

**The Standard Club Ireland DAC**

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**Solvency and Financial  
Condition Report (SFCR)  
2024**

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## SUMMARY

This is the Solvency and Financial Condition Report (SFCR) for The Standard Club Ireland DAC (“Standard Ireland”) for the year ended 20 February 2024. The purpose of the SFCR is to meet the public disclosure requirements of Articles 290 to 303 of the Commission Delegated Regulation (EU) 2015/35.

The report sets out different aspects of Standard Ireland’s solvency and financial condition, specifically its business and performance, system of governance, risk profile, valuation methods used for the calculation of its balance sheet, and capital management practices. The report should be read in conjunction with the information in the quantitative reporting templates provided at the end of this report. Standard Ireland’s financial year runs to 20 February each year and reports its results in US dollars.

The ultimate administrative body that has the responsibility for these matters is Standard Ireland’s board of directors, with the assistance of governance and control functions that it has put in place to monitor and manage the business.

Standard Ireland’s solvency position as at 20 February 2024 is shown below:

| <b>As at 20 February</b>                   | <b>2024<br/>US\$'000</b> | <b>2023<br/>US\$'000</b> |
|--------------------------------------------|--------------------------|--------------------------|
| Own Funds - Basic (Ordinary share capital) | <b>724</b>               | 724                      |
| Own Funds - Basic (Reconciliation reserve) | <b>976</b>               | (289)                    |
| Own Funds - Basic (Capital contribution)   | <b>30,000</b>            | 30,000                   |
| Own Funds – Ancillary                      | <b>13,904</b>            | 13,296                   |
| <b>Total Own Funds</b>                     | <b>45,604</b>            | 43,731                   |
|                                            |                          |                          |
| <b>Solvency Capital Requirement</b>        | <b>27,810</b>            | 26,591                   |
|                                            |                          |                          |
| Solvency II Surplus                        | <b>17,794</b>            | 17,140                   |
| Cover ratio                                | <b>164%</b>              | 164%                     |

### Business and performance

Standard Ireland is a subsidiary of a marine mutual insurance company, providing marine protection and indemnity (P&I) insurance and related covers to its shipowner members. Standard Ireland, incorporated in Ireland on 13 August 2018, is a designated activity company limited by shares. Standard Ireland is a wholly owned subsidiary of NorthStandard Limited (“NSUK” or “Club”). Its strategy is determined by its mutual ethos of servicing the needs of its policyholders as its members. Structurally, as a mutual, the members of each business class of Standard Ireland are also members of the relevant business classes of NSUK and are entitled to voting rights according to the bye-laws of NSUK. Standard Ireland is managed by a group management company, Standard Club Management (Europe) Limited, and other related group management companies (“managers”).

As a mutual insurance company, Standard Ireland’s strategy is aligned to that of NSUK which does not aim to make underwriting surpluses and instead its goal is break-even underwriting with investment returns used to strengthen the club’s capital base.

Standard Ireland’s gross premium written is \$179.0m (2023: \$168.2m). Standard Ireland recorded a profit for the year of \$0.5m (2023: loss of \$1.9m).

Section A of this report sets out further details about Standard Ireland’s business structure, key operations and financial performance over the reporting period.

## North merger

On 14 March 2022, Standard Club announced it was in discussions with North P&I about combining jointly to create a club at the forefront of global marine insurance, acting as a powerful industry voice, upholding the values of the International Group system.

The merger completed immediately post-year end, with the corporate groups of the Standard Club and North P&I Club combining to form the NorthStandard Group. The merger was concluded by the North of England Protecting and Indemnity Association Limited ('North', the parent company of the North P&I Club's corporate group) becoming the sole corporate member of The Standard Club Limited (the parent company of Standard Ireland), and the former corporate members of The Standard Club Limited becoming corporate members of North in common with North's existing corporate members. North changed its name to NorthStandard Limited with effect from 20 February 2023, and is now the ultimate parent undertaking of Standard Ireland.

As part of the reorganisation Standard Re, a Bermudian subsidiary of The Standard Club Limited and 90% quota share reinsurer of Standard Ireland, left the NorthStandard group and merged with North of England Mutual Insurance Association Ltd ('NEMIA'). NEMIA was an independent, mutual, S&P 'A'-rated Bermudian reinsurer who reinsured the North group. The merged entity has been renamed NorthStandard Reinsurance Limited ('NS Re'). It continues to reinsure Standard Ireland and other entities in the NSUK group with the existing quota share contracts transferring into the new company.

Following completion of the merger, the insurance companies within the NSUK group have commenced a significant programme of post-merger integration activity, but in the interim period continue to operate materially as before, writing the same business to the same members and clients, with no material changes to core systems or processes. During this interim period the same operational management structures have remained in place for each insurance company, with the same individuals and teams continuing to service members' and brokers' needs and carrying out core management, underwriting, claims handling, loss prevention, finance, reserving and control activities.

On 31 March 2024, following receipt of Central Bank of Ireland approval of a Change of Business Plan application, Standard Ireland ceased writing new business. The decision to place Standard Ireland into run off was made following the merger of the Standard and North P&I Clubs to form the NSUK Group. As a result of the merger, the NSUK group has two fully owned subsidiary insurance companies in Ireland providing materially the same products and services to a common clientele from the same location. As there is no business reason to continue to operate these two insurance companies in parallel, Standard Ireland ceased writing new business and all of the Group's new and renewing EEA business (including the expiring business of Standard Ireland) will be underwritten by the continuing entity NorthStandard EU DAC ("NSEU").

## System of Governance

Standard Ireland's board is responsible for ensuring that an appropriate system of governance is in place. The board's role is to lead and represent the members, promoting their interests effectively within a framework of processes and controls. The board is responsible for setting strategy and seeing that Standard Ireland is managed in accordance with risk appetite. The board delegates clearly defined matters to its Audit and Risk Committees (the membership of which is the same as the board), including in-depth monitoring of the internal control and risk management frameworks.

The system of governance has not changed materially during the year following the result of the merger.

Section B of this report provides further detail about Standard Ireland's system of governance, the roles and responsibilities of the board and the four key control functions (Risk Management, Actuarial, Compliance and Internal Audit). It covers the risk management framework and internal control system and explains how it complies with the requirements of Solvency II. It also describes the approach to Standard Ireland's Own Risk and Solvency Assessment (ORSA) and governance over the process.

## Risk profile

The primary risk Standard Ireland faces is the non-life underwriting risk of the insurance it provides to its members.

Standard Ireland has significant levels of external reinsurance to protect itself from large claim events, and also has a 90% quota share reinsurance with NorthStandard Re, a Bermudian S&P 'A'-rated reinsurer. Although this comprehensive reinsurance protection mitigates the level of non-life underwriting risk, it does generate a large secondary risk arising from potential counterparty default.

Standard Ireland also faces market risk, arising out of its investment portfolio, and operational risk.

The Solvency Capital Requirement (SCR) which is calculated as Solvency II Own Funds at risk in a 1-in-200-year loss event over a 1-year time horizon (and calculated using the standard formula) quantifies these risks. A summary of Standard Ireland's diversified SCR by primary risk type at 20 February 2024 is set out below:

| <b>Solvency Capital Requirement (SCR)</b> | <b>2024<br/>US\$'000</b> | <b>2023<br/>US\$'000</b> |
|-------------------------------------------|--------------------------|--------------------------|
| Market risk                               | <b>2,561</b>             | 1,562                    |
| Counter party default risk                | <b>14,203</b>            | 13,073                   |
| Non-life underwriting risk                | <b>9,319</b>             | 9,890                    |
| <b>Undiversified BSCR</b>                 | <b>26,083</b>            | 24,525                   |
| Diversification                           | <b>(4,691)</b>           | (4,070)                  |
| <b>Basic SCR</b>                          | <b>21,392</b>            | 20,455                   |
| Operational risk                          | <b>6,418</b>             | 6,136                    |
| <b>Final SCR</b>                          | <b>27,810</b>            | 26,591                   |

|                                          |              |       |
|------------------------------------------|--------------|-------|
| <b>Minimum Capital Requirement (MCR)</b> | <b>6,952</b> | 6,648 |
|------------------------------------------|--------------|-------|

The Solvency II diversification credit recognises that the economic capital required for Standard Ireland is less than the sum of the capital requirements of each risk component calculated on a stand-alone basis because it is unlikely every risk will materialise at the same time.

Section C of this report further describes the risks to which Standard Ireland is exposed, how the risks are assessed and mitigated, including any specific risk mitigation actions taken, risk concentrations and risk sensitivity.

### Valuation for Solvency Purposes

Assets, technical provisions, and other liabilities are valued in the Company's Solvency II Balance Sheet according to Solvency II regulations, that is essentially at amounts for which they could be exchanged, transferred or settled by knowledgeable and willing third parties in an arm's length transaction.

At 20 February 2024, Standard Ireland's excess of assets over liabilities is \$31.7m (2023: \$30.4m) on a Solvency II basis which is \$2.5m lower (2023: \$3.3m lower) than the value under Irish GAAP as presented in Standard Ireland's financial statements. The difference is primarily driven by the inclusion of the risk margin required to be held for Solvency II as part of the technical provisions (partly offset by the effect of discounting on the claims provision and the inclusion of a premium provision).

Section D of this report provides further description of the bases, methods and main assumptions used in the valuation of assets, technical provisions and other liabilities for each material asset/liability class. In addition, it also provides an explanation of the material differences between the Irish GAAP and Solvency II bases of valuation.

### Capital management

The primary objective of capital management is to maintain economic and regulatory capital in accordance with risk appetite, whilst managing the balance between return and risk.

The board's tolerance for risk is limited by the desire to minimise the chance of making unbudgeted calls on the membership, and so Standard Ireland seeks to maintain sufficient capital such that the chance of a supplementary call is less than 10% over the financial year.

Standard Ireland's basic own funds are equal to the excess of assets over liabilities of its Solvency II balance sheet, \$31.7m (2023: \$30.4m). This is split between ordinary share capital (tier one capital \$0.7m (2023: \$0.7m)), reconciliation reserve (tier one capital, \$1m surplus (2023: \$0.3m deficit)) and capital contribution from the parent company (tier one capital, \$30.0m (2023: \$30.0m)).

Standard Ireland's tier two ancillary own funds of \$13.9m (2023: \$13.3m) recognises the ability of Standard Ireland to make unbudgeted supplementary calls (tier 2 capital is capped at 50% of the SCR).

Own funds are well in excess of regulatory capital requirements.

Section E of this report further describes the own funds of Standard Ireland, calculation of the SCR and MCR, and an assessment of future capital requirements and surplus capital of Standard Ireland.

### **Environmental, social and governance (ESG)**

NSUK Club has long held a forward-looking approach to identifying, assessing, managing and monitoring risks and in October 2020 an internal Sustainability Working Group was established, to ensure a coordinated and strategic approach to the club's management of ESG issues.

In addition to the club's sustainability team which is made up of representatives from all different aspects of the business, the club has also established an Alternative Fuels Working Group, internal Climate Change and Ship Recycling go-to teams, and a CSR employee resource group which are closely linked to the sustainability team, sharing insights and working together on key topics which impact upon the club, its members and staff.

In 2021, the club conducted an internal materiality assessment to understand the full impact of any environmental, social and governance issues which might affect the organisation, while highlighting any areas for potential meaningful change moving forward. This assessment has enabled the club's management team to identify the sustainability topics which are most material to the club's operations and its long-term success

NSUK Club's first sustainability report was published in the autumn of 2022, outlining the findings from this initial assessment and the club's coordinated and strategic approach to managing sustainability issues in the future. As a member of the International Group (IG) of P&I Clubs, NSUK Club also supports the IG's sustainability strategy and has actively contributed to the IG's own sustainability report which was published in the summer of 2022.

## A. BUSINESS AND PERFORMANCE

### A.1 BUSINESS

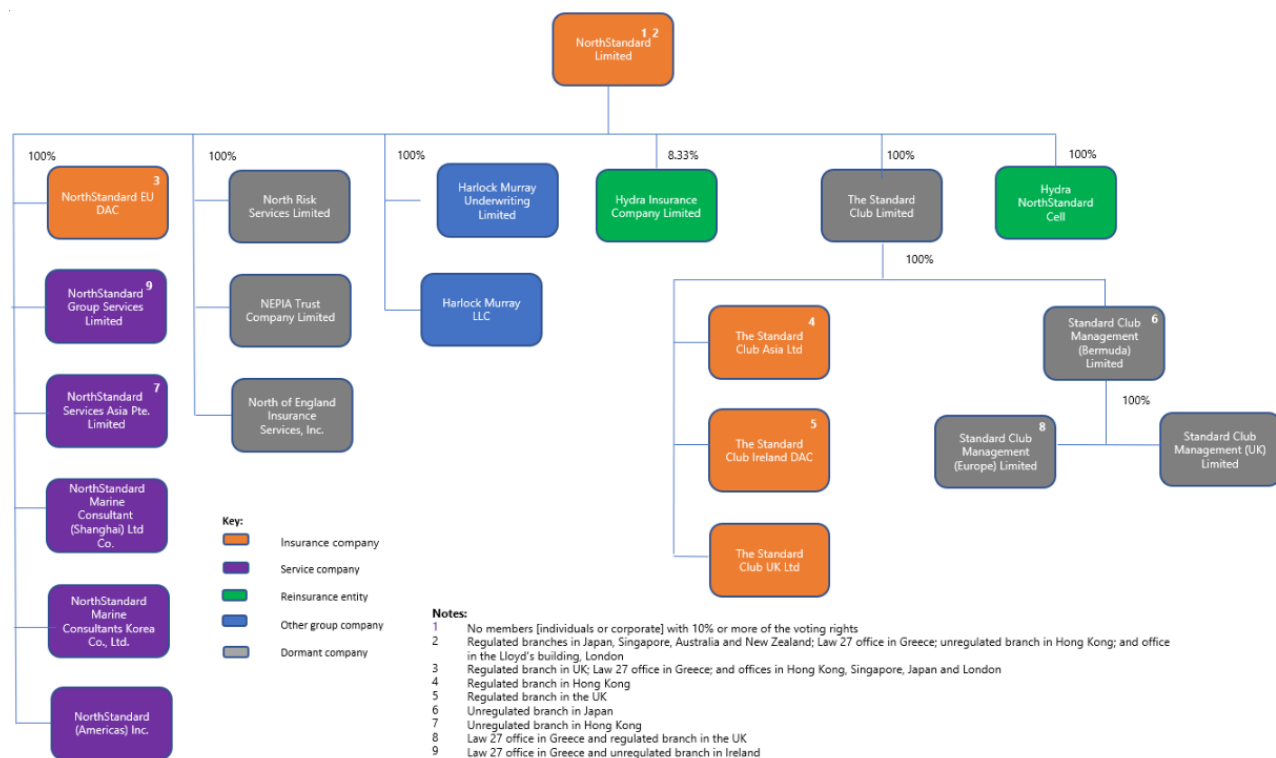
#### Company Information

1. **Name**  
The Standard Club Ireland DAC
2. **Legal form**  
A designated activity company, limited by shares, registered in Ireland No. 631911
3. **Supervisory authority of company**  
The Central Bank of Ireland  
North Wall Quay  
North Dock  
Dublin 1  
D01 F7X3
4. **Supervisory authority of parent (from 20 February 2023)**  
Prudential Regulation Authority  
20 Moorgate  
London EC2R 6DA  
  
Financial Conduct Authority  
12 Endeavour Square  
London E20 1JN
5. **Managers**  
Standard Club Management (Europe) Limited and other related group management companies governed by associated intragroup services agreements.
6. **Auditors**  
BDO  
Block 3, Miesian Plaza  
50-58 Baggot Street Lower  
Dublin  
D02 Y754
7. **Holders of qualifying holdings**  
Following the merger of the North and Standard group the directors regard NorthStandard Limited ("NSUK"), a company limited by guarantee and registered in the United Kingdom (no. 505456), as the ultimate parent undertaking and controlling party by virtue of its 100% control of The Standard Club Ltd, which has a 100% shareholding in Standard Ireland.  
  
Copies of the consolidated financial statements of NSUK can be obtained from the registered office: 100 The Quayside, Newcastle upon Tyne, NE1 3DU, UK, and from the website:  
[NorthStandard | Marine Insurance \(north-standard.com\)](http://NorthStandard | Marine Insurance (north-standard.com))
8. **Principal activities**  
The principal activities of Standard Ireland are the insurance and reinsurance of marine protection and indemnity (P&I) and related risks, war risks, strike and delay and defence risks, on behalf of its members. The company conducts business internationally, mostly in Europe. Standard Ireland provides insurance on a freedom of services basis throughout the European Union and European Economic Area and has a branch in the UK.

## 9. Group Structure

The group structure chart indicating the position of Standard Ireland within the NSUK group is shown below. Prior to the merger the Standard group comprised of The Standard Club Ltd and its subsidiaries shown in the table below, along with the Hydra Insurance Company Limited (Standard Cell) ('Hydra Standard Cell') and Standard Reinsurance (Bermuda) Ltd ('Standard Re').

On merger the Hydra Standard Cell merged with North's equivalent and became the Hydra Insurance Company Limited (NorthStandard Cell), and Standard Re was acquired by North of England Mutual Insurance Association Limited and then merged with that company to become NorthStandard Reinsurance Limited.



## A.2 UNDERWRITING PERFORMANCE

As a mutual insurance company, Standard Ireland does not aim to make underwriting surpluses and instead its goal is break-even underwriting, with investment returns used to strengthen Standard Ireland's capital base.

Standard Ireland achieved a financial year combined ratio of 101% (2023: 101%) after application of the quota share reinsurance with the club's fellow subsidiary, NorthStandard Re, and 108% before quota share (2023: 113%). Standard Ireland's free reserves stood at \$34.2m at the year-end (2023: \$33.7m).

Standard Ireland's underwriting result as set out in Standard Ireland's financial statements is as follows:

|                                                                         | Note | 2024<br>US\$000 | 2023<br>US\$000 |
|-------------------------------------------------------------------------|------|-----------------|-----------------|
| <b>Technical account for non-life insurance business</b>                |      |                 |                 |
| Gross premiums earned, including calls                                  | 5    | 179,021         | 168,228         |
| Outward reinsurance premiums                                            | 6    | (166,503)       | (155,092)       |
| Earned premiums, net of reinsurance                                     |      | 12,518          | 13,136          |
| <b>Expenditure</b>                                                      |      |                 |                 |
| Gross claims paid                                                       | 7    | 96,221          | 121,749         |
| Reinsurers' share                                                       | 8    | (88,094)        | (110,093)       |
| Net claims paid                                                         |      | 8,127           | 11,656          |
| Change in provision for gross claims                                    |      | 75,471          | 113,890         |
| Reinsurers' share                                                       |      | (71,297)        | (111,853)       |
| Change in net provision for claims                                      |      | 4,174           | 2,037           |
| Claims incurred, net of reinsurance                                     |      | 12,301          | 13,693          |
| Net operating expenses                                                  | 9    | 1,422           | 1,373           |
| Total expenditure                                                       |      | 13,723          | 15,066          |
| <b>Balance on the technical account for non-life insurance business</b> |      | <b>(1,205)</b>  | <b>(1,930)</b>  |
| <b>Non-technical account</b>                                            |      |                 |                 |
| Balance on the technical account for non-life insurance business        |      | (1,205)         | (1,930)         |
| Investment return net of expenses and charges                           | 10   | 1,934           | (626)           |
| Profit/(Loss) on foreign exchange                                       |      | (193)           | 469             |
| Profit/(Loss) on ordinary activities before taxation                    |      | 536             | (2,087)         |
| Tax on ordinary activities                                              | 11   | (82)            | 220             |
| <b>Profit/(Loss) for the financial year</b>                             |      | <b>454</b>      | <b>(1,867)</b>  |

Premium income for the year ended 20 February 2024 analysed by country of management is as follows:

|             |     |                |    |
|-------------|-----|----------------|----|
| Italy       | 32% | France         | 4% |
| Greece      | 17% | Turkey         | 2% |
| Netherlands | 12% | Norway         | 2% |
| Denmark     | 8%  | Switzerland    | 2% |
| Monaco      | 6%  | Iceland        | 1% |
| Germany     | 6%  | Rest of Europe | 2% |
| Cyprus      | 5%  | Rest of World  | 1% |

### A.3 INVESTMENT PERFORMANCE

Standard Ireland's policy is to invest predominantly in stable assets. As such, the investment portfolio consists of fixed income assets and cash, as summarised below taken from the Solvency II balance sheet. Section D.1 provides further detail on the difference in valuation between Irish GAAP and Solvency II.

| <b>Investment types</b>              | <b>2024<br/>US\$000</b> | <b>2023<br/>US\$000</b> |
|--------------------------------------|-------------------------|-------------------------|
| Government bonds                     | 38,445                  | 37,148                  |
| Corporate bonds                      | -                       | -                       |
| Collateralised securities            | -                       | -                       |
| <b>Bonds</b>                         | <b>38,445</b>           | <b>37,148</b>           |
| Equities                             | -                       | -                       |
| Collective investments               | -                       | -                       |
| Deposits other than cash equivalents | -                       | -                       |
| Cash and cash equivalents            | 5,704                   | 3,434                   |
| <b>Total investments</b>             | <b>44,149</b>           | <b>40,582</b>           |

Standard Ireland achieved an overall investment gain of \$1.9m (2023: \$626k loss) as analysed below.

|                                              | <b>2024<br/>US\$000</b> | <b>2023<br/>US\$000</b> |
|----------------------------------------------|-------------------------|-------------------------|
| Equities                                     | -                       | -                       |
| Bonds                                        | 694                     | 342                     |
| Cash and cash equivalents                    | 473                     | 119                     |
| Gains arising on realisation of investments  | 297                     | 74                      |
| <b>Total investment income</b>               | <b>1,464</b>            | <b>535</b>              |
| Investment management expenses               | (145)                   | (98)                    |
| Losses on realisation of investments         | (291)                   | (1,576)                 |
| <b>Total investment expenses and charges</b> | <b>(436)</b>            | <b>(1,674)</b>          |
| Movement in unrealised gains on investments  | 797                     | 101                     |
| Movement in unrealised losses on investments | 109                     | 412                     |
| <b>Total unrealised gains</b>                | <b>906</b>              | <b>513</b>              |
| <b>Total investment return</b>               | <b>1,934</b>            | <b>(626)</b>            |

There were no investments in equities or in securitisations as at 20 February 2024.

Investment management expenses of \$145k (2023: \$98k) comprises bank charges and investment manager's fees.

## A.4 PERFORMANCE OF OTHER ACTIVITIES

Standard Ireland has no material income or expenses other than the income and expenses included in section A.2.

## A.5 ANY OTHER INFORMATION

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Climate change will increasingly impact our Members and clients as the markets of global commodity transportation and marine resources change. Claims liabilities may be affected by changes to the physical environment. Underwriting risks, claim types and investment asset values may also be impacted because of environmental changes, and as we transition to a carbon neutral environment and adopt new technologies. Increased environmental awareness and environmentally focussed regulation will also introduce new liabilities and challenge the operations of our Members and clients.

To monitor and address these risks and their financial impact on us, we have adopted a cross-cutting approach to climate change by incorporating climate related risks within our risk management framework. Climate related risks have been incorporated into our risk registers and their potential financial implications are monitored by risk owners across our business which include representatives from our leadership, geographic and specialty sectors, and enabling functions. Risk reporting is undertaken on a quarterly basis and considered by the Risk Committee and Board of Directors, enabling the financial risks of climate change to be continuously monitored and associated mitigating controls to be reassessed. Climate related risks are also considered within our annual own risk and solvency assessment report and stress testing programme to ensure these risks are factored into our overall risk assessments.

We have also introduced an annual dashboard for our Risk Committee, covering our risk owners' views of the potential short, medium and long-term financial risks associated with climate change. We believe this report supports the embedding of climate related risk management within our governance and risk management frameworks and will help to ensure our risk appetites are aligned to our sustainability strategy.

Prior to the merger, both North and Standard entities had established sustainability strategies and targets. Work is ongoing to establish sustainability strategies and targets that are relevant to the combined Group, and in particular there is a need to ensure that we have the correct baseline calculation for our total carbon footprint against which we can measure our progress against those targets. This work has included extensive stakeholder consultation, including the Board, Members, employees and brokers and will result in a Group wide strategy being launched in the year to February 2025.

NorthStandard have committed to 'net zero' carbon emissions by latest 2030. This commitment covers emissions as a result of directly burning fossil fuels in our buildings for air conditioning, lighting, powering our equipment, and the use of company vehicles. It also includes Scope 2 emissions that we cause indirectly by purchasing energy to run our operations, and some Scope 3 emissions, for example business travelling and commuting. Net zero means reducing our carbon footprint as much as possible before offsetting the rest.

### Greenhouse Gas Emissions, Energy Consumption and Energy Efficiency Action

We have taken steps towards reducing our carbon footprint including:

- recycling paper, plastic, aluminium, toners and mobile phones;
- using carbon neutral corporate stationery;
- re-using office equipment rather than buying new where possible;
- reducing catering orders to reduce wastage at meetings.

To reduce our carbon footprint further we look to:

- support reduction in employee outputs with flexible work arrangements and green energy recommendations that focus on travel to work and working from home;

review business travel.

## B. SYSTEM OF GOVERNANCE

### B.1 GENERAL INFORMATION ON SYSTEM OF GOVERNANCE

#### System of Governance

##### 1. Governing body – the board of Standard Ireland

The board of Standard Ireland comprises five directors, of which:

- Two are independent non-executive directors (INED) with experience of the insurance industry within Ireland and the regulatory requirements of the Central Bank of Ireland;
- One is drawn from a leadership position within a shipping business insured by Standard Ireland and is non-executive chair of NSUK;
- The Chair is a non-executive director with insurance industry experience;
- One is a group employee and is the managing director of Standard Ireland.

##### a) Role of the board

The role of the board is to focus on those tasks that are unique to it as the representative of the members and necessary for it to undertake the effective promotion of their interests.

The board is responsible for the overall management of the company. Its responsibilities include:

- to approve Standard Ireland's business strategy;
- to approve any changes to the company's capital structure;
- to set Standard Ireland's risk appetite and approve the company's risk appetite statement;
- to review the effectiveness of the company's risk and control processes and management systems to ensure that the company is managed prudently and in accordance with legal and regulatory requirements;
- to review Standard Ireland's overall governance arrangements;
- to decide such other specific matters which are reserved for the board's decision.

##### 2. Board committees

The board has established an Audit Committee and a Risk Committee, the membership of which is the same as the board. Both the Audit and Risk Committees are chaired by the two INEDs.

##### a) The Audit Committee is delegated duties relating to:

- Financial reporting;
- Internal controls;
- Internal audit ('IA') – monitoring of IA effectiveness; make recommendations on the appointment/removal of the head of IA; consider the mandate of IA, consider the remit and resources of IA; assess the annual audit plan relating to the company; review reports from IA; monitor the managers' responsiveness to findings and recommendations of IA; meet with IA without management (at least annually);
- External audit – make recommendations on the appointment, re-appointment and removal of the external auditor, oversee the relationship with the external auditor (including, inter alia: fees, independence and non-audit work).

##### b) The Risk Committee is delegated duties relating to:

- Providing oversight and advice to the board on the current risk exposures of Standard Ireland and future risk strategy;
- Review the board's overall risk appetite;
- Review of internal controls, compliance and risk management systems – strategies and policies; management mitigants; inputs and results of the company's internal model; the company's ORSA.
- Oversee relationships with regulatory authorities in Ireland and where appropriate other jurisdictions, and review developments and prospective changes in the regulatory environment;
- To monitor the continuing solvency of Standard Ireland by reference to regulatory requirements and ORSA capital.

### **3. Delegation of responsibilities and allocation of functions**

The day-to-day management of Standard Club and its subsidiary companies (including Standard Ireland) was previously delegated to the managers by virtue of a management agreement with Standard Club Management (Bermuda) Ltd and associated intragroup services agreements. Following the merger with North day to day management of the business is undertaken by the NS leadership team with the management agreement ceasing to apply from 1 March 2024. From 1 March 2024 the company has an outsourcing arrangement with NorthStandard Group Services Limited, a fellow subsidiary of NSUK which makes employees available to the company and other companies in the NSUK group as required.

The board has established a board reporting policy under which the managers are required to provide the board with a complete overview of the affairs of Standard Ireland, covering all key areas of its operations in sufficient detail to allow the board to discharge its responsibilities.

### **4. Training**

An annual programme of training is provided to the board and its committees, key function holders and other staff.

### **5. Internal audit and compliance**

Reviews of management functions are carried out to assess performance against KPIs.

### **6. Annual appraisal process / board evaluation**

As part of Standard Ireland's governance processes, and in line with good corporate governance practices, Standard Ireland conducts periodic board and committee evaluations.

## **Material changes in the system of governance that have taken place over the reporting period**

As noted above, the merger has led to changes in the day to day management of Standard Ireland, however the Board and its Committees remain unchanged.

## **Remuneration policy and practices**

**1. Directors' fees** (including committees) – The Group Remuneration Committee's terms of reference include the review and recommendation of changes to directors' fees, including those paid to the directors of Standard Ireland.

**2. Remuneration policy** - The Group's Nomination and Remuneration Committee considers the remuneration policy of the group to ensure that it aligns with the interests of NSUK and its subsidiaries and does not promote excessive risk taking. In doing so, it additionally considers the performance rating of the group chief executive officer in respect of the previous year and the objectives of the CEO and members of the senior management team.

As Standard Ireland does not have employees, there are no supplementary pension or early retirement schemes to disclose.

## **Material transactions during the reporting period**

There were no other material transactions during the reporting period with shareholders, persons who exercise a significant influence on the undertaking, or with members of the administrative, management or supervisory body.

## B.2 FIT AND PROPER REQUIREMENTS

The company has a policy which is owned by the Board of Directors and is reviewed annually. The policy requires that prior to approving the appointment of any candidate as a Controlled Function holder, the Board of Directors must take appropriate steps to ensure that the candidate is fit and proper to perform the relevant role or function. This assessment includes, but is not limited to, confirmation that the candidate:

- has the appropriate personal characteristics;
- possesses the required level of competence, knowledge and experience;
- has the relevant qualifications; and
- has undergone or is undergoing all training required to perform the role or function effectively and in accordance with all relevant requirements.

The policy also sets out that the Board of Directors must review and confirm annually whether the Controlled Function holders meet, and continue to meet, the applicable requirements.

The goals pursued by this policy are to:

- Ensure that the company complies with all applicable laws, regulations and prudential standards (“Requirements”) relating to the fitness and probity of persons who effectively run and/or perform a key or designated function for that undertaking (“Responsible Persons”);
- Clearly describe the procedure for assessing the fitness and probity of Responsible Persons, both when being considered for the specific position and on an on-going basis;
- Clearly describe the situations that give rise to a re-assessment of applicable Requirements;
- Clearly describe the company’s procedure and internal standards for assessing the skills, knowledge, expertise and personal integrity of other relevant personnel not subject to Requirements, both when being considered for the specific position and on an on-going basis.

The Head of Compliance is responsible for monitoring all Requirements on an on-going basis in order to identify any matters which necessitate the Requirements to be reassessed and updates the Company Secretary as appropriate. The Requirements shall be reassessed in the event of the following:

- any change or proposed change to the relevant laws, regulations and prudential standards in any jurisdiction where the company conducts business;
- the company commencing or proposing to conduct business in any jurisdiction where it does not currently do so.

This policy is reviewed on an annual basis by the Company Secretary and upon notification of any change or proposed change noted above.

### Approved Persons

Standard Ireland maintains a Management Responsibilities Map, setting out details of all approved persons. This map includes the regulatory structure of the group and identifies the reporting lines applicable to all approved persons.

## **B.3 RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT**

### **1. Overview of Standard Ireland's risk management system**

#### **Risk management system**

The risk management system is owned and defined by the board. It is designed to ensure that risk strategy is consistent with overall business strategy and operates effectively within its documented risk appetite. The risk management system includes classification of risks in the risk register, assessment of risks in terms of likelihood and impact, and identification of key risk controls and indicators for each risk type. Oversight of the risk framework governance is delegated by the board to the Risk Committee, and formal roles, responsibilities and governance of risk are set out in the scope of individual senior management role descriptions, terms of reference of internal oversight committees and the policies and procedures used within the business.

#### **“Three lines of defence” principle**

The risk management system follows ‘three lines of defence’ principles widely used within the insurance industry. Management of risk is performed by business units on a day-to-day basis, supplemented by oversight and review of controls by the risk management and compliance functions and independent assurance that controls are adequate through testing performed by the internal audit function.

#### **Risk management function**

Standard Ireland's risk management framework is integrated into NSUK Group's risk management function. The risk management function is responsible for co-ordinating risk management activities and maintaining effective risk management awareness across the business. The risk management function holds a quarterly management risk committee with cross function and division representatives across the wider group and is responsible for making recommendations and ensuring that the executive management is kept informed of key risk information and risk issues.

#### **Risk strategy and appetite**

Risk management strategy is subject to a Board risk appetite statement, which sets out the degree of risk considered prudent to accept in the overall long-term interests of the stakeholders of Standard Ireland and NSUK Group.

Risks from climate change have been included in the group's risk appetite across key risk areas. The club uses scenario analysis to inform the risk identification process to further understand the short- and long-term financial risks in its business model. The emerging risk framework monitors physical, transitional and litigation risks from climate change.

#### **Risk governance**

The Standard Ireland Risk Committee and board review the risk appetite and risk policies at least annually in respect of the major business risks, their potential impact, and the systems to manage and mitigate those risks.

Responsibility for day-to-day management of risk is the responsibility of the risk management function. . Standard Ireland monitors its exposures against the risk appetite on an ongoing basis using a system of key risk indicators and tolerances that are reported to the board at each meeting through the risk overview presented by the Chief Risk Officer.

#### **Solvency II SCR**

Standard Ireland uses the Solvency II standard formula to calculate its SCR and does not use an internal model in this calculation.

## **Policies and procedures**

Policies and procedures are in place in respect of the material risks of Standard Ireland which, amongst other matters, set out the roles and responsibilities with respect to the management of risk.

## **Recovery Planning**

A Board approved recovery plan, which includes group and subsidiaries including Standard Ireland, considers the impact of stress events on the solvency of the group and details the recovery options to ensure financial resilience and compliance with regulatory capital requirements.

## **2. Implementation and integration of Standard Ireland's risk management function**

### **Strategy and appetite**

The risk management function provides significant input into the design and implementation of risk appetite of Standard Ireland, which is framed by the strategy of NSUK Group, for example with respect to the key underwriting and investment risks.

### **Risk assessment and control effectiveness reviews**

The risk management function has implemented a rolling programme of reviews to assess business risks and the effectiveness of mitigating controls in place. This programme is designed to cover all areas of risk identified in the risk register at least once a year. These reviews, which are performed in conjunction with each business unit, consider whether controls are designed and operating effectively and ensure that outstanding risk mitigation actions are occurring in a timely manner.

### **Use of capital model**

The risk management system and processes are linked to NSUK's capital model. This capital model (note this is not an approved internal model for regulatory capital purposes) has been developed and is used internally in the business to create the financial projections.. Capital model outputs are a key input into the ORSA process described below, and its uses include assessing levels of risk compared with risk appetite, assessing the adequacy of reinsurance arrangements, and informing pricing and capital management decisions. The NS Group is in the process of developing a new combined Group capital model.

## **3. ORSA process**

The company has in place an ORSA policy. The purpose of this policy is to set out the processes and methodologies for carrying out the ORSA.

The ORSA process brings together the key elements of risk, capital and strategy. The Standard Ireland ORSA report is reviewed by the risk committee and approved by the board on (at least) an annual basis.

The ORSA process combines outputs from business strategy and planning processes with the results of risk profile monitoring, stress and scenario testing and outputs from the capital model on aggregate levels of risk. The ORSA report consolidates the results of these analyses in a single document in order to provide a coherent view of capital adequacy, risk profile, the effectiveness of the risk management system and key risk mitigating actions required to ensure the business remains within risk appetite. In addition, the Head of Actuarial Function provides an opinion on the ORSA process on an annual basis as required by the Domestic Actuarial Regime in Ireland.

## B.4 INTERNAL CONTROL SYSTEM

The company has a robust system of internal controls which is designed to provide reasonable assurance that its financial reporting is reliable, it is compliant with applicable laws and regulations and its operations are effectively controlled. The directors are ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the risk management and internal control systems. In practice, the oversight and management of these systems necessarily involves Board committees, members of senior management and the risk, finance and compliance teams.

Internal controls are documented in the company's policies and procedure manuals, covering all applicable regulatory requirements and core areas of operation. They are also summarised in the risk register, which ensures they are appropriate for use in managing the risks faced by the company to within the documented risk appetite.

The key elements of the company's internal control framework are:

**Corporate governance:** sets out how people and committees are organised and managed to support strategic and operational objectives.

**Planning and budget process:** supports the implementation and monitoring of corporate strategy.

**Risk management:** facilitates the identification, assessment, mitigation and reporting of risk.

**Compliance:** monitors compliance with legal and regulatory requirements, identifies and monitors the control of legal and regulatory risks.

**Control policies and processes:** govern the management and oversight of key risks.

**Information and communication:** used to assess whether the components of control are present and functioning, identifies control deficiencies to those responsible for taking corrective action.

**Assurance:** reporting on the effectiveness of internal controls.

### **Risk and Compliance Functions**

The Chief Risk Officer and Head of Compliance lead the Risk and Compliance functions and formally reports to the RC at least three times each year. The Chief Risk Officer and Head of Compliance have direct and independent line of contact to the RC and the Board of Directors at any time.

## **B.5 INTERNAL AUDIT FUNCTION**

### **1. Implementation of the internal audit function**

#### **a) Audit planning**

Internal audit ('IA') where appropriate prepares, in consultation with risk management, compliance senior management and other key users, a rolling three year audit plan ('the plan'), setting out the proposed timing and rationale for IA assignments. The plan is based on a risk assessment identifying business objectives, all significant activities and key risks to the achievement of those objectives. The plan is reviewed by the Audit Committee ('AC') of Standard Ireland and recommended to the board for approval. The AC satisfies itself that the plan addresses all key business risks.

Any significant changes to the plan are discussed with the chair of the AC and recommended to the board for approval.

#### **b) Audit execution**

IA is responsible for planning, conducting, reporting and follow up on audit assignments included in the plan.

Audit fieldwork is conducted in a professional and timely manner.

#### **c) Reporting**

IA is responsible for reporting to management and, ultimately, the AC issues relating to the processes and activities identified in an audit assignment, including potential improvements to those processes.

#### **d) Interaction with other control and assurance activities**

IA liaises on an ongoing basis with the CRO and other parties as appropriate to ensure optimal audit coverage and avoid unnecessary duplication of effort.

#### **e) Resources**

The head of IA maintains sufficient appropriately skilled audit personnel to implement the audit programme, either internally within the audit team or externally through the use of specialist resources.

#### **f) Authority and access**

IA's responsibilities (so far as Standard Ireland is concerned) are defined by the AC, a subcommittee of Standard Ireland's board of directors.

With strict accountability for confidentiality and safeguarding records and information, IA is granted full, free, and unrestricted access to any and all records, information, physical properties and personnel pertinent to carrying out any engagement (including where such information is held by third parties).

### **2. Independence and objectivity of the internal audit function**

#### **Objectivity and independence**

IA is independent of the activities that it audits, and its staff are objective in performing their work. IA, while consultative in approach, is free from interference in determining the scope of internal auditing, performing work and communicating results. In summary, IA is impartial, unbiased and avoids conflicts of interest.

To ensure independence, IA is directly accountable to the chair of the AC, with free and unrestricted access to the chair of the Standard Ireland board. The IA function is an outsourced function and operationally managed by Charles Taylor.

The AC approves the audit terms of reference and audit plan and material changes to them.

The AC reviews the scope and nature of the work performed by IA to confirm its independence and objectivity. At least annually, IA confirms its organisational independence.

## B.6 ACTUARIAL FUNCTION

The Head of Actuarial Function has responsibility for the actuarial function, the key responsibilities of which are to:

- a) contribute to the effective implementation and embedding of the risk management system, in particular by designing, implementing, updating, testing, running and reporting on the internal model;
- b) calculate and validate the technical provisions;
- c) assist with the underwriting process by devising and maintaining pricing tools;
- d) express an opinion on the overall underwriting policy;
- e) use the internal model to compare proposed reinsurance arrangements;
- f) express an opinion on the adequacy of current reinsurance arrangements;
- g) express an opinion on the ORSA process;
- h) review the risk management function's assessment of the appropriateness of the standard formula;
- i) report to the senior management and the board on the reliability and adequacy of actuarial calculations; and
- j) liaise with the external auditors to assist with their annual independent assessment of the technical provisions; and
- k) provide an opinion to regulators on the adequacy of the respective group regulated entities technical provisions.

The Head of Actuarial Function reports to the board or its committees on the matters noted above.

## B.7 OUTSOURCING

The day-to-day management of Standard Club and its subsidiary companies (including Standard Ireland) was previously delegated to the managers by virtue of a management agreement with Standard Club Management (Bermuda) Ltd and associated intragroup services agreements. Following the merger with North day to day management of the business is undertaken by the NSUK leadership team with the management agreement ceasing to apply from 1 March 2024.

The company has chosen to outsource some of its operational functions and activities in order to take advantage of economies of scale and external expertise. The activities primarily affected by this arrangement are the Actuarial and Investment Management, Internal Audit and Technology Services. From 1 March 2024 the company also has an outsourcing arrangement with NorthStandard Group Services Limited, a fellow subsidiary of NSUK which makes employees available to the company and other companies in the NSUK group as required.

The company has adopted an Outsourcing Policy which establishes a prudent risk management framework in relation to the management of outsourced arrangements and ensures compliance with relevant regulatory requirements. The Policy covers the entire outsourcing lifecycle, from identifying the need for outsourcing through relationship management and oversight, including performance measurement and reporting, and provides processes to effectively manage the risks associated with outsourcing relationships.

## B.8 ANY OTHER INFORMATION

There are no other matters to note in relation to systems of governance not included in the above sections.

## C. RISK PROFILE

### Overview

The company operates a low-risk business model that is supported by a robust risk management framework which ensures risks are well understood and controlled. Policies and procedures are in place to ensure risks are managed within the Board's risk appetite.

A breakdown of the valuation of risks within the SCR is included within section E2.

### Risk Profile Drivers and Measures

An overview of the principal risks associated with the company's business including an outline of how each is managed follows. Risks are recorded in the risk register and are allocated to risk categories which are aligned to the Board's risk appetite statements. For internal risk valuation purposes, risks are valued across a range of probabilities by combining both actuarial and practical techniques. Our risk profile is calculated by our stochastic capital model, providing a consistent presentation of the possible deviation from business plan expectation for all risks. Meetings with risk owners take place to discuss the valuation of their risks.

For premium risk, we calculate model parameters based on our own claims history to set claims value and volatility expectations. Resulting parameters are incorporated into our stochastic capital model alongside our current reinsurance programme to calculate the range of future net claims (after reinsurance).

The modelling of reserving risk is based on our own claims history and takes into account our reinsurance programme.

Market risk for investment assets is provided by our investment advisors through an economic scenario generator (ESG). This information feeds directly into our stochastic capital model.

Some risks, for example most operational risks, facing the company are not quantifiable using statistical or mathematical techniques. These risks are considered individually to assess their possible risk valuations across a range of likelihoods.

At each selected probability point (e.g. a likelihood of one in twenty years), the relevant individual risks within each risk category (underwriting, market and operational) are correlated to provide values against the risk appetite statements. These figures are further correlated between risk categories to provide an overall value to compare to the risk limit shown in the statement of Board risk appetite.

### Stress and Scenario Testing

The stress and scenario framework is an important part of the Company's risk management framework and is applied to a range of business processes to assist management and the Board in understanding the potential vulnerabilities within the business model and business plans. This approach is overseen by the RC and is designed to provide qualitative and quantitative information on the implications arising from specific adverse scenarios, including any mitigating actions available.

There are three main elements to the stress and scenario framework:

**Sensitivity testing** involves looking at the impact on the company's business model of changing a single business plan assumption.

**Stress and scenario testing** involves changing a number of business plan assumptions at once to reflect a stressed but plausible economic or business scenario.

**Reverse stress testing** involves consideration of scenarios which could render the company's current business model unviable.

## C.1 UNDERWRITING RISK

The company issues contracts that transfer insurance risk. The principal risk the company faces under insurance contracts is that actual claims payments or the timing thereof, differ from expectations. This risk is influenced by pricing, the frequency of claims, severity of claims and the subsequent development of long-tail claims or latent claims.

In addition, the company faces the risk of a catastrophic loss event, where the likelihood of the claim occurring is classified as extremely remote. This equates to a claim with a 1 in 200 year chance of occurring.

Standard Ireland's strategy is to seek a diverse and balanced portfolio of risks in order to limit the variability in outcomes. In particular business is spread across vessel types and sizes. Underwriters calculate premiums for each risk written on a range of criteria, including (but not limited to) financial exposure, loss record, risk characteristics, limits and deductibles. The company also recognises that insurance events are random by nature and that the actual number and size of events may vary from those estimated using established statistical techniques.

The objective of the company is to ensure that risks are mitigated to a level within the statement of risk appetite approved by the Board. In order to achieve this, the controls operated by the company include:

- Comprehensive reinsurance programme covering both vertical risk (one claim of a very high individual value) and horizontal risk (where many claims accumulate to a high value);
- Experienced underwriters operating to detailed procedural guidance, established authority limits and appropriate management review;
- Regular review of claims reserves, both for individual claims and in the aggregate;
- Monitoring of the claims environment to ensure that changes which could influence the future valuation of claims are recorded and accounted for; and
- Setting of overall technical provisions at a prudent percentile of confidence in accordance with the reserving policy approved by the Audit Committee and the Board.

Each of these mitigation techniques is monitored regularly to ensure that there have been no changes within the book of business or the insurance market which would render them ineffective or significantly less effective. In addition, regular monitoring of compliance with internal controls takes place to ensure their continuous effectiveness.

There are no material underwriting risk concentrations for Standard Ireland.

## C.2 MARKET RISK

Market risk is the risk that the value of the company's assets, liabilities or income from its assets may fluctuate due to market movements. Sources of general market risk include movements in interest rates (interest rate risk), exchange rates (currency risk) and asset prices (price risk) – all are further detailed below. It is important to note that none of these sources of risk is independent of the others.

The guiding principle for the company's investment risk management including market risk, credit risk and liquidity risk, is the Prudent Person Principle. (as articulated in the EU's Solvency II EU Directive) In particular:

- Investment risks have been confirmed as 'ancillary' to those associated with the writing of insurance business, and defined as such within the Board's risk appetite;
- Some investment activities, such as day to day investment management, are outsourced to expert managers and advisers, although the Risk Committee remains responsible for the investment risk undertaken by the company;
- Investment parameters specify detailed quantitative restrictions for all mandates; and
- The use of derivatives is strictly controlled and monitored.

Market risk is managed by adjusting the allocation to asset classes to reflect the investment risk appetite approved by the directors. The concentration of investments into any one asset is also restricted.

Monitoring of the risk position compared to risk appetite takes place regularly using information from investment managers and custodians, specific value at risk models and economic scenario generators. Risk concentrations are captured using the 'look through' facilities within these models.

### **Currency Risk**

Currency risk is the risk that the fair value of future cash flows of assets and liabilities will fluctuate because of changes in foreign exchange rates. The Company operates internationally and its exposures to foreign exchange risk arise primarily with respect to the Euro but also UK Sterling and other global currencies. The asset allocation policy applied to the investment portfolio contains provisions for matching of assets and liabilities by currency to mitigate exposure to currency risk.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises primarily from the nature and term of investments held and is managed through the buying and selling of appropriate fixed interest securities of different durations.

### **Price Risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The company manages its exposure to price risk by setting constraints on its investments and by limiting its investments in each country, sector and market. Market valuations are obtained on a regular basis.

## **C.3 CREDIT RISK**

Credit risk is the risk that a counterparty will cause a financial loss for the company by failing to discharge an obligation. This risk arises principally on the company's financial assets, including investments, reinsurance recoveries and premium receivables.

Investment related credit risk is managed through the board-approved investment guidelines issued to the investment managers. The guidelines impose strict diversification limits by credit rating, maturity and per issuer.

Non-investment related credit risk is managed through monitoring of overdue receivables from policyholders on a regular basis, and by the requirement for all reinsurers providing security on the company's reinsurance programme to comply with a minimum rating requirement.

## **C.4 LIQUIDITY RISK**

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Liquidity risk is managed in accordance with the Company's Liquidity Policy by maintaining adequate reserves and banking facilities and ensuring that the spread of investments across short, medium and long term funds will enable any short term funding requirements to be met.

Liquidity is continuously monitored by review of actual and forecast cash flows and the company has negligible liquidity risk in normal business circumstances. Premiums will be received well in advance of liabilities and most assets are traded in extremely liquid markets so that funds are available from the sale of these without material discount in all but the most extreme cases.

The liquidity position is monitored under stressed scenarios which include major claim events and reductions in market liquidity.

## **C.5 OPERATIONAL RISK**

The company is exposed to operational risk, 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 risk of business disruption, of compliance or regulatory breaches, or of poor service delivery, any of which could result in damage to the company's reputation and reduce its ability to meet its stated objectives.

Primary responsibility for the development and implementation of controls to address operational risks rests with senior management. The main operational risks identified relate to compliance with legal and regulatory requirements and those related to business continuity and provision of IT services, including information security. These risks are separately identified within the risk register. There is no specific concentration of risk in this category.

Operational risk controls are many and varied given the wide range of possible causes, including controls in the following areas:

- Regular review of service delivery standards and prompt investigation of potential shortfalls in service delivery;
- Dedicated risk and compliance department with access to appropriate professional advice;
- Business continuity planning and regular testing of recovery plans;
- Information security assessments including cyber risks, detailed gap analysis, and roll out of updated procedures and policies;
- Dedicated human resources department ensuring appropriate monitoring of recruitment and performance of staff members of NorthStandard Group Services, through which employees are provided to Standard Ireland; and
- Monitoring of monthly financial results and comparison of results to budget and forecast.

## **C.6 OTHER MATERIAL RISKS**

There are no other material risks to note in relation to the risk profile not included in the above sections.

## **C.7 ANY OTHER INFORMATION**

There are no other matters to note in relation to the risk profile not included in the above sections.

## D. VALUATION FOR SOLVENCY PURPOSES

### D.1 ASSETS

#### 1. Valuation and difference between Irish GAAP and Solvency II

Standard Ireland held the following assets:

|                                          | 2024                            | 2024                             |
|------------------------------------------|---------------------------------|----------------------------------|
|                                          | Irish GAAP<br>value<br>US\$'000 | Solvency II<br>value<br>US\$'000 |
| <b>Assets as at 20 February 2024</b>     |                                 |                                  |
| <b>Assets</b>                            | <b>C0020</b>                    | <b>C0010</b>                     |
| Investments                              | 38,242                          | 38,445                           |
| Reinsurance recoverables                 | 347,493                         | 317,637                          |
| Insurance and intermediaries receivables | 43,263                          | 11,160                           |
| Receivables (trade, not insurance)       | 6,279                           | 6,279                            |
| Cash and cash equivalents                | 5,704                           | 5,704                            |
| Any other assets                         | 3,467                           | 849                              |
| <b>Total assets</b>                      | <b>444,448</b>                  | <b>380,074</b>                   |

Standard Ireland's valuation and recognition of assets under Solvency II is based on the statutory financial statements prepared under Irish GAAP. Some assets are reclassified and valued differently under Solvency II and are described below.

- Investments - valued at market price at period end provided by the investment custodian, Northern Trust. Bloomberg is used to ascertain that investments are traded in active markets, with no over the counter assets requiring modelling. Some deposits disclosed as cash under Irish GAAP have been reclassified to investments under Solvency II determined by the deposits' Complementary Identification Code ("CIC"). Accrued interest has been reallocated to investments from any other assets as required under Solvency II.
- Reinsurance recoverables - reinsurers' share of technical provision is valued on a cash flow basis under Solvency II. This balance includes provisions for reinsurance premiums payable on bound but unaccepted business, as well expected reinsurance recoveries on that business. See section D.2 Technical Provision.
- Insurance and intermediaries' receivables - premium receivable from members, recognised as insurance receivables under Irish GAAP, forms part of the best estimate technical provisions under Solvency II. See section D.2 Technical Provisions.
- Any other assets – accrued premium income is reclassified to technical provision under Solvency II. See section D.2 Technical Provision.

During the reporting period, no changes were made to the recognition and valuation bases used or to estimations.

## D.2 TECHNICAL PROVISIONS

### 1. Valuation

The methodology for estimating the reserves required at year-end for claims yet to emerge and be paid is:

- Risks are combined into broad groupings that can be expected to develop in a similar fashion to each other but in a different way to other risks;
- The five groupings used for this purpose are Own P&I (including owned/mutual (capped at retention), non-pool and chartered), Pool, Defence, Coastal & Inland and Strike & Delay;
- Development patterns are derived from historical data and applied to the current reported and paid claims. Other loss estimates are calculated using historical data regarding frequency and severity of claims, combined with exposure information. Weighted averages of these estimates are calculated using the Bornhuetter–Ferguson method. Finally, estimates are selected from the preceding methods and adjusted for claims outcomes not reflected in the calculated estimates.

Information on booked and expected premiums is used to determine the allowance for future premiums. Historical information on expenses is used to determine the charge for expenses in the claims and premiums provisions.

### 2. Valuations in Solvency II and the Irish GAAP Financial Statements

| Irish GAAP                   | Total<br>2024<br>US\$'000 | Total<br>2023<br>US\$'000 | Solvency II                | Total<br>2024<br>US\$'000 | Total<br>2023<br>US\$'000 |
|------------------------------|---------------------------|---------------------------|----------------------------|---------------------------|---------------------------|
| Technical provisions - gross | 368,831                   | 293,181                   | Best estimate - gross      | 301,978                   | 226,257                   |
| Technical provisions - net   | 21,338                    | 17,147                    | Best estimate - net        | (15,659)                  | (18,010)                  |
|                              |                           |                           | Risk margin                | 4,968                     | 4,431                     |
|                              |                           |                           | Technical provisions - net | (10,691)                  | (13,579)                  |

The calculation of the technical provisions starts with the GAAP reserves and proceeds in a number of stages. The Solvency II net best estimate is a negative number due to the reclassification of reinsurance receivables explained in further detail below:

- *Reclassification of insurance receivables - \$(32.1m)*. Premium debt that is due after the balance sheet date (being the third instalment of poolable premium that is due 9 months after the year-end) is included as a debtor balance in the GAAP balance sheet but forms part of the claims provision on the Solvency II balance sheet.
- *Reclassification of accrued premiums - \$(2.4m)*. Premium debt that is due before the balance sheet date but not yet received represent future cashflows that form part of the claims provision on the Solvency II balance sheet.
- *Any prudence in the GAAP reserves is removed to arrive at a 'best estimate' - \$(1.3m)*. At the year-end, any potential case reserve redundancy not taken credit for in the GAAP reserves is removed.

- *An explicit additional allowance is made for events not in data (ENIDs): large events that have not happened in the past (so are not in the basic reserves) but might happen in the future - \$0.3m.* An ENID loading of 1.7% is used for past claims, calculated using a statistical approach to allow for events not found in the historical data. Given 23 years of history, there is a 1-in-24 chance that the 24<sup>th</sup> year will be the highest of all 24 years, i.e. higher than the previous 23. This probability, together with parameters of the reserve distribution predicted by the historical claims, was used to look up published tables. An ENID loading of 3.0% is used for premium provisions, calculated using a scenario-based approach.
- *An allowance is made for the expenses, both external and internal, of settling the claims - \$2.0m.* A claims handling expense (CHE) allowance is already included in the GAAP reserves, however the methodology for calculating this allowance differs under Solvency II, because it allows for activities of administration, training, management etc. in addition to pure claims settlement activity.
- *An allowance is made for reinsurance bad debt – \$0.1m.* The managers use the credit ratings of Standard Ireland's reinsurers and default rates published by S&P to estimate the cost of reinsurer defaults over the future lifetime of the claims.
- *Time value of money – \$(0.8m).* Under Solvency II discounting is applied to all cashflows for all classes of business.
- *'Premiums provisions' are added, on the same basis, for premiums, claims and expenses in respect of future exposures that Standard Ireland has already agreed to underwrite – \$(1.9m).* As that business is expected to return a small profit (the management costs of writing that business having already been incurred in the year to February 2024), the premium provision is a net asset. Discounting is applied using the risk-free curves provided by EIOPA.
- *Risk margin – \$5.0m.* A risk margin is included to allow for the cost of funding the solvency capital required to support the business until all provisions are fully run off, as follows:

The Solvency Capital Requirement (SCR) for premium risk is calculated as at the valuation date and is assumed to decrease in future years in proportion to the premiums still outstanding. The SCR charge for reserve risk is calculated as at the valuation date and is assumed to decrease in future years in proportion to the square root of the claims still outstanding. The SCR for counterparty default risk is calculated as at the valuation date and is assumed to decrease in future years in proportion to the claims still outstanding. The SCR for operational risk is assumed to be 3% of the reserves outstanding at all dates. The risk margin is calculated as the cost of funding the SCR over the remaining lifetime of the provision liabilities assuming a cost of capital of 6% per annum.

### 3. Reinsurance recoverable

The main elements of the reinsurance recoverable balance are in respect of (a) recoveries on pooled business from the International Group (IG) pooling arrangement, which includes recoveries from pool members and from external excess-of-loss reinsurers; (b) recoveries on non-pooled business from external excess-of-loss reinsurers; and (c) recoveries on the net retained business from a 90% quota share reinsurance arrangement with NorthStandard Re.

### 4. Level of uncertainty

Uncertainty may give rise to a variance around the best estimates indicated within the technical provisions. Uncertainty arises from firstly, the potential of inaccuracy of the point estimate, and secondly the possibility of unexpected adverse experience. The ENID loading applied to both claims and premium provision aims to allow for some of these uncertainties. The likelihood & sizes of uncertainty are based on a combination of internal capital model output and expert judgement. Key areas of uncertainty around technical provisions are as follows:

- *Claims provision* – uncertainties include large claims developing adversely; increase due for example to legislation changes or changes in jurisdictions where claims can be made; changes in development pattern not yet observed in experience; mix of claim sizes escapes reinsurance recovery to an extent greater than expected; debtor default greater than foreseen; and rates of inflation.
- *Premium provision* – uncertainties include claims numbers or sizes higher than expected, due to for example emerging risks, change in mix of business, legislation changes; inflation impacting claims costs greater than expected; and large losses greater in number than expected.

- *Yield curve* – applying to all elements of the technical provisions is the risk-free yield curve, which may be subject to a shock change.
- *Risk margin* – uncertainty of the risk margin is driven largely by the SCR results, which in turn are driven by business volume, claims reserves, mix of reinsurers for credit default risk and mix of assets for market risk. As the calculation is based on 6% of future SCRs, any one change would not have large impact on the risk margin.

The most recent analysis of the historical variability of claims notification and settlement suggests there is a 1-in-5 chance of the reserves deteriorating by approximately 5.4% over a 12-month period. Conversely, there is also a 1-in-5 chance of the reserves improving by approximately 7.3% over the same period. Due to the comprehensive reinsurance arrangements in place for Standard Ireland, the net impact of a 7.3% deterioration in the current level of net outstanding claims (\$11.4m) would be \$0.62m

Standard Ireland aims to achieve break-even underwriting (with a target 5-year average combined ratio of 100%). Due to the 90% quota share reinsurance with NS Re any variability around this target at a net level is mitigated. While a 110% gross combined ratio would give an underwriting loss of \$10.7m, on a net basis this would be \$1.1m, limiting the variability around the premium provision assumptions.

## **5. Adjustments not made**

The matching and volatility adjustments referred to in Article 77b of Directive 2009/138/EC, the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC and the transitional deduction referred to in Article 308d of Directive 2009/138/EC are relevant for life insurance companies with long-term liabilities, so have not been applied.

There were no data deficiencies for which an adjustment was necessary.

## **6. Simplifications**

There are no significant simplifications in calculation of the Technical Provisions other than those used in the calculation of the risk margin as described in 2 above.

## D.3 OTHER LIABILITIES

### 1. Valuation and difference between Irish GAAP and Solvency II

Standard Ireland held the following other liabilities:

|                                          | 2024                            | 2024                             |
|------------------------------------------|---------------------------------|----------------------------------|
| Other liabilities as at 20 February 2024 | Irish GAAP<br>value<br>US\$'000 | Solvency II<br>value<br>US\$'000 |
| Insurance & intermediaries payables      | 19,391                          | 19,391                           |
| Reinsurance payables                     | -                               | 12,627                           |
| Payables (trade, not insurance)          | 22,038                          | 9,411                            |
| Any other liabilities                    | -                               | -                                |
| <b>Total other liabilities</b>           | <b>41,429</b>                   | <b>41,429</b>                    |

Standard Ireland's valuation of other liabilities under Solvency II is based on the statutory financial statements prepared under Irish GAAP. Liabilities that are classified differently under Solvency II are described below.

- Reinsurance payables - in the Solvency II balance sheet, the amount relates to the intercompany quota share payable balance with NorthStandard Re.
- Payables (trade, not insurance) - in the Irish GAAP balance sheet, the amount consists of the combined non-insurance balance and quota share payable balance with NorthStandard Re. In the Solvency II balance sheet, these two amounts are disclosed separately.

During the reporting period, no changes were made to the recognition and valuation bases used or to estimations.

## D.4 ALTERNATIVE METHODS FOR VALUATION

Standard Ireland does not use any alternative methods of valuation.

## D.5 ANY OTHER INFORMATION

Standard Ireland has not identified any other information that it considers material to be disclosed.

## E. CAPITAL MANAGEMENT

### E.1 OWN FUNDS

Standard Ireland's own funds are set out below.

| <b>Own funds - Basic</b>                                                      | <b>Tier</b> | <b>2024<br/>US\$'000</b> | <b>2023<br/>US\$'000</b> |
|-------------------------------------------------------------------------------|-------------|--------------------------|--------------------------|
| Ordinary share capital                                                        | 1           | 724                      | 724                      |
| Reconciliation reserve                                                        | 1           | 976                      | (289)                    |
| Other own fund items approved by the supervisory authority as basic own funds | 1           | 30,000                   | 30,000                   |
| <b>Total own funds - Basic</b>                                                |             | <b>31,700</b>            | <b>30,435</b>            |

| <b>Own funds - Ancillary</b>                                                                       | <b>Tier</b> | <b>2024<br/>US\$'000</b> | <b>2023<br/>US\$'000</b> |
|----------------------------------------------------------------------------------------------------|-------------|--------------------------|--------------------------|
| Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC | 2           | 13,904                   | 13,296                   |

|                                  |               |               |
|----------------------------------|---------------|---------------|
| <b>Total available own funds</b> | <b>45,604</b> | <b>43,731</b> |
|----------------------------------|---------------|---------------|

Standard Ireland's basic own funds are equal to the excess of assets over liabilities of its Solvency II balance sheet (\$31.7m). The excess of assets over liabilities is split between ordinary share capital (tier one capital \$0.7m), reconciliation reserve tier one capital, \$1.0m surplus and capital contribution from the parent company (tier one capital, \$30.0m).

Standard Ireland's tier two ancillary own funds are \$13.9m, recognising the ability to make unbudgeted supplementary calls (capped at 50% of the SCR).

The differences between net assets as calculated under Irish GAAP and those calculated under a Solvency II basis are set out below. Further detail is included in section D2.

| <b>Reconciliation of net assets - Irish GAAP to Solvency II</b> | <b>2024<br/>US\$'000</b> | <b>2023<br/>US\$'000</b> |
|-----------------------------------------------------------------|--------------------------|--------------------------|
| Irish GAAP net assets                                           | 34,189                   | 33,735                   |
| Claims provision adjustment                                     | 590                      | (351)                    |
| Premium provision adjustment                                    | 1,889                    | 1,482                    |
| Risk margin                                                     | (4,968)                  | (4,431)                  |
| <b>Solvency II net assets and basic own funds</b>               | <b>31,700</b>            | <b>30,435</b>            |

The club and board tolerance for risk is limited by the desire to minimise the chance of making unbudgeted calls on the membership, and so the aim is to maintain sufficient capital such that the chance of a supplementary call or other similar material mitigating action is less than 10% over the financial year. Own funds (at both group and Ireland level) are in excess of regulatory capital requirements.

In addition, one of the goals is to provide first class financial security for its membership, including maintaining a 'AAA' capital strength rating with Standard & Poor's, and so any decisions around premium returns or underwriting rate rises are made in the context of ensuring Irish GAAP net assets remain above this 'AAA' capital level.

Another goal (which supports maintaining capital strength) is to aim for breakeven underwriting, so ensuring the maintenance of the level of own funds.

### **Volatility of own funds**

As set out in section C, the comprehensive reinsurance available to Standard Ireland limits any volatility around the underwriting result, while the conservative investment portfolio limits volatility in the investment result. While there is some volatility around currency risk, even at a 1 in 200 level currency flex per the standard formula, \$1.1m represents approximately 4% of the basic own funds.

### **Management of own funds**

Standard Ireland renews the majority of its business on 20 February. As a result, it can respond to adverse underwriting results by raising insurance rates at renewal (or keeping rates constant or reduce them in the event of underwriting profits occurring). If Standard Ireland has surplus assets, it can return premium to shipowner members. While a sustained period of erosion of own funds through underwriting or investment losses is unlikely, Standard Ireland is also able call on the parent company to contribute additional capital or make a supplemental call on its members.

## E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

### 1. SCR by risk module

| Solvency Capital Requirement (SCR) | 2024<br>US\$'000 | 2023<br>US\$'000 |
|------------------------------------|------------------|------------------|
| Market risk                        | 2,561            | 1,562            |
| Counter party default risk         | 14,203           | 13,073           |
| Non-life underwriting risk         | 9,319            | 9,890            |
| <b>Undiversified BSCR</b>          | <b>26,083</b>    | 24,525           |
| Diversification                    | (4,691)          | (4,070)          |
| <b>Basic SCR</b>                   | <b>21,392</b>    | 20,455           |
| Operational risk                   | 6,418            | 6,136            |
| <b>Final SCR</b>                   | <b>27,810</b>    | 26,591           |

|                                          |              |       |
|------------------------------------------|--------------|-------|
| <b>Minimum Capital Requirement (MCR)</b> | <b>6,952</b> | 6,648 |
|------------------------------------------|--------------|-------|

The Solvency Capital Requirement (SCR) for Standard Ireland is \$27.8m (2023: \$26.6m) and was calculated using the standard formula. Standard Ireland has not adopted simplified calculations for any risk modules and sub-modules.

Standard Ireland has not used simplified calculations, nor has it used undertaking-specific parameters to calculate the SCR pursuant to Article 104(7) of the Solvency II Directive. The SCR remains subject to formal supervisory assessment and includes no adjustments or capital add-on.

With the year-ended 20 February 2023 being the start of underwriting for Standard Ireland, this year's increase in SCR was anticipated as the balance sheet is growing.

Reserve risk is expected to (and has been seen to) increase as the levels of outstanding claims (and IBNR) increase in the early years of Standard Ireland's operation. As the levels of outstanding claims increases so too will the level of reinsurance recoveries, and so counterparty default risk will increase.

Market risk will fluctuate based on the composition of the investment portfolio, changes in interest rates and currency mix in the balance sheet. The reduction in average duration of the investment assets this year has reduced interest risk and overall market risk.

Operational risk as calculated using the standard formula is driven by the level of earned premium and gross technical provisions, so has increased now that underwriting has started.

### 2. MCR

The Minimum Capital Requirement (MCR) for Standard Ireland is \$7.0m (2023: \$6.6m), and is calculated as 25% of the SCR.

### E.3 USE OF THE DURATION BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

Standard Ireland has not used the duration-based equity risk sub-module in the calculation of the SCR.

### E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

Standard Ireland does not use any internal model in the calculation of the Solvency II SCR.

### E.5 NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

Standard Ireland has not faced any form of non-compliance with the Minimum Capital Requirement or the Solvency Capital Requirement and has maintained capital sufficient to meet both requirements during the reporting period and at the date of this report.

### E.6 ASSESSMENT OF FUTURE CAPITAL REQUIREMENTS AND SURPLUS CAPITAL

With the SCR at 20 February 2024 being \$27.8m (2023: \$26.6m), and the total eligible own funds being \$45.6m (2023: \$43.7m), the level of surplus capital stands at \$17.8m (2023: \$17.1m).

A forecast of future SCRs, own funds and levels of surplus capital based on the two-year business plan are set out below:

|                                                     | Current         | Forecast (unaudited) |                 |
|-----------------------------------------------------|-----------------|----------------------|-----------------|
|                                                     | 2024<br>US\$000 | 2025<br>US\$000      | 2026<br>US\$000 |
| <b>Solvency Capital Requirement (SCR)</b>           | <b>27,810</b>   | 14,800               | 7,300           |
| <b>Minimum Capital Requirement (MCR)</b>            | <b>6,952</b>    | 6,112                | 4,250           |
| <b>Tier 1 basic own funds</b>                       | <b>31,700</b>   | 35,000               | 36,300          |
| <b>Tier 2 ancillary funds (supplementary calls)</b> | <b>13,904</b>   | -                    | -               |
| <b>Total eligible own funds</b>                     | <b>45,604</b>   | 35,000               | 36,300          |
| <b>Surplus of total own funds over the SCR</b>      | <b>17,794</b>   | 20,200               | 29,000          |

This forecast assumes Standard Ireland will continue to write business in parallel with the NSUK group's other Irish insurer, NorthStandard EU. If Standard Ireland's business at some point in the future renews into NSEU, the SCR will reduce considerably (and the level of surplus will increase accordingly).

## S.02.01.02

## Balance sheet

|               |                                                                                        | Solvency II<br>value |
|---------------|----------------------------------------------------------------------------------------|----------------------|
|               |                                                                                        | C0010                |
| <b>Assets</b> |                                                                                        |                      |
| 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)        | 38,445               |
| R0080         | <i>Property (other than for own use)</i>                                               | 0                    |
| R0090         | <i>Holdings in related undertakings, including participations</i>                      | 0                    |
| R0100         | <i>Equities</i>                                                                        | 0                    |
| R0110         | <i>Equities - listed</i>                                                               | 0                    |
| R0120         | <i>Equities - unlisted</i>                                                             | 0                    |
| R0130         | <i>Bonds</i>                                                                           | 38,445               |
| R0140         | <i>Government Bonds</i>                                                                | 38,445               |
| R0150         | <i>Corporate Bonds</i>                                                                 | 0                    |
| R0160         | <i>Structured notes</i>                                                                | 0                    |
| R0170         | <i>Collateralised securities</i>                                                       | 0                    |
| R0180         | <i>Collective Investments Undertakings</i>                                             | 0                    |
| R0190         | <i>Derivatives</i>                                                                     | 0                    |
| R0200         | <i>Deposits other than cash equivalents</i>                                            | 0                    |
| R0210         | <i>Other investments</i>                                                               | 0                    |
| R0220         | Assets held for index-linked and unit-linked contracts                                 | 0                    |
| R0230         | Loans and mortgages                                                                    | 0                    |
| R0240         | <i>Loans on policies</i>                                                               | 0                    |
| R0250         | <i>Loans and mortgages to individuals</i>                                              | 0                    |
| R0260         | <i>Other loans and mortgages</i>                                                       | 0                    |
| R0270         | Reinsurance recoverables from:                                                         | 317,637              |
| R0280         | <i>Non-life and health similar to non-life</i>                                         | 317,637              |
| R0290         | <i>Non-life excluding health</i>                                                       | 317,637              |
| R0300         | <i>Health similar to non-life</i>                                                      | 0                    |
| R0310         | <i>Life and health similar to life, excluding index-linked and unit-linked</i>         | 0                    |
| R0320         | <i>Health similar to life</i>                                                          | 0                    |
| R0330         | <i>Life excluding health and index-linked and unit-linked</i>                          | 0                    |
| R0340         | <i>Life index-linked and unit-linked</i>                                               | 0                    |
| R0350         | Deposits to cedants                                                                    | 0                    |
| R0360         | Insurance and intermediaries receivables                                               | 11,160               |
| R0370         | Reinsurance receivables                                                                | 0                    |
| R0380         | Receivables (trade, not insurance)                                                     | 6,279                |
| 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                                                              | 5,704                |
| R0420         | Any other assets, not elsewhere shown                                                  | 849                  |
| R0500         | <b>Total assets</b>                                                                    | <b>380,074</b>       |

## S.02.01.02

## Balance sheet

|                    |                                                                                        | Solvency II<br>value |
|--------------------|----------------------------------------------------------------------------------------|----------------------|
|                    |                                                                                        | C0010                |
| <b>Liabilities</b> |                                                                                        |                      |
| R0510              | Technical provisions - non-life                                                        | 306,946              |
| R0520              | <i>Technical provisions - non-life (excluding health)</i>                              | 306,946              |
| R0530              | <i>TP calculated as a whole</i>                                                        | 0                    |
| R0540              | <i>Best Estimate</i>                                                                   | 301,978              |
| R0550              | <i>Risk margin</i>                                                                     | 4,968                |
| R0560              | <i>Technical provisions - health (similar to non-life)</i>                             | 0                    |
| R0570              | <i>TP calculated as a whole</i>                                                        | 0                    |
| R0580              | <i>Best Estimate</i>                                                                   | 0                    |
| R0590              | <i>Risk margin</i>                                                                     | 0                    |
| R0600              | Technical provisions - life (excluding index-linked and unit-linked)                   | 0                    |
| R0610              | <i>Technical provisions - health (similar to life)</i>                                 | 0                    |
| R0620              | <i>TP calculated as a whole</i>                                                        | 0                    |
| R0630              | <i>Best Estimate</i>                                                                   | 0                    |
| R0640              | <i>Risk margin</i>                                                                     | 0                    |
| R0650              | <i>Technical provisions - life (excluding health and index-linked and unit-linked)</i> | 0                    |
| R0660              | <i>TP calculated as a whole</i>                                                        | 0                    |
| R0670              | <i>Best Estimate</i>                                                                   | 0                    |
| R0680              | <i>Risk margin</i>                                                                     | 0                    |
| R0690              | Technical provisions - index-linked and unit-linked                                    | 0                    |
| R0700              | <i>TP calculated as a whole</i>                                                        | 0                    |
| R0710              | <i>Best Estimate</i>                                                                   | 0                    |
| R0720              | <i>Risk margin</i>                                                                     | 0                    |
| R0740              | Contingent liabilities                                                                 | 0                    |
| R0750              | Provisions other than technical provisions                                             | 0                    |
| R0760              | Pension benefit obligations                                                            | 0                    |
| R0770              | Deposits from reinsurers                                                               | 0                    |
| R0780              | Deferred tax liabilities                                                               | 0                    |
| 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                                                    | 19,391               |
| R0830              | Reinsurance payables                                                                   | 12,627               |
| R0840              | Payables (trade, not insurance)                                                        | 9,411                |
| R0850              | Subordinated liabilities                                                               | 0                    |
| R0860              | <i>Subordinated liabilities not in BOF</i>                                             | 0                    |
| R0870              | <i>Subordinated liabilities in BOF</i>                                                 | 0                    |
| R0880              | Any other liabilities, not elsewhere shown                                             | 0                    |
| R0900              | <b>Total liabilities</b>                                                               | 348,374              |
| R1000              | <b>Excess of assets over liabilities</b>                                               | 31,700               |

S.04.05.21

Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

R0010

**Premiums written (gross)**

R0020 Gross Written Premium (direct)

R0021 Gross Written Premium (proportional reinsurance)

R0022 Gross Written Premium (non-proportional reinsurance)

**Premiums earned (gross)**

R0030 Gross Earned Premium (direct)

R0031 Gross Earned Premium (proportional reinsurance)

R0032 Gross Earned Premium (non-proportional reinsurance)

**Claims incurred (gross)**

R0040 Claims incurred (direct)

R0041 Claims incurred (proportional reinsurance)

R0042 Claims incurred (non-proportional reinsurance)

**Expenses incurred (gross)**

R0050 Gross Expenses Incurred (direct)

R0051 Gross Expenses Incurred (proportional reinsurance)

R0052 Gross Expenses Incurred (non-proportional reinsurance)

| Home Country | Top 5 countries (by amount of gross premiums written): non-life |        |        |        |        |
|--------------|-----------------------------------------------------------------|--------|--------|--------|--------|
|              | IT                                                              | GR     | NL     | DK     | DE     |
| C0010        | C0020                                                           | C0021  | C0022  | C0023  | C0024  |
| 7,161        | 57,287                                                          | 30,434 | 21,483 | 14,322 | 10,741 |
|              |                                                                 |        |        |        |        |
|              |                                                                 |        |        |        |        |
| 7,161        | 57,287                                                          | 30,434 | 21,483 | 14,322 | 10,741 |
|              |                                                                 |        |        |        |        |
|              |                                                                 |        |        |        |        |
| 6,385        | 76,324                                                          | 18,213 | 10,014 | 4,475  | 9,753  |
|              |                                                                 |        |        |        |        |
|              |                                                                 |        |        |        |        |
| 121          | 968                                                             | 514    | 363    | 242    | 181    |
|              |                                                                 |        |        |        |        |
|              |                                                                 |        |        |        |        |

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

|       |                                           |
|-------|-------------------------------------------|
| R0550 | Expenses incurred                         |
| R1210 | Balance - other technical expenses/income |
| R1300 | Total technical expenses                  |

## Non-Life Technical Provisions

|              |                    |  |  |  |  |  |       |  |  |  |  |  |     |  |  |  |       |
|--------------|--------------------|--|--|--|--|--|-------|--|--|--|--|--|-----|--|--|--|-------|
| <b>R0280</b> | <b>Risk margin</b> |  |  |  |  |  | 4,750 |  |  |  |  |  | 218 |  |  |  | 4,968 |
|--------------|--------------------|--|--|--|--|--|-------|--|--|--|--|--|-----|--|--|--|-------|

### Non-Life insurance claims

### Total Non-life business

| Accident year / underwriting year | Underwriting Year |
|-----------------------------------|-------------------|
|-----------------------------------|-------------------|

(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      | 0      | 0     | 0     | 0     | 0     | 0     | 0     |                 | 0                         | 0       |
| R0170 | -8    | 0                | 0      | 0      | 0      | 0     | 0     | 0     | 0     | 0     |       |                 | 0                         | 0       |
| R0180 | -7    | 0                | 0      | 0      | 0      | 0     | 0     | 0     | 0     |       |       |                 | 0                         | 0       |
| R0190 | -6    | 0                | 0      | 0      | 0      | 0     | 0     | 0     |       |       |       |                 | 0                         | 0       |
| R0200 | -5    | 0                | 0      | 0      | 0      | 0     | 0     |       |       |       |       |                 | 0                         | 0       |
| R0210 | -4    | 17,069           | 18,076 | 12,901 | 14,284 | 5,772 |       |       |       |       |       |                 | 5,772                     | 68,103  |
| R0220 | -3    | 18,297           | 23,316 | 15,725 | 5,882  |       |       |       |       |       |       |                 | 5,882                     | 63,219  |
| R0230 | -2    | 24,182           | 55,189 | 31,071 |        |       |       |       |       |       |       |                 | 31,071                    | 110,442 |
| R0240 | -1    | 18,012           | 19,963 |        |        |       |       |       |       |       |       |                 | 19,963                    | 37,974  |
| R0250 | 0     | 13,556           |        |        |        |       |       |       |       |       |       |                 | 13,556                    | 13,556  |
| R0260 |       |                  |        |        |        |       |       |       |       |       |       | Total           | 76,243                    | 293,294 |

(absolute amount)

[illegible]

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

- R0010 Ordinary share capital (gross of own shares)
- R0030 Share premium account related to ordinary share capital
- R0040 Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
- R0050 Subordinated mutual member accounts
- R0070 Surplus funds
- R0090 Preference shares
- R0110 Share premium account related to preference shares
- R0130 Reconciliation reserve
- R0140 Subordinated liabilities
- R0160 An amount equal to the value of net deferred tax assets
- R0180 Other own fund items approved by the supervisory authority as basic own funds not specified above

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

R0230 Deductions for participations in financial and credit institutions

R0290 Total basic own funds after deductions

Ancillary own funds

- R0300 Unpaid and uncalled ordinary share capital callable on demand
- R0310 Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
- R0320 Unpaid and uncalled preference shares callable on demand
- R0330 A legally binding commitment to subscribe and pay for subordinated liabilities on demand
- R0340 Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
- R0350 Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
- R0360 Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
- R0370 Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
- R0390 Other ancillary own funds
- R0400 Total ancillary own funds

Available and eligible own funds

- R0500 Total available own funds to meet the SCR
- R0510 Total available own funds to meet the MCR
- R0540 Total eligible own funds to meet the SCR
- R0550 Total eligible own funds to meet the MCR

- R0580 SCR
- R0600 MCR
- R0620 Ratio of Eligible own funds to SCR
- R0640 Ratio of Eligible own funds to MCR

Reconcilliation reserve

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

Expected profits

- R0770 Expected profits included in future premiums (EIPFP) - Life business
- R0780 Expected profits included in future premiums (EIPFP) - Non- life business
- R0790 Total Expected profits included in future premiums (EIPFP)

| Total  | Tier 1<br>unrestricted | Tier 1<br>restricted | Tier 2 | Tier 3 |
|--------|------------------------|----------------------|--------|--------|
| C0010  | C0020                  | C0030                | C0040  | C0050  |
| 724    | 724                    |                      | 0      |        |
| 0      | 0                      |                      | 0      |        |
| 0      | 0                      |                      | 0      |        |
| 0      |                        | 0                    | 0      |        |
| 0      | 0                      |                      |        |        |
| 0      |                        | 0                    | 0      |        |
| 0      |                        | 0                    | 0      |        |
| 976    | 976                    |                      |        |        |
| 0      |                        | 0                    | 0      |        |
| 0      |                        |                      |        |        |
| 30,000 | 30,000                 | 0                    | 0      |        |

|        |        |   |   |  |
|--------|--------|---|---|--|
| 0      |        |   |   |  |
| 0      |        |   |   |  |
| 31,700 | 31,700 | 0 | 0 |  |

|        |  |        |  |
|--------|--|--------|--|
| 0      |  |        |  |
| 0      |  |        |  |
| 0      |  |        |  |
| 0      |  |        |  |
| 0      |  |        |  |
| 0      |  |        |  |
| 13,905 |  | 13,905 |  |
| 0      |  |        |  |
| 0      |  |        |  |
| 13,905 |  | 13,905 |  |

|        |        |   |        |  |
|--------|--------|---|--------|--|
| 45,604 | 31,700 | 0 | 13,905 |  |
| 31,700 | 31,700 | 0 | 0      |  |
| 45,604 | 31,700 | 0 | 13,905 |  |
| 31,700 | 31,700 | 0 | 0      |  |

|         |
|---------|
| 27,810  |
| 6,952   |
| 163.99% |
| 455.95% |

|        |
|--------|
| C0060  |
| 31,700 |
| 0      |
|        |
| 30,724 |
| 0      |
| 976    |

|       |
|-------|
|       |
| 1,889 |
| 1,889 |

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

|                                             |                                                                                             |
|---------------------------------------------|---------------------------------------------------------------------------------------------|
| R0010                                       | Market risk                                                                                 |
| R0020                                       | Counterparty default risk                                                                   |
| R0030                                       | Life underwriting risk                                                                      |
| R0040                                       | Health underwriting risk                                                                    |
| R0050                                       | Non-life underwriting risk                                                                  |
| R0060                                       | Diversification                                                                             |
| R0070                                       | Intangible asset risk                                                                       |
| R0100                                       | Basic Solvency Capital Requirement                                                          |
| Calculation of Solvency Capital Requirement |                                                                                             |
| R0130                                       | Operational risk                                                                            |
| R0140                                       | Loss-absorbing capacity of technical provisions                                             |
| R0150                                       | Loss-absorbing capacity of deferred taxes                                                   |
| R0160                                       | Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC |
| R0200                                       | Solvency Capital Requirement excluding capital add-on                                       |
| R0210                                       | Capital add-ons already set                                                                 |
| R0211                                       | of which, capital add-ons already set - Article 37 (1) Type a                               |
| R0212                                       | of which, capital add-ons already set - Article 37 (1) Type b                               |
| R0213                                       | of which, capital add-ons already set - Article 37 (1) Type c                               |
| R0214                                       | of which, capital add-ons already set - Article 37 (1) Type d                               |
| R0220                                       | Solvency capital requirement                                                                |
| Other information on SCR                    |                                                                                             |
| R0400                                       | Capital requirement for duration-based equity risk sub-module                               |
| R0410                                       | Total amount of Notional Solvency Capital Requirements for remaining part                   |
| R0420                                       | Total amount of Notional Solvency Capital Requirements for ring fenced funds                |
| R0430                                       | Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios   |
| R0440                                       | Diversification effects due to RFF nSCR aggregation for article 304                         |

|                                          |
|------------------------------------------|
| Approach to tax rate                     |
| R0590 Approach based on average tax rate |

Calculation of loss absorbing capacity of deferred taxes

|       |                                                                          |
|-------|--------------------------------------------------------------------------|
| R0640 | LAC DT                                                                   |
| R0650 | LAC DT justified by reversion of deferred tax liabilities                |
| R0660 | LAC DT justified by reference to probable future taxable economic profit |
| R0670 | LAC DT justified by carry back, current year                             |
| R0680 | LAC DT justified by carry back, future years                             |
| R0690 | Maximum LAC DT                                                           |

| Gross solvency capital requirement | USP   | Simplifications |
|------------------------------------|-------|-----------------|
| C0110                              | C0090 | C0120           |
| 2,561                              |       |                 |
| 14,203                             |       |                 |
| 0                                  |       |                 |
| 0                                  |       |                 |
| 9,319                              |       |                 |
| -4,692                             |       |                 |
| 0                                  |       |                 |
| 21,392                             |       |                 |
| C0100                              |       |                 |
| 6,418                              |       |                 |
| 0                                  |       |                 |
|                                    |       |                 |
| 0                                  |       |                 |
| 27,810                             |       |                 |
| 0                                  |       |                 |
| 0                                  |       |                 |
| 0                                  |       |                 |
| 0                                  |       |                 |
| 27,810                             |       |                 |
| 0                                  |       |                 |
| 0                                  |       |                 |
| 0                                  |       |                 |
| 0                                  |       |                 |
| 0                                  |       |                 |
| Yes/No                             |       |                 |
| C0109                              |       |                 |
| 0                                  |       |                 |
| LAC DT                             |       |                 |
| C0130                              |       |                 |
|                                    |       |                 |
| 0                                  |       |                 |
| 0                                  |       |                 |
| 0                                  |       |                 |
| 0                                  |       |                 |
| 0                                  |       |                 |

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

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

|       |                          |       |       |
|-------|--------------------------|-------|-------|
| R0010 | MCR <sub>NL</sub> Result | C0010 | 1,730 |
|-------|--------------------------|-------|-------|

|       |                                                                          |
|-------|--------------------------------------------------------------------------|
| R0020 | Medical expense insurance and proportional reinsurance                   |
| R0030 | Income protection insurance and proportional reinsurance                 |
| R0040 | Workers' compensation insurance and proportional reinsurance             |
| R0050 | Motor vehicle liability insurance and proportional reinsurance           |
| R0060 | Other motor insurance and proportional reinsurance                       |
| R0070 | Marine, aviation and transport insurance and proportional reinsurance    |
| R0080 | Fire and other damage to property insurance and proportional reinsurance |
| R0090 | General liability insurance and proportional reinsurance                 |
| R0100 | Credit and suretyship insurance and proportional reinsurance             |
| R0110 | Legal expenses insurance and proportional reinsurance                    |
| R0120 | Assistance and proportional reinsurance                                  |
| R0130 | Miscellaneous financial loss insurance and proportional reinsurance      |
| R0140 | Non-proportional health reinsurance                                      |
| R0150 | Non-proportional casualty reinsurance                                    |
| R0160 | Non-proportional marine, aviation and transport reinsurance              |
| R0170 | Non-proportional property reinsurance                                    |

Linear formula component for life insurance and reinsurance obligations

|       |                         |       |   |
|-------|-------------------------|-------|---|
| R0200 | MCR <sub>L</sub> Result | C0040 | 0 |
|-------|-------------------------|-------|---|

|       |                                                                       |
|-------|-----------------------------------------------------------------------|
| 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

|       |                             |       |        |
|-------|-----------------------------|-------|--------|
| R0300 | Linear MCR                  | C0070 | 1,730  |
| R0310 | SCR                         |       | 27,810 |
| R0320 | MCR cap                     |       | 12,514 |
| R0330 | MCR floor                   |       | 6,952  |
| R0340 | Combined MCR                |       | 6,952  |
| R0350 | Absolute floor of the MCR   |       | 4,248  |
| R0400 | Minimum Capital Requirement |       | 6,952  |

| Net (of reinsurance /SPV) best estimate and TP calculated as a whole | Net (of reinsurance) written premiums in the last 12 months |
|----------------------------------------------------------------------|-------------------------------------------------------------|
| C0020                                                                | C0030                                                       |
| 0                                                                    |                                                             |
| 0                                                                    |                                                             |
| 0                                                                    |                                                             |
| 0                                                                    |                                                             |
| 0                                                                    |                                                             |
| 0                                                                    | 11,294                                                      |
| 0                                                                    |                                                             |
| 0                                                                    |                                                             |
| 0                                                                    |                                                             |
| 0                                                                    |                                                             |
| 0                                                                    |                                                             |
| 0                                                                    | 1,224                                                       |
| 0                                                                    |                                                             |
| 0                                                                    |                                                             |
| 0                                                                    |                                                             |
| 0                                                                    |                                                             |

| Net (of reinsurance /SPV) best estimate and TP calculated as a whole | Net (of reinsurance /SPV) total capital at risk |
|----------------------------------------------------------------------|-------------------------------------------------|
| C0050                                                                | C0060                                           |
|                                                                      |                                                 |
|                                                                      |                                                 |
|                                                                      |                                                 |
|                                                                      |                                                 |