GAN DIRECT INSURANCE LIMITED
Solvency & Financial Condition Report (‘’SFCR’’)
2016
(Revised - Audited)

Contents

Summary

The new, harmonised EU-wide regulatory regime for Insurance Companies, known as Solvency II, came into force with effect from 1 January 2016.The Regime requires new reporting and public disclosure arrangements to be put in place by insurers and some of that is required to be published on the Company's public website. This document is the first version of the Solvency and Financial Condition Report (''SFCR'') that is required to be published by Gan Direct Insurance Limited (Gan Direct or 'the Company).

This report covers the Business and Performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. The ultimate Administrative Body that has the responsibility for these matters is the Company's Board of Directors (BoD), with the help of various governance and control functions that is has put in place to monitor and manage the business.

Gan Direct Insurance Limited was founded in 2000 and is privately owned insurance company licenced in Cyprus. During 2016, it continued writing Non-Life business.

Over the past few years, the respective Boards in the Company put in place measures to strengthen the corporate governance framework, including the risk management function, in readiness for Solvency II which was effective from 1 January 2016. The governance and risk frameworks are explained in more detail in this report.

On 1 January 2016, the company smoothly transitioned into Solvency II (SII) regime following a lot of preparatory work over the last few years. Solvency II represents a shift to a more risk-based approach to the measurement and monitoring of capital for insurance companies in the European Union.

The Company uses the standard formula to calculate its solvency requirement. The Company's Solvency Capital Requirement at 31 December 2016 is Euro 5.82 million. This is covered by Euro 6.4 million of eligible capital resources providing a Solvency II surplus of Euro 0.58 million and a Solvency II coverage ratio of 110%. Both these metrics are defined to mean the excess of the Company's total eligible own funds over its solvency capital requirement.

The Company's Financial Year runs to 31December each year and it reports its results in Euro.

A: Business and Performance

A.1 Business

This is the first Solvency and Financial Condition Report provided under European Commission delegated Regulation 2015/35 concerning the business of insurance and reinsurance (Solvency II). There is no summary of material changes as there is no previous report for comparison.

Lines of Business and geographical area

Gan Direct Insurance Limited has the following lines of business

- Motor Vehicle liability insurance
- Other Motor Insurance
- Fire and Other Damage to property
- Income protection Insurance
- General Liability Insurance
- Marine, Cargo and Yacht

The Company only writes business in Cyprus and remains focused on the individual customer business as it writes its business by maintaining and expanding a direct portfolio.

The company specialises in selling insurance products directly to customers by telephone and the internet. The Company also maintains offices in Nicosia, Limassol, Larnaca, Paphos and Paralimni for sales and customer service and support.

The Company is very well known in Cyprus for its distinctive logo, an orange telephone, regularly used in its marketing and for the tune of the free telephone line for customer service and support of 800 5 10 15.

This business model of direct sales means that there are no intermediaries and therefore no commissions are paid. This saving on the commission expense is then passed onto the customers in terms of lower premiums.

Significant Business or other events over the reporting period

There were no significant business or other events having a material impact on the Company.

Name and legal form of Undertaking

Gan Direct Insurance Limited is a Cyprus registered company (Registration number 113668). The Company is licenced by the Cyprus Regulatory Authorities to carry on most classes of short term (that is, non-life) business and is a private company limited by shares.

The registered office address is:

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E-mail: info@gandirect.com
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Name and contact details of the Supervisory Authority

Superintendent of Insurance
Cyprus Insurance Companies Control Service
Ministry of Finance
PO Box 23364,1682 Nicosia
Cyprus
Tel: 00357 22 602 990
Fax: 00357 22 302 938
E-mail: insurance@mof.gov.cy

Name and contact details of external auditors

KPMG Limited
Esperidon Street 14,
1087 Nicosia
P.O Box 21121
1502 Nicosia,
Cyprus

Description of the holders of qualifying holdings.

There is only one shareholder who has 100% of the Company's shares. The name of the shareholder is George Nicolaides.

A.2 Underwriting Performance

The table below sets out the analysis of the underwriting results of the Company for the year ended 31 December 2016:

Underwriting Performance 2016 €'000					
	Motor	**Property**	**Income Protection**	**Other**	**Total**
Gross Written Premium	12,052	1,207	266	17	13,542
Net Earned Premium	11,176	448	60	17	11,701
Other Income	43	221	79	1	344
Total Earned Income	11,219	669	139	18	12,045
Net Claims Incurred	7,909	81	55	1	8,046
Expenses	3,402	366	83	4	3,855
Underwriting Profit	**-92**	**222**	**1**	**13**	**144**

Gross written premium in 2016 was Euro 13.6 million compared to Euro 13.5 million in 2015.
Net claims incurred in 2016 were Euro 8.0 million compared to Euro 7.7 million in 2015.
Expenses in 2016 were Euro 3.9 million the same as for 2015.

The underwriting result for 2016 was Euro 144K compared to 716K in 2015. This decrease in underwriting profit was mainly due to the increase in net claims incurred on Motor business and from the increase in unearned premiums provision resulting from the change in the accounting policy from the method of 24ths to the 365.

A.3 Investment Performance

Income and expenses by asset class

The table below sets out the major income and expenses by asset class.

	Euros '000	
	2016	**2015**
Rental Income from properties	23	23
Interest from term deposits with banks	38	63
Change in the fair value of equity shares	-	-13

Gains recognised directly in Equity

	Euros '000	
	2016	**2015**
Revaluation of land and buildings (net of deferred tax)	360	158

A.4 Performance of other Activities

The Company does not carry out any other activities.

A.5 Any other Information

There is no other information to report.

B. System of Governance

B.1 General Information on the System of Governance

Board of Directors

Gan Direct is managed by its Board of Directors, supported by an audit and risk committee and an Investment committee. The board of the Company is of sufficient size expertise to oversee adequately the operations of the Company.

The Board of Directors meets quarterly and is charged with the strategic management of the company.

Audit and Risk Committee

The Audit and Risk Committee meets quarterly. The committee's objective is to assist the Board of Directors and has the responsibility for three of the four key functions, namely Risk Management, Compliance and Internal Audit. The Committee also oversees the External Audit function.

Description of the main roles and responsibilities of key functions

The Company's key Control Functions are partially undertaken through the Company's resources with support of external consultants.

Risk and Compliance Function

The risk management and compliance function is responsible for facilitating the implementation of the Risk Management System of the Company and achieving the efficient and effective management of risk in accordance with the risk appetite of the Company, and ensuring compliance with external regulations and internal policies.

Duties included under this function are in relation to the preparation of underwriting and reserving exercises, operational risk management, reinsurance, quantification of risk and capital allocation, and compliance with regulatory regime.

Internal Audit Function

The Internal Audit Function examines and reviews holistically key activities within selected risk areas of the Company and provides recommendations for improvement regarding the proper design and application of control to safeguard against potential loss emerging from probable inefficiencies within those selected areas.

The internal audit evaluates and assesses the adequacy, appropriateness and effectiveness of all the Company's internal control system and offer operations and provides suggestions for possible improvements.

Actuarial Function

The Actuarial Function advises the Risk Committee and the Board of Directors on the following:

- Underwriting policy
- Reinsurance arrangements of the company and their adequacy
- Valuation of technical provisions
- Capital adequacy
- Risk Management System

The main duties of the Actuarial Function include:

- Coordination of the calculation of technical provisions
- Assess the quality and sufficiency of the data used for the calculation of technical provisions
- Compare best estimates against experience
- Risk modelling of capital requirement calculations
- Stress testing and sensitivity analysis

The actuarial function was getting support from external consultants.

Changes in the system of governance

There were no material changes to the system of governance.

Remuneration policy

The Company provides a fixed remuneration package and a range of benefits is offered to employees, including 13th salary, medical insurance and paid holiday arrangements, contributions to social insurance fund.

The Company also pays a discretionary Easter Bonus in the form of a 14th salary up to one month's gross salary. The amount paid, is based on a percentage scale depending on the number of years employed by the Company. Employees with over five years' continuous employment receive a full 14th month salary.

Remuneration of non-executive directors considers their attendance to Board of Directors and committee meetings and receive a nominal fee.

The executive directors are also on a fixed salary. The Company does not offer any performance-based bonuses or incentives to executive directors. The Company considers that this remuneration practice for executive directors promotes sound and effective risk management and does not encourage excessive risk taking.

There is no entitlement for Company options and shares and there is no supplementary pension on earlier retirement for any staff member.

B.2 Fit and Proper requirements

Skills knowledge and expertise requirements

In accordance with Solvency II Directive the Company has specified fit and proper requirements for persons who effectively run the business or hold other key functions.

Basically, the persons above are the members of the Board of Directors and holders of the governance functions namely the risk management, compliance, internal audit and actuarial functions.

There are however, different requirements for the members of the Board and different requirements for holders of other key functions.

Members of the Board of Directors

To ensure that the members if the Board are fit for the position there are requirements which include a level of expertise and experience in the following areas:

- Insurance and financial markets
- Business strategy and business model
- Solvency II requirements for the system of governance
- Financial and actuarial analyses, and
- Regulatory frameworks and requirements

The Company applies the principle of collective professional skills, qualifications and experience. This means that not every member of the Board will meet all the above requirements but that the Board collectively meets the above requirements. This knowledge and experience is required to have a sound and prudent management.

To ensure that the members of the Board are proper persons, the Company has the following requirements:

- no criminal record
- no breaches of legislation or regulations
- good personal conduct, reputation, financial integrity and honesty.

Process for assessing fitness and propriety

The Company has a policy to ensure that persons appointed to relevant roles are ‘’Fit and Proper’’. As part of that policy, various checks and procedures are listed which may be carried out before appointing an individual to a key position or to a position involving oversight of key functions. Those checks include:

- the completion by the applicant of a ‘’fit and proper’’ Declaration Form;
- the undertaking of credit checks to determine the status of the person’s credit record;
- undertaking of qualification checks to determine the authenticity of the person’s qualifications
- undertaking checks with any regulatory body tasked with administering any legislation;
- undertaking of checks to confirm the work experience that the person claims to have;
- undertaking of checks via the internet for any adverse information relating to the person.

A person will only be deemed fit and proper if it can be shown that:

- it can reasonably be concluded that the person possesses the competence, character, diligence, honesty, integrity and judgement to properly perform their duties;
- the person is disqualified from acting in their position or performing their duties in terms of any legislation.

Holders of key function.

Requirements to ensure that holders of key functions are fit persons include:

- appropriate level of qualifications necessary for the function
- technical knowledge and experience required for the function.

For the key functions that are also requirements to ensure that these individuals are proper persons which include:

- no criminal offences
- no breaches of legislation
- good personal conduct, reputation, financial integrity and honesty.

B.3 Risk Management System

The risk management system is an integral part of the governance system. Its purpose is to identify, evaluate, manage and report the risks that Gan Direct is exposed to.

Risk management Process

The risk management process provides information on risk situations and helps top management to place controls to ensure that the strategic objectives are achieved.

This process addresses all the risks relevant to Gan Direct and which include the following risks:

- Insurance (undertaking) risk
- Market risk
- Concentration risk
- Counterparty default risk
- Credit risk
- Liquidity risk
- Operational risk
- Reputational risk
- Strategic risk
- Emerging risk

For all the significant risks identified above, the risk management process at Gan Direct identifies, measures, manages, monitors and reports.

Risk Identification

Risk identification is the first stage in the risk management process during which the Company's management identify and record all material risk exposures that arise in the course of business. The process is performed annually using a Risk Register, which includes all the risks inherent to the Company's functions and operations, that could potentially have an adverse effect on the Company's performance. The Risk Register is updated with new risks, as they arise.

Measurement and assessment

After the risks have been identified there is a series of qualitative and/or quantitative assessments of these risks to estimate the probability of occurrence and the potential impact. In measuring and assessment of the risks we use methods such as:

- Sensitivity analysis
- Scenario analysis
- Expert judgments

Materiality has been defined in terms of the maximum potential loss occurring from an event taking place

The company uses a range of materiality thresholds based on the impact or risks on Solvency, earnings, liquidity and reputation. During the risk mapping exercise, the materiality of each risk within the risk universe was assessed against the materiality thresholds.

Managing - Risk mitigation and transfer

The resulting material risks to the Company are managed by using a number of strategies:

- **Mitigate**
  Risk mitigation involves the mitigation of the risk likelihood and or impact

- **Avoid**
  Risks avoidance is the elimination of activities that cause the risk

- **Transfer**
  Risk transference is transferring the impact of the risk to a third part

- **Accept**
  Risk acceptance means accepting that a risk might have an impact, and no mitigating measures are taken.

The risk management strategies are selected in such a way to ensure that the risks remain wilting the risk appetite tolerance limits set by the company.

Monitoring and Reporting

The risk monitoring and reporting are required to ensure they reflect changes to the environment and conditions. This means that it is possible that risk management strategies may have to be adapted in accordance with risk appetite tolerance levels and limits.

Risk Management Implementation and Integration

The way the risk management system including the risk management function are implemented and integrated into the organisation structure and decision-making process of the Company is set below.

The company has a risk appetite statement approved by both the audit and risk committee, and the Board of Directors. The risk appetite statement is supported by a risk indicators and tolerance document which seeks to sets out in practical terms how the Company measures whether its performance remains within the approved appetite for risk. The risk indicators and tolerance document is used to generate key risk indicators which are reported on twice a year and are reviewed by both the audit and risk committee and the Board of Directors.

The risk register is maintained by the risk function and is subject to an annual review at a minimum. The risk register tabulates all the perceived risks to the business as well as any emerging risks. Those risks are assessed as to their impact on the business both in terms of percentage likelihood and in financial terms, where applicable (not all risks have financial consequences).

Once reviewed, the updated risk register is presented to the audit and risk committee for review, and to the Board of Directors. Both the audit and risk committee and the Board of Directors consider the adequacy of the controls in place and the financial impact of the risk occurring.

The audit and risk committee has responsibility for overseeing the implementation of any additional controls that might be deemed necessary. In this way, the governance bodies charged with managing the company's exposure to risk are kept updated and informed as to the risks faced by the business, and through the key risk indicators, the current level of exposure to each risk.

B.4 Own Risk and Solvency Assessment (ORSA)

The EC Directive in Article 45 requires that insurers, as part of their risk management system, to perform an Own Risk and Solvency Assessment (ORSA). The assessment requires the Company to properly determine its overall solvency needs to cover both short and long- term risks.

The risk based approach requires amongst other things, that the Company hold an amount of capital that is commensurate with the risks to which it may be exposed, and therefore the ORSA assists the Company in better understanding of its risks, solvency needs and own funds held.

Gan Direct produces an ''ORSA'' at least once in each calendar year. Additional ORSAs may be produced in response to material changes to risks faced by the Company.

The Company uses ORSA as a management tool to enhance risk awareness in its culture and decisions making processes, forming an integral part of the overall business strategy and assists in having a practical understanding of the risks it has.

The ORSA process includes an assessment of our capital requirement over the next 12 months. The level of economic capital required is also delivered using stress scenarios whereby the capital, available is recalculated under the different risk scenarios.

The process of producing the ORSA is a cyclical one. The inputs include:

- Board's policies
- The Board strategy for the business
- Output from the standard model Pillar 1 process
- Actuarial function output
- The Company's Enterprise Risk Management system

The ORSA is then produced by management in conjunction with the actuarial and risk management function. The ORSA is presented to the audit and risk committee for comment and review; and if approved, to the Board of Directors for their consideration. The result of the Board's consideration forms the basis for the future strategy of the business, which forms the basis for the following year's ORSA.

B.5 Internal Control System

The Company's Internal Control System (ICS) is the aggregate of control mechanisms and procedures which covers, on an ongoing basis, every single activity of the Company and contributes towards the Company's efficient and sound operation.

The Company applies five lines of defence in dealing with its Internal Controls. They are:

- The Control Environment, whereby the culture of internal control is set from the Board of Directors, down to employees. The Company promotes the importance of appropriate internal controls by ensuring that all personnel are aware of their role in the internal control system.

- Risk Assessment, whereby all risks are assessed and compiled into a Risk Register reviewed twice a year

- Control Activities-Those controls integrated in the routine operations of the Company

- Information & Communication – whereby the results of the Control activities are communicated across the company, and

- Monitoring Activities – whereby the system of internal control is reviewed by independent staff that have no operational responsibilities.

Gan Directs' compliance mission is to:

- Protect the Company's reputation and manage compliance risk
- Show its commitment to establishing high ethical standards in conducting its business
- Ensure compliance with regularly bodies and authorities. There is continuous monitoring of trends and changes in regulations in order to manage reputational and compliance risks.

The Compliance function engages in a number of methods and activities in order to identify control and suggest measures to mitigate compliance risk.

B.6 Internal Audit Function

As part of the system of internal controls, The Company has a team of independent staff that have no operational responsibilities and aims to the verification of the adequacy and effectiveness of controls including quality assurance.
The team look into whatever matter as an internal audit team feel they require to review, and any matters referred to them by the audit and risk committee of the Company.

The internal Audit's activities are designed to provide advice to management in improving the internal control system and monitors the implementation of management's remedial actions.

B.7 Actuarial Function

The actuarial function is responsible amongst other things, for

- Calculating the technical provisions including:
  - Ensuring the appropriateness of the methodologies and assumptions
  - Assessing the adequacy and quality of data used
- Analysing the movement in technical provisions
- Comparison of the best estimates against experience
- Providing an opinion on the underwriting policy
- Providing an opinion on the adequacy of the reinsurance arrangements
- Contributing to enhance the risk management system
- Contributing to the ORSA process

Each of these activities are carried out at least on annual basis.
The Actuarial Function is getting support from external consultants.

B.8 Outsourcing

To manage the risks related to outsourcing, Gan Direct has a policy to safeguard its business operations.

General requirements for outsourcing

The outsourcing policy sets out the procedures for the assessment of outsourcing as outlined below:

- Risk assessment is required for important activities, whereby concentration of risk, competition risk and possible conflicts of interest are examined.
- Confidentiality, quality of service and continuity are crucial to ensure the service provider is competent and reliable
- Compliance with law and regulations is also essential element of the assessment.

When choosing a supplier, consideration is given as to how the risks identified can be mitigated. Furthermore, the procedures for the selection of the supplier, consider matters such as the supplier's experience, reputation, its organisation and employees. In the selection process, it is ensured that the supplier has the ability and capacity to be able to perform the task and can fulfil the requirement of any applicable legislation.

Where important or critical activities are to be outsourced there must be in place a written agreement to ensure the interests of the Company are protected and comply with any legal and regulatory requirements.

All important, or critical outsourcing require the approval of the Managing Director.
Gan Direct remains fully responsible for the activities outsourced.

Requirements for the outsourcing of critical or key functions or activities

In addition to the above, for outsourcing an important or key function or activity, Gan Direct has also set the following requirements:

Due diligence

A due diligence exercise must be carried out to ensure that:

- Service provider can perform the outsourced function or activity
- Service provider has the technical ability required
- The employees of the service provider that will be involved in providing the outsourced function have sufficient qualifications
- Service provider has the authorisations required by law to provide the required function or activity.

Written authorisation to the supervisory authority

Gan Direct is obliged to notify the supervisory authority in a timely manner prior to the outsourcing of critical or key functions.

Outsourcing Key Functions

For the outsourcing of a key function, the Company must also fulfil the following requirements:

- Designation of the responsible person within Gan Direct, that will have overall responsibility for the outsourced key function, who is fit and proper and possesses sufficient knowledge and experience regarding the outsourced key function to be able to challenge the performance and result of the service provided.
- Assessment of the person responsible for the outsourced key function and any relevant persons at the service provider.
- Notification to the supervisory authority of the responsible person
- Monitor and review to be able to assess if the service provider delivers according to the written agreement.

Gan Direct has outsourced some of its operational activities. The Company did not outsource any of its key functions in 2016. The Company did however use external consultants in areas relating to the implementation and compliance with Solvency II requirements.

Main Gan Direct activities outsourced during 2016 are as follows:

Outsourced Function or Activity	Jurisdiction of service provider
Accident and Road Assistance	Cyprus
Networking and Security	Cyprus
Loss Estimators/ Adjusters	Cyprus
Servers and Systems	Cyprus
Medical Assistance Abroad	Greece

B.9 Any Other Information

Quality Management System

Gan Direct maintains a Quality Management System and is accredited with the international standard of ISO 9001 since May 2002.
A Quality Management System (QMS) is a set of policies, processes and procedures required for planning and execution (production/development/service) in the core business area of an organization. (i.e. areas that can impact the organization's ability to meet customer requirements.)
ISO 9001 is the international standard that specifies requirements for a quality management system (QMS). Organizations use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.

The Management and the staff of the Company are fully committed to work consistently, having the customer satisfaction as their top priority, to offer quality non-life insurance products that will meet customer expectations when the need arises, to minimize customer complaints, with the aim towards improving the effectiveness of the Quality Management System.

The Quality Management System implemented within the Company is reviewed on a systematic basis

- to ensure continual improvement on customer satisfaction and service quality
- to safeguard that all the processes needed for non-life insurance cover is in accordance with the relevant requirements
- to make sure that the Company's Quality Management continues to be operative so as to control the requirements of the ISO 9001 Standard
- and that the customer requirements are fully met in a competitive way.

The renewal of the ISO certificate is subject to an annual external audit by the British Standards Institute (BSI).

Assessment of the adequacy of the System of Governance.

Overall the Company's Management System is considered appropriate and effective given the nature, size and complexity of the risks inherent in the business. The main risks inherent in the Company's business are discussed further in section C of this report.

The Company will however continue with the strengthening of its governance system in response to new business demands and regulatory requirements.

C. Risk Profile

Overview of the Risk Profile

The Solvency capital requirement of Gan Direct is calculated using the Solvency II standard formula and is the sum of the following three components:

- Basic Solvency capital requirement (BSCR)
- Capital requirement for operational risks
- Adjustments for risk – mitigating effects

The BSCR in calculated by the sum of the different risk modules and sub-modules with due regard to correlation effects.

The following table shows the risk profile and composition of SCR as at 31 December 2016 for Gan Direct.

Type of Risk	31/12/2016 €'000
Market risk	3,255
Counterparty default risk	559
Health underwriting risk	16
Non-Life underwriting risk	3,971
Diversification	-1,776
Basic Solvency Capital Requirement	**6,025**
Operational Risk	396
Adjustment for the LAC of TP and deferred taxes	(600)
Solvency Capital Requirement	**5,821**

As can be seen clearly from the table above the biggest risk drivers for Gan Direct are Non-life underwriting risk and Market risk.

These two risk modules account for over 90% of the total BSCR.

The detailed composition of these two risk modules are analysed further down in this report.

C.1 Underwriting Risk

Underwriting risk is generally defined as the risk of loss or of the detrimental changes in terms of the value of insurance liabilities. This basically is the risk that premium and/or investment income will not be sufficient to cover current or future payment obligations, due to inaccurate pricing and provisioning assumptions.

Underwriting risk is an industry specific risk, and comprised of:

- Premium and Reserve risk
- Non-Life Catastrophe risk

For the purposes of the SCR model, the underwriting module is divided into sub-modules as shown in the following table:

Risk sub-module	Definition
Premium risk	Premium risk only relates to future claims (excluding) IBNR and IBNER, and originates from claim sizes being greater than expected, and differences in timing of claim payments from expected, and differences in claims frequency from those expected. In summary, it is the risk of loss resulting from an increase in claims costs in the next year which could be because of a higher claims frequency or higher level of average claims cost than expected.
Reserve risk	Reserve risk only relates to incurred claims, i.e. existing claims (including IBNR and IBNER), and originates from claim sizes being greater than expected, and differences in timing of claims payments from expected and differences in claims frequency from those expected. This basically means the risk of loss through adverse development in claims settlement.
Catastrophe risk	Catastrophe risk is the risk that a single event, or a series of events, of major magnitude, leads to a significant deviation in actual claims from the total expected claims. This is basically the risk of damage from natural disasters or individual major damage in the next year.

Based on the Pillar 1 result for year 2016 the total diversified Non- Life underwriting is Euro 3.97 million out of which Euro 3.86 million derives from Premium and Reserve Risk and Euro 0.38 million derive from Catastrophe Risk) including the diversification effect of Euro 0.26 million.

Non-Life Catastrophe Risk

The company's exposure to Catastrophe risk stems from extreme or irregular events that are not sufficiently captured by the capital requirements for premium and reserve risk. The total diversified gross catastrophe risk consists of Natural Catastrophes and Man-made Catastrophes.
In Cyprus, the only peril with regards to natural catastrophes is earthquake.

Based on the Pillar 1 results for year 2016 the total diversified catastrophe risk is Euro 37.05 million out of which approximately Euro 36.4 million are covered by the reinsurers of the Company. The total retained diversified catastrophe risk, after reinsurance is approximately Euro 0.38 million.

Mitigating Steps

Reinsurance

The main risk mitigation the Company employs is reinsurance. There are a number and a mix of reinsurance arrangements to ensure adequate protection for the Company.

For example, the Company transfers its exposure to major events involving damage to building and contents so that the potential loss to the Company is limited to its retention.

The Company has also taken out reinsurance of the risk of large claims occurring with large sums insured.

To mitigate its exposure to Insurance Risk to less material levels, the Company consults with external professionals who review and reserves and claims provisions, taking into consideration the Company's risk profile, policies and procedures.

In addition, underwriting procedures including measurement and pricing of insurance policies, is performed based on strict policies and guidelines, and after considering the Company's strategy and other macroeconomic factors, including the level of economic activity and competition in the industry.

Stress testing sensitivity analysis

Stress testing and sensitivity analysis, included for example, the effect of a percentage shock to the technical provisions of motor business.

Another stress test used, is a major flood event damaging motor vehicles and buildings.

C.2 Market Risk

Description of the risk

Market risk is the risk of potential losses due to adverse movements in financial market variables. Exposure to market risk is measured by the impact of movements in financial variables such as property prices, equity prices and interest rates.

Under Solvency II, the market risk reflects the sensitivity of assets, liabilities and financial instruments values to change in the following factors:

- Currency risk
- Interest rate risk
- Spread risk
- Equity risk
- Property risk
- Concentration risk

Currency Risk
Currency risk relates to the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates.

Interest Rate Risk
Interest Rate Risk relates to the sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates.

Spread Risk

Spread Risk relates to the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.

Equity Risk

Equity Risk relates to the sensitivity of the values of assets, liabilities, and financial instruments to changes in the level or in the volatility of market prices of equities.

Property Risk

Property Risk relates to the sensitivity of the values of assets, liabilities, and financial instruments to changes in the level or in the volatility of market prices of real estate.

Concentration Risk

Concentration Risk may arise with respect to investments in geographical area, economic sector, or individual investments in a geographical area, economic sector, or individual investments or due to a concentration of business written within a geographical area, of a policy type or of underlying risks covered.

Risk assessment

Gan Direct calculates market risk in accordance with the Standard Solvency II formula. This includes an assessment of the capital requirement resulting from the market risk sub-modules.

The table below shows the composition of the SCR for the market risk module. The aggregated capital requirement is lower than the sum of the requirements for the individual risk sub modules, based on the recognition that extreme shocks do not generally occur simultaneously for individual market risks (hence the diversification).

		2016
Capital Requirement for Market Risk	**Euro million**	**Percentage**
Equity Risk	0.25	6%
Interest rate risk	-	-
Exchange risk	-	-
Spread risk	0.27	6%
Property risk	2.60	58%
Concentration risk	1.38	30%
	4.50	
Diversification	-1.24	
SCR, Market Risk	**3.26**	

As can be seen from the table above the main exposure to market risk for Gan Direct comes from Property risk and Concentration risk.

Property risk exposure

The calculation of the capital requirement for the property risk equates to the loss of basic own funds with a direct 25% fall in the values of land and buildings.

Gan Directs' SCR property risk amounts to Euro 2.6 million and represents 58% of the undiversified Market SCR.

Property risk arises from the Company's exposure to properties in Nicosia, Limassol, Larnaca and Paphos. A big part of this property risk relates to the Company's Head Office in Limassol.

Concentration risk exposure

Gan Directs' SCR concentration risk amounts to Euro 1.38 million and represents 30% of the undiversified market SCR.

Gan Direct is exposed to concentration risk due to large individual exposures in its deposits which two Cyprus Banks. The one bank is unrated and the other one has a low credit rating and this results in the relatively high capital requirement on concentration risk.

Part of the concentration risk capital requirement also comes from the Company's Head Office in Limassol.

Equity risk and spread risk exposure

Gan Direct does not have material exposure to equity and spread risk.

Mitigating Steps

Transfer of risk

For property risk to be lower, the Company's management is considering restructuring options which include scenarios to transfer properties ownership to different entity and reduce the direct Company's exposure to property risk.

Risk mitigation from deferred tax

The use of deferred tax is a general risk mitigation technique that can be applied in certain cases.

When deferred taxes are used as a risk mitigation technique, it is assumed that in the event that an extreme scenario occurs which reduces the value of the relevant asset, part of the impact can be absorbed, because the existing and recognised deferred tax liability will no longer be due following the occurrence of the scenario. This reduces the overall influence of the scenario.

In the case of Gan Direct the overall impact of the scenario regarding properties could be reduced by approximately 20% which is the rate for Capital Gains Tax on Properties already provided for in the IFRS statements.

Diversification - Counterparties

As mentioned above Gan Direct is exposed to concentration risk due to large individual deposits will two Cyprus banks.

Measures were taken by management to reduce both concentration risk and counterparty risk by opening bank accounts outside Cyprus (elsewhere Europe) with banks with a good credit rating.

Despite these management measures the Company is still exposed to concentration risk as shown by the Pillar 1 results for 2016.

This matter is constantly under review by the management.

Stress testing and sensitivity analysis

Stress testing included for example, a scenario where it was assumed, that the value of properties the Company holds, will decline by 10% next year and by a further 5% in the following year.

Application of the ''Prudent Person Principle'' to Investments.

Gan Direct has an Investment Management Policy which sets out the framework in which it may set investment mandates and manage its assets/liability management activities. This includes:

- Defining the investment objectives and benchmarks;
- Documenting and communicating the investment philosophy;
- Provide a framework for the approval, and monitoring the performance of investment decisions;
- Specifying the requirements for asset liability management; and
- Ensuring compliance with all regulatory requirements.

The Company's major investments consists of land and building (appx Euro 10.4 million) and term deposits placed with different banks both in Cyprus and elsewhere in Europe. (appx Euro 8.4 million)
These two asset classes represent appx 84% of the Company's total assets and these are basically the only classes were the Company is presently investing.

The Company's investments in hand and Buildings was done long before Solvency II came into effect.

The world economy is still fragile with a lot of uncertainties and therefore the Board that takes all the ultimate decisions about investments is very risk averse under the present economic situation in Cyprus, Europe and the world economy in general.

The emphasis at present is placed on capital preservation rather than return on investments. This however is constantly under review.

C.3 Credit Risk/Counterparty Default Risk

Credit risk is the risk of loss, or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed to. Counterparty risk includes the exposures with the Company's:

- Reinsurance Providers
- Other debtors (term and cash deposits with banks and other balances)

The company uses the Direct Channel of sales and does NOT allow any credit and therefore does not have any exposure to amounts due from policyholders or intermediaries.

- For year 2016 based on the results of the Pillar 1, the total diversified Counterparty Risk under Solvency II is estimated to be Euro 0.56 million.

- The Company's exposure to counterparty risk for year 2016 comes mainly from reinsurance recoverable.
- Counterparty exposures are usually monitored taking into consideration the credit rating of each counterparty

Mitigating Steps

Overall the company has adopted the following policies and controls set by management, to mitigate its exposure to credit counterparty risk, and ensure compliance with the Company's risk appetite:

- Engagement only with reinsurers with minimum credit rating of A
- In the Company's agreements with reinsurers, there is a build-in clause which states that in the event where the reinsurance providers credit rating deteriorates, the Company has the option to immediately replace them
- Changes in credit rating or solvency ratio of reinsurance and other counterparties are monitored regularly and the list of approved counterparties is updated accordingly.
- Term deposits are placed with banking institutions with a good credit rating wherever possible.

Stress testing and sensitivity analysis

Stress testing included for example the default of the Company's biggest financial counterparty are Cyprus Banks and a 20% write off from the Company's term deposits and current accounts.

C.4 Liquidity Risk

Liquidity risk is the risk that Gan Direct would not be able to meet its financial obligations as they fall due. Gan Direct is averse to liquidity risk and holds sufficient cash balances to pay at least 6 months claims and expenses at any one time.
In fact, the total deposits and cash equivalent balances as at 31st December 2016 amounted to Euro 8.66 million and can settle immediately over 70% of the total net claim provisions as at 31st December 2016.

C.5 Operational Risk

Operational risk is the risk of loss caused by inadequacies or failure in internal processes, employees or systems, or by external events. Operational risk does not include reputational or strategic risk.

Gan Direct assesses operational risks in accordance with the standard Solvency II formula. The capital requirement for operational risk as at 31st December 2016 was Euro 0.4 million and represents appx 6.8% of the standard formula SCR.

Risk Exposure

Gan Direct is exposed to a high number of operational risks. These risks have been catalogued in the Company Risk Register.
The following risks have been judged to be the material ones:

- Litigation risk, particularly in relation to settlement of claims.
- IT risks (including Cyber risk)
- Business interruption risk
- Claims and external fraud
- Employee risk (staff shortage, etc)
- Claims and internal fraud

C.6 Other Material Risks

A part of the regular ORSA process, the overall risk profile and associated solvency capital needs are assessed against Gan Directs' actual solvency position, taking into account identified risks that are not incorporated into the standard formula. The following rules have been recognised by Gan Direct as being potentially material:

- Regulatory risk
- Strategic risk
- Reputational risk
- Legal environment risk

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

All assets and liabilities, listed in the table below are valued in accordance with Solvency II Principle and are compared to theirs IFRS valuation. Assets and liabilities are valued on the assumption that the Company will pursue the business as a going concern. No changes in the valuations methods occurred during the year under review.

The Company does not have any off-balance sheet assets or liabilities.

The table below summarises the assets as ta 31 December 2016. The material difference between the financial statements and the Solvency II balance sheet relates to the bases which are used to value the assets. For the financial statements, the reinsurance receivables relating to the reinsurer share of unearned premiums are valued at fair value whereas for the Solvency II balance sheet, the premium provision is used resulting from the reinsurer share in the premium provisions.

The table below shows the Assets Valuations - IFRS vs Solvency II

		Euro '000
	IFRS	**Solvency II**
Assets	**2016**	**2016**
Property, plant and equipment held for own use	10,733	10,733
Investment Property	191	191
Intangible Assets	1	0
Long term bank deposits	7,705	7,705
Reinsurance share of TP	861	624
Insurance and other receivables	1,355	1,355
Deferred Acquisition Costs (DAC)	774	-
Cash and Cash equivalents	763	763
Deferred Tax Assets	17	17
	22,400	**21,388**

Bases, methods and main assumptions used for valuation for Solvency II.

Property, plant and equipment held for own use.

Properties for own use are initially measured at cost, is then subsequently carried at fair value representing open market value as determined annually by independent qualified valuer’s.

Plant and equipment is valued at cost less accumulated depreciation which provides a close approximation of fair value.

There are no differences between IFRS valuation and Solvency II valuation.

Investment Properties

Investment properties are valued at fair value determined annually by external valuers or by virtue of a Director's valuation.

Long term Deposits

Deposits other than cash equivalents are valued at fair value.

Insurance and other receivables

The Company does not allow credit to Policyholders and does not use any intermediaries.
The value of insurance and other receivables is the same in both the IFRS and the Solvency II Balance Sheet.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand and deposits in bank current accounts.

Assets Valuation Differences - IFRS vs Solvency II

There are differences for intangibles, Deferred Acquisition Costs and Reinsurance recoverables as explained further below:

Intangible assets

Intangible assets are not recognised in Solvency II. Therefore, there is a difference between IFRS and Solvency II of Euro 1K.

Deferred Acquisition Costs

There is no concept of Deferred Acquisition Costs in Solvency II. Therefore, there is a difference between IFRS and Solvency II of Euro 774K.

Reinsurance recoverable

Reinsurance recoverable are the difference between the gross and net provisions under Solvency II, these are valued on a best estimate basis.
This difference in the valuation methods means there is a difference between IFRS and Solvency II of Euro 237K.

D.2 Technical Provisions

Valuation of technical provisions under Solvency II are the sum of the best estimate and the risk margin.

The table below shows the technical provisions by line of business

Line of Business	Gross €'000	Net €'000
Motor	12,851	12,457
Property	341	154
Income Protection	76	33
Other	2	2
	13,270	**12,646**

Bases, Methods and Main Assumptions for the valuation of Technical Provisions

Best Estimate

The best estimate of the premium provision relates to all future cashflows relating mainly to cashflows of future claims, expenses and reinsurance costs.
The provisions for claims outstanding includes claims that have already been incurred regardless, whether these claims have been reported or not. Therefore, the claims provision would include the outstanding claims estimates the IBNER and claims expenses!
The cashflow are discounted to allow for the time value of money using the risk-free interest rates prescribed under Solvency II.

Risk Margin

The risk margin is added to the best estimate liability. This margin is calculated in accordance with Article 37 of the Commission Delegated Regulation (EU) 2015/35 whereby an additional margin is added to the best estimate liability to ensure that the technical provisions as a whole are equivalent to the amount that an insurance undertaking would be expected to require in order to take over the insurance obligations, assuming a cost of capital a rate of 6%.

Level of uncertainty and the value of technical provisions

The level of uncertainty basically relates as to how future actual experience will differ from the best estimate assumptions used to calculate the technical provision.

The calculation of the claims provisions is inherently uncertain with respect to the amount and timing of future cash flows and requires the use of judgement.

Therefore, the Company's actual liability for losses may therefore be subject to positive or negative deviations relative to the initially estimated claims provisions.

Comparison between the IFRS valuation and Solvency II

The comparison between the IFRS valuation and Solvency II valuation of technical provisions is shown in the table below:

		Euro '000 2016
	IFRS	**Solvency II**
Technical Provisions	**2016**	**2016**
Premium Provisions Gross	5,303	3,974
Claims Provisions Gross	8,561	8,646
Risk Margin	-	650
Best Estimates Gross	**13,864**	**13,270**
Premium Provisions Net	5,098	3,854
Claim Provisions Net	8,142	8,142
Risk Margin	-	650
Best Estimates Net	**13,240**	**12,646**

Under Solvency II, the technical provisions are calculated using a different method compared to IFRS. The main differences between IFRS and Solvency II are described below:

- Different method for the risk margin. Under Solvency II valuation of technical reserves include the Risk Margin. There is no concept of risk margin under the IFRS methodology
- In IFRS there is no expected profit taken into account
- Different methods are used for determining best estimate premium liabilities
- Different curve used to calculate the best estimate

D.3 Valuation of Other liabilities

The value of other liabilities is set out in the table below:

		Euro '000
	IFRS	**Solvency II**
Liabilities	**2016**	**2016**
Reinsurance payables	214	214
Trade Creditors and other account payable (not insurance)	412	412
Taxation	30	30
Deffered Income	205	205
	861	**861**
Deferred Tax Liability	859	859
	1720	**1720**

Reinsurance payables

The Balance due to reinsurers as at 31st December 2016 amounted to Euro 0.2 million and are calculated in occurrence with the reinsurance agreement. No adjustments are required for these balances.

These payables relate to balances owed in respect of services and assets acquired by the Company and no adjustments are required for those balances.

Deferred Tax Liability

Deferred tax liabilities are recognised in relation to temporary timing differences between accounting and tax values of assets and liabilities and is calculated using the applicable tax rates.

D.4 Alternative Methods for Valuation

No other alternative methods for valuation are used.

E. CAPITAL MANAGEMENT

E.1 Own Funds

The objective of managing the company's own funds is to ensure that there are sufficient own funds to meet the capital requirement under Solvency II at all times with a prudent buffer to ensure its financial capacity under more difficult economic conditions.

The overall solvency of the Company is subject to a quarterly review of the coverage of the capital requirements in Pillar 1.

Furthermore, as part of the ORSA process, the Company prepares a three-year business projection which will also result in a three-year projection of the capital requirements. This helps the Board of Directors in ensuring that there are available own funds in the line with its business plan and objectives.

Structure, Amount and Quality of Own Funds

The total amount of own funds is as follows:

	Euros '000	
	2016	**2015**
Ordinary Share Capital	1,505	1,505
Surplus Funds	5,316	4,923
Reconciliation Reserve	-418	-234
Total Basic Own Funds	**6,403**	**6,194**

The eligible amount of own funds to cover the Solvency Capital Requirement and the Minimum Capital Requirement is Euro 6.4 million. This is comprised entirely of Tier 1 Basic Own Funds and is available to cover the MCR and SCR.

IFRS Equity vs Own Funds

The table below shows the comparison and movement in the IFRS and Solvency II valuation of assets, liabilities and own funds.

	Euro '000		
31 December 2016	**IFRS Euro**	**Solvency II**	**Movement**
Total Assets	22,401	21,389	-1,012
Total Liabilities	15,580	14,986	474
Total Own Funds	**6,821**	**6,403**	**-418**

The movement in valuation of assets and liabilities arises from the differences in the valuation of IFRS and Solvency II Standards, as set out below:

- Intangibles (not included under Solvency II)
- Deferred Acquisition cost (not included under Solvency II)
- Differences in gross technical provisions and reinsurance recoverable (as explained in Section D)

Basic own-fund item subject to transitional arrangement

None

Ancillary Own Funds

None

Deductions from Own Funds

None

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Solvency capital requirement (''SCR'') is calculated using the standard formula of Pillar 1. As at 31 December 2016 the SCR amounted to Euro 5.82 million.

The table below shows the components of the SCR (using the Standard Formula) at 31 December 2016:

Type of Risk	31/12/2016 €'000
Market risk	3,255
Counterparty default risk	559
Health underwriting risk	16
Non-Life underwriting risk	3,971
Diversification	-1,776
Basic Solvency Capital Requirement	**6,025**
Operational Risk	396
Adjustment for the LAC of TP and deferred taxes	(600)
Solvency Capital Requirement	**5,821**

The Company uses EIOPA's Solvency II Standard Formula. It does not use Company specific parameters and does not use simplified calculations in its computation.

The Minimum Capital requirement at 31 December 2016 is Euro 3,7 million which is the absolute floor.

Information on the inputs used to calculate the MCR

	31/12/2016 €'000
Linear MCR	2,038
SCR	5,821
MCR cap (45% of SCR)	2,619
MCR floor (25% of SCR)	1,455
MCR absolute floor	3,700
MCR	3,700

Material changes to the SCR and MCR over the reporting period

No material changes

Use of the duration – based equity risk sub-module for the calculation of the Solvency Capital Requirement
N/A

Differences between the standard formula and any internal model used
N/A

Non – compliance with the Minimum Capital Requirement or significant non – compliance with the Solvency Capital Requirement
There was no breach of the Solvency Capital Requirement or the Minimum Capital Requirement over the reporting period.

E.3 Any Other Information

None.

ANNEX: Annual Quantitative Reporting Templates (QRT's)

The following QRTs are required for the SFCR

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 Undertaking on Standard Formula
S.28.01.01 Minimum Capital Requirement – Only Non- Life Insurance or Reinsurance

Annex I
S.02.01.02
Balance Sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	17,286
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	10,732,392
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	7,897,451
Property (other than for own use)	**R0080**	191,363
Holdings in related undertakings, including participations	**R0090**	0
Equities	**R0100**	1,342
Equities - listed	**R0110**	1,342
Equities - unlisted	**R0120**	0
Bonds	**R0130**	0
Government Bonds	**R0140**	0
Corporate Bonds	**R0150**	0
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	0
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	7,704,746
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**	624,450
Non-life and health similar to non-life	**R0280**	624,450
Non-life excluding health	**R0290**	581,410
Health similar to non-life	**R0300**	43,040
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**	818,415
Reinsurance receivables	**R0370**	127,897
Receivables (trade, not insurance)	**R0380**	275,327
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**	762,781
Any other assets, not elsewhere shown	**R0420**	132,972
Total assets	**R0500**	21,388,971

Annex I
S.02.01.02
Balance Sheet

		Solvency II value
Liabilities		C0010
Technical provisions – non-life	R0510	13,270,268
Technical provisions – non-life (excluding health)	R0520	13,194,504
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	12,547,066
Risk margin	R0550	647,438
Technical provisions - health (similar to non-life)	R0560	75,763
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	73,290
Risk margin	R0590	2,473
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	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	859,239
Derivatives	R0790	0
Debts owed to credit institutions	R0800	25,454
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	119,887
Reinsurance payables	R0830	214,149
Payables (trade, not insurance)	R0840	291,405
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	205,702
Total liabilities	R0900	14,986,104
Excess of assets over liabilities	R1000	6,402,867

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for: **accepted non-proportional reinsurance**				Total
		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**		265.663	0	8.276.500	3.775.703	2.043	1.206.877	15.187	0	0	0	0					13.541.973
Gross - Proportional reinsurance accepted	**R0120**																	0
Gross - Non-proportional reinsurance accepted	**R0130**																	0
Reinsurers' share	**R0140**		201.839		482.586	129.320	1.457	757.270										1.572.472
Net	**R0200**		63.824	0	7.793.914	3.646.383	586	449.607	15.187	0	0	0	0	0	0	0	0	11.969.501
Premiums earned																		0
Gross - Direct Business	**R0210**		245.406	0	8.072.798	3.714.736	2.043	1.145.055	15.995	0	0	0	0					13.196.033
Gross - Proportional reinsurance accepted	**R0220**																	0
Gross - Non-proportional reinsurance accepted	**R0230**																	0
Reinsurers' share	**R0240**		185.633		482.586	129.320	1.457	696.882										1.495.878
Net	**R0300**		59.773	0	7.590.212	3.585.416	586	448.173	15.995	0	0	0	0	0	0	0	0	11.700.155
Claims incurred																		0
Gross - Direct Business	**R0310**		178.077		5.352.305	2.824.195	4.000	335.666										8.694.243
Gross - Proportional reinsurance accepted	**R0320**																	0
Gross - Non-proportional reinsurance accepted	**R0330**																	0
Reinsurers' share	**R0340**		123.409		267.898		3.200	254.180										648.687
Net	**R0400**		54.668	0	5.084.407	2.824.195	800	81.486	0	0	0	0	0	0	0	0	0	8.045.556
Changes in other technical provisions																		0
Gross - Direct Business	**R0410**																	0
Gross - Proportional reinsurance accepted	**R0420**																	0
Gross - Non- proportional reinsurance accepted	**R0430**																	0
Reinsurers' share	**R0440**																	0
Net	**R0500**																	0
Expenses incurred	**R0550**		83.276		2.336.500	1.065.241	0	366.035	3.960									3.855.012
Other expenses	**R1200**																	
Total expenses	**R1300**																	3.855.012

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

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010							
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	13.541.973						13.541.973
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	1.572.472						1.572.472
Net	R0200	11.969.501						11.969.501
Premiums earned								
Gross - Direct Business	R0210	13.196.033						13.196.033
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	1.495.878						1.495.878
Net	R0300	11.700.155						11.700.155
Claims incurred								
Gross - Direct Business	R0310	8.694.243						8.694.243
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	648.687						648.687
Net	R0400	8.045.556						8.045.556
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500							
Expenses incurred	R0550	3.855.012						3.855.012
Other expenses	R1200							
Total expenses	R1300							3.855.012

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

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400							
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410							
Reinsurers' share	R1420							
Net	R1500							
Premiums earned								
Gross	R1510							
Reinsurers' share	R1520							
Net	R1600							
Claims incurred								
Gross	R1610							
Reinsurers' share	R1620							
Net	R1700							
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900							
Other expenses	R2500							
Total expenses	R2600							

Annex I
S.17.01.02
Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transpo	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected	**R0050**																	
Technical provisions calculated as a sum of																		
Best estimate																		
Premium provisions																		
Gross	**R0060**		68,848	0	2,516,607	1,271,476	0	116,759	0	0	0	0	0	0	0	0	0	3,974,125
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected	**R0140**	0	39,836	0	29,707	15,009	-	35,681	-	0	0	0	0	0	0	0	0	120,233
Net Best Estimate of Premium Provisions	**R0150**	0	29,012	0	2,486,901	1,256,467	0	81,078	434	0	0	0	0	0	0	0	0	3,853,892
Claims provisions																		
Gross	**R0160**	0	4,442	0	6,577,996	1,857,116	527	206,073	77	0	0	0	-	0	0	0	0	8,646,231
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected	**R0240**	0	3,203	0	348,965	-	210	151,761	77	0	0	0	0	0	0	0	0	504,217
Net Best Estimate of Claims Provisions	**R0250**	0	1,238	0	6,229,031	1,857,116	316	54,312	0	0	0	0	0	0	0	0	0	8,142,014
Total Best estimate - gross	**R0260**	0	73,290	0	9,094,604	3,128,592	527	322,832	511	0	0	0	0	0	0	0	0	12,620,356
Total Best estimate - net	**R0270**	0	30,250	0	8,715,932	3,113,583	316	135,390	434	0	0	0	0	0	0	0	0	11,995,906
Risk margin	**R0280**	0	2,473	0	456,430	171,232	86	18,803	888	0	0	0	0	0	0	0	0	649,912
Amount of the transitional on Technical																		
Technical Provisions calculated as a whole	**R0290**																	
Best estimate	**R0300**																	
Risk margin	**R0310**																	
Technical provisions - total																		
Technical provisions - total	**R0320**	0	75,763	0	9,551,034	3,299,824	613	341,635	1,399	0	0	0	0	0	0	0	0	13,270,268
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected	**R0330**	0	43,040	0	378,672	15,009	210	187,442	77	0	0	0	0	0	0	0	0	624,450
Technical provisions minus recoverables from	**R0340**	0	32,724	0	9,172,362	3,284,815	403	154,192	1,322	0	0	0	0	0	0	0	0	12,645,818

Annex I
S.19.01.21
Non-Life Insurance Claims

Total Non-Life Business

	Accident year / Underwriting year			**Z0010**												
Gross Claims Paid (non-cumulative)																
(absolute amount)																
		Development year														
Year		**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10&+**			**In Current year**	**Sum of years (cumulative)**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**			**C0170**	**C0180**
Prior	**R0100**											0		**R0100**		
N-9	**R0160**	1,757,896	405,379	68,523	350	0	0	12,000	0	10650	0			**R0160**		2,254,798
N-8	**R0170**	2,399,650	599,053	73,756	57,363	34,000	88,000	117,000	3,000	8,000				**R0170**	8,000	3,379,822
N-7	**R0180**	2,735,222	679,905	222,000	44,050	197,000	33,000	455,000	57,000					**R0180**	57,000	4,423,177
N-6	**R0190**	3,003,065	1,066,811	241,615	247,306	122,000	265,000	59,000						**R0190**	59,000	5,004,797
N-5	**R0200**	3,420,912	1,231,445	269,600	231,000	469,000	196,000							**R0200**	196,000	5,817,957
N-4	**R0210**	4,166,485	1,272,285	217,000	174,000	103,000								**R0210**	103,000	5,932,770
N-3	**R0220**	4,430,403	1,022,784	291,461	144,000									**R0220**	144,000	5,888,648
N-2	**R0230**	4,819,613	1,053,494	363,123										**R0230**	363,123	6,236,230
N-1	**R0240**	4,774,210	1,186,016											**R0240**	1,186,016	5,960,226
N	**R0250**	4,755,442												**R0250**	4,755,442	4,755,442
													Total	**R0260**	6,871,581	49,653,867

Annex I
S.19.01.21
Non-Life Insurance Claims

Gross undiscounted Best Estimate Claims Provisions															
(absolute amount)															
		Development year													
Year		**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10&+**			**Year end (discounted data)**
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**			**C0360**
Prior	**R0100**											0		**R0100**	0
N-9	**R0160**										0			**R0160**	0
N-8	**R0170**									10,013				**R0170**	10,012
N-7	**R0180**								221,215					**R0180**	221,149
N-6	**R0190**							157,891						**R0190**	157,864
N-5	**R0200**						191,329							**R0200**	191,271
N-4	**R0210**					581,712								**R0210**	581,538
N-3	**R0220**				1,239,570									**R0220**	1,236,201
N-2	**R0230**			1,113,237										**R0230**	1,112,981
N-1	**R0240**		1,709,702											**R0240**	1,709,187
N	**R0250**	3,426,384												**R0250**	3,426,027
													Total	**R0260**	8,646,231

Annex I
S.23.01.01
Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	1,504,800	1,504,800			
Share premium account related to ordinary share capital	R0030					
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070	5,316,073	5,316,073			
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	-418,006	-418,006			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	6,402,867	6,402,867			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	6,402,867	6,402,867			
Total available own funds to meet the MCR	R0510	6,402,867	6,402,867			
Total eligible own funds to meet the SCR	R0540	6,402,867	6,402,867			
Total eligible own funds to meet the MCR	R0550	6,402,867	6,402,867			
SCR	R0580	5,820,560				
MCR	R0600	3,700,000				
Ratio of Eligible own funds to SCR	R0620	110%				
Ratio of Eligible own funds to MCR	R0640	173.05%				

Annex I
S.23.01.01
Own Funds

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	6,402,867	
Own shares (held directly and indirectly)	**R0710**		
Foreseeable dividends, distributions and charges	**R0720**		
Other basic own fund items	**R0730**	6,820,873	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**		
Reconciliation reserve	**R0760**	-418,005	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**		
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**		
Total Expected profits included in future premiums (EPIFP)	**R0790**		

Annex I
S.25.01.21
Solvency Capital Requirement – for Undertaking on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	3,255,165		
Counterparty default risk	R0020	559,283		
Life underwriting risk	R0030	-		
Health underwriting risk	R0040	15,911		
Non-life underwriting risk	R0050	3,971,139		
Diversification	R0060	-1,776,212		
Intangible asset risk	R0070	6,025,286		
Basic Solvency Capital Requirement	R0100			
Calculation of Solvency Capital Requirement		C0100		
Operational risk	R0130	395,892		
Loss-absorbing capacity of technical provisions	R0140	-		
Loss-absorbing capacity of deferred taxes	R0150	-600,617		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-		
Solvency Capital Requirement excluding capital add-on	R0200	5,820,560		
Capital add-on already set	R0210			
Solvency capital requirement	R0220	5,820,560		
Other information on SCR				
Capital requirement for duration-based equity risk sub-module	R0400			
Total amount of Notional Solvency Capital Requirements for remaining part	R0410			
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420			
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430			
Diversification effects due to RFF nSCR aggregation for article 304	R0440			

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Annex I
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Minimum Capital Requirement – Only Non- Life Insurance or Reinsurance Activity

Linear formula component for non-life insurance and reinsurance obligations			
	C0010		
MCR_{NL} Result	**R0010**	5,820,560	

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	**C0030**
Medical expense insurance and proportional reinsurance	**R0020**		
Income protection insurance and proportional reinsurance	**R0030**	30,250	63,826
Workers' compensation insurance and proportional reinsurance	**R0040**		
Motor vehicle liability insurance and proportional reinsurance	**R0050**	8,715,932	7,795,520
Other motor insurance and proportional reinsurance	**R0060**	3,113,583	3,644,778
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	316	
Fire and other damage to property insurance and proportional reinsurance	**R0080**	135,390	449,607
General liability insurance and proportional reinsurance	**R0090**	434	15,187
Credit and suretyship insurance and proportional reinsurance	**R0100**		
Legal expenses insurance and proportional reinsurance	**R0110**		
Assistance and proportional reinsurance	**R0120**		
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**		
Non-proportional health reinsurance	**R0140**		
Non-proportional casualty reinsurance	**R0150**		
Non-proportional marine, aviation and transport reinsurance	**R0160**		
Non-proportional property reinsurance	**R0170**		

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

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

Overall MCR calculation		
		C0070
Linear MCR	**R0300**	2,038,465
SCR	**R0310**	5,820,560
MCR cap	**R0320**	2,619,252
MCR floor	**R0330**	1,455,140
Combined MCR	**R0340**	2,038,465
Absolute floor of the MCR	**R0350**	3,700,000
		C0070
Minimum Capital Requirement	**R0400**	3,700,000