Coverys International Insurance Company DAC (“CIIC” or the “Company”)

Solvency and Financial Condition Report (“SFCR”) for the financial year ended 31 December 2022

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Executive Summary

Introduction

This document has been compiled by Coverys International Insurance Company DAC (hereafter “CIIC” or “the Company”) and is publicly disclosed in accordance with the Solvency II regulatory regime for EU insurance companies. Solvency II aims to unify the European insurance market and enhance consumers’ protection by primarily addressing the amount of capital that companies must hold to reduce their insolvency risk. This document is the first version of the Solvency and Financial Condition Report (“SFCR”) that is required to be prepared by CIIC.

This report covers the Business and Performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management for the year ended on 31 December 2022. The Company’s Board of Directors has the ultimate responsibility for all these matters, supported by governance and control functions in place.

Company Background

Coverys International Insurance Company DAC is a company incorporated in Ireland and authorised by the Central Bank of Ireland on 26 April 2022 to carry out the following classes of non-life insurance business under the European Union (Insurance and Reinsurance) Regulations 2015 (S.I. No. 485 of 2015):

Class 13 – General Liability

The Company is a non-life insurance undertaking specialising in underwriting within the professional lines sector by providing delegated underwriting authorities (‘DUAs”) to a network of Group-owned managing general agents (“MGAs”).

Business and Performance

The Company commenced underwriting activity in September 2022 and generated a profit on its technical account non-life insurance business of €4k for the financial year ended 31 December 2022

This is the first year of operations for the Company so there is no comparative data to report for the prior year.

The Company’s assets are prudently invested, providing access to funds at short notice considering the liquidity requirements of the business and the nature and timing of the insurance liabilities.

Shareholders’ funds amounted to €8,161K at 31 December 2022. No dividend was distributed during 2022.

The Company’s Solvency II Capital Requirement ratio is currently dictated by its MCR which was 192% as of 31 December 2022.

System of Governance

The Company is subject to the Central Bank of Ireland's Corporate Governance Requirements for Insurance Undertakings 2015.

The Company has established and maintains an effective system of governance with clear delegated authorities, responsibilities and reporting lines. CIIC has assessed its system of governance and has concluded that it effectively provides for the sound and prudent management of the business, which is proportionate to the nature, scale and complexity of the operations of the Company.

Refer to Section B for further information on the Company's System of Governance.

Risk Profile

The SCR metric is used to assess the Company's ability to meet all its regulatory capital obligations under both normal and stressed conditions. The Company has determined the Solvency II Standard Formula as defined by EIOPA to be suitable for its business and implements it for the calculation of the SCR.

The following table outlines the risks to which the Company is exposed at year end 2022.

Basic Solvency Capital Requirement	**2022** **Eur'000**
Market risk	524
Counterparty default risk	480
Non-life underwriting risk	773
Diversification	-435
BSCR	**1,342**
Operational risk	17
SCR	**1,359**

The SCR was lower than the Minimum Capital Requirement ("MCR") for the year. Therefore, MCR is absolute floor for reporting the solvency position of the Company. These risks are described in further detail in Section C of this report.

Valuation for Solvency Purposes

The SFCR was prepared in line with the annual quantitative templates referred to in Article 304 of the Commission Delegated Regulation 2015/35, and the values disclosed within this document are according to the Solvency II regime. As a result, values may differ from those reported in the Audited Financial Statements due to different valuation methods.

An analysis of the valuation of assets, technical provisions, and other liabilities per Solvency II and per

FRS 102 The Financial Reporting Standards applicable in the UK and Republic of Ireland ("FRS 102") valuation is given in section D.1, D.2 and D.3 respectively. These sections provide detail on the difference between the two valuations, any judgements and assumptions made.

Capital Management

The objective of own funds management is to maintain, at all times, sufficient own funds to cover the SCR and MCR with an appropriate buffer. As part of own funds management, the Company prepares ongoing annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the basis of the yearly Own Risk and Solvency Assessment ("ORSA"), contains a three-year projection of funding requirements and helps focus actions for future funding.

The company solvency position including the individual risks is as follows:

Solvency	Capital requirement €'000	Eligible capital €'000	Solvency ratio %
SCR	1,359	7,754	570%
MCR	4,000	7,696	192%

A BUSINESS and PERFORMANCE

A.1 Business

A.1.1 Name and legal form of the undertaking

The Company was authorised on 26 April 2022 by the Central Bank of Ireland ("CBI") to carry out the business of non-life insurance. The CBI has designated CIIC as a Low Impact undertaking under its risk-based framework for the supervision of regulated firms ("PRISM").

The Company is incorporated in the Republic of Ireland and is a private company limited by shares.

Company Number: C680074

Registered address: The Victorians, 15-18 Earlsfort Terrace, Dublin 2, D02 YX28.

A.1.2 Name of the Supervisory Authority responsible for the financial supervision of the undertaking

The Company is regulated by the Central Bank of Ireland ("CBI"). The CBI can be contacted at: Central Bank of Ireland, PO Box 559, New Wapping Street, North Wall Quay, Dublin 1, Ireland.

A.1.3 External auditor of the undertaking

The independent auditors of the Company are:

PricewaterhouseCoopers, One Spencer Dock, North Wall Quay, Dublin 1, Ireland.

A.1.4 Holders of Qualifying Holdings in the Undertaking

The Company is a wholly owned subsidiary of Coverys Ireland Holdings Limited, a company incorporated in the Republic of Ireland. Registered address: The Victorians, 15-18 Earlsfort Terrace, Dublin 2, D02 YX28.

A.1.5 Legal Structure of the Group

The Company's ultimate holding undertaking is Medical Professional Mutual Insurance Company ("MPMIC"), a company registered in Massachusetts, USA The Registered address is One Financial Center, 13th Floor, Boston, MA 02111.

A.1.6 Related Undertakings

The Company does not have any related undertakings that it has control of or an obligation to report results on.

A.1.7 Material Lines of Business and Geographical Areas

The Company commenced trading during the financial year ending 31 December

2022. In compliance with the Company's Underwriting strategy, the Company writes Class 13 business through delegated underwriting authority provided to the Coverys Group owned Managing General Agent's ("MGA´s"). During the year, the Company sold Professional Indemnity, Public Liability and Employers Liability policies. The geographical area in which the Company operates is the European Economic Area. The Company currently operates in Italy and Ireland.

A.1.8 Significant business events during the reporting period

On 16 March 2022, the Company issued 9,999,999 fully paid Ordinary Shares, with a nominal value of €1.00 per share, to Coverys Ireland Holdings Limited.

The Company was authorised on 26 April 2022, as a non-life Insurance undertaking which is regulated by the Central Bank of Ireland ("CBI"). The Company commenced underwriting activity in September 2022.

There were no other significant business or other events that occurred over the reporting period that merit disclosure.

A.2 Underwriting Performance

During its first year of operations, the Company wrote €250k in gross premium through delegated underwriting authorities issued to two Group-owned MGAs. In line with the Company's reinsurance agreements, CIIC reinsured 70% of its risk to a panel of external reinsurers and 10% to its ultimate parent, MPMIC, on a quota share basis.

The Company writes the following lines of business: General Liability (Class 13) For the purposes of capital reporting these are categorised as:

Class of Business per Local GAAP	Solvency II Line of Business
General Liability	General Liability

The Company has determined that the Euro ("EUR") is the functional currency.

Underwriting activities generated an underwriting profit of €4K for the financial year ended 31 December 2022. No claims were reported during the year and a net IBNR provision of €3.5K was booked based on expected loss ratios applied to the gross earned premium.

The table below illustrates the underwriting results for year-end 31 December 2022 by material Line of Business and Geographical area (based on Irish GAAP):

General Liability EEA	31/12/2022 EUR'000
Gross premiums written (Direct)	250
Change in Unearned premium reserves (Direct)	(215)

General Liability EEA	31/12/2022 EUR'000
Earned premium direct	35
Outward reinsurance premiums ceded	(200)
Change in Unearned premium reserves (Ceded)	172
Net earned premium	7
Net Claims incurred	(4)
Net underwriting income/(expense)	1
Net Underwriting Profit	**4**

A.3 Investment Performance

A.3.1 Income and expenses arising by asset class

The Company has an investment strategy which complies with the requirements of "the prudent person principle".

As at 31 December 2022 the Company's investment portfolio comprised the following material asset classes:

Asset Class	31/12/2022	
	Amount EUR'000	% of portfolio
UCITs (Payden Global Short Fund)	8,451	100%
Total	**8,451**	**100%**

The table below sets out the investment returns by asset class:

Asset Class	31/12/2022
	EUR'000
UCITs (Payden Global Short Fund)	(249)
Total	**(249)**

Investment value was lost due to negative returns of €249K which is in line with the combination of stabilising global government rates and tightening credit spread.

A.3.2 Gains and losses recognised directly in equity

No gains and losses have been recognised directly in equity.

A.3.3 Investments in securitisation

There are no investments in securitisation.

A.4 Performance of Other Activities

A.4.1 Other significant activities

There have been no other significant activities undertaken by the company other than its insurance and related activities.

A.5 Any Other Information

There are no other material matters in respect of the business and performance of the Company.

B SYSTEM of GOVERNANCE

B.1 General information on the system of governance

Role and responsibilities of the administrative, management or supervisory body and key functions

The Company is classified as a Low Impact firm under the Central Bank of Ireland's risk-based framework for the supervision of regulated firms, known as PRISM or Probability Risk and Impact System and is subject to the Central Bank of Ireland's Corporate Governance Requirements for Insurance Undertakings 2015.

CIIC has established and maintains an effective system of governance with clear delegated authorities, responsibilities and reporting lines. The system of governance is subject to regular review to ensure that it remains appropriate, reflects current requirements and changes in the organization.

Board of Directors:

The Company's Board of Directors ("the Board") carries overall responsibility for the effective, prudent and ethical oversight of the business and sets its business strategy and risk appetite. The Board meets on a quarterly basis, or more frequently as required.

The current composition of the Board is as follows:

Name	Position	PCF
S. Spano	NED/Chair of the Board	PCF-2A & PCF-3
T. Mills	NED	PCF-2A
M. Casella (appointed 26 October 2022)	NED	PCF-2A
J. Collins	INED/Chair of the Audit Committee	PCF-2B & PCF-4
A. Cummins	INED/Chair of the Risk Committee	PCF-2B & PCF-5
R. Aluwihare	ED/CEO	PCF-1 & PCF-8
C. Lippert	ED/Head of Underwriting	PCF-1 & PCF-18

. The Board is responsible for setting and overseeing:

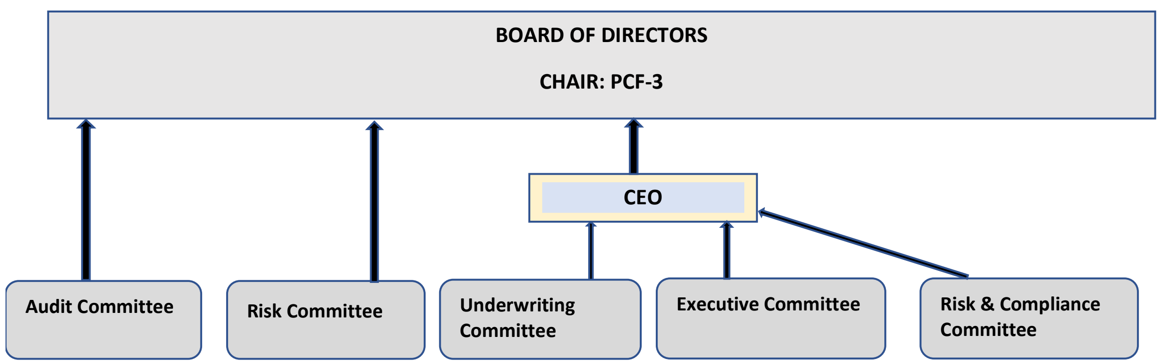
- the business strategy for the Company

- a robust and transparent organisational structure with effective communication and reporting channels
- the amounts, types and distribution of capital adequate to cover the risks of the Company
- the strategy for the on-going management of material risks
- an adequate and effective internal control framework, that includes well-functioning actuarial, risk management, compliance and internal audit functions as well as an appropriate financial reporting and accounting framework
- compliance with solvency capital requirements and minimum capital requirements

The role and responsibilities of the Board are clearly documented in the Board Manual (Including Matters Reserved and Delegated) which they review on an annual basis.

Committees:

The Company is managed via a committee structure, with said committees reporting either to the Board or to the CEO, who in turn reports to the Board. Terms of Reference, Reference have been drawn up, which set out the respective roles and responsibilities for each committee. The Company's high-level governance and corporate structure is laid out below:



1. Audit Committee:

The Audit Committee reports to the Board and its main roles and responsibilities include:

- Review financial statements and other published documents and make recommendations to the Board
- Monitor the effectiveness, independence and objectivity of the external auditors
- Monitor the effectiveness of the Company's Internal Audit Function in the context of the Company's overall risk management system
- Review any significant matters raised by the internal and external auditors

- Monitoring the effectiveness and adequacy of the Company's internal control and IT systems

- Oversee the Company's Outsourcing of any critical or important functions or activities.

- Review of internal complaints reporting and reporting to regulators concerning complaints data

- Review and approve annual compliance plan

- Review the output from the risk management framework

2. Risk Committee:

The Company recognises the need to develop and maintain a proactive Risk Management Strategy that not only meets Central Bank standards, but is aligned to the size, business mix and complexity of the Company's operations. The Risk Committee is considered an integral part of this strategy and will oversee the risk management function.

The role of the Risk Committee shall be to advise the Board on risk appetite and tolerance for future strategy, taking into account the Board's overall risk appetite, the current financial position of the Company and the Company's capacity to manage and control risk with the agreed strategy. The Committee will draw on the work of the Audit Committee and the external auditor. The Risk Committee shall oversee the risk management function, which is managed on a day to day basis by the CRO.

The responsibilities of the Risk Committee are as follows:

- advise the Board on risk appetite taking into account the current financial situation of the Company, the strategy of the company and having regard to the work of the Audit Committee and the external auditor;

- advise the Board on the risk tolerances for the strategy of the Company, taking account of the Board's overall risk appetite, the current financial position of the Company and, drawing on the work of the audit committee and the external auditor, the capacity of the Company to manage and control risks with the agreed strategy;

- liaise regularly with the Chief Risk Officer to ensure the development and maintenance of an effective risk management framework;

- oversee the implementation of the risk management framework risk management function of the Company, (which is managed on a day-to-day basis by the Chief Risk Officer);

- review, evaluate and advise the Board on the effectiveness of strategies and policies in maintaining adequate internal capital and own funds to cover the risks of the Company;

- review the policies that the Company proposes or has implemented regarding compliance with all applicable national laws and regulations and monitor the effectiveness of those policies, and recommend any appropriate changes to such policies to the Board;

- discuss with management the policies with respect to risk assessment and risk management. The Committee should discuss guidelines and policies to govern the process by which risk assessment and control is handled and review the steps management has taken to monitor the Company's risk exposure;
- provide direction and recommendations to the Board in relation to the ORSA process policies required under Solvency II on an on-going basis; and,
- Identify risks to be addressed by contingency plans and ensure the review, update and testing of contingency plans on a regular basis; and
- Promote a risk awareness culture within CIIC.

3. Underwriting Committee:

The Underwriting Committee reports to the CEO, who in turn reports to the Board.

The main roles and responsibilities of the Underwriting Committee include:

- Monitoring the progress and delivery of the business plan and the adequacy of the control environment
- Reviewing premium against plan
- Oversight of Delegated Underwriting Authorities with Managing General Agents
- Reviewing performance metrics
- Reviewing claims activities
- Reviewing procedures and controls
- Reviewing exceptions in relation to key areas such as due diligence, audits, income monitoring, credit control

4. Executive Committee:

The Executive Committee reports to the CEO, who in turn reports to the Board.

The main roles and responsibilities of the Executive Committee include:

- formulate strategy, develop and recommend strategic and operating plans
- manage the business by reference to those plans
- review and recommend the business mix
- recommend strategy regarding the regular business operations of the Company, and generally provide a forum for discussion of key issues

- recommend new business lines, products and budgets
- recommend the allocation of budget resources among competing interests

5. Risk and Compliance Committee:

The Risk and Compliance Committee reports to the CEO, who in turn reports to the Board.

The main roles and responsibilities of the Risk and Compliance Committee include:

- manage, control, oversee and co-ordinate the risk management, compliance and internal control activities of the Company;
- support implementation and monitoring of the Company's strategy on corporate governance and outsourcing and make appropriate recommendations and reports to the CEO and Executive Committee;
- ensure the effectiveness of the governance and compliance processes;
- oversee the project management activities related to the governance and compliance processes including the approval of new risk and/or compliance controls, monitoring and assessment processes;
- oversee and reviewing product development in line with the Product Oversight and Governance Policy, including oversight of necessary notification to the Central Bank of Ireland where the introduction of a new product would cause a material change to the Company's business plan;
- consider reports from internal audit, risk management, compliance, internal control and operations functions in relation to the Company's business and put actions in place to address any requirements; and
- make recommendations to the CEO and Executive Committee about new strategy, the structure of and policy on the risk and compliance function and project manage all risk management and compliance activities of the Company on an ongoing basis.

Independent Control Functions:

The Company has established the four key control functions in line with Solvency II requirements: risk management, actuarial, compliance and internal audit. These functions, each possessing distinct responsibilities, are tasked with providing oversight of and challenge to the business and for providing assurance to the Board in relation to the Company's control framework.

Risk Management Function

The Company has appointed a Chief Risk Officer who is responsible for the Risk Management Function.

Refer to section B.3.2 of this report for further information on the implementation of the Risk Management Function.

Compliance Function

The Company has appointed a Head of Compliance who is responsible for the Compliance Function.

Refer to section B.4.2 of this report for further information on the Compliance Function.

Actuarial Function

In line with the requirements of Solvency II, and the CBI's 'Domestic Actuarial Regime and Related Governance Requirements under Solvency II", the Company has appointed a Head of Actuarial Function ("HoAF"). Aoife O'Brien of KPMG has been engaged on an outsourced basis to perform the role of HoAF.

Refer to section B.6 of this report for further information on the Actuarial Function.

Internal Audit Function

Anlo Taylor of Deloitte Ireland LLP has been engaged on an outsourced basis to perform the role of Head of Internal Audit and is responsible for the Internal Audit Function.

Refer to section B.5 of this report for further information on the Internal Audit Function.

B.1.1 Material changes in the system of governance that have taken place over the reporting period

- Mr. John O'Donnell resigned from his position as Head of Compliance on 9th June and was replaced by Ms. Deirdre Tuohy.
- Mr. Sameer Keshani resigned from the position of Chief Risk Officer on 7th June and was replaced by Ms. Emma Leonard.
- Mr. Andrew Hulme replaced Ms. Caitlin Crist as Head of Claims, on a temporary basis, effective from 20th June 2022.
- Ms. Erin Bagley resigned from her position as non-executive director effective 24th June 2022.
- Mr. Michael Casella was appointed as a non-executive director effective 26th October 2022.

Apart from the above, there have been no material changes in the system of governance.

B.1.2 Remuneration policy for the administrative, management or supervisory body and employees

B.1.2.1 Remuneration policy for the administrative, management or supervisory body and employees

The Company has established a remuneration policy for directors and employees. The objectives of the remuneration policy are to ensure:

- that remuneration policy and practices are aligned with Company Strategy, Risk Management Strategy and Risk Appetite, objectives, values and long-term interests of the Company;
- that the policy applies to the Company as a whole in a proportionate and risk focused way, taking into account the respective roles of the personnel responsible for key functions or who make or participate in making decisions that affect the whole, or a substantial part of the Company's business, including members of the Board;
- that the remuneration policy does not foster practices adverse to the policyholders' interests;
- that a clear, transparent and effective governance structure around remuneration is in place;
- that the Company can attract and retain highly qualified Board members and employees with skills required to effectively manage the Company;
- that Board members and employees are compensated appropriately for the services they provide to the Company; and

- that the remuneration motivates Board members and employees to perform in the best interests of the Company and its stakeholders.

Directors, who do not perform executive functions in the Company or in Group companies, receive a fixed sum as remuneration.

Directors, who also perform executive functions in Group companies or perform duties as part of an outsourced service provision, will not receive individual remuneration from the Company.

The Company provides a range of benefits to employees including a discretionary bonus scheme, a defined contribution pension plan and a group health insurance scheme.

The remuneration policy is designed to improve the performance and the value of the Company and to motivate, retain and attract qualified employees.

B.1.2.2 Material transactions during the reporting period with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body

The Company allotted 9,999,999 shares of €1.00 each to its parent CIH at a subscription price of €1.00 per share which are paid up in full.

The Company did not enter into any transactions with key management personnel in the Coverys Group during the year ended 31 December 2022.

The Company writes it business by way of DUAs with Coverys Group owned MGAs and issued two such DUAs during the period. The Company has a quota share reinsurance arrangement in place with its ultimate parent, MPMIC, which includes a mechanism for the recovery of a portion of related expenses.

B.2 Fit and Proper requirements

B.2.1 Requirements for skills, knowledge and expertise

On 1 October 2010, Part 3 of the Central Bank Reform Act 2010 introduced a harmonised statutory system for the regulation by the CBI of persons performing Controlled Functions ('CFs') and Pre-Approval Controlled Functions ('PCFs') in regulated financial service providers.

On 1 December 2011, the CBI issued the Fitness & Probity Standards under Section 50 of the Central Bank Reform Act 2010 with which all persons performing Controlled Functions or Pre-Approval Controlled Functions should, at a minimum, comply.

Guidance for (Re)Insurance Undertakings on the Fitness & Probity Amendments 2015 further assist companies in complying with their obligations brought in by the Solvency II (European Union (Insurance and Reinsurance) Regulations 2015 S.I. 485 of 2015).

The Company has adopted a Fitness and Probity Policy (reviewed by the Board on an annual basis) with the purpose of ensuring that:

- persons holding key positions within the Company are assessed in terms of their fitness and probity in relation to a proposed role and on an ongoing basis;
- effective procedures are in place to undertake this assessment;
- the results of such an assessment are documented;
- the Board is satisfied that it can conclude that persons holding key positions are fit and proper;
- responsibility is assigned to ensure fitness and probity is monitored on a continuous basis;
- approval is sought from the CBI prior to the appointment of persons performing Pre- Approval Control Functions.

B.2.2 Fitness and probity

Process for assessing the fitness and the propriety of the persons who effectively run the undertaking or have other key functions

The Policy outlines the procedures that must be followed for assessing the fitness and probity of persons performing CFs and PCFs while also stipulating the requirements for instances when either of these functions are outsourced to a regulated or unregulated entity.

It also focuses on the documentation, controls and governance that are required to be in place to ensure compliance with the abovementioned Regulations.

This is achieved in the main by means of internal checklists, documentary evidence of qualifications proving suitability for the role in question, references, regulatory authority, companies' office and police authority checks and self-certifications from the applicant in the form of Curricula Vitae and the CBI Individual Questionnaires.

B.3 Risk management system including the own risk and solvency assessment

B.3.1 Risk management system

To facilitate a structured approach to risk-taking, an Enterprise Risk Management ('ERM') system is embedded in the Company's system of governance. The ERM system is designed to support decision-making procedures by providing consistent, reliable and timely risk information and protecting capital from risks that exceed established risk tolerances. These risk tolerances define the Company's willingness and ability to take risk overall and with respect to specific types of risks having regard to circumstances that may arise and the actions undertaken in response to those circumstances.

The Board delegates oversight of the risk management framework to the Risk Committee. From an executive perspective, the Risk Committee has oversight of the risk management framework. The Risk Committee makes recommendations to the Board on current risk exposures, risk appetite and future risk strategy, as well as overseeing the risk management function.

CIIC utilises a risk management tool, Decision Focus to operationalize key elements of the risk management framework including the risk register, the risk incident and near miss process and the Risk and Control Self-Assessment process.

In order to facilitate risk-taking in an informed and disciplined manner, the Company manages individual risks through a continuous cycle of identification, assessment, management, monitoring and reporting with regular review. Documentation of this cycle ensures corporate knowledge is preserved and assurance of due process provided to the Board. The steps of the risk management cycle are outlined below.

<u>Identify</u>

The risk management cycle begins with identifying the risks which CIIC is exposed to. This is done in collaboration with the relevant staff and teams with responsibility for each business area.. As the risk environment is constantly evolving , an important aspect is continual re-assessment to ensure any new or emerging risks are also identified. Key Risk identification and assessment processes include:

- Maintenance of the Risk Register / Risk Assessment Process;
- Bi-annual meetings with risk owners;
- Project Risk Assessments;
- Stress and Scenario Framework;
- Outsourcing Risk Assessments; and
- Monitoring of Emerging risks through consultation and monitoring external development.

Assess

A key component of the Risk Control Cycle is the Risk Assessment process, reported through the Risk Register and described below as follows. Identified risks are assessed and challenged on the basis of probability and severity and inherent risk scores arising from these risk events are documented.

Manage

Having identified risk categories, risk events and capturing these alongside risk appetite in the risk register, it is possible to establish the control environment.

The design of the control environment has the following desired outcomes:

- Provide a control framework that mitigates the risk events for each risk category to within the risk appetite approved by the CIIC Board.
- Provide comfort to the CIIC Board that the procedures and controls in place are effective and appropriate and ensure compliance with laws and regulations.
- Ensure that controls are being signed off by the correct people in the business.

Monitor/Report

The business monitors performance and control reporters complete a self-assessment sign off of whether the controls have operated effectively. These sign offs are reviewed by risk owners.

Validation

The risk management team validate the control self-assessment sign offs over a rolling 3-year period to ensure on a sample basis that the self-assessment is appropriate.

The risk management team provides independent and constructive challenge to the first line of defence. The risk management team reports control performance and the comparison of residual risk against risk appetite each quarter. This assessment follows a market standard approach of using controls to reduce the inherent risk to a residual risk that is less than risk appetite. Therefore, if sufficient controls fail such that the risk event is flagged as red (and if there are no compensating controls), this implies that CIIC is operating outside risk appetite.

The internal audit function performs independent risk-based assessments to provide assurance to the audit committees that the control environment is operating as expected.

The Board formally reviews the relevant risk appetite statements, risk appetite levels and emerging / strategic risk at least annually to test that the risk assessment and control environment is operating appropriately.

Risk Reporting:

The risk management reporting framework ensures reporting and escalation is timely and effective, to enable the Board to view how the CIIC risk profile has changed over the course of time and whether risks are being managed in line with CIIC's risk appetite.

Risk reporting must:

- Present an accurate, clear and timely picture of existing and emerging risk issues, risk exposures and risk management activities to highlight threats to achievement of business objectives and support the optimisation of performance.
- Provide demonstrable evidence that CIIC is managing its risks, which provides assurance to the management, non-executives, regulators, investors and other stakeholders; and
- Support executive management in meeting their responsibilities by facilitating the escalation of matters in a timely manner.

The risk management function provides three types of risk reporting:

- Risk management reporting to executive management committees to assist them perform their first line of defence oversight of the risk events for which they are responsible.
- Risk management reporting to the risk committee to assist this committee perform its second line of defence oversight of the whole risk management framework from an executive perspective.
- Risk management reporting to the CIIC Board to assist them to fulfil their management oversight responsibilities.

One of the key tasks of ERM framework in this respect is to constantly improve the understanding of risks by various stakeholders through regulatory and technical support.

B.3.2 Implementation of the Risk management system

The Company recognises the need to have appropriate governance, monitoring and reporting processes and procedures which enable the Company to identify, assess, manage, monitor and report the risks it is or might be exposed to.

Appropriate internal reporting procedures and feedback loops ensure that information on the risk management framework is actively monitored and managed by all relevant functions, committees and the Board.

A "three lines of defence" approach runs through the risk governance structure so that risks are clearly identified, owned and managed:

- **First Line:** Business management takes risks and are responsible for day-to-day risk management. Functional areas and outsourced service providers will collaborate with the Company's Risk Management function on ownership of business processes, risks, controls and frameworks to ensure risks are identified, mitigated and monitored.

- **Second line:** Governance and control functions such as Risk Management, Compliance, and Actuarial help business management manage and control specific types of risks.

- **Third line:** The Audit function provides independent assurance and testing regarding the effectiveness of the ERM framework and risk controls.

Risk Management develop and operate methodologies to identify, manage and mitigate designated types of risks. The Risk Management Function monitors overall risks, including specific risk-types, and escalates through the system of governance any such risks that exceed the Company's risk tolerance, as described in the next section. The Risk Management System is embedded in decision-making across the business including for capital, insurance, reinsurance and investment management.

The Compliance Function forms a key part of the Company's' internal control system to identify, assess, monitor and report on the compliance risk exposure of the Company. The Compliance Function shares its responsibilities with other Company Functions that are responsible for their specific areas.

The responsibilities of the Internal Audit function are set out in the Company's Board-approved Internal Audit Policy. The Internal Audit Function reports to the Board.

B.3.3 ORSA

B.3.3.1 ORSA process

Article 45 of the Solvency II Directive requires insurers, as part of their risk management system, to perform an ORSA at least annually. The Own Risk and Solvency Assessment ('ORSA') process is a fundamental element of the Enterprise Risk Management Framework in CIIC. The ORSA can be defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage, and report the short and long term risks a (re)insurance undertaking faces or may face and to determine the own funds necessary to ensure that the Company's overall solvency needs are met at all times.

This will include analysis to determine solvency in both the short and longer term such that funds held are commensurate with the risks to which it may be exposed. The ORSA therefore represents the Company's own view of the risk profile of the business and the level of capital required to support it.

An ad hoc ORSA will be produced when there has been a material change to the risk profile or the environment within which CIIC is operating. An ad hoc ORSA is produced when the trigger conditions are met outside of the usual ORSA production cycle.

Key elements of the ORSA assessment include:

a) Overall Solvency Needs, taking into account the specific risk profile, approved risk tolerance limits and the business strategy of the undertaking;

b) Compliance, on a continuous basis, with the capital requirements and with the requirements regarding technical provisions; and

c) The significance with which the risk profile of the undertaking deviates from the assumptions underlying the Solvency Capital Requirement

Requirements in relation to Overall Solvency Needs relate to the identification, quantification and management of material risks facing the Company, both immediately and over the period of the business plan. These material risks, and the ability to withstand them in terms of economic and solvency capital, are considered through the use of adverse shock stresses and scenarios quantified both immediately and over the period of the business plan. Reverse stress testing is also considered in terms of how they are being monitored and managed appropriately by the Company.

The ORSA report also addresses the requirements noted above in relation to:

- Demonstration of ‘Continuous Compliance’ with solvency capital requirements;

- Demonstration of ‘Continuous Compliance’ with requirements regarding technical provisions; and

- Assessment of the significance with which the risk profile of the undertaking deviates from the assumptions underlying the Solvency Capital Requirement.

Governance of the ORSA process is set out within the Board-approved ORSA Policy.

The ORSA process is embedded within the Company’s ERM framework and aligns with the capital management processes. The risk and capital assessments, and conclusions arising, are used within business decision-making processes, including the ongoing development of the Company's strategy, business planning, product development and capital management policy. The Board is responsible for directing and overseeing the ORSA process.

Stress Testing Framework

Stress and Scenario testing (‘SST’) encourages business leaders to think about what might happen, either now or at some stage in the future, so as to assess how it might impact their business. By considering SST in a structured way, it can generate ideas on how to grow the business, or how to position it so as to avoid potential losses (or maximise certain gains). It can help you identify new opportunities, or areas where current business models are threatened.

The CIIC risk function has the following framework in place to manage this process.

Sensitivity Analysis

Sensitivity tests are used to understand the robustness of the capital assessment and how it may change with amendments to the assumptions which underpin it. This analysis is useful in focusing resources towards those factors which are most impactful on solvency. SRS provide actuarial resources in relation to understanding the impact to capital and the SCR of various stresses, scenarios and reverse stress tests.

Stress & Scenario Tests

A suite of stresses and scenarios are maintained by the risk management function, with assistance from other functions, including the HOAF, to comprehend and quantify the risks to the Company operating in plausibly extreme, adverse situations. Business performance under these conditions is assessed to allow the Company to ensure that the most appropriate control mechanisms are put in place should such situations occur.

Reverse Stress Testing

Reverse stress testing considers those scenarios that are most likely to render the current business model unviable. The reverse stress test is designed to encourage CIIC to test the business model and develop a greater understanding of the vulnerabilities in this model. This allows the Board to determine whether any triggers or mitigating actions should be put in place should the scenario develop. It is separate but complementary to other stress tests. The reverse stress test calculates the scenario required to decrease the SCR to 100%.

Emerging Risks

Each year, a list of strategic and emerging risks will be considered in Q1. The outcome of the review, including any actions, are summarised in the ORSA report.

Use of the ORSA results

The ORSA shall be an integral part of the business strategy and the Board shall take the ORSA into account on an on-going basis in the strategic decisions, operational and management processes of the Company.

The ORSA is intended to allow the Board to understand:

- The risk profile of the Company and the key drivers of the risk profile
- Risks that should be monitored more frequently
- Any material changes to the risk profile over the most recent period
- Risks not covered in the regulatory SCR
- What actions need to be taken if certain risks were to materialise
- Areas for improvement in risk management
- Whether there is sufficient available capital to support the current business plan
- Assist with regulatory supervision and help the Board to articulate their stewardship and governance of the Company.

B.3.3.2 ORSA review and approval process

The risk management process and ORSA is performed on an annual basis or when there is a material change in the Company's business plan. The risk monitoring is performed on an on-going basis and the Risk Register is annually reviewed and updated during the ORSA review process.

The Board requires that the ORSA process produces meaningful reports on the adequacy of the Company's capital and that it includes risk sensitivities that can be used in shaping strategy and risk appetite.

The Board reviews the ORSA report and considers appropriate action for the business such as:

- Decisions in relation to capital;
- Reassessment of risk profile and appetite;
- Additional risk mitigation actions;
- Reassessment of investment strategy; and
- Significant changes in other categories - Capital Shortage Risks/quality of capital etc.

Under the following circumstances, a non-scheduled ORSA shall be performed immediately (in addition to the scheduled ORSA):

- Significant change in the risk profile of the Company which can be defined as a major change to the business strategy or business activities
- Significant changes to non-financial matters - operational/regulatory risks and legal/strategic/group risks
- Significant changes in other categories - e.g. risks relating to capital shortage or a change in the quality of capital etc.

B.3.3.3 **Statement explaining how the undertaking has determined its own solvency needs given its risk profile and how its capital management activities and its risk management system interact with each other**

The Company determines the solvency capital and assesses the overall solvency needs using the Solvency II standard formula.

A three-year base case projection of the Solvency II Balance Sheets and Solvency Capital Requirements position is produced using the standard formula on the basis of actuarial assumptions. The results are subjected to a range of scenario testing that is set by the Board and, where appropriate, potential management actions are noted and conclusions drawn. The Head of Actuarial Function additionally undertakes a review of the scenarios within the Company's ORSA.

B.4 Internal Control System

B.4.1 Description of the internal control system

The Board is ultimately responsible for the internal control framework, including approval of the Company strategy and business planning. The Board , through the operation of the Audit, Risk and Executive committees ensures that the internal control framework is maintained to ensure the accuracy and timely reporting of financial and regulatory reporting.

The Internal Control Framework of the Company has three other elements, as previously detailed in section B3.2:

First line of defence: "day-to-day" operations and associated controls

Second line of defence: oversight from compliance and risk management functions

Third line of defence: independent assessment, internal audit and actuarial functions (plus external audit).

B.4.2 Implementation of the compliance function

The Board has ultimate responsibility for its compliance objectives. To help achieve this aim the Board has established a Compliance Function, staffed by an appointed Head of Compliance to supplement not supplant, the responsibilities of the Board to ensure compliance with legislation and applicable requirements.

The responsibilities of the compliance function include:

- assist the Board with ensuring ongoing compliance with legislation and applicable requirements;
- enhance the Company's awareness of compliance matters;
- monitor the Company's compliance with (re)insurance legislation and applicable requirements and guidelines;
- document any breaches identified, how they were addressed and whether any third-party reporting of the breach is required;
- ensure that the Board is kept informed of any amendment to the applicable regulations, legislation and guidelines or the addition of any new requirements and the potential impact on the Company;
- provide opinions, recommendations, supervision and independent controls; and
- provide reasonable assessment of the effectiveness and consistency of the internal processes used to control the compliance of the Company's operations and protect its reputation.

The Head of Compliance presents a Compliance Function Report to the Board at each board meeting which includes the following:

- Details of regulatory correspondence with the Company
- Details of regulatory developments
- Details of which controls were tested since the last report and the results of the tests

- Conclusions and recommendations on the Company's compliance with (re)insurance legislation and guidelines.

The compliance activities are documented in an annual compliance plan prepared by the Compliance Function which is approved by the Board . The Head of Compliance is responsible for the compliance plan and monitoring program and reports to the Board..

B.5 Internal audit function

B.5.1 Implementation of the internal audit function

The Company has outsourced its Internal Audit Function to Deloitte Ireland. The internal audit function possesses a remit to examine and evaluate the functioning, effectiveness and efficiency of the internal control system and all other elements of the system of governance.

The responsibilities of the Internal Audit Function include:

- establish, implement and maintain an audit plan setting out the audit work to be undertaken in the upcoming year;
- take a risk-based approach in deciding its priorities;
- report on progress against the audit plan to Audit Committee;
- Carrying out reviews and submitting a written report on its findings and recommendations to the Audit Committee.

The Board has delegated responsibility for overseeing the Internal Audit Function to the Company's Audit Committee.

B.5.2 Independence of the internal audit function

By outsourcing the internal audit function to a third party which is not engaged in any executive or operational function that relates to the day-to-day running of the Company, the Board ensures an appropriate separation of duties and independence.

B.6 Actuarial function

The role of the Actuarial Function is outsourced to a third-party provider, KPMG Ireland LLP, via the terms of a written service level agreement.

The responsibilities of the Head of Actuarial Function ("HoAF") include:

- Expressing an opinion on the Underwriting Policy
- Expressing an opinion on the Technical Provisions
- Expressing an opinion on the Reinsurance Arrangements
- Co-ordination of the calculation of the Technical Provisions ("TPs")

- Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of the TPs
- Assessing the sufficiency and quality of data
- Expressing an opinion on the ORSA process

B.7 Outsourcing

The Company has established an Outsourcing Policy which sets out the requirements for identifying, justifying and implementing material outsourcing arrangements. This Policy has been adopted by the Company and includes the following:

- Definition of outsourcing and critical outsourcing;
- Roles and responsibilities
- Risk mitigation strategies;
- Board and management responsibility;
- Assessment of outsourcing options/due diligence;
- Business Continuity Management (BCM), including Exit Strategies;
- Contractual arrangements;
- Management and control of the outsourcing relationship;
- Regulatory notifications; and
- Intra-group outsourcing.

The Company’s outsourcing arrangements are subject to annual review and the findings of the report, along with the Outsourcing Policy, are reviewed by the Board.

The following is a list of the important outsourced operational functions together with the jurisdiction in which the service providers of such functions or activities are located:

Description of Functions or Activities	Service Provider	Location	Outsourcing Oversight
Head of Actuarial Function (PCF-48)	KPMG	EU	CEO
IT Infrastructure and systems	Coverys MA Services Ltd	UK	CEO
Insurance Management support services	SRS Management Europe PCC Ireland	EU	CEO

Description of Functions or Activities	Service Provider	Location	Outsourcing Oversight
	Branch		
Investment Management	Payden & Rygel Global Limited	EU	CEO
Third Party Claims Administration Services	Adjusting & Claims Services Scrl (A&CS)	EU	CEO
Policy Administration	AEC SpA	EU	CEO
Policy Administration	Bridge Insurance Broker Srl	EU	CEO
Fiscal Representatives	Sovos	UK	CEO
Head of Internal Audit (Pre-Approval Controlled Function 13 (PCF-13) and Internal Audit Function	Deloitte Ireland LLP	EU	Audit Committee

B.8 Assessment of the adequacy of the system of governance of the insurance or reinsurance undertaking to the nature, scale and complexity of the risks

The Company has assessed its corporate governance system and has concluded that it effectively provides for the sound and prudent management of the business, which is proportionate to the nature, scale and complexity of the Company's operations.

B.9 Any other material information regarding the system of governance of the Company

Apart from those detailed in Section B1.1., no material changes regarding the system of governance of the Company took place.

C RISK PROFILE

The Company has established its risk management framework to ensure that all the current and future material risk exposures are identified, measured, managed, monitored and reported in accordance with the Company's risk appetite statement and key tolerance limits.

Risks are measured on an inherent and residual basis with the likelihood of the event and potential financial impact of the event the main measures. Key Risk Indicators are monitored to identify trends or changes in risk exposures. Inherent risk exposures are continually monitored and are mitigated through controls.

The Company's material risks are captured within the ORSA process and are considered to be appropriately reflected within the standard formula and Company's own solvency needs.

C.1 Underwriting risk

C.1.1 Key underwriting risks

Underwriting risk arises from two sources – premium risk (pricing) and adverse claims development (reserve risk).

Non-life underwriting risk at 31st December 2022 constitutes 44% of the undiversified basic SCR.

The key underwriting risks to which the Company is exposed to are set out below:

Non-life premium risk

For a non-life insurer, underwriting risk is the risk arising from non-life insurance obligations in relation to the perils covered and the processes used in the conduct of business.

CIIC's underwriting objective is to profitably grow the business by underwriting selected insurance risks within the risk appetite of the Company. The Company uses reinsurance arrangements to mitigate risk by capping risk exposure to within the Company's risk appetite.

Underwriting risk is mitigated by underwriting due diligence and actuarial review of pricing and reserving prior to on-boarding of new business. Financial arrangements are subject to terms that align interests and ensure business partners have an incentive to target profitable business and monitoring controls are in place to ensure that business is written in accordance with approved pricing.

The Company has a risk of exposure to large individual losses due to the size of the current underwriting portfolio. This risk is mitigated by reinsurance arrangements to protect the Company's net retained exposure against a single risk or an accumulation of similar risks.

The Company has a risk that outsourced providers of underwriting support services write business that is not in accordance with contractual arrangements. This risk is mitigated by due diligence of the outsourced arrangements and regular underwriting reviews and audits.

Non-life reserving risk

The Company establishes provisions for outstanding claims which represent the estimated ultimate cost of settling all claims (including direct and indirect claims settlement costs). The reserves include provisions for claims incurred but not reported (IBNR). IBNR is largely an estimate of loss and claim adjustment expenses associated with likely future claims activity based on historical industry benchmarking that establish a reliable pattern. This pattern is used to estimate IBNR amounts and the timing of those amounts.

The Company is exposed to the risk that reserves are insufficient to cover ultimate claim costs. This risk is mitigated by actuarial review, data accuracy guidelines and on-going monitoring and review of losses.

Non-life catastrophe risk

The risk of a major man-made catastrophe event occurring, is considered as part of its reinsurance strategy. The Company has reinsurance protection in place which serves as a mitigation measure in this regard and said reinsurance is placed with companies who have a credit rating of A or better. The reinsurance programme limits the risk retained by the Company to 20% of written premium. This significantly reduces the potential for volatile movements in own funds caused by large or catastrophic claims arising from this class.

Reinsurance

The Company has identified the risk of insufficient reinsurance protection as a material risk. Reinsurance strategy and risk retention are reviewed on a regular basis to ensure that the existing programme structures and strategies continue to be appropriate for the Company's strategic objectives.

C.1.2 Assessment and risk mitigation techniques used for underwriting risks The Company monitors and controls risks via various methods, including:

- Having in place clear underwriting and reserving philosophies and procedures and controls in relation to pricing and reserving;
- Assessing insurance risks with quality underwriting and claims expertise and information;
- Retaining risk within an approved risk appetite and solvency requirements;
- Transferring risk if required, through reinsurance/retrocession with high credit quality entities;
- Diversifying and limiting reinsurance risk through ongoing review and management;
- Monitoring changing environment and market conditions that affect risk;
- Reporting of actual positions against the Company's risk appetite metrics

takes place on a quarterly basis as part of the Company's regulatory reporting process;

- The ORSA includes stress and scenario testing which is used to assess the risks under stressed conditions;

- Independent opinion on the reasonableness and adequacy of the overall underwriting policy is provided by the Head of Actuarial Function on an annual basis.

C.1.3 Material risk concentrations

The Company currently writes professional liability business in the Italian and Irish markets so is not widely diversified. The Company uses reinsurance protection to reduce the concentration risk within its underwriting portfolio. In the future, and subject to regulatory approval if required, the Company intends to diversify into other lines of business and other territories which will further reduce its concentration risk.

C.1.4 Risk sensitivity for underwriting risk

The Company carried out stress and scenario testing as part of the ORSA process, which included stress testing for the material underwriting risks, and the projected solvency position over the business planning period was re-calculated following adverse stresses. Further detail in relation to stress testing and sensitivity analysis can be found in section C.8.

C.2 Market risk

C.2.1 Material market risks

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both value of assets held and value of liabilities. The objective of the Company in managing its market risk is to ensure risk is managed in line with the Company's risk appetite. The Company has established policies and procedures in order to manage risk and methods to measure it.

The Company's investment portfolio is managed by Payden & Rygel in accordance with the Company's Investment Policy and Investment Strategy. The investment manager reports quarterly to the Board.
Market risk is arrived at using the assumptions and calculations methods contained in the Standard Formula.

The table below outlines the material components of the market risk module as at 31 December 2022.

31/12/2022	**EUR'000**
SCR Interest rate	238
SCR Equity	301

31/12/2022	EUR'000
SCR Property	0
SCR Spread	159
SCR Concentration	79
SCR Currency	57
Diversification within market risk module	-311
Total market risk	**524**

Concentration risk: Market risk concentration may occur due to lack of diversification in the investment portfolio, which may lead to a large exposure in a foreign currency, asset class or issuer. A capital charge of €79k arises from the concentration risk associated with the Company's investments.

Spread risk: Spread risk is the sensitivity of the value of investments, primarily bonds and deposits in respect of the Company, to changes in the level or in the volatility of credit spreads. Spread risk is linked to the credit rating of assets held and the effect of a market change in the credit curve. An undiversified charge of €159k is applied for the spread risk associated with the Company's investment portfolio.

Interest rate risk: the risk that the Company is exposed to lower returns or loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets arising from changes in underlying interest rates.

Currency risk: Currency risk arises from the Company's exposure to higher or lower returns as a direct or indirect result of fluctuations in the value of, or income from, specific assets or liabilities arising from changes in underlying exchange rates. A capital charge of €57k arises from the exposure to investments held in foreign currencies. The exposure is mitigated by the application of forward derivatives in order to hedge the foreign exchange exposure.

Equity risk:

Equity risk is 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 capital charge of €301k arises from the Company's investments.

Prudent person principle applied to market risks

The high quality and conservative investment portfolio is a consequence of the investment assets being prudently invested, taking into account the liquidity requirements of the business and the nature and timing of the insurance liabilities.

C.2.2 Assessment and risk mitigation techniques used for market risks

The Company monitors and controls market risks via various methods, including:

- Compliance with the Investment Policy and Asset Liability Policy as approved by the Board ;
- Retaining risk within an approved risk appetite and solvency requirements;
- Diversifying and limiting investment risk through ongoing review and management;
- Monitoring changing environment and market conditions that affect risk;
- Reporting of actual positions against the Company's risk appetite metrics takes place on a quarterly basis as part of the Company's regulatory reporting process;
- The ORSA includes stress and scenario testing which is used to assess the risks under stressed conditions.

C.2.3 Risk sensitivity for market risks

See section C.8 for information on stress testing and sensitivity analysis for all the risk categories.

C.3 Credit risk

C.3.1 Material credit risks

Credit risk at 31 December 2022 constitutes 27% of the undiversified basic SCR.

Credit risk is the risk that the Company is exposed to lower returns or loss if another party fails to perform its financial obligations towards the Company. The counterparty default risk module in the Standard Formula is mainly driven by cash at bank and the reinsurer's share of technical provisions.

The material credit risks as at 31 December 2022 relate to the reinsurance arrangements with a panel of reinsurers and MPMIC.

C.3.2 Prudent person principle applied to credit risks

Counterparties are selected by taking into account the credit rating and reputation of each entity. Credit ratings are used as a way of properly identifying and managing the risk attached to a counterparty.

C.3.3 Assessment and risk mitigation techniques used for credit risks

The Company monitors and controls credit risks via various methods, including:

- Minimum rating criteria for the placing of deposits and opening of bank accounts, in line with the Investment Policy and Asset Liability Policy;

- Monitoring the credit ratings of counterparties;
- Reporting of cash, investment and liquidity positions takes place monthly as part of the Company's management accounts reporting process;
- Retaining risk within an approved risk appetite and solvency requirements;
- The ORSA includes stress and scenario testing which is used to assess the risks under stressed conditions; and
- Independent opinion on the Company's reinsurance arrangements is provided by the Head of Actuarial Function on an annual basis.

C.3.4 Material risk concentrations

Credit Risk concentration is associated with any single exposure or group of exposures with the potential to produce large losses to threaten the Company's core operations. It may arise either from a single counterparty concentration or industry concentration. CIIC is not materially exposed to such risk as at 31 December 2022.

C.3.5 Risk sensitivity for credit risk

See section C.8 for information on stress testing and sensitivity analysis for all the risk categories.

C.4 Liquidity risk

C.4.1 Material liquidity risks

Liquidity risk refers to the risk that undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due.

The liquidity management process is defined within the Company's Asset Liability Management and Liquidity Risk Policy. The Company manages liquidity risk by continuously monitoring and forecasting the actual cash flows and matching the maturity profiles of assets and liabilities. Liquidity management ensures that the Company has sufficient access to funds necessary to cover reinsurance claims.

The Company's Asset Liability Management & Liquidity Risk Policy sets out overarching principles in terms of maintaining a liquid portfolio so that appropriate levels are maintained to discharge liabilities as they fall due. The Company has considered the risk of a lack of liquidity available to pay insurance liabilities in its risk register.

The Company's cash in-flow is generated from premium income. Its cash out-flow consists mainly of reinsurance premium, claims payments and administration expenses. To the extent that underwriting cash flows are not sufficient to cover operating cash outflow in any year, the Company may recall funds from its investment portfolio. Additionally, the Company's ultimate parent has formally guaranteed to inject capital should the Company's solvency cover ratio fall below 180%

C.4.2 Prudent person principle applied to liquidity risks

The investment assets are prudently invested taking into account the liquidity requirements of the business and the nature and timing of the insurance liabilities.

C.4.3 Assessment and risk mitigation techniques used for liquidity risks

The Company monitors and controls risks via various methods, including:

- Compliance with the Liquidity and Concentration Policy as approved by the Company's Board ;
- Retaining risk within an approved risk appetite and solvency requirements;
- The CFO monitors cash movements and performs cash flow forecasting which are regularly reported to the Company;
- Written and paid bordereaux are received on a monthly basis. Upon receipt of premium, investments are made in line with the Company's Investment and Asset Liability Policy;
- Reporting of cash, investment and liquidity positions takes place monthly as part of the Company's management accounts reporting process.

C.4.4 Material risk concentrations

It is the Company's policy to have access to adequate liquidity to meet its funding requirements. Funding requirements will include expected and the possibility of unexpected and potentially adverse business conditions. Core funding is assessed via the Company's Minimum Solvency Requirement (MCR), its Solvency Capital Requirement (SCR) and its ORSA.

C.4.5 Risk sensitivity for liquidity risk

See section C.8 for information on stress testing and sensitivity analysis for all the risk categories.

C.5 Operational risk

C.5.1 Material operational risks

Operational risk is the risk of loss resulting from failed internal processes, people and systems or from external events. Operational risks which can result in losses include internal fraud, external fraud, system failures and disregard of company policies.

The Company seeks to limit all operational risk through the implementation of a robust system of internal controls and procedures.

Operational risks are also addressed in the capital requirement as an addition to the Basic SCR to the extent that they have not been explicitly covered in other risk modules. The operational risk capital charge as at 31 December 2022 is €17k.

C.5.2 Assessment and risk mitigation techniques used for operational risks

The Company monitors and controls operational risks via various methods, including:

- Identifying and analysing risk through a disciplined risk assessment process;
- Mitigating or avoiding risks that do not fit within the Company's business objectives;
- Implementing a robust system of internal controls and procedures;
- Segregation of duties;
- Monitoring and internal reporting;
- Setting a strategic prudent risk appetite of in excess of 180% the in-force solvency requirement, be it the SCR or the MCR ;
- Commitment of effective corporate governance.

C.6 Other material risks

The Company has included a range of non-quantifiable risks in its ORSA process. Documented associated actions exist for each of these risks and they are reviewed on a semi-annual basis by the Board of Directors.

Sample risks include:

- Regulatory and compliance risks;
- Loss of key personnel;
- Outsourcing risks.

The Company has no appetite for regulatory risk. It is the objective of the Company to remain at all times in compliance with Insurance Acts and Regulations, and with Guidelines issued by the Central Bank of Ireland and other applicable legislation in accordance with good corporate governance and codes of conduct.

The Board is satisfied that the Company has an adequate succession plan in place.

Additionally, performance of outsourced providers is reviewed on a quarterly basis and such reviews are intended to provide effective oversight of each outsourcing arrangement .

The Board considers that these non-quantifiable risks that are not captured by the standard model are covered by the application of a specified strategic solvency target.

C.7 Amount of expected profit included in future premiums as calculated in accordance with Article 260(2)

The expected profit included in future premiums is calculated as the difference between the technical provisions without a risk margin and a calculation of the technical provisions without a risk margin under the assumption that the premiums relating to existing insurance and reinsurance contracts that are expected to be received in the future are not received. The technical provisions excluding risk margin are equal to the best estimate of premium and are calculated based on the claim exposure linked to the UPR. The expected profit included in future premiums is then Nil as at 31 December 2022.

C.8 Stress and sensitivity tests

In terms of its solvency needs, the absolute floor is the MCR as determined by the Standard Formula. CIIC is utilising the MCR for 2022 and will continue to utilise the MCR for 2023. The CBI, as part of the authorisation process has determined that CIIC must maintain a 180% solvency coverage ratio.

The ORSA process for 2022 has considered CIIC's strategy and business plans in the context of its risk appetite and having conducted a wide range of stress and scenario tests, confirms that the focus on the on the identified top risks, as well as the current strategic and management agenda, remains appropriate. Of the stress tests and scenarios considered, only the most extreme events with the lowest probability of occurrence would reduce the level of assts below the level of liabilities and so directly threaten CIIC's ability to meet its obligations to policyholders. However, some scenarios, including an extreme and prolonged recession, would reduce funds below the level of the MCR and SCR and so would require recovery plans to be implemented.

It is noted that during March 2023, the company issued €3,700k of shares to its parent company. This is in addition to the €10,000k capital share issuance made as part of the authorization process in 2022. While the business grows rapidly over the planning horizon, the initial capital injections are sufficient to support the current approved financial plan. The Company expects to receive further capital injections from its parent in 2025 to support further growth as economies of scale will not have been reached to generate sufficient profits from the business written to fund the growth plan.

The capital available to the Company is of a very high quality, predominantly consisting of Tier 1 own funds from either the initial share capital or capital contribution from the parent company.

CIIC monitors its capital position on a quarterly basis with robust KPI's in place. Should CIIC identify a potential capital shortfall, options are available to them in the form of a capital issuance, a capital injection and the execution of the Solvency Guarantee Deed which provides a commitment to maintain CIIC's SCR at 180% for eight years up to a limit of €14,800k. From a risk perspective, these options significantly reduce the capital risk to CIIC.

C.9 Any other information

The Company has identified all material risks through its risk register and there is no other material information regarding the risk profile of the Company that warrants disclosure.

D VALUATION for SOLVENCY PURPOSES

D.1 Assets

D.1.1-2 Local GAAP and Solvency II Valuations

The table below sets out the value of the Company's assets as at 31 December 2022:

	31/12/2022	
	Assets per GAAP	Assets per Solvency II
	EUR'000	EUR'000
Other financial investments (Collective Investment Undertaking)	8,451	8,451
Reinsurers' share of technical provisions	186	213
Insurance and intermediaries' receivables	437	377
Cash and cash equivalents	399	399
Deferred Acquisition Costs	70	-
Other assets	22	22
Deferred tax assets	-	58
Total assets	**9,564**	**9,520**

The Company's material assets are recognised and valued using the following principles:

Collective Investment Undertaking

The Company invests in a short maturity bond fund for which a look through approach has been adopted for Solvency II given that the fund is comprised of a number of underlying publicly traded securities. Investments are valued at fair value using prices in active markets provided by independent pricing sources and audited by the fund's auditor, Grant Thornton.

Reinsurers' Share of Technical Provisions

In the Solvency II balance sheet, the Company includes the full expected cost of claims within the technical provisions and treats the expected corresponding reinsurance recoverables as an asset. The valuation methods and assumptions for reinsurance recoverables are consistent with the methods and assumptions for the corresponding technical provisions. The value of the recoverable asset is the best estimate of future reinsurance cash flows, allowing for the probability of default by the reinsurer.

Insurance and Intermediaries' Receivables

Amounts for payment by policyholders, insurers, and other linked to insurance business that are not included in technical provisions. For Solvency Balance sheet this balance only includes amounts past-due.

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits with credit institutions with a maturity of less than 3 months. Cash and cash equivalents are initially measured at fair value.

Deferred Acquisition Costs

Deferred acquisition costs are valued under GAAP based on the estimated un-utilised benefit at year end. The value of deferred acquisition costs is Nil for the solvency II purposes.

Other Assets

Other assets, in the Solvency II balance sheet are measured at fair value determined using alternate valuation methods that are market consistent and represents the realisable value of individual assets on transfer to a third party. If the FRS 102 value is a good proxy for fair value no adjustment is made.

Deferred Tax Asset

A deferred tax asset is recognized on the Solvency II balance Sheet. Deferred tax assets, other than the carry forward of unused tax credits and losses, are calculated based upon the differences between the values given to assets and liabilities for tax purposes and their values in the Solvency II balance sheet. Deferred tax assets are recorded when there is reasonable certainty they will be recovered, i.e., to the extent that the Company is expected to generate sufficient taxable income in the future to be able to recover the taxes paid.

D.2 Technical Provisions

D.2.1 Local GAAP and Solvency II Valuations

The table below shows an analysis of the technical provisions as at 31 December 2022:

Solvency II Line of Business	31/12/2022	
	TPs per GAAP	TPs per Solvency II
	EUR'000	EUR'000
		General Liability
Best estimate of liabilities (BEL)	232	579
Risk margin	-	159
Total technical provisions	**232**	**738**

Solvency II classes of business: Classes of business have been allocated to Solvency II line of business on the following basis:

Class of Business per Local GAAP	Solvency II Line of Business
General Liability	General Liability

Solvency II requires that the "liabilities shall be valued at the amount for which they can be settled between knowledgeable and willing parties in an arm's length transaction".

The BEL corresponds to the probability-weighted average of future cash flows, taking account of the time value of money (i.e. the expected present value of future cash flows), using the risk-free interest rate term structure published by EIOPA. The calculation of the BEL is based upon up-to-date and credible information and realistic assumptions (derived from data analysis and expert judgement) and is performed using appropriate actuarial and statistical methods. The cash-flow projection used in the calculation of the BEL takes account of all the cash in-flows and out-flows required to settle the insurance obligations over their lifetime.

The Claims Provision is calculated as the discounted best estimate of all future cash flows relating to claims events prior to the valuation date. Cash flows have been discounted using the relevant risk- free yield curves as at 31 December 2022 as published by the European Insurance and Occupational Pensions Authority ("EIOPA").

The risk margin is calculated in line with Solvency II requirements and aims to ensure that the total technical provisions are equivalent to the cost of transferring the insurance obligations to a third party. The calculation assumes a 6 per cent per annum cost of capital and applies to non-hedgeable risks only. This calculation applies simplified methods in line with Article 58 of the Delegated Regulation rather than a full projection of the Solvency Capital Requirement (SCR). The SCR for each non-hedgeable risk is assumed to run-off in-line with suitable profiles which differ depending on the types of non-hedgeable risks. The SCR each year is aggregated using a correlation matrix.

D.2.2 Uncertainty associated with the value of Technical Provisions

All estimates of unpaid loss reserves are inherently uncertain. The key areas of uncertainty of the Claims Provision are driven by the uncertainty of the underlying booked reserves and the appropriateness of historic data, and in particular incurred claims, to project claims to ultimate. Uncertainty is also inherent in the Premium Provision and in the judgement applied when selecting loss ratio assumptions which are based on historic data.

D.2.3 Solvency II and local GAAP valuation differences of Technical Provisions by material line of business

See analysis in Section D2.1.

D.2.4 Matching adjustment

The Company does not apply the matching adjustment referred to in Article 77b of Directive 2009/138/EC.

D.2.5 Volatility adjustment

The Company does not use the volatility adjustment referred to in Article 77d of Directive 2009/138/EC.

D.2.6 Transitional risk-free interest rate-term structure

The Company does not apply the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC.

D.2.7 Transitional deductions

The Company does not apply the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

D.2.8 Recoverables from reinsurance and special purpose vehicles

Recoverables from reinsurance amounted to €213k as at 31 December 2022.

D.2.9 Material changes in relevant assumptions made in the calculation of technical provisions

This is the first year that the Company has calculated its technical provisions.

D.3 Other liabilities

Other liabilities at 31 December 2022 were €1,00k and are composed of insurance, reinsurance and trade payables.

There were no differences between the Local GAAP and Solvency II valuations aside from the removal of deferred income of €74k.

D.4 Alternative methods for valuation

The Company does not use any alternative methods for valuation.

D.5 Any other information

There are no other material matters in respect of the valuation of assets and liabilities.

E CAPITAL MANAGEMENT

E.1 Own funds

E.1.1 Objective, policies and processes for managing own funds

The objective of own funds management is to maintain, at all times, sufficient own funds to cover the SCR and MCR with an appropriate buffer. As part of own funds management, the Company prepares ongoing annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the basis of the ORSA, contains a three-year projection of funding requirements and helps focus actions for future funding.

The Company's ordinary shares, all of which are fully paid up, are owned by a Coverys Group company. The Company has no debt financing nor does it have plans to raise debt or issue new share capital over the four-year time horizon used for business planning.

The medium-term capital management plan set by the Board is as follows:

- Own funds to be maintained at an agreed risk appetite in excess of the SCR, target solvency margin cover is currently set at 180% of the SCR;
- Dividends will not be paid or will be deferred if doing so would cause the Company to breach its legal and regulatory requirements or fall below the abovementioned target SCR cover;
- The Company recognises the support of its parent company, Medical Professional Mutual Insurance Company ("MPMIC"), for its continuing business activities and for any future capital needs it may have. In particular MPMIC have formally guaranteed to provide additional capital to the Company in the event that its solvency coverage ratio falls below 180%.

If the Board determines, which shall be based on the annual capital planning, that the Company will need to raise capital from its shareholder, a request will be sent to MPMIC to activate the authorisation procedure. The classification and eligibility of own funds shall be assessed by the Board prior to any request issued. Any terms and conditions attaching to any capital increase shall require Board approval.

E.1.2 Own funds analysed by tiers

An analysis of own funds is shown below:

Date	Description	Tier 1 EUR'000	Tier 3 EUR'000	Total EUR'000
1 January 2022	Opening balance comprising: Ordinary share capital Reconciliation reserve	(75)	-	(75)
	Movement for the year ended 31	7,771	58	7,829

Date	Description	Tier 1 EUR'000	Tier 3 EUR'000	Total EUR'000
	December 2022			
31 December 2022	**Closing balance**	**7,696**	**58**	**7,754**
	Represented by:			
	Ordinary share capital	10,000	-	10,000
	Amount equal to the value of net deferred tax assets	-	58	-
	Reconciliation reserve (comprising retained earnings and Solvency II adjustments)	(2,304)	-	(2,246)
	Total basic own funds after Deductions	**7,696**	**58**	**7,754**

The Company's ordinary share capital and reconciliation reserve are all available as Tier 1 unrestricted own funds as per Article 69 (a)(1) of the Delegated Regulation. The positive reconciliation reserve equals the excess of assets over liabilities less other basic own fund items, as at the reporting date. There are no foreseeable dividends or own shares held.

The Company has no Tier 1 restricted own funds and no Tier 2 funds. Tier 3 funds are made up of an amount equal to the value of the net deferred tax assets as at 31 December 2022.

E.1.3 Eligible amount of own funds to cover the Solvency Capital Requirement, classified by tiers

The eligible amount of own funds to cover the Solvency Capital Requirement is €7,754k.

This is comprised of Tier 1 unrestricted Basic Own Funds of €7,696k (2021: €Nil) and Tier 3 funds of €58k (2021: €Nil).

E.1.4 Eligible amount of own funds to cover the Minimum Capital Requirement, classified by tiers

The eligible amount of own funds to cover the Minimum Capital Requirement is €7,696k (2021: €Nil).

This is comprised of Tier 1 unrestricted Basic Own Funds of €7,696k (2021: €Nil).

E.1.5 Difference between equity as shown in the financial statements and the Solvency II value excess of assets over liabilities

Reconciliation of Own Funds to Equity as per Financial Statements	**31 December 2022**
	EUR'000
Total Equity as per financial statements	8,161
Solvency II - Basic Own Funds	7,754
Difference:	**(407)**
Represented by:	
Difference between Net Technical Provisions, insurance assets and liabilities and Best Estimate Liabilities	(306)
Solvency II risk margin – non-life	(159)
Amount equal to the value of net deferred tax assets	58
Difference:	**(407)**

E.1.6 Transitional arrangements

None of the Company's own funds are subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of Directive 2009/138/EC.

E.1.7 Tier 3 capital

Tier 3 funds are made up of an amount equal to the value of net deferred tax assets.

E.1.8 Deductions and material restrictions

No deductions are applied to own funds and there are no material restrictions affecting their availability and transferability.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Amount of Solvency Capital Requirement and Minimum Capital Requirement

The table below shows the total SCR and MCR at 31 December 2022:

	31 December 2022
	EUR'000
SCR	1,359
MCR	4,000

The final amount of the SCR remains subject to supervisory assessment.

E.2.2 Solvency Capital Requirement split by risk modules

The table below shows the SCR components by risk module (using the Standard Formula) at 31 December 2022.

Risk modules	**31 December 2022**
	EUR '000
Non-life underwriting risk	773
Market risk	524
Counterparty default risk	480
Diversification	(435)
Basic Solvency Capital Requirement	**1,342**
Operational Risk	17
Solvency Capital Requirement	**1,359**

E.2.3 Simplified calculations

Simplified calculations are not used for any of the risk modules or sub-modules.

E.2.4 Specific parameters

The Company does not use undertaking specific parameters in its computation.

E.2.5 Minimum capital requirement calculation

The Minimum Capital Requirement is calculated using the Standard Formula specifications. The table below shows the inputs into the MCR calculation as at 31 December 2022.

Overall MCR calculation	2022 (€'000)
Linear MCR	47
SCR	1,359
MCR cap	612
MCR floor	340
Combined MCR	340
Absolute floor of the MCR	4,000
MCR	4,000

E.2.6 Calculation of Solvency Capital Requirement and the Minimum Capital Requirement

This is the first year that the Solvency Capital Requirement and the Minimum Capital Requirement has been calculated.

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

The Company has not opted to use the duration-based equity risk sub-module set out in Article 304 of Directive 2009/138/EC.

E.4 Differences between the Standard Formula and any other Internal Model Used

The Company applies the Standard Formula model and does not use an internal model to calculate the Solvency Capital Requirement.

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

The Company was compliant with the MCR and the SCR requirements throughout the year ended 31st December 2022.

E.6 Any other information.

There are no other material matters in respect of the valuation of capital management.

Annex I S.02.01.02
Balance sheet (EUR'000s)

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	58
Pension benefit surplus	**R0050**	-
Property, plant & equipement held for own use	**R0060**	-
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	8,451
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	-
Equities	**R0100**	-
Equities - listed	**R0110**	-
Equities - unlisted	**R0120**	-
Bonds	**R0130**	-
Government Bonds	**R0140**	-
Corporate Bonds	**R0150**	-
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	8,451
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**	213
Non-life and health similar to non-life	**R0280**	213
Non-life excluding health	**R0290**	213
Health similar to non-life	**R0300**	-

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	377
Reinsurance receivables	R0370	234
Receivables (trade, not insurance)	R0380	-
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	399
Any other assets, not elsewhere shown	R0420	23
Total assets	**R0500**	**9,520**

Annex I S.02.01.02
Balance sheet (EUR'000s)

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	R0510	738
Technical provisions – non-life (excluding health)	R0520	738
TP calculated as a whole	R0530	-
Best Estimate	R0540	579
Risk margin	R0550	159
Technical provisions - health (similar to non-life)	R0560	-
TP 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	-
TP calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-

TP calculated as a whole	**R0660**	-
Best Estimate	**R0670**	-
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	-
TP 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**	-
Debts owed to credit institutions	**R0800**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Insurance & intermediaries payables	**R0820**	901
Reinsurance payables	**R0830**	72
Payables (trade, not insurance)	**R0840**	-
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in BOF	**R0860**	-
Subordinated liabilities in BOF	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	55
Total liabilities	**R0900**	**1,766**
Excess of assets over liabilities	**R1000**	**7,754**

Annex I S.05.01.02
Premiums, claims and expenses by line of business (EUR'000s)

		Line of Business for: **non-life insurance and reinsurance obligations (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	Credit and suretyship insurance
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**
Premiums written										
Gross - Direct Business	**R0110**								250	
Gross - Proportional reinsurance accepted	**R0120**								-	
Gross - Non-proportional reinsurance accepted	**R0130**	-	-	-	-	-	-	-	-	-
Reinsurers' share	**R0140**								200	
Net	**R0200**								50	
Premiums earned										
Gross - Direct Business	**R0210**								35	
Gross - Proportional reinsurance accepted	**R0220**									
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**								-	
Net	**R0300**								28	
Claims incurred										
Gross - Direct Business	**R0310**								17	
Gross - Proportional reinsurance accepted	**R0320**									
Gross - Non-proportional reinsurance accepted	**R0330**	-	-	-	-	-	-	-	-	-
Reinsurers' share	**R0340**								14	
Net	**R0400**								3	
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**								1,530	
Other expenses	**R1200**									
Total expenses	**R1300**									

Annex I S.05.01.02

Premiums, claims and expenses by line of business (EUR'000s)

		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
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written									
Gross - Direct Business	**R0110**	-	-	-					250
Gross - Proportional reinsurance accepted	**R0120**	-	-	-					-
Gross - Non-proportional reinsurance accepted	**R0130**				-	-	-	-	-
Reinsurers' share	**R0140**	-	-	-	-	-	-	-	200
Net	**R0200**	-	-	-	-	-	-	-	50
Premiums earned									
Gross - Direct Business	**R0210**	-	-	-					35
Gross - Proportional reinsurance accepted	**R0220**	-	-	-					-
Gross - Non-proportional reinsurance accepted	**R0230**				-	-	-	-	-
Reinsurers' share	**R0240**	-	-	-	-	-	-	-	28
Net	**R0300**	-	-	-	-	-	-	-	7
Claims incurred									
Gross - Direct Business	**R0310**	-	-	-					18
Gross - Proportional reinsurance accepted	**R0320**	-	-	-					-
Gross - Non-proportional reinsurance accepted	**R0330**				-	-	-	-	-
Reinsurers' share	**R0340**	-	-	-	-	-	-	-	14
Net	**R0400**	-	-	-	-	-	-	-	4
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**	-	-	-	-	-	-	-	1,530
Other expenses	**R1200**								
Total expenses	**R1300**								1,530

Annex I S.05.02.01
Premiums, claims and expenses by country (EUR'000s)

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		-	-	-	-	-	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	12	238	-	-	-	-	250
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-	-	-
Reinsurers' share	R0140	10	190	-	-	-	-	200
Net	R0200	2	48	-	-	-	-	50
Premiums earned								
Gross - Direct Business	R0210	2	33	-	-	-	-	35
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-	-	-
Reinsurers' share	R0240	2	26	-	-	-	-	28
Net	R0300	0	7	-	-	-	-	7
Claims incurred								
Gross - Direct Business	R0310	1	16	-	-	-	-	17
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-	-	-
Reinsurers' share	R0340	1	13	-	-	-	-	14
Net	R0400	0	3	-	-	-	-	3
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	74	1,456	-	-	-	-	1,530
Other expenses	R1200							-
Total expenses	R1300							1,530

Annex I S.17.01.02

Non-life Technical Provisions (EUR'000s)

		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	Credit and suretyship insurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
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 as a whole	R0050	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	R0060	-	-	-	-	-	-	-	561	-
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	-	-	-	-	-	-	200	-
Net Best Estimate of Premium Provisions	R0150	-	-	-	-	-	-	-	361	
Claims provisions										
Gross	R0160	-	-	-	-	-	-	-	19	-
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	-	-	-	-	-	-	13	-
Net Best Estimate of Claims Provisions	R0250	-	-	-	-	-	-	-	5	-
Total Best estimate - gross	R0260	-	-	-	-	-	-	-	579	-
Total Best estimate - net	R0270	-	-	-	-	-	-	-	367	-
Risk margin	R0280	-	-	-	-	-	-	-	159	-
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-	-	-	-
		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	Credit and suretyship insurance
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**
Technical provisions - total										
Technical provisions - total	**R0320**	-	-	-	-	-	-	-	738	-
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	-	-	-	-	-	-	-	213	-
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	-	-	-	-	-	-	-	525	-

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Non-life Technical Provisions (EUR'000s)

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		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	
		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 as a whole	**R0050**	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	**R0060**	-	-	-	-	-	-	-	561
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-	-	-	-	-	-	-	200
Net Best Estimate of Premium Provisions	**R0150**	-	-	-	-	-	-	-	361
Claims provisions									
Gross	**R0160**	-	-	-	-	-	-	-	19
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	-	-	-	-	-	-	-	13
Net Best Estimate of Claims Provisions	**R0250**	-	-	-	-	-	-	-	5
Total Best estimate - gross	**R0260**	-	-	-	-	-	-	-	579
Total Best estimate - net	**R0270**	-	-	-	-	-	-	-	367
Risk margin	**R0280**	-	-	-	-	-	-	-	159
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	**R0290**	-	-	-	-	-	-	-	-
Best estimate	**R0300**	-	-	-	-	-	-	-	-
Risk margin	**R0310**	-	-	-	-	-	-	-	-

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				
		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	Total Non-Life obligation
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions - total									
Technical provisions - total	**R0320**	-	-	-	-	-	-	-	738
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	-	-	-	-	-	-	-	213
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	-	-	-	-	-	-	-	525

S.19.01.21
Non-life Insurance Claims Information
(EUR'000s)

Total Non-Life Business

Accident year / Underwriting year	**Z0010**	Underwriting

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

		Development year										
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											-
N-9	**R0160**	-	-	-	-	-	-	-	-	-	-	
N-8	**R0170**	-	-	-	-	-	-	-	-	-		
N-7	**R0180**	-	-	-	-	-	-	-	-			
N-6	**R0190**	-	-	-	-	-	-	-				
N-5	**R0200**	-	-	-	-	-	-					
N-4	**R0210**	-	-	-								
N-3	**R0220**	-	-	-								
N-2	**R0230**	-	-	-								
N-1	**R0240**	-	-									
N	**R0250**	-										

		In Current year	Sum of years (cumulative)
		C0170	**C0180**
	R0100	-	-
	R0160	-	-
	R0170	-	-
	R0180	-	-
	R0190	-	-
	R0200	-	-
	R0210	-	-
	R0220	-	-
	R0230	-	-
	R0240	-	-
	R0250	-	-
Total	**R0260**	-	-

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year												
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											-	R0100	-
N-9	R0160	-	-	-	-	-	-	-	-	-	-		R0160	-
N-8	R0170	-	-	-	-	-	-	-	-	-			R0170	-
N-7	R0180	-	-	-	-	-	-	-	-				R0180	-
N-6	R0190	-	-	-	-	-	-	-					R0190	-
N-5	R0200	-	-	-	-	-	-						R0200	-
N-4	R0210	-	-	-									R0210	-
N-3	R0220	-	-	-									R0220	-
N-2	R0230	-	-	-									R0230	-
N-1	R0240	-	-										R0240	-
N	R0250	23											R0250	19
												Total	R0260	19

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Own funds (EUR'000s)

		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 (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	10,000	10,000		-	
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	(2,305)	(2,305)			
Subordinated liabilities	R0140	-		-	-	-
An amount equal to the value of net deferred tax assets	R0160	58				58
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	
Total basic own funds after deductions	R0290	7,754	7,696		-	58
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-			-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	-			-	
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	7,754	7,696	-	-	

Total available own funds to meet the MCR	**R0510**	7,754	7,696	-	-	
Total eligible own funds to meet the SCR	**R0540**	7,754	7,696	-	-	
Total eligible own funds to meet the MCR	**R0550**	7,754	7,696	-	-	
SCR	**R0580**	1,359				
MCR	**R0600**	4,000				
Ratio of Eligible own funds to SCR	**R0620**	571%				
Ratio of Eligible own funds to MCR	**R0640**	192%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	7,754	-
Own shares (held directly and indirectly)	**R0710**	-	-
Foreseeable dividends, distributions and charges	**R0720**	-	-
Other basic own fund items	**R0730**	10,058	-
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-	-
Reconciliation reserve	**R0760**	(2,304)	-
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**	-	-

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Solvency Capital Requirement - for undertakings on Standard Formula (EUR'000s)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	524	-	
Counterparty default risk	R0020	480	-	-
Life underwriting risk	R0030	-	-	-
Health underwriting risk	R0040	-	-	-
Non-life underwriting risk	R0050	773	-	-
Diversification	R0060	(434)	-	-
Intangible asset risk	R0070	-	-	-
Basic Solvency Capital Requirement	R0100	1,342	-	-

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	17
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	1,359
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	1,359
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-

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Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity (EUR'000s)

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	47

		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	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	-	-
Other motor insurance and proportional reinsurance	R0060	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	-	-
Fire and other damage to property insurance and proportional reinsurance	R0080	-	-
General liability insurance and proportional reinsurance	R0090	391	50
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	47		
SCR	R0310	1,359	-	-
MCR cap	R0320	612		
MCR floor	R0330	340		
Combined MCR	R0340	340		
Absolute floor of the MCR	R0350	4,000		
-	-	C0070		
Minimum Capital Requirement	R0400	4,000		