Trust International Insurance Company (Cyprus) Ltd

SOLVENCY AND FINANCIAL CONDITION REPORT (SFCR)

Public Disclosure

Report for year ending 31 December 2017

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Contents

Executive Summary

Trust Cyprus was established in 1990 and provided reinsurance and management services to the Direct Insurance Companies of Nest Group. In 2003, Trust Cyprus acquired the license to exercise Insurance services in Cyprus and in August 2009 with a new Board of Directors and Management Team, the Company began its local operations.

On the 1st of January 2016 Trust Cyprus implemented the Solvency II (SII) regime, following several amendments in the policies and procedures of the Company in order to meet Solvency II requirements.

Based on the requirements of SII the Company has to provide the Solvency and Financial Condition Report (SFCR), a report that will be made available to the public describing the performance of the Company for the relevant year end.

The SFCR is produced as per the requirements of articles 290 – 302 and Annex XX of the Commission Delegated Regulation (EU) 2015/35 hereafter referred to as ***"Delegated Acts"*** of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II). The articles and annexes provide directions on the content and structure of this report as follows:

Table 0-1: Content and structure of SFCR

Section heading	Article	Description of contents
1. Business and performance	293	Provides basic information on the Company and gives a summary of business performance over the reporting year.
2. System of governance	294	Provides organisational information on the Company including committee structure, responsibilities of those committees and details of the processes used to manage risks in the Company.
3. Risk profile	295	Provides qualitative and quantitative information regarding the risks that the Company faces.
4. Valuation for Solvency purposes	296	Provides values for the Company's assets and liabilities calculated in accordance with accounting rules and solvency rules, gives details on the assumptions used to calculate these valuations and provides information on the differences between them.
5. Capital management	297	Provides details on the regulatory capital requirements that the Company must hold in line with Solvency II regulations and information on the Company's excess assets not required to meet its liabilities.

The report forms part of the SII public disclosures of Trust International Insurance Company (Cyprus) Ltd hereafter referred to as the ***"Company"***.

The SFCR has been approved by the Board of Directors (BOD) of the Company.

The SFCR was audited and approved by the Company Auditors.

Moreover, the SFCR is a public document and the Company is required to disclose this document on its official website after it has been audited and approved by the external auditors. The Company will also provide a copy of this report to the Insurance Company Control Service (ICCS).

The reference date of the report is the 31st of December 2017 hereafter referred to as the **"valuation date"**.

All quoted results are in Euros (€).

This is the second time that the SFCR is produced. The previous SFCR was produced as at the 31st of December 2016.

A summary of the report is provided below.

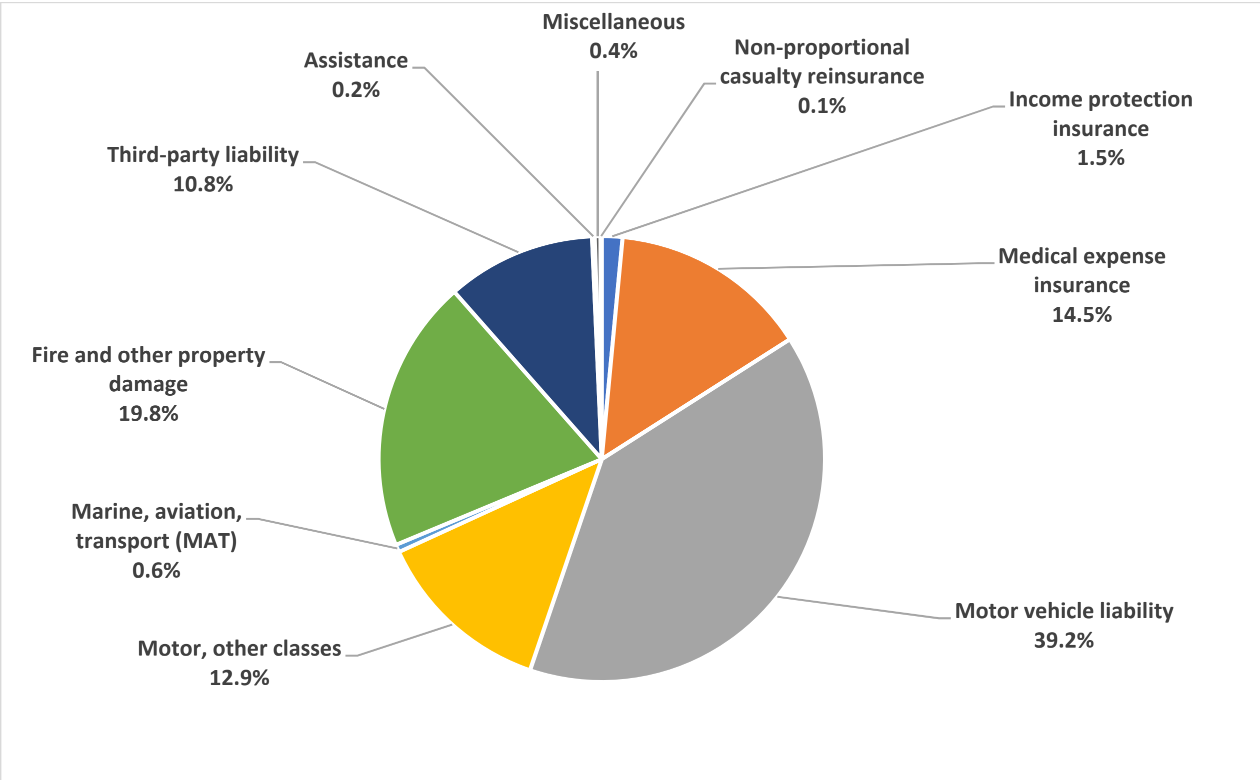
- **Business Performance**

During the year 2017 the Company reached a growth of 13% comparing to 2016, achieving its targets. According to the latest official statistics of the Insurance Association of Cyprus, the Company has a market share of about 8% of the Cypriot general insurance business and ranks third amongst the general business insurance companies.

The Company operates from its Head Office in Nicosia, is audited by PwC Cyprus and is supervised by the Insurance Company Control Service in Cyprus.

The portfolio split as at the valuation date is as follows:

Figure 0-1: Company portfolio split 2017



The Business performance of the Company is further analysed in section A of this report.

- **System of governance**

The Company is governed by the BOD which consists of six non-executive members and one executive member.

The BOD has established the following Board Committees:

- Risk Committee
- Audit Committee
- Nomination and Remuneration Committee

Moreover, the Company has established the following functions to ensure effective oversight of its operations, in accordance with the requirements of Solvency II for an Internal Control System:

- Risk Management Function
- Compliance Function
- Internal Audit Function
- Actuarial Function

To assess the fitness of the function holders and the committees, the Company has laid down its requirements in the Fit and Proper policy.
The Company has also defined its own risk management system and performs an Own Risk and Solvency Assessment (ORSA) at least once a year.

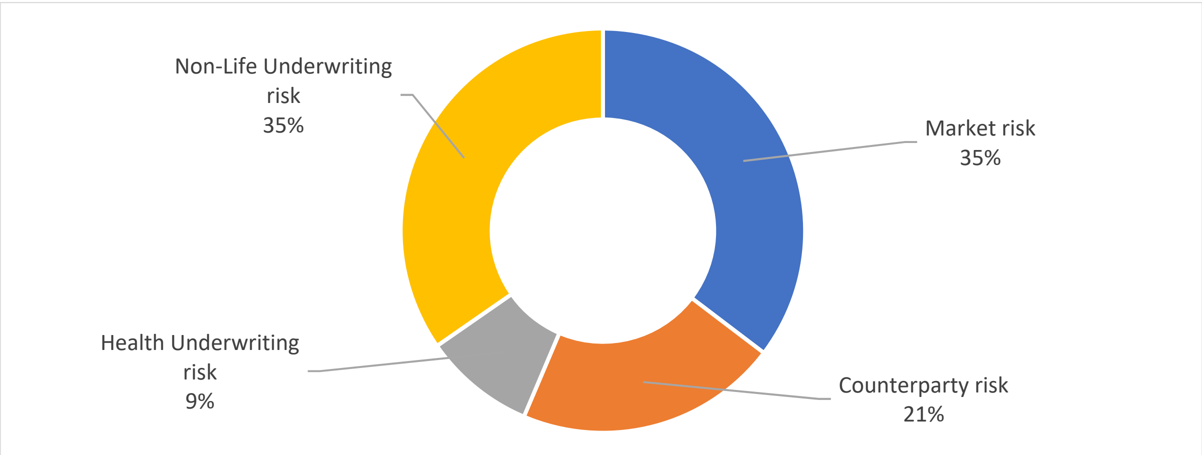
The System of governance of the Company is further analysed in section B of this report.

- **Risk profile**

The Company assesses its risks using the standard model of Solvency II.

The diagram that follows summarizes the risk profile of the Company as at the valuation date. Based on the type of business written and the asset exposures of the Company, it is exposed primarily to Market risk and Underwriting risk (Non-Life and Health). The Company is also exposed to Counterparty risk to a lower extend:

Figure 0-2: Company Risk profile 2017



The Risk profile of the Company is further analysed in section C of this report.

- **Valuation for Solvency Purposes**

As at the valuation date the total value of Company assets is €57.6M on an IFRS basis and €53,3M on a SII basis. The difference in the value of assets between the two bases is fully explained by the exclusion of "Other Intangible Assets" and "Deferred Acquisition Costs" and the revaluation of the "Reinsurance Recoverables".

The table below shows the company's liabilities as at the valuation date, both on an IFRS basis and SII basis. The transition from the two bases is accounted as follows:

Table 0-2: Reconciliation between SII and IFRS Liabilities - 2017

Item	2017 €'000
IFRS Liabilities	**31,311**
Less Release of UPR	-4,584
Less Release of prudency in the claim provision	-283
Plus Discounting	116
Plus Risk Margin	666
SII Technical provisions	**= 27,227**

The valuation for solvency purposes of the Company is further analysed in section D of this report.

- **Capital management**

As at the valuation date the Company has enough available capital to cover its Required Capital approximately by 1.37 times. Under SII, available capital is called the Own Funds.

The exact coverage ratio of the Company is 136.96% as at the valuation date and this is analysed as follows:

Table 0-3: SCR coverage ratio 2017

		€ '000 31/12/2017	Calculation
(a)	Assets	53,252	
(b)	Liabilities	31,379	
(c)	Available capital (Own Funds)	21,873	(a) – (b)
(d)	Capital Requirements (SCR)	15,971	
(e)	Free Surplus	5,902	(c) – (d)
(f)	Coverage ratio	136,96%	(c) / (d)

Under SII all insurance entities must satisfy at any point in time the requirements of having sufficient available capital to meet the Minimum Capital Requirement (MCR) to retain its licence to sell insurance business in Cyprus. As at the valuation date, the MCR of the Company was determined to be €4.2M which means that the Company needs to have at least €4.2M of available capital (own funds) to retain its licence to sell insurance business in Cyprus. Given its available capital is at a level of €21.8M, the Company can cover its minimum capital requirement by approximately 5.2 times.

The actual minimum capital coverage ratio is 520% and this is analysed as follows:

Table 0-4: MCR coverage ratio 2017

		‘000 31/12/2017	Calculation
(a)	Linear Minimum Capital Requirement	4,207	
(b)	Available capital (Own Funds)	21,873	
(c)	Solvency Capital Requirements (SCR)	15,971	
(d)	Minimum Capital Requirement cap	7,187	45% x (c)
(e)	Minimum Capital Requirement floor	3,993	25% x (c)
(f)	Minimum Capital Requirement absolute floor	3,700	Defined by Regulation
(g)	Final Minimum Capital Requirement	4,207	Max((a) , (f))
(h)	Minimum Capital Requirement Coverage	520%	(b) / (g)

The Capital management of the Company is further analysed in section E of this report.

Annex A, shows the quantitative templates submitted to the local Regulator on behalf of the Company for the valuation date.

The following templates are reproduced in this Annex:

Table 0-5: Annual QRTs 2017

Code	Template name
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life insurance claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – only life or non-life insurance or reinsurance activity

A. Business and Performance

This section of the report is produced as per the requirements of ***Article 293: Business and Performance***.

The section provides an analysis of the following:

- Business
- Underwriting Performance
- Investment Performance
- Performance on any other activities
- Any other information

A.1. Business

Trust Cyprus was established in 1990 and provided reinsurance and management services to the Direct Insurance Companies of Nest Group. In 2003, Trust Cyprus acquired the license to exercise Insurance services in Cyprus and in August 2009 with a new Board of Directors and Management Team, the Company began its local operations.

A.1.a. Name and legal form of the Company

The name of the undertaking is Trust International Insurance Company (Cyprus) Ltd. This is a privately owned limited liability company registered as a local insurance company in 2003.

The registered office is:

284 Archbishop Makarios III Avenue
Fortuna Court Block B, 2nd floor
3105 Limassol, Cyprus

A.1.b. Supervisory Authority Responsible for Financial Supervision

The Supervisory Authority responsible for financial supervision of the Company is the Insurance Companies Control Service, a unit that belongs to the Cyprus Ministry of Finance.

The contact details of the unit are as follows:

Insurance Companies Control Service
P.O. Box 23364,
1682 Nicosia

Although a member of the Trust Group which belongs to the Nest Investment (Cyprus) Ltd group, the Company reports as a solo entity to the Cyprus Insurance Companies Control Service i.e. there is no Group Supervisor.

A.1.c. External Auditor of the Company

The Company's external Auditor is PwC.

The contact details of the auditor are as follows:

PwC Central
43 Demostheni Severi Avenue
CY-1080, Nicosia,
Cyprus

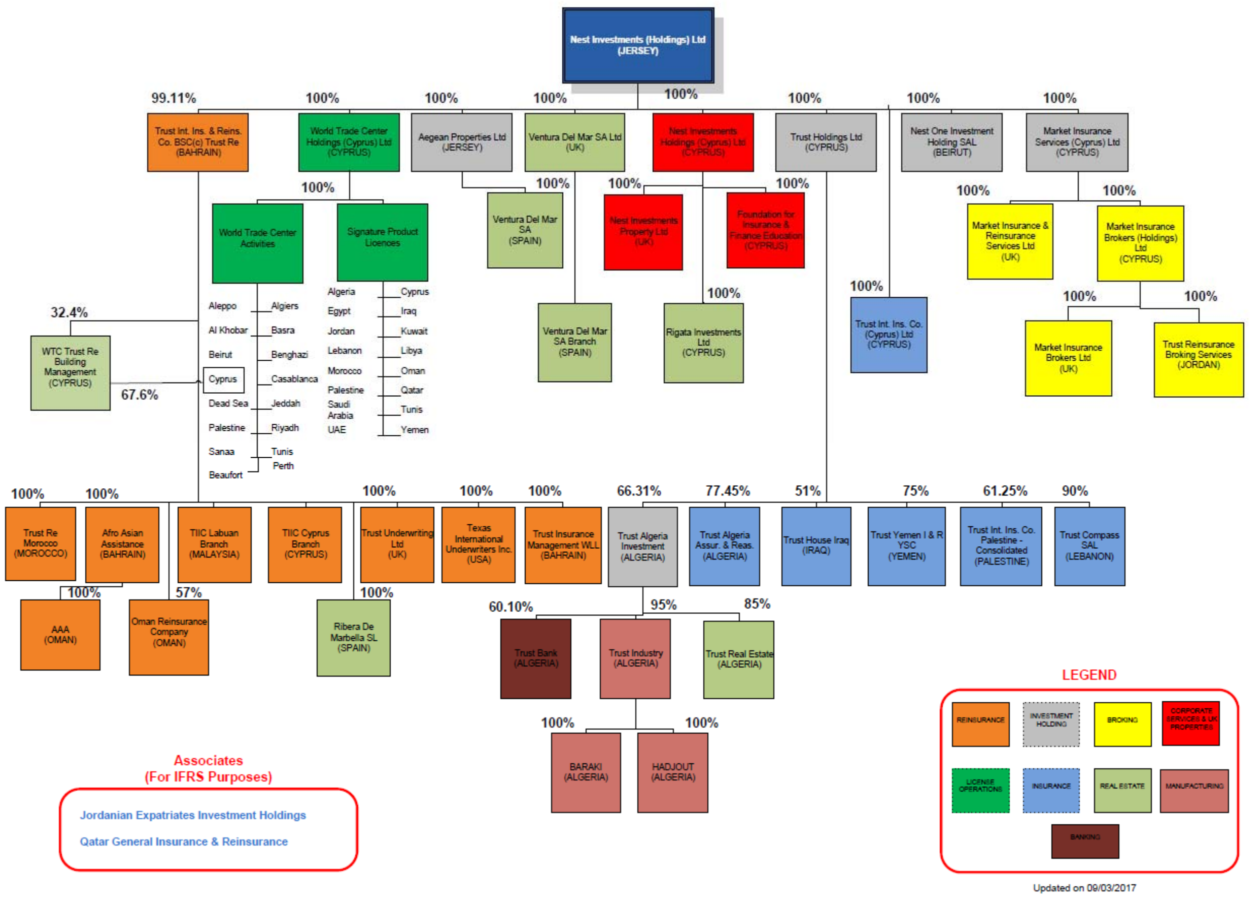
A.1.d. Description of the holders of qualifying holdings

The Company is controlled by Nest Investments (Holdings) Ltd, incorporated in Jersey, which owns 100% of the Company's shares. The Company's ultimate shareholder is Mr. Ghazi Abu Nahl.

A.1.e. Position within the legal structure of the group

The Company is a subsidiary of Nest Investment (Holdings) Ltd. The diagram below, shows the position of the Company in the Nest Group.

Figure A-1 Company position within the Group



A.1.f. Material lines of business and geographical areas

The Company offers several general insurance products including:

- Miscellaneous Policies provide cover mostly for Personal Accident. Cover is restricted for self-employed technicians, as such type of profession is considered high risk
- Liability policies include three types of products such as Employer's Liability, Public Liability and Professional Indemnity
- For Engineering Policies cover is provided for Contractor's All Risks and Machinery Breakdown. Cover is restricted for buildings already under construction and buildings under renovation.
- Fire Policies provide a wide range of covers for houses, buildings, shops, factories and businesses. Perils such as fire, lighting, storm and explosion are provided.
- Marine Hull policies provide cover for private use yachts only. Marine Cargo cover is also provided for goods in transit via sea, air or land.

For most of the above products the insurance coverage is one year. Contractor's All Risks policies, where the duration of the cover depends in the construction period of the building, may have durations exceeding one year. Also for Marine policies, the insurance period depends on the duration of the transit.

Third Party coverage as obliged by the Law is provided under the Motor Policy. Comprehensive cover is also provided and includes Own Damage Benefits, Personal Accident of the Driver and more.

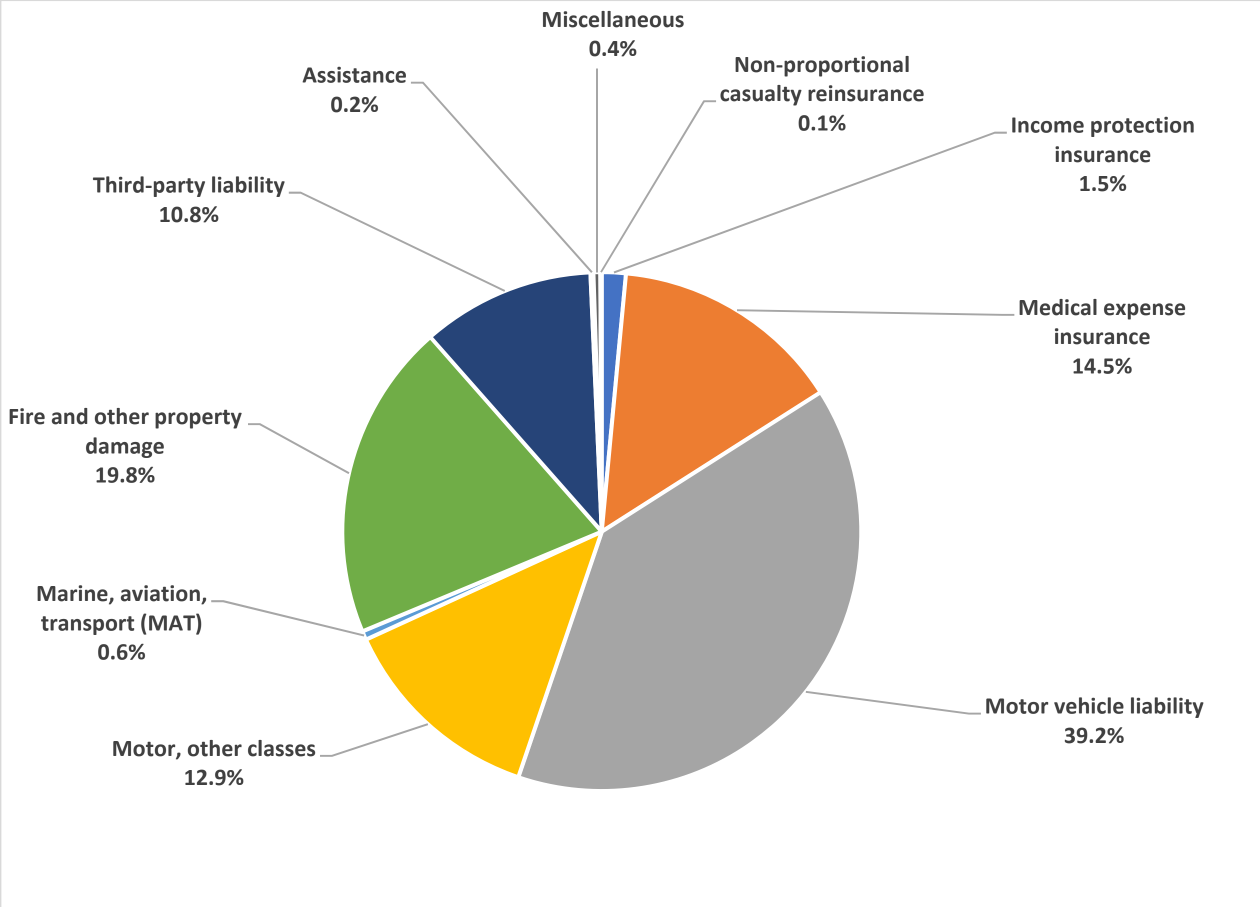
Inward reinsurance, represents a small percentage of the Company's portfolio.

The Written Premium per line of business for 2017 is provided below:

Table A-1: 2017 - Written Premium

Segment	Gross	Reinsurance	Net
Income protection insurance	475	13	462
Medical expense insurance	4,618	242	4,376
Motor vehicle liability	12,513	515	11,999
Motor, other classes	4,129	840	3,289
Marine, aviation, transport (MAT)	176	127	49
Fire and other property damage	6,311	4,353	1,958
Third-party liability	3,441	232	3,208
Assistance	61	30	30
Miscellaneous	133	76	57
Non-proportional casualty reinsurance	30	0	30
Total	**31,887**	**6,428**	**25,459**

Figure A-2: 2017 - Written Premium



During 2016 the written premiums (reported in the previous SFCR) were as follows:

Table A-2: 2016 - Written Premium

Segment	Gross	Reinsurance	Net
Income protection insurance	194	3	191
Medical expense insurance	3,503	115	3,388
Motor vehicle liability	11,928	299	11,629
Motor, other classes	3,790	85	3,706
Marine, aviation, transport (MAT)	164	89	74
Fire and other property damage	5,388	3,283	2,104
Third-party liability	3,195	169	3,026
Assistance	30	10	20
Miscellaneous	102	47	55
Non-proportional casualty reinsurance	26	0	26
Total	**28,320**	**4,101**	**24,219**

A.1.g. Significant Business or other events over the reporting period

During the year 2017 the Company reached a growth of 13% comparing to 2016, achieving its targets. According to the latest official statistics of the Insurance Association of Cyprus, the Company has a market share of about 8% of the Cypriot general insurance business and ranks third amongst the general business insurance companies.

As a result of a continuous action plan in relation to Solvency II, the Company completed during 2017 an Investment strategy which targets in reducing its Counterparty Risk and increasing its Solvency Ratio.

Furthermore, the Company enhanced its corporate governance processes by upgrading its procedure manuals, automating its operating systems and upgrading its Enterprise Risk Management (ERM) procedures. Throughout the year the Company continued investing in technology; it enhanced the Business Intelligence system for transparency and reliability and timely decision-making. Furthermore, the Company implemented new procedures for the collection of premiums in light of the new collections directive implemented on 1st January 2018. During the year the Company implemented a new Finance system and continued the preparations for implementing a new Insurance system, which is planned to be in force in 2019. Furthermore, in November 2017, the Company was awarded by the Investors in People (IIP) from London International Office, with the Platinum Employer of the Year.

A.2. Underwriting Performance

The table below, provides an analysis of the underwriting profit of the Company as at the valuation date:

Table A-3: Underwriting profit 2017

	€ '000 2017				
	Motor	**Property**	**Medical**	**Other**	**Total**
Gross Written premium	16,642	6,311	4,618	4,316	31,887
Net Earned Premium	15,023	1,972	4,346	3,687	25,028
Net Claims incurred	(9,058)	(405)	(3,506)	(1,852)	(14,821)
Net Commissions and Acquisition Costs	(3,908)	26	(492)	(584)	(4,958)
Administrative Expenses	(2,805)	(1,094)	(819)	(757)	(5,475)
Underwriting Profit	**(748)**	**499**	**(471)**	**494**	**(226)**

The Company's written premium is at €31,9M for 2017 compared to €28,3M for 2016. All lines of business increased comparing to last year, especially motor and medical business. The net claims incurred (including IBNR and claims handling reserves) amounted to €14,8M during the year with administrative expenses increasing to €5,5M mainly due to increase provisions for doubtful debts. The net commission ratio has remained stable at 20%. As a result, the underwriting loss for the year amounted to €0.2M.

Property business experienced the highest underwriting profit whereas Motor and Medical business showed underwriting losses, mainly due to increased claims.

The table below, provides an analysis of the underwriting profit of the Company as at the previous valuation date:

Table A-4: Underwriting profit 2016

	€ '000 2016				
	Motor	**Property**	**Medical**	**Other**	**Total**
Gross Written premium	15,718	5,388	3,503	3,711	28,320
Net Earned Premium	14,944	2,051	3,328	3,314	23,637
Net Claims incurred	(8,383)	(214)	(2,504)	(1,736)	(12,837)
Net Commissions and Acquisition Costs	(4,116)	(57)	(396)	(558)	(5,127)
Administrative Expenses	(2,623)	(923)	(615)	(641)	(4,802)
Underwriting Profit	**(178)**	**857**	**(187)**	**379**	**871**

A.3. Investment Performance

The Board of the Directors of the Company approves the Investment strategy of the Company. The asset categories chosen are consistent with the Company's liabilities in terms of nature, term and duration. The investment choices are also consistent with the Prudent Person Principle of SII described in section C of this report.

A.3.a. Income and expenses arising by asset class

Table A-5: Income and losses arising by asset class 2017

	Euros '000 2017
Interest income from term deposits with Banks	164
Interest income from Government bonds	59
Interest income from Corporate bonds	198
Interest income from Structured products	68
Dividend income from Equity shares	10
Profit on sale of Corporate bonds	33
Profit on sale of Equity shares	36
Profit on sale of Structured products	6
Profit on sale of Investment properties	20
Change in the fair value of Investment properties	65
Total income	**659**
Change in the fair value of investments at fair value through profit and loss (Structured products, Equity shares)	-
Investment portfolio advisory fees	(32)
Investment portfolio custody fees	(13)
Total losses	**(45)**

Table A-6: Income and losses arising by asset class 2016

	Euros '000 2016
Interest income from term deposits with Banks	123
Interest income from Government bonds	49
Profit on sale of Government bonds	95
Change in the fair value of investment properties	13
Total income	**280**
Change in the fair value of equity shares	(1)
Change in the fair value of structured products	(35)
Investment portfolio fees	(22)
Total losses	**(58)**

A.3.b. Gains and Losses recognised directly in Equity

Table A-7: Gains and losses recognised directly in equity 2017

	Euros '000 2017
Revaluation of property (land and buildings)	160
Deferred tax liabilities on revaluation of property	(2)
Change in the fair value of investments available for sale (Corporate bonds, Government bonds, Equity shares)	211
Transfer to the income statement on sale of investments available for sale	(66)
Net gains	**303**

Table A-8: Gains and losses recognised directly in equity 2016

	Euros '000 2016
Revaluation of property (land and buildings)	70
Change in the fair value of Government bonds	140
Change in the fair value of Corporate bonds	(33)
Change in the fair value of equity shares	(3)
Transfer to the income statements on sale of Government bonds	(112)
Net gains	**62**

A.3.c. Investments in Securitisation

There were no investments in securitizations as at the valuation date.

A.4. Performance of other activities

The Company does not carry out any activities other than the insurance/reinsurance operations described above. Hence, there is no other material income and expenses incurred over the reporting period.

A.5. Any other information

None

B. System of Governance

This section of the report is produced as per the requirements of ***Article 294: System of Governance.***

The section provides an analysis of the following:

- General information on the system of governance
- Fit and Proper requirements
- Risk Management system including the ORSA
- Internal Control System
- Internal Audit Function
- Actuarial Function
- Outsourcing
- Any other information

B.1. General information on the system of governance

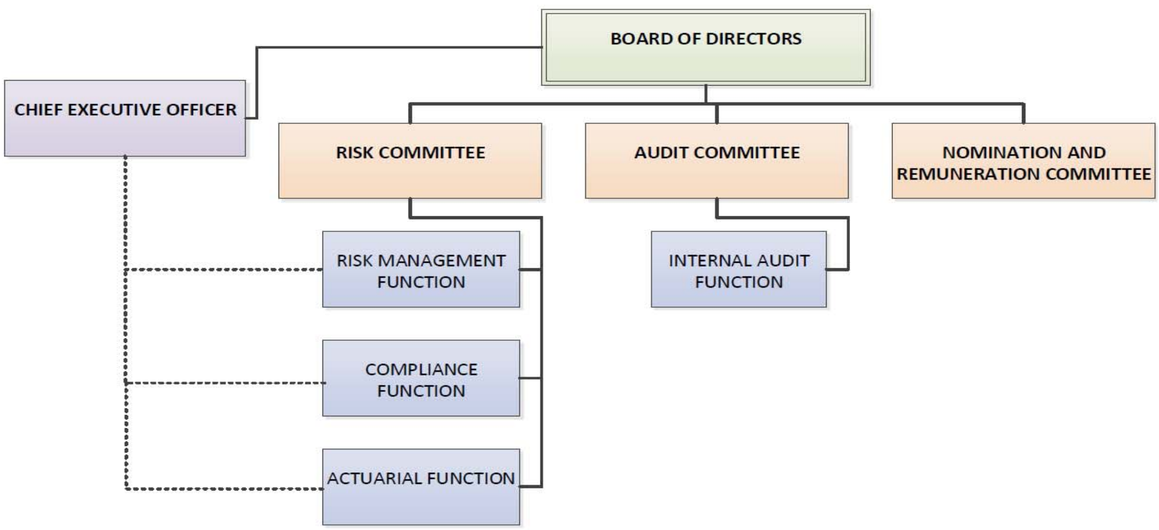
B.1.a. Structure of Administrative and Management Body

The oversight of the Company's business and its operations are provided through its governance structure. In this structure the management of risk plays a significant part. Governance starts with the Company's Board, which has overall responsibility for management of the company. The governance structure provides oversight and direction to the Company.

The Risk Management framework is included in the Governance framework which supports the Company's risk culture. The Risk framework covers the Company's business and operational functions and risk areas. It sets out the risk committees, risk reporting and risk controls.

The organisational chart below summarises the Company's System of Governance currently operating for the Company:

Figure B-1: System of Governance



B.1.a.1. Board of Directors

The Board of Directors has the overall responsibility for the oversight of the management of the Company. Its role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables each of the risks faced by the Company to be assessed and managed. The Board is responsible for promoting the long- term success of the Company whilst securing an appropriate degree of protection for policyholders.

The BOD of the Company consists of the following:

- Frixos Savvides – Chairman
- Kamel Abu Nahl – Deputy Chairman
- Mehran Eftekhar – Director
- Chris Georghiades – Director
- Stavros Stavrou – Director
- Kyriacos Kazamias – Director
- Christos Christodoulou – CEO and Director

B.1.a.2. Summary of roles and responsibilities of the Committees

B.1.a.2.1 Risk Committee

The Risk Committee is responsible to assist the BOD in fulfilling its oversight responsibilities for the identification, analysis, assessment and management of all the risks which the Company faces in its operation and may impact the assets and liabilities of the Company; in particular, (without limitation) to assist in identifying those risks which may at first seem unlikely or even remote. The independence and objectivity of the Risk Committee shall be maintained at all times.

The Risk Committee has the authority to conduct or authorise investigations into any matters within its scope of responsibility. It has the responsibility to:

- Appoint a Secretary (who will ordinarily be the Chief Risk Officer) to provide guidance and support to the Risk Committee and where necessary, arrange briefing for the members of the Risk Committee or BOD on new developments, laws, regulations, and best practice in the ERM procedures
- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the organisation on risk issues. Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation
- Seek any information it requires from employees and associated external parties; all of whom are directed to cooperate with the Risk Committee's requests. Meet with Company officers, external auditors, or outside counsel, if necessary
- Gain access to all information in the possession of the Company or within its power to obtain and must submit its findings and reports to the BOD on a periodic or anytime basis.

B.1.a.2.2 Audit Committee

The Audit Committee (AC) is responsible to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the System of Internal Control, the Audit Process, and the Company's process for monitoring compliance with laws and regulations and the code of conduct. The independence and objectivity of the Audit Committee shall be maintained at all times. The AC should have access to all information and submit its findings and reports to the BOD.

The AC has the authority to conduct or authorise investigations for all matters within its scope of responsibility. It has the responsibility to:

- Appoint, compensate, and oversee the work of any registered public accounting firm employed by organisation
- Resolve any disagreements between Management and the Auditor regarding financial reporting
- Pre-approve all auditing and non-audit services
- Review and approve the rotation of the External Auditors every 5 years
- Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation
- Seek any required information from staff - all of whom are directed to cooperate with the requests - or external parties
- Meet with Company officers, External Auditors, or outside counsel
- Delegate authority to subcommittees, including the authority to pre-approve all auditing and permitted non-audit services, providing that such decisions are presented to the full Committee at its next scheduled meeting
- The AC should receive any and all reports including feedback on those reports for work carried out by external bodies, such as the Cyprus Ministry of Finance, External Auditors, outsourced Internal Auditors, etc.

B.1.a.2.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) is a committee of Non-Executive Directors serving as members of the BOD. The primary functions of the NRC are: to assess the required competencies of BOD members; review the BOD succession plans; evaluate BOD's members' performance; regularly review and make recommendations on:

- Executive remuneration and incentive policies / schemes, including salaries, bonuses and pension plans;
- Recruitment, retention and termination policies for senior management

The NRC has the authority to conduct or authorise investigations into any matters within its scope of responsibility. It has the responsibility to:

- Appoint a Secretary (who will ordinarily be a senior member of staff such as the Head of HR and Administration or above), to provide guidance and support to the NRC and where necessary, arrange briefing for the members of the NRC or BOD on senior appointments
- Appoint, compensate, and oversee the work of any specialised organisation who can advise on engaging and rewarding non-executive directors, executive directors and other senior staff or conduct relevant investigation
- Seek any required information from staff and associated external parties; all of whom are directed to cooperate with the NRC's requests. Meet with Company officers, external advisors, or outside counsel, if necessary
- Gain access to all information in the possession of the Company or within its power to obtain and submit its findings and reports to the BOD on a periodic or anytime basis

B.1.a.3. Summary of Roles and Responsibilities of the Key Functions

B.1.a.3.1 Risk Management Function

The Risk Management Function is responsible for the measurement and management and reporting of the key risks the Company faces. In order to facilitate the most effective operation and the objectivity of the Risk Management System, the Risk management function is operationally independent and reports directly to the BOD through the Risk Committee.

The RMF is responsible for coordinating all risk management activities and comprises of the Risk Manager and other staff specialised in Risk Management issues. The RMF reports directly to the CEO and, through the Risk Committee, to the BOD.

The duties of the Risk Manager include:

- Assisting Senior Management and the BOD in the effective operation of the Risk Management System, in particular by discussing the results of specialist analysis and quality reviews carried out by the RMF and proposing possible solutions for addressing material system failures that may have been identified
- Maintaining a Company-wide and aggregated view on the risk profile of the Company
- Reporting details on risk exposures and advising the BOD, through the Risk Committee, on Risk Management matters in relation to strategic affairs such as corporate strategy, mergers and acquisitions and major projects and investments
- Assisting the BOD and Senior Management with capital and resource allocation decisions and facilitating Risk Assessments
- Ensuring that there are sufficient and appropriate tools and methods in place for predicting, identifying, assessing, monitoring, controlling and reporting the Company's risks
- Reviewing the section of the Pillar 3 reports that relates to the RMF, after being prepared by the RMF staff and submitting it to Finance Function of the Company for review. Further details on the contents of this section can be found in the Disclosure and Reporting Manual for Pillar 3
- Coordinates all Risk Management activities across the Company and ensures the correct implementation of Risk Policies

At the same time, the other RMF officers are responsible for:

- Designing and performing the specialised analyses and quality reviews of the Company's Risk Management System, and reporting their results to the Risk Manager
- Monitoring, on a day-to-day basis, the Risk Management System, and bringing to the attention of the Risk Manager any issues of concern
- Identifying, assessing and monitoring existing and emerging risks
- Regularly evaluating the design and operational effectiveness of the Risk Management System to identify, measure, monitor, manage and report the risks to which the Company is exposed
- Preparing the section of the Pillar 3 reports that relates to the RMF and submitting it to the Risk Manager for review, as per the Disclosure and Reporting Manual for Pillar 3
- Updating the RMF manual
- Monitoring compliance by the Company's Senior Management and staff with all established risk policies and procedures

The Function is subject to audit by the Internal Audit Function.

B.1.a.3.2 Compliance Function

The Compliance Function is responsible for the establishment and application of suitable procedures for the purpose of achieving a timely and on-going compliance of the Company with the existing legal and regulatory framework. In order to facilitate the most effective operation and the objectivity of the risk management system, the Compliance Function is operationally independent and reports directly to the BOD through the Risk Committee.

The Compliance Function is responsible for ensuring that all actions undertaken by the Company are at all times, in compliance with all applicable laws and regulations. In line with best practices, it is also responsible to take measures to monitor the compliance of the Company with internal strategies, policies, processes and reporting procedures (including agreed exposure limits and operating principles/instructions). Its principal role is to identify, assess, monitor and report the compliance risk exposure of the Company.

In order to assess the possible impact of significant changes in the legal environment that the Company operates in, as well as identify and assess the compliance risk that could arise from such changes, the Compliance Function, is responsible to monitor projected revisions of legislation and plans to introduce new regulation and assess their potential impact on the Company, in addition to monitor the relevant court decisions.

Moreover, the Compliance Function is responsible to, at a minimum, advise the Senior Management and the BOD of the Company on compliance with the Solvency II Insurance Law and the relevant regulations and provisions. It is also responsible to ensure that the Company acts in accordance with all other applicable laws and regulations, whether insurance related or not. This includes informing Senior Management, the BOD and all affected functions of any changes in existing legislation and any new laws and regulations. Other applicable laws and regulations may address issues on intermediation, bankruptcy, sales practices, cover's commencement and termination, policy terms and conditions, data protection, discrimination, international sanctions, insurance fraud, health and safety in the workplace, etc.

Furthermore, the Compliance Function is responsible to assess the appropriateness of the Company's compliance procedures and guidelines, follow up identified deficiencies promptly and make suggestions for improvements as necessary. To assist both Management and staff with compliance issues, the Compliance Function draws guidelines and procedures that provide support with relation to the compliance with external regulatory requirements and internal policies and procedures. In addition, it is actively involved in the product development process by providing its advice on the potential effect of new products, services and markets from a compliance point of view.

The function is subject to audit by the Internal Audit Function.

B.1.a.3.3 Internal Audit Function

The Internal Audit Function is responsible for evaluating the adequacy and effectiveness of the Internal Control System (ICS) and other elements of the system of governance. The Internal Audit function of the Company is fully independent and reports to the BOD through the AC.

More specifically the Internal Audit Function has the following responsibilities:

- To regularly monitor the performance and effectiveness of the ICS and to reliably and frequently update Senior Management on the state of affairs in respect of the audits under process, notably in terms of how correct and consistent the implementation of the policies and procedures adopted by the BOD and/or local Senior Management have been
- To conduct general or sample ex-post audits of the functions and transactions of the Company, in order to verify that all regulations, operational procedures and preventative control mechanisms governing each type of transactions and the safeguarding of assets are stringently applied, and that the Company is in compliance with the Institutional Framework governing its operation
- To evaluate compliance and the efficiency of risk control / management procedures and to estimate the potential loss (not necessarily quantify, but qualify) that the Company might incur as a result of its exposure to risk
- To evaluate the efficiency of the Company's accounting and information systems, to systematically monitor the implementation of the operational and accounting controls and the rules applied in the collection, processing, management and secure storing of data and information, to verify the reliability of accounting data and statements produced
- To evaluate the efficiency of the organizational structure and reporting lines, as well as a sound ICS in order to ensure that the segregation of duties and the business continuity operates effectively
- To prepare a report on the outsourcing of activities in accordance with the risk based plan. There should be a list of key outsourced activated and associated risks, where the regulator and the auditor should have the right to review agreements of outsourced activities
- To evaluate the adequacy of mechanisms set by the BOD for the definition of targets and subsequently the evaluation of the extent to which the Company achieves its targets

- To carry out special investigations and special audits in situations where it is possible to relate with suspected fraud. The Internal Auditor may be asked by Senior Management or the BOD to carry out such investigations. In addition, special investigations should be performed in the case where a Unit is consolidated or in any other instance the Departments/Functions/Units are set for restructuring, expansion, undertaking new /additional tasks and in general where any Department / Function changes its procedures which may have an impact on the current controls of that Unit
- To prepare, at least on an annual basis, a risk assessment and audit plan
- To assess, at least on an annual basis, the need to operate in jurisdictions or through complex structures that reduce transparency ('know your customer principle') and report any weaknesses to the BOD
- To assess the risk management procedures (risk identification and evaluation of the existing mechanisms of identification, measurement,monitoring,analysis, correction, elimination, recording and reporting)
- To assess the data upon which the Company has calculated its Pillar 1 and Pillar 2 solvency requirements as well as the data that the actuarial function has used for the valuation of the technical provisions
- To assess the compliance procedures followed by the Company
- To assess the Internal Governance System, as well as the Company's Business Continuity and Disaster Recovery Plans and perform an overall assessment of the Company's readiness in implementing the plan
- To review and provide an independent opinion on the ORSA
- To report to the Audit Committee in relation to the following matters:

    - The responsibilities of the Internal Audit Function and/or emerging methodologies and/or compliance issues which may affect the purpose and scope of the Internal Audit work
    - Information on the status and results of the audit activities relating to the defined mission and scope of the Internal Audit Function (to the extent that these can be quantifiable through the use of Key Performance Indicators). An annual report should be prepared and submitted summarizing the Internal Audit Function operations
    - All major observations emanating from the audits carried out. Such report should be prepared on a quarterly basis and should also be submitted to the CEO

B.1.a.3.4 Actuarial Function

The Actuarial Function advises the Senior Management and the Risk Committee on the valuation of technical provisions, reinsurance adequacy, underwriting policy, capital adequacy and other matters of technical nature. The Actuarial Function reports directly to the BOD through the Risk Committee.

The Actuarial Function is responsible for coordinating all actuarial activities and comprises of the Head of the Actuarial Function and other staff specialised in actuarial issues. The Head of the Actuarial Function reports to the BOD through the Risk Committee and has the overall responsibility for all the actuarial issues outlined in the Company's policies.

More specifically, the duties of the Actuarial Function include:

- Coordinate the calculation of technical provisions
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions
- Assess the sufficiency and quality of the data used in the calculation of technical provisions
- Compare best estimates against experience
- Inform the Senior Management and the BOD of the reliability and adequacy of the calculation of technical provisions
- Oversee the calculation of technical provisions in cases where approximations are used in the calculation of best estimates

- Express an opinion on the overall underwriting policy
- Express an opinion on the adequacy of reinsurance arrangements
- Contribute to the effective implementation of the Risk Management System, in particular with respect to the risk modelling underlying the calculation of the capital requirements and to the Own Risk and Solvency Assessment (ORSA)

The function is subject to audit by the Internal Audit Function.

B.1.b. Changes in System of Governance

There were no material changes to the System of Governance.

B.1.c. Remuneration Policy

Remuneration is intended to attract, retain and motivate employees to achieve the objectives of the Company, to align to its values and to operate within its risk appetite and Risk Management Framework.

Fixed Remuneration packages are offered to all staff from the Company and they include:

1. Salary
2. Annual Leave
3. Contribution to Social Insurance Fund
4. Participation in Company's Medical Scheme
5. Participation in Company's Group Life Insurance
6. Participation in Provident Fund Scheme

There is also a variable remuneration component offered by the Company to key staff members that includes:

1. Performance Related Pay - a monthly payment to staff for the over achievement of their goals and for performing better than expected.
2. Discretionary Bonus on an annual basis to members of staff who have more than 100% achievement of the individual goals and the Line Manager(s) confirms behaviours that demonstrate in practice the values of the Company.

There is no entitlement for Company options and shares to any staff member.

The Company maintains a Provident Fund Scheme as part of the fixed Remuneration package of the staff. This is a defined contribution scheme where both the employee and the Company contribute.

B.1.d. Other material transactions

None.

B.2. Fit and Proper requirements

B.2.a. Skills, knowledge and expertise requirements

The following individuals and functions fall into the scope of the Fit and Proper requirements:

- BOD (executives and non-executives)
- CEO
- Compliance Function Holder
- Actuarial Function Holder
- Risk Management Function Holder
- Internal Audit Function Holder
- Senior Managers responsible for significant business operations:
  - Financial Controller
  - Operations Manager
  - Claims Manager
  - Head of HR and Administration
  - IT Manager
  - Business Development Manager
  - Credit Control Manager

For the above identified individuals, Supervisory Authority approval is required before the appointment of the position. The BOD maintains ultimate responsibility to notify the supervisory authority of the key functions identified in the Company, and the individuals that are in scope of the fit and proper requirement, ensure they are fit and proper and seek approval from the Supervisor with regards to the Fitness and Propriety of the individuals stated above.

The Compliance Function has established processes for notifying the Supervisory Authority of the above, of any changes to the individuals that hold the Fit and Proper requirements and of any successors in case they no longer fulfil the Fit and Proper requirements.

The Compliance Function is committed to provide these notifications in a timely manner and with sufficient information to the Supervisory Authority for conducting an assessment.

The Compliance Function has the responsibility for monitoring the regulatory requirements on the fit and proper requirement and informs the BOD and key function holders of any changes to the information that needs to be submitted.

The above identified individuals are required to comply with the requirements set by the Supervisory Authority and the Code of Standards defined by the Company. Individuals in scope of the requirement inform the Human Resources Department if their Fitness and Propriety is adversely affected and Compliance if they believe they have breached any regulatory requirements.

B.2.b. Assessing Fitness and Proprietary

In accordance with Supervisory requirements, the Company requires its BOD, Senior Management and holders of Key Functions to be Fit and Proper, to adhere to the Principles and Code of Ethics and Conduct and achieve competence.

The Company has defined and documented specific criteria to assess the Fitness and Propriety of its BOD, Senior Management and holders of Key Functions. Generic criteria exist as well as specific criteria for the role of each member. All individuals under the scope of the Fit and Proper requirement must comply with regulatory requirements, as well as the Company's requirements and policies.

The following controls are performed upon appointment:

- Credit search - No Bankruptcy Certificate
- Identity check
- Sanctions Screening
- Criminal Records (DBS) check – Certificate of clean criminal record
- Educational and Professional Certificates

Individuals in scope of the Fit and Proper requirement are required to self-certify to Human Resources on an annual basis their continuing Fitness and Propriety. They should promptly inform Human Resources if they think their Fitness and Propriety has changed adversely. In case where they believe that, there was a possible breach or there will be a breach of the Code of Standards or other Regulatory Requirements, they should also inform the Compliance. In case there is no compliance with the Company's policies and Code of Standards or requirements of the regulatory regime, they may be subject to disciplinary action by the Company. In addition, they may be disciplined by the Regulator. In deciding whether an individual is responsible for a breach, the Company will consider whether the action was deliberate, or whether the behaviour was below the standard which would be reasonable in all the circumstances.

B.3. Risk Management System including the Own Risk and Solvency Assessment

B.3.a. The Risk Management System

The Company has adopted Risk Management policies and procedures in order to achieve its business and financial strategy without exceeding its risk appetite as defined by considering both internal and external constraints set by its BOD, the Group, regulators and other Stakeholders.

The Company's Risk Management Framework, as illustrated below, is an embedded part of the business and fully interacts with the strategic and business planning and the Capital Management Process.

Figure B-2: The Risk Management System

As demonstrated by the risk framework, Risk Management is embedded within the Company's strategic and operational processes, both as a standalone framework for the management of key risks and as an input in key strategic and business processes.

The Risk Management Framework establishes the mechanism and strategy through which the Company manages risk, taking into account its business objectives and vision (both short term and long term), as well as its overall risk appetite. In this way, the risk strategy sets the principles for Risk Governance, which in turn feed into the Company's organizational structure for the forming of business functions and Committees, the assignment of roles and responsibilities and the definition of lines of reporting.

The business objectives reflect minimum requirements (Regulatory Compliance such as Solvency II), international best practices, as well as long term strategic objectives (credit rating).

B.3.b. The Risk Management Process

Risk Management is a continuous process that is used in the implementation of the Company's overall strategy and allows an appropriate understanding of the nature and significance of the risks to which it is exposed, including its sensitivity to those risks and its ability to mitigate them.

The Company's Risk Management process comprises of four stages:

B.3.b.1. Risk Identification

Risk Identification is the first stage in the risk management process. This is the process followed by the Company to identify and record all material risk exposures that arise from its activities. Risks are identified and registered both formally, through the periodic review of the Company's Risk Register, and informally as they arise in the course of business.

Risk identification is performed for both existing and emerging risks.

B.3.b.1.1 Risk Measurement

Once risks are identified and registered by the business areas, the business areas undertake the task of assessing the materiality of these risks and measuring their impact. Assessment and measurement of the risks is performed using both qualitative and quantitative methods.

The qualitative assessment refers to the high level assessment of risks based on expert judgment, prior experience, benchmarking and the qualitative estimation of severity and impact of adverse events. This analysis assesses the inherent and net or residual (after mitigation) risk position of the Company, based on the analysis of internal and external factors and other inputs, depending on their relevance to the risks examined and the controls in place for their mitigation. The qualitative assessment of risk enables a better understanding of the risks and their potential impact. This assessment is performed jointly by the RMF and the business units and is documented in the Company's risk register.

The quantitative assessment refers to the detailed measurement of the risks involved using appropriate quantification techniques, which are more advanced than those used in the qualitative assessment.

In order to measure the capital requirements of risks the Company's quantification techniques focus on the Solvency II standard formula and stress testing.

B.3.b.1.2 Risk Monitoring and Reporting

Monitoring risk exposures is a joint responsibility between all three lines of defense in the Risk Management Framework, consisting of prudent and regular review of risk metrics and exposures. All risk monitoring is undertaken in the context of the overarching limit structure, and any limit breaches are quickly and promptly escalated to the required parties.

The RMF is responsible to ensure that risk exposure information is communicated to Senior Management through formal and informal reporting in a timely manner to enable informed decision making.

B.3.b.1.3 Risk Mitigating / Transfer

Risks arising from Company's activities are monitored and controlled through the use of risk limits.

The Company takes into consideration techniques to mitigate risks such as the use of reinsurance, premium rate reviews, authority/limits and concentration limits. Reinsurance is used to mitigate the risk that profits and available capital are adversely affected by natural or man-made catastrophes, large losses or accumulations of losses.

The Company's Risk Management process capabilities are supported through the following:

- Risk Management education and training of all staff and management
- Use of an internationally recognized Risk Management Software for the reporting and monitoring of risks and the performance of the Risk Control Self- Assessment (RCSA) process using approved policies for the Risk Definition Process and the Likelihood and Impact factors
- Risk Review and an overall formal review of the Risk Registers developed in one to one sessions between the risk function and the heads of departments. The Risk Review takes place regularly and the Risk Register produced is quite comprehensive and touches all the risk areas the Company is exposed to. There are continuous enhancements of the scope and level of depth of the Risk Reviews
- Sensitivity and stress testing of financial projections, major decisions, etc.

The Risk Governance of the Company forms an integral part of the Risk Management Framework and is organized in a way that ensures the establishment of clear responsibility boundaries, the proper segregation of duties and the avoidance of conflicts of interest at all levels, including the BOD, Senior Management, RMF and Business Units.

The specific responsibilities of key bodies in the risk management framework are summarized below:

Table B-1: Responsibilities of key bodies in the Risk Management Framework

Body / Function	Roles in the Risk Management Framework
BOD	• The responsibility for the approval and periodic review of the risk profile and risk appetite, as well as the risk strategy and the policies for managing risks, lies with the BOD, so as to ensure that the BOD takes all measures necessary for the monitoring and control of risks, in accordance with the approved risk strategy and policies. This information reaches the BOD through the Risk Committee
Risk Committee	• Responsibility for the supervision of the Risk Management Framework is assumed by the Risk Committee

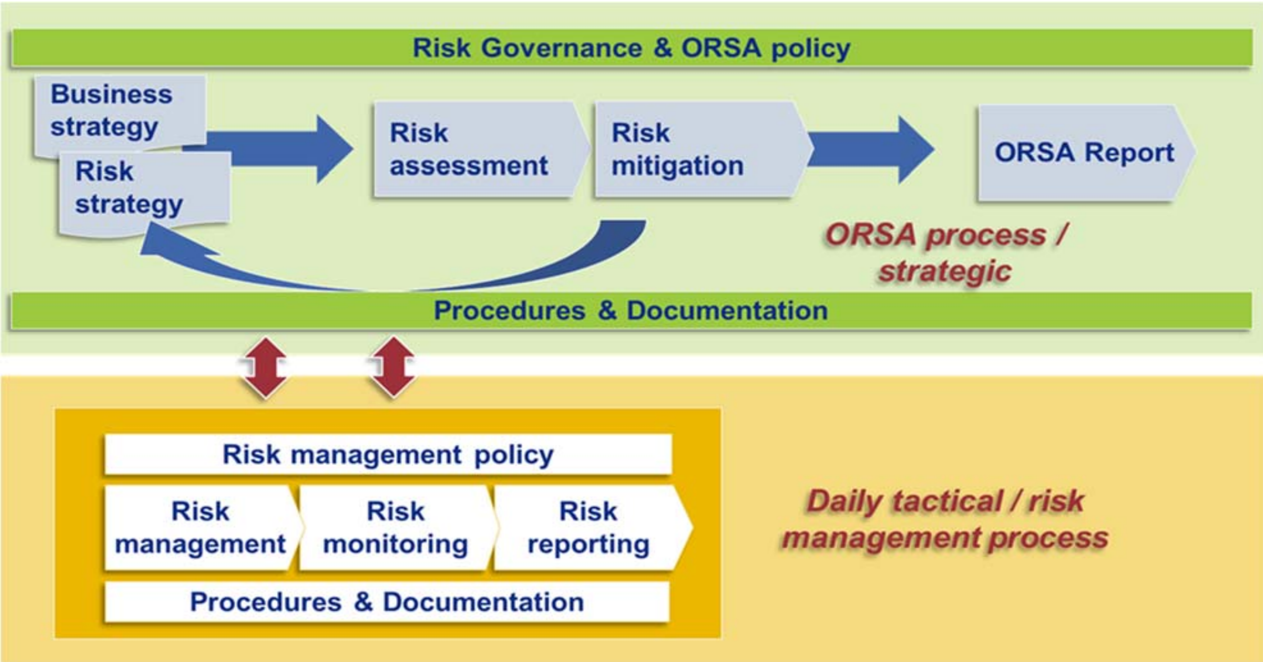
Body / Function	Roles in the Risk Management Framework
	• The Risk Committee reviews on an annual basis the suite of Risk Manuals of the Company and pre-approves any required changes, and subsequently forwards the updated Manual to the BOD for final approval • The Risk Committee receives frequent information on the levels of risks to which the Company is exposed, with the purpose of ensuring that the Company's risk profile remains within the established risk tolerance limits. Risk appetite and risk limits are set at a level which is commensurate with the sound operation of the Company and its strategic goals
Risk Management Function	• Supports the BOD in the determination and implementation of the risk strategy and capital planning • Coordinates the implementation of the Risk Management Framework • Provides regular reporting to the Senior Management and Risk Committee • Monitors the risk profile of the Company against the BOD's Risk appetite
CEO and Senior Management with risk taking capacity	• The Company's Senior Management (i.e. CEO, Financial Controller, Operations Manager, etc.) is responsible for the implementation of the Risk strategy, as this has been approved by the BOD • They also have the responsibility to apply the framework in their day to day activities
Business Units	• The individual business units under the direction of their Managers have the responsibility to know and apply the requirements of the risk strategy and Manuals in their area of business
Actuarial Function	• The Actuarial Function is a specialised function that advises the Senior Management and the Risk Committee on the valuation of technical provisions, reinsurance adequacy and underwriting policy
Compliance Function	• The Compliance Function applies suitable procedures for the purpose of achieving a timely and on-going compliance of the Company's Risk Management Framework with existing and new Laws and Regulations
Internal Audit Function	• The Internal Audit Function undertakes independent reviews and testing of the Risk Management Framework or of specific components of the framework and reports the results to the Audit Committee

B.3.c. ORSA Process

B.3.c.1. Process conduct

The ORSA process is illustrated in the diagram below:

Figure B-3: The ORSA Process



B.3.c.2. The ORSA Integration

The ORSA covers all the operations of the organization and all business units of the Company.

The BOD is the body that bears ultimate responsibility for the ORSA, its application and embedment within the Company's day to day procedures. The roles and responsibilities for the ORSA are presented in the table below:

Table B-2: The roles and responsibilities for the ORSA

Body / Function	Responsibility
BOD	• Definition of corporate objectives and risk strategies, definition of the Company's risk profile, which will be used as a significant input to the ORSA • Approval of the budget/business plan • Establishment of a suitable ICS, especially with regards to the ORSA • Understanding, review, challenge and approval of the annual ORSA report of the Company

Body / Function	Responsibility
Risk Committee	• Review and challenge of the annual ORSA report of the Company and recommendation for approval to the BOD • Recommendation for improvements in systems, procedures and processes, and adaptation as necessary in accordance with ORSA results
Senior Management	• Dissemination of information on risk strategies and procedures to the employees concerned • Ensuring that there is adequate expertise and knowledge amongst the employees and officers of the Company to successfully carry out the different tasks required • Understanding of the ORSA of the Company
Risk Management Function	• Preparation of the Risk Management policies • Identification and monitoring of key risks faced by the Company • Establishment of methods for risk monitoring and measurement • Coordination of the preparation and implementation of the ORSA
Actuarial Function	• Provision of technical assistance to the ORSA process owners with regards to key technical areas e.g. valuation issues, re-insurance issues, stress testing, etc. • Calculation of several results required for ORSA.
Finance Function	• Preparation of financial projections in accordance with the strategic plan approved by the BOD • Preparation of financial projections in accordance with the stress tests • Preparation of Pillar 1 capital planning and projection of own funds based on the planning
Departments	• Compliance and cooperation with the request for collection of data for the implementation of the ORSA and preparation of the ORSA report • Participation in the risk assessment exercise and support to the RMF • Adoption of all risk management policies and procedures approved by the BOD

B.3.c.3. ORSA Review and Approval Frequency by the Board of Directors

The ORSA Supervisory Report is produced and approved by the BOD once a year (normally right after the closure of the 3rd quarter) following the completion and approval of the Company's Business Plan.

B.3.c.4. Determining Own Solvency Needs

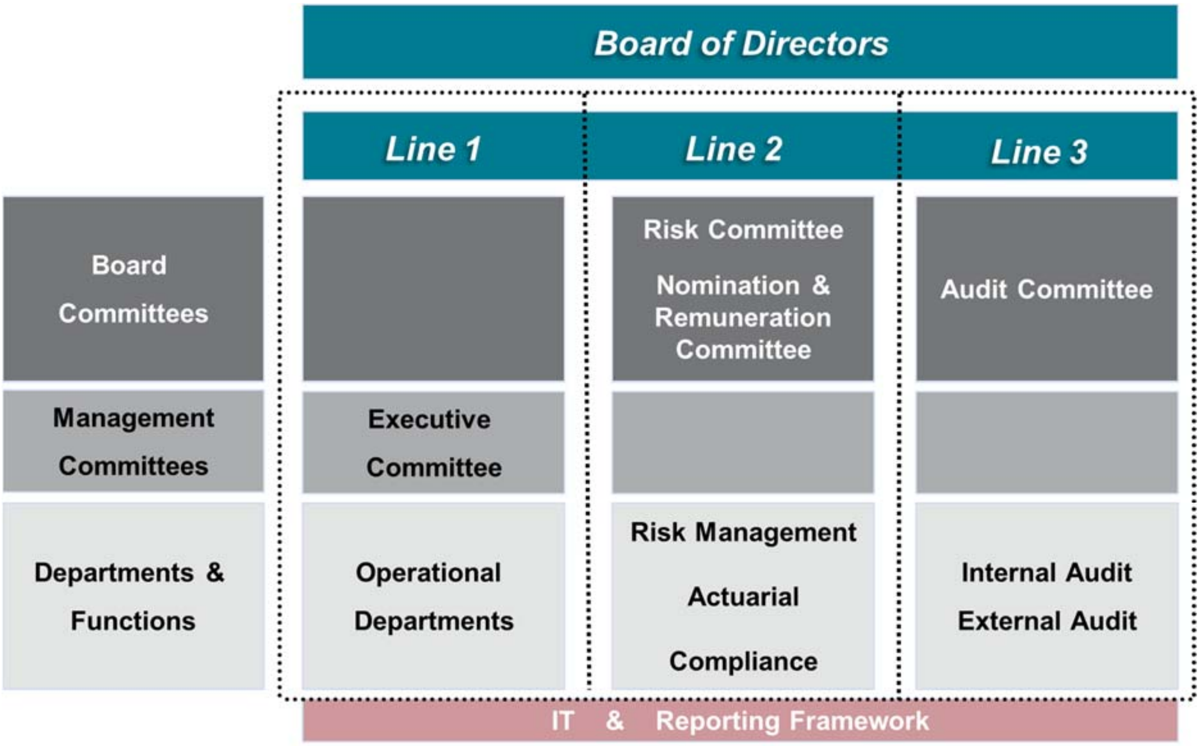
The Company assesses the appropriateness of the standard formula calculation of the SCR. This confirms that the risk profile does not materially deviate from the assumptions underlying the standard formula calculation of the SCR and provides justification for any residual deviations.

B.4. Internal Control System

B.4.a. Description of Internal Control System

The Governance Framework for the management of risks within the Company is based on the "Three lines of defense model", as illustrated in the diagram below.

Figure B-4: Internal Control System



The three lines of defence support the implementation of a robust ICS and is aligned with the 'four eye principle' that the Company is required to comply with under Article 41 (1) of the Solvency II Directive, i.e. the Company is effectively run by at least two persons. The Company's three lines of defence framework can be summarized as follows:

1. 1st Line of defence: Business operations - The 1st Line of defence relates to the management of risks at the points where they arise. Risk Management at this level consists of appropriate checks and controls, incorporated in the relevant procedures and the guidelines that are set and approved by the Executive Management with the assistance of the Risk Management Function
2. 2nd Line of defence: Risk Control - The 2nd Line of defence concerns mainly the Risk Management activities that are carried out by the Risk Management Function, the Actuarial Function and the Compliance Function which are integrated into the organizational structure as independent functions which report directly to the Risk Committee of the BOD.
3. 3rd Line of Defence: Independent Assurance - The 3rd line of defence concerns the activities of Internal Audit that provides an independent assurance to the BOD, on the performance and effectiveness of the Risk Management Framework within the Company. The Internal Audit is integrated into the organizational structure as a fully independent function which reports directly to the Audit Committee of the BOD.

IT & Reporting Framework - The Company is continuously enhancing its IT & Reporting Framework which provides support to all three lines of defense in the performance of their activities. The Group's Business Intelligence solution has been implemented which provides extensive Management and

Risk information to the BOD, the Management and the Operational Departments. Key information is available in real-time, directly from the operational systems and can be accessed on-line from anywhere in the world.

To assist with managing its risks, the Company is using the Group's Governance Risk and Compliance (GRC) System supported by SAP GRC. The system is one of the top ranked GRC systems internationally.

The overall oversight of the Risk Management activities is performed at BOD level (i.e. the approval of the strategic management of risk and capital). The BOD is responsible for ensuring that the implemented Risk Management Framework is suitable, effective and proportionate to the nature, scale and complexity of the risks inherent in the business. The BOD is also responsible for the approval of any periodic revision of the main strategies and business policies of the Company in terms of Risk Management.

B.4.b. Compliance Function

The Company adopts the following principles with respect to the operations of the Compliance Function:

1. The operation of the Compliance Function is assigned to a person/function who/which is independent from other significant functions of the Company and where there might be possible conflicts of interest
2. The Compliance Function has a formal status within the Company to give it appropriate standing and authority
3. The Compliance Function reports to the BOD through the Risk Committee and to the CEO
4. The Compliance Function must be able to carry out its responsibilities on its own initiative in all areas of the Company in which compliance risk exists and reports any irregularities or possible breaches without fear of retaliation or dissatisfaction from Management
5. The Compliance Function should be undertaken by a person that has the necessary qualifications, experience and professional qualities to carry out its duties

The Compliance Function staff possesses the following skills and capabilities in order to be able to perform the tasks as rigorously and appropriately as possible:

1. Familiarity with legislative structures and with the regulatory framework applicable to companies in the insurance sector, in order to be able to easily understand and interpret laws and regulations
2. Ability to apply critical thinking and challenge Company Senior Management and staff on compliance issues
3. Good communication skills, discretion and tact as they may often need to discuss issues with other Company staff and explain complicated regulations to persons who are not familiar with legal terminologies
4. Good interpersonal skills in order to develop strong relationships with Supervisory Authorities and clients
5. Integrity, a questioning mind, neutrality and independence of judgement

The roles and responsibilities of the Compliance Function have been analysed in a previous section of this report.

B.5. Internal Audit Function

B.5.a. Implementation

The roles and responsibilities of the Internal Audit Function have been analysed in a previous section of this report.

B.5.b. Independence and Objectivity

In accordance with the Solvency II Article 48 of the Insurance Law, the Internal Audit Function shall be objective and independent from any operational functions. The Internal Audit needs to be independent from the organizational activities audited and carry out its assignments with impartiality. The principle of independence entails that the Internal Audit Function should only operate under the oversight of the administrative, management or supervisory body, reporting to the Audit Committee. At the same time, it has to be ensured that the Internal Audit Function is not subject to instructions of the administrative, management or supervisory body when performing the audit and when evaluating and reporting the audit results.

Having regard to the principle of proportionality, in large undertakings and in undertakings with more complex risk profiles, the establishment of an Audit Committee is considered necessary.

Internal Audit staff is expected to apply the following Code of Ethics, based on Institute of Internal Auditors (IIA) Standards:

- Respect the confidentiality of all information received in the course of their duties
- Shall not use such information for personal gain and shall not knowingly allow any other person to use such information for personal gain
- Shall perform the responsibilities of Internal Auditor with proficiency (knowledge, skills and other competencies) and due professional care
- Shall exhibit objectivity while performing internal audit work and communicate possible threats to objectivity or independence within the normal chain of command
- Shall examine and review all the factual evidence and information prior to the release of the Reports of any Internal Audit work
- Shall not be involved in any illegal activity, or engage in acts that are discreditable and shall immediately communicate any such matters which come to his/her attention to the appropriate officer
- Shall act with high standards of conduct and professionalism at all times, in order to maintain the good image for him/herself and for the Company
- Shall not accept gifts or any other service of material amount, from a physical person or legal entity in relation to his/her duties, which may be or presumed to be bribery

To conclude, during the execution of internal audit work, the Internal Audit staff of the Company is expected to apply the following principles:

- Integrity, which establishes a trust towards the internal audit work and the Auditors' judgement
- Objectivity in gathering and evaluating of evidence and in the assessment of all relevant circumstances in forming judgements
- Confidentiality, in the use and protection of information acquired in the course of their duties
- Competency, through continuous professional development and gaining the necessary knowledge, skills and experience for their audit engagements and the continuous quality improvement of their work

B.6. Actuarial Function

The Company outsources specific actuarial tasks to the Group Actuarial and Risk Department of Nest Investments (Cyprus) Ltd. The team is responsible to support the business and meet the requirements of the Actuarial Function. The actuarial team is headed by the Group Chief Actuary and Risk Manager, who is also a staff of the Group Actuarial and Risk Department of Nest Investment (Holdings) Ltd.

The Chief Actuary is a Fellow of the Society of Actuaries and is an Approved Person as per the SII requirements.

The Actuarial Function is responsible for coordinating all actuarial activities and comprises of the Head of the Actuarial Function and other staff specialised in actuarial issues. The Head of the Actuarial Function reports to the BOD through the Risk Committee.

The function is subject to audit by the Internal Audit Function.

The roles and responsibilities of the Actuarial Functions have been analysed in a previous section of this report.

B.7. Outsourcing

B.7.a. Description of the policy

The Company considers that any activities that are fundamental to its ability to carry out its core business are likely to be critical or important.

The Company considers the following activities to be critical or important and further decides on the allocation of the relative resources:

- The pricing of insurance products
- The investment of assets or portfolio management
- Claims Handling
- Provision of regular actuarial support
- Provision of data storage
- Provision of ongoing, day-to-day systems maintenance or support
- Issuing offices

When choosing a service provider for any critical or important activity, the Company ensures that:

- A detailed examination is performed to ensure that the potential service provider has the ability and capacity and any authorisation required by Law to deliver the required functions or activities satisfactorily, taking into account the Company's objectives and needs
- The service provider has adopted all means to ensure that no explicit or potential conflict of interests with the Company impairs the needs of the outsourcing provider
- It enters into a written agreement with the service provider which clearly allocates the respective rights and obligations of the Company and the service provider
- The general terms and conditions of the outsourcing agreement are authorised and understood by the CEO or BOD
- The outsourcing does not represent a breach of any data protection regulation or any other laws
- The service provider is subject to the same provisions on the safety and confidentiality of information relating to the Company or to its policyholders or beneficiaries, that are applicable to the Company

In addition, the Company ensures that the outsourcing of any critical or important activities does not lead to a material impairment of the quality of the Company's Governance System and further any outsourcing service provider does not lead to an increase in the Company's operational risk.

In order to get the final approval for the outsourcing service, a detailed examination is performed to allow the Company to understand the main risks that might arise from the outsourcing and identify the most suitable strategies for the mitigation/management of these risks and ensure that the service provider has the ability, capacity and any authorisation required by Law to perform the outsourced activities reliably and professionally. For this purpose, an internal assessment is performed by the Head of Operations and reviewed and approved by CEO. Additionally, approval is required by the BOD.

B.7.b. Functions and Activities Outsourced

Table B-3: Outsourced activities

Outsourced Activity	Description of outsourced service	Jurisdiction
Actuarial Activities	Actuarial services	Cyprus
Road Assistance	Accident care and road assistance	Cyprus
Home Assistance	Technical assistance for home services	Cyprus
Medical Assistance	Medical Claims handling abroad	Greece
Loss Adjusters	Loss Estimators for both motor non-motor business	Cyprus
Data Storage	Policy documents are scanned and stored	Cyprus
Investment Advisors	Provides advice to the Investment Committee	Cyprus
Servers and Systems Maintenance	Software and hardware maintenance agreements	Cyprus, Greece
Claims Handling	Issuing offices that have an agreement with the Company to handle claims up to a certain maximum amount	Cyprus
Issuing offices	Authority to underwrite business in the name and on account of the Company	Cyprus

B.8. Any other information

B.8.a. Adequacy of the System of Governance

It is considered that the system of governance in place is effective and provides a sound and prudent management of risks faced by the Company. The Company's organisational structure supports the strategic objectives and operations of the Company and ensures that the BOD is able to take business decisions with a full appreciation of the impact on risk exposures and assess compliance with the Company's appetite.

B.8.b. Any other material information

None.

C. Risk Profile

This section of the report is produced as per the requirements of ***Article 295: Risk profile.***

As described in the Risk Management section of the report the Company employs a pre-defined risk management process that involves the following steps:

1. Risk Identification
2. Risk Measurements
3. Risk Monitoring and Reporting
4. Risk Mitigation

Risks are identified and registered both formally, through the periodic review of the Company's risk register, and informally as they arise in the course of business. To measure the capital requirements of risks the Company's quantification techniques focus on the Solvency II standard formula including stress testing.

It is confirmed that the standard model adequately represents the risk profile of the Company and no internal model is required given the nature, scale and complexity of the risks of the Company.

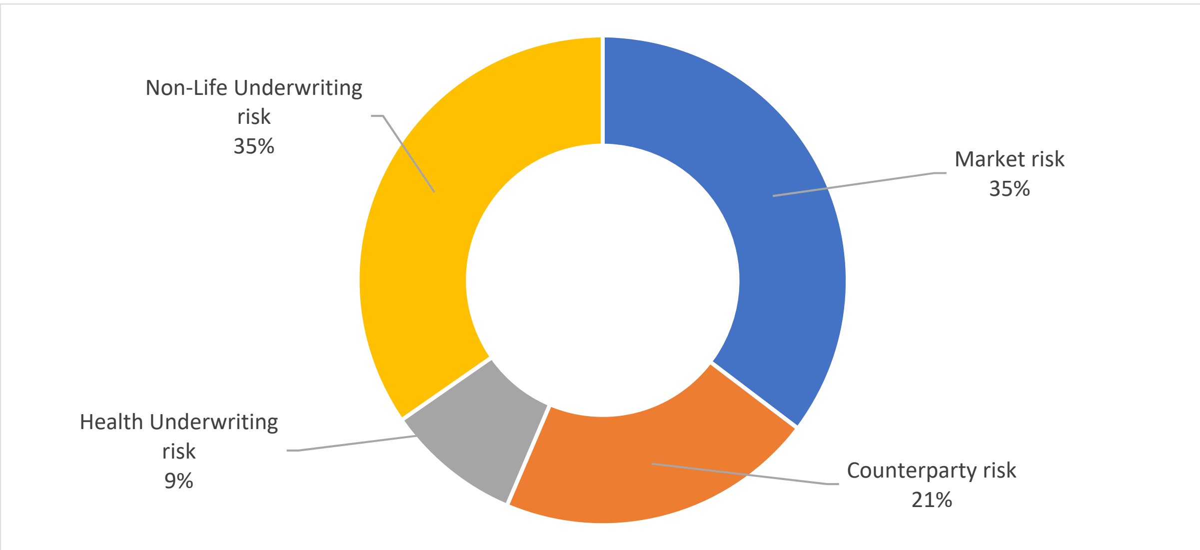
Monitoring risk exposures is undertaken in the context of the overarching limit structure, and any limit breaches are quickly and promptly escalated to the required parties.

Risks arising from Company activities are monitored and controlled through the use of risk limits. The Company takes into consideration techniques to mitigate risks such as the use of reinsurance, premium rate reviews, authority/limits and concentration limits. Reinsurance is used to mitigate the risk that profits and available capital are adversely affected by natural or man-made catastrophes, large losses or accumulations of losses.

Based on the type of business the Company writes and its asset exposures it is exposed primarily to Market Risk and Underwriting Risk (Non-Life and Health) and to a lower extend to Counterparty Risk.

The diagram that follows summarizes the undiversified risk profile of the Company as at the valuation date:

Figure C-1: Company Risk profile 2017



The assessment of the capital requirements to cover these risks is analysed in Section E of this report. In the subsequent Sections of part C of this report, the exposure of the Company to:

- Underwriting Risk
- Market Risk
- Credit Risk
- Liquidity Risk
- Operational Risk

is analysed separately in relation to:

- Risk Assessment
- Risk Concentration
- Risk Mitigation

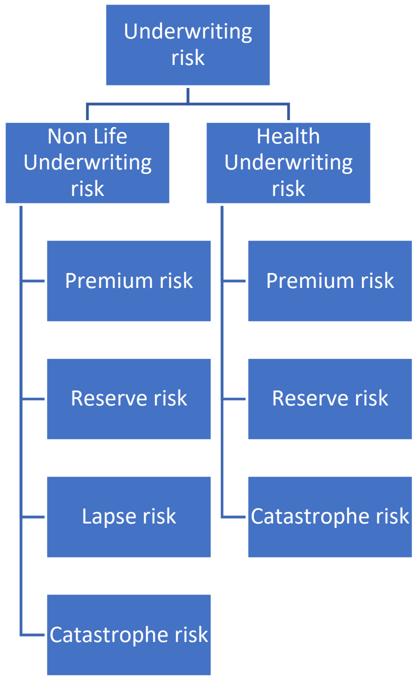
Risk Sensitivity of other material risks in analysed in a separate section at the end of Section C.

C.1. Underwriting Risk

Based on the type of business the Company accepts, it is exposed to Non-Life Underwriting risk and Health Underwriting risk.

The Company assesses these risks using the standard formula part of Solvency II dealing with underwriting risk:

Figure C-2: Underwriting Risk Model

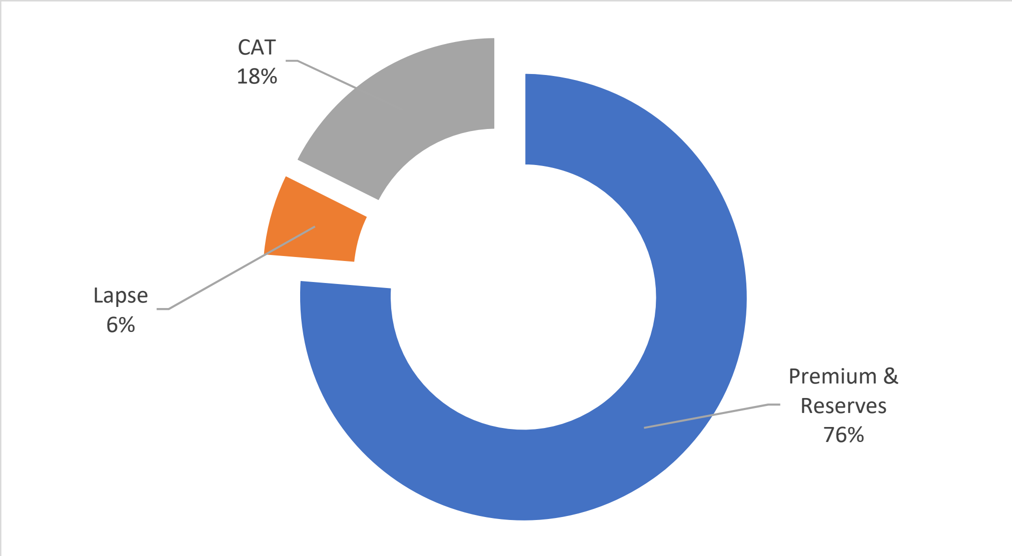


This includes an assessment of the risks resulting from:

- Premium and Reserve Risk i.e. a random change in the volume of premiums and reserves of the Company:
    - Premium Risk: arises from the failure of pricing, product or strategy. It includes the risk of losses due to the potential timing, frequency and severity of covered loss events differing from that assumed at the time of underwriting and pricing a risk. It arises during market and/or investment cycles where there is pressure on pricing margins, which results in being unable to charge an appropriate price without undermining its market position.
    - Reserve Risk: arises from adverse reserve development through failing to set sufficient cash reserves. It represents the difference between the actual versus expected variability in the timing or amount of loss costs.
- A 40% lapse shock on the company policies the risk of loss, or of adverse change in the value of insurance liabilities, resulting from a discontinuance of insurance policies.
- Natural and manmade extreme / exceptional events which arise from the failure to manage risk aggregation or accumulation that may result in an increased exposure to natural or manmade catastrophe losses

Within the Non-Life Underwriting risk the allocation of risk capital is shown in the chart that follows:

Figure C-3: Non-Life Underwriting Risk allocation of Risk Capital 2017



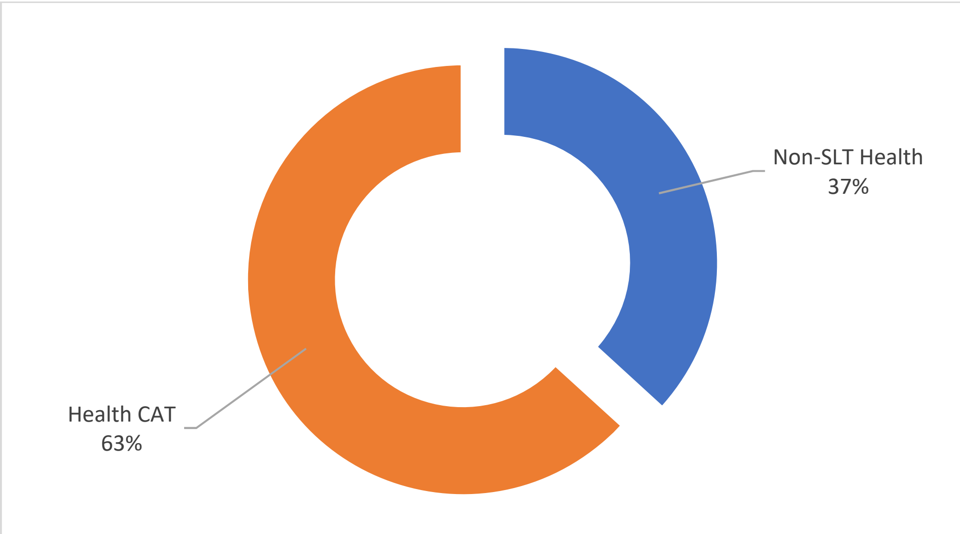
The major risk contributor in the Non-Life Underwriting Risk is the Premium and Reserves part of the module which is driven by the level of reserves and the premium written. This means that the lines that are driving the capital requirements and hence the risk concentrations are the lines in which the company writes a lot of business.

These are:

- Motor Business
- Fire and Theft
- Third Party Liability

Within the Health Underwriting Risk the allocation of the capital requirements is as follows:

Figure C-4: Health Underwriting Risk allocation of Risk capital 2017



The business driving these capital requirements is the medical business.

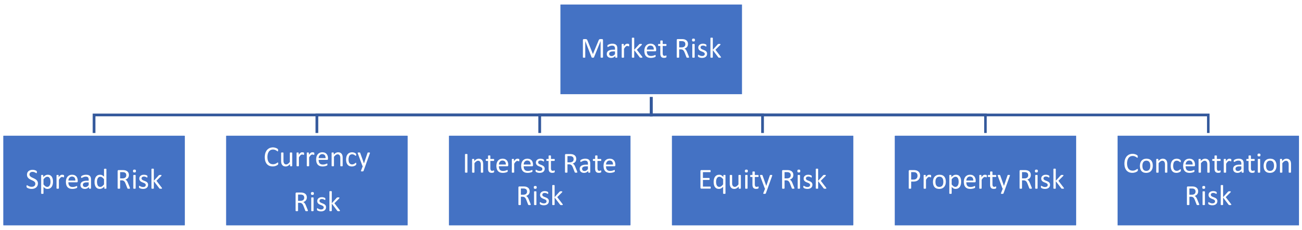
To manage the underwriting risks the company is monitoring and controlling the risks it is undertaking by performing a number of activities:

- Setting strict pricing guidelines relevant to each line of business
- Employing strict approval and underwriting authorities
- Employing underwriting guidelines, procedures & authority matrices
- Monitoring of accumulations by cresta zone, geographic locations etc.
- Reviewing of the coverage provided for natural catastrophes
- Pricing risk through the purchase of reinsurance
- Portfolio reinsurance
- Creating reports to review claims
- SLAs with loss adjusters
- Running a claims committee to review claims
- Running an underwriting committee to review large risks
- Strategic plans to control volume of business

The Risk Committee actively monitors the effectiveness of the Risk Mitigation techniques through processes and deliverables including the Risk Register, Stress and Scenario Tests and Risk Indicator Reporting.

C.2. Market Risk

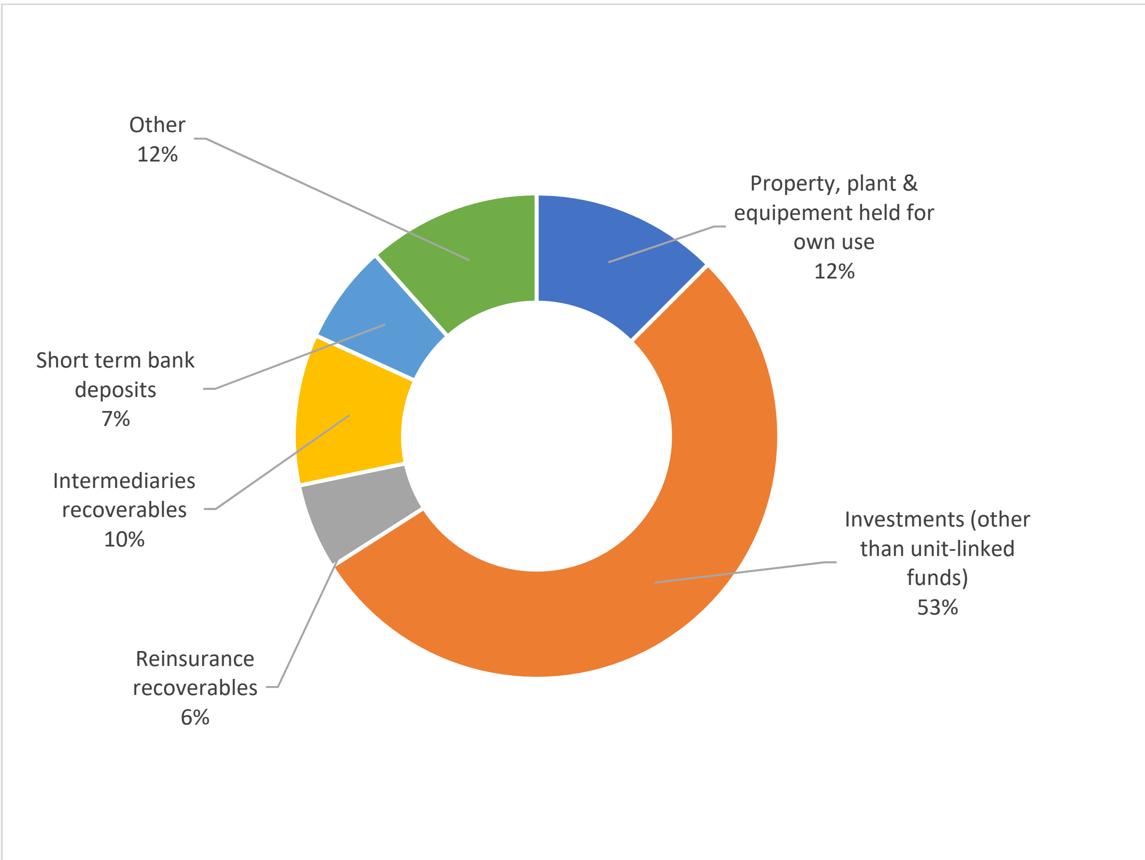
The Company assesses Market Risk using the standard formula part of Solvency II dealing with Market Risk:



Based on the type of assets the Company invests in, it is exposed to Market Risk. The total Company asset exposure is €53,3M on a SII basis.

This is allocated as follows:

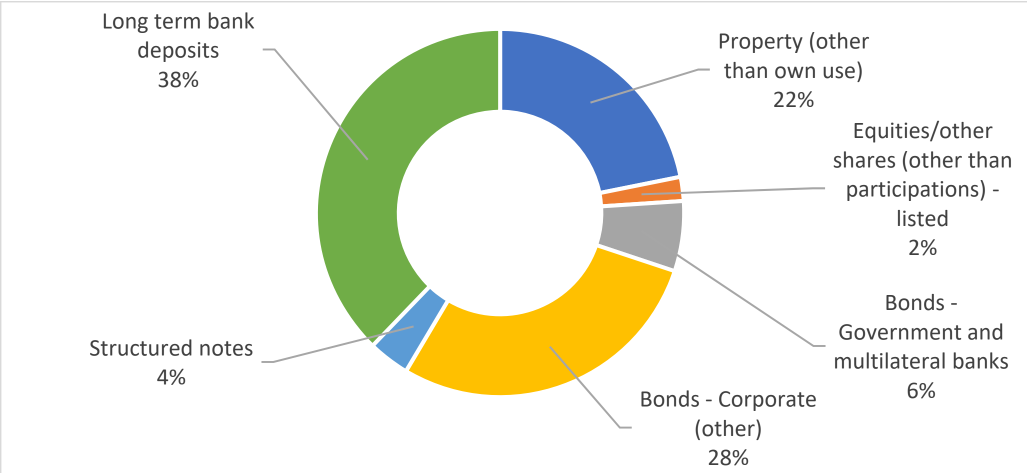
Figure C-5: Asset Portfolio 2017



Based on the diagram above the major asset component is Investments (Other than Unit Linked).

Investments (Other than Unit Linked) make up the 53% of the total assets and is analysed as follows:

Figure C-6: Analysis of Investments (Other than Unit Linked) 2017

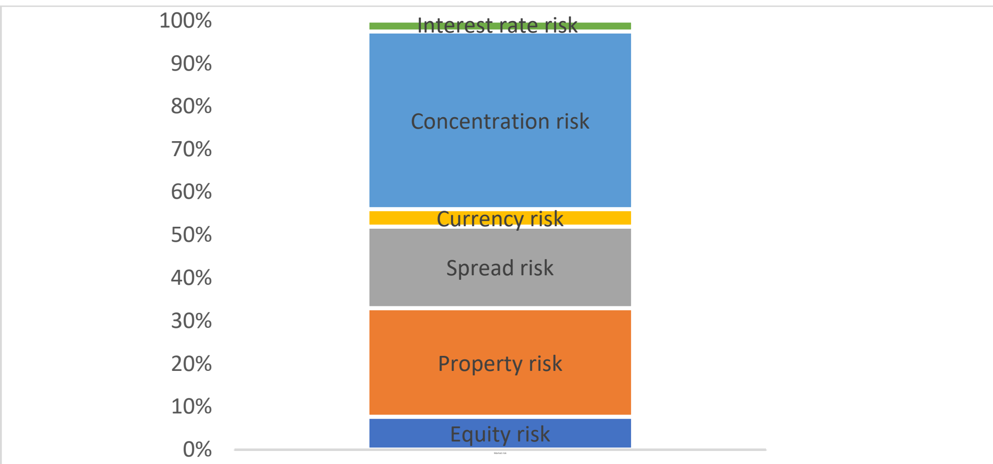


To assess Market Risk the Company is using the standard model of Solvency II. This includes an assessment of the capital requirements resulting from:

- Spread Risk - financial loss due to the increase in the spread that an asset trades relative to a comparable government bond
- Currency Risk - financial loss due to the change in value of currency exchange rates
- Interest Rate Risk - financial loss arising due to changes in the level of interest rates
- Equity Risk - financial loss due to changes in prices of equities, mutual funds and equity-linked capital market instruments
- Property Risk - financial loss arising due to changes in real estate prices
- Concentration Risk - financial loss arising due to the concertation of assets in a particular asset class and / or Counterparty

The major sub risks within Market Risk is the Concentration risk and Property risk:

Figure C-7: Market Risk Profile 2017



The Company is exposed to concentration risk as a result of large individual exposures within its investment portfolios. The major exposure within concentration risk is the Company's exposure to deposits in the Bank of Cyprus.

On the other hand, property risk arises from the company's exposure to properties in Nicosia and Limassol. A sizeable part of the property risk comes from the Head office of the Company.

To manage market risk the Company invest in assets appropriate to the term, nature and currency of its liabilities such that to maximize investment returns. It also manages Market risks by:

- Employing a well-defined investment strategy
- Monitoring of the asset portfolio to avoid asset concentrations
- Monitoring the solvency position prior to agreeing any changes in the assets
- Any material changes to the assets have to be approved by the BOD

The Company monitors the effectiveness of the Risk Mitigation techniques documented risk taking authorities, defined risk limits and minimum standards.

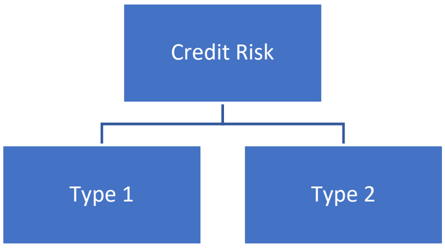
The BOD of the Company approves Company's Risk Appetite which contains the risk appetite for Market Risk.

The Company's investment management policy also ensures the Company's compliance with the Prudent Person Principle as per Article 132 of the Directive 2009/138/EC.

C.3. Credit Risk

Credit Risk is the risk that the Company cannot recover the value of its assets if the counterparty defaults.

The Company assesses Credit Risk using the standard formula part of Solvency II dealing with Credit Risk:



This involves an assessment of Credit Risk on both asset and liability side of its balance sheet.

Credit Risk is categorized as:

- Type 1 - involves exposures to counterparties that are non-diversifiable and usually rated e.g. reinsurance arrangements, cash at bank etc.
- Type 2 - involves diversifiable and unrated exposures e.g. receivable from intermediaries, policyholder etc.

The Company is exposed to Credit Risk through its deposits in Banks and the reinsurance treaties that it maintains. These are classified Type 1 exposures. As at the valuation date Type 1 exposures are primarily driven by the exposures of the Company to its reinsurers.

The Type 1 Credit Risk exposures are primarily mitigated through diversification of the credit institutions e.g. Banks and the Reinsurance providers. Moreover the choice of the Counterparty is based on its credit rating and any decisions on this have to be approved by the BOD of the Company. Reinsurance selection is also based on:

- Financial analysis for selecting reinsurance program
- Participate in the reinsurance selection process
- Financial analysis for selecting reinsurance program

The Company is also exposed to Credit Risk through its investments in related Companies of the Group and its receivables from policyholders and intermediaries. These are the so-called Type 2 exposures.

The Type 2 Credit Risk exposures are mitigated through internal procedure that ensures the minimization of the period that any receivables remain outstanding. Credit Risk of Premium receivables is also managed through:

1. Credit Policy & Procedures
2. Monitoring of outstanding premiums
3. Credit Control Report
4. Problematic debts
5. Update the Collections Procedure
6. Credit Control Committee
7. Credit Scoring System

C.4. Liquidity Risk

Liquidity Risk arises through the possible inability of the Company to meet its obligations as they fall due. These obligations are predominantly the payment of claims from the covered business.

This type of risk is not explicitly assessed by the standard formula of SII. Hence to assess Liquidity Risk the Company is performing its own qualitative assessment through the ORSA. The goal of the Company is to maintain sufficient liquidity to manage its day to day operations in the short, medium and long term as well as sufficient buffer of liquid assets for covering sudden liquidity demands that may arise.

Moreover, the Company’s liquid assets are regularly reviewed and it is ensured that the value of the liquid asset buffer is stable under normal and stressed market conditions.

C.5. Operational Risk

Operational Risk is the risk of loss arising in the Company from its people, processes, systems or the external environment which is a natural consequence of its business operations.

Operational Risks are assessed by the Company through the standard model of SII. This involves assessing Operational Risk through assessing the Company earned premium, provisions and expenses.

Over and above, the Company has in place an Enterprise Risk Management Framework to systematically perform internal assessment of its risks of people, processes, systems or the external environment affecting the business.

Indicative list of Operational Risks together with mitigating actions for the Company include:

Table C-1: Operational risks 2017

Risk	Response	Response Description
Efficiency of risk management system		
	Group Risk Management Requirements	Company complies with Risk Management requirements of the Group.
	Risk Committee Role	Risk Committee oversees the Risk Management framework.
	GRC software implementation	GRC software full implementation for the Company which enables the CEO, BOD and the Group Risk Management to review all activities of the Risk Management Framework and ensure its effectiveness.
Failure of building facilities		
	BCP & Disaster Recovery	Ensure that the BCP is active and tested. Disaster Recovery is completed by IT and it is a major requirement of the BCP.
Risk of a potential crisis event		
	Crisis Management Plan	Preparation and Implementation of Crisis Management Plan.
	Disaster Recovery Plan	Disaster Recovery Plan in place.
Inadequate standard of customer service		
	Departmental Manual	Standard of service based on the procedures documented in the Departmental Manual.
	Complaints Handling policy	Complaints handling policy in place.
	SLAs for Customer Service	SLAs are in place which are based on Company policy and procedures.
	Monitoring of Customer Service	Monitoring of standard of service provided to customers, to service providers, to agents, etc. every three months.
	Educational Seminars	Organize internal educational seminars related to customer service and best practices.
Inadequate employee performance		
	Performance appraisal procedure	Performance appraisal procedure as per HR Manual. Staff development and training as per HR Manual.Use of Performance Appraisal System on an annual basis.
	Training Programs	Trainings specific to training needs of individual employees which are aligned to their targets.Company Training plan prepared annually and revised when needed. Training plan is approved by CEO and BOD.
	Recruitment procedure	Comprehensive recruitment procedure and job description as per HR Manual. Recruitment procedure documented and approved by CEO and BOD.

Health and Safety risks to people	Health & Safety Policy and Manual	Health and Safety Policy and Manual in place.
	Emergency and Evacuation Procedures Manual	Emergency and Evacuation Procedures Manual in place with testing and training taking place.
	Medical examination as per recruitment procedure	Medical examinations are performed as per recruitment procedure.
Network Failure		
	Internet Service providers	2 different internet service providers for connectivity redundancy with wireless data option.
	Connection in case of failure	Redundant firewall, redundant switches backup UPS that prevent downtime. Load balancer switches to operate connection in case of failure.
	Power Generator	Power Generator in place, up and running in 10 seconds. Every 6 months there is a test process in place. Full load test including maintenance done once a year.
Unavailability of Database Server		
	Hardware health & Servers Inspection	Hardware good condition and inspection of servers through checking of log files and visual inspection.
	Automated Servers Controls	Automated controls on servers, monitor health in order to predict pending failure.
	Redundant Servers & Disaster recovery	Redundant servers are now working in a virtual environment in Nicosia h/o, where in case of local hardware failure of a single host, another host can take the operation of the virtual machines. Furthermore, the disaster recovery site in Limassol operates a duplicated virtual environment of the Nicosia h/o, with daily replications of all systems. The production database of the insurance system is also replicated in a dedicated host in Limassol (outside of DR center) and to another host in ARO.
	3rd DR site	Enable a 3rd DR site, preferably at cloud data center where there is high security both virtual and physical. All production systems can be replicated there as well as without additional cost (except the cloud provider fees).
Risks to information security (external)		
	Public/private network ports	Closed all un-used public/private network ports through firewall.
	2nd in-line content filtering / threat prevention / anti-virus device, firewall	2nd in-line content filtering / threat prevention / anti-virus device and firewall in place.
	PGP, VPN, Firewall	Data encryption through PGP, secure communication through VPN. A second Firewall has been installed in series with the Company's primary firewall to monitor all inbound / outbound connections. Reports are automatically generated to monitor any unwanted network activity. Unused network ports have been blocked from both firewalls and also clients have been blocked for certain ports from being used in case a client PC has been infected with virus. Everything is documented in IT Manual.
	Block all unused ports on firewall	Block all unused ports on firewalls and prevent certain applications and content from activating/displayed.
	Branches connection	All branches connect via VPN to head office to go under the same security policies and control activities.
	Penetration testing in black box mode by certified authority	Penetration testing in black box mode by certified authority. This will be planned following the full implementation of the new insurance system.
	Internal Penetration testing	Internal Penetration testing on on-going basis.

Physical impairment of property assets		
	Fire Suppression System, Fire/Smoke/Humidity sensors	Independent electronic equipment friendly, placed in the server room, fire suppression system sensitive to temperature, smoke and humidity in addition to floor's fire detection system. In addition there is a dedicated water drainage pump in the server room.
	Server	Long password protected servers set to automatically lock after idle period. Server racks are locked from all sides, server room is locked with logbook attached and no input/output device is connected on the servers. All kind of server virtual centre remote access is password protected.
	Previous building's security systems	Suggest to utilize one of the previous building's security systems for a dedicated server room security & protection. New access system has been implemented in the new building and the previous building's security systems were not utilized due to age.
	Key lock on server racks & datacentre entrance	Physical key lock on server racks and datacentre entrance.

C.6. Other Material Risks

The information provided in this section of the report provide a fair view of the risk profile of the Company as at the valuation date. There is a number of other risks that the Company is facing, and these are appropriately managed.

The Company has also performed the following stress tests which cover the material risks already identified:

Table C-2: Stress tests 2017

Scenario	Details
Market Risk	
Property Stress	Reduction of the market value of the Company's property assets
Sovereign & Corporate Bonds	Deterioration of credit spreads of sovereign and corporate bonds with the resulting impact on their market value
Equity Stress	Reduction of the market value of equities
Credit Risk	
Default of main local Bank	Default of the main local Bank of the Company by total exposure (current accounts, term deposits, equities, etc)
Default of top 5 direct customers	Default of the top 5 direct customers of the Company by premium volume
Default of top intermediary	Default of the top intermediary of the Company by premium volume
Default of top reinsurer	Default of the top reinsurer of the Company by total exposure
Deterioration of credit standing of reinsurers	Deterioration of the credit standing of all of the Company reinsurers
Insurance Risk	
Loss Ratio increase	Deterioration of the Loss Ratio of the Company
Reserve deficiencies	Increase of technical provisions due to various reasons (increase in inflation expectations, court inflation, legal costs inflation, etc)
Man-made catastrophes	Impact of man-made catastrophes
Natural Catastrophes	Impact of natural catastrophes
Strategic/Reputational Risk	
Loss of most important intermediary	Loss of most important intermediary with resulting impact on premium volume expectations
Written Premium reduction	Failure to meet business plan premiums
Written Premium increase	Exceed the business plan premiums
Policy cancellations	Impact of mass policy cancellations
Liquidity Risk	
Large Claim payment	Impact of large claims on the liquidity of the Company
Accumulation of claims due to single event	Impact of accumulation of claims on the liquidity of the Company
Policy cancellations	Impact of policy cancellations on the liquidity of the Company

C.7. Any other information

None.

D. Valuation for Solvency Purposes

This section of the report is produced as per the requirements of ***Article 296: Valuation for Solvency Purposes.***

The section provides an analysis of the following:

- Assets
- Technical Provisions
- Other Liabilities
- Alternative Methods for Valuation
- Any other information

D.1. Assets

D.1.a. Valuation of Assets

D.1.a.1. Summary of the Valuation of Assets

As at the valuation date the total value of Company assets is €57,6M on an IFRS basis and €53,3M on a SII basis. The total difference of €4,4M is analysed in a subsequent section of this report.

The table that follows shows the valuation of the Company assets under an IFRS and Solvency II basis as at the valuation date:

Table D-1: Assets valuation: IFRS and Solvency II 2017

Assets	€ '000 IFRS 31/12/2017	€ 000 SII 31/12/2017	Difference
Other intangible assets	464	0	464
Property, plant & equipment held for own use	6,651	6,651	0
Investments (other than assets held for unit-linked funds)	28,477	28,477	0
Property (other than own use)	6,222	6,222	0
Equities/other shares (other than participations) - listed	599	599	0
Bonds - Government and multilateral banks	1,755	1,755	0
Bonds - Corporate (other)	8,095	8,095	0
Structured notes	1,037	1,037	0
Long term bank deposits	10,769	10,769	0
Reinsurance recoverables	4,573	3,071	1,502
Reinsurance share of TP - non-life excluding health	4,573	3,054	1,520
Reinsurance share of TP - health similar to non-life	0	17	-17
Intermediaries recoverables	5,369	5,369	0
Insurance recoverables (excluding Intermediaries)	2,450	2,450	0
Deferred acquisition costs	2,403	0	2,403
Receivables (trade, not insurance)	46	46	0
Cash and cash equivalents	2	2	0
Short term bank deposits	3,517	3,517	0
Amounts due in respect of called but unpaid capital	0	0	0
Any other assets, not elsewhere shown	3,668	3,668	0
Total assets (excluding other financial sector assets of groups)	**57,621**	**53,252**	**4,369**

D.1.a.2. Bases, Methods and Assumptions

The Company recognizes and values its assets in accordance with the International Financial Reporting Standards (IFRS as adopted by the European Union and the requirements of the Cyprus Companies Law, and adjusts the valuation of certain assets in accordance with Solvency II methodologies.

The management of the Company is required to make estimates and assumptions that affect the reported amounts of assets. The following bases, methods and assumptions are used for valuation of each of the following material classes of assets:

D.1.a.2.1 Intangible Assets

Intangible Assets are measured at cost less accumulated amortisation and any impairment in value. Amortisation is calculated on cost on a straight-line basis over the estimated useful life of the assets, of five years for computer software and for recruitment bonuses. At each reporting date the carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. When the carrying values exceed the estimated recoverable amount, intangible assets are written down to their recoverable amount.

The Intangible assets are valued at zero for Solvency II purposes because they cannot be sold separately and because there is no quoted market price in an active market for the same or similar intangible assets.

D.1.a.2.2 Property, Plant and Equipment

Owner-occupied property is property held by the Company for use in the supply of services or for administrative purposes.

Owner-occupied property is initially measured at cost and subsequently measured at fair value. Valuations are carried out annually by independent qualified values using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property.

On disposal of freehold land and buildings, the relevant revaluation reserve balance is transferred to retained earnings.

The buildings are depreciated at an annual rate of 2%.

Equipment is measured at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on cost at a straight-line basis over its estimated useful life, using the following annual rates:

Table D-2: Depreciation

Item	Depreciation
Furniture and office equipment	10%/ 20%
Computer equipment	20%
Motor vehicles	15%
Leasehold improvements	25%

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

D.1.a.2.3 Investment Property

The investment property, comprising of land and office buildings, is held for long term rental yields and is not occupied by the Company. All property is shown at valuation carried out by independent professionally qualified valuers at 31 December 2017 in accordance to IFRS 13. Fair value of the properties is determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets.

D.1.a.2.4 Investments

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Company's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The subsequent measurement of Financial Assets depends on their classification as follows:

1. Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. These investments are initially recorded at fair value. Subsequent to initial recognition, they are measured at fair value. Changes in fair value are recorded in the income statement. The structured notes (unlisted structured products) and the equity shares in Bank of Cyprus (which were acquired as a result of the conversion of the Bank's deposits in accordance with the relevant decrees of the Central Bank) are included in this category.

2. Available-for-sale (AFS) financial investments: AFS investments include equity investments and debt instruments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt instruments classified as AFS are non-derivatives that are either designated in this category if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term or not classified in any of the other categories.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income (OCI) and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the income statement. The government bonds, the corporate bonds and the listed equity shares (other than the equity shares in Bank of Cyprus which were acquired as a result of the conversion of the Bank's deposits in accordance with the relevant decrees of the Central Bank) are included in this category.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset takes place either in the principal market for the asset or in the absence of a principal market, in the most advantageous market for the asset; the principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

All assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

All the investments of the Company are valued at Level 1 with the exception of the structured notes that are classified as Level 2 because they represent unlisted structured products which are linked to listed equities and which are converted into cash or equity shares upon redemption, and their value was derived from the prices of the underlying listed equities.

D.1.a.2.5 Long term bank deposits

Long term bank deposits consist of cash at banks in term deposits with an original maturity of zero to twelve months from the date of acquisition.

D.1.a.2.6 Reinsurance Recoverables

The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.
Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

The impairment loss is recorded in the income statement.

The Reinsurance recoverable are valued at a different basis for Solvency II purposes as explained further in the section below.

D.1.a.2.7 Insurance Premium Receivables

Insurance receivables represent premiums receivable from intermediaries and from policyholders. They are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

D.1.a.2.8 Deferred Acquisition Costs

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred. Deferred Acquisition Costs (DAC) for general insurance and health products are amortised over the period in which the related revenues are earned.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the income statement. DAC are derecognised when the related contracts are either settled or disposed of.

The Deferred Acquisition Costs are valued at zero for Solvency II purposes because they are released as future profits from the premium reserves.

D.1.a.2.9 Short term Bank Deposits

Short term bank deposits consist of cash at banks in current accounts.

D.1.a.2.10 Other assets (Other debtors and prepayments)

This category includes receivables from related companies, prepayments and deposits, amounts receivable from Insurance pools and cash in hand other than notes and coins. Other debtors and prepayments represent balances that are repayable during the normal course of the Company's operations and are interest-free.

D.1.b. Assets: Valuation for Solvency purposes v/s Valuation in Financial Statements

All assets on the Solvency II Balance Sheet are valued on the same basis as in the financial statements.

The only differences in the values of assets between the two bases are:

- the exclusion of “Other Intangible Assets” and “Deferred Acquisition Costs“; and
- the revaluation of the “Reinsurance Recoverables”

In relation to the Reinsurance recoverables, the SII value (€3.1M) is lower than the IFRS value (€4.6M). A reconciliation of the difference is shown below:

Table D-3: SII v/s IFRS Reinsurance Asset 2017

Technical Reserves (Reinsurance)	€'000 IFRS 2017	€'000 SII 2017	€'000 Difference
Best Estimate	**4,573**	**3,071**	**-1,502**
Premium reserves	**1,692**	**57**	**-1,635**
Unearned Premium Reserve	1,692	1,692	0
Unexpired Risk Reserve	0	0	0
future losses/profits	0	-1,635	-1,635
discounting	0	0	0
Claims reserves	**2,882**	**3,023**	**141**
undiscounted	2,882	3,010	128
discounting	0	13	13
Risk Margin	**0**	**0**	**0**
Reins. default adjustment	**0**	**-8**	**-8**
TOTAL	**4,573**	**3,071**	**-1,502**

The table below shows that at the valuation date the IFRS reinsurance asset is €4,573 and the SII reinsurance asset amount to €3,071K. The €1,502K difference is accounted as follows:

Table D-4: Reconciliation between SII and IFRS Reinsurance Asset

Item	€'000
IFRS Reinsurance Asset	**4,573**
Less release of reinsurance share of UPR	-1,635
Plus reinsurance share of prudency in Claim provisions	128
Plus Discounting	13
Less Reinsurance Default Adjustment	-8
SII Reinsurance Asset	**3,071**

1. There is a difference in the way SII accounts for the premium reserves versus the way IFRS measures them. This accounts to a release of €1,635K from the premium reserves.
2. There is also a difference in the method SII accounts for the claim reserves versus IFRS. This accounts to an increase of €128K in the claim reserves.
3. No discount rate is used under IFRS whereas under Solvency II the Company must discount liabilities at the risk-free rate. This accounts for €13K increase in liabilities.
4. The Reinsurance default adjustment decreases the reinsurance liabilities by €8K

D.2. Technical Provisions

D.2.a. Valuation of Technical Provisions

Solvency II requires the Company to set up technical provisions on a fair value basis; that is the current amount undertakings would have to pay if they were to transfer their (re)insurance obligations immediately to another undertaking.

Moreover, technical provisions are calculated separately for each homogeneous risk group to achieve an accurate valuation of technical provisions. For this purpose the Company segments it's (re)insurance obligations into homogeneous risk groups, and as a minimum by line of business. These homogenous groups are defined by the SII regulation and the company fully complies with the suggested segmentation.

D.2.a.1. Summary of Valuation of Technical Provisions

Technical Provisions (TP) are taken as the sum of Best Estimate Liability (BEL) and Risk Margin (RM). The total technical provision as at the valuation date for the Company is €27,2M. This is broken down into a BEL of €26,6M and a RM €0,7M.

The technical provision results as at the valuation date for the relevant SII segments are shown in the table that follows, separately for Direct, Inwards proportional reinsurance and inwards non-proportional reinsurance:

Table D-5: Technical provisions for homogenous Risk groups

Type	SII Segment	Gross BEL 31/12/2017 €'000	RM 31/12/2017 €'000	Gross TP 31/12/2017 €'000
Direct	Income protection insurance	206	6	212
Direct	Medical expense insurance	1,487	42	1,528
Direct	Motor vehicle liability	14,032	367	14,399
Direct	Motor, other classes	3,446	106	3,552
Direct	Marine, aviation, transport (MAT)	39	1	40
Direct	Fire and other property damage	3,179	29	3,208
Direct	Third-party liability	4,134	116	4,250
Direct	Assistance	2	0	2
Direct	Miscellaneous	30	1	30
Inwards Proportional	Income protection insurance	2	0	2
Inwards Proportional	Marine, aviation, transport (MAT)	0	0	0
Inwards Proportional	Fire and other property damage	3	0	3
Inwards non Proportional	Non-proportional casualty reinsurance	1	0	1
Total		**26,560**	**666**	**27,227**

D.2.a.2. Bases, Methods and Assumptions

As described above technical provisions are taken as the sum of Best Estimate Liability (BEL) and Risk Margin (RM). These items are further explained below:

1. Best Estimate Liability (BEL)

The BEL calculation corresponds to the probability weighted average of future cash-flows taking account of the time value of money. This is as defined in the SII technical specifications.

The cash flows that make up the BEL components as at the valuation date is the total of the following items:

- Claim reserves - the cash-flow projections relate to claim events having occurred before or at the valuation date – whether the claims arising from these events have been reported or not (i.e. all incurred but not settled claims). The cash-flow projections comprise all future claim payments as well as claims administration expenses arising from these events. Historical experience was used to project the Ultimate Future Cost of claims by employing a number of actuarial approaches e.g. Claims Development Factor Method modelling,

- Premium Reserves - the cash-flow projections relate to claim events occurring after the valuation date and during the remaining in-force period (coverage period) of the policies held by the undertaking (recognised policies). The cash-flow projections comprise all future claim payments and claims administration expenses arising from these events, cash-flows arising from the ongoing administration of the in-force policies and expected future premiums stemming from recognised policies falling within the contract boundary.

The time value of money is allowed by discounting using the risk-free yield curve for Euros (€) published by EIOPA.

1. Risk Margin (RM)

The risk margin is calculated by projecting the solvency capital requirement (SCR) for the run-off of existing business for 'non-hedgeable' risks. A prescribed cost of capital charge of 6% is applied and the result is then discounted at the risk-free rate to determine the risk margin.

The value of the RM is calculated in total and is then allocated to the lines of business (SII segments) based on the BEL requirement of each line.

D.2.b. Uncertainty in Technical Provisions

In calculating the TPs uncertainly can arise from the following:

1. Outstanding Claims Reserve – while information about claims is generally available, assessing the cost of settling the claim is subject to some uncertainty.
2. "IBNR" – this is generally subject to a greater degree of uncertainty than say Outstanding Claims Reserve since the nature of the claims is not known at the time of reserving.
3. URR - this is uncertain as the claims have not yet been incurred, but are expected to be incurred on the business which the Company has written.
4. Risk margin – the risk margin, being the margin payable to transfer the business to another insurance carrier, is uncertain due to the requirement to forecast future solvency capital requirements over the period of a run off.

D.2.c. Liabilities: Valuation for Solvency purposes vs Valuation in Financial Statements

The tables that follow show a comparison between the liabilities as calculated for IFRS and SII purposes:

Table D-6: SII v/s IFRS Gross liabilities 2017

Liabilities		€'000 IFRS 31/12/2017	€ '000 SII 31/12/2017
Gross technical provisions – non-life (excluding health)		**31,311**	25,490
TP calculated as a whole (Best estimate + Risk margin)		31,311	0
Best Estimate		n/a	24,866
Risk margin		n/a	624
Gross technical provisions - health (similar to non-life)		n/a	1,737
TP calculated as a whole (Best estimate + Risk margin)		n/a	0
Best Estimate		n/a	1,694
Risk margin		n/a	43
Total		**31,311**	**27,227**

Table D-7: SII v/s IFRS Gross Liabilities 2017

Technical Reserves (Gross)	€'000 IFRS 2017	€'000 SII 2017	€'000 Difference
Best Estimate	**31,311**	**26,560**	**4,751**
Premium reserves	**11,697**	**7,143**	**4,554**
Unearned Premium Reserve	11,697	11,697	0
Unexpired Risk Reserve	0	-	0
Future losses/profits	0	(4,584)	4,584
Discounting	0	30	(30)
Claims reserves	**19,613**	**19,417**	**196**
Undiscounted	19,613	19,330	283
Discounting	0	87	(87)
Risk Margin	0	666	(666)
Reins. Default Adjustment	0	-	0
TOTAL	**31,311**	**27,227**	**4,084**

The table below shows that at the valuation date the IFRS liabilities amount to €31,311K and the SII liabilities amount to €27,227K.

The €4,084K difference is accounted as follows:

Table D-8: Reconciliation between SII and IFRS liabilities 2017

Item	€'000 2017
IFRS Liabilities	**31,311**
Less Release of UPR	-4,584
Less Release of prudency in the claim provision	-283
Plus Discounting	116
Plus Risk Margin	666
SII Technical provisions	**=27,227**

1. There is a difference in the way SII accounts for the premium reserves versus the way IFRS measures them. This accounts to a release of €4,584K from the premium reserves.
2. There is also a difference in the way SII accounts for the claim reserves versus IFRS. This accounts to a decrease of €283K in the claim reserves
3. No discount rate is used under IFRS whereas under Solvency II the Company must discount liabilities at the risk-free rate. This accounts for €116K increase in the liabilities.
4. The IFRS methodology for the valuation of technical provisions does not include the Solvency II concepts of the risk margin or transitional measures. The Risk Margin has an increasing effect on the IFRS liabilities of €666K.

D.2.d. Transitional measures: Matching Adjustment

Given the nature of the Company liabilities the valuation of technical provisions for solvency purposes does not use the matching adjustment.

D.2.e. Transitional Measures: Volatility Adjustment

The valuation of technical provisions for solvency purposes does not use the volatility adjustment.

D.2.f. Transitional measures: Risk Free Interest Rate

The Company does not use the transitional measures on interest rates.

D.2.g. Transitional measures: Impact

Not applicable.

D.2.h. Recoveries from reinsurance and special purpose vehicles

D.2.h.1. Recoveries

The Company does not use any special purpose vehicles.

The Company reinsures its business through proportional and excess of loss reinsurance arrangements. This reduces the technical provision by lowering the BEL and consequently reducing the Capital Requirements, through building the reinsurance recoveries as an asset.

The table below shows a summary of the reinsurance recoveries on various segments written by the Company:

Table D-9: Gross and Net BEL 2017

Type	Segment	€ '000 SII Gross BEL 31/12/2017	€ '000 SII Net BEL 31/12/2017	€ '000 SII Reinsurance BEL 31/12/2017
Direct	Income protection insurance	206	206	0
Direct	Medical expense insurance	1,487	1,469	18
Direct	Motor vehicle liability	14,032	12,913	1119
Direct	Motor, other classes	3,446	3,733	-287
Direct	Marine, aviation, transport (MAT)	39	20	19
Direct	Fire and other property damage	3,179	1,021	2,158
Direct	Third-party liability	4,134	4,084	50
Direct	Assistance	2	2	0
Direct	Miscellaneous	30	28	2
InProp	Income protection insurance	2	2	0
InProp	Marine, aviation, transport (MAT)	0	0	0
InProp	Fire and other property damage	3	2	1
InNonProp	Non-proportional casualty reinsurance	1	1	0
Total		**26,560**	**23,481**	**3,080**

The total reinsurance BEL includes €8.5K for Reinsurance default adjustments. If this were to be subtracted from the Reinsurance BEL the total Reinsurance BEL would have been €3,071K rather than €3,080K which ties back to the Reinsurance assets in the balance sheet.

It should be noted that reinsurance will decrease the capital requirements of the Company through its mitigating effect on underwriting risk including catastrophe events. However, reinsurance will also increase the capital requirements of the Company by absorbing capital to allow for the credit risk of the reinsurer through the counterparty default risk module of the standard formula. This has been analyzed in the Risk profile section of the report.

D.3. Other Liabilities

D.3.a. Valuation of Other Liabilities

D.3.a.1. Summary of the valuation of Other Liabilities

The table that follows analyses the valuation of the liabilities booked by the Company that related to liabilities other than technical provisions.

Table D-10: Summary of the valuation of Other liabilities 2017

Liabilities	€ '000 IFRS 31/12/2017	€ 000 SII 31/12/2017	Difference
Cash deposits from reinsurers	1,011	1,011	0
(Re)insurance accounts payable	437	437	0
Deferred tax liabilities	11	0	11
Provisions other than technical provisions	634	143	491
Payables (trade, not insurance)	455	455	0
Any other liabilities (excluding subordinated liabilities), not elsewhere shown	2106	2106	0
Total liabilites (excluding other financial sector liabilities of groups)	**4,655**	**4,152**	**502**

D.3.a.2. Bases, methods and assumptions

The Company recognizes and values its other liabilities in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the requirements of the Cyprus Companies Law, and adjusts the valuation of certain liabilities in accordance with Solvency II methodologies.

The management of the Company is required to make estimates and assumptions that affect the reported amounts of liabilities. The following bases, methods and assumptions are used for valuation of each of the following material classes of other liabilities.

D.3.a.2.1 Cash Deposits from Reinsurers

This category includes payables to reinsurers for premium reserve retained. They are repayable during the normal course of the Company's operations and bear interest rate according to the terms of each treaty.

D.3.a.2.2 Provisions other than Technical Provisions

This category includes amounts payable to Group Insurance pools and deferred acquisition income. They are repayable during the normal course of the Company's operations and are interest-free.

The Deferred acquisition income is valued at zero for Solvency II purposes because it is released as future profits from the premium reserves.

D.3.a.3. Trade Payables (Other creditors and accrued expenses)

This category includes other creditors and accrued expenses which do not relate to insurance operations as well as employee contributions payable to the government. They represent balances that are repayable during the normal course of the Company's operations and are interest-free.

D.3.a.4. Other Liabilities

This category includes other creditors and accrued expenses which relate to insurance operations as well as payables to claimants and Motor Insurers Fund and commissions payable. They represent balances that are repayable during the normal course of the Company's operations and are interest-free.

D.3.b. Other Liabilities: Valuation for Solvency Purposes v/s Valuation Financial Statements

All other liabilities on the Solvency II balance sheet are valued on the same basis as in the financial statements.

The only difference in the values of other liabilities between the two bases is the exclusion of "Deferred tax liabilities" and the "Provisions other than technical provisions" of €0,5M from Solvency II.

D.4. Alternative methods for valuation

The Company does not use any other methods of valuation.

D.5. Any other material information

Going Concern

The Company's management has assessed the ability of the Company to continue as a going concern entity. In making this assessment, the Company's management has also considered the current economic situation in Cyprus and the potential impact this may have on the Company's operating environment and financial position.

The management has a reasonable expectation that the Company has adequate resources to continue in operational existence in the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

E. Capital Management

This section of the report is produced as per the requirements of ***Article 297: Capital Management.***

The section provides an analysis of the following:

- Own Funds
- SCR and MCR
- Use of the duration-based equity risk sub-module in the calculation of the SCR
- Differences between the standard formula and any internal model used
- Non-compliance with the MCR and non-compliance with the SCR
- Any other information

E.1. Own Funds

E.1.a. Own Funds Management

Capital management focuses on ensuring that there is sufficient coverage of both the regulatory capital requirements (MCR and SCR) as well as the economic capital targets set. The Company sets out target capital parameters and strategy to be maintained over a three-year business planning horizon. The intention of the plan is to ensure the Company meets regulatory capital requirements and other business expectations whilst also optimizing capital efficiency.

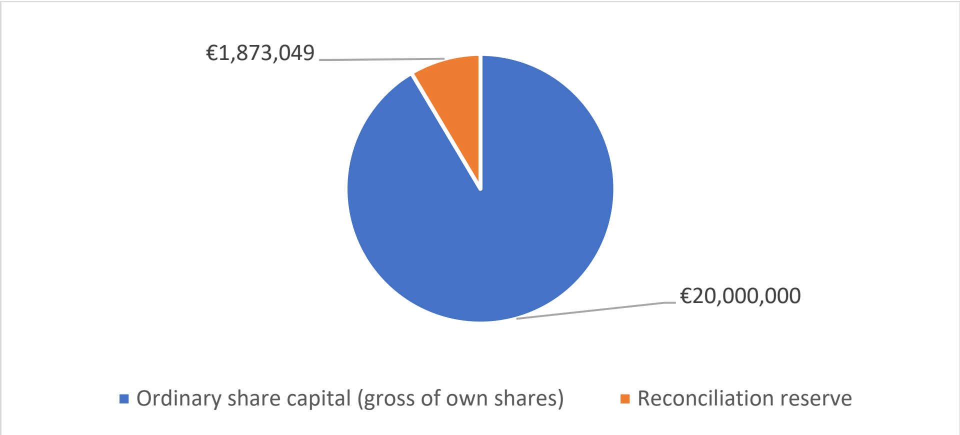
- The Solvency Capital Level must be 105% of all capital requirements at all times and over the business plan period
- The Solvency Capital Level must be 125% of the Pillar 1 Capital Requirement at all times and over the business plan period

E.1.b. Structure, Amount and Quality of Owned Funds

The total amount of Own Funds as at the valuation date is €21,9M compared to €21M in 2016.

The total amount of eligible own funds is classified as Tier 1 (unrestricted) capital as it is made up of Ordinary share capital (gross of own shares) and Reconciliation reserve. The illustration that follows shows the breakdown of the Own Funds into Ordinary shares and the reconciliation reserve as at the valuation date:

Figure E-1: Analysis of basic own funds for 2017



E.1.c. Basic Own Funds to cover the SCR

The total amount of Own Funds as at the valuation date is €21,9M and is classified as Tier 1 (unrestricted) capital as which means that all the amount of available capital can be used to support the SCR.

E.1.d. Basic Own Funds to cover the MCR

The total amount of Own Funds as at the valuation date is €21,9M and is classified as Tier 1 (unrestricted) capital as which means that all the amount of available capital can be used to support the MCR.

E.1.e. Differences between equity in financial statements and excess of assets over liabilities as calculated for solvency purposes

The difference is fully explained by the Reconciliation reserve.

E.1.f. Basic own-fund item subject to transitional arrangements

There were no basic own-fund items that are subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of Directive 2009/138/EC.

E.1.g. Ancillary Own Funds

There were no ancillary Own-fund items.

E.1.h. Deductions from Own Funds

There were not deductions from Own Funds.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

E.2.a. SCR and MCR Results

The SCR of the Company as at the valuation date was €16.0m. The MCR of the Company as at the valuation date was €4.2m.

Table E-1: SCR and MCR results 2016 and 2017

Capital	€ '000 31/12/2017	€ '000 31/12/2016
Solvency Capital requirement	15,971	14,613
Minimum Capital Requirement	4,207	3,809

E.2.b. SCR Split by Risk Modules

The undertaking applies the standard formula. The underlying Company risks have been described in section C of this report. The valuation methodologies for the Assets and the Liabilities have been described in section D of this report.

In this section the capital requirements assessed under the standard formula of SII are provided.

The SCR is the amount of funds that the Company is required to hold in line with the Solvency II Directive. The SCR calculation is a formula based figure calibrated to ensure that all quantifiable risks are taken into account.

The assessment of the SCR using the standard formula approach is based on a modular approach separately assessing each applicable risk. These are then aggregated in the standard formula using correlation matrices, both at the submodule and the main module level. An intangible asset module is then added (uncorrelated) to give the BSCR. The operational risk component and adjustments for risk absorbing effect of future profit sharing and deferred taxes are then allowed for, to give the overall SCR.

The coverage ratio of the Company as at the valuation date is 137% compared to 144% in 2016. This is summarized below:

	€ '000 31/12/2017	€ '000 31/12/2016
BSCR	15,037	13,783
Operational Risk	934	831
SCR	15,971	14,613
Available Capital	21,873	21,047
Surplus	5,902	6,434
Coverage	**137%**	**144%**

The SCR for each risk module is also analyzed separately as per below:

Table E-2: SCR split by risk modules and sub Risk Modules for 2016 and 2017

	€ '000 2017	€ '000 2016
Market risk (allowing for sub risk diversification)	**7,560**	**6,090**
Interest rate risk	309	145
Equity risk	926	800
Property risk	3,066	2,842
Spread risk	2,302	1,500
Currency risk	490	1,342
Concentration risk	5,014	3,357
Counterparty risk (allowing for sub risk diversification)	**4,504**	**4,507**
Type 1	2,204	2,153
Type 2	2,609	2,661
Health Underwriting risk (allowing for sub risk diversification)	**1,913**	**1,605**
SLT Health (similar to life technique) underwriting risk	-	-
Non-SLT Health	868	710
Health CAT	1,501	1,273
Non-Life Underwriting risk (allowing for sub risk diversification)	**7,416**	**7,270**
Premium & Reserves	6,841	6,883
Lapse	547	839
CAT	1,579	1,061
Total Capital Required (allowing for sub risk diversification)	**28,256**	**25,566**
Diversification benefit between risk modules	**13,218**	**11,784**
BSCR	**15,037**	**13,783**
Operational Risk	**934**	**831**
SCR	**15,971**	**14,613**
Available Capital	**21,873**	**21,047**
Total Capital (per SII balance sheet)	53,252	48,182
Less Total technical provisions	27,227	24,190
Less Other Liabilities	4,152	2,945
Surplus	**5,902**	**6,434**
Coverage	***136.96%***	**144.03%**

E.2.c. Simplified Calculations

The Company is not making any simplified calculations.

E.2.d. Undertaking- specific parameters

The Company is not using undertaking- specific parameters pursuant to Article 104(7) of Directive 2009/138/EC.

E.2.e. Use of the third subparagraph of Article 51(2) of Directive 2009/138/EC;

Not applicable.

E.2.f. Impact of any undertaking-specific parameters

Not applicable.

E.2.g. Information on the inputs used by the undertaking to calculate the MCR

Table E-3: MCR coverage ratio for 2016 and 2017

	Euros '000 31/12/2017	Euros '000 31/12/2016
Linear MCR	4,207	3,809
SCR	15,971	14,613
MCR cap (45% of SCR)	7,187	6,576
MCR floor (25% of SCR)	3,993	3,653
MCR absolute floor	3,700	3,700
MCR	4,207	3,809
Coverage	520%	553%

E.2.h. Any material change to the SCR and MCR over the reporting period

Not applicable.

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

The Company did not use the duration-based equity risk sub-module for the calculation of its Solvency Capital Requirement.

E.4. Differences between the Standard Formula and any internal model used

The Company used the standard formula for its solvency assessment i.e. did not use an internal model for the calculation of the Solvency Capital Requirement.

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

There was no breach of the Minimum Capital Requirements or Solvency Capital Requirements during the reporting period as the company available capital was higher than both the SCR and the MCR.

E.6. Any other information

None.

Annex A – Quantitative Reporting Templates

This Annex lists the annual quantitative templates submitted to the local Regulator on behalf of the Company for the valuation date.

The following templates are reproduced in this annex:

Table 0-1: QRTs required

Code	Template name
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life insurance claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – only life or non-life insurance or reinsurance activity

S.02.01.02 - Balance Sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	0
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	6,651,234
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	28,476,970
Property (other than for own use)	**R0080**	6,222,000
Holdings in related undertakings, including participations	**R0090**	0
Equities	**R0100**	599,406
Equities - listed	**R0110**	599,406
Equities - unlisted	**R0120**	0
Bonds	**R0130**	10,886,655
Government Bonds	**R0140**	1,754,832
Corporate Bonds	**R0150**	8,094,986
Structured notes	**R0160**	1,036,837
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	0
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	10,768,909
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	0
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	0
Reinsurance recoverables from:	**R0270**	3,071,072
Non-life and health similar to non-life	**R0280**	3,071,072
Non-life excluding health	**R0290**	3,053,910
Health similar to non-life	**R0300**	17,162
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	0
Health similar to life	**R0320**	0
Life excluding health and index-linked and unit-linked	**R0330**	0
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	0
Insurance and intermediaries receivables	**R0360**	7,818,570
Reinsurance receivables	**R0370**	0
Receivables (trade, not insurance)	**R0380**	46,484
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0
Cash and cash equivalents	**R0410**	3,519,567
Any other assets, not elsewhere shown	**R0420**	3,667,972
Total assets	**R0500**	53,251,869

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	27,226,625
Technical provisions – non-life (excluding health)	**R0520**	25,489,679
Technical provisions calculated as a whole	**R0530**	0
Best Estimate	**R0540**	24,865,712
Risk margin	**R0550**	623,967
Technical provisions - health (similar to non-life)	**R0560**	1,736,946
Technical provisions calculated as a whole	**R0570**	0
Best Estimate	**R0580**	1,694,427
Risk margin	**R0590**	42,519
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	0
Technical provisions - health (similar to life)	**R0610**	0
Technical provisions calculated as a whole	**R0620**	0
Best Estimate	**R0630**	0
Risk margin	**R0640**	0
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	0
Technical provisions calculated as a whole	**R0660**	0
Best Estimate	**R0670**	0
Risk margin	**R0680**	0
Technical provisions – index-linked and unit-linked	**R0690**	0
Technical provisions calculated as a whole	**R0700**	0
Best Estimate	**R0710**	0
Risk margin	**R0720**	0
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	142,515
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	1,010,612
Deferred tax liabilities	**R0780**	0
Derivatives	**R0790**	0
Debts owed to credit institutions	**R0800**	0
Financial liabilities other than debts owed to credit institutions	**R0810**	0
Insurance & intermediaries payables	**R0820**	437,452
Reinsurance payables	**R0830**	0
Payables (trade, not insurance)	**R0840**	455,132
Subordinated liabilities	**R0850**	0
Subordinated liabilities not in Basic Own Funds	**R0860**	0
Subordinated liabilities in Basic Own Funds	**R0870**	0
Any other liabilities, not elsewhere shown	**R0880**	2,106,484
Total liabilities	**R0900**	31,378,820
Excess of assets over liabilities	**R1000**	21,873,049

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for: **accepted non-proportional reinsurance**				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**	4,617,511	475,204	0	12,513,357	4,129,339	171,319	6,169,918	3,440,531	0	0	60,706	133,146	-	-			31,711,031
Gross - Proportional reinsurance accepted	**R0120**	0	0	0	0	0	4,985	141,135	0	0	0	0	0	-	-			146,120
Gross - Non-proportional reinsurance accepted	**R0130**													0	30,151	0	0	30,151
Reinsurers' share	**R0140**	241,592	12,896	0	514,626	840,068	127,051	4,353,426	232,393	0	0	30,283	75,773	0	0	0	0	6,428,108
Net	**R0200**	4,375,919	462,308	0	11,998,731	3,289,271	49,253	1,957,627	3,208,138	0	0	30,423	57,373	0	30,151	0	0	25,459,194
Premiums earned																		
Gross - Direct Business	**R0210**	4,587,890	445,374	0	12,364,240	4,009,228	169,712	5,888,766	3,308,257	0	0	53,394	117,176					30,944,037
Gross - Proportional reinsurance accepted	**R0220**	0	31,863	0	0	0	5,257	133,487	0	0	0	0	0					170,607
Gross - Non-proportional reinsurance accepted	**R0230**													0	29,300	0	0	29,300
Reinsurers' share	**R0240**	241,592	44,759	0	514,626	836,286	121,170	4,049,983	220,460	0	0	26,877	59,810	0	0	0	0	6,115,563
Net	**R0300**	4,346,298	432,478	0	11,849,614	3,172,942	53,799	1,972,270	3,087,797	0	0	26,517	57,366	0	29,300	0	0	25,028,381
Claims incurred																		
Gross - Direct Business	**R0310**	3,609,168	325,929	0	6,519,432	2,416,462	22,941	1,133,189	1,480,624	0	0	370	11,455					15,519,570
Gross - Proportional reinsurance accepted	**R0320**	0	0	0	0	0	0	5,508	0	0	0	0	0					5,508
Gross - Non-proportional reinsurance accepted	**R0330**													-44,146	51,394	0	0	7,248
Reinsurers' share	**R0340**	97,208	0	0	-146,343	-40,245	15,068	722,864	37,733	0	0	0	0	0	0	0	0	686,285
Net	**R0400**	3,511,960	325,929	0	6,665,775	2,456,707	7,873	415,833	1,442,891	0	0	370	11,455	-44,146	51,394	0	0	14,846,041
Changes in other technical provisions																		-
Gross - Direct Business	**R0410**	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	**R0420**	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non- proportional reinsurance accepted	**R0430**													0	0	0	0	0
Reinsurers' share	**R0440**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	**R0500**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Expenses incurred	**R0550**	1,305,530	121,840	0	5,031,604	1,622,311	55,689	2,185,797	1,206,446	0	0	15,642	42,121	0	3,021	0	0	11,590,001
Other expenses	**R1200**																	371,790
Total expenses	**R1300**																	11,961,791

S.05.02.01 - Premiums, claims and expenses by country

Table 0-2

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		BH					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	**R0110**	31,711,031	0	0	0	0	0	31,711,031
Gross - Proportional reinsurance accepted	**R0120**	0	146,120	0	0	0	0	146,120
Gross - Non-proportional reinsurance accepted	**R0130**	0	30,151	0	0	0	0	30,151
Reinsurers' share	**R0140**	6,358,257	69,851	0	0	0	0	6,428,108
Net	**R0200**	25,352,774	106,420	0	0	0	0	25,459,194
Premiums earned								
Gross - Direct Business	**R0210**	30,944,037	0	0	0	0	0	30,944,037
Gross - Proportional reinsurance accepted	**R0220**	0	170,607	0	0	0	0	170,607
Gross - Non-proportional reinsurance accepted	**R0230**	0	29,300	0	0	0	0	29,300
Reinsurers' share	**R0240**	6,021,282	94,281	0	0	0	0	6,115,563
Net	**R0300**	24,922,755	105,626	0	0	0	0	25,028,381
Claims incurred								
Gross - Direct Business	**R0310**	15,519,570	0	0	0	0	0	15,519,570
Gross - Proportional reinsurance accepted	**R0320**	0	5,508	0	0	0	0	5,508
Gross - Non-proportional reinsurance accepted	**R0330**	0	7,248	0	0	0	0	7,248
Reinsurers' share	**R0340**	681,282	5,003	0	0	0	0	686,285
Net	**R0400**	14,838,288	7,753	0	0	0	0	14,846,041
Changes in other technical provisions								
Gross - Direct Business	**R0410**	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	**R0420**	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	**R0430**	0	0	0	0	0	0	0
Reinsurers' share	**R0440**	0	0	0	0	0	0	0
Net	**R0500**	0	0	0	0	0	0	0
Expenses incurred	**R0550**	11,555,802	34,199	0	0	0	0	11,590,001
Other expenses	**R1200**							371,790
Total expenses	**R1300**							11,961,791

S.17.01.02 - Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance									Accepted non-proportional re-insurance	Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Assistance	Miscellaneous financial loss	Non-proportional casualty reinsurance	
		C0020	C0030	C0050	C0060	C0070	C0080	C0090	C0120	C0130	C0150	C0180
Technical provisions calculated as a whole	R0010	0	0	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	0	0	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM												
Best estimate												
Premium provisions												
Gross	R0060	469,785	80,804	3,588,777	1,255,782	12,916	960,833	757,189	1,833	14,001	1,095	7,143,015
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	0	-8,351	-286,720	4,745	356,689	-11,652	85	2,043	0	56,839
Net Best Estimate of Premium Provisions	R0150	469,785	80,804	3,597,128	1,542,502	8,171	604,144	768,841	1,748	11,958	1,095	7,086,176
Claims provisions												
Gross	R0160	1,016,855	126,983	10,443,708	2,189,902	26,657	2,220,608	3,376,814	0	15,597	0	19,417,124
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	17,162	0	1,124,912	641	14,818	1,795,449	61,251	0	0	0	3,014,233
Net Best Estimate of Claims Provisions	R0250	999,693	126,983	9,318,796	2,189,261	11,839	425,159	3,315,563	0	15,597	0	16,402,891
Total Best estimate - gross	R0260	1,486,640	207,787	14,032,485	3,445,684	39,573	3,181,441	4,134,003	1,833	29,598	1,095	26,560,139
Total Best estimate - net	R0270	1,469,478	207,787	12,915,924	3,731,763	20,010	1,029,303	4,084,404	1,748	27,555	1,095	23,489,067
Risk margin	R0280	37,305	5,214	352,123	86,464	993	79,833	103,737	46	743	28	666,486
Amount of the transitional on Technical Provisions												
Technical Provisions calculated as a whole	R0290	0	0	0	0	0	0	0	0	0	0	0
Best estimate	R0300	0	0	0	0	0	0	0	0	0	0	0
Risk margin	R0310	0	0	0	0	0	0	0	0	0	0	0
Technical provisions - total												
Technical provisions - total	R0320	1,523,945	213,001	14,384,608	3,532,148	40,566	3,261,274	4,237,740	1,879	30,341	1,123	27,226,625
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	17,162	0	1,116,561	-286,079	19,563	2,152,138	49,599	85	2,043	0	3,071,072
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	1,506,783	213,001	13,268,047	3,818,227	21,003	1,109,136	4,188,141	1,794	28,298	1,123	24,155,553

S.19.01.21 - Non-Life insurance claims

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

Year		Development year 0	1	2	3	4	5	6	7	8	9	10&+
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											0
N-9	R0160	0	0	0	0	0	0	0	0	0	0	
N-8	R0170	124,348	109,490	2,658	20,464	2,412	1,079	0	0	0		
N-7	R0180	1,084,741	619,132	250,926	70,186	189,368	64,543	202,050	18,992			
N-6	R0190	2,416,055	1,247,879	180,941	246,905	182,633	132,201	21,565				
N-5	R0200	3,762,716	1,544,527	403,592	26,175	53,317	127,369					
N-4	R0210	4,933,839	2,098,062	240,840	267,224	117,537						
N-3	R0220	5,583,603	2,566,090	329,230	83,529							
N-2	R0230	6,254,429	2,118,620	462,469								
N-1	R0240	7,173,723	2,648,595									
N	R0250	8,608,402										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	0	0
	R0160	0	0
	R0170	0	260,451
	R0180	18,992	2,499,938
	R0190	21,565	4,428,179
	R0200	127,369	5,917,696
	R0210	117,537	7,657,502
	R0220	83,529	8,562,452
	R0230	462,469	8,835,518
	R0240	2,648,595	9,822,318
	R0250	8,608,402	8,608,402
Total	R0260	12,088,458	56,592,456

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year		Development year 0	1	2	3	4	5	6	7	8	9	10&+
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											10,082
N-9	R0160	0	0	0	0	0	0	0	0	0	0	
N-8	R0170	0	0	0	0	0	0	0	0	21,582		
N-7	R0180	0	0	0	0	0	0	0	104,740			
N-6	R0190	0	0	0	0	0	0	211,393				
N-5	R0200	0	0	0	0	0	954,772					
N-4	R0210	0	0	0	0	1,703,207						
N-3	R0220	0	0	0	3,434,159							
N-2	R0230	0	0	2,114,410								
N-1	R0240	0	3,454,881									
N	R0250	7,321,121										

		Year end (discounted data)
		C0360
	R0100	10,123
	R0160	0
	R0170	21,687
	R0180	105,221
	R0190	212,321
	R0200	959,266
	R0210	1,710,937
	R0220	3,449,372
	R0230	2,124,086
	R0240	3,470,645
	R0250	7,353,466
Total	R0260	19,417,124

S.23.01.01 - Own Funds Table 0-3

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	20,000,000	20,000,000		0	
Share premium account related to ordinary share capital	R0030	0	0		0	
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Surplus funds	R0070	0	0			
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Reconciliation reserve	R0130	1,873,049	1,873,049			
Subordinated liabilities	R0140	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	
Total basic own funds after deductions	R0290	21,873,049	21,873,049	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
Other ancillary own funds	R0390	0			0	0
Total ancillary own funds	R0400	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	21,873,049	21,873,049	0	0	0
Total available own funds to meet the MCR	R0510	21,873,049	21,873,049	0	0	
Total eligible own funds to meet the SCR	R0540	21,873,049	21,873,049	0	0	0
Total eligible own funds to meet the MCR	R0550	21,873,049	21,873,049	0	0	
SCR	R0580	15,970,913				
MCR	R0600	4,207,088				
Ratio of Eligible own funds to SCR	R0620	136.956%				
Ratio of Eligible own funds to MCR	R0640	519.909%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	21,873,049	
Own shares (held directly and indirectly)	R0710	0	

Foreseeable dividends, distributions and charges	R0720	0	
Other basic own fund items	R0730	20,000,000	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0	
Reconciliation reserve	R0760	1,873,049	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770	0	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	0	
Total Expected profits included in future premiums (EPIFP)	R0790	0	

S.25.01.21 - SCR – for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	7,560,475		-
Counterparty default risk	R0020	4,503,843		
Life underwriting risk	R0030	0		-
Health underwriting risk	R0040	1,913,105		-
Non-life underwriting risk	R0050	7,415,840		-
Diversification	R0060	-6,356,668		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	**R0100**	15,036,595		

Calculation of Solvency Capital Requirement		**C0100**
Operational risk	R0130	934,318
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency Capital Requirement excluding capital add-on	**R0200**	15,970,913
Capital add-on already set	R0210	0
Solvency capital requirement	**R0220**	15,970,913
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

S.28.01.01 - MCR – only life or non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	4,207,088

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	1,469,478	4,375,919
Income protection insurance and proportional reinsurance	R0030	207,786	462,308
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	12,915,924	11,998,731
Other motor insurance and proportional reinsurance	R0060	3,731,763	3,289,271
Marine, aviation and transport insurance and proportional reinsurance	R0070	20,011	49,253
Fire and other damage to property insurance and proportional reinsurance	R0080	1,029,303	1,957,627
General liability insurance and proportional reinsurance	R0090	4,084,403	3,208,138
Credit and suretyship insurance and proportional reinsurance	R0100	0	0
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	1,748	30,423
Miscellaneous financial loss insurance and proportional reinsurance	R0130	27,555	57,373
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	1,095	30,151
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	0	
Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	0	
Total capital at risk for all life (re)insurance obligations	R0250		0

Overall MCR calculation

		C0070
Linear MCR	R0300	4,207,088
SCR	R0310	15,970,913
MCR cap	R0320	7,186,911
MCR floor	R0330	3,992,728
Combined MCR	R0340	4,207,088
Absolute floor of the MCR	R0350	3,700,000

		C0070
Minimum Capital Requirement	R0400	4,207,088

End of report