and calling-up of capital
- Appointment of Auditors
- Appointment of Signing Actuary
- Appointment of Corporate Secretary
- Appointment of Insurance Managers
- Appointment of Investment Managers
- Appointment of Bankers
- Appointment of Lawyers
- Appointment of Directors/Compliance Officer
- Removal of the Head of a Control Function and consequent notification of such decision to CBI within 5 working days
- Dividend Recommendations
- Setting the Risk Appetite of the Company
- Monitoring the minimum capital requirements of the Company in line with the Solvency II requirements and local legislation

- Overall Responsibility for the Company's Risk

- Establishing and maintaining the Company's Internal Control Framework

- Identification and appointment of the Key Functions within the Company and receiving timely reports from such functions.

- Review and sign off of Financial Statements and annual regulatory reporting as required by Solvency II – annual Quantitative Reporting Templates ("QRTs"), Regular Supervisory Report ("RSR") and Solvency and Financial Condition Report ("SFCR")

- Own Risk and Solvency Assessment ("ORSA") and related activities

- Own Risk and Solvency Assessment ("ORSA") approval procedures

- Review of the Company's Policies and Procedures (annually)

- Establishment (if appropriate) of various Committees and related delegation of duties

- Sign-off various Committees' Terms of Reference (if appropriate)

- Fit and Proper Procedures and approval process

Audit Committee

"Vishay Insurance DAC is a captive insurance undertaking and is therefore availing of the exemption in Section 1551(13) of the Companies Act 2014 (as amended) from the requirement to establish an Audit Committee. The Board of Directors, as comprised on page 8 above performs the functions of the Audit Committee as described in Section 1551 of the Companies Act 2014".

The traditional duties of the Audit Committee that rest with the Board, are as follows:

- To monitor the financial reporting process.

- To monitor the effectiveness of the entity's systems of internal control, internal audit and risk management.

- To make recommendations to the Board on appointment of statutory auditor or audit firm.

- To monitor the statutory audit of the annual accounts.

- To monitor the Internal Audit Function and consider the recommendations of the internal audit reports.

Information on Remuneration Policies and Practices

The Company is classified as a Captive Insurance Company with three of the four Director positions held by Group employees. One Board member is an independent non-executive director and is individually remunerated for their role as Director. The Company did not have any employees at any time during the year.

Overview of Year Ended 31st December 2023

Two Board Meetings took place in Dublin, Ireland within the reporting period. These took place on the following dates:

- 15th March 2023
- 04th October 2023

Key Functions

The Company complies with the requirements under Solvency II and the Fitness & Probity Standards to ensure that key functions are held by persons with the appropriate knowledge, experience and competence. The Company has nominated Mr. David McConnell, Non-Executive Director as the designated person, with the overall responsibility for the outsourced functions. Mr. McConnell has sufficient knowledge and experience with regard the outsourced key functions and has the ability to challenge the performance and results of the respective service providers. The following key functions are outsourced by the Company:

Risk Management Function.

The Company's Risk Management Function is outsourced to Willis Towers Watson Management (Dublin) Limited ('WTWMDL'), subject to the conditions outlined in the Company's Outsourcing Policy.

The Board will review the composition of its Risk Management Function at least annually.

The Board is responsible for ensuring the effectiveness of the Company's Risk Management System, for setting the risk appetite and tolerance levels as well as approving all related risk management strategies and policies.

The Company's Risk Management Function is responsible for the implementation of the Company's Risk Management arrangements within the operations of the Company on an ongoing basis.

The Risk Management Function is also responsible for effective reporting to the Board on the material risks to which the Company is exposed and on other specific areas of risks both on its own initiative and following direction from the Board.

In line with the Solvency II requirements, the Company has nominated an appropriate person to the role of Chief Risk Officer (PCF14). This function holder is provided to the Company by WTWMDL in line with the terms and conditions of the Management Services Agreement.

Compliance Function.

The Company's Compliance Function is responsible for implementing an appropriate compliance framework within the Company and monitoring the Company's adherence to legal and regulatory requirements on an ongoing basis.

The Compliance Function reports to the Board periodically on all key compliance matters, such as implementation of the annual Compliance Plan, regulatory engagement and correspondence, upstream regulatory developments and any compliance breaches that may have occurred in the period and corrective actions undertaken.

In line with the Solvency II requirements, the Company has nominated an appropriate person to the role of Head of Compliance (PCF12). This function holder is provided to the Company by WTWMDL in line with the terms and conditions of the Management Services Agreement.

Actuarial Function.

The Board has ensured that an appropriately resourced Actuarial Function is established and maintained within the Company. The activities of the Company's Actuarial Function are currently outsourced to Willis Towers Watson Global Strategic Risk Consulting.

The Actuarial Function is carried out by persons who have an appropriate knowledge of actuarial and financial mathematics, commensurate with the nature, scale and complexity of the risks inherent in the Company, and who are able to demonstrate their relevant experience with applicable professional and other standards in line with the Company's Fitness and Probity Policy and the Central Bank of Ireland's Fitness & Probity Standards.

In line with the Solvency II requirements, the Company has nominated an appropriate person to the role of Head of Actuarial Function (PCF48).

The Actuarial Function's role can be summarised as providing the Company with the following:

- Contribution to the effective implementation of the risk management system, in particular, the Own Risk and Solvency Assessment (ORSA) and SCR (Solvency Capital Requirement) calculations.

- Co-ordinating the calculation of the Technical Provisions.

- Provision of an opinion on the underwriting and reinsurance policy of the Company

- Production of a written report to be submitted to the Board, at least annually (Actuarial Function Report). The report documents all tasks that have been undertaken by the Actuarial Functions and their results, and clearly identifies any deficiencies and gives recommendations as to how such deficiencies should be remedied.

- Assess the sufficiency and quality of the data used in the calculation of technical provisions.

- Comparison of best estimates against experience.

Internal Audit Function.

The Board has ensured that an appropriately resourced Internal Audit Function is established and maintained within the Company. The Internal Audit Function is an outsourced service provided by Vishay Group, which reports directly to the Board of Directors. The Internal Audit mission is to independently examine and evaluate the functioning effectiveness and efficiency of the Company's internal control system and all other elements of governance.

The activities of the Internal Audit function are designed to provide advice to management in improving the internal control environment, monitoring the implementation of strategic control initiatives and managements remediation activity. The Internal Audit Function provides a formal report to the Board at least annually. The findings of Internal Audit reviews conducted are discussed with and challenged by the Board and an action plan is agreed upon to remediate any issues identified, along with a timeline for completion.

In line with the Solvency II requirements, the Company has nominated an appropriate person to the role of Head of Internal Audit Function (PCF13).

Any other material information regarding the system of governance of the Company

There have been no material changes in the system of governance in the reporting period.

Material Transactions

Outside of the normal captive insurance transactions with other group companies there have been no material transactions during the reporting period with shareholders, with persons who exercise a significant influence on the Company or with members of the Board of Directors.

B.2 Fit and Proper Requirements

Vishay Insurance DAC deems the following personnel to hold Pre-Approval Controlled Functions and therefore be defined as 'Relevant Persons' subject to the Fitness and Probity Standards:

- The Board of Directors
- The Chief Risk Officer
- The Head of Internal Audit
- The Head of Actuarial Function
- The Head of Compliance

Fitness:

The members of the Board of the Company collectively possess the required qualification, experience and knowledge:

- Of insurance and financial markets relevant to the operations of the Company;
- Of the business strategy and business model of the Company;
- Of the Company's system of governance;
- To perform required financial and actuarial analysis in respect of the Company;
- Of the regulatory framework and requirements applicable to the Company; and
- Generally to be able to provide for the sound and prudent management of the Company.

The persons holding the key functions outlined above must hold the appropriate qualifications, knowledge and sufficient experience in their relevant disciplines, in compliance with the Fitness and Probity Standards ("The Standards").

Probity:

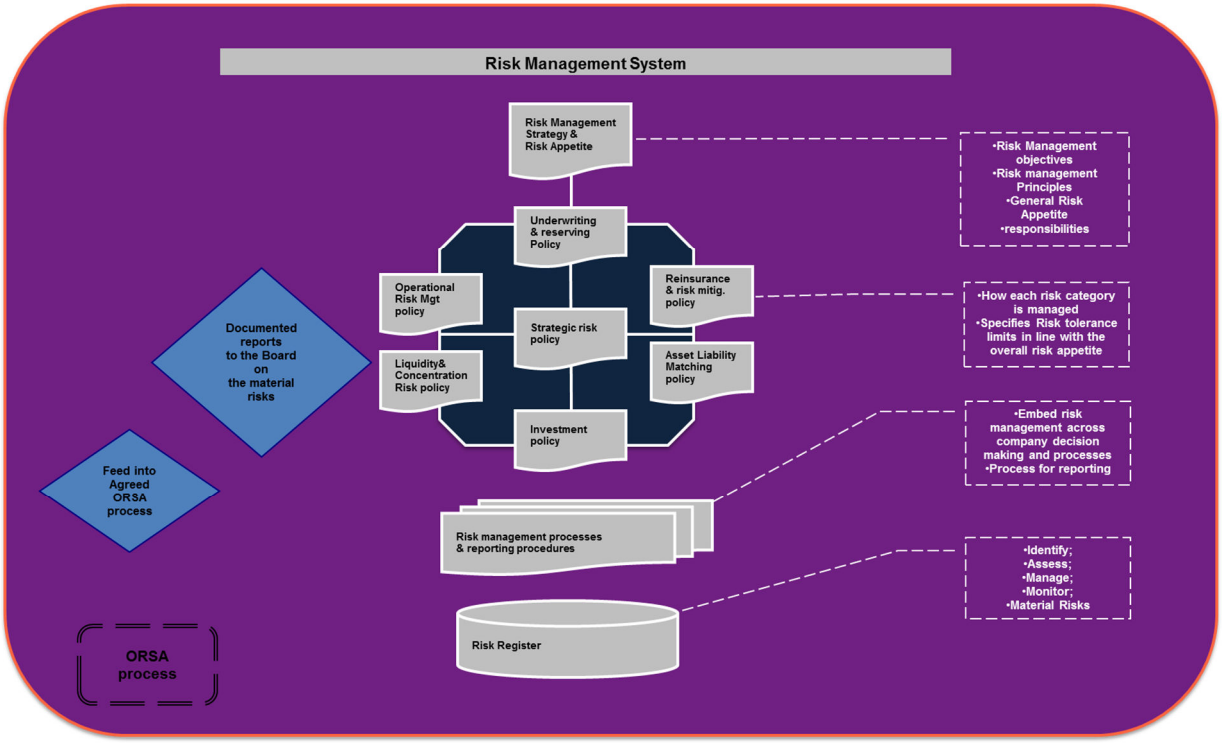
The honesty, financial soundness and reputation of every Relevant Person as defined above has been assessed by the Company in order to determine that they are of good repute and integrity. This assessment has been based on relevant evidence regarding their character, personal behaviour and business conduct including any criminal, financial and supervisory aspects, regardless of location.

In line with The Standards, the Company submits a PCF Confirmation to the Central Bank on an annual basis confirming all PCF holders remain in compliance with the fitness and probity requirements.

B.3 Risk Management System

The Company's Risk Management System is comprised of the following elements:

- Risk Appetite Statement (RAS)
- Risk Register
- Formal Policy Documents for all key risks
- Own Risk and Solvency Assessment (ORSA)
- Formalised Risk Reporting



Each of the elements of the Risk Management System detailed above contribute to the identification, measurement, monitoring, management and reporting of risks and is intended to work as an integrated system, and therefore each should be considered in both in terms of the specific function of the respective element, and in terms of its function within the overall system.

Each element of the system is embedded effectively within the Company and managed by the Risk Management Function with appropriate oversight from and reporting to the Board.

Risk Management Approach

The Company's risk management approach is centred on ensuring the inherent risk which the Company faces in the course of its business are appropriately managed to ensure the strategic objectives of the Company are achieved.

This approach also ensures that risk management is appropriately included in the Company's decision making process.

Risk Profile

The Company, in considering its risk profile, has regard to the following factors:

Nature:

The nature of the Company's risk is confined with the Vishay Group only with no third-party policy holders and therefore represents limited systemic risk.

Scale:

The scale of the risk assumed by the Company can be considered low based on the residual 'Values at Risk' and the Company's organisational structure, relative to the general insurance market.

Complexity:

The Company assumes standard underwriting risk only, holds a simplistic and conservative investment portfolio, employs traditional risk mitigation techniques and utilises reputable counterparties, and therefore the risk assumed can be considered to be of limited complexity.

The Company's risk profile is formally reviewed at least annually as part of the Company's ORSA exercise. The Risk Management Function monitors the Company's risk profile and the corresponding risk management arrangements in place on an ongoing basis and reports to the Board on any observed material changes.

Risk Function

The Risk Management Function of the Company is responsible for the operational coordination and application of all Risk Management activities throughout the Company on an ongoing basis.

The Risk Management Function reports directly to the Board on a quarterly basis or upon occurrence of an event which could materially impact the Company's risk profile.

The Risk Management Function is responsible for the coordination of all risk management activities throughout the Company.

The Risk Management Function is also responsible for providing the Board with assistance and support in the development and implementation of the various risk management arrangements within the Company.

The Board has outsourced the activities of the Risk Management Function to Willis Towers Watson Management (Dublin) Limited in accordance with the Company's Outsourcing Policy and the terms and conditions of the Management Services Agreement.

Risk Categories & Key Risks

Key risks are considered to be the six risk categories detailed in the Solvency II Directive, together with any other risks evaluated as being key risks by the Risk Management Function and the Board of Directors.

Any of the other identified risks, outside of those prescribed risk categories in the Solvency II Directive, shall be considered to be a key risk if, on a residual basis, a material level of capital is deemed to be required in order to accept the risk, or if particular controls or risk mitigation techniques specific for the risk in question must be employed in order to bring the risk within the appropriate thresholds as defined in the Risk Appetite Statement.

All key risks are documented in the Risk Appetite Statement and are subject to a specific policy document which addresses how the risk is to be managed in line with the hierarchy outlined previously.

The key risk categories for the Company are:

- Underwriting and Reserving Risk
- Reinsurance and Other Risk Mitigation Techniques
- Operational Risk
- Investment Risk
- Asset-Liability Management Risk
- Liquidity Risk

The risk categories and key risks to which the Company is exposed are reviewed periodically by the Risk Management Function and at least:

- Quarterly
- On occurrence of an event which could materially affect the Company's risk profile
- On the introduction of material new business
- At the discretion or order of the Board

Risk Appetite Statement

The Company has in place a Risk Appetite Statement (RAS). The RAS sets out the risk appetite and tolerance levels for all key risks over the planning period of the Company.

The Company considers the RAS to be the primary element of the Risk Management System, directly linking to the overall Company Strategy and determining the levels retained for each key risk, and also influencing the nature of the controls and mitigation techniques employed to ensure that the risk remains within the tolerable range.

The Board is responsible for setting the Company's RAS. The Board periodically reviews the appropriateness and effectiveness of the RAS and performs a formal review of the RAS at least annually or upon a material change in the Company's risk profile.

The RAS includes both qualitative and quantitative aspects for each key risk and is aligned to the planning period of the Company.

The RAS is embedded within the decision-making processes of the Company. The Board of Directors, prior to finalising any material decision which could impact the risk profile of the Company, refers to the RAS for guidance as to the likely effect of the decision on the risk appetite and tolerance levels of the Company.

The RAS is also used to track actual performance against the metrics detailed in the RAS to ensure that no breach in the agreed tolerance levels has occurred that would require the submission of a report to the Central Bank of Ireland.

Monitoring of the actual performance against the metrics identified in the RAS is performed periodically by the Risk Management Function and reported to the Board in line with the reporting trigger system included in the RAS.

The Company's qualitative risk appetite principles and quantitative appetite and tolerance levels for each key risk are detailed in the Risk Appetite Matrix.

Risk Policies

The Company has documented a formal policy for each key risk included in the RAS. The policies for each specific risk are consistent with the details contained in the RAS relating to the risk in question. The controls, reporting triggers and any other relevant aspects of the management of the risk are appropriately reflected in the policy for the risk.

Risk Register

The Company has in place a comprehensive Risk Register to evaluate and assess the risks to which the Company is exposed.

The Risk Register initially assesses the risk universe of the Company on an inherent basis. The controls and risk mitigating techniques employed by the Company, as documented in the Company's policies and procedures allow for an evaluation of the risk on a residual basis.

If the risk on a residual basis is deemed to potentially require a material level of capital or the implementation of significant additional controls to accommodate the risk to bring the risk within the appropriate thresholds, this risk should be considered a key risk. Any risk deemed to be a key risk shall be considered for inclusion in the RAS by the Board and a specific policy developed which outlines the process for the identification, management, monitoring and reporting on the risk in question.

The Risk Management Function is responsible for the ongoing maintenance of the Risk Register.

The Risk Register is updated bi-annually and upon the occurrence of an event which may materially impact the Company's risk profile.

A summary of the results of the Risk Register review is distributed to the Board upon completion of each review as soon as is practicable and form part of the Risk Management Function's periodic Risk Reporting.

As part of each update, the Risk Register is reviewed by the Risk Management Function to ensure that the Risks included represent all the material risks to which the Company is exposed and that all applicable emerging risks have been appropriately included.

Where an emerging risk has been identified as one which should potentially be included in the Risk Register, the Risk Function advises the Board of the nature and context of the risk. The Board then determines whether the risk in question is to be included in the Risk Register and whether the risk should be considered as a Key Risk.

ORSA

The Company aims to ensure that the Company is appropriately and prudently capitalised in order to accept the risk to which the Company is exposed. In order to ensure this, the Company performs an Own Risk and Solvency Assessment ("ORSA") at least annually and upon the occurrence of an event which may materially impact the Company's risk profile.

ORSA - Approach taken:

The EIOPA guidance in relation to the ORSA focuses on what is to be achieved by this assessment rather than on how it is to be performed. Since the ORSA represents the Company's own view of its risk profile and the capital needed to address these risks, the Company decides for itself the most appropriate process by which the ORSA is performed.

The Board takes a proactive approach in the ORSA process by providing guidance to the Risk Management function as to the direction of the ORSA process, including the identification, evaluation and quantification of the risks inherent in the business.

The following approach provides a summary of the approach taken in 2023:

- As part of the Board Meeting held in quarter 1 of 2023 the Board reviewed the Risk Register and Risk Appetite Statement and following a detailed discussion the appropriate stressed scenarios for the 2023 ORSA were selected and approved.

- The Board met again in quarter 4 to review the full suite of documentation together with the populated CBI reporting template. Requisite approvals were obtained and the template was uploaded to the CBI in advance of the submission deadline of 31st December 2023.

The Board of Directors provide substantial input and discuss in detail the various aspects of the ORSA, and adjust as and when considered necessary; as documented in the minutes of the Board meetings where the ORSA process is an Agenda item.

Own Risk Assessment

The first element of the ORSA process was to ascertain the Company's Own Risk Assessment (ORA). ORA is a method of identifying its material risks in the context of its Risk Profile, Risk Register and Risk

Appetite Statement. The following areas for assessment were identified in respect of the Company's material risks:

- The Maximum Value at Risk (VAR) for each identified key risk of the Company,
- The controls and risk management arrangements in place which act to mitigate each risk,
- The basis for measurement and assessment of the risk over the planning period,
- The current experience of each individual risk,
- The expected risk assessment for the planning period, being the anticipated financial and non-financial activity of the Company over the short, medium and long term.
- Application of appropriate and reasonable stresses to the expected risk assessment to demonstrate the robustness of the Company's capital base in the context of its current business.

Risk Reporting

The Risk Management Function formally reports to the Board on a quarterly basis. The report contains details of the outcome of the Risk Register review, the results of the comparison of the RAS to actual results and an update on emerging risks.

The report contains both qualitative and quantitative aspects and covers all key risks of the Company.

The Risk Management Function is responsible for the development of the Risk Reports.

The Risk Management Function will provide a report to the Board based on the occurrence of an event which materially alters the risk profile of the Company or if the tolerance level triggers are breached.

The Risk Management Function will advise the Board on the quality of the data used in the review of the Risk Management System, including any deficiencies that may have been identified during the course of the review.

B.4 Internal Control System

The Board is ultimately responsible for ensuring that the Company has in place an effective internal control system which is commensurate with the nature, scale and complexity of the Company's operations. The Company ensures that appropriate levels of Internal Controls are present within the organisational structure, work and authority flows, resource utilisation and information systems.

This is achieved by:

- Ensuring the presence and application of individual internal policies, procedures and guidelines for each of the critical functions and activities of the Company;

- Ensuring that adequate approval procedures, authorization authorities, verification, reconciliations, and review procedures are in place for each function or activity and are adequately documented and communicated;

- Ensuring that adequate controls are in place pertaining to safeguarding the integrity and protection of information;

- Ensuring sufficient monitoring mechanisms are in place to facilitate assessments of the effectiveness of the controls in place; and

- The activities of the Compliance function are in place, the Compliance Policy is being applied and the Compliance Plan is being implemented.

The Internal Audit Function is responsible for the evaluation of the adequacy and effectiveness of the Company's internal control system. The Compliance Function is responsible for the review and monitoring of the application of internal controls relating to compliance risk. The outsourced Managers are responsible for the application and ongoing maintenance of the Company's internal control activities. The contracted Management Company has procedures manuals and internal controls in place that are documented and maintained within the Company's Corporate Governance Framework documents. Internal controls are reviewed at least annually or when a change in the systems or operations of the Company occurs. The policies and procedures in place are proportional to the operations of the Company and cover at least the following key operational areas:

- Underwriting

- Claims reserving

- Claims settlement

- Management accounts preparation

- General bank payments

- Bank reconciliations

- Compliance

The Internal Controls are also proportional to the operations of the Company and centre on the following controls:

Regular

- Four eye review approach on all renewal activities
- Dual signatories on all payments in line with approved bank mandates
- Reconciliations of all bank accounts on a monthly basis
- Monthly Financial reporting to Group
- Detailed bi-annual reporting to the Board on Compliance matters

Periodic

- Monitoring activities are carried out by the Compliance Function and a Compliance and Regulatory report is circulated to the Board
- The Internal Audit Function conduct reviews of the design and effectiveness of internal controls, in line with the Internal Audit Plan approved by the Board
- The Management Company is subject to the Internal Audit processes of the Willis Towers Watson Group with Internal Audit reviews covering work performed by WTWMDL on its clients
- The Company's accounts are audited annually by the external Auditor. No material control issues have been raised to date on the operations of the Company

B.5 Outsourcing

The Company outsources various activities where the Board believes outsourcing can provide access to superior processes and technical skills than it would otherwise achieve on a standalone basis, or where appropriate due to the nature, scale and complexity of the operations of the Company. The Board is ultimately responsible for the approval of and termination of all outsourcing arrangements of critical or important functions and activities.

The Risk Management Function is responsible for assessing the risks associated with the outsourcing of critical or important functions or activities as part of its overall remit to identify, assess, manage, monitor and report the risks of the Company on an ongoing basis. The functions deemed critical or important are defined in the Company's Outsourcing Policy.

The Board has ensured that the outsourced service providers adhere to the Company's policies and procedures and that the effectiveness of the Company's system of governance has not been lessened or compromised by the outsourcing arrangements.

The performance of each service provider is based on a comparison of the actual performance of the service provider in comparison with the required performance as per the agreed Service Level Agreement

('SLA'). The SLA's include details covering Business Continuity Planning and ensure that acceptable service levels are maintained in the event of problems occurring with the service provider. The performance of the service providers are formally assessed by the Board on an annual basis.

In the Board's current assessment of the performance of each service provider acting in an outsourced capacity, no material deficiencies were noted.

B.6 Any Other Information

No other information

C. Risk Profile

The Company operates a low-risk business model that is supported by a robust risk management framework that ensures risks are well understood and controlled. This is facilitated by systematic quantification of all risks and a culture that promotes the importance of risk management.

Integral to this is a thorough understanding and articulation of the Company's risk exposures. Determining the prevailing risk landscape within the Company allows Management, the Risk Function and the Board to assess the appetite for each emerging risk and to ensure that all are quantifiable and managed consistently with our appetite to risk.

An overview of the key risks associated with the business including an outline of how they are managed is provided below.

C.1 Underwriting Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random, unknown and unpredictable

As its primary insurance activity the company assumes risks relating to Property Damage and Business Interruption (PDBI) coverage and Errors and Omissions (E&O) coverage relating to the Group's Production Facilities in a number of global locations including Israel, Germany and the USA. Additionally, the Company accepts inwards reinsurance placements from a fronting insurer for PDBI coverage for a number of countries into which the Company is not licensed to write directly such as Malaysia and Taiwan. Since 1st June 2017 the Company also assumes risks relating to Commercial General Liability coverage of the parent company and its US subsidiaries on a claims occurrence basis. The Company is therefore exposed to the uncertainty surrounding the timing and severity of claims under these insurance contracts. The terms and conditions of the insurance contracts it issues set out the basis for the determination of the Company's liability should the insured event occur.

The Company also faces risks that the actual claims are significantly different to the amounts included within the technical provisions. This could occur because the frequency or severity of claims is greater or lower than estimated. The insurance risks are mitigated through strict underwriting criteria, the utilising of actuarial review and the use of reinsurance.

The Company manages it insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging issues.

The Company reinsures a significant portion of the risks it underwrites in order to control its net exposure to losses and protect capital resources. The Company buys non-proportionate facultative reinsurance to reduce the Company's net exposure.

Ceded reinsurance contains credit risk and reinsurance recoverable that are reported after deductions, if any, for known insolvencies and uncollectible items. The Company monitors the financial condition of

reinsurers on an ongoing basis and reviews its reinsurance arrangements annually. The Company utilises reinsurance agreements with non-affiliated reinsurers to control its exposure to losses resulting from one occurrence and for the accumulation of net losses arising out of one occurrence.

C.2 Market Risk

The Company's primary objective in relation to market risk is to protect and preserve the Company's assets. The company therefore only invests in line with the Company's Investment Policy which is reviewed on an annual basis by the Board of Directors.

The Company seeks to spread investments across a number of institutions to reduce concentration risk.

As part of the monthly management reporting, the Board receive and review the amount of funds invested together with the rates of return being achieved. The Board has set an appetite to maintain a minimum of three credit institutions but will tolerate a single institution should market conditions dictate.

The Company has little appetite for counterparty default risk in relation to investments and seek to invest in institutions of the greatest strength and stability.

All of the Company's liabilities can be considered short term in nature and hence the company looks to limit the duration of investments to reduce Asset Liability Matching risk.

C.3 Credit Risk

Credit Default Risk

The investment strategy and minimum rating requirement outlined in the Company’s Investment Policy is pursued and seeks to minimise credit default risk and lock in an illiquidity premium, which is achieved in a number of ways such as investing in low-risk asset classes such as short-term fixed deposits with banks with a strong credit rating.

Counterparty Default Risk

The Group utilises reinsurance to manage efficiently insurance risk. The Group is therefore exposed to the failure of these counterparties. The exposure is reduced as the counterparties are diversified and also the credit default risk is managed by ensuring a general minimum credit rating of A or greater, as documented in the Company’s Reinsurance Policy.

C.4 Liquidity Risk

The Company’s Liquidity Policy requires sufficiently liquid assets to be held in order to meet outflows. All investments are held in a liquid state and the Company has clear visibility of when policyholder obligations will and could fall due given the nature and scale of the Company being a Captive Insurer. Ongoing monitoring of liquidity also allows mitigating actions to be taken at an early stage if required.

C.5 Operational Risk

The Company is exposed to operational risk, which is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In particular, this includes the failure of key outsourcing arrangements, business disruption, fraud and loss of key personnel.

The process through which the Company's operational risk universe is determined and subsequent estimates of frequency and severity are assessed is captured in the Operational Risk Policy. This process safeguards the ongoing improvement of the control environment and ensures that operational risk is identified and mitigated.

The Company is reliant on the use of external parties to provide a significant portion of the services required, and thus is therefore exposed to the potential failure of these outsourcing partners. The Company has documented a Contingency Plan and an Outsourcing Policy which set out how this risk is managed and monitored.

C.6 Other Material Risks

Environmental, Social and Governance Issues (including Climate Change)

The Board of Directors are aware of the increased focus on Environmental, Social and Governance (ESG) issues including Climate Risk. During 2023 the Board of Directors in conjunction with the Risk Management function completed an exercise to evaluate and incorporate relevant and appropriate ESG risks which could potentially impact the Company within the Risk Management Framework.

The ESG related risks, which were identified as being appropriate and relevant risks given the nature, scale and complexity of the Company, were approved by the Board of Directors on 15th March 2023 as additional risks on the Risk Register. In line with the assessment process, the residual risk, following consideration of mitigants and controls, for each of the identified ESG risks was deemed to be low and was not deemed to be a key risk for the Company hence it is not considered for inclusion in the Company's Risk Appetite Statement for the time being.

The Board have considered the materiality of climate change risk above and beyond the existing risk exposures and do not deem any additional exposure arising from this risk. Whilst the Company's underlying risks may not be directly impacted by the effects of climate change the increased frequency and severity of natural catastrophe events are a potential risk arising from Climate Change. Whilst climate change may not be directly linked to claim events experienced within Vishay Group, some events in recent years such as flood or hurricane events could be associated with the effects of climate change.

Geopolitical Considerations

On 24 February 2022, Russia commenced an invasion of Ukraine. The invasion had a significant impact on a number of financial markets. The directors have considered the impact of these developments on the Company and the Group and have determined that, to the best of their knowledge, there is no material exposure to its operations or financial position. The directors will continue to monitor this ongoing situation for further developments which may impact the Company.

The economic impact of the Israel-Hamas war is still evolving and to date it has not directly impacted the Company's balance sheet as the Company's investment portfolio consists solely of cash and fixed term deposits, and therefore there has been no exposure to any financial market disruption caused by the war. In respect of potential liabilities the Directors have assessed any lines of insurance business that could be impacted and although the Company has underwriting exposures in Israel under the Property Damage and Business Interruption ('PDBI') line of business there is an exclusion for "war-like" risk under the PDBI policy thereby eliminating any exposure to PDBI claims as a result of the aforementioned war. The Directors will continue to monitor this ongoing situation for further developments which may impact the Company.

C.7 Any Other Information

No other information.

D. Valuation for Solvency Purposes

D.1 Assets

Valuation of Assets

The recognition and valuation basis are in accordance with the provisions of the Solvency II Directive with the valuation and recognition for material classes as follows:

Intangible Assets

Intangible assets are recognised under Financial Reporting Standard 102 on the basis that the expected future economic benefits that are attributable to the asset will flow to the Company, and the cost of the asset can be measured reliably. The Company holds no intangible asset and thus no recognition and valuation methodology was applied in respect of this category.

Deferred Tax Asset

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Under Solvency II which recognises unrealised gains and respective tax, deferred tax is recognised and no adjustments were considered applicable to the valuation.

Investments

Investments are recognised under Financial Reporting Standard 102 on the basis that the Company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price, except for those financial assets classified as fair value through profit and loss, which are initially measured at fair value.

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

Material Differences in the above used for valuation in Financial Statements

Vishay Insurance DAC Assets (USD)	2023	
	Current Accounting Bases	SII Valuation Principles
Deferred Tax Assets	-	-
Deposits other than cash equivalents	31,596,439	31,596,439
Reinsurance share of TP - non-life excluding health	5,375,268	4,487,019
Insurance & Intermediaries Receivables	505,417	-
Cash & Cash Equivalents	1,680,238	1,680,238
Any Other Assets, Not Elsewhere Shown	451,274	451,274
Total assets	39,608,636	38,214,970

Vishay Insurance DAC Assets (USD)	2022	
	Current Accounting Bases	SII Valuation Principles
Deferred Tax Assets	-	-
Deposits other than cash equivalents	24,268,198	24,268,198
Reinsurance share of TP - non-life excluding health	3,873,299	2,705,439
Insurance & Intermediaries Receivables	443,000	-
Cash & Cash Equivalents	6,844,594	6,844,594
Any Other Assets, Not Elsewhere Shown	212,573	212,573
Total assets	**35,641,664**	**34,030,804**

The table above sets out the values in the financial statements along with the corresponding current accounting basis used to calculate the Solvency II valuation.

Key Point to note:

The Solvency II reinsurance share of technical provisions (“TP”) value is a discounted best estimate which is derived by the Company’s Head of Actuarial Function (“HoAF”).

Overview of any assets not regularly traded in Financial Markets

The Company has no assets that are not regularly traded in financial markets.

D.2 Technical Provisions

Valuation of Technical Provisions per Line of business

Technical provisions are valued in accordance with Article 77 of the Solvency II Directive which states that the value of technical provisions shall be equal to the sum of a best estimate and a risk margin.

Valuation results

The valuation was carried out together for each line of business. Under Solvency II, the balance sheet is required to be valued on a "best estimate" discounted cash flow basis. This leads to differences in claims provision between financial statements and Solvency II.

The tables below sets out the results of the Technical provision calculations on the financial statements and Solvency II basis.

Vishay Insurance DAC Liabilities (USD)	2023	
	Current Accounting Bases	SII Valuation Principles
Gross Technical Provisions – Non-Life (Excluding Health)	8,683,407	6,677,546
TP calculated as a whole (Best estimate + Risk margin)	8,683,407	-
Best Estimate	-	6,009,845
Risk Margin	-	667,701
Gross Technical Provisions - Health (Similar to Non-Life)	-	-
TP calculated as a whole (Best estimate + Risk margin)	-	-
Best Estimate	-	-
Risk margin	-	-
Deferred Tax Liabilities	-	81,743
Reinsurance Payables	41,748	-
Any other liabilities, not elsewhere shown	91,772	91,772
Total liabilities	**8,816,927**	**6,851,061**

Vishay Insurance DAC Liabilities (USD)	2022	
	Current Accounting Bases	SII Valuation Principles
Gross Technical Provisions – Non-Life (Excluding Health)	6,952,979	5,505,187
TP calculated as a whole (Best estimate + Risk margin)	6,952,979	-
Best Estimate	-	4,900,281
Risk Margin	-	604,906
Gross Technical Provisions - Health (Similar to Non-Life)	-	-
TP calculated as a whole (Best estimate + Risk margin)	-	-
Best Estimate	-	-
Risk margin	-	-
Deferred Tax Liabilities	-	76,563
Reinsurance Payables	775,569	-
Any other liabilities, not elsewhere shown	169,618	169,618
Total liabilities	**7,898,166**	**5,751,368**

Key points to note:

The Solvency II Gross Technical Provisions value is a discounted best estimate which is derived by the Company's HoAF and also includes a portion of Events Not In Data ("ENIDs") of USD 23,183 along with run-off expenses of USD 635,993; the latter being specifically required by the Solvency II Directive.

The majority of the decrease in the Solvency II Balance Sheet is attributable to the adjusted Premium Provison on a Solvency II Basis.

All other liabilities remain unchanged when presented under Solvency II valuation principles with the exception of the deferred tax liability which is generated as a result of the revaluation of the technical provisions.

Claims Provision

As at the reporting date, the Company holds an outstanding loss reserve (OSLR) of USD 25,000 (2022: 25,000). The claims provision is primarily in the form of Incurred but not Reported (IBNR) reserves.

Material Differences in the above used for valuation in Financial Statements

The above table outlines the material differences in the valuation of technical provisions between the Financial Statements and Solvency II valuation.

Simplification

The Company utilises the standard formula for the calculation of its Solvency Capital Requirement ('SCR'). Simplification method 2 is used for the standard formula.

Uncertainties in the value of Technical Provisions

The key assumptions that impact the Technical Provisions are detailed below along with comments regarding the materiality of these assumptions.

- **Settlement period:** Most of the risks being underwritten are short-tailed. Claims settlement patterns are based on the Company's historical claims, industry data and the actuarial judgement of the Head of Actuarial Function ("HoAF"). In general, the notification and settlement of claims is normally faster for a captive than in the commercial market and as such there is less scope for IBNR. Given the low level of yields, this assumption is not material to the results.

- **Discount rate:** Current yields are low, which means that only a nominal amount of discounting is applied to the Technical Provisions given the risks underwritten by the Company are short-tailed.

- **Expenses:** The total expenses involved in the operation of the Company are relatively small when compared to other elements in the calculation of the technical provisions.

- **Reinsurance:** We have also assumed that the reinsurance will perform as expected.

The above assumptions are consistent with the most recent Actuarial Function Report therefore there have been no material changes in technical provisions due to underlying changes in the assumptions.

Impact of Reinsurance on Technical Provisions

The impact of reinsurance under SII valuation principles is to reduce the Company's Gross Technical Provisions by USD 4,487,019 .

Effectiveness of reinsurance arrangements

The Company's "Reinsurance and Other Risk Mitigation Techniques" Policy, last reviewed 4th October 2023, refers to the below key principle:

- That the reinsurance programme provides cover appropriate to the Company's level of capital, risk profile, business strategy and risk appetite statement.

It is noted that: "The use of reinsurance is to maintain underwriting risk within the Company's approved risk tolerance levels. The Board were satisfied with the effectiveness of the reinsurance arrangements in place.

It is also noted that, the Vishay Group could purchase insurance directly from the market and therefore the use of the Company for the provision of insurance services is a conscious decision made in order to improve the efficiency of the risk management process within the Group by using a Company vehicle and provide access to reinsurance markets.

Matching Adjustments, Volatility Adjustments and Transitional Measures

The 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

Valuation of liabilities per Class of Liability

Recognition

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangement entered into.

Initial measurement

All financial liabilities are initially measured at transaction price.

LIABILITIES	2023
	USD
Creditors arising out of insurance operations	41,748
Other creditors including taxation and social security	91,772
Total	**133,520**

LIABILITIES	2022
	USD
Creditors arising out of insurance operations	775,569
Other creditors including taxation and social security	169,618
Total	**945,187**

Material Differences in the above used for valuation in Financial Statements

There is no differentiation between the valuation of the other liabilities under FRS financial statements and Solvency II valuation.

D.4 Alternative methods for valuation

No alternative methods for Valuation are utilised.

D.5 Any other Information

No other information

E. Capital Management

E.1 Own Funds

Objectives, Policies and Processes for Management of Own Funds

The Own Funds are managed in accordance with the Company's Capital Management Policy and the main objective is continuously maintaining the SCR coverage using a time horizon of three years in accordance with the Own Risk and Solvency Assessment. There have been no material changes to the Capital Management Policy, its main objective or the length of the business planning period, over the course of the reporting period. Any change in the policy is reserved for the Board of the Company.

Structure, Amount and Quality of Own Funds

The Company has Tier 1 unrestricted own funds composed of ordinary share capital and retained earnings.

The table below sets out the Company's Pillar I capital position as at the current and prior financial year-end:

Composition	2023 USD		2022 USD	
	Available Capital	Eligible Capital	Available Capital	Eligible Capital
Tier 1 unrestricted	31,363,909	31,363,909	28,279,436	28,279,436
Tier 1 restricted	-	-	-	-
Tier 2 basic	-	-	-	-
Tier 2 ancillary	-	-	-	-
Tier 3	-	-	-	-
Total	31,363,909	31,363,909	28,279,436	28,279,436

SCR and MCR Cover

The following tables depict the SCR and MCR coverage for the current and prior reporting periods:

2023				
Solvency	Capital Requirement	Eligible Capital	Solvency Ratio	MCR as % SCR
SCR	11,690,519	31,363,509	268.3%	37.8%
MCR	4,420,000	31,363,909	709.6%	

2022				
Solvency	Capital Requirement	Eligible Capital	Solvency Ratio	MCR as % SCR
SCR	10,243,822	28,279,436	276.1%	41.6%
MCR	4,266,400	28,279,436	662.8%	

Shareholder's Equity versus Excess of Assets Over Liabilities

The difference between the Company's equity as shown in its audited financial statements and the excess of assets over liabilities, as calculated for solvency II purposes, is called Reconciliation Reserve and is composed of:

- the difference between the technical provisions calculated in accordance with Solvency II valuation principles; and

- deferred tax adjustment in relation to the above differences

Reconciliation of Basic Own Funds to Equity as per financial statements as at 31st December 2023	2023 USD	2022 USD
Solvency II - Basic Own Funds	31,363,909	28,279,436
Total Equity as per financial statements	30,791,709	27,743,500
Difference:	572,200	**535,936**
Represented by:		
Difference between Net Technical Provisions and BEL	1,785,313	884,838
Risk Margin – Non Life	(667,701)	(604,906)
Adjustment to Deferred Tax	(81,743)	(76,563)
Adjustment to Insurance Receivables and Payables	(463,669)	332,567
Difference:	572,200	**535,936**

Transitional Arrangements

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.

Ancillary Own Funds

There are no ancillary own funds items.

Deductions and Restrictions

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

Deferred Taxes

A deferred tax liability in the amount of USD 81,743 (2022: USD 76,563) has been calculated as a result of the revaluation of the Company's assets and liabilities applying Solvency II valuation principles. The full deferred tax liability has been recognised on the Company's Solvency II Balance Sheet for the current reporting period.

The Company is not carrying any deferred tax assets at the valuation date.

The Minimum Capital Requirement ('MCR') and SCR were calculated using the standard formula.

E.2 SCR & MCR

Requirements for the Reporting Period

The Minimum Capital Requirement ("MCR") and SCR are calculated using the standard formula.

The Company has achieved SCR coverage of 268.3% (2022: 276.1%) and MCR coverage of 709.6% (662.8%) as at 31st December 2023. It is noted that the MCR is driven by the Absolute Minimum Capital Requirement ("AMCR"). The table below shows the SCR components by risk module (using the Standard Formula) at 31st December 2023.

SCR Overview	USD 2023	USD 2022
Market Risk	4,220,016	2,771,624
Counterparty Default Risk	2,409,097	2,430,652
Health underwriting risk	0	0
Non-life underwriting risk	9,355,264	8,456,754
Diversification	(3,394,942)	(2,670,400)
Basic Solvency Capital Requirement	12,589,435	10,988,630
Operational Risk	222,093	206,430
Loss Absorbing Capacity of Deferred Taxes	(1,121,009)	(951,238)
Solvency Capital Requirement	**11,690,519**	**10,243,822**

Simplifications

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

Undertaking-Specific Parameters

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

MCR Inputs

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

The table below shows the inputs into the MCR calculation as as at the current and prior reporting period:

SCR Overview	USD 2023	USD 2022
Linear MCR	379,523	422,859
SCR	11,690,519	10,243,822
MCR cap	5,260,734	4,609,720
MCR floor	2,922,630	2,560,956
Combined MCR	2,922,630	2,560,956
Absolute floor of the MCR	4,420,000	4,266,400
Minimum Capital Requirement	**4,420,000**	**4,266,400**

The observed increase in the Solvency Capital Requirement over the reporting period is primarily attributable to the movements in the Market Risk and Non-Life Underwriting Risk charges as set-out in the first table above. The increase in the Market risk element is due to having additional funds on deposit plus the change in the percentage concentration of funds with the different investment counterparties. The uplift in the Non-Life Underwriting Risk is driven by changes in the total insured values on the PDBI line of business. The observed increase in the Minimum Capital Requirement over the reporting period is attributable solely to exchange rate movements.

Loss-Absorbing Capacity of Deferred Taxes ("LACDT")

The SCR has been adjusted for LACDT in the amount of USD 1,121,009 (2022: USD 951,238).

The Company has determined a level of probable future taxable profits aligned to its Own Risk and Solvency Assessment, which demonstrates future utilisation of the proportion of loss-absorbing capacity of deferred taxes being applied.

As a proportion of the instantaneous loss, as defined in Article 207(1), the Company's LACDT represents 9.6% (2022: 9.3%). The assumptions deployed for the projection of possible future taxable profits are aligned to the Company's business strategy over its planning period; as detailed in the Company's ORSA.

E.3 Use of duration based equity risk Sub module in SCR calculation

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 MCR and SCR during the period

The Company was compliant at all times with the MCR and SCR requirements during the reporting period..

E.6 Any Other Information

No other information.

Vishay Insurance DAC

Solvency and Financial Condition Report

Disclosures

31 December

2023

(Monetary amounts in USD thousands)

General information

Undertaking name	Vishay Insurance DAC
Undertaking identification code	6354004OJNJRHUOM8I18
Type of code of undertaking	LEI
Type of undertaking	Non-Life insurance undertakings
Country of authorisation	IE
Language of reporting	en
Reporting reference date	31 December 2023
Currency used for reporting	USD
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet

S.05.01.02 - Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

S.17.01.02 - Non-Life Technical Provisions

S.19.01.21 - Non-Life insurance claims

S.23.01.01 - Own Funds

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

S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	31,596
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	0
R0200	*Deposits other than cash equivalents*	31,596
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	4,487
R0280	*Non-life and health similar to non-life*	4,487
R0290	*Non-life excluding health*	4,487
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	0
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	0
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	1,680
R0420	Any other assets, not elsewhere shown	451
R0500	**Total assets**	38,215

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	6,678
R0520	*Technical provisions - non-life (excluding health)*	6,678
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	6,010
R0550	*Risk margin*	668
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	82
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	0
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	92
R0900	**Total liabilities**	6,851
R1000	**Excess of assets over liabilities**	31,364

S.05.01.02

Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

		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
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business							8,088	496									8,583
R0120	Gross - Proportional reinsurance accepted							516	0									516
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share							6,417	0									6,417
R0200	Net							2,186	496									2,682
	Premiums earned																	
R0210	Gross - Direct Business							6,446	494									6,940
R0220	Gross - Proportional reinsurance accepted							463										463
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share							4,915	0									4,915
R0300	Net							1,994	494									2,488
	Claims incurred																	
R0310	Gross - Direct Business							21	14									35
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share																	0
R0400	Net							21	14									35
R0550	**Expenses incurred**							342	20									361
R1210	**Balance - other technical expenses/income**																	
R1300	**Total technical expenses**																	361

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**																	0
R0050	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																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross							4,007	179									4,186
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							3,459	0									3,459
R0150	**Net Best Estimate of Premium Provisions**							548	179									727
	Claims provisions																	
R0160	Gross							1,171	653									1,824
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							1,028	0									1,028
R0250	**Net Best Estimate of Claims Provisions**							142	653									796
R0260	**Total best estimate - gross**							5,177	832									6,010
R0270	**Total best estimate - net**							690	832									1,523
R0280	**Risk margin**							598	70									668
R0320	**Technical provisions - total**							5,775	903									6,678
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**							4,487	0									4,487
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**							1,288	903									2,191

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Underwriting Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	**Development year**											**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	-9	0	0	0	4,394	0	0	0	0	0	0		0	4,394
R0170	-8	0	0	0	0	0	0	0	0	0			0	0
R0180	-7	0	0	539	0	0	0	0	0				0	540
R0190	-6	0	0	0	0	0	0	0					0	0
R0200	-5	0	0	0	0	0	0						0	0
R0210	-4	0	0	0	0	0							0	0
R0220	-3	0	0	0	0								0	0
R0230	-2	0	0	0									0	0
R0240	-1	0	0										0	0
R0250	0	0											0	0
R0260												**Total**	0	4,934

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	**Development year**											**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	-9	0	0	109	0	0	0	0	0	0	0		0
R0170	-8	0	737	25	0	0	0	0	0	0			0
R0180	-7	759	1,069	31	0	0	0	0	0				0
R0190	-6	178	941	45	0	0	0	0					0
R0200	-5	250	984	19	0	4	0						0
R0210	-4	262	1,003	12	11	3							3
R0220	-3	322	1,015	39	8								8
R0230	-2	363	1,190	86									78
R0240	-1	468	1,343										1,271
R0250	0	501											464
R0260												**Total**	1,824

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	6,700	6,700		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	24,664	24,664			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**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**	0				
R0230	**Deductions for participations in financial and credit institutions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	31,364	31,364	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			0	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	31,364	31,364	0	0	0
R0510	Total available own funds to meet the MCR	31,364	31,364	0	0	
R0540	Total eligible own funds to meet the SCR	31,364	31,364	0	0	0
R0550	Total eligible own funds to meet the MCR	31,364	31,364	0	0	
R0580	**SCR**	11,691				
R0600	**MCR**	4,420				
R0620	**Ratio of Eligible own funds to SCR**	268.28%				
R0640	**Ratio of Eligible own funds to MCR**	709.59%				
	Reconcilliation reserve	C0060				
R0700	Excess of assets over liabilities	31,364				
R0710	Own shares (held directly and indirectly)	0				
R0720	Foreseeable dividends, distributions and charges	0				
R0730	Other basic own fund items	6,700				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
R0760	**Reconciliation reserve**	24,664				
	Expected profits					
R0770	Expected profits included in future premiums (EPIFP) - Life business					
R0780	Expected profits included in future premiums (EPIFP) - Non- life business					
R0790	**Total Expected profits included in future premiums (EPIFP)**	0				

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	4,220		
R0020	Counterparty default risk	2,409		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	9,355		
R0060	Diversification	-3,395		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	12,589		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	222
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-1,121
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	11,691
R0210	Capital add-ons already set	0
R0211	*of which, capital add-ons already set - Article 37 (1) Type a*	0
R0212	*of which, capital add-ons already set - Article 37 (1) Type b*	0
R0213	*of which, capital add-ons already set - Article 37 (1) Type c*	0
R0214	*of which, capital add-ons already set - Article 37 (1) Type d*	0
R0220	**Solvency capital requirement**	11,691

	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

		Yes/No
	Approach to tax rate	C0109
R0590	Approach based on average tax rate	Yes

	Calculation of loss absorbing capacity of deferred taxes	**LAC DT**
		C0130
R0640	LAC DT	-1,121
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	-1,121
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	-1,601

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
R0010	MCR_{NL} Result	380

		Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	0	0
R0060	Other motor insurance and proportional reinsurance	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	0
R0080	Fire and other damage to property insurance and proportional reinsurance	690	2,186
R0090	General liability insurance and proportional reinsurance	832	496
R0100	Credit and suretyship insurance and proportional reinsurance	0	0
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	0
R0140	Non-proportional health reinsurance	0	0
R0150	Non-proportional casualty reinsurance	0	0
R0160	Non-proportional marine, aviation and transport reinsurance	0	0
R0170	Non-proportional property reinsurance	0	0

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

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

	Overall MCR calculation	C0070
R0300	Linear MCR	380
R0310	SCR	11,691
R0320	MCR cap	5,261
R0330	MCR floor	2,923
R0340	Combined MCR	2,923
R0350	Absolute floor of the MCR	4,420
R0400	**Minimum Capital Requirement**	4,420