# EUROGUARD INSURANCE COMPANY PCC LIMITED

# SOLVENCY AND FINANCIAL CONDITION REPORT (“SFCR”) AS AT 30 JUNE 2019

December 2019

# EXECUTIVE SUMMARY

Euroguard Insurance Company PCC Limited ("the Company" or "Euroguard") was incorporated on 13 June 1996 and its principal activity is the carrying on of insurance business as a cell captive insurer. The Company was granted a license under the Financial Services (Insurance Companies) Act on 28 June 1996 to write all 18 classes of insurance business and commenced trading activities on that date. During 2007, the Company converted to a Protected Cell Company ("PCC") and was licensed to carry on insurance business as a PCC by the Financial Services Commission on 9 January 2007.

The Company's authorised share capital consists of 50 separate classes of shares divided into: Classes A and B ordinary shares and 48 classes of preferred shares. The Class A ordinary shares carry voting rights whilst the Class B shares are non-voting. The remaining 48 classes of preferred shares are non-voting redeemable shares, each class representing an exclusive protected cell. These shares are issued to clients wishing to participate in the structured insurance programs offered by the Company.

The relationship between the Company and the preference shareholders is governed by a shareholders agreement supported by the PCC Act. The PCC Act specifically provides for the legal segregation of assets and liabilities between various cells in a cell captive insurance company.

In terms of the PCC Act, there is no recourse to the non-cellular assets of the Company or to the cellular assets of any other cell from liabilities arising out of or in connection with any insurance programs written through a dedicated Protected Cell. All transactions relating to a specific cell are with the Company as the contracting party transacting on behalf of a designated Protected Cell.

This Solvency & Financial Condition Report is produced as part of the reporting requirements under the Financial Services (Insurance Companies) (Solvency II Directive) Act (the Solvency II Act in Gibraltar) including the Delegated Regulations of the European Parliament. Its purpose is to assist interested parties in understanding the capital position of the company.

This report covers the Business and Performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management.

## A. BUSINESS AND PERFORMANCE

Euroguard Insurance Company PCC Limited is a Gibraltar registered company (Registration number 58311). The Company is registered under the Protected Cell Companies Act of 2001 (as amended), a piece of legislation specifically introduced for the incorporation of protected cell companies. The company is licensed by the Gibraltar Financial Services Commission ("the GFSC") to carry on all classes of short term (that is, non-life) business. The GFSC's contact details can be obtained from their website (www.gfsc.gi) and they may be contacted directly at Suite 3, Ground Floor, Atlantic Suites, Europort Avenue, Gibraltar or by 'phone at +350 200 40283

The Company's external auditors are EY Limited, of Regal House, Queensway, Gibraltar.

There were no significant business or other events that occurred during the period under review that had a material impact on the undertaking.

The ultimate owner of the Company is Momentum Metropolitan Holdings Limited, a South African company quoted on the Johannesburg Stock Exchange. Any references to "MMH", "Group" or "Group companies" refer to Momentum Metropolitan Holdings Limited and its subsidiaries.

The Company operates mainly in the European Union and South Africa. A breakdown of the underwriting performance of the Company by material line of business and material geographical areas for the years ending 30$^{th}$ June 2019 and 30$^{th}$ June 2018 is set out below.

| | 2018 Actual | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Marine, aviation and transport | Third party liability | Credit and Suretyship | Fire & other damage to property | Motor | Miscellaneous Financial Loss | Total Direct | Reinsurance accepted | Total |
| | GBP | GBP | GBP | GBP | GBP | GBP | GBP | GBP | GBP |
| **Gross premiums written:** | **22,430** | **-** | **-** | **2,845,031** | **-** | **4,934,183** | **7,801,644** | **2,668,150** | **10,469,794** |
| -risk located in Europe | - | - | - | - | - | 4,934,183 | 4,934,183 | 2,387,479 | 7,321,662 |
| -risk located in South Africa | 22,430 | - | - | 2,845,031 | - | - | 2,867,461 | 280,671 | 3,148,132 |
| **Gross premiums earned** | **14,929** | **-** | **-** | **2,846,847** | **-** | **4,934,183** | **7,795,959** | **2,573,957** | **10,369,916** |
| **Gross claims incurred** | **-** | **84,175** | **-** | **(101,867)** | **-** | **-** | **(17,692)** | **(2,737,945)** | **(2,755,637)** |
| **Gross operating income/ (expenses)** | **92** | **(263,190)** | **-** | **(308,692)** | **-** | **-** | **(571,790)** | **221,737** | **(350,053)** |
| **Gross technical result** | **15,021** | **(179,015)** | **-** | **2,463,288** | **-** | **4,934,183** | **7,206,477** | **57,749** | **7,264,226** |
| **Reinsurance balance** | **-** | **(84,175)** | **-** | **(2,069,018)** | **-** | **(4,934,183)** | **(7,087,375)** | **-** | **(7,087,375)** |
| **Underwriting profit\loss** | **15,021** | **(263,190)** | **-** | **367,270** | **-** | **-** | **119,102** | **57,749** | **176,851** |

| | 2019 Actual | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Marine, aviation and transport | Third party liability | Credit and Suretyship | Fire & other damage to property | Motor | Miscellaneous Financial Loss | Total Direct | Reinsurance accepted | Total |
| | GBP | GBP | GBP | GBP | GBP | GBP | GBP | GBP | GBP |
| **Gross premiums written:** | **15,266** | **0** | **0** | **3,180,681** | **0** | **0** | **3,195,947** | **2,724,362** | **5,920,309** |
| -risk located in Europe | - | - | - | - | - | - | 0 | 2,724,362 | 2,724,362 |
| -risk located in South Africa | 15,266 | - | - | 3,180,681 | - | - | 3,195,947 | 0 | 3,195,947 |
| **Gross premiums earned** | **15,045** | **0** | **-** | **3,224,936** | **0** | **0** | **3,239,981** | **2,724,362** | **5,964,344** |
| **Gross claims incurred** | **(24,202)** | **0** | **-** | **(458,843)** | **0** | **0** | **(483,044)** | **(812,589)** | **(1,295,633)** |
| **Gross operating income/ (expenses)** | **65,149** | **0** | **-** | **1,646,532** | **0** | **0** | **1,711,681** | **(63,919)** | **1,647,762** |
| **Gross technical result** | **55,992** | **0** | **0** | **4,412,625** | **0** | **0** | **4,468,618** | **1,847,855** | **6,316,473** |
| **Reinsurance balance** | **0** | **0** | **0** | **(2,838,894)** | **0** | **0** | **-2,838,894** | **0** | **(2,838,894)** |
| **Underwriting profit\loss** | **55,992** | **0** | **0** | **1,573,731** | **0** | **0** | **1,629,724** | **1,847,855** | **3,477,578** |

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## INVESTMENTS

The following table gives an overview of investment performance during 2018 and 2019.

| | 2019 | 2018 |
|---|---|---|
| Debt securities and other fixed income securities | 78 260 198 | 78,029,526 |
| Deposits with banks | 43 732 312 | 44,332,393 |
| **Total investments** | **121 992 510** | **122,361,919** |
| **Investment Income** | **860 307** | **591,988** |
| **Average return on invested income** | **0.71%** | **0.48%** |
| (the investment return on cash was 0%) | | |

The Company's policy in respect of investments is that, once purchased, they are held to maturity. The Company uses professional investment managers to manage its portfolio. Wherever possible, exposure to foreign currencies by way of technical liabilities is matched by investments held in those currencies.

Other than underwriting and investment income, the company received "Other Income" of £20,000 in 2019 (2018: £20,000).

# B. SYSTEM OF GOVERNANCE

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

Euroguard is managed by its Board of Directors, supported by an Audit & Risk Committee and an Underwriting Committee. The Internal Audit function has been outsourced to KPMG (Gibraltar) Limited, a local audit firm.

### UNDERWRITING COMMITTEE

The Underwriting Committee is a sub-committee of the Board of Directors. It meets on an ad-hoc basis, as and when required. Its prime objective is to assist the Board in evaluating and accepting proposed insurance risks to be written through the Protected Cells of Euroguard as presented to the Committee at the renewal of an existing cell programme or the inception of a new cell. The Committee also reviews material claims and the impact those claims may have on the solvency and risk-gap of individual cells. Material claims are defined by Euroguard to be any claims above £250,000 or that exceed 5% of the cell shareholder's equity at the date of the last audited financial statements.

The Underwriting Committee provides feedback to the Audit & Risk Committee.

### AUDIT AND RISK COMMITTEE

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

### BOARD OF DIRECTORS

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

### REMUNERATION COMMITTEE

Euroguard has applied the principle of proportionality to requirements regarding policy on remuneration and the Remuneration Committee. The Company does not have a policy in respect of remuneration, and does not have a Remuneration Committee.

## B.2. FIT AND PROPER REQUIREMENTS

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

- the completion by the applicant of a "Fit and Proper" Declaration Form;
- the undertaking of credit checks to determine the status of the person's credit record;
- undertaking of qualification checks to determine the authenticity of the person's qualifications;
- undertaking checks with any regulatory body tasked with administering any legislation;
- undertaking of checks to confirm the work experience that the person claims to have;

- undertaking of checks via the internet for any adverse information relating to the person.

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

- it can reasonably be concluded that the person possesses the competence, character, diligence, honesty, integrity and judgment to properly perform their duties;
- the person is not disqualified from acting in their position or performing their duties in terms of any legislation.
- the person does not have a conflict of interest in performing their duties as an Affected Person or, if that if they do have such a conflict, it is appropriately disclosed & assessed where after it is concluded that it does not create a material risk of the person failing to perform duties properly

## B.3. RISK MANAGEMENT SYSTEMS

Euroguard has a Risk Appetite Statement approved by both the Audit & Risk Committee, and the Board of Directors. The Risk Appetite Statement is supported by a Risk Indicators & Tolerances document which seeks to set out in practical terms how Euroguard 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 quarterly and reviewed by both the Audit & Risk Committee and the Board of Directors.

The Risk function of the Company meets with Management on a quarterly basis to review the Risk Register as part of the Enterprise Wide Risk Management system. 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 & Risk Committee for review, and to the Board of Directors. Both the Audit & Risk Committee and the Board of Directors consider the adequacy of the controls in place and the financial impact of the risk occurring. The Audit & Risk Committee has responsibility for overseeing the implementation of any additional controls that might be deemed necessary. In this way, the governance bodies charged with managing the Company's exposure to risk are kept updated and informed as to the risks faced by the business, and through the Key Risk Indicators, the current level of exposure to each risk.

Euroguard produces an Own Risk Solvency Assessment ("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 ORSA is the process by which the Board is able to monitor the risks to the business, and may assess the impact of those risks on the capital adequacy of the business. The Board uses the ORSA to make decisions regarding future business decisions and to ensure that any risk remaining after controls have been applied is within the parameters expressed in Euroguard's risk appetite statement.

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 Wide Risk Management system

The ORSA is then produced by Management in conjunction with the Actuarial and Risk Management function. The ORSA is presented to the Audit & Risk Committee for comment and review, and if approved, to the Board of Directors for their consideration. The result of the Board's consideration forms the basis for the future strategy of the business, which forms the basis for the following year's ORSA.

## B.4. INTERNAL CONTROL SYSTEM

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

- The Control Environment, whereby the ethos of internal control is set from the Board of Directors, down to the employees
- Risk Assessment, whereby all risks are assessed and reviewed quarterly
- Control Activities – those activities within the company designed to maintain internal control
- Information & Communication – whereby the results of the Control Activities are communicated across the company, and
- Monitoring Activities – whereby the system of internal control is reviewed by independent advisors.

## B.5. INTERNAL AUDIT FUNCTION

As part of the system of internal controls, Euroguard has outsourced its Internal Audit function to KPMG (Gibraltar) Limited, a professional audit firm. KPMG carry out annual reviews and look into whatever matters they as internal auditors feel require review, and any matters referred to them by the Audit & Risk Committee of Euroguard.

## B.6. ACTUARIAL FUNCTION

The Actuarial Function is outsourced to Guardrisk Insurance Company Limited, a subsidiary within Momentum Metropolitan Holdings Limited, a South African based financial group listed on the South African stock exchange, the Johannesburg Stock Exchange (JSE).

## B.7. OUTSOURCING

As disclosed above, both the Internal Audit and the Actuarial functions have been outsourced; the former to KPMG (Gibraltar) Limited, the latter to Guardrisk Insurance Company Limited, a contractual cell insurance company based in South Africa and a member of the same group as Euroguard.

# C. RISK PROFILE

## C.1. UNDERWRITING RISK

All insurance policies issued by the Company contain a “claims limitation clause” by which the maximum amount that may be claimed under the policy is limited to the assets of the cell. The Company is therefore not exposed to underwriting risk.

## C.2. MARKET RISK

Market Risk is the risk that market prices will fluctuate and have a negative impact on the ability of Euroguard to pay claims. The Company has a portfolio of assets consisting of fixed interest instruments and cash at bank. The cash is managed to ensure that sufficient cash is available for the normal payment of claims. Wherever possible, assets are held in currencies that match the technical liabilities they support. The Company has a “hold to maturity” policy on its bond portfolio. This means that the Company always knows what the maturity value of its bonds will be, and is not exposed to Market Risk.

## C.3. CREDIT RISK

Credit Risk is the risk that a counterparty will default on payment. In the case of Euroguard, this refers to bonds held in the Company’s asset portfolio or reinsurers to the Company’s insurance policies.

The Company manages investment counterparty risk by appointing professional asset managers (Momentum Global Investment Management Limited, a Group company registered and regulated in the UK) and the terms of the Investment Management Agreement set out the minimum rating that must be held by any bond at purchase. Acceptable rating agencies are Standard & Poors, Moodys and Fitch. The minimum rating must be held by 2 out of the 3 acceptable rating agencies.

Reinsurance counterparty risk is managed by ensuring that the reinsurance vetting criteria of brokers placing reinsurance on behalf of the company is at least as rigorous as that of Euroguard itself.

## C.4. LIQUIDITY RISK

Liquidity Risk is the risk that Euroguard would not be able to meet its financial obligations as they fall due. Euroguard is averse to liquidity risk and aim to hold sufficient cash balances to pay 6 months expenses at any one time. Assets held in the portfolio that would be used to pay those expenses are therefore not invested in any instrument with greater than six months maturity.

## C.5. OPERATIONAL RISK

Operational Risk is the risk inherent in every business operation, that one or more factors could mean that the company suffered loss. Euroguard has a Risk Register as part of its Enterprise Wide Risk Management (EWRM) system. The EWRM catalogues each operational risk and rates it by likelihood and by exposure, as well as rating the controls in place to manage each risk. It is reviewed by management on a quarterly basis and feeds its way into Group risk management. The EWRM report is reviewed by the Audit & Risk Committee and the Board of Directors at each meeting.

### APPLICATION OF THE “PRUDENT PERSON PRINCIPLE” TO INVESTMENTS.

As mentioned already, Euroguard has appointed Momentum Global Investment Management Limited (MGIM) as its investment managers. An Investment Management Agreement is in place which does not allow for investments in derivatives or unlisted investments, and which specifies maximum exposures to allow for diversification and minimise concentration risk. The only assets that may be purchased are fixed income securities and money market investments. The primary objective of the portfolio is the preservation of capital and the portfolio is classified as “hold to maturity”. Wherever possible, the assets supporting the technical provisions are held in the same currency as those provisions. At purchase, bonds must be rated at least A- (or equivalent) by two of Moodys, Standard & Poors, and Fitch rating agencies. Once purchased, a change in the rating will not affect the holding of the investment – bonds are held to maturity.

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

- Defining the investment objectives and benchmarks;
- Documenting and communicating the investment philosophy;
- Providing guidance on the use of investment managers; including selection, remuneration and mandating;
- 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.

### C.6. OTHER MATERIAL RISKS

Brexit. Gibraltar is part of the European Union by virtue of the UK's membership. On 29th March 2017, the UK exercised article 50 of the Lisbon Treaty which gave it two years to complete negotiations in respect of its leaving the European Union. The manner of that leaving and the consequences have yet to be determined. The Company has no cells which rely on the Single European Passport for Insurance Services and therefore has no direct exposure to the risk of Brexit. However, the risk has been added to the Euroguard Risk Register and continues to be monitored on a quarterly basis.

Following the recent General Election in the UK which mandated the Prime Minister to conclude the Brexit process, formal exit from the EU is expected to be completed in Q1 2020. This transition is expected to have the effect of providing clarity and reducing uncertainty going forward.

## D. VALUATION FOR SOLVENCY PURPOSES

### D.1. ASSETS

The table below summarises the assets of the cells and the "Core" (promoter cell 000) combined as at 30 June 2019. 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, investments are valued at amortized cost whereas for the Solvency II balance sheet, the market value is used.

| Reconciliation of Basic Own Funds to Equity in the Financial Statements | | |
|---|---|---|
| Asset Type | Value as per Financial Statements (GBP'm) | Value for Solvency Purposes (GBP'm) |
| Investments | 78.26 | 78.68 |
| Cash and Cash Equivalents | 43.73 | 43.76 |

### D.2. TECHNICAL PROVISIONS

The technical provisions will comprise the best estimate of liabilities and risk margin according to articles 75 to 86 of the Solvency II Directive. The best estimate liability reflects a realistic estimate of future claims based on past experience with adjustments for expected deviations in the future.

Technical provisions for outstanding claims for all material cells, taking proportionality into account, are calculated using a combination of traditional actuarial techniques, namely the Chain Ladder and

Bornhuetter-Ferguson methods. For the most recent underwriting year, the Initial Expected Loss Ratios assumptions are based on a combination of past experience and judgment on the best estimate ultimate loss ratio. The technical provisions are discounted using the risk free rate with no volatility adjustment produced by EIOPA.

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

As at 30 June 2019, the total technical provisions that were held are as follows:

| Technical Provisions as at 30 June 2019 (GBP'm) | |
|---|---|
| Best Estimate Liability | 19.49 |
| Risk Margin | 2.89 |

The only material line of business is Non-Proportional Casualty business which makes up 96% of the total technical provisions shown above.

The difference in the technical provisions between the financial statements and that on the Solvency II balance sheet is as a result of different bases being used, discounting of future cash flows and the allowance for the risk margin.

The main assumptions in estimating the best estimate liability is that past experience is reflective of future experience and the initial expected loss ratio used in the most current underwriting year. As the aforementioned Chain Ladder method uses historical claims development information, it assumes that the historical claims development patterns will occur again in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods.

Such items include:

- changes in processes that affect the development /recording of claims paid and incurred;
- economic, legal, political and social trends;
- random fluctuations, including the impact of large losses.

A proportionate approach has been taken to value the technical provisions for part of the undertaking. For a portion of the business, collection of data would have imposed costs which are disproportionate with respect to the total administrative costs.

No assumptions regarding management actions or policyholder behaviour is included in the calculation of the technical provisions.

The Company does not apply the matching adjustment referred to in Paragraph 6 of Schedule 1 of the Financial Services (Insurance Companies) (Solvency II Directive) Act 2015 (equivalent to Article 77b of Directive 2009/138/EC), nor the volatility adjustment referred to in Paragraph 8 of that Schedule (equivalent to Article 77d of Directive 2009/138/EC)

There is also no application of the transitional risk free interest rate term structure nor the transitional deduction referred to in Paragraph 3 and Paragraph 4 respectively of Schedule 5 of the Financial Services (Insurance Companies) (Solvency II Directive) Act 2015 (equivalent to Article 308c and Article 308d respectively of Directive 2009/138/EC).

Over the last financial year ending 30 June 2019, GBP 0.064 million has been received with respect to reinsurance recoverables.

## D.3. OTHER LIABILITIES

The only material other liabilities relate to a creditor which is set equal to the assets within one of the cells, which amounts to GBP 44.9 million. Deposits are held by Euroguard on behalf of one of the clients. Any residual funds unspent are then returned to the client if requested. This creditor accounts for over 99.3% of all other liabilities as at 30 June 2019.

As this creditor is set equal to the assets within the cell, the difference between the valuation of this creditor in the financial statements and the valuation for solvency purposes relates only to the different valuation bases used to value the assets as described in Section D1.

## D.4. ALTERNATIVE METHODS FOR VALUATION

No other alternative methods for valuation are used

# E. CAPITAL MANAGEMENT

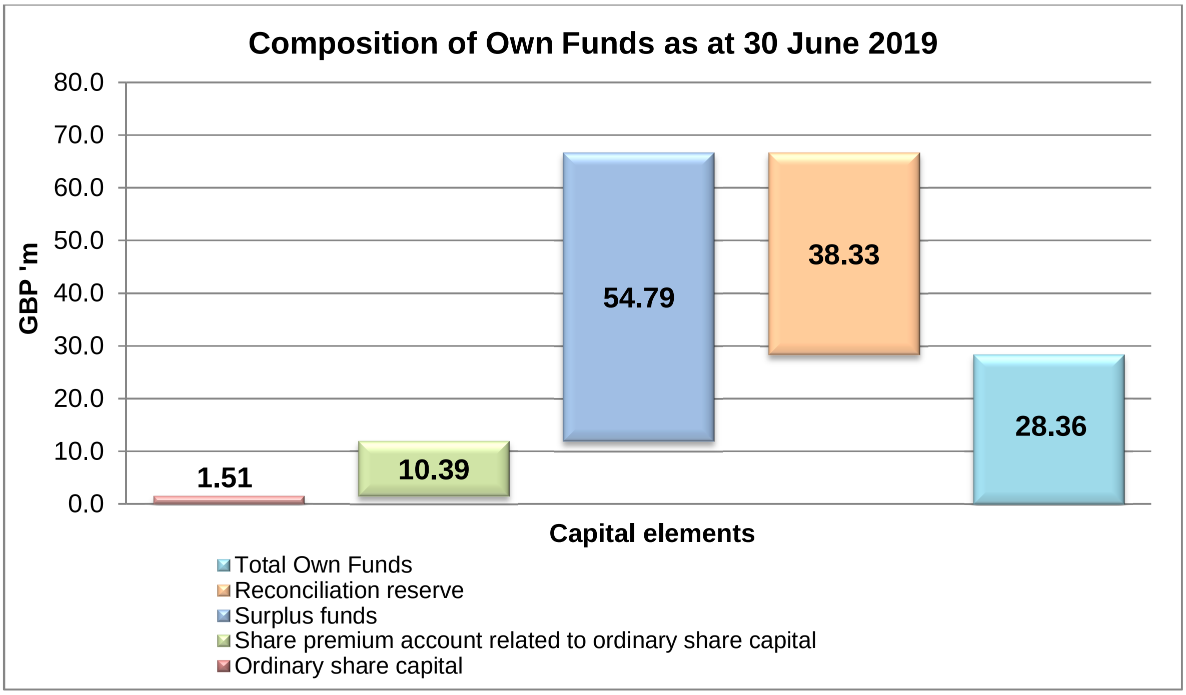
The objective in managing Euroguard's own funds is to ensure that Tier 1 capital meets the minimum regulatory capital requirement, that sufficient liquidity is available for the payment of claims and for the company to meet its legal obligations as they fall due. The company has an Investment policy whose purpose is to set out the principles and minimum standards for investment of financial assets as well as minimum standards for asset liability management within Euroguard. The policy document also deals with Liquidity Risk, Credit Risk, the Asset/Liability Management process and the appointment of Investment Managers.

Euroguard aims to keep at least 100% of the minimum regulatory capital requirement as core funds. At an entity level, the company aims to carry at least 100% of the MCR and SCR. All cells should meet the cellular SCR in their own right.

Cash on hand and projected cash flows are reviewed to ensure the most efficient use of funds and to ensure that sufficient cash is available for the payment of obligations as they fall due. A 3 year time horizon is used in the budget and business planning process.

## E.1. OWN FUNDS

As at 30 June 2019, the composition of own funds are shown in the graph below:




Due to the PCC structure of the undertaking all excess assets above the SCR are restricted. In accordance with Paragraph 14 of the Financial Services (Insurance Companies) (Solvency II Directive) Act 2015 (equivalent to Article 80 of Directive 2009/138/EC), the reconciliation reserve is therefore reduced by the sum of all excess assets within each cell. This reduction makes up the material portion of the reconciliation reserve shown above.

All Own Funds are classified as Tier 1 and as such the full Own Funds of GBP 28.4 million are eligible to cover the Solvency Capital Requirement and the Minimum Capital Requirement.

The below table summarises the differences between the Basic Own funds and those shown in the financial statements. Note must be made that the figure for the financial statements is based on the license view including all cells and the Core which has been required for regulatory reporting.

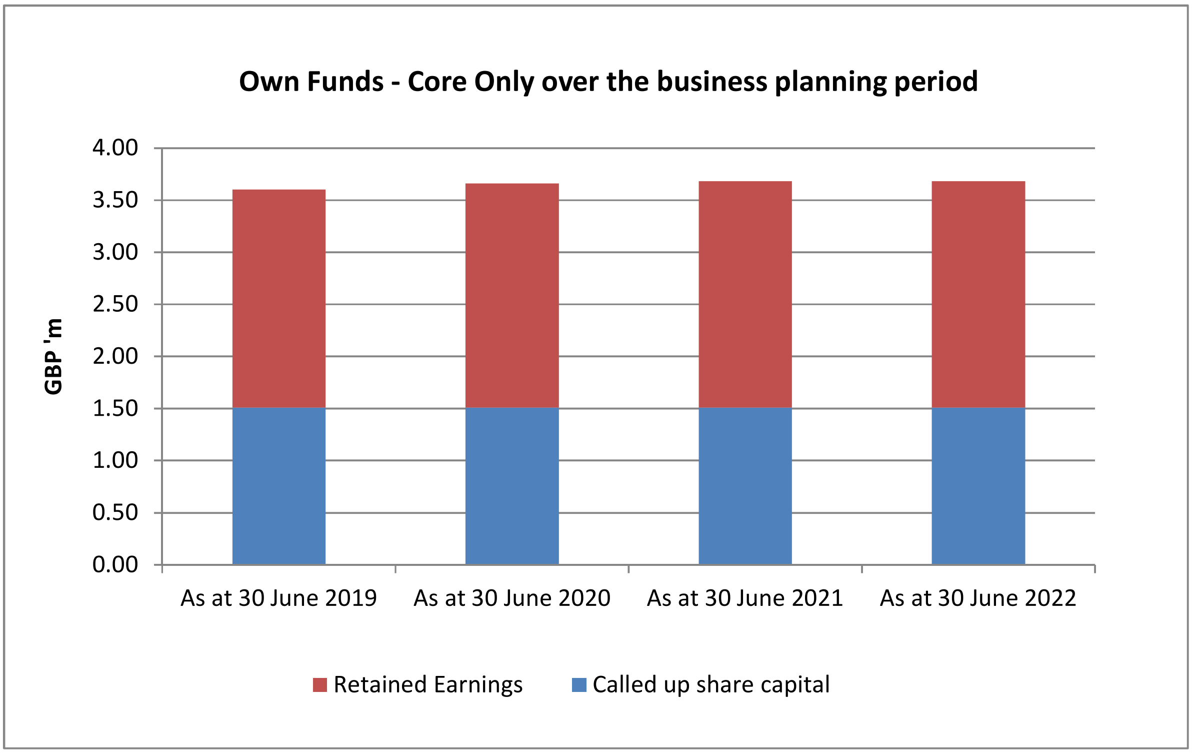
| Reconciliation of Equity to Basic Own Funds in the Financial Statements | |
|---|---|
| Total Equity in the financial statements on a license level view | 66.69 |
| Difference in the valuation of assets | 0.42 |
| Difference in the valuation of technical provisions | -2.82 |
| Adjustment for restricted own fund items in respect of ring fenced funds | -35.92 |
| **Total Equity in the financial statements on a license level view** | **28.36** |

One cell is expected to close over the coming year. However, if a shareholder chooses to close the cell, this will not have a material impact on the overall coverage ratio of the undertaking. If the cell were to close, the SCR will reduce and as all excess assets are removed from the overall own funds, the total basic own funds on an overall level will reduce by the same amount as the SCR.

None of the Company's own funds are subject to transitional arrangements and the Company has no ancillary own funds.

Within the core assets, there is no intention to repay or redeem any own fund items nor raise any additional own funds.

The graph below shows the expected own funds over the business planning period of 3 years for the Core. As can be seen the retained earnings are expected to grow each year over the business planning period based on the budgeted figures approved by management.




The main assumptions within the business planning that would affect the own funds within the Core are the level of expenses and the level of income. If the expenses within the Core exceed the income within the Core, the retained earnings would begin to deplete. This is tested within the ORSA.

Additionally expenses are monitored continuously by management, the Board and the Group to ensure that the expenses are within acceptable levels.

The Core's main source of income arises from the management fees from the cells. As one cell contributes almost 75% of the income to core income, if this cell were to close, it is likely that the own funds would decrease in the year following this. The management of this cell is closely monitored by management. If the scenario arose that the Core did lose this income, management actions would take place within the following year to either reduce income or target new growth within the undertaking.

There is no intention to redeem any own fund item or plans to raise additional own funds.

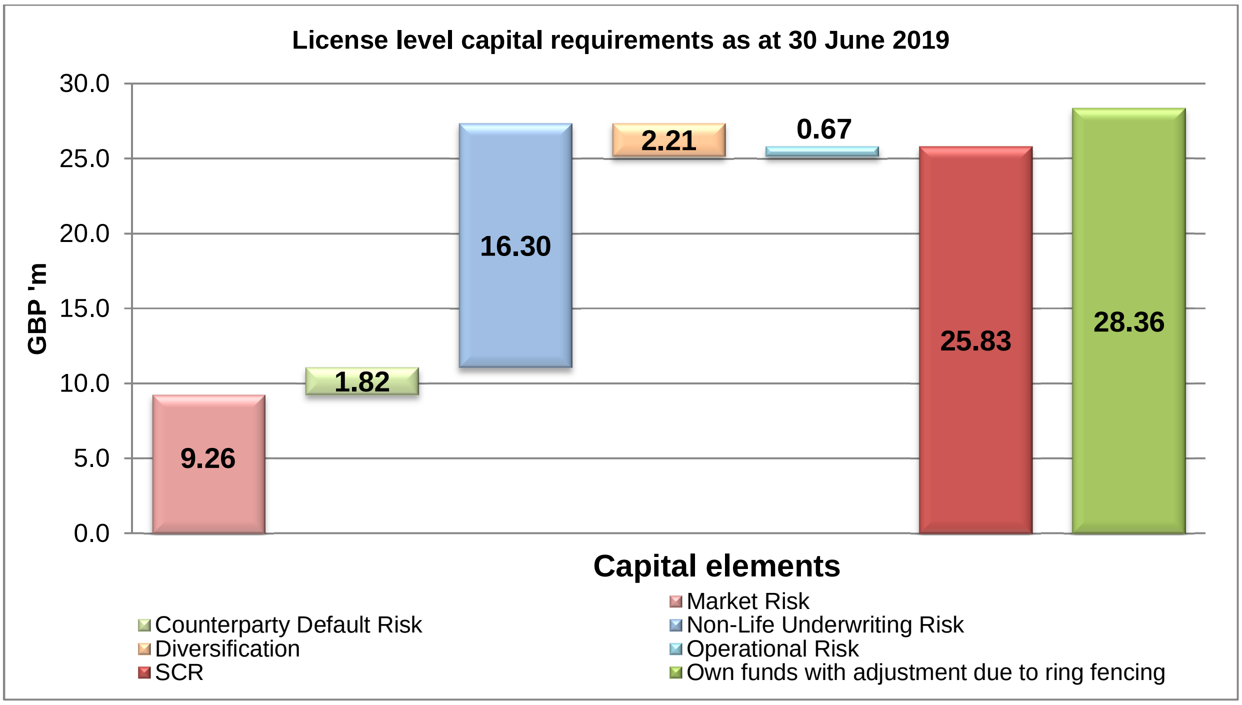
## E.2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

As has been previously mentioned the undertaking is a PCC Company legislated by PCC legislation in Gibraltar. As such, each cell has no rights to the assets of the Core or any other cell and the Core has no rights to the assets in any of the cells. Therefore all excess own funds within the cells have been eliminated in determining the capital coverage. The excess core assets, however are included on a license level.

For the calculation of the SCR and MCR, the notional SCR is calculated for each of the cells within the undertaking. The SCR for the company is then taken to be the sum of the individual cells as well as the SCR for the Core.

Note must be made that the Core does not take on any underwriting risk and the risk to the Core relates only to the market risk capital calculation.

The Solvency Capital Requirement on a license level including all cells as at 30 June 2019 split by risk module is shown in the graph below.




No simplifications have been used in the calculation of the Solvency Capital Requirement using the standard formula as at 30 June 2019.

The undertaking does not use any undertaking specific parameters in the calculation of the SCR.

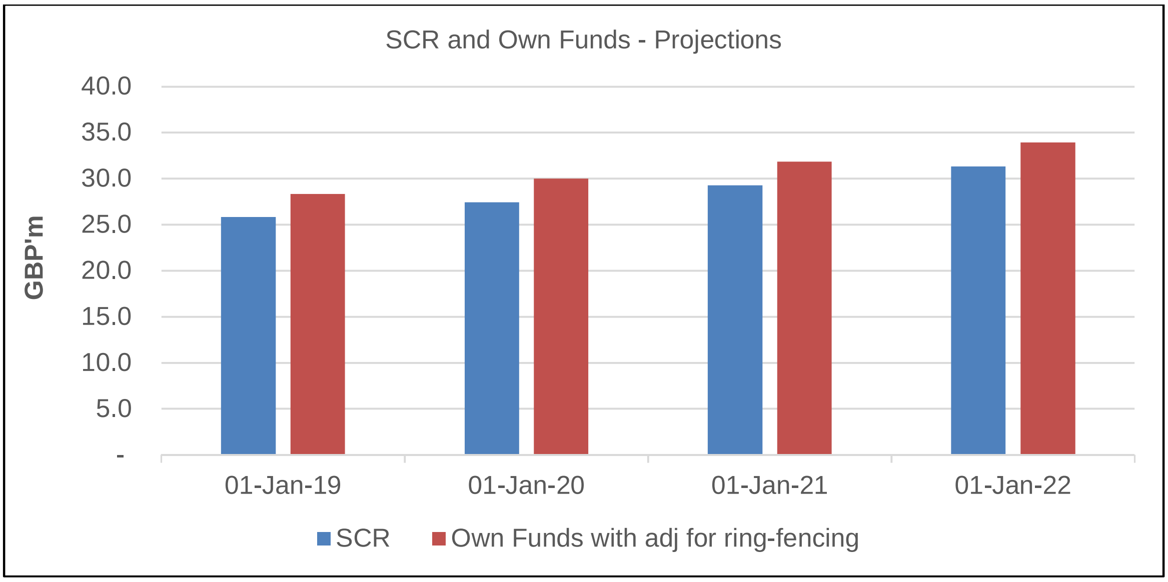
Please note that the figures provided are subject to supervisory assessment by the Regulator.

## CALCULATION OF THE MCR

The linear MCR continues to fall below the floor that is specified as part of the standard formula. The MCR is therefore set as the floor of GBP 6.46 million at 30 June 2019.

EXPECTED DEVELOPMENTS OF SCR

The graph below shows the expected SCR and Own funds over the business planning period of 3 years including all cells within the undertaking. The figures are estimates based on the budgets approved by management.




As can be seen the SCR marginally increases year on year which is attributed to the growth in business year on year assumed in the forecasts.

## E.3. USE OF DURATION BASED EQUITY RISK SUB MODULE IN THE CALCULATION OF SCR

No use of the duration based equity risk sub module has been used in the calculation of the SCR. The undertaking writes only non-life business within the cells.

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

No internal or partial internal model is used for the calculation of the SCR.

## E.5. NON COMPLIANCE WITH SCR AND MCR

There has not been any non-compliance with the SCR or MCR over the financial year nor is there expected to be any non-compliance with the SCR and MCR in the business planning period.

If one of the cells were to breach the SCR or MCR, plans will be put into place to raise additional capital as required and stipulated in the Shareholder's agreement between the cell owner and Euroguard.

Within Euroguard and due to the ring fencing nature, each of the cells are required to be solvent. In the case of a cell becoming insolvent, there will be a call for capital on the cell owner to restore the cell to a solvent position. If this does occur, an application will need to be submitted to the regulator to allow for this call on cell owner asset to be raised and recognized until such time as the cell owner further capitalizes the cell. The solvency position of each cell is monitored quarterly and if the need arises for further capital to be raised, the call on the shareholder will be done within the quarter.

# F. APPENDICES

The templates which form part of the Annual and Quarterly Regulatory Templates which are listed below are required to be published alongside the SFCR. Some of the templates have not been completed by Euroguard and the reasons for these templates not being completed is provided below.

S.02.01.02 - Provided

S.05.01.02 - Provided

S.05.02.01 - Provided

S.17.01.02 - Provided

S.19.01.21 – Not provided – dispensation given by Gibraltar Financial Services Commission

S.23.01.01 - Provided

S.25.01.01 - Provided

## Balance sheet

**S.02.01.02**

| | | Solvency II value |
|---|---|---|
| | | C0010 |
| **Assets** | | |
| Goodwill | R0010 | |
| Deferred acquisition costs | R0020 | |
| Intangible assets | R0030 | 0.00 |
| Deferred tax assets | R0040 | 0.00 |
| Pension benefit surplus | R0050 | 0.00 |
| Property, plant & equipment held for own use | R0060 | 0.00 |
| Investments (other than assets held for index-linked and unit-linked contracts) | R0070 | 78,677,014.64 |
| Property (other than for own use) | R0080 | 0.00 |
| Holdings in related undertakings, including participations | R0090 | 0.00 |
| Equities | R0100 | 0.00 |
| Equities - listed | R0110 | 0.00 |
| Equities - unlisted | R0120 | 0.00 |
| Bonds | R0130 | 72,229,602.57 |
| Government Bonds | R0140 | 1,179,916.14 |
| Corporate Bonds | R0150 | 71,049,686.43 |
| Structured notes | R0160 | 0.00 |
| Collateralised securities | R0170 | 0.00 |
| Collective Investments Undertakings | R0180 | 6,447,412.07 |
| Derivatives | R0190 | 0.00 |
| Deposits other than cash equivalents | R0200 | 0.00 |
| Other investments | R0210 | 0.00 |
| Assets held for index-linked and unit-linked contracts | R0220 | 0.00 |
| Loans and mortgages | R0230 | 0.00 |
| Loans on policies | R0240 | 0.00 |
| Loans and mortgages to individuals | R0250 | 0.00 |
| Other loans and mortgages | R0260 | 0.00 |
| Reinsurance recoverables from: | R0270 | 0.00 |
| Non-life and health similar to non-life | R0280 | 0.00 |
| Non-life excluding health | R0290 | 0.00 |
| Health similar to non-life | R0300 | 0.00 |
| Life and health similar to life, excluding health and index-linked and unit-linked | R0310 | 0.00 |
| Health similar to life | R0320 | 0.00 |
| Life excluding health and index-linked and unit-linked | R0330 | 0.00 |
| Life index-linked and unit-linked | R0340 | 0.00 |
| Deposits to cedants | R0350 | 0.00 |
| Insurance and intermediaries receivables | R0360 | 8,387,018.93 |
| Reinsurance receivables | R0370 | 0.00 |
| Receivables (trade, not insurance) | R0380 | 10,591.08 |
| Own shares (held directly) | R0390 | 0.00 |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | R0400 | 0.00 |
| Cash and cash equivalents | R0410 | 43,760,395.92 |
| Any other assets, not elsewhere shown | R0420 | 1,108,219.02 |
| **Total assets** | R0500 | 131,943,239.59 |

| | | |
|---|---|---|
| **Liabilities** | | |
| Technical provisions – non-life | R0510 | 20,721,787.75 |
| Technical provisions – non-life (excluding health) | R0520 | 20,721,787.75 |
| Technical provisions calculated as a whole | R0530 | 0.00 |
| Best Estimate | R0540 | 17,840,553.22 |
| Risk margin | R0550 | 2,881,234.52 |
| Technical provisions - health (similar to non-life) | R0560 | |
| Technical provisions calculated as a whole | R0570 | |
| Best Estimate | R0580 | |
| Risk margin | R0590 | |
| 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 | |
| Other technical provisions | R0730 | |
| Contingent liabilities | R0740 | 0.00 |
| Provisions other than technical provisions | R0750 | 0.00 |
| Pension benefit obligations | R0760 | 0.00 |
| Deposits from reinsurers | R0770 | 0.00 |
| Deferred tax liabilities | R0780 | 0.00 |
| Derivatives | R0790 | 0.00 |
| Debts owed to credit institutions | R0800 | 0.00 |
| Financial liabilities other than debts owed to credit institutions | R0810 | 0.00 |
| Insurance & intermediaries payables | R0820 | 0.00 |
| Reinsurance payables | R0830 | 0.00 |
| Payables (trade, not insurance) | R0840 | 0.00 |
| Subordinated liabilities | R0850 | 0.00 |
| Subordinated liabilities not in Basic Own Funds | R0860 | 0.00 |
| Subordinated liabilities in Basic Own Funds | R0870 | 0.00 |
| Any other liabilities, not elsewhere shown | R0880 | 45,283,125.65 |
| **Total liabilities** | R0900 | 66,004,913.40 |
| **Excess of assets over liabilities** | R1000 | 65,938,326.19 |

**Premiums, claims & expenses by line of business**

**Non-Life & Accepted non-proportional reinsurance**

**S.05.01.02.01**

| | | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | | | | | | | | | | | | Line of Business for: accepted non-proportional reinsurance | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss | Health | Casualty | Marine, aviation, transport | Property | |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0200 |
| **Premiums written** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | R0110 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15,266.16 | 3,180,680.56 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | 3,195,946.72 |
| Gross - Proportional reinsurance accepted | R0120 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | 0.00 |
| Gross - Non-proportional reinsurance accepted | R0130 | | | | | | | | | | | | | 0.00 | 2,724,362.33 | 0.00 | 0.00 | 2,724,362.33 |
| Reinsurers' share | R0140 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,724,932.91 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,724,932.91 |
| Net | R0200 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15,266.16 | 455,747.65 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,724,362.33 | 0.00 | 0.00 | 3,195,376.14 |
| **Premiums earned** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | R0210 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15,045.14 | 3,224,936.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | 3,239,981.19 |
| Gross - Proportional reinsurance accepted | R0220 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | 0.00 |
| Gross - Non-proportional reinsurance accepted | R0230 | | | | | | | | | | | | | 0.00 | 2,724,362.33 | 0.00 | 0.00 | 2,724,362.33 |
| Reinsurers' share | R0240 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,782,047.93 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,782,047.93 |
| Net | R0300 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15,045.14 | 442,888.12 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,724,362.33 | 0.00 | 0.00 | 3,182,295.59 |
| **Claims incurred** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | R0310 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 24,201.70 | 458,842.52 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | 483,044.22 |
| Gross - Proportional reinsurance accepted | R0320 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | 0.00 |
| Gross - Non-proportional reinsurance accepted | R0330 | | | | | | | | | | | | | 0.00 | 812,588.75 | 0.00 | 0.00 | 812,588.75 |
| Reinsurers' share | R0340 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 113,961.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 113,961.16 |
| Net | R0400 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 24,201.70 | 344,881.36 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 812,588.75 | 0.00 | 0.00 | 1,181,671.81 |
| **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 | | | | | | | | | | | | | | | | | |
| **Other expenses** | R1200 | | | | | | | | | | | | | | | | | |
| **Total expenses** | R1300 | | | | | | | | | | | | | | | | | |

**Non-life obligations for home country**

**S.05.02.01.01**

| | | Home country | Country (by amount of gross premiums written) | Country (by amount of gross premiums written) | Country (by amount of gross premiums written) | Country (by amount of gross premiums written) | Country (by amount of gross premiums written) | Total for top 5 countries and home country (by amount of gross premiums written) |
|---|---|---|---|---|---|---|---|---|
| | | | AU | FR | IT | PE | ZA | |
| | | C0080 | C0090 | C0090 | C0090 | C0090 | C0090 | C0140 |
| **Premiums written** | | | | | | | | |
| Gross - Direct Business | R0110 | 731,440.77 | 1,211,648.00 | 1,256,526.24 | 908,467.33 | 461,141.00 | 1,351,086.09 | 5,920,309.43 |
| Gross - Proportional reinsurance accepted | R0120 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Gross - Non-proportional reinsurance accepted | R0130 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Reinsurers' share | R0140 | 0.00 | 1,211,648.00 | 0.00 | 0.00 | 461,141.00 | 1,052,144.00 | 2,724,933.00 |
| Net | R0200 | 731,440.77 | 0.00 | 1,256,526.24 | 908,467.33 | 0.00 | 298,942.09 | 3,195,376.43 |
| **Premiums earned** | | | | | | | | |
| Gross - Direct Business | R0210 | 731,440.77 | 1,211,648.00 | 1,256,526.24 | 908,467.33 | 461,141.00 | 1,351,086.09 | 5,920,309.43 |
| Gross - Proportional reinsurance accepted | R0220 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Gross - Non-proportional reinsurance accepted | R0230 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Reinsurers' share | R0240 | 0.00 | 1,211,648.00 | 0.00 | 0.00 | 461,141.00 | 1,052,144.00 | 2,724,933.00 |
| Net | R0300 | 731,440.77 | 0.00 | 1,256,526.24 | 908,467.33 | 0.00 | 298,942.09 | 3,195,376.43 |
| **Claims incurred** | | | | | | | | |
| Gross - Direct Business | R0310 | 1,709,832.00 | 64,612.79 | 1,200,903.47 | 868,252.12 | 0.00 | 0.00 | 3,843,600.38 |
| Gross - Proportional reinsurance accepted | R0320 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Gross - Non-proportional reinsurance accepted | R0330 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Reinsurers' share | R0340 | 64,612.79 | 64,612.79 | 0.00 | 0.00 | 0.00 | 0.00 | 129,225.58 |
| Net | R0400 | 1,645,219.21 | 0.00 | 1,200,903.47 | 868,252.12 | 0.00 | 0.00 | 3,714,374.80 |
| **Changes in other technical provisions** | | | | | | | | |
| Gross - Direct Business | R0410 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Gross - Proportional reinsurance accepted | R0420 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Gross - Non-proportional reinsurance accepted | R0430 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Reinsurers' share | R0440 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net | R0500 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Expenses incurred** | R0550 | 368,175.53 | 0.00 | 71,964.23 | 52,030.07 | 0.00 | 1,044,481.18 | 1,536,651.01 |
| **Other expenses** | R1200 | | | | | | | |
| **Total expenses** | R1300 | | | | | | | 1,536,651.01 |

## Non-Life Technical Provisions

**S.17.01.02**

| | | Segmentation for: | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Direct business and accepted proportional reinsurance | | | | | | | | | | | | Accepted non-proportional reinsurance: | | | | Total Non-Life obligation |
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss | Non-proportional health reinsurance | Non-proportional casualty reinsurance | Non-proportional marine, aviation and transport reinsurance | Non-proportional property reinsurance | |
| | | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0170 | 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 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11,831.66 | 189,979.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 201,810.66 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0140 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Best Estimate of Premium Provisions | R0150 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11,831.66 | 189,979.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 201,810.66 |
| *Claims provisions* | | | | | | | | | | | | | | | | | | |
| Gross | R0160 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 27,908.49 | 457,940.41 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17,152,893.66 | 0.00 | 0.00 | 17,638,742.56 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0240 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Best Estimate of Claims Provisions | R0250 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 27,908.49 | 457,940.41 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17,152,893.66 | 0.00 | 0.00 | 17,638,742.56 |
| **Total Best estimate - gross** | R0260 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 39,740.14 | 647,919.42 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17,152,893.66 | 0.00 | 0.00 | 17,840,553.22 |
| **Total Best estimate - net** | R0270 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 39,740.14 | 647,919.42 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17,152,893.66 | 0.00 | 0.00 | 17,840,553.22 |
| **Risk margin** | R0280 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,808.81 | 309,521.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,567,904.39 | 0.00 | 0.00 | 2,881,234.52 |
| **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 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 43,548.95 | 957,440.74 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 19,720,798.05 | 0.00 | 0.00 | 20,721,787.75 |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | R0330 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total | R0340 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 43,548.95 | 957,440.74 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 19,720,798.05 | 0.00 | 0.00 | 20,721,787.75 |

## Own funds

**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 | 1,510,060.00 | 1,510,060.00 | | | |
| Share premium account related to ordinary share capital | R0030 | 10,385,256.46 | 10,385,256.46 | | | |
| Initial 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 | 54,793,017.63 | 54,793,017.63 | | | |
| Preference shares | R0090 | | | | | |
| Share premium account related to preference shares | R0110 | | | | | |
| Reconciliation reserve | R0130 | -38,329,895.30 | -38,329,895.30 | | | |
| 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 | 28,358,438.79 | 28,358,438.79 | | | |
| **Ancillary own funds** | | | | | | |
| Unpaid and uncalled ordinary share capital callable on demand | R0300 | | | | | |
| Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand | R0310 | | | | | |
| Unpaid and uncalled preference shares callable on demand | R0320 | | | | | |
| A legally binding commitment to subscribe and pay for subordinated liabilities on demand | R0330 | | | | | |
| Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC | R0340 | | | | | |
| Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC | R0350 | | | | | |
| Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0360 | | | | | |
| Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0370 | | | | | |
| Other ancillary own funds | R0390 | | | | | |
| **Total ancillary own funds** | R0400 | | | | | |
| **Available and eligible own funds** | | | | | | |
| Total available own funds to meet the SCR | R0500 | 28,358,438.79 | 28,358,438.79 | | | |
| Total available own funds to meet the MCR | R0510 | 28,358,438.79 | 28,358,438.79 | | | |
| Total eligible own funds to meet the SCR | R0540 | 28,358,438.79 | 28,358,438.79 | 0.00 | 0.00 | 0.00 |
| Total eligible own funds to meet the MCR | R0550 | 28,358,438.79 | 28,358,438.79 | 0.00 | 0.00 | |
| **SCR** | R0580 | 25,833,679.99 | | | | |
| **MCR** | R0600 | 6,458,420.00 | | | | |
| **Ratio of Eligible own funds to SCR** | R0620 | 1.097700000 | | | | |
| **Ratio of Eligible own funds to MCR** | R0640 | 4.390900000 | | | | |

## Reconciliation reserve

| | | C0060 |
|---|---|---|
| **Reconciliation reserve** | | |
| Excess of assets over liabilities | R0700 | 64,282,354.40 |
| Own shares (held directly and indirectly) | R0710 | |
| Foreseeable dividends, distributions and charges | R0720 | |
| Other basic own fund items | R0730 | 66,688,334.09 |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | R0740 | 35,923,915.61 |
| **Reconciliation reserve** | R0760 | -38,329,895.30 |
| **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 | |

## Solvency Capital Requirement - for undertakings on Standard Formula

**S.25.01.01**

| | | | |
|---|---|---|---|
| Article 112* | Z0010 | x0 | *<br>1 - Article 112(7) reporting (output: x1)<br>2 - Regular reporting (output: x0) |

### Basic Solvency Capital Requirement

| | | Net solvency capital requirement | Gross solvency capital requirement | Allocation from adjustments due to RFF and Matching adjustments portfolios |
|---|---|---|---|---|
| | | C0030 | C0040 | C0050 |
| Market risk | R0010 | 9,255,650.69 | 9,255,650.69 | 9,255,650.69 |
| Counterparty default risk | R0020 | 1,823,130.83 | 1,823,130.83 | 1,823,130.83 |
| Life underwriting risk | R0030 | | | |
| Health underwriting risk | R0040 | | | |
| Non-life underwriting risk | R0050 | 16,295,465.01 | 16,295,465.01 | 16,295,465.01 |
| Diversification | R0060 | -2,209,132.27 | -2,209,132.27 | |
| Intangible asset risk | R0070 | | | |
| **Basic Solvency Capital Requirement** | R0100 | 25,165,114.25 | 25,165,114.25 | |

### Calculation of Solvency Capital Requirement

| | | Value |
|---|---|---|
| | | C0100 |
| Adjustment due to RFF/MAP nSCR aggregation | R0120 | |
| Operational risk | R0130 | 668,565.74 |
| Loss-absorbing capacity of technical provisions | R0140 | |
| Loss-absorbing capacity of deferred taxes | R0150 | |
| Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC | R0160 | |
| **Solvency Capital Requirement excluding capital add-on** | R0200 | 25,833,679.99 |
| Capital add-on already set | R0210 | |
| Solvency capital requirement | R0220 | 25,833,679.99 |
| **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 | 1,086,386.33 |
| Total amount of Notional Solvency Capital Requirements for ring fenced funds | R0420 | 24,747,293.66 |
| Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios | R0430 | |
| Diversification effects due to RFF nSCR aggregation for article 304 | R0440 | |
| Method used to calculate the adjustment due to RFF/MAP nSCR aggregation (*) | R0450 | 4 |
| Net future discretionary benefits | R0460 | |

*
1 - Full recalculation
2 - Simplification at risk sub-module level
3 - Simplification at risk module level
4 - No adjustment