GAN Direct Insurance Ltd

Solvency and Financial Condition Report (SFCR)

Reference Date: 31/12/2017
Submission Date: May 2018

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Tables and Figures

1 Executive Summary

1.1 Overview

GAN Direct Insurance Ltd, hereafter also referred to as “Gan”, “Gan Direct” or “the Company”), commenced operations in the Cyprus Insurance Industry in May 1994 mainly specialised in the direct delivery of uncomplicated insurance products.

This document, namely the Solvency and Financial Condition Report (SFCR), has been prepared in accordance to the Commission Delegated Regulation (EU) 2015/35 of October 2014, supplementing the Directive 2009/138/EC of the European Parliament and of the Council. This is a publicly available document that provides information regarding the Company’s performance for the year ending in 31 December 2017.

1.2 Business and Performance

Gan Direct operates in Cyprus and its most important line of business is the Motor. The table below indicates the Company’s claims and combined ratios by line of business.

	Gross Claims Ratio	Net Claims Ratio	Net Expenses Ratio	Net Combined Cost Ratio
Accident and health	97%	53%	52%	106%
Motor	66%	65%	30%	94%
Marine	37%	14%	46%	60%
Property	13%	4%	52%	55%
Liability	2%	2%	28%	30%
Total	63%	61%	31%	92%

Table 1: Loss Ratios

The Company’s underwriting performance is presented below:

The table below sets out the analysis of the underwriting results of the Company for the year ended 31 December 2017:

	Motor	Propery	IP	Other	Total
Gross Written Premium	12.030.197	1.128.151	281.109	15.466	13.454.924
Net Earned Premium incl fees & relay	11.622.082	320.745	53.345	13.302	12.009.474
Other Income	114.254	315.630	98.427	3.779	532.090
Total Earned Income	11.736.336	636.375	151.772	17.081	12.541.564
Net Claims Incurred	7.594.835	22.901	81.040	757	7.699.533
Expenses	3.462.563	327.850	79.417	4.643	3.874.473
Underwritting Profit	678.937	285.625	-8.685	11.681	967.558

Table 2: Underwritting Performance

1.3 System of Governance

The Company is committed to implementing a sound governance framework through which objectives are set and the means of attaining these objectives and monitoring performance is determined.

In general, the BoD considers all important management and policy matters in relation to the Company which include, amongst other things, setting the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and review management performance. The Board also sets the Company's values and standards and ensures that its obligations to the shareholders and others are understood and met.

1.4 Risk Profile

As at the reference date the company is exposed mainly to the Insurance, Market, Credit, Liquidity and Operational risk. The table below summarizes the capital requirement as at the end of 2017:

Type of Risk	31/12/2017 € 000
Interest rate	*0*
Equity risk	*243*
Property risk	*2.080*
Spread risk	*307*
Concentration risk	*1.473*
Currency risk	*0*
Counter - Cyclical Premium	*0*
Diversification Market Risk	*-1.247*
Market Risk	**2.856**
Counterparty risk	**428**
Health Non-SLT Underwriting	**20**
Non-life Underwriting	**4.073**
Life Underwriting	**0**
Diversification BSCR	*-1.621*
BSCR	**5.756**
Operational Risk	**407**
Tax adjustment	**-354**
SCR Total	**5.808**
Available Capital	**7.042**
SCR (%)	**121,2%**

Table 3: SCR calculations

1.5 Valuation for solvency purposes

As at 31 December 2017, the Company had the following liabilities:

Liabilities	Solvency II Value € 000	Statutory Accounts Value € 000
Gross technical provisions – non-life (excluding health)	13.992	14.564
TP calculated as a whole (Best estimate + Risk margin)	-	-
Best Estimate	13.359	-
Risk margin	634	-
Gross technical provisions - health (similar to non-life)	119	-
TP calculated as a whole (Best estimate + Risk margin)	-	-
Best Estimate	116	-
Risk margin	3	-
(Re)insurance accounts payable	143	143
Insurance & Intermediaries Payables	120	120
Deferred tax liabilities	772	772
Amounts owed to credit institutions	88	88
Any other liabilities (excluding subordinated liabilities), not elsewhere shown	273	273
Total Liabilities	15.507	15.959

Table 4: Total Liabilities

1.6 Capital Management

As at 31/12/2017, the Company's own funds amounted to €7m and are mainly comprised of ordinary share capital and reconciliation reserve (approx. €5,5m). The total Own Funds represent 190% of the MCR and 121% of the SCR.

Basic Own Funds	Total € 000	Tier 1 – unrestricted € 000
Basic Own Funds		
Ordinary share capital (gross of own shares)	1.505	1.505
Surplus funds	-	-
Reconciliation reserve	5.537	5.537
Subordinated liabilities	-	
Total basic own funds after deductions	7.042	7.042
Ancillary own funds		
Available and eligible own funds		
Total available own funds to meet the SCR	7.042	7.042
Total available own funds to meet the MCR	7.042	7.042
Total eligible own funds to meet the SCR	7.042	7.042
Total eligible own funds to meet the MCR	7.042	7.042

Basic Own Funds	Total € 000	Tier 1 – unrestricted € 000
SCR	7.042	
MCR	7.042	
Ratio of Eligible own funds to SCR	121,24%	
Ratio of Eligible own funds to MCR	190,32%	

Table 5: Own Funds

2 Business and Performance

2.1 Business

2.1.1 Company Information

GAN Direct Insurance Ltd commenced operations in the Cyprus Insurance Industry in December 2000, the emphasis is placed upon the direct delivery of uncomplicated insurance products, which offer speed, convenience and value. The Company offers products that exceed customer's expectations and can be customized based on their individual needs.

Since its establishment GAN Direct has gone from strength to strength by using the latest automated technology and providing high standards of service. The Company's strategy is underpinned by controlled growth through strict underwriting principles and not simply for volume or market share. GAN Direct has worked hard to build a superior proposition for insurance to consumers through competitive pricing and by continuously improving their products and services. Today, the Company offers competitive rates and 24-hour Assistance, and online services.

The Company has a personal and flexible approach to Customer needs by providing a tailor made service to meet the individual needs of their Customers. The Company's aim is to put the Customer at the center of all they do. They continue to seek and develop innovative solutions that meet the needs of its customers now and in the future.

The address of the Company's registered office and of its external auditors are shown below:

Registered Office	**External Auditors**
P.O Box 51998	KPMG Limited
Corner of Archbishop Makarios III 220 and Marikkas Kotopoulli	Esperidon Street 14
Limassol, Cyprus	1087 Nicosia
Tel: +357 25 885 885	P.O Box 21121
Fax: +357 25 822 668	1502 Nicosia,
E-mail: info@gandirect.com	Cyprus

2.1.2 Material Lines of Business by Operating Segment and Solvency II and geographical areas

The Company operates in the Non-Life field and offers a wide range of insurance products in the General Business. The main business lines' distribution is as follows:

- Motor Vehicle liability insurance
- Other Motor Insurance

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

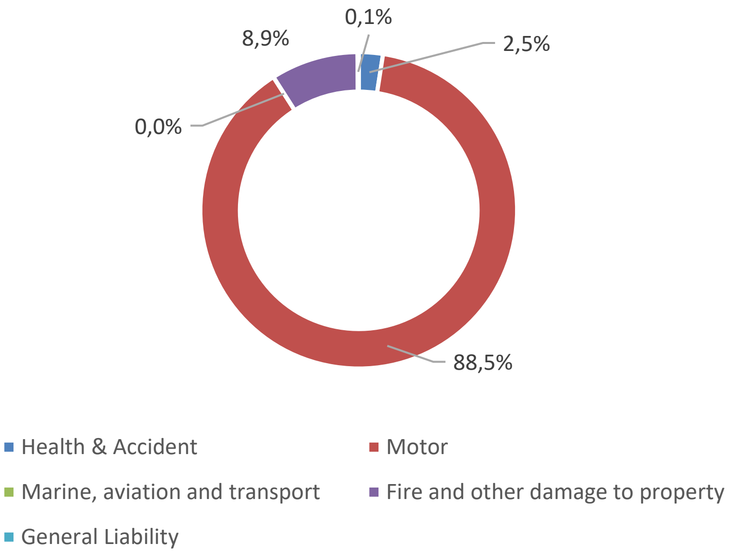

Figure 1: Distribution of Premiums

2.1.3 Significant Events during the reporting period and up to the date of the report

- In addition to the huge challenge imposed by the financial crisis in the previous years, the insurance sector has to face the all – increasing regulatory requirements stemming from the EU – legislation. The insurance sector is facing a large number of EU – level regulatory requirements and more resources and time have to be dedicated to regulation – related work.
- The transposition of the new EU Insurance Distribution Directive (IDD) into national law, as well as the Packaged Retail Investment and Insurance Products Regulation (PRIIPs) and the new Data Protection Regulation (GDPR) remain high priorities of the insurance sector.
- Also, the most significant regulatory change for the European Insurance Industry, Solvency II, was transposed into national law, and as from day one 2016 all insurance companies are operating in a Solvency II environment. This regulatory change remains one of the key priorities of the insurance sector.

2.1.4 Distribution Channels and Customer Service

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 specializes in selling insurance products directly to customers by telephone and the internet. The Company also maintains offices in Nicosia, Limassol, Larnaca, Paphos and Famagusta for sales, 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.

2.2 Underwriting Performance

The table below sets out the analysis of the underwriting results of the Company for the year ended 31 December 2017 in comparison with the results of the previous reporting period.

2017 (€'000)	Motor	Propery	IP	Other	Total
Gross Written Premium	12.030	1.128	281	15	13.455
Net Earned Premium incl fees & relay	11.622	321	53	13	12.009
Other Income	114	316	98	4	532
Total Earned Income	11.736	637	152	17	12.542
Net Claims Incurred	7.595	23	81	1	7.700
Expenses	3.462	328	79	5	3.874
Underwritting Profit	679	286	-9	12	968

Table 6: Underwritting Performance

2016 (€'000)	Motor	Propery	IP	Other	Total
Gross Written Premium	12	1	266	17	14
Net Earned Premium incl fees & relay	11	448	60	17	12
Other Income	43	221	79	1	344
Total Eraned Income	11	669	139	18	12
Net Claims Incurred	8	81	55	1	8
Expenses	3	366	83	4	4
Underwritting Profit	-92	222	1	13	144

The table below indicates the Company's claims and combined ratios by line of business.

	Gross Claims Ratio	Net Claims Ratio	Net Expenses Ratio	Net Combined Cost Ratio
Accident and health	97%	53%	52%	106%
Motor	66%	65%	30%	94%
Marine	37%	14%	46%	60%
Property	13%	4%	52%	55%
Liability	2%	2%	28%	30%
Total	63%	61%	31%	92%

Table 7: Loss Ratios

Gross written premium in 2017 was Euro 13.5 million compared to Euro 13.6 million in 2016. Net claims incurred in 2017 were Euro 7.8 million compared to Euro 8.0 million in 2016. Expenses in 2017 were Euro 39 million the same as for 2016.

The underwriting result for 2017 was Euro 967K compared to 144K in 2016. The increase in underwriting profit in 2017 compared with 2016 was partly due to a decrease in net claims and partly due to a decrease in reinsurance costs. However, most of the other difference was due to one off provisions made in 2016.

2.2.1 Underwriting performance at an aggregate level

The overall underwriting performance of the Company is considered to be satisfactory and the Company is continuously trying to improve its results through better and quicker handling and settlement of claims as well as cost reductions where possible.

2.2.2 Underwriting performance by Solvency II line of business

All lines of business had a satisfactory underwriting performance with the exception of the Income Protection LoB which had a very small underwriting loss.

The Company is reviewing this line of business and is considering options such as a premium increase or a reduction in benefits to improve the underwriting performance of the LoB.

2.3 Investment Performance

2.3.1 Income and expenses by asset class

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

	Euros '000	
	2017	**2016**
Rental Income from properties	11	23
Interest from term deposits with banks	38	38
Change in the fair value of equity shares	-	-

Table 8: Major income and expenses

2.3.2 Gains and Losses Recognized in Equity

	Euros '000	
	2017	**2016**
Revaluation of land and buildings (net of deferred tax)	(14)	360

Table 9: Equity

2.4 Performance of other Activities

2.4.1 Other material income and expenses

The Company does not carry out any other activities.

2.5 Any other disclosures

There is no other information to report.

3 System of Governance

3.1 General Information on the System of Governance

Corporate governance is essential in reinforcing the Board of Directors' oversight role and its independence in making decisions and in the production of transparent and timely information. The Company is committed to implementing a sound governance framework through which objectives are set and the means of attaining these objectives and monitoring performance is determined. The Company uses the "Three line of defense" model.

The company has also established and incorporated into its own governance system the following functions:

- Risk and Compliance Function
- Internal Audit Function
- Actuarial Function

The organizational structure of the Company is presented in the diagram below:

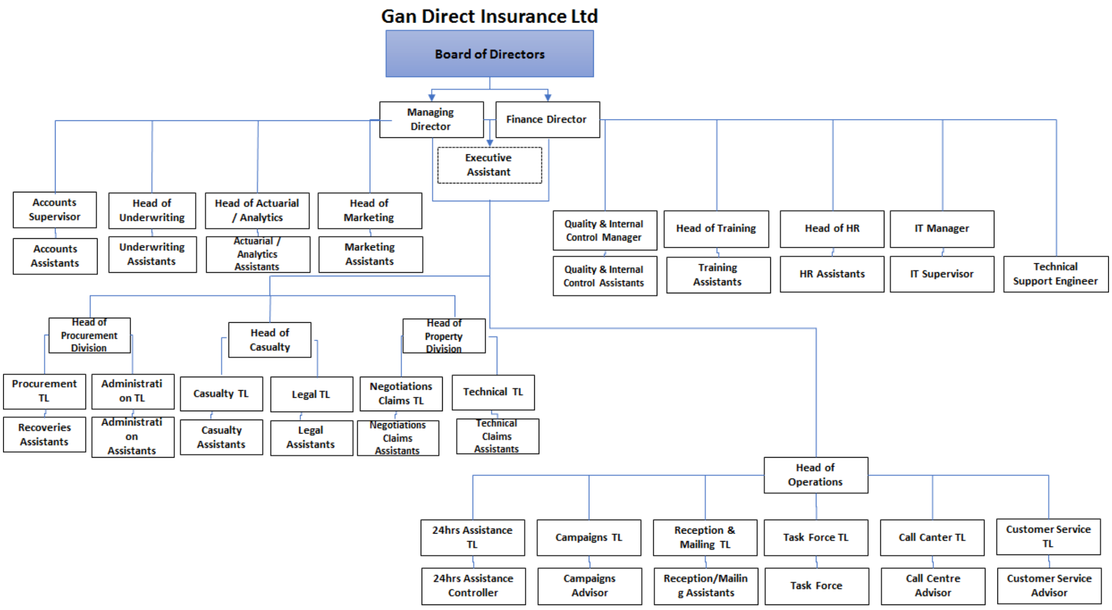

Figure 2: Organizational Structure

3.1.1 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 Company's BoD is made up of both executive and non-Executive directors, who govern the orginisation by establishing board policies and objectives.

In general, the BoD considers all important management and policy matters in relation to the Company which include, amongst other things, setting the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and review management performance. The Board also sets the Company's values and standards and ensures that its obligations to the shareholders and others are understood and met.

The BoD and the Managing Director are responsible for determining corporate objectives and risk strategies and defining the Company's risk framework, establishing a suitable internal control system and of approving the Company's annual budgets.

3.1.2 Composition of the Board

The BoD of the Company consists of 2 Executive and 1 Non-Executive Directors. The Board of the Company is of sufficient size and has considerable expertise in the insurance Industry in order to oversee adequately the operations of the Company.

3.1.3 Board Committees / Executive Committees

For its more effective operation the BoD has established the following Committees with oversight responsibility over key functions.

Audit and Risk Committee

The Audit and Risk Committee meets quarterly. The committee's objectives 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.

3.1.4 Key Functions, Roles and Responsibilities (risk-management, compliance, internal audit, actuarial)

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

During 2017 the Internal Audit function has been outsourced to BDO.

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 is getting support from external consultants as well.

3.1.5 Material changes during the period

Except for the outsourcing of the Internal Audit Function there were no other material changes to the system of governance.

3.1.6 Remuneration/Compensation Policy (Principles, Performance criteria, HR, Compensation, Risk and Compensation plans)

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 meeting 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.

3.2 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 of 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

3.2.1 Policy

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

3.2.2 Processes 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

3.3 Risk Management System including the Own Risk and Solvency Assessment

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

3.3.1 Risk Management framework

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.

3.3.2 Strategy and objectives

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 form an event taking place.

The Company uses a range of materiality thresholds base 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. The 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.

3.3.3 Own Risk and Solvency Assessment

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 include 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 the 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.

3.4 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 complied 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
- Monitor 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.

3.5 Outsourcing Arrangements

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 section 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 authorization 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.

In 2017 Gan Direct outsourced one of its key functions that of Internal Audit to BDO. The Company also continued to outsource some of its operational activities and also used external consultants in areas relating to the compliance of Solvency II requirements.

Main Gan Direct activities outsourced during 2017 are as follows:

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

Table 10: Outsourced activities / functions

3.6 Any other disclosures

Quality Management System

Gan Direct maintains a Quality Management System and is accredited with the international standard of ISO since May 2002.

A Quality Management System (QMS) is a set of policies 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.)

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 systematics 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 subjected to an annual external audit by the British Standards Institute (BSI).

3.7 Adequacy of 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 4 of this report.

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

4 Risk Profile

According to the Solvency directive, the Company is required to maintain enough capital in order to cover its Underwriting, Market, Credit and Operational risks. The Solvency Capital Requirement (SCR) is the amount of capital that the Company has to hold in order to be able to meet its obligations to both its policyholder and shareholders over the next year with a confidence level of 99,5%.

For the purposes of estimating risk exposure, the Pillar 1 methodology (Standard formula) under Solvency II Directive is used to quantify the key risks and assign capital. Based on the results of the Pillar 1 exercise as at 31st December 2017, the Company has allocated capital to various risks and has achieved a Solvency Coverage Ratio of 121,2%.

The table below summarizes the capital requirement as at the valuation date:

Type of Risk	31/12/2017 € 000
Interest rate	*0*
Equity risk	*243*
Property risk	*2.080*
Spread risk	*307*
Concentration risk	*1.473*
Currency risk	*0*
Counter - Cyclical Premium	*0*
Diversification Market Risk	*-1.247*
Market Risk	**2.856**
Counterparty risk	**428**
Health Non-SLT Underwriting	**20**
Non-life Underwriting	**4.073**
Life Underwriting	**0**
Diversification BSCR	*-1.621*
BSCR	**5.756**
Operational Risk	**407**
Tax adjustment	**-354**
SCR Total	**5.808**
Available Capital	**7.042**
SCR (%)	**121,2%**

Table 11: Solvency Capital Requirement

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

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

4.1 Insurance (Underwriting) Risk

The Company is exposed to various insurance risks that arise from its underwritings activities. The main types of insurance risks that the Company is exposed to are non-life risk and health risk.

A standardised approach in line with the EIOPA specifications was used by the Company for calculating the Solvency Capital Requirement for non-life and health underwriting risks.

Based on the results of the Pillar 1 exercise for Year 2017, the total diversified Non-Life underwriting risk is €4,07m out of which €3,95m derives from Premium and Reserve Risk and €0,39m derives from Catastrophic Risk (including the diversification effect), while the total diversified Health underwriting risk is €0,2m

Underwriting Risk	Capital Requirement 31/12/2017
	€ 000
Health Risk	
Premium & Reserves Risk	19
Health Catastrophe	2
Diversification effect	- 2
Total Health Diversified	20
Non-Life Risk	
Premium & Reserves Risk	3.956
Catastrophe Risk	394
Diversification effect	- 278
Total Non-Life Risk Diversified	**4.073**

Table 12: Underwriting risk – Diversified Capital Requirement

Premium risk is the risk resulting from fluctuations in the timing, frequency and severity of insured events. It relates to policies to be written (including renewals) during the period, and to unexpired risk on existing contracts. Gan's exposure to premium risk mainly comes from its dependency on Motor and to a smaller extend to Fire insurance, which both together contribute by more than 95% to the Company's premium income (as indicated in the figure below).

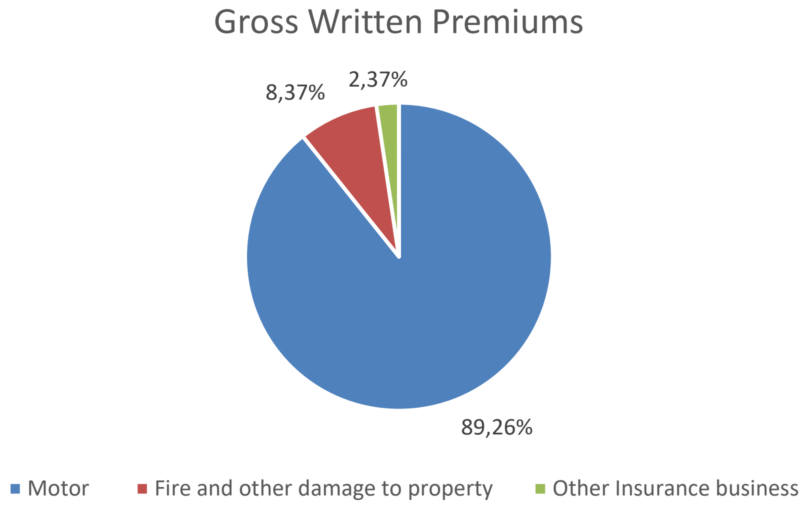

Figure 3: Total Gross Written Premiums

Dependency to motor insurance also increases the risk of low profitability due to the Claims Ratios observed with motor insurance.

Reserve risk is the risk that results in fluctuation in the timing and amount of claims settlements. Hydra Insurance, as all other insurance undertakings, is also exposed to Reserve risk mainly due to the nature of the industry, which increases the risk for the correct quantification and development of claims.

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.

4.1.1 Insurance Risk Mitigation Techniques

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.

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.

4.2 Market 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.

With regards to Market Risk, the Company is mainly exposed to Concentration Risk, Equity, Property and Spread risk. The total diversified Market Risk Capital Requirement, as per the results of the Pillar 1 for Year 2017 is approximately €2,85m while the non-diversified Capital Requirement of the Market risk's components is detailed below:

Market Risk	Capital Requirement 31/12/2017
	€ 000
Interest rate risk	-
Equity risk	243
Property risk	2.080
Spread risk	307
Currency risk	-
Concentration risk	1.473
Diversification effect	- 1.247
Total Market Diversified	2.856

Table 13: Market Risk – Diversified Capital Requirement

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.

The total Concentration Risk Capital Requirement for Gan Insurance as at 31st of December 2017, is approximately €1,47m.

The main impact of concentration risk is high due to the high concentration of assets in Eurobank EFG Cyprus Ltd and Hellenic Bank Public Company Ltd. Part of the concentration risk capital requirement also comes from the Company's Head Office in Limassol.

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. 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.

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.

Company's assets are highly concentrated into property either for own use or investments, which are valued at approximately €10.2 m in 2017.

The total Property Risk Capital Requirement for Gan Insurance as at 31st of December 2017, is approximately €2,1m.

Spread Risk

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

The total Spread Risk Capital Requirement for Gan Insurance as at 31st of December 2017, is approximately €0,3m.

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.

The total Spread Risk Capital Requirement for Gan Insurance as at 31st of December 2017, is approximately €0,24m.

4.2.1 Market Risk Mitigation Techniques

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 with 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 2017.

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.

4.2.2 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 and term deposits placed with different banks both in Cyprus and elsewhere in Europe. These two asset classes represent appx 85% 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.

4.3 Credit 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 2017 based on the results of the Pillar 1, the total undiversified Counterparty Risk under Solvency II is estimated to be €0,45m.
- The Company's exposure to counterparty risk for year 2017 comes mainly from reinsurance recoverable.
- Counterparty exposures are usually monitored taking into consideration the credit rating of each counterparty

The Company's exposure to credit risk with regards to counterparty default risk has also been quantified using the Pillar 1 methodology which is based on Delegated Regulation (EU) 2015/35 released on the 10th October 2014. For year 2017, based on the results of the Pillar 1, the total diversified Counterparty Default risk under Solvency II is estimated to be €0,43m.

Counterparty Default Risks	Capital Requirement 31/12/2017
Counterparty default risk of type 1 exposures	332
Counterparty default risk of type 2 exposures	119
Diversification effect	-22
Total Counterparty Default Risks	**428**

4.3.1 Credit Risks Mitigation Techniques

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.

4.4 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 2017 amounted to €10,1m and can settle immediately over 100% of the total net claim provisions as at 31st December 2017.

4.4.1 Liquidity Risk Mitigation Techniques

To control and maintain its exposure to Liquidity risk at its current low levels, the Company takes the following mitigating steps:

- It maintains a substantial pool of liquid assets, that is used to meet short term liquidity demands of up to 6 months, as well as a buffer for unexpected cash demands
- Its liquid assets consist primarily of high liquidity instruments in the form of Cash and Term Deposits according to management's approval
- Lastly its 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

4.5 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 2017 was €0,4m and represents appx 5,8% of the standard formula SCR.

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

4.5.1 Operational Risk Mitigation Techniques

To control and maintain its exposure to operational risk at its current low levels, the Company takes the following mitigating steps:

- Recording of transactions takes place electronically. Premiums are being collected ar policy inception and renewal.
- Staff with actuarial responsibilities perform the reserving exercise in cooperation with external consultants who review the outcome of the exercise and challenge the

assumptions and methodologies used, in order to ensure that the Company is not under-reserved.

- The Company's management ensures that the Company is in compliance with all the regulatory requirements, and acquires external consulting services where deemed necessary.
- Business Continuity Plan in place and reviewed regularly. Also direct control internally of all external assistance providers.
- The 4 eye principle is adopted. The Company has procedures in place to achieve segregation of duties and eliminate the risk of internal fraud.
- Guards, closed circuit security systems and procedures in place to reduce the possibility of breach of physical security.
- No corporate actions are taken without the approval of the Board, and the required feasibility and suitability studies. All corporate actions are also regulated by the Group's policies.
- Tax and Accounting processes take place internally from the Company's Finance department which consists of competent and professionally qualified staff. External consultants also audit the Company's financial statements and are in place to trace errors, if any.
- Procedures for record-keeping are in place and application of the guidelines is mandatory by all branches.
- System-driven authorisation is required for any unusual or high risk.
- The Information Technology department of the Company is in charge for the smooth and reliable operation of the Company's systems. Controls include regular information backups, strict authorization procedures, anti-virus software used, data protection.
- Disaster Recovery site in different location. Business Continuity Plan in place and reviewed regularly. Also the company has insurance against such events.

4.6 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

4.7 Risk Sensitivities

A stress is an adverse development of an individual risk factor or event. It demonstrates its effect on corresponding key performance indicators and gives an insight of the company's exposure or vulnerabilities based on these exceptional adverse but possible developments.

In the insurance sector, stress testing is used to demonstrate the effect of such rare events on key financial performance indicators such as the solvency ratio, earnings, liquidity, etc.

4.7.1 Stress Tests and Sensitivities

The following stress scenarios were performed as part of the Company's 2017 Own Solvency Risk Assessment (ORSA):

- Scenario 1 assumes that the Company over the forecast horizon will experience a decrease in written premium from all lines of business due to a new competitor entering the Cyprus market and acquiring 15% market value within 3 years. As a result, under this stress scenario the SCR coverage decreases in 2019 from 146,5% to an average of 145,9%.
- Scenario 2 assumes that a major flood event that will take place in the Limassol area which the Company carries most of its business will take place. The flood event will result damages in motor vehicles and properties which the Company insures in Limassol. The Company's SCR is therefore reduced from an average of 134,8% to an average of 126,8% for the forecasted period.
- Scenario 3 assumes that the value of properties the Company holds will decline by 10% in 2016 and 5% in 2017. The Company's SCR is therefore reduced from an average of 134,8% to an average of 126,8% for the forecasted period.
- Scenario 4 assumes a 20% write off of the Company's term deposits and current accounts held with the Company's biggest financial counterparty. As a result, under this stress scenario the SCR coverage decreases from an average of 134,8% to an average of 129,6%.

The results of the Stress Testing exercise are presented in the below table:

Solvency II Capital Coverage (%)						
	2017		2018		2019	
	SCR(%)	MCR(%)	SCR(%)	MCR(%)	SCR(%)	MCR(%)
Base Scenario	122,9%	193,1%	134,9%	210,4%	146,5%	227,8%
Scenario 1	124,1%	189,2%	136,6%	197,5%	145,9%	200,8%

Solvency II Capital Coverage (%)						
	2017		2018		2019	
Scenario 2	112,1%	181,1%	128,3%	198,8%	140,0%	216,2%
Scenario 3	112,8%	173,8%	119,8%	181,6%	131,7%	199,0%
Scenario 4	117,1%	182,7%	129,7%	200,0%	141,4%	217,5%

Table 14: Stress Testing Results

The Company's Management has assessed the results of the stress tests and their impact on the Company's performance and Capital Adequacy and in response to that assessment, it has considered a number of measures to prevent any potential deviations of its target Solvency and business targets as well as to ensure that it will be able to meet the MCR under the basic scenario at all times.

The Company under all stress scenarios maintains a high SCR and MCR coverage ratio.

5 Regulatory Balance Sheet (Valuation for Solvency purposes)

5.1 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 31st December 2017. 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. Also, the goodwill and the other intangible assets are not recognised as an asset in the Solvency II valuation rules.

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

Assets	Solvency II Value € 000	Statutory Accounts Value € 000
Goodwill	-	-
Other intangible assets	-	2
Property, plant & equipment held for own use	10.685	10.685
Investments (other than assets held for unit-linked funds)	9.942	9.942
Reinsurance recoverables	736	983
Insurance recoverables (excluding Intermediaries)	843	843
Deferred acquisition costs	-	711
Receivables (trade, not insurance)	149	149
Deferred tax assets	8	8
Cash and cash equivalents	17	17
Short term bank deposits	371	371
Any other assets, not elsewhere shown	148	148
Total Assets	**22.899**	**23.859**

Table 15: Assets

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

Intangible assets

Intangible assets are not recognised in Solvency II. Therefore, there is a difference between IFRS and Solvency II of €2k.

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.

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 711K.

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 247K.

5.2 Technical Provisions

5.2.1 Summary of Technical Provisions

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

The table below illustrates the premium and claim provision for the calculation of the Gross Best Estimate as well as the Risk margin for the calculation of the Gross technical provision:

Gross Technical Provisions	Premiums provisions € 000	Claims Provisions € 000	Gross Best Estimate € 000	Risk Margin € 000	Gross Technical Provisions € 000
Accident	112	4	116	3	119
Motor vehicle liability	2.549	6.608	9.157	435	9.592
Other motor	1.310	2.611	3.921	181	4.102
Marine, aviation and transport	-	0	0	0	0
Fire and other damage to property	176	103	280	16	296
General liability	1	0	1	1	2
Miscellaneous financial loss	-	-	-	-	-
Total	**4.148**	**9.326**	**13.475**	**636**	**14.111**

Table 16:Technical Provisions

5.2.2 Valuation Basis, Methods and Main Assumptions

The Company is calculating the Technical Provisions using Actuarial techniques and full cash flow models as per Solvency II requirements. Specifically:

- Actuarial Chain Ladder methods have been incorporated in calculating the Incurred But Not Reported and Incurred but Not Enough reported Claim amounts
- An Unallocated Loss Adjustment Expense calculation has been carried out in order to reserve for the expense that will be incurred until the outstanding and IBNR claims are paid out
- Premium Provisions have been calculated on a Policy by Policy level. For each policy the cash inflows and cash outflows have been calculated and then discounted using the EIOPA provided risk free rates

5.2.3 Comparison between the Solvency II and the IFRS valuation

The difference between the IFRS and the Solvency II technical provisions is due to:

- Different bases
- Discounting of future cash flows
- Unallocated Loss Adjustment Expenses

The table below sumamrises the Technical provisions under Solvency II and IFRS.

Liabilities	Solvency II Value €	Statutory Accounts Value €
Gross technical provisions – non-life (excluding health)	13.992	14.564
TP calculated as a whole (Best estimate + Risk margin)	-	-
Best Estimate	13.359	-
Risk margin	634	-
Gross technical provisions - health (similar to non-life)	119	-
TP calculated as a whole (Best estimate + Risk margin)	-	-
Best Estimate	116	-
Risk margin	3	-
Total Liabilities	**14.111**	**14.564**

Table 17: Technical Provisions under Solvency II and IFRS

5.2.4 Transitional measures: Matching Adjustment

Not applicable.

5.2.5 Transitional Measures: Volatility Adjustment

Not applicable.

5.2.6 Transitional measures: Risk Free Interest Rate

Not applicable.

5.2.7 Transitional measures: Impact

Not applicable.

5.2.8 Reinsurance Recoveries

The table below indicates the reinsurance recoverables by line of business. These represent the difference between the gross and net provisions.

Line of Business	Reinsurance Recoverables € 000
Accident	77
Motor vehicle liability	365
Other motor	147
Marine, aviation and transport	0
Fire and other damage to property	148
General liability	-
Miscellaneous financial loss	-
Total	**736**

Table 18: Reinsurance Recoverables

5.2.9 Risk Margin

The risk margin, (in accordance with the Solvency II framework) is designed to ensure that the value of technical provisions is equivalent to the amount that a third undertaking would be expected to require in order to take over and meet the Company's insurance obligations.

The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the Company's reinsurance obligations over their lifetime thereof. This rate, called the cost-of-capital, is prescribed at 6%.

The method used is method 3 as specified in Guideline 61 of the "EIOPA guidelines on the valuation of technical provisions". More specifically, for each future year we have used a proportional method (based on the development of the best estimate) to estimate the future SCRs.

The risk margin is allocated to the individual lines of business using the simplification outlined in Guideline 63 of the EIOPA guidelines on the valuation of technical provisions.

5.2.10 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.

5.3 Other Liabilities

5.3.1 Summary of the valuation of Other Liabilities

As at 31 December 2017, the Company held the following liabilities:

Liabilities	Solvency II Value € 000	Statutory Accounts Value € 000
Gross technical provisions – non-life (excluding health)	13.992	14.564
TP calculated as a whole (Best estimate + Risk margin)	-	-
Best Estimate	13.359	-
Risk margin	634	-
Gross technical provisions - health (similar to non-life)	119	-
TP calculated as a whole (Best estimate + Risk margin)	-	-
Best Estimate	116	-
Risk margin	3	-
(Re)insurance accounts payable	143	143
Insurance & Intermediaries Payables	120	120
Deferred tax liabilities	772	772
Amounts owed to credit institutions	88	88
Any other liabilities (excluding subordinated liabilities), not elsewhere shown	273	273
Total Liabilities	15.507	15.959

Table 19: Liabilities

5.4 Alternative Valuation Method

The Company does not use any alternative methods for valuation.

5.5 Any other disclosures

None.

6 Capital Management – Annex – Quantitative Reporting Templates (QRTs)

6.1 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.

As at 31/12/2017, the Company's own funds amounted to €7m and are mainly comprised of ordinary share capital and reconciliation reserve (approx. €5,5m). The total Own Funds represent 190% of the MCR and 121% of the SCR.

Basic Own Funds	Total € 000	Tier 1 – unrestricted € 000
Basic Own Funds		
Ordinary share capital (gross of own shares)	1.505	1.505
Surplus funds	-	-
Reconciliation reserve	5.537	5.537
Subordinated liabilities	-	
Total basic own funds after deductions	7.042	7.042
Ancillary own funds		
Available and eligible own funds		
Total available own funds to meet the SCR	7.042	7.042
Total available own funds to meet the MCR	7.042	7.042
Total eligible own funds to meet the SCR	7.042	7.042
Total eligible own funds to meet the MCR	7.042	7.042
SCR	7.042	
MCR	7.042	
Ratio of Eligible own funds to SCR	121,24%	
Ratio of Eligible own funds to MCR	190,32%	

Table 20: Own Funds

The Company's Own Funds are not subject to transitional arrangements and as the table above indicates, the Company has no ancillary Own Funds. Furthermore, no deductions are applied to the Own Funds and no material restrictions affect their transferability and availability.

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.

6.2 Solvency Capital Requirements and Minimum Capital Requirement

The Company's Solvency Capital Requirement is €5,8m and its Minimum Capital Requirement is €3,7m.

Key Risk	Risk Type	Solvency Capital Requirements € 000
Non Life Underwriting Risk	**Total Non Life Underwriting Risk**	**4.073**
	Non-Life premium and reserve risk	3.956
	Non Life Lapse Risk	-
	Non-Life CAT Risk	394
	Diversification effects	- 278
Market Risk	**Total Market Risk**	**2.856**
	Interest rate risk	-
	Equity risk	243
	Property risk	2.080
	Spread risk	307
	Currency risk	-
	Concentration risk	1.473
	Illiquidity premium risk	-
	Diversification effects	- 1.247
Counterparty Default Risk	**Counterparty Default Risk**	**428**
	Counterparty default risk of type 1 exposures	332
	Counterparty default risk of type 2 exposures	119
	Diversification effects	- 22
Health Underwriting Risk	**Health Underwriting Risk**	**20**
	Non-SLT Health (similar to non-life technique)	19
	Health CAT	2
	Diversification effects	- 2
Basic Solvency Capital Requirement (BSCR) pre diversification		7.377
Diversification Effect		- 1.621
Basic Solvency Capital Requirement (BSCR)		5.756
Operational Risk		407
Adjustment for Deferred taxes		- 354
Capital at Risk	SCR	5.808
	MCR	3.700

Table 21: SCR and MCR

For the calculation of the SCR and the MCR the Company uses EIOPA's Solvency II Standard Formula.

6.3 Use of Duration-based Equity Risk Sub-Module in the Calculation of the SCR

The Company does not use the equity risk sub-module for the calculation of the SCR.

6.4 Differences between the Standard Formula and any Internal Model used

The Company does not use an internal model for the calculations of the SCR and its MCR.

6.5 Non-Compliance with the MCR and Non-Compliance with the SCR

The Company complies with both the SCR and the MCR.

6.6 Any other disclosures

None.

Appendix A – Balance Sheet (S.02.01.02)

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	7.854
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	10.684.969
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	9.942.441
Property (other than for own use)	**R0080**	191.363
Holdings in related undertakings, including participations	**R0090**	-
Equities	**R0100**	1.239
Equities - listed	**R0110**	1.239
Equities - unlisted	**R0120**	-
Bonds	**R0130**	-
Government Bonds	**R0140**	-
Corporate Bonds	**R0150**	-
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	-
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	9.749.839
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	-
Loans and mortgages	**R0230**	-
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	-
Reinsurance recoverables from:	**R0270**	736.116
Non-life and health similar to non-life	**R0280**	736.116
Non-life excluding health	**R0290**	659.540
Health similar to non-life	**R0300**	76.576
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	-
Health similar to life	**R0320**	-
Life excluding health and index-linked and unit-linked	**R0330**	-
Life index-linked and unit-linked	**R0340**	-
Deposits to cedants	**R0350**	-
Insurance and intermediaries receivables	**R0360**	842.659
Reinsurance receivables	**R0370**	-
Receivables (trade, not insurance)	**R0380**	148.879
Own shares (held directly)	**R0390**	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	-
Cash and cash equivalents	**R0410**	388.366
Any other assets, not elsewhere shown	**R0420**	148.157
Total assets	**R0500**	22.899.441

Liabilities		Solvency II value C0010
Technical provisions – non-life	R0510	14.111.395
Technical provisions – non-life (excluding health)	R0520	13.992.361
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	13.358.797
Risk margin	R0550	633.564
Technical provisions - health (similar to non-life)	R0560	119.034
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	116.126
Risk margin	R0590	2.908
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	-
Risk margin	R0680	-
Technical provisions – index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	771.575
Derivatives	R0790	-
Debts owed to credit institutions	R0800	88.287
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	120.066
Reinsurance payables	R0830	142.913
Payables (trade, not insurance)	R0840	350.934
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	272.548
Total liabilities	R0900	15.857.718
Excess of assets over liabilities	R1000	7.041.723

Appendix B – Premiums, Claims and Expenses by Line of Business (S.05.01.02)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						Total
		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	
		C0020	C0040	C0050	C0060	C0070	C0080	C0200
Premiums written								
Gross - Direct Business	R0110	300.208	8.252.271	3.777.925	1.431	1.128.151	17.455	13.477.441
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130							-
Reinsurers' share	R0140	226.655	355.500	94.500	1.025	717.817	-	1.395.497
Net	R0200	73.553	7.896.771	3.683.425	406	410.334	17.455	12.081.944
Premiums earned								
Gross - Direct Business	R0210	294.657	8.297.930	3.774.150	1.432	1.168.300	15.291	13.551.760
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230							-
Reinsurers' share	R0240	222.214	355.500	94.500	1.025	739.475	-	1.412.714
Net	R0300	72.443	7.942.430	3.679.650	407	428.825	15.291	12.139.046
Claims incurred								
Gross - Direct Business	R0310	285.438	8.039.105	-	525	146.107	232	8.471.407
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330							-
Reinsurers' share	R0340	204.398	444.270	-	420	123.206	-	772.294
Net	R0400	81.040	7.594.835	-	105	22.901	232	7.699.113
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	81.822	2.441.309	1.117.641	363	336.889	4.431	3.982.455
Other expenses	R1200							-
Total expenses	R1300							3.982.455

Appendix C – Premiums Claims and Expenses by Country (S.05.02.01)

		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	13.477.441						13.477.441
Gross - Proportional reinsurance accepted	R0120	-						-
Gross - Non-proportional reinsurance accepted	R0130	-						-
Reinsurers' share	R0140	1.395.497						1.395.497
Net	R0200	12.081.944						12.081.944
Premiums earned								
Gross - Direct Business	R0210	13.551.760						13.551.760
Gross - Proportional reinsurance accepted	R0220	-						-
Gross - Non-proportional reinsurance accepted	R0230	-						-
Reinsurers' share	R0240	1.412.714						1.412.714
Net	R0300	12.139.046						12.139.046
Claims incurred								
Gross - Direct Business	R0310	8.471.407						8.471.407
Gross - Proportional reinsurance accepted	R0320	-						-
Gross - Non-proportional reinsurance accepted	R0330	-						-
Reinsurers' share	R0340	772.294						772.294
Net	R0400	7.699.113						7.699.113
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	3.982.455						3.982.455
Other expenses	R1200							-
Total expenses	R1300							3.982.455

Appendix D – Non Life Technical Provisions (S.17.01.02)

		Direct business and accepted proportional reinsurance						
		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	Total Non-Life obligation
		C0030	C0050	C0060	C0070	C0080	C0090	C0180
Technical provisions calculated as a whole	**R0010**	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM								
Best estimate								
Premium provisions								
Gross	**R0060**	111.851	2.548.929	1.310.390	-	176.374	936	4.148.480
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	73.366	22.594	11.615	-	73.165	-	180.739
Net Best Estimate of Premium Provisions	**R0150**	38.485	2.526.336	1.298.774	-	103.209	936	3.967.741
Claims provisions								
Gross	**R0160**	4.275	6.608.085	2.610.596	29	103.407	51	9.326.443
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	3.210	342.215	135.196	23	74.733	-	555.377
Net Best Estimate of Claims Provisions	**R0250**	1.065	6.265.870	2.475.401	6	28.674	51	8.771.066
Total Best estimate - gross	**R0260**	116.126	9.157.014	3.920.986	29	279.781	987	13.474.923
Total Best estimate - net	**R0270**	39.550	8.792.206	3.774.175	6	131.883	987	12.738.807
Risk margin	**R0280**	2.908	434.868	181.427	34	16.359	876	636.472
Amount of the transitional on Technical Provisions								
Technical Provisions calculated as a whole	**R0290**	-	-	-	-	-	-	-
Best estimate	**R0300**	-	-	-	-	-	-	-
Risk margin	**R0310**	-	-	-	-	-	-	-
Technical provisions - total								
Technical provisions - total	**R0320**	119.034	9.591.882	4.102.413	63	296.140	1.863	14.111.395
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	76.576	364.808	146.811	23	147.898	-	736.116
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	42.459	9.227.074	3.955.602	40	148.242	1.863	13.375.279

Appendix E – Non-life insurance claims (S.19.01.21)

Accident year / Underwriting year	**Z0010**	Accident Year

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

Development year

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**											-
N-9	**R0160**	2.399.650	599.053	73.756	57.363	34.000	88.000	117.000	3.000	8.000	-	
N-8	**R0170**	2.735.222	679.905	222.000	44.050	197.000	33.000	455.000	57.000	239.785		
N-7	**R0180**	3.003.065	1.066.811	241.615	247.306	122.000	265.000	59.000	21.679			
N-6	**R0190**	3.420.912	1.231.445	269.600	231.000	469.000	196.000	65.158				
N-5	**R0200**	4.166.485	1.272.285	217.000	174.000	103.000	214.965					
N-4	**R0210**	4.430.403	1.022.784	291.461	144.000	551.782						
N-3	**R0220**	4.805.968	1.053.494	363.123	239.845							
N-2	**R0230**	4.757.170	1.186.016	380.176								
N-1	**R0240**	4.732.190	1.490.364									
N	**R0250**	4.466.151										

		In Current year	**Sum of years (cumulative)**
		C0170	**C0180**
	R0100	-	-
	R0160	-	3.379.822
	R0170	239.785	4.662.962
	R0180	21.679	5.026.476
	R0190	65.158	5.883.115
	R0200	214.965	6.147.735
	R0210	551.782	6.440.430
	R0220	239.845	6.462.430
	R0230	380.176	6.323.362
	R0240	1.490.364	6.222.554
	R0250	4.466.151	4.466.151
Total	**R0260**	7.669.905	55.015.037

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											-	R0100	-
N-9	R0160	-	-	-	-	-	-	-	-	10.013	9.497		R0160	9.477,36
N-8	R0170	-	-	-	-	-	-	-	221.215	236.309			R0170	235.820,19
N-7	R0180	-	-	-	-	-	-	157.891	197.516				R0180	197.140,42
N-6	R0190	-	-	-	-	-	191.329	107.320					R0190	107.098,09
N-5	R0200	-	-	-	-	581.712	313.755						R0200	313.105,06
N-4	R0210	-	-	-	1.236.570	606.725							R0210	605.470,94
N-3	R0220	-	-	1.113.237	1.009.337								R0220	1.007.376,29
N-2	R0230	-	1.709.702	1.360.425									R0230	1.357.600,04
N-1	R0240	3.426.384	2.199.688										R0240	2.195.394,75
N	R0250	3.304.574											R0250	3.297.960,70
												Total	R0260	9.326.443,82

Appendix F – Own Funds and Reconciliation Reserve (S.23.01.01)

		Total	Tier 1 - unrestricted
		C0010	C0020
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**	-	-
I~~i~~nitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	-	-
Subordinated mutual member accounts	**R0050**	-	
Surplus funds	**R0070**	-	-
Preference shares	**R0090**	-	
Share premium account related to preference shares	**R0110**	-	
Reconciliation reserve	**R0130**	5.536.923	
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**	7.041.723	7.041.723
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**	7.041.723	7.041.723
Total available own funds to meet the MCR	**R0510**	7.041.723	7.041.723
Total eligible own funds to meet the SCR	**R0540**	7.041.723	7.041.723
Total eligible own funds to meet the MCR	**R0550**	7.041.723	7.041.723
SCR	**R0580**	5.808.285	
MCR	**R0600**	3.700.000	
Ratio of Eligible own funds to SCR	**R0620**	121,24%	
Ratio of Eligible own funds to MCR	**R0640**	190,32%	

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	7.041.723	
Own shares (held directly and indirectly)	**R0710**	-	
Foreseeable dividends, distributions and charges	**R0720**	-	
Other basic own fund items	**R0730**	1.504.800	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-	
Reconciliation reserve	**R0760**	5.536.923	
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**	-	

Appendix G –Solvency Capital Requirement - for undertakings on Standard Formula (S.25.01.21)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	**R0010**	2.855.958		
Counterparty default risk	**R0020**	428.117		
Life underwriting risk	**R0030**	-		
Health underwriting risk	**R0040**	19.843		
Non-life underwriting risk	**R0050**	4.072.777		
Diversification	**R0060**	- 1.620.735		
Intangible asset risk	**R0070**	-		
Basic Solvency Capital Requirement	**R0100**	5.755.960		

Calculation of Solvency Capital Requirement		**C0100**
Operational risk	**R0130**	406.553
Loss-absorbing capacity of technical provisions	**R0140**	-
Loss-absorbing capacity of deferred taxes	**R0150**	- 354.228
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	-
Solvency Capital Requirement excluding capital add-on	**R0200**	5.808.285
Capital add-on already set	**R0210**	-
Solvency capital requirement	**R0220**	5.808.285
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**	-

Appendix H – Minimum Capital Requirements - Only life or only non-life insurance or reinsurance activity (S.28.01.01)

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	2.106.005

		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	39.550	73.553
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	8.792.206	7.896.771
Other motor insurance and proportional reinsurance	R0060	3.774.175	3.683.425
Marine, aviation and transport insurance and proportional reinsurance	R0070	6	406
Fire and other damage to property insurance and proportional reinsurance	R0080	131.883	410.334
General liability insurance and proportional reinsurance	R0090	987	17.455
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	2.106.005
SCR	R0310	5.808.285
MCR cap	R0320	2.613.728
MCR floor	R0330	1.452.071
Combined MCR	R0340	2.106.005
Absolute floor of the MCR	R0350	3.700.000
		C0070
Minimum Capital Requirement	R0400	3.700.000