Gan Direct®

Solvency And Financial Condition Report

(SFCR)

gandirect.com

Reference Date: 31/12/2023

Submission Date: 07/04/2024

Confidential

Gan Direct Insurance Ltd

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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 2023.

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.

	Motor	Property	IP	Other	Total
Gross Loss Ratio	83,15%	17,46%	1,71%	0,00%	77,36%
Net Loss Ratio	69,44%	4,78%	47,06%	0,00%	68,11%
Expenses ratio on NET gross earned premium	9,93%	9,62%	8,40%	12,50%	9,89%
Net Combined ratio	78,07%	42,11%	79,41%	12,50%	77,33%

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 2023:

€ 000	Motor	Property	IP	Other	Total
Gross Written Premium	10.101	802	117	20	11.040
Gross Earned Premium	9.853	811	131	16	10.811
Net Earned Premium incl fees & relay	11.334	209	34	16	11.593
Gross Claims Incurred	8.399	140	2	0	8.541
Net Claims Incurred	7.870	10	16	0	7.896
Expenses	978	78	11	2	1.069
Other income	0	0	0	0	0
Underwriting Profit	2.486	121	7	14	2.628

Table 2: Underwriting 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 2023:

Type of Risk	31/12/2023 € 000
Interest rate	*143*
Equity risk	*261*
Property risk	*1.682*
Spread risk	*0*
Concentration risk	*567*
Currency risk	*28*
Counter - Cyclical Premium	*-*
Diversification Market Risk	*-631*
Market Risk	**2.051**
Counterparty risk	**673**
Health Non-SLT Underwriting	**52**
Non-life Underwriting	**4.016**
Life Underwriting	**-**
Diversification BSCR	*-1.466*
BSCR	**5.326**
Operational Risk	**386**
Tax adjustment	**-83**
SCR Total	**5.629**
Available Capital	**10.209**
SCR (%)	**181,36%**

Table 3: SCR calculations

1.5 Valuation for solvency purposes

As at 31 December 2023, the Company had the following liabilities:

Liabilities	Solvency II Value € 000	Statutory Accounts Value € 000
Gross technical provisions – non-life (excluding health)	12.625	12.483
TP calculated as a whole (Best estimate + Risk margin)	12.625	12.483
Best Estimate	12.009	0
Risk margin	616	0
Gross technical provisions - health (similar to non-life)	31	29
TP calculated as a whole (Best estimate + Risk margin)	31	29
Best Estimate	29	0
Risk margin	2	0
(Re)insurance accounts payable	226	226
Insurance & Intermediaries Payables	352	352
Deferred tax liabilities	846	712
Amounts owed to credit institutions	0	0
Payables (trade, not insurance)	0	0
Any other liabilities (excluding subordinated liabilities), not elsewhere shown	702	702
Total Liabilities	14.782	14.504

Table 4: Total Liabilities

1.6 Capital Management

As at 31/12/2022, the Company's own funds amounted to €10,21m and are mainly comprised of ordinary share capital and reconciliation reserve (approx. €8,70m). The total Own Funds represent 255,22% of the MCR and 181,36% 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	0	0
Reconciliation reserve	8.704	8.704
Subordinated liabilities	0	
Total basic own funds after deductions	10.209	10.209
Ancillary own funds		
Available and eligible own funds		
Total available own funds to meet the SCR	10.209	10.209
Total available own funds to meet the MCR	10.209	10.209
Total eligible own funds to meet the SCR	10.209	10.209
Total eligible own funds to meet the MCR	10.209	10.209
SCR	5.629	
MCR	4.000	
Ratio of Eligible own funds to SCR	181,36%	
Ratio of Eligible own funds to MCR	255,22%	

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**
Makariou III 220	Baker Tilly Klitou & Partners
Stelmaria Court	Ltd
3030 Limassol, Cyprus	Corner C Hatzopoulou & 30
Tel: +357 25 885 885	Grivas Dighenis Avenue,
Fax: +357 25 822 668	1066 Nicosia, Cyprus
E-mail: info@gandirect.com	

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

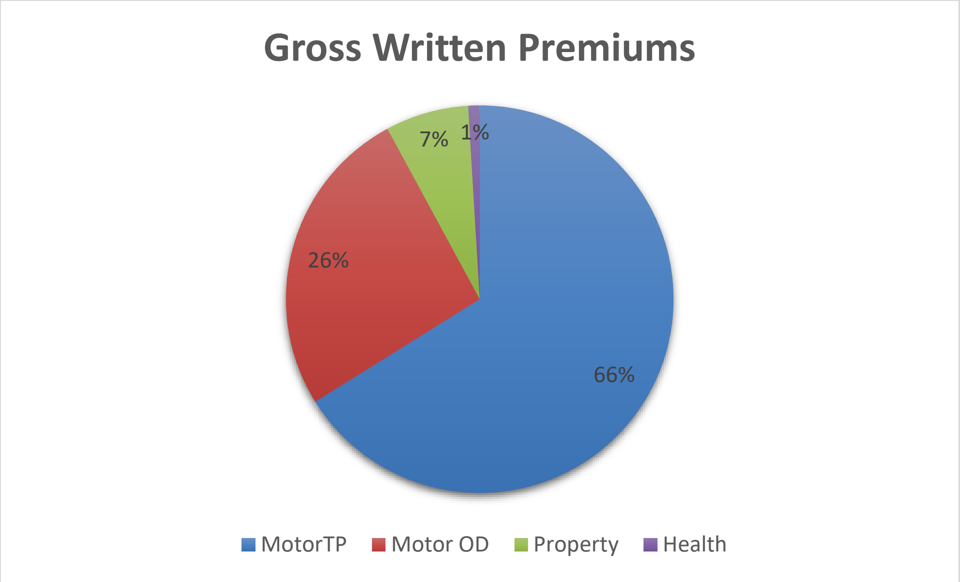

Figure 1: Distribution of Premiums

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

- As at 31 December 2023, the SCR amounted to EUR 5,63m and the MCR to EUR 4m. The Company's solvency ratio therefore was 181,36%. The Company complied with the MCR and SCR at all times during the financial year 2023 and is expected to continue doing so despite any adverse impact from the ongoing environmental social and governance (ESG) driven by war in Ukraine on the global economic development, financial markets and the insurance industry which affected and from inflation appears on market in general.
- The Directors consider that at this stage there is no material effect on the sustainability and ethical of the Company resulting from ESG in the published information as at 31

December 2023 and do not expect any significant impact on the 181,36% year end solvency coverage. Under Solvency II, the company is required to hold sufficient capital to cover its SCR in order to enable it to absorb significant losses and the payments to policyholders and other parties will continue to be made when they fall due.

- The Company in its 2022 ORSA has performed a various stress test, such as a possible increase in interest rates due to economic environment which in turn leads to a decrease in the market value of the bonds. In addition, the Company over the forecasted year 2024 will experience a catastrophe event and more specifically an earthquake that will lead to a Tsunami in the coast of Limassol. Furthermore, the company will encounter a decline in written premiums across all lines of business. This is attributed to the rise in the cost of living prompted by the prevailing economic conditions, influencing clients' behavior towards selecting more affordable products or switching providers. Consequently, there is an anticipated 20% reduction in written premiums for the company. Lastly, will experience a possible increase in expense ratio from all lines of business over the forecasted period, due to macroeconomic factors like inflation resulting to an increase in best estimate. The tests showed that the Company is able to meet its 100% SCR ratio even under a possible increase in expense ratio. More details can be found in section 4.7.1 of the report.

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 2023 in comparison with the results of the previous reporting period.

2023 (€'000)	Motor	Property	IP	Other	Total
Gross Written Premium	10.101	802	117	20	11.040
Gross Earned Premium	9.853	811	131	16	10.811
Net Earned Premium incl fees & relay	11.334	209	34	16	11.593
Gross Claims Incurred	8.399	140	2	0	8.541
Net Claims Incurred	7.870	10	16	0	7.896
Expenses	978	78	11	2	1.069
Other income	0	0	0	0	0
Underwriting Profit	2.486	121	7	14	2.628

2022 (€'000)	Motor	Property	IP	Other	Total
Gross Written Premium	9.704	805	145	20	10.674
Gross Earned Premium	10.228	787	166	25	11.206
Net Earned Premium incl fees & relay	12.212	885	159	25	13.281
Gross Claims Incurred	7.390	-90	102	0	7.402
Net Claims Incurred	7.759	-83	22	0	7.698
Expenses	3.500	269	47	6	3.822
Other income	36	171	32	0	239
Underwriting Profit	989	870	122	19	2.089

Table 6: Underwriting Performance

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

2023 (€'000)	Motor	Property	IP	Other	Total
Gross Loss Ratio	83,15%	17,46%	1,71%	0,00%	77,36%
Net Loss Ratio	69,44%	4,78%	47,06%	0,00%	68,11%
Expenses ratio on NET gross earned premium	9,93%	9,62%	8,40%	12,50%	9,89%
Net Combined ratio	78,07%	42,11%	79,41%	12,50%	77,33%

Table 7: Loss Ratios

Gross written premium in 2023 was Euro 11m compared to Euro 10,7m in 2022. Net claims incurred in 2023 were Euro 7,9m compared to Euro 7,7m in 2022. Expenses in 2023 were Euro 1,7m compared to 2022 at Euro 3,8m.

The underwriting profit for 2023 was Euro 2,63m compared to Euro 2,08m in 2022. The increase in underwriting profit in 2023 compared with 2022 was mainly due to a decrease in expenses.

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 no exceptions.

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	
	2023	**2022**
Profit from sale of financial assets at fair value through profit or loss	66,6	-5,5
Fair value gains on financial assets at fair value through profit or loss	144,3	-35,2
Interest income	100,9	24,8
Dividend income	0,02	0
Total	311,8	-15,9

Table 8: Major income and expenses

2.3.2 Other Comprehensive Income – Gains/ Losses Recognized in Equity

	Euros '000	
	2023	**2022**
Change in the fair value of land and buildings	-106	14
Deferred taxation on revaluation of land and buildings	42	19
Total	-64	33

Table 9: Equity

2.4 Other movements in Reserves

	Euros '000	
	2023	**2022**
Impact of initial application of IFRS 17 - Risk Adjustment Reserve	-494	Non-Applicable
Impact of initial application of IFRS 17 – Discounting	537	Non Applicable
Special defense contribution and GHS on deemed dividend distribution of previous year	99	0
Total	142	0

Table 10: Other movement in Reserves

2.5 Other material income and expenses

The Company does not carry out any other activities.

2.6 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 Function
- Compliance Function
- Internal Audit Function
- Actuarial Function

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

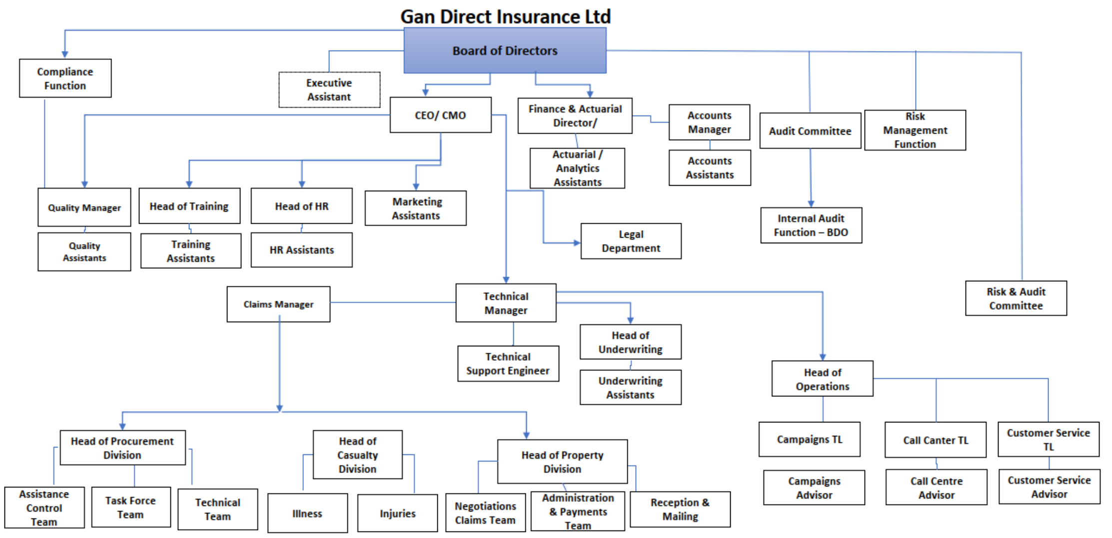

Figure 2: Organizational Structure

3.1.1 Board of Directors

Gan Direct is managed by its Board of Directors, supported by an Audit committee, Risk & Reserving Committee, Nominations & Remuneration 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 organization 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 3 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 Committee

The Audit 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. The Committee comprises of three independent non-executive Directors.

Risk & Reserving Management Committee

The Risk and Reserving Committee meets formally at least four (4) times a year. The Risk and Reserving Committee defines and reviews the operational risk management framework, the liquidity risk framework, the underwriting strategy, Underwriting & Reserving risks, the concentration risk framework, the reputational risk appetite, the investment risk, the asset liability risk and the Strategy risk of the Company, taking into account the financial environment and macroeconomic factors, the Company's solvency position and the material risks that the Company is exposed to. . The Committee is made up by 3 Directors including, the Secretary and the Chairperson, or their delegate.

Remuneration & Nomination Committee

The Remuneration & Nomination Committee meets at least (2) times a year. The Committee as an advisory Committee to the BoD, assists with the formulation of the Company's overall remuneration and nominations policies for defining remuneration practices as well as senior appointment and promotions within the Company. In addition the Committee ensures that these policies promote an effective system of internal control and makes recommendations to the BoD for improvements. The Committee consists of all 5 Directors of the Board.

Investment Committee

The Investment Committee meets at least (4) times a year. The Committee as an advisory Committee to the BoD assists with the formulation of the Company's overall investment strategy and policy, oversees and reports on the implementation of the investment strategy, and recommends any material changes to such strategy to the BoD. The Committee consists of 3 Directors and the Chairperson.

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 Function

The risk management 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.

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.

Compliance Function

The compliance function is responsible for ensuring compliance with external regulations and internal policies.

The duties of the Compliance Function include the establishment and application of suitable procedures for the purpose of achieving a timely and on-going compliance of the Company with the existing legal and regulatory framework. The activities and responsibilities of the Function are governed by the Compliance Manual, which is approved by the BoD and reviewed annually.

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.

The Internal Audit function is outsourced to KPMG (Cyprus) LtD.

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 outsourced to EY (Greece) Ltd.

3.1.5 Material changes during the period

With regards to the regulatory requirement for IFRS 17 which has been introduced on 1/1/2023, the Company has proceeded with the implementation of the new Standard for measuring and reporting its financial results as well as its underlying business operations.

3.1.6 Proposed changes

There are no further material changes planned for the system of governance.

3.1.7 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 fee.

The executive directors are on a fixed contract.

There is no entitlement for Company options and shares.

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;
- undertaking of qualification checks to determine the authenticity of the person's qualifications;
- 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
- Inflation 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 & reserving committees, 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 & reserving committees for review, and to the Board of Directors. The audit and risk & reserving committees 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 & reserving committees have the 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 defense 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 organization 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 2018 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.

In 2022 Gan Direct outsourced the Actuarial Function to EY (Greece) Ltd.

Main Gan Direct activities outsourced during 2023 are as follows:

Table 11: Outsourced activities / functions

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

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, as mentioned in section 3.1.6 above.

4 Risk Profile

According to the Solvency directive, the Company is required to maintain enough capital 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 2023, the Company has allocated capital to various risks and has achieved a Solvency Coverage Ratio of 181,36%.

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

Type of Risk	31/12/2023 € 000
Interest rate	*143*
Equity risk	*261*
Property risk	*1.682*
Spread risk	*0*
Concentration risk	*567*
Currency risk	*28*
Counter - Cyclical Premium	*-*
Diversification Market Risk	*-631*
Market Risk	**2.051**
Counterparty risk	**673**
Health Non-SLT Underwriting	**52**
Non-life Underwriting	**4.016**
Life Underwriting	**-**
Diversification BSCR	*-1.466*
BSCR	**5.326**
Operational Risk	**386**
Tax adjustment	**-83**
SCR Total	**5.629**
Available Capital	**10.209**
SCR (%)	**181,36%**

Table 12: 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 analyzed 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 standardized 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 2023, the total diversified Non-Life underwriting risk is €4,01m out of which €3,89m derives from Premium and Reserve Risk and €0,43m derives from Catastrophic Risk (including the diversification effect), while the total diversified Health underwriting risk is €0,05m.

Underwriting Risk	Capital Requirement 31/12/2023
	€ 000
Health Risk	
Premium & Reserves Risk	9
Health Catastrophe	49
Diversification effect	-6
Total Health Diversified	**52**
Non-Life Risk	
Premium & Reserves Risk	3.887
Catastrophe Risk	430
Diversification effect	-301
Total Non-Life Risk Diversified	**4.016**

Table 13: 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 Third Party, Motor Other Damages and to a smaller extend to Fire insurance, which both together contribute by more than 99% to the Company's premium income (as indicated in the figure below).

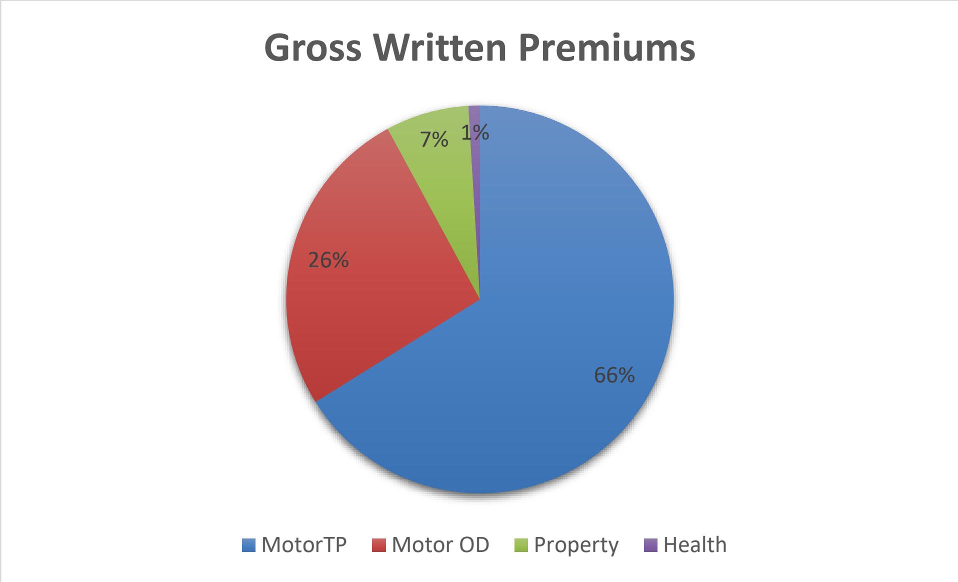

Figure 3: Total Gross Written Premiums

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. Gan Direct 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 all lines of business.

Another stress test, is a catastrophe event and more specifically an earthquake that will lead to a Tsunami in the coast of Limassol.

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, Interest rate. The total diversified Market Risk Capital Requirement, as per the results of the Pillar 1 for Year 2023 is approximately €2,05m while the non-diversified Capital Requirement of the Market risk's components is detailed below:

Market Risk	Capital Requirement 31/12/2023
	€ 000
Interest rate risk	143
Equity risk	261
Property risk	1.682
Spread risk	0
Currency risk	28
Concentration risk	567
Illiquidity premium risk	-
Diversification effect	-631
Total Market Diversified	**2.051**

Table 14: 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 2023, is approximately €0,567m.

The main impact of concentration risk is high due to the high concentration of assets of 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 through its subsidiary Company Gan Properties Limited which its main asset is a property in Limassol. The Company is also exposed to property risk through its subsidiaries Gan Properties UK Ltd and Gan Real Estate GmbH which their main asset is a property in London and Berlin respectively. A big part of this property risk also 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 €8,7m in 2023. In addition, compared with 2022 a decrease in Company's assets observed, since the office located in Paphos has been sold.

The total Property Risk Capital Requirement for Gan Insurance as at 31st of December 2023, is approximately €1,7m.

Interest rate Risk

Interest rate Risk calculations exist for all assets and liabilities for which the net asset value is sensitive to changes in the term structure of interest rates or interest rate volatility.

The total Interest rate Risk Capital Requirement for Gan Insurance as at 31st of December 2023, is approximately €0,143m.

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.

In 2023 the Company has used the term deposits to acquire government bonds which are low in spread risk, thus Gan Insurance was not exposed in Spread Risk for year end 2023.

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 Equity Risk Capital Requirement for Gan Insurance as at 31^{st} of December 2023, is approximately €0,26m.

Currency Risk

Currency risk relates to the sensitivity of the value of assets and liabilities to changes in the level or volatility of exchange rates.

The total Currency Risk Capital Requirement for Gan Insurance as at 31^{st} of December 2023, is approximately €0,28m.

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 recognized 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 17 statements.

Diversification - Counterparties

As mentioned above Gan Direct is exposed to concentration risk due to the high concentration of assets resulted by the Company's Head Office in Limassol.

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 2023.

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 20% next year and by a further 10% 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 government bonds placed with different banks both in Cyprus and elsewhere in Europe. These two asset classes represent appx 75% of the Company's total assets and these are basically the only classes were the Company is presently investing.

The Company's investments in land and Buildings was done long before Solvency II came into effect. The Company at year end 2023 invested in government bonds worth €9.1m. The characteristics of the purchased bonds are following the rules and the regulations of the investment Policy of the Company. Specifically, the bonds valued under Euro currency and all belong to the European Union. Finally, the credit ratings of the bonds comply with the Company's investment Policy.

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.

Starting from 2022, the Company has changed its investment strategy and has decided to invest in European Government bonds. This decision demonstrates that the company places emphasis on capital preservation since the Governments bonds are free-risk and also grow its capital.

This is however continuously monitored and modified where necessary.

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 (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 2023 based on the results of the Pillar 1, the total undiversified Counterparty Risk under Solvency II is estimated to be €0,67m.
- The Company's exposure to counterparty risk for year 2023 comes mainly from its reinsurance recoverables and cash deposits.
- 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 2023, based on the results of the Pillar 1, the total diversified Counterparty Default risk under Solvency II is estimated to be €0,67m.

Counterparty Default Risks	**Capital Requirement** **31/12/2023 €000**
Counterparty default risk of type 1 exposures	370
Counterparty default risk of type 2 exposures	349
Diversification effect	-46
Total Counterparty Default Risks	**673**

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.

  Starting in 2022, the Company has decided to reorganize its investment assets portfolio. As part of this restructuring, the Company plans to sell its tangible fixed assets, such as office buildings, and instead invest in government bonds thar are risk-free.

Stress testing and sensitivity analysis

Stress testing included for example the default of all the Company's financial counterparties in which case a 20% write off from the Company's current deposits would happen.

4.4 Liquidity Risk

Liquidity risk is defined as the risk for profits and capital that derives from the Company's inability to meet its obligations, when these become due, or it meets them at non-reasonable cost. 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, it is worth noting that the Company maintains significant position of fixed income assets and cash equivalents and therefore considers its liquidity risk exposure as non-material.

Factors such as a financial crisis or energy crisis, as a result of a pandemic, war, or high inflation, that affects policyholders' behavior can result in lack of liquidity. In such cases, customers may proceed with the surrender of their policies, resulting in large cash outflows for the Company. In order to address the above issues, Gan Direct retain liquid assets and reinsurance treaties covering among others catastrophic risks. Therefore, the Company does not expect material impact of liquidity risk materialization. The liquidity position of the Company is closely monitored on a daily basis. The correlation between assets and liabilities and their matching on cash flow and duration level, is also monitored.

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 2023 was €0,39m and represents appx 7% 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 at 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.
- 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 2021 Own Solvency Risk Assessment (ORSA):

- **Scenario 1** assumes that the Company over the forecasted period will experience an increase in interest rates due to economic environment which in turn leads to a decrease in the market value of the bonds and hence, the SII own funds. On the other hand, the Market risk module will increase. As a result, under this stress scenario the Solvency Coverage decreased from an average of 188,44% to an average of 186,27% for the forecasted period.
- **Scenario 2** assumes that the Company over the forecasted year 2024 will experience a catastrophe event and more specifically an earthquake that will lead to a Tsunami in the coast of Limassol. The Tsunami will cause damages on vehicles and buildings hence, more claims will occur on Motor Other Damages and Property lines of business. Upon the occurrence of this event the best estimate liabilities will be increased leading the Company's Solvency Coverage Ratio to a reduction from an average of 188,44% to an average of 175,57% for the forecasted period.
- **Scenario 3** assumes that the company will encounter a decline in written premiums across all lines of business. This is attributed to the rise in the cost of living prompted by the prevailing economic conditions, influencing clients' behavior towards selecting more affordable products or switching providers. Consequently, there is an anticipated 20% reduction in written premiums for the company. This decline in written premiums will impact the bonds held by the company, as the reduction in premiums written will result in decreased investments. Furthermore, the decrease in premiums written will also lead to a reduction in the best estimate liabilities, affecting both claim and premium provisions. Consequently, the company's assets and liabilities will decrease. Additionally, due to the decrease in best estimate liabilities, the capital requirements will also decrease. These movements collectively contribute to a positive impact on the Solvency Coverage. Specifically, the Solvency Coverage is expected to increase

slightly from an average of 188,44% to an average of 190,17% for the forecasted period.

- **Scenario 4** assumes that the Company will experience an increase in expense ratio from all lines of business over the forecasted period, due to macroeconomic factors like inflation resulting to an increase in claims provision and premium provision as well. The above will increase the expense ratio of the Company by 10%. The Company's Solvency Coverage Ratio is reduced from an average of 188,44% to an average of 179,89% for the forecasted period.

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

Solvency II Capital Coverage (%)						
	2023		2024		2025	
	SCR(%)	MCR(%)	SCR(%)	MCR(%)	SCR(%)	MCR(%)
Base Scenario	180,11%	259,86%	189,34%	261,96%	195,88%	271,02%
Scenario 1	178,56%	259,48%	186,94%	261,63%	193,31%	270,72%
Scenario 2	180,11%	259,86%	163,06%	245,27%	195,88%	271,02%
Scenario 3	182,44%	237,01%	190,89%	235,65%	197,19%	243,28%
Scenario 4	171,75%	248,20%	180,68%	250,38%	187,26%	259,34%

Table 15: 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 satisfactory 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 17 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 summarizes the assets as ta 31st December 2023. 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 17 vs Solvency II

Assets	Solvency II Value € 000	Statutory Accounts Value € 000
Goodwill	0	0
Other intangible assets	0	1
Property, plant & equipment held for own use	8.728	8.728
Investments (other than assets held for unit-linked funds)	9.418	9.345
Reinsurance recoverables	953	1.269
Insurance recoverables (excluding Intermediaries)	1.140	1.140
Deferred acquisition costs	0	463
Receivables (trade, not insurance)	4.264	4.264
Tax refundable	41	0
Cash and cash equivalents	447	447
Short term bank deposits	0	0
Any other assets, not elsewhere shown	0	0
Total Assets	24.991	25.658

Table 16: 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 IFRS17 and Solvency II of €1k.

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 valuers.

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

There are no differences between IFRS 17 valuation and Solvency II valuation.

Investment Properties

Investment properties are valued at fair value determined annually by external valuers.

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 17 and the Solvency II Balance Sheet.

Cash and Cash Equivalents

Cash and cash equivalents include 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 17 and Solvency II of Euro 463K.

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 17 and Solvency II of Euro 316K.

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	25	5	29	2	31
Motor vehicle liability	2.443	7.650	10.093	518	10.611
Other motor	824	835	1.659	85	1.744
Marine, aviation and transport	0	0	0	0	0
Fire and other damage to property	174	79	253	13	266
General liability	4	0	4	0	4
Miscellaneous financial loss	0	0	0	0	0
Total	3.470	8.569	12.038	618	12.656

Table 17: 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 for all lines of business. In addition, for Motor TP and Motor OD for the most recent years the Incurred BF has utilized.

- 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 17 valuation

The difference between the IFRS17 and the Solvency II technical provisions is driven by:

- The difference between "Risk Adjustment" and "Risk Margin" which are mentioned in each standard respectively

The table below summarizes the Technical provisions under Solvency II and IFRS17.

Liabilities	Solvency II Value € 000	Statutory Accounts Value € 000
Gross technical provisions – non-life (excluding health)	12.625	12.483
TP calculated as a whole (Best estimate + Risk margin)	12.625	12.483
Best Estimate	12.009	0
Risk margin	616	0
Gross technical provisions - health (similar to non-life)	31	29
TP calculated as a whole (Best estimate + Risk margin)	31	29
Best Estimate	29	0
Risk margin	2	0
Total Liabilities	12.656	12.513

Table 18: 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

5.2.8 Not applicable 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	13
Motor vehicle liability	828
Other motor	0
Marine, aviation and transport	0
Fire and other damage to property	112
General liability	0
Miscellaneous financial loss	0
Total	953

Table 19: 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 2023, the Company held the following liabilities:

Liabilities	Solvency II Value € 000	Statutory Accounts Value € 000
Gross technical provisions – non-life (excluding health)	12.625	12.483
TP calculated as a whole (Best estimate + Risk margin)	12.625	12.483
Best Estimate	12.009	0
Risk margin	616	0
Gross technical provisions - health (similar to non-life)	31	29
TP calculated as a whole (Best estimate + Risk margin)	31	29
Best Estimate	29	0
Risk margin	2	0
(Re)insurance accounts payable	226	226
Insurance & Intermediaries Payables	352	352
Deferred tax liabilities	846	712
Amounts owed to credit institutions	0	0
Payables (trade, not insurance)	0	0
Any other liabilities (excluding subordinated liabilities), not elsewhere shown	702	702
Total Liabilities	14.782	14.504

Table 20: 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 31/12/2023, the Company's own funds amounted to €10,21m and are mainly comprised of ordinary share capital and reconciliation reserve (approx. €8,7m). The total Own Funds represent 255,22% of the MCR and 181,36% 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	0	0
Reconciliation reserve	8.704	8.704
Subordinated liabilities	0	
Total basic own funds after deductions	10.209	10.209
Ancillary own funds		
Available and eligible own funds		
Total available own funds to meet the SCR	10.209	10.209
Total available own funds to meet the MCR	10.209	10.209
Total eligible own funds to meet the SCR	10.209	10.209
Total eligible own funds to meet the MCR	10.209	10.209
SCR	5.629	
MCR	4.000	
Ratio of Eligible own funds to SCR	181,36%	
Ratio of Eligible own funds to MCR	255,22%	

Table 21: 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 €5,63m and its Minimum Capital Requirement is €4m.

Key Risk	Risk Type	Solvency Capital Requirements € 000
Non Life Underwriting Risk	**Total Non Life Underwriting Risk**	4.016
	Non-Life premium and reserve risk	3.887
	Non Life Lapse Risk	0
	Non-Life CAT Risk	430
	Diversification effects	-301
Market Risk	**Total Market Risk**	2.051
	Interest rate risk	143
	Equity risk	261
	Property risk	1.682
	Spread risk	0
	Currency risk	28
	Concentration risk	567
	Illiquidity premium risk	-
	Diversification effects	-631
Counterparty Default Risk	**Counterparty Default Risk**	673
	Counterparty default risk of type 1 exposures	370
	Counterparty default risk of type 2 exposures	349
	Diversification effects	-46
Health Underwriting Risk	**Health Underwriting Risk**	52
	Non-SLT Health (similar to non-life technique)	9
	Health CAT	49
	Diversification effects	-6
Basic Solvency Capital Requirement (BSCR) pre diversification		6.792
Diversification Effect		-1.466
Basic Solvency Capital Requirement (BSCR)		5.326
Operational Risk		386
Adjustment for Deferred taxes		-83
Capital at Risk	SCR	5.629

MCR	4.000

Table 22: 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**	41.205
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	8.727.946
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	9.417.658
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	338.122
Equities	**R0100**	1.799
Equities - listed	**R0110**	1.799
Equities - unlisted	**R0120**	-
Bonds	**R0130**	9.077.737
Government Bonds	**R0140**	9.077.737
Corporate Bonds	**R0150**	-
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	-
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	-
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**	953.175
Non-life and health similar to non-life	**R0280**	953.175
Non-life excluding health	**R0290**	940.430
Health similar to non-life	**R0300**	12.745
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**	1.140.240
Reinsurance receivables	**R0370**	-
Receivables (trade, not insurance)	**R0380**	4.263.543
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**	447.025
Any other assets, not elsewhere shown	**R0420**	-
Total assets	**R0500**	24.990.792

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	12.655.948
Technical provisions – non-life (excluding health)	**R0520**	12.624.975
Technical provisions calculated as a whole	**R0530**	-
Best Estimate	**R0540**	12.008.948
Risk margin	**R0550**	616.027
Technical provisions - health (similar to non-life)	**R0560**	30.973
Technical provisions calculated as a whole	**R0570**	-
Best Estimate	**R0580**	29.462
Risk margin	**R0590**	1.511
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**	-
Derivatives	**R0790**	846.325
Debts owed to credit institutions	**R0800**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Insurance & intermediaries payables	**R0820**	-
Reinsurance payables	**R0830**	352.043
Payables (trade, not insurance)	**R0840**	226.036
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**	701.731
Total liabilities	**R0900**	14.782.083
Excess of assets over liabilities	**R1000**	10.208.709

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	-

Deferred tax assets	**R0040**	41.205
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	8.727.946
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	9.417.658
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	338.122
Equities	**R0100**	1.799
Equities - listed	**R0110**	1.799
Equities - unlisted	**R0120**	-
Bonds	**R0130**	9.077.737
Government Bonds	**R0140**	9.077.737
Corporate Bonds	**R0150**	-
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	-
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	-
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**	953.175
Non-life and health similar to non-life	**R0280**	953.175
Non-life excluding health	**R0290**	940.430
Health similar to non-life	**R0300**	12.745
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**	1.140.240
Reinsurance receivables	**R0370**	-
Receivables (trade, not insurance)	**R0380**	4.263.543
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**	447.025
Any other assets, not elsewhere shown	**R0420**	-
Total assets	**R0500**	24.990.792
		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	12.655.948
Technical provisions – non-life (excluding health)	**R0520**	12.624.975
Technical provisions calculated as a whole	**R0530**	-

Best Estimate	**R0540**	12.008.948
Risk margin	**R0550**	616.027
Technical provisions - health (similar to non-life)	**R0560**	30.973
Technical provisions calculated as a whole	**R0570**	-
Best Estimate	**R0580**	29.462
Risk margin	**R0590**	1.511
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**	-
Derivatives	**R0790**	846.325
Debts owed to credit institutions	**R0800**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Insurance & intermediaries payables	**R0820**	-
Reinsurance payables	**R0830**	352.043
Payables (trade, not insurance)	**R0840**	226.036
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**	701.731
Total liabilities	**R0900**	14.782.083
Excess of assets over liabilities	**R1000**	10.208.709

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
		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	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0200
Premiums written										
Gross - Direct Business	**R0110**		124.869		8.658.672	3.400.760	855	889.879	19.719	13.094.754
Gross - Proportional reinsurance accepted	**R0120**									
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**		93.327		342.738	134.613	-	784.931	-	1.355.609
Net	**R0200**		31.542		8.315.934	3.266.147	855	104.948	19.719	11.739.145
Premiums earned										
Gross - Direct Business	**R0210**		138.971		8.463.783	3.347.757	855	899.115	15.031	12.865.512
Gross - Proportional reinsurance accepted	**R0220**									
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**		104.608		342.738	134.614	-	690.853	-	1.272.813
Net	**R0300**		34.363		8.121.045	3.213.143	855	208.262	15.031	11.592.699
Claims incurred										
Gross - Direct Business	**R0310**		1.015		4.731.633	3.620.054	-	138.482	-	8.491.184

Gross - Proportional reinsurance accepted	**R0320**									
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**		4.627		541.211	-	-	205.131	-	750.969
Net	**R0400**		- 3.612		4.190.422	3.620.054	-	- 66.649	-	7.740.215
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**		50.738		2.735.115	1.058.053	-	291.798	6.213	4.141.917
Other expenses	**R1200**									
Total expenses	**R1300**									4.141.917

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

		Direct business and accepted 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**	**Total Non-Life obligation**
		C0020	**C0030**	**C0040**	**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**		24.554		2.442.925	824.377	-	174.358	3.507	3.469.721
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**		9.104		-	-	-	55.507	-	64.612
Net Best Estimate of Premium Provisions	**R0150**		15.449		2.442.925	824.377	-	118.851	3.507	3.405.109
Claims provisions										
Gross	**R0160**		4.908		7.650.056	834.611	-	79.114	-	8.568.689
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**		3.641		828.481	-	-	56.442	-	888.564
Net Best Estimate of Claims Provisions	**R0250**		1.267		6.821.575	834.611	-	22.672	-	7.680.125
Total Best estimate - gross	**R0260**		29.462		10.092.981	1.658.988	-	253.472	3.507	12.038.410
Total Best estimate - net	**R0270**		16.717		9.264.499	1.658.988	-	141.523	3.507	11.085.234

Risk margin	**R0280**		1.511		517.743	85.102	-	13.002	180	617.538
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**		30.973		10.610.724	1.744.090	-	266.474	3.687	12.655.948
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**		12.745		828.481	-	-	111.949	-	953.175
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**		18.228		9.782.242	1.744.090	-	154.525	3.687	11.702.772
Cash-flows of the Best estimate of Premium Provisions (Gross)										
Cash out-flows										
Future benefits and claims	**R0410**		15.981	2.003.410	636.203	-	174.358	2.157	-	2.832.109
Future expenses and other cash out-flows	**R0420**		8.573	439.515	188.174	-	68.791	1.350	-	706.403
Cash in-flows										
Future premiums	**R0430**		-	-	-	-	-	-	-	-
Other cash in-flows (incl. Recoverables from salvages and subrogations)	**R0440**		-	-	-	-	-	-	-	-
Cash-flows of the Best estimate of Claims Provisions (Gross)										
Cash out-flows										
Future benefits and claims	**R0410**		3.194	2.089.513	644.101	-	79.114	-	-	2.815.922
Future expenses and other cash out-flows	**R0420**		1.714	1.376.347	190.510	-	31.214	-	-	1.599.784
Cash in-flows										
Future premiums	**R0430**		-	-	-	-	-	-	-	-
Other cash in-flows (incl. Recoverables from salvages and subrogations)	**R0440**		-	1.100.472	-	-	-	-	-	1.100.472

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

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													R0100		
N-9	R0160	1.084.847	291.461	144.000	551.782	284.104	47.641	525.296	30.529	16.816	5.063.046			R0160	5.063.046	8.039.522
N-8	R0170	1.148.546	363.123	239.845	297.170	245.450	65.919	40.287	67.077	5.295.310				R0170	5.295.310	7.762.727
N-7	R0180	1.336.455	384.176	484.540	105.273	60.728	99.395	31.586	5.539.488					R0180	5.539.488	8.041.641
N-6	R0190	1.740.273	1.113.424	107.845	154.071	19.318	22.033	5.439.922						R0190	5.439.922	8.596.885
N-5	R0200	1.508.186	431.548	770.156	165.355	130.363	4.901.899							R0200	4.901.899	7.907.507
N-4	R0210	1.874.940	437.992	140.300	20.559	4.625.460								R0210	4.625.460	7.099.252
N-3	R0220	1.551.108	296.604	44.240	3.868.616									R0220	3.868.616	5.760.568
N-2	R0230	1.426.967	196.871	5.029.637										R0230	5.029.637	6.653.475
N-1	R0240	2.014.171	4.701.821											R0240	4.701.821	6.715.992
N	R0250	3.864.538												R0250	3.864.538	3.864.538
													Total	R0260	48.329.737	70.442.106

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											
N-9	R0160	-	-	1.236.553	606.410	477.134	373.626	300.217	171.850	91.784	215.811	
N-8	R0170	-	1.092.152	987.875	859.993	555.376	487.386	437.312	95.466	229.044		
N-7	R0180	1.709.702	1.360.226	750.667	573.341	525.759	357.913	199.059	347.869			
N-6	R0190	2.199.658	958.081	871.466	687.725	574.648	282.234	1.031.958				
N-5	R0200	2.231.275	2.372.166	1.741.495	1.665.215	414.957	350.311					
N-4	R0210	1.356.978	944.694	602.710	387.770	476.035						
N-3	R0220	1.340.955	889.869	608.004	699.258							
N-2	R0230	1.029.718	753.875	1.146.479								
N-1	R0240	1.349.818	1.669.761									
N	R0250	3.098.568										

		Year end (discounted data)
		C0360
	R0100	
	R0160	210.096
	R0170	223.182
	R0180	346.005
	R0190	962.209
	R0200	343.584
	R0210	467.426
	R0220	649.092
	R0230	1.111.327
	R0240	1.641.486
	R0250	3.014.581
Total	R0260	8.968.986

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

		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	-	-			
Preference shares	R0090	-				
Share premium account related to preference shares	R0110	-				
Reconciliation reserve	R0130	8.703.909	8.703.909			
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	10.208.709	10.208.709			
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	R360	-				

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**	10.208.709	10.208.709	-	-	
Total available own funds to meet the MCR	**R0510**	10.208.709	10.208.709	-	-	
Total eligible own funds to meet the SCR	**R0540**	10.208.709	10.208.709	-	-	
Total eligible own funds to meet the MCR	**R0550**	10.208.709	10.208.709	-	-	
SCR	**R0580**	5.629.095				
MCR	**R0600**	4.000.000				
Ratio of Eligible own funds to SCR	**R0620**	181,36%				
Ratio of Eligible own funds to MCR	**R0640**	255,22%				
		C0060				
Reconciliation reserve						
Excess of assets over liabilities	**R0700**	C0060	-			
Own shares (held directly and indirectly)	**R0710**	10.208.709	-			
Foreseeable dividends, distributions and charges	**R0720**	-	-			
Other basic own fund items	**R0730**	-	-			
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	1.504.800	-			
Reconciliation reserve	**R0760**	8.703.909	-			
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 F –Solvency Capital Requirement - for undertakings on Standard Formula (S.25.01.21)

-		Gross solvency capital requirement	USP	Simplifications
		C0110	**C0090**	**C0100**
Market risk	**R0010**	2.050.763	-	-
Counterparty default risk	**R0020**	672.779	-	-
Life underwriting risk	**R0030**	-		-
Health underwriting risk	**R0040**	52.371		-
Non-life underwriting risk	**R0050**	4.016.075		-
Diversification	**R0060**	- 1.465.547	-	-
Intangible asset risk	**R0070**	-	-	-
Basic Solvency Capital Requirement	**R0100**	5.326.441	-	-
				-
Calculation of Solvency Capital Requirement	-	**C0100**	-	-
Operational risk	**R0130**	385.965	-	-
Loss-absorbing capacity of technical provisions	**R0140**	-	-	-
Loss-absorbing capacity of deferred taxes	**R0150**	- 83.311	-	-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	-	-	-
Solvency Capital Requirement excluding capital add-on	**R0200**	5.629.095	-	-
Capital add-on already set	**R0210**	-	-	-
Solvency capital requirement	**R0220**	-	-	-
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 G – 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**	1.967.667			
				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**	16.717	31.542
Workers' compensation insurance and proportional reinsurance			**R0040**	-	-
Motor vehicle liability insurance and proportional reinsurance			**R0050**	9.264.499	8.315.934
Other motor insurance and proportional reinsurance			**R0060**	1.658.988	3.266.147
Marine, aviation and transport insurance and proportional reinsurance			**R0070**	-	855
Fire and other damage to property insurance and proportional reinsurance			**R0080**	141.523	104.849
General liability insurance and proportional reinsurance			**R0090**	3.507	19.719
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**	1.967.667		-	
SCR	**R0310**	5.629.095		-	-
MCR cap	**R0320**	2.533.093		-	
MCR floor	**R0330**	1.407.274		-	
Combined MCR	**R0340**	1.967.667		-	
Absolute floor of the MCR	**R0350**	4.000.000		-	
-	-	**C0070**		-	
Minimum Capital Requirement	**R0400**	4.000.000		-	