Reliance National Insurance Company (Europe) Limited

Solvency and Financial Condition Report 2020

Date: April-2021
Version: 0.7

Contents

Summary 4
Business and Performance 4
System of governance 4
Risk Profile 5
Valuation for Solvency Purposes 5
Capital Management 5
A. Business and Performance 7
A1. Business 7
A2. Underwriting Performance 8
A3. Investment Performance 8
A4. Performance of other activities 9
A5. Any other information 9
B. System of governance 10
B1. General information on the system of governance 10
B2. Fit and Proper requirements 11
B3. Risk Management System 12
B4. Internal Control 15
B5. Internal Audit Function 16
B6. Actuarial Function 16
B7. Outsourcing 16
B8. Any other information 17
C. Risk Profile 18
C1. Insurance Risk 18
C2. Market Risk 19
C3. Counterparty default risk 20
C4. Liquidity Risk 20
C5. Operational Risk 20
C6. Other material risks 20
C7. Any other information 20
D. Valuation for Solvency Purposes 21
D1. Assets 21
D2. Technical Provisions 22
D3. Other liabilities 23
D4. Alternative methods for valuation 23
D5. Any other information 23
E. Capital Management 24
E.1 Own funds 24
E.2 Solvency Capital Requirement and Minimum Capital Requirement 25

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement 25
E.4 Differences between the standard formula and any internal model used 25
E.5 Non-compliance with the minimum capital requirement and significant non-compliance with the solvency capital requirement 25
E.6 Any other information 25
F. Director's statement 26
Annex 1 – Quantitative reporting templates 27

Summary

This report forms part of the annual submission to the Prudential Regulatory Authority under the annual submission requirements of Solvency II. This report outlines the financial condition of Reliance National Insurance Company (Europe) Ltd ("RNICE" or the "Company). All figures are as at 31 December 2020, unless otherwise stated.

Business and Performance

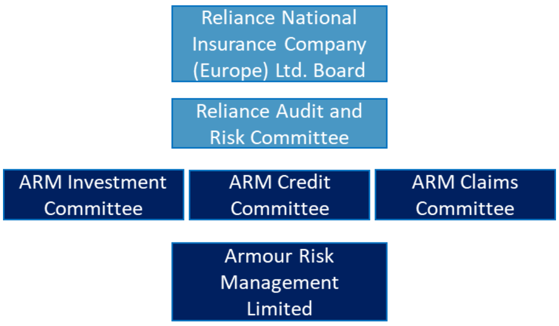
The Company plans to continue with the orderly run-off of the remaining book of business, settling claims as they become due. The board anticipates that in time, and by the effective and efficient management of the Company, a surplus can be achieved thereby providing a return on the capital employed.

Where capital is in excess of the amount required by the Company's Risk Appetite, it will be distributed as dividends subject to prior "non-objection" by the regulator, and Board approval. The success of the strategy depends on settling the remaining claims in a timely and cost-effective manner, and therefore reducing inherent uncertainty in these claims.

The Company's liabilities consist of the following:
- An Italian and Spanish Medical Liability portfolio that was originally underwritten on a predominantly claims made basis by QBE Insurance Europe Limited ("QIEL") between 2002 and 2013 when a decision was taken to cease writing new policies.
- Latent claims on UK Employers' Liability policies underwritten between 1992 and 2001.

System of governance

The majority of administrative functions are undertaken by an outsource provider, with the selected partner being Armour Risk Management Limited ("ARM"). Armour Group recently announced an agreement with Premia Holdings to transfer a number service contracts. Subsequently, the Company has agreed to transfer the provision of outsourced services currently provided by ARM to Premia UK Services Company Ltd.



Whilst the Board retains ultimate ownership, it has delegated oversight responsibilities for risk management, capital modelling, financial reporting and expense management to the Board's Audit and Risk Committee ("ARC").

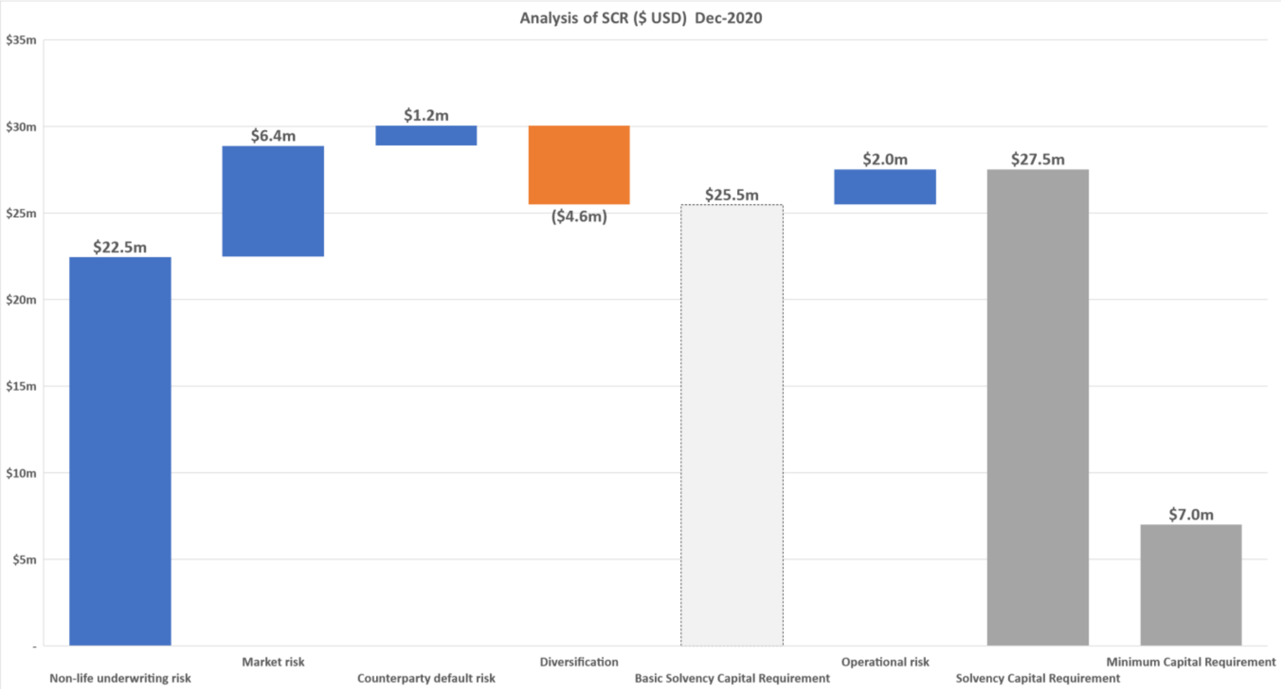
The role of the ARC is to constructively and independently challenge the activities of the service providers. Three ARM committees monitor performance and provide focused challenge on the Company's investments, credit control, and claims management. The actions of these committees are overseen by the ARC and summarised to the Board.

This approach provides independent assurance to the Board about the capability of the business to achieve its objectives and management's ability to manage the business to achieve the overall business objectives. To assist it in its duties, an Internal Audit function has been formed and is being utilised. The Head of Internal Audit has unfettered access to the RNICE Board members.

Risk Profile

The Company's key risk is that claims and expenses are higher than the amounts assumed in the calculation of Technical Provisions (see Insurance Risk).

The Company also has a significant exposure to counterparty default risk, primarily from deductibles recoverable from policyholders and funds held by ARM (see Counterparty Default Risk), and accepts some spread risk in order to increase expected investment returns. Currency Risk exposure arises from net exposures to assets and liabilities denominated in Euros and in Pounds Sterling (see Market Risk).



Valuation for Solvency Purposes

Net Solvency II Technical Provisions were $71.9m (2019: $49.3m). They are valued using standard actuarial techniques based on historic claims.

Other assets and liabilities primarily consisted of holdings of investment grade government and corporate bonds. Assets required to match liabilities were held in Euros, while surplus assets were held in U.S. Dollars.

The Company has not taken advantage of any transitional provisions or used a volatility or matching adjustment.

Capital Management

The Solvency position is summarised as follows:

USD ($)	Dec-2020	Dec-2019
SCR	27.5m	23.5m
MCR	7.0m	5.9m
Own Funds	32.8m	62.6m

SCR coverage ratio	119%	**266%**
MCR coverage ratio	468%	**1,063%**

All Own Funds are eligible Tier 1 and consist of paid in share capital, capital contributions and retained earnings. There are currently no dividends awaiting regulatory approval.

The year has seen a reduction in the SCR coverage ratio below the risk appetite target level. The Company is working on a number of initiatives to return this to a level within its risk appetite policy.

The December 2020 capital position shows the SCR coverage ratio below the target level under the Company's Risk Appetite. The Company is working on a number of initiatives to return this to a level within its risk appetite policy. The Company has recently agreed a sale to a third party subject to regulatory approval. It is anticipated the new owner, if approved, will look to strengthen the capital ratios.

The Company has met the MCR and SCR capital requirements throughout the period.

A. Business and Performance

A1. Business

Reliance National Insurance Company (Europe) Limited is an insurance company limited by shares incorporated in the UK.

The address of its registered office is:
20 Old Broad Street,
London,
EC2N 1DP

The financial and conduct supervisors of the Company are:
Prudential Regulation Authority,
20 Moorgate,
London,
EC2R 6DA

Financial Conduct Authority,
12 Endeavour Square,
London,
E20 1JN

The approved auditors of the Company are:
PricewaterhouseCoopers LLP,
Chartered Accountants,
7 More London Riverside,
London,
SE1 2RT

Below shows company ownership as at 31 December 2020:

Name	% overall holding
ILS Property & Casualty Re Limited (Owner)	100%

Between 2002 and 2009 the Italian and Spanish Medical Liability business, which was underwritten on a claims-made basis, was underwritten by QBE from the UK, while between 2009 and 2013 it was underwritten by QBE's Italian and Spanish branches.

The UK Employers Liability insurance was underwritten in the UK between 1992 and 2001.

Net Best Estimate Technical Provisions ($ USD)	Dec-2020	Dec-2019
Italian Medical Liability	68.0m	66.9m
UK Employers Liability	0.1m	0.1m
Total	**68.0*.m**	**67.0m**

*rounded to the nearest £100,000

There were no significant events during the reporting period.

Objectives and strategies

The Company plans to continue with the orderly run-off of the remaining book of business, settling claims as they become due. The board anticipates that in time, and by the effective and efficient management of the Company, a surplus can be achieved thereby providing a return on the capital employed.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company does not have any related undertakings or permanent employees.

A2. Underwriting Performance

The UK GAAP Technical Account results for 2020 and 2019 were as follows:

Technical Account ($m)	Dec-2020	Dec-2019
Claims paid	(12.9m)	(15.6m)
Change in the provision for claims	(8.4m)	17.7m
Net operating expenses	(1.7m)	(2.8m)
Balance on technical account for general business	(23.1m)	(1.7m)

There was a recorded loss of $23.1m (2019: $1.7m) primarily driven by deterioration in Italian and Spanish Medical Malpractice claims, and a change in the basis of how the Allocated Loss Adjustment Expense (ALAE) is calculated. This revised methodology produced a higher ALAE reserve closer to the top of industry benchmarks.

A3. Investment Performance

As part of running off its general insurance and reinsurance business, historically the Company operated a low risk investment strategy and all funds were previously held as bank deposits. Given the increase in investable assets following the business transfer, an updated investment strategy was approved by the Board to maximise investment return while remaining within the risk appetite of the Company. All funds are held as investment grade bonds and bank deposits.

The Company holds surplus assets in US dollars in order to reduce currency risk for its stakeholders.

All investment gains and expenses are recognised through the Profit and Loss Account.

Investment gains ($m)	**Dec-2020**	**Dec-2019**
Government bonds	0.3m	**0.9m**
Corporate bonds	0.5m	**1.0m**
Bank interest	0.0m	**0.1m**
Total investment income	**0.8m**	**2.0m**

Investment performance reduced during the year primarily caused by lower interest rates and an overall reduction in investable assets due to claims payments and the remittance of a $12.5m dividend.

A4. Performance of other activities

Other items ($)	**Dec-2020**	Dec-2019
Foreign exchange on monetary assets	(0.1m)	**(0.1m)**
Other income	0.2m	**0.0m**
Currency translation differences	(0.3m)	**(0.3m)**
Total other items	**(0.2m)**	(0.3m)

A5. Any other information

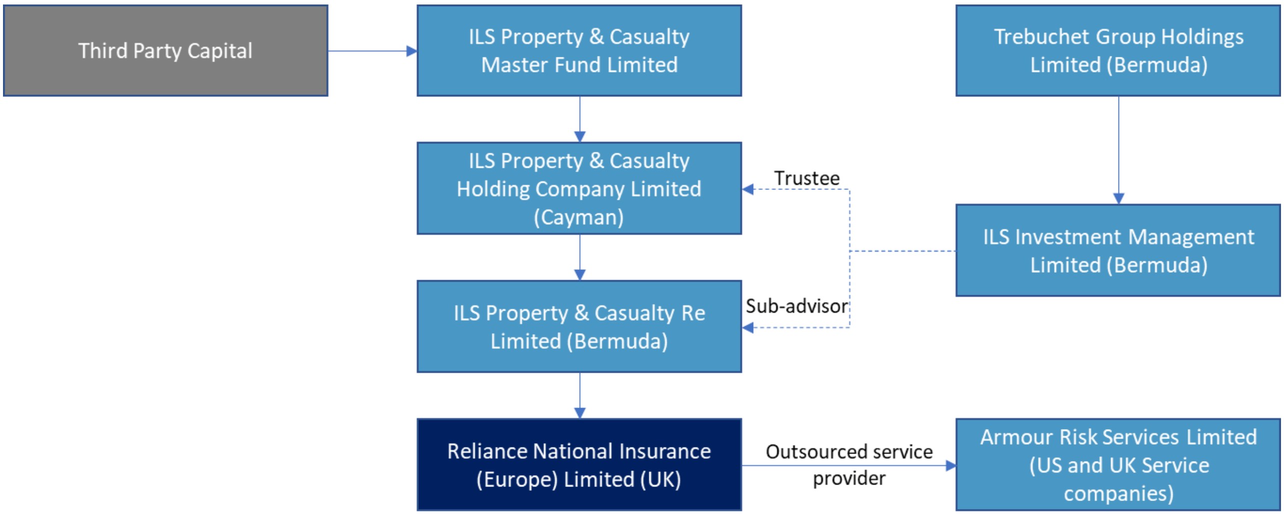
There is no other material information to report.

B. System of governance

B1. General information on the system of governance

Reliance has established a sound and effective corporate governance framework that is appropriate to the size, nature, complexity, and risk profile of the Company. The Company does not have any employees and outsources the majority of its administrative functions to ARM.

The governance structure presented below reflects the position as at 31 December 2020:



The Board is responsible for ensuring that proper systems and risk management oversight continue to be in place for the Company and that regulatory standards for compliance and governance are adhered to. The Board of Directors includes one independent Non-Executive Director (iNED), as at 31 December 2020, two Non-Executive Directors (NEDs), an Acting Executive Chairman, and two Directors. Collectively, the RNICE Board delivers an appropriate balance of knowledge, experience, skills, and independent challenge.

The Board receives quarterly updates from an Investment Committee, Credit Committee, Claims Committee and Audit and Risk Committee in order to assist it in the effective discharge of its duties, although it continues to retain ultimate responsibility.

The Board's oversight responsibilities include:

- Developing high-level strategy and objectives;
- Reviewing and approving business plans and budgets;
- Confirming that corporate governance policies and practices are developed and applied in a sound and prudent manner;
- Ensuring that the Company is effectively directed and managed;
- Ensuring that its activities are conducted with due care, skill and integrity;
- Ensuring sufficient capital is held to maintain the Company's ongoing solvency;
- Providing oversight of the risk management framework, including setting the Company's risk appetite and tolerance statements;
- Appointing senior executives;
- Approving the financial statements;
- Setting and overseeing the effectiveness of the Company's governance structure and internal control system;
- Reviewing and approving significant policies and procedures; and

- Reviewing and approving arrangements with its principal outsourcer, ARM and ensuring it adheres to the above Risk Management Framework.

The Board meets at least quarterly, or as is needed, and carries out its duties within established terms of reference. It is provided with accurate, appropriate and timely information that enables it to monitor and review key areas, including Company performance and key risks to which it is exposed. The Company is structured to operate in alignment with a Three Lines of Defence model, ensuring appropriate segregation of roles and responsibilities across the Company, including its outsourced functions. This segregation applies across all business functions meaning multiple layers of review take place within each business function, and between committees and the Board.

The key functions of the Committees of the Board are summarised as follows:

- **Audit and Risk Committee** – provides oversight of the Company's risk management, capital management and audit activities. Key responsibilities include: oversight of current and future risk exposures, including the determination and monitoring of actual exposures against risk appetite and tolerance; providing guidance on the implementation of the risk management framework; ensuring the maintenance of sufficient economic and regulatory capital and allocation of capital; promoting a risk aware culture; oversight of the effectiveness of internal controls and the performance of the outsourced internal and external audit functions

- **Investment Committee** – provides oversight of the performance and management of the Company's investment portfolio. Key responsibilities include development and maintenance of an appropriate investment strategy; monitoring of the investment strategy, asset allocation and value of invested assets; and monitoring the performance of the investment manager.

- **Credit Committee –** provides oversight of the counterparty credit exposures within the Company's liability portfolios. Key responsibilities include oversight of current debt exposures for claims (i.e. in relation to retentions) and reinsurance claims.

- **Claims Committee –** provides oversight of the claims handling process and development trends, including movements in reportable claim values and handling of large claims.

B2. Fit and Proper requirements

The Company does not employ any staff other than directors, with its principal functions being outsourced. Therefore, personnel arrangements are managed on its behalf by the Human Resources function of ARM, which, in consultation with the Company sets the minimum standards for the appointment and promotion of individuals. The Company ensures that Board members and senior executives are fit and proper to discharge their responsibilities in accordance with the following definitions:

- **Fit** – their professional qualifications, knowledge and experience are adequate to enable sound and prudent management of the Company's activities. An assessment of whether an individual is 'fit' involves an evaluation of their professional qualifications, knowledge and experience to ensure they are appropriate for the role. It also demonstrates whether the person has exercised due skill, care, diligence, integrity, and compliance with relevant standards applicable to the area or sector in which the individual has worked.

- **Proper** – whether a person is of good repute and integrity. An assessment of whether a person is 'proper' includes an evaluation of their honesty, reputation and financial soundness. This includes, if relevant, criminal convictions or disciplinary offences.

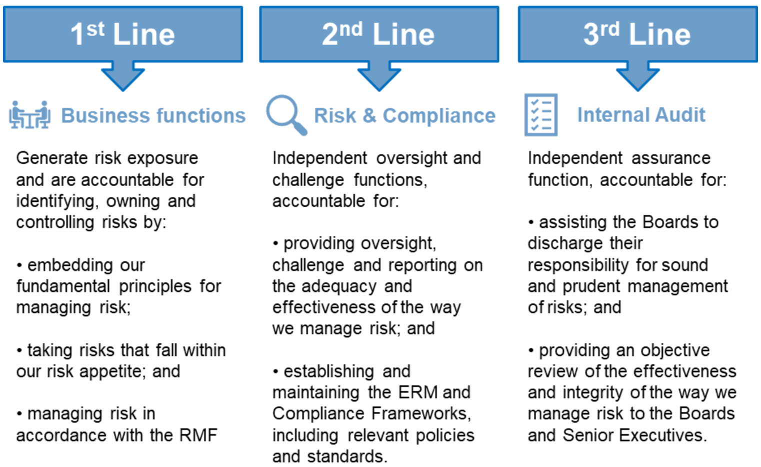
The Company's Fit and Proper Policy covers the initial and ongoing procedures to be applied in order to confirm that the relevant individuals meet the specified Fit and Proper requirements, together with relevant regulatory notification and reporting responsibilities. The following table provides details on which individuals are covered by this Fit and Proper policy and the assessment requirements that relate to them.

Individual's status	Description	Assessment Process
Senior Manager Function	PRA and FCA SMFs	SMFs subject to PRA and FCA approval Firm to assess ongoing fitness and propriety.
Key Function Holder not performing a PRA or FCA SMF	Individuals responsible for a key function	Firm to assess initial fitness and propriety and make a notification to the regulators. PRA supervise assessments on an ex-post basis. Firm to assess ongoing fitness and propriety.
Persons "performing a key function"	Individuals employed in a key function but not the key function holder.	Firm to assess initial fitness and propriety and on an ongoing basis.
Certified Persons	Those classified as holding a certification role and therefore being subject to the Certification Regime requirements.	Firm is responsible for identifying those persons who hold a certification role and for completing an annual certification for each of them. Firm to notify the Regulators of all Certified Persons.
All other staff	n/a	Internal HR processes to ensure performance

B3. Risk Management System

RNICE has established, and maintains, a strong and effective Enterprise Risk Management Framework ("ERMFW" or "the Risk Framework"). The Risk Framework supports the execution of the Company's strategic objectives and business plan, allowing an appropriate understanding of the nature and significance of the enterprise-wide risks to which the Company is exposed. This includes assessing the sensitivity to those risks and the ability to identify, assess, control and mitigate these.

Risk governance is a key component of the Company's overall Risk Framework, providing for clear roles and responsibilities in the oversight and management of risk. Moreover, it provides structure to the reporting and escalation of risk and control issues across the Company. RNICE adopts a Three Lines of Defense approach to managing and mitigating risk events:



The Risk Framework is built on three core pillars:

- Strategic planning;
- Risk appetite; and
- Capital management.

Strategic planning

Strategic planning is key to the development and achievement of the Company's objectives. It considers factors such as prospective opportunities, market conditions, the profitable development of reserves, the objectives of the Company, financial targets, and risk appetites.

Risk appetite

The Company's Risk Appetite Statements (RASs or "the statements") set out the nature and level of risk it is willing to take in pursuit of organisational objectives. The RASs are used to support risk-based decision making by clearly defining appetite i.e. the maximum level of risk the Company wishes to take, and its risk tolerances.

The statements are formally reviewed annually to ensure they reflect any changes to strategic objectives, and to the internal and external environment. The Board remain responsible for the review, challenge, and adoption of the risk appetite framework.

The core objective of RNICE is to pay liabilities as they become due while meeting regulatory requirements. It does this by maintaining a capital level that is well in excess of assessed liabilities in order to absorb reasonably foreseeable fluctuations in the amounts required.

The Company needs to hold capital in line with the Solvency Capital Requirement (SCR) according to Solvency II requirements. In addition, the company sets a target risk appetite capital buffer above the SCR. This is monitored by the board and informs the company's approach to capital management, including ensuring that the Company continues to offer a prudent level of policyholder protection.

Capital management

The objective of capital management is to ensure the Company manages and maintains adequate levels of capital to achieve a balance between elements of strategic planning and risk appetite. As the portfolios of insurance business run-off, the liabilities and risk margin of the Company should reduce over time, meaning Own Funds should increase above the target SCR risk appetite threshold.

The Board monitors the ratio of Own Funds against target risk appetite capital. In the event Own Funds falls below target risk appetite the Board will evaluate options available to remediate this circumstance. In the event Own Funds exceeds target risk appetite, the Board may choose to apply to the Prudential Regulatory Authority ("PRA") for non-objection to a dividend remittance. Any dividend paid will reduce Own Funds to a point not below the agreed SCR thresholds as set out in the Risk Appetite Framework

The Solvency II Standard Formula is used to determine the SCR of the Company. Notwithstanding the recognised shortcomings of the Standard Formula, it is believed this approach provides a reasonable and objective approach to measuring and ranking material risks.

Risk register

The risk register summarises the overall risk profile of the Company and is broader in application than the capital-based risk profile produced by the Solvency II Standard Formula. RNICE monitors risk against the following risk categories:

- Strategic risk

- Insurance risk
- Market risk
- Credit risk
- Liquidity risk
- Operational risk
- Group risk

Risk owners are required to assess the inherent and residual risk position using standardised assessment ratings. Each Risk Owner has the responsibility to identify and assess design and performance of key controls that are in place to mitigate the impact and probability of each risk event occurring. Ineffective controls are identified for improvement, and the Board receive regular reports on the completion of control improvement activities.

The results of the assessment are subject to regular review by the Audit and Risk Committee with escalation to the Board as appropriate.

Own risk and solvency assessment (ORSA)

The Own Risk and Solvency Assessment ("ORSA") provides a process for the assessment of all the risks inherent to the Company's business, in the context of its overall business strategy, to determine its corresponding capital needs. An ORSA is a company's own assessment of the risks faced, the operation of the RMF, its capital requirements and how these are met.

RNICE adopts the definition of the ORSA to be the entirety of the processes and procedures employed to identify, assess, control, manage, and report the short and long term risks it faces or may face and to determine the assets necessary to ensure that the undertaking's overall capital needs (solvency and economic) are met at all times.

The ORSA:

- Considers all aspects of a company and as a result of this, all material risks with additional scrutiny in place for key risks to the business identified by the Board;
- Focusses on the Company's overall solvency needs taking into account the specific risk profile, approved risk tolerance limits and business strategy;
- Assesses on a continuous basis the compliance with the SCR, MCR, and the requirements regarding Technical Provisions;
- Assesses the significance with which the risk profile of the Company deviates from the assumptions underlying the SCR calculated with the standard formula;
- Is aligned with the Company's strategic direction, receiving regular input from the Board regarding progress against strategic initiatives;
- Is forward-looking, considering the business performance, strategy, and projections;
- Will evolve in line with movements in both the strategy and risk profile of the Company;
- Is an output of a series of activities making up the RMF; and
- Production is supported by a consistent approach to capturing data on a timely and accurate basis.

The ORSA is created and collated by the Risk Management Function in accordance with the RMF and reported to and challenged by the ARC and the Boards.

The ORSA process ensures that the Board will be provided with the relevant risk and capital information they require and at an appropriate frequency, to enable them to act in the best interest of their stakeholders.

Stress and scenario testing is used to provide insights into the strength of the balance sheet and assess future potential solvency positions. The CRO function holder maintains operational responsibility for reviewing the ORSA process and delivering ORSA reports to the Board.

The ultimate responsibility for the ORSA rests with the Board, who review and approve the results of the ORSA process at least annually and is used as an input by the Board in making strategic decisions such as setting the Company's capital management policy and deciding on risk mitigation actions to be undertaken.

Based on the risk profile, the standard formula is used to determine capital requirements necessary to cover a 1-in-200-year loss over a one-year basis. The Company does not have a regular income stream the way a standard general insurer would and so also sets its own forward-looking view of capital needs, the Economic Capital Requirement (ECR), to reflect the likely capital needed for the complete run-off of liabilities to the last claim's payment.

The Company sets aside capital to cover its quantifiable risks in accordance with its capitalisation policy (which could involve a buffer to allow for risks not allowed for within standard formula). The risk-based capitalisation position of the Company is monitored on a frequent basis by the Company's CRO and CFO function holders against target capital with a number of options if risk and capital develop out of pre-defined control ranges. The plan is stressed by scenarios within the ORSA process and mitigations considered to ensure that the calculated target capital still holds under those scenarios.

B4. Internal Control

The Company's Internal Control Framework seeks to mitigate risks, protect policyholders, and limit the likelihood of losses or other adverse outcomes, as well as providing a framework for the overall management and oversight of the business.

Controls take different forms, including but are not limited to:

- Policies and procedures
- Approvals and authorisations
- Authority limits
- Management reporting
- Reconciliations and verifications
- Peer reviews

Key controls are captured within the risk register and assessed as part of the risk and control assessment process. Internal and external auditors play a key role in the oversight and assessment of the overall control environment. Findings from audits are shared with and discussed at the Audit and Risk Committee (as set out below), and contribute to risk assessment and solvency self-assessment processes.

The RNICE internal control system is a critical component of the safe and sound operation of the Company, and comprises a coherent, comprehensive and continuous set of mechanisms designed to ensure:

- The Company operates effectively and efficiently, and within agreed risk tolerances, as it pursues its strategic objectives;
- Availability, reliability and security, of financial and non-financial data; and
- Compliance with applicable laws, regulations and administrative processes.

The Board remain responsible for, and have assumed ownership of, the internal controls system. They set the "tone at the top" for integrity and ethics, promoting a positive control environment.

B5. Internal Audit Function

The Internal Audit function is in place to provide risk-based, independent and objective assurance, advice, and insight to the RNICE Board. It is an independent assurance function within the third line of defence, providing the Board and Audit and Risk Committee with independent and objective assurance, and value adding insight on the effectiveness and efficiency of governance, risk management, and internal control processes.

It has unfettered access to all areas of the Company, including the Board, so as to effectively carry out its duties. Internal Audit is overseen by the Audit and Risk Committee which approves an annual internal audit plan. Findings and action points arising from each review are discussed with the relevant business areas and reported to the Audit and Risk Committee.

B6. Actuarial Function

The Actuarial function is outsourced to Armour Risk Management and subsequently carried out by a Fellow of the Institute and Faculty of Actuaries (FIA). The work is supervised, and peer reviewed by the Chief Risk Officer, also an FIA.

The work carried out includes:

- Quarterly and annual Solvency calculations
- Annual Reserve review
- Quarterly reserve monitoring process
- Production of the Actuarial Function Report

The Chief Actuarial Officer provides oversight of all actuarial activity, ensuring that relevant standards are met, while also supporting strategic projects and providing guidance to the Board. The Chief Actuary is regularly in attendance at Board and ARC meetings.

Each of these activities is undertaken at least annually, but also on an "as and when required" basis to support the business and its decision-making processes.

B7. Outsourcing

Oversight of the Company's key service provider (ARM) is managed in accordance with the Company's Third-Party Service Agreement which is subject to review and approval by the Company's Board and contains detailed requirements regarding:

- Relationship management
- Due diligence and third-party selection
- Contract negotiation
- Ongoing monitoring
- Termination
- Oversight and accountability
- Documentation and reporting
- Independent review requirements

ARM delivers a quarterly report providing the following:

- Statutory reporting, prepared in accordance with Solvency II regulation;
- A written management report, benchmarked against the strategy and service agreement as determined and agreed by the Board of Directors of the Company and ARM;
- Any movement in assets or liabilities that negatively affects the statutory capital of the Company by more than 5% is to be reported to the Board of Directors of the Company immediately;

- ARM will be available to attend the quarterly Board meetings to provide a verbal report and answer any question the Board of Directors may have;
- At all times ARM will co-operate with the internal audit team and implement all reasonable requests immediately.

In addition, responsibility for specific Outsourced functions has been delegated to key function holders in ARM. The outsourced functions are subject to both internal and external audit scrutiny. The auditors' findings are reported directly to the Audit and Risk Committee.

The key functions outsourced to ARM are:

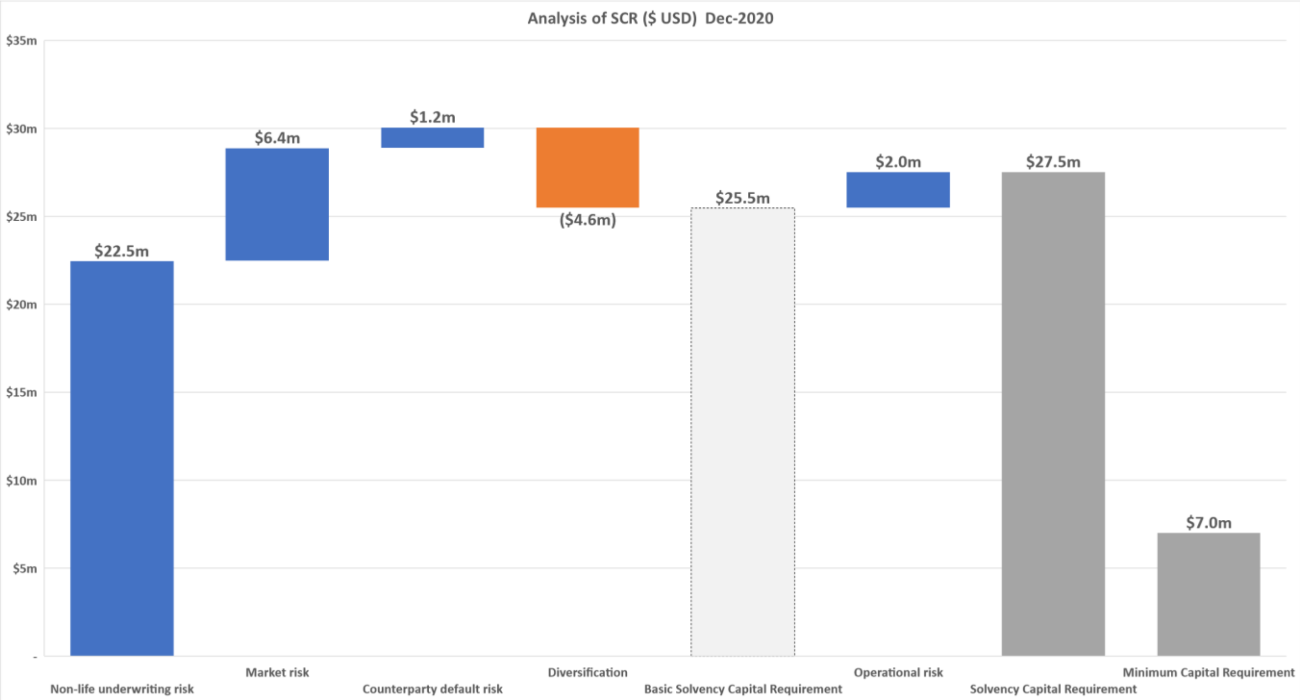
- Actuarial & Claims
- Finance
- Risk
- Compliance
- Internal Audit
- Operations

B8. Any other information

None at this time.

C.Risk Profile

This section describes the key risks that the Company is exposed to. The Standard Formula is used to aid the quantification and ranking risks, in addition to calculating the SCR. The following table shows the contribution each risk type is making to the overall SCR:



C1. Insurance Risk

Insurance Risk under Solvency II is derived through a combination of risk associated with the earned and unearned business. However, Insurance Risk within RNICE is simply Reserving Risk, as the last claims made policies were underwritten in 2013.

Reserve risk arises from the inherent uncertainty surrounding the on-going adequacy of the reserves or technical provisions that have been set aside to cover insurance liabilities. The key risk is that current reserves (including incurred but not reported (IBNR) reserves) are not sufficient to cover the run-off of the claims that have already occurred. The main contributor to reserve risk in RNICE is the Italian Medical Malpractice portfolio.

During the year, claims development on existing claims has been higher than recent years. This has been reflected in the reserve evaluation and the Company will continue to closely monitor claim settlement activity for any indications of revised trends in these.

The Medical Liability Insurance was written on a claims made basis, with underwriting having ceased in 2013, meaning the portfolio is mature and no new valid claims are expected. On occasion, a new valid claim may be notified for example where a policyholder has been managing the claim internally but determines that there is a risk an existing claim could exceed their Self-Insured Retention. However, experience to date means that the cost of these claims is expected to be low.

Reserve risk exposure is managed by the Actuarial Function and through defined reserving practices. A number of controls are in place to ensure that reserving processes continue to be effective and that essential reserving data is complete and appropriate.

The Company's approach to reserving is described in its Reserving Review report, which is updated annually. In addition, Actual versus Expected Analyses ("AvE") are performed on a quarterly basis. The Actuarial Function meets with Claims Managers on a regular basis in order to understand claims developments and their causes. The Audit and Risk Committee, and the Board, receive regular updates on material movements and development trends.

The portfolio benefits from a combination of deductibles (both each and every loss and aggregate) and reinsurance:

- Deductibles account for c.40% of from the ground up ("FGU") claims.
- Reinsurance consists of excess of loss policies, placed by certain hospitals, most commonly with a limit of €4m excess €1m, which offers good protection for relevant claims. The reinsurance is specific to certain hospitals and years of account. The current reinsurance Best Estimate value is $0.0m (2019: $1.4m); recoverable reserves are low, €0.2m, so net reserves take very little credit for this reinsurance. In the event of a significant increase in gross claims, reinsurance could absorb some of the additional losses, though this is thought very unlikely.

C2. Market Risk

Currency Risk

Currency Risk arises where there is a mismatch between assets and liabilities by currency. The Company's liabilities are primarily denominated in EUR. Hence, the Company is holding EUR cash balances and bonds with a similar value. The value of liabilities is subject to change, so asset liability matching is actively monitored through the RNICE Investment Committee.

The Company's liabilities are primarily denominated in Euros and are matched with Euro assets. Meanwhile surplus assets are held in U.S. Dollars. This means that a decrease in the value of the U.S. Dollar will reduce the surplus assets relative to the liabilities. Hence the SCR coverage ratio will fall. Conversely, any increase in the value of the U.S. Dollar will increase assets relative to the liabilities and improve the SCR coverage ratio.

Exchange rates are difficult to predict in the longer term, although it is worth noting that the current economic weakness in the Eurozone, coupled with the ongoing effects of the pandemic, mitigates the risk of a strong appreciation of the Euro in the short to medium term.

Interest Rate Risk

Interest Rate Risk arises from a mismatch between assets and liabilities by duration or currency. Under Solvency II, Technical Provisions are discounted using EIOPA yield curves. Hence a change in the yield curve will lead to a change in the value of these provisions, which could lead to a loss or gain for the Company. At present this risk is relatively low due to the short to medium term duration of the Company's liabilities and the low level of interest rates. The Investment Committee aims to purchase assets with similar durations to liabilities in order to mitigate this risk.

Prudent Person Principle

The Solvency II regulations require insurers to invest their assets in accordance with the Prudent Person Principle. The Company's attitude to investment risk is described in its Risk Appetite Statement, which also sets out the associated Risk Tolerances. The Risk Tolerances, in turn, inform the Investment Guidelines. Together these specify the allowable types of investment activity and the limits on specific investments and classes of investment. The Investment Committee monitors ongoing compliance with these tolerances and is made aware of any technical or actual breaches.

C3. Counterparty default risk

Counterparty Default Risk encompasses deductibles due from the Company's insureds, cash at bank, reinsurers, trade debtors, and funds held by outsourced service providers. The two largest components of this risk are:

- amounts due from ARM; and
- deductibles paid in full, then recovered from Italian hospitals

Counterparty default risk on the existing net outstanding deductible asset is calculated under the Standard Formula. The hospitals have been treated as Type 2 as the exposure is diversified between hospitals where credit ratings are not readily available. However, the large majority of hospitals are state backed, so credit quality is deemed acceptable.

In addition to the outstanding deductibles for claims that have already been paid, there are also deductible reserves on claims that have yet to be paid. Hence there is also potential credit risk on these balances. Credit risk exposures, and risk tolerances, are monitored and managed by the Credit Control Committee.

Excess of loss insurance on the Medical Liability portfolio is placed with 'AA' rated reinsurers and considered very secure.

C4. Liquidity Risk

Liquidity Risk is the risk that cash is not available to settle liabilities as they fall due. In addition to reputational damage it may lead to additional costs such borrowing costs or distressed asset sales.

At present all assets are held in investment grade marketable bonds and cash. Over $87m (2019: $91m) is held in cash and bonds with a duration of less than 1 year, so Liquidity Risk in not considered material.

C5. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This risk is mitigated by the robust governance model the Company has in place, and contractual agreements with ARM. The Company's capital requirements also include an allowance for Operational Risk.

C6. Other material risks

Regulatory and legal risk

Regulatory and legal risk is the risk arising from not complying with regulatory and legal requirements. The operations of the Company, and ARM, are subject to legal and regulatory requirements within the jurisdictions in which they operate. The Compliance function is responsible for ensuring that these requirements are adhered to.

Group risk

Group risk occurs where business units fail to consider the impact of their activities on other parts of a group, as well as the risks arising from these activities. RNICE operations are outsourced to ARM, both of which have the same ultimate controller. Risks affecting ARM could have a knock-on effect on the Company.

C7. Any other information

Assessments of future risk are subject to material uncertainty due to the inherent unpredictability of future events and the difficulty of choosing and parameterising a suitable risk model. Hence it is helpful to understand the impact of stressing key assumptions. The only risk that could plausibly threaten the viability of the Company's business model is insurance risk. The following table shows the impact of stressing the Net Best Estimate Technical Provisions.

% increase in Net Technical Provisions

Scenario Testing	Challenge SCR	Challenge MCR	Threaten Solvency
2020	+7%	+43%	+76%
2019	+65%	+116%	+193%

This shows that a substantial increase in reserves would be needed to threaten viability of the company's business model.

D. Valuation for Solvency Purposes

Comparisons of the UK GAAP and Solvency II balance sheets is summarised in the following table:

	2020			2019		
Balance Sheet Comparison	**Solvency II value $m**	**Statutory accounts value $m**	**Difference $m**	**Solvency II value $m**	**Statutory accounts value $m**	**Difference $m**
Assets						
Investments	88.7m	88.5m	0.2m	0.3m	120.1m	0.3m
Reinsurance recoverables from:	0.0m	0.0m	0.0m	0.0m	0.4m	0.0m
Debtor balances	3.5m	3.5m	-	-	9.6m	-
Cash and cash equivalents	13.9m	13.9m	-	-	0.6m	-
Accrued income	-	0.2m	(0.2m)	(0.3m)	0.3m	(0.3m)
Total assets	**106.0m**	**106.0m**	**0.0m**	**0.0m**	**131.0m**	**0.0m**
Liabilities						
Technical provisions	71.9m	66.7m	5.2m	3.6m	49.0m	3.6m
- Best Estimate	68.0m	n/a	n/a	n/a	n/a	n/a
- Risk margin*	3.8m	n/a	n/a	n/a	n/a	n/a
Insurance & intermediaries payables	0.3m	0.3m	-	-	2.5m	-
Any other liabilities, not elsewhere shown	0.8m	0.8m	-	-	0.8m	-
Total liabilities	**73.1m**	**67.9m**	**5.2m**	**3.69m**	**52.3m**	**3.69m**
Excess of assets over liabilities	**32.9m**	**38.1m**	**(5.2m)**	**(£3.6m)**	**£78.7m**	**(£3.6m)**

*The Company has elected to use Method 2 for the calculation of the Risk Margin

Own Funds are equal to excess of assets over liabilities on a Solvency II basis and consist of Tier 1 paid share capital and the reconciliation reserve.

A qualitative description of the reasons for differences between UK GAAP and Solvency II is set out at section D.1 (assets), D.2 (technical provisions) and D.3 (liabilities other than technical provisions).

D1. Assets

The assets in the Company are either cash or receivables and therefore valuation of these amounts under Solvency II has been taken to be the values under the local reporting requirements.

Cash and cash equivalents balances are valued at their nominal value.

Other assets are generally held at their nominal value and recognised when they fall due. However, they also include deductibles due from policyholders. For these, a bad debt provision has been netted off against their nominal value.

There has been no change to the valuation and recognition basis during the year.

D2. Technical Provisions

The Company has determined the technical provisions as per the EIOPA guidance as the discounted best estimate of reserves plus the risk margin.

Solvency II technical provisions by material line of business

The technical provisions are primarily for direct Italian Medical Malpractice Liability policies, which are classified as General Liability under Solvency II. Other lines of business are immaterial by comparison:

Net Best Estimate Technical Provisions ($ USD)	Dec-2020	Dec-2019
Italian Medical Liability	68.0m	49.2m
UK Employers Liability	0.1m	0.1m
Total Net Solvency II Technical Provisions	**68.1m**	**49.3m**

Calculation of technical provisions

The technical provisions are calculated in line with the prescribed Solvency II requirements as per Articles 76 to 86 of Directive 2009/138/EC. In particular, the value of technical provisions corresponds to the current amount an insurance or reinsurance undertaking would have to pay if they were to transfer their insurance or reinsurance obligations immediately to another insurance or reinsurance undertaking.

Provisions for Reported But Not Settled ("RBNS") claims are the most material element of the technical provisions.

The Best Estimate has been calculated using the following methods:

- Reserves for existing losses are set on an individual basis using judgement and the latest available information.
- A gross reserve for future deterioration in existing losses including ALAE has been calculated using Development Factor Models based on both Incurred and Paid Claims.
- Due to the low frequency of new valid claims and the Claims Made basis of the policies, a judgemental reserve is being held for future claims.
- Deductibles would be applied to any future claim deterioration. Existing claims reserves have been stressed in order to estimate a marginal deductible proportion which has been applied to the gross reserve for future deterioration.
- The reserves for deductibles have been impaired to allow for potential bad debts. The allowance is based on historic data.
- ULAE has been calculated by projecting expected future expenses based on recent historic costs and future business plan.

Level of uncertainty associated with the value of technical provisions

Provisions for RBNS claims are the most material and uncertain element of the technical provisions, as mentioned above. While reserves have been set on a case by case basis, the eventual cost of each claim ultimately remains uncertain. In many cases the value of claims will depend on decisions made by a court, and these are inherently uncertain, but the awards follow a set of government prescribed tariffs

Future new claims are not expected to be significant, as the Italian Medical Liability business was written on a Claims Made basis and the last policies were underwritten in 2013. On occasion, new valid claims may be notified where a policyholder determines that there is a risk that an existing claim could exceed their Self-Insured Retention ("SIR"). However, experience to date means that the cost of these claims is expected to continue be low. Nevertheless, a single large claim could still incur a material cost. The continued reduction in the aggregate value of outstanding SIRs is monitored by the ARM Credit Committee. Where a court decision is made in favour of RNICE there is no downside for the policy holder in lodging a formal appeal. Appeal Judges can rule against the Company, meaning the outcome remains uncertain until a final court ruling is delivered. This means the length of time it can take to recover SIRs can be extended.

Other uncertain factors that could affect the value of claims include claims inflation and lower than expected deductibles recovered due to the failure of a non state-backed counterparty/counterparties. Private clinics are a relatively small proportion of the remaining portfolio and the policy wording states that the Insurer has the right to make payments net of deductibles following any bankruptcy declarations. Claims uncertainty is considered as part of periodic reserving reviews.

Valuation differences of technical provisions by material line of business between Solvency II and UK GAAP

The following table shows the differences between UK GAAP and Solvency II Technical Provisions:

Technical Provisions Reconciliation ($m)	**Dec-2020**	**Dec-2019**
GAAP Net Technical Provisions	**66.7m**	**48.6m**
Remove margin for prudence	-	-
ENID	0.5m	0.4m
Expense Provisions	-	-
Discounting	0.8m	0.3m
Risk Margin	3.8m	2.9m
Solvency II Net Technical Provisions	**71.9m**	**52.2m**

The Company has not taken advantage of any of the transitional provisions under Solvency II or for a matching or volatility adjustment in the calculations. Furthermore, no simplifications have been used except in the calculation of the risk margin, which has been calculated using Method 2. No material issues have been identified with the data used in the calculation of technical provisions.

D3. Other liabilities

Solvency II requires that all assets and liabilities should be measured at fair value. However, book value as per UK GAAP is used as a proxy for the fair value for Solvency II balance sheet purposes where the impact of discounting is not material because the balances are due within one year or amounts due in more than one year are not material.

D4. Alternative methods for valuation

Unless otherwise explained in Sections D1-D3, no other alternative methods for valuation are used.

D5. Any other information

There is no further material information to disclose.

E. Capital Management

This section describes the solvency requirements of the Company and the level of Own Funds in relation to the solvency capital requirements.

E.1 Own funds

Under the Solvency II guidance, the eligible Tier 1 Own Funds of the Company are $32.9m (2019: $62.6m).

There are no ineligible Own Funds or that are included in Tiers 2 and 3. The Own Funds consist of paid-in share capital and a reconciliation reserve. There are no significant restrictions or constraints on the Own Funds.

	Dec-2020				Dec-2019			
Own Funds ($m)	**Tier 1**	**Tier 2**	**Tier 3**	**Total**	Tier 1	Tier 2	Tier 3	Total
Share Capital	-	-	-	-	0.0m	-	-	0.0m
Reconciliation Reserve	32.9m	-	-	32.9m	62.6m	-	-	62.6m
Own Funds	**32.9m**	**-**	**-**	**32.9m**	**62.6m**	**-**	**-**	**62.6m**

Own Funds consist of the UK GAAP Shareholders' Funds on a GAAP basis adjusted for the Solvency II restatements, which are shown in the table below:

Own Funds Reconciliation ($m)	**Dec-2020**	Dec-2019
UK GAAP Shareholders' Funds	**38.0m**	**78.7m**
Remove margin for prudence	-	-
ENID	(0.5m)	**(0.4m)**
Expense Provisions	-	-
Discounting	(0.8m)	**(0.3m)**
Risk Margin	(3.8m)	**(2.9m)**
Forecast dividend	-	**(12.5m)**
Other	(0.0m)	**(0.0)**
Solvency II Own Funds	**32.9m**	**62.6m**

The Reconciliation Reserve consists of the following items:

Reconciliation Reserve ($m)	**Dec-2020**	Dec-2019
Capital contribution reserve	74.0m	**74.0m**
Profit and loss account	(35.9m)	4.6m
Difference in the valuation of Technical Provisions	(5.2m)	**(3.6m)**
Forecast dividend	-	(12.5m)
Solvency II Reconciliation Reserve	33.0m	**62.6m**

The $12.5m dividend was made during the year.

Objectives, policies and processes for managing own funds

The Company is a run-off operation, so capital requirements are expected to reduce steadily as claims are settled. The reducing capital requirements will allow excess Own Funds to be distributed as dividends, following review of post dividend position against the Company Risk Appetite, prior non-objection by the PRA and Board approval. As well as running-off the existing liabilities in an orderly manner, the Company's strategy is to seek further opportunities for inwards transfers of run-off portfolios. The level of available Own Funds would need to be reassessed before executing a further transfer.

Capital requirements and Own Funds are assessed on a quarterly basis, and the Company has provided a Scheme of Operations to the regulator, a run-off specific regulatory report, which projects planned dividend payments.

Ensuring minimum Tier 1 levels to cover the SCR

Under Solvency II, the SCR must be covered by at least 50% Tier 1 capital. The Company's regulatory capital requirements were $27.5m (2018: $19.2m). Hence, the Tier 1 Own Funds were 121% of the required capital (2019: 276%).

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The following table shows the components of the SCR:

Analysis of SCR ($m)	**Dec-2020**	**Dec-2019**
Insurance risk	22.5m	16.3m
Market risk	6.4m	3.2m
Counterparty default risk	1.2m	7.3m
Diversification	(4.6m)	(4.8m)
Basic Solvency Capital Requirement	**25.5m**	22.1m
Operational risk	2.0m	1.5m
Solvency Capital Requirement	**27.5m**	23.5m
Minimum Capital Requirement	**7.0m**	5.9m

No simplifications or Undertaking Specific Parameters ("USPs") have been used in the calculation of the SCR.

The following table shows the derivation of the MCR:

Overall MCR calculation ($m)	**Dec-2020**	**Dec-2019**
Linear MCR	7.0m	5.1m
SCR	27.5m	23.5m
MCR cap	12.4m	10.6m
MCR floor	6.9m	5.9m
Combined MCR	7.0m	5.9m
Absolute floor of the MCR	4.3m	4.2m
Minimum Capital Requirement	**7.0m**	**5.9m**

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

Not applicable.

E.4 Differences between the standard formula and any internal model used

Not applicable.

E.5 Non-compliance with the minimum capital requirement and significant non-compliance with the solvency capital requirement

Not applicable.

E.6 Any other information

Not applicable.

F. Director's statement

We acknowledge our responsibility for preparing the Solvency and Financial Condition Report in all material respects in accordance with the PRA Rules and the Solvency II Regulations.

We are satisfied that:

a) throughout the financial year in question, the insurer has complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable to the insurer; and

b) it is reasonable to believe that the insurer has continued so to comply subsequently and will continue so to comply in future.

____

Director

Annex 1 – Quantitative reporting templates

The following templates are provided below:

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Unless otherwise stated, figures are shown in thousands of US dollars, rounded to the nearest thousand.

Reliance National Insurance Company (Europe) Limited

Solvency and Financial Condition Report

Disclosures

31 December

2020

(Monetary amounts in USD thousands)

General information

Undertaking name	Reliance National Insurance Company (Europe) Limited
Undertaking identification code	213800BCL2UORBMGHV90
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2020
Currency used for reporting	USD
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	88,667
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	88,667
R0140	*Government Bonds*	38,769
R0150	*Corporate Bonds*	49,899
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	2
R0280	*Non-life and health similar to non-life*	2
R0290	*Non-life excluding health*	2
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	3,250
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	231
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	13,869
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	106,020

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	71,514
R0520	*Technical provisions - non-life (excluding health)*	71,514
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	67,972
R0550	*Risk margin*	3,541
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	320
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	534
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	311
R0900	**Total liabilities**	72,678
R1000	**Excess of assets over liabilities**	33,341

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business																	0
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share																	0
R0200	Net								0									0
	Premiums earned																	
R0210	Gross - Direct Business																	0
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share																	0
R0300	Net								0									0
	Claims incurred																	
R0310	Gross - Direct Business																	0
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share																	0
R0400	Net								0									0
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net								0									0
R0550	**Expenses incurred**								0									0
R1200	**Other expenses**																	
R1300	**Total expenses**																	0

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business							0
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share							0
R0200	Net	0						0
	Premiums earned							
R0210	Gross - Direct Business							0
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share							0
R0300	Net	0						0
	Claims incurred							
R0310	Gross - Direct Business							0
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share							0
R0400	Net	0						0
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0						0
R0550	**Expenses incurred**							0
R1200	**Other expenses**							
R1300	**Total expenses**							0

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**								0									0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross								0									0
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	0
R0150	**Net Best Estimate of Premium Provisions**								0									0
	Claims provisions																	
R0160	Gross								67,972									67,972
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default								2									2
R0250	**Net Best Estimate of Claims Provisions**								67,971									67,971
R0260	**Total best estimate - gross**								67,972									67,972
R0270	**Total best estimate - net**								67,971									67,971
R0280	**Risk margin**								3,541									3,541
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**								71,514									71,514
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**								2									2
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**								71,512									71,512

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020	Accident year / underwriting year	Underwriting Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											9,271	9,271	9,271
R0160	2011	0	0	0	0	0	0	0	96	1,098	776		776	1,970
R0170	2012	0	0	0	0	0	0	21	11	295			295	327
R0180	2013	0	0	0	0	0	2	0	0				0	2
R0190	2014	0	0	0	0	0	0	0					0	0
R0200	2015	0	0	0	0	0	0						0	0
R0210	2016	0	0	0	0	0							0	0
R0220	2017	0	0	0	0								0	0
R0230	2018	0	0	0									0	0
R0240	2019	0	0										0	0
R0250	2020	0											0	0
R0260												Total	10,343	11,570

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											58,047	58,693
R0160	2011	0	0	0	0	0	0	0	5,971	3,766	5,803		5,868
R0170	2012	0	0	0	0	0	0	1,784	882	3,040			3,074
R0180	2013	0	0	0	0	0	689	104	334				338
R0190	2014	0	0	0	0	0	0	0					0
R0200	2015	0	0	0	0	0	0						0
R0210	2016	0	0	0	0	0							0
R0220	2017	0	0	0	0								0
R0230	2018	0	0	0									0
R0240	2019	0	0										0
R0250	2020	0											0
R0260												Total	67,972

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	0	0		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	33,341	33,341			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**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**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	33,341	33,341	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	33,341	33,341	0	0	0
R0510	Total available own funds to meet the MCR	33,341	33,341	0	0	
R0540	Total eligible own funds to meet the SCR	33,341	33,341	0	0	0
R0550	Total eligible own funds to meet the MCR	33,341	33,341	0	0	
R0580	**SCR**	27,465				
R0600	**MCR**	7,001				
R0620	**Ratio of Eligible own funds to SCR**	121.40%				
R0640	**Ratio of Eligible own funds to MCR**	476.24%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	33,341
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	0
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	33,341
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	6,414		
R0020	Counterparty default risk	1,130		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	22,430		
R0060	Diversification	-4,549		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	25,425		

		C0100
	Calculation of Solvency Capital Requirement	
R0130	Operational risk	2,039
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	27,465
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	27,465
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

		C0109
	Approach to tax rate	
R0590	Approach based on average tax rate	0

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	7,001

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	67,971	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	7,001
R0310	SCR	27,465
R0320	MCR cap	12,359
R0330	MCR floor	6,866
R0340	Combined MCR	7,001
R0350	Absolute floor of the MCR	4,328
R0400	**Minimum Capital Requirement**	7,001