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CNA Insurance Company (Europe) S.A.
Solvency and Financial Condition Report
For the year ended 31 December 2020

35F avenue J.F. Kennedy,
L-1855 Luxembourg

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Summary

Introduction

The directors of CNA Insurance Company (Europe) S.A. ("the Company" or "CICE") present the Company's Solvency and Financial Condition Report ("SFCR") for the year ended 31 December 2020. CICE was incorporated in the Grand-Duchy of Luxembourg on 7 March 2018 and was authorised to operate as a non-life insurance company by the Commissariat aux Assurances ("CAA") on 17 July 2018.

Key elements of this report are as follows:

Business and performance

CICE is a commercial insurer offering a range of specialist products to targeted industry segments. The Company is headquartered in Luxembourg and underwrites business throughout the EEA through a network of branches. Direct and facultative commercial insurance products are underwritten, which are predominantly placed through brokers.

CICE's immediate parent undertaking is CNA Insurance Company Limited ("CICL") which is wholly owned by CNA Europe Holdings Limited ("CNAEH"). CNAEH is part of CNA Financial Corporation ("CNAF") which, in turn, is controlled by Loews Corporation. References to "CNA" in this report are to CNAF and its group undertakings including CNAEH and CICL.

CNA is the one of the largest commercial property and casualty insurance companies in the United States of America ("US"). As of 31 December 2020, it has approximately 5,800 employees and its insurance products include commercial property and casualty coverages, including surety. CNA's products and services are primarily marketed through independent agents, brokers and managing general underwriters to a wide variety of customers, including small, medium and large businesses, insurance companies, associations, professionals and other groups.

As disclosed in the 2020 Audited Annual report, the Company reported an after-tax loss of €23.5 million, compared to a loss of €3.5 million in the previous year.

Underwriting activities

The Company reported underwriting losses of €24.9 million for the 2020 financial year compared to a loss of €6.3 million for 2019.

Investment return

The Company benefited from strong operating cash flows and, to the extent possible, these were re-invested in the Company's investment portfolio. The Company has in place processes to monitor operating cash flows, which ensure that investment returns are maximised, whilst maintaining adequate cash resources to meet operating expenses and claims.

System of governance

The core purpose of the Company is to be a leading specialty insurer with the aim of creating preference through the delivery of underwriting and service excellence. The Board has responsibility for the ultimate performance of the Company and its risk taking activity and therefore has established an organisational structure that supports an effective system of corporate governance to assess, manage and monitor risk.

The system of governance has a clear allocation of responsibilities by risk types and is reviewed at least annually by the CICE Board. The Company operates the "Three Lines of Defence" assurance model to support the Board and its Committees.

Summary - continued

Risk profile

The CICE Board has overall responsibility and accountability for risk management. The Company's appetite for accepting and managing risk is defined by the Board. The Board has delegated to the Risk Committee the responsibility of identifying and assessing all material risks and reviewing the Company's actual risk exposure against stated risk appetite on a regular basis.

Insurance risk is the most material risk to the Company and is the risk associated directly with the Company's underwriting activities. This includes the risk associated with unexpectedly high frequency or severity of claims experience, inaccurate or inadequate pricing of insurance policies, inappropriate or breaches of underwriting guidelines and authority limits, uncollectable or disputed reinsurance recoveries and inadequate or inaccurate claims reserving.

Valuation for solvency purposes

Section D2 compares the valuation of net technical provisions between the statutory accounts basis and the Solvency II basis. The key differences being that in Solvency II technical provisions are discounted, include a risk margin and a provision for future losses not yet incurred.

Capital management

The available and eligible amount of own funds to cover the company's SCR at 31 December 2020 was €206.2 million (2019: €187.6 million). This represented a surplus of €47.2 million (2019: €29.8 million) over the SCR of €159.0 million (2019: €157.8 million). The MCR was €62.5 million (2019: €57.7 million). The Solvency ratio, expressed as eligible own funds as a percentage of the SCR as at 31 December 2019 was equal to 130% (2019: 119%).

A Business and performance

A1 Business information

Name and legal form of entity

Name: CNA Insurance Company (Europe) S.A.
Registered number: B222697
Legal form: Société Anonyme

Registered office

35F, avenue J.F. Kennedy,
L-1855 Luxembourg,
Grand-Duchy of Luxembourg

Primary regulatory supervisor

Commissariat aux Assurances
7, Boulevard Joseph II
L-1840 Luxembourg
Grand-Duchy of Luxembourg

Group supervisor

Prudential Regulatory Authority
20 Moorgate
London
EC2R 6DA
United Kingdom

External auditor

Deloitte Société Coopérative
20 Boulevard de Kockelscheuer
L-1821 Luxembourg
Grand-Duchy of Luxembourg

Material lines of business and geographic locations

The Company underwrites the following lines of business: marine and transport insurance, fire and other damage to property, liability insurance and miscellaneous financial loss.

In addition to its head office in Luxembourg, the Company operates through branch offices in Belgium, Denmark, France, Germany, Italy, the Netherlands and the UK. In each of these locations domestic business is underwritten, but the Company also underwrites on a cross-border basis under Freedom of Services into other EEA countries.

Significant business events in the reporting period

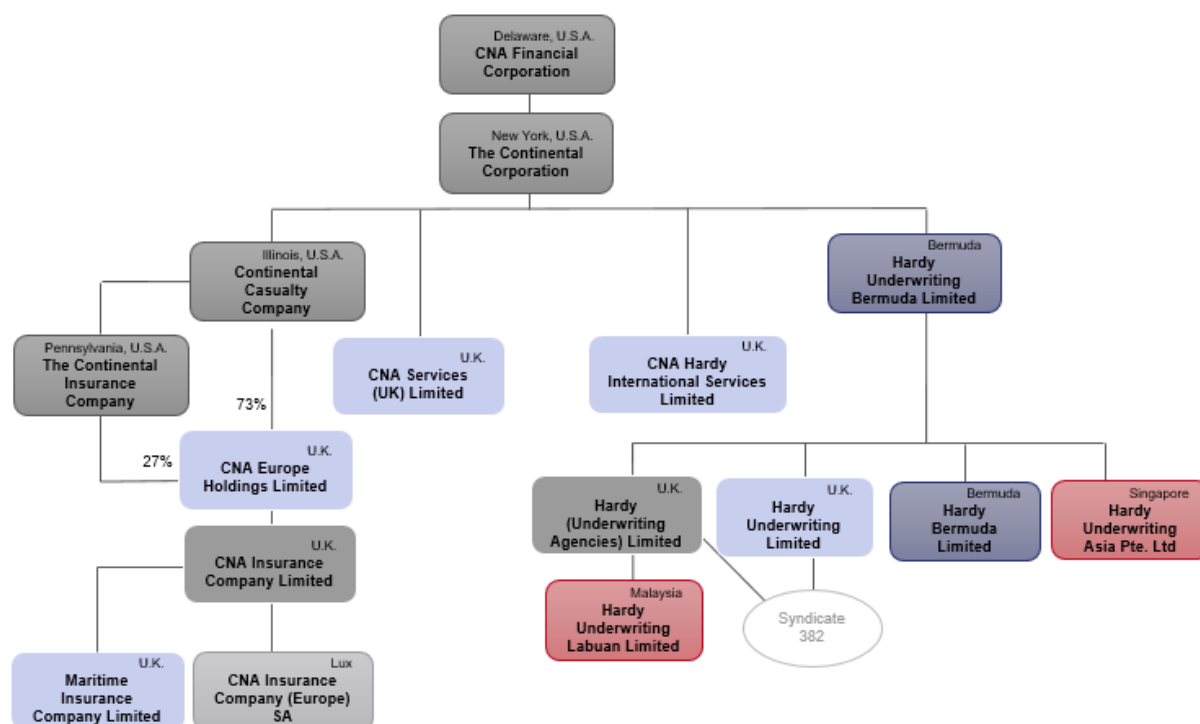
On 30 March 2020 CICL contributed €10.0 million to CICE in exchange for shares in CICE. A further €12.0 million was contributed to CICE from CICL on 11 December 2020.

A Business and performance - continued

A1 Business information - continued

Group structure

The group structure and the Company's position within the group is set out below:



A Business and performance - continued

A2 Underwriting performance

Underwriting performance by material line of business is set out below.

2020	Marine, aviation and transport insurance €'000	Fire and other damage to property insurance €'000	General liability insurance €'000	Misc. financial loss €'000	Total €'000
Premiums written					
Gross	31,296	6,222	135,087	5,686	178,291
Reinsurers' share	(550)	(3,518)	(18,272)	(6,969)	(29,309)
Net	30,746	2,704	116,815	(1,283)	148,982
Premiums earned					
Gross	30,435	9,640	130,409	6,396	176,880
Reinsurers' share	(553)	(3,320)	(15,076)	(8,681)	(27,630)
Net	29,882	6,320	115,333	(2,285)	149,250
Claims incurred					
Gross	17,306	8,477	86,523	4,007	116,313
Reinsurers' share	-	(3,652)	1,315	(1,607)	(3,944)
Net	17,306	4,825	87,838	2,400	112,369
Expenses incurred	11,316	2,656	46,399	1,871	62,242
Underwriting (loss)/gain	1,260	(1,161)	(18,904)	(6,556)	(25,361)

A Business and performance - continued

A2 Underwriting performance - continued

2019	Marine, aviation and transport insurance €'000	Fire and other damage to property insurance €'000	General liability insurance €'000	Misc. financial loss €'000	Total €'000
Premiums written					
Gross	33,965	24,555	150,082	10,687	219,289
Reinsurers' share	(517)	(3,850)	(32,966)	(2,026)	(39,359)
Net	33,448	20,705	117,116	8,661	179,930
Premiums earned					
Gross	27,157	19,246	107,364	8,387	162,154
Reinsurers' share	(538)	(2,669)	(18,625)	(1,361)	(23,193)
Net	26,619	16,577	88,739	7,026	138,961
Claims incurred					
Gross	(36,265)	(30,158)	(152,913)	(15,412)	(234,748)
Reinsurers' share	52,703	39,014	201,636	19,288	312,641
Net	16,438	8,856	48,723	3,876	77,893
Expenses incurred	11,185	8,465	44,121	3,594	67,365
Underwriting (loss)/gain	(1,004)	(744)	(4,105)	(444)	(6,297)

Certain items above have been classified following Solvency II rules leading to presentational difference compared to the Company's annual report and accounts. For example, Claims handling expenses and investment management expenses are shown in expenses incurred instead of net claims incurred and investment income respectively.

The Company achieved gross written premiums of €178.3 million in 2020 (2019: €219.3 million, including the impact of the transfer from CICL to CICE of €49 million) with an underwriting loss of €25.4 million (2019: loss of €6.3 million). The underlying premium growth was recorded across the majority of the lines of business, most notably in the general liability, marine and transport lines of business. The Company recorded a loss ratio of 75.3% and a combined ratio of 117.0% (2019: 56.1% and 104.5%).

The underwriting loss was driven primarily from several large general liability losses.

The expense ratio of 41.7% represented €62.2 million (2019: 48.5% and €67.3 million).

A Business and performance - continued

A2 Underwriting performance - continued

Underwriting performance by material branch location is set out below.

2020	United Kingdom €'000	France €'000	Italy €'000	Nether-lands €'000	Denmark €'000	Other €'000	Total €'000
Premiums written							
Gross	43,629	40,533	30,155	18,084	17,534	28,356	178,291
Reinsurers' share	(7,804)	(5,890)	(3,312)	(2,783)	(2,841)	(6,679)	(29,309)
Net	35,825	34,643	26,843	15,301	14,693	21,677	148,982
Premiums earned							
Gross	43,526	41,952	28,655	17,124	17,965	27,658	176,880
Reinsurers' share	(7,335)	(5,720)	(2,767)	(2,574)	(2,721)	(6,513)	(27,630)
Net	36,191	36,232	25,888	14,550	15,244	21,145	149,250
Claims incurred							
Gross	31,746	28,492	17,672	4,307	15,242	18,854	116,313
Reinsurers' share	(430)	(248)	340	(564)	(1,021)	(2,021)	(3,944)
Net	31,316	28,244	18,012	3,743	14,221	16,833	112,369
Expenses incurred	10,672	18,011	11,054	6,214	5,395	10,896	62,242
Underwriting (loss)/gain	(5,797)	(10,023)	(3,178)	4,593	(4,372)	(6,584)	(25,361)

A Business and performance - continued

A2 Underwriting performance - continued

2019	United Kingdom €'000	France €'000	Italy €'000	Denmark €'000	Nether-lands €'000	Other €'000	Total €'000
Premiums written							
Gross	44,712	60,093	33,543	29,706	19,529	31,707	219,289
Reinsurers' share	(9,724)	(8,977)	(2,793)	(4,495)	(3,564)	(9,806)	(39,359)
Net	34,988	51,116	30,750	25,211	15,965	21,901	179,930
Premiums earned							
Gross	27,667	46,089	24,120	24,843	14,875	24,560	162,154
Reinsurers' share	(2,802)	(5,952)	(2,198)	(2,775)	(2,342)	(7,124)	(23,193)
Net	24,865	40,137	21,922	22,068	12,533	17,436	138,961
Claims incurred							
Gross	(38,764)	(67,686)	(38,411)	(27,830)	(10,250)	(51,807)	(234,748)
Reinsurers' share	54,368	45,467	12,170	2,078	9,308	189,250	312,641
Net	15,604	(22,219)	(26,241)	(25,752)	(942)	137,443	77,893
Expenses incurred	8,561	21,727	9,955	9,393	6,100	11,629	67,365
Underwriting (loss)/gain	700	40,629	38,208	38,427	7,375	(131,636)	(6,297)

A Business and performance - continued

A3 Investment performance

Income and expenses arising from investments by asset class is as follows:

	Corporate bonds €'000	Government bonds €'000	Bank interest and other €'000	Total €'000
2020				
Income from investments	4,387	462	5	4,854
Realised gains on investments	474	158	-	632
Unrealised losses on investments	(56)	(15)	-	(71)
Investment management expense	(390)	(49)	-	(439)
Interest expense	-	-	(232)	(232)
Total	4,416	555	(227)	4,744
2019				
Income from investments	8,373	1,069	5	9,447
Realised gains on investments	614	(31)	-	583
Unrealised losses on investments	(194)	(15)	-	(209)
Investment management expenses	(2,575)	(329)	-	(2,904)
Interest expense	-	-	(8)	(8)
Total	6,218	694	(3)	6,909

A Business and performance - continued

A4 Performance of other activities

A4.1 Other income and expenses

Details of other income and expenses are as follows:

	Note	2020 €'000	2019 €'000
Items recognised in profit and loss on a GAAP basis:			
Other income	1	198	1,118
Other charges, including value adjustments	1	(3,468)	(11)
Tax charge on loss on ordinary activities	2	(91)	(5,169)

1. In 2020, other income arose from subtenant revenue and currency translation (in 2019, other income primarily related to a recovery the Company received in the year relating to a past claim which will not be present in future years). In 2020 other charges relates foreign exchange losses (in 2019, other charges related to currency translation losses).
2. Tax on profit or loss on ordinary activities represents current tax, including wealth tax, corporation tax and foreign tax, provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

A4.2 Material operating lease arrangements

Information on leasing arrangements is included in Section D1 and D3.

A5 Other material information

A5.1 COVID-19

The global spread of COVID-19 is having a significant impact on the insurance industry, the global economy, financial markets and society as a whole.

The Company continues to actively manage the impact of this situation to ensure that its day-to-day operations are continuing effectively. A Pandemic Crisis Management Team consisting of senior leaders from across the business was established to maintain business resilience and effective communications. The Company implemented certain temporary measures in 2020 in response to COVID-19, including a mandatory home working policy. However, the business remains fully operational and able to support the needs of customers and other stakeholders.

The Company's 2020 result includes the earned impact from COVID-19 on its insurance contracts. The Company has performed a detailed review of its exposures to COVID-19 related losses and considers that loss reserves established in this regard are appropriate. Management have also considered the impact of COVID-19 on the Company's financial strength and ability to operate effectively. This included the review of potential indicators, including investment valuations, future revenue and profitability, cash flow, claims potential and access to capital, as well as other operational considerations. Management specifically considered the past and future impacts of COVID-19 on the Company's business. Based on this assessment and as at the date of approval of this report, the directors do not consider that COVID-19 will impact the Company's ability to continue operating on a going concern basis.

B System of governance

B1 General Information on the system of governance

B1.1 Roles and responsibilities of the administrative body and key functions

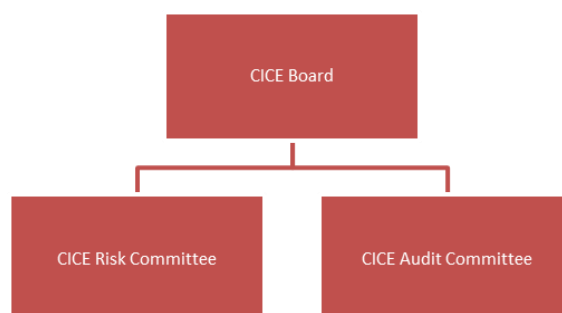
The core purpose of the Company is to be a leading specialty insurer with the aim of creating preference through the delivery of underwriting and service excellence. The Board has responsibility for the ultimate performance of the Company and its risk taking activity and therefore has established an organisational structure that supports an effective system of corporate governance to assess, manage and monitor risk.

CICE operates a three lines of defence governance model.

The CICE Board is supported by two governance committees; the Risk Committee and Audit Committee. The Risk Committee is chaired by the CICL CRO and the Audit Committee is chaired by an Independent Non-Executive Director ("INED"). Each committee has terms of reference that document and define the matters for which it is responsible.

The system of governance has a clear allocation of responsibilities by risk types and is reviewed at least annually by the CICE Board.

B1.1.1 Overview of the Board and Committees



B System of governance - continued

B1 General Information on the system of governance - continued

B1.1.2 The Board

Ultimate responsibility for the Company's affairs rests with the Board of directors. The Board is responsible for approving the Company's business plan and its strategies. The Board provides leadership based on a framework of controls and risk management disciplines and sets the Company's risk appetite. The Board also seeks to ensure the Company is compliant with all relevant internal and external regulations governing CICE's activities. The Board meets at least quarterly.

The Board is responsible for ensuring that the implemented risk management process is suitable, effective and proportionate to the nature, scale and complexity of the risks inherent in the business.

The structure of the Board and executive responsibilities ensures appropriate segregation of responsibilities, overseen by the governance committees.

Composition of the Board

As at 31 December 2020 the Board had five members, of which one is an INED, three are non-executive members and one is Executive Director and CICE General Manager. The Chairman of the Board is the CEO of CICL.

The duties of the Board or its delegated representatives include:

- Overall responsibility for the Company's strategy, management and business performance;
- Approval of the Company's long-term objectives and commercial strategy, including but not limited to, the Company's business plan and Own Risk and Solvency Assessment Report ("ORSA");
- Setting the Company's risk appetites and ensuring that the organisation has an embedded risk management framework and risk absorption capability to support its business strategy;
- Ensuring the maintenance of a sound system of internal controls control and risk management including reviewing the effectiveness of the Company's risk and control processes;
- Approval of the financial reports including the annual accounts;
- Reviewing and approval of material policies, any reports and returns required by the Regulators including confirmation statements regarding Solvency II compliance;
- Maintaining appropriate capital to support the undertaking;
- Setting the Company's values and standards, providing appropriate opportunities for organisational learning, including lessons learned and ongoing training and development; and
- Oversight of Board membership and corporate governance matters.

B1.1.3 Board Committees

Risk Committee

The key objectives of the Risk Committee include:

- Raising the level of risk awareness and accountability;
- Integrating an effective risk management process into the organisational structure, decision making process and CICE's culture; and
- Providing a mechanism for oversight of all risk management issues. It also monitors CICE's risk-based capital and oversees the Company's compliance with Solvency II regulation.

The Risk Committee assesses compliance with CICE's risk management strategy, risk policies and risk appetite. The Committee ensures that the risk register is both up to date and adequate.

B System of governance - continued

B1 General Information on the system of governance - continued

B1.1.3 Board Committees - continued

Audit Committee

The key objectives of the Audit Committee are to assist the Board to oversee the:

- Integrity of CICE's financial statements;
- Adequacy and effectiveness of the internal control environment;
- Qualifications and independence of CICE's external auditors; and
- Agree the audit plan and assess the performance of the internal audit function.

B 1.2 Changes to the system of governance

Changes to the Board Composition:

- D Brosnan resigned from his position as Director on 31 August 2020.
- J Rehman was appointed as a Board Director on 25 August 2020.

There were no material changes in the system of governance during 2020.

B 1.3 Adequacy of the system of governance

The system of governance is deemed to be adequate following a Board effectiveness review. The review is conducted annually during Q1.

CICE is committed to ensuring that its strategy, leadership, decision making and control framework are all central to the reasonable expectations of, and reflect the fair treatment of, its policyholders.

CICE believes that the quality of its relationship with customers is key to the success of the business. The Company continues to review its commitment to its customers to ensure that its values are maintained. Accordingly, the Company ensures conduct risk management is embedded into its risk management framework, supported by appropriate management information ("MI").

The fair treatment of customers remains at the heart of the CICE business model. The Company is satisfied that its policies and procedures are designed and implemented in such a way as to ensure that treating customers fairly outcomes are delivered.

B System of governance - continued

B1 General Information on the system of governance - continued

B 1.4 Remuneration Policy

B 1.4.1 Principles of the remuneration policy

The Company's remuneration policy addresses the business philosophy and takes account of regulatory guidelines by ensuring that the overall remuneration package:

- Is fair, competitive, transparent, and appropriate for the market in which the Company operates to attract, retain, and motivate the workforce, the Company's key business asset, over the long term;
- Is affordable and sustainable and supports the delivery of the company's corporate and strategic goals, incorporating sound risk management controls to align with our risk appetite;
- Provides a demonstrated link between pay, and Company and individual performance;
- Reflects an appropriate balance between fixed and variable pay and short term and long term incentives; and
- The remuneration approach applies to all employees and does not encourage or reward inappropriate risk-taking by executive directors' or employees. It reflects the role that individuals perform, the skills or expertise required to perform a role and its value to the business. Total remuneration comprises a basic salary, benefits, a discretionary Annual Incentive Plan and Long Term Incentive Plan and is in general reflective of market practices.

To ensure that the Company's remuneration strategy remains appropriate and managed effectively, the following actions are taken:

- Responsibility for the Company's overall remuneration policy is delegated by CNAF to the Company;
- No Executive Director or employee is involved in decisions concerning their own remuneration;
- Market remuneration reviews are conducted on a regular basis for all roles within the organisation;
- The Company has access to independent external advice from international remuneration and legal advisors as needed from time to time;
- A performance management system is in place which clearly details the objectives for each employee within the business. This provides for the assessment of performance against this, with the link to reward in the form of the annual pay review and participation in the Annual Incentive Plan and in the Long Term Incentive Plan as applicable.

The remuneration structure and policy have not changed over the last twelve months.

B 1.4.2 Share options, shares or variable components of remuneration

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and regular Company briefings. All employees are eligible to be included in the Annual Incentive Plan, subject to scheme rules, which assesses performance objectives and behaviours against defined targets / standards.

Fixed remuneration

This is the core element of remuneration which allows individuals to be remunerated through regular monthly salary payments. It is the Company's policy to pay a market rate compared to other insurers in the relevant market.

B System of governance - continued

B1 General Information on the system of governance - continued

B 1.4.2 Share options, shares or variable components of remuneration - continued

Variable remuneration – Annual Incentive Plan

The variable remuneration is in the form of an Annual Incentive Plan. The plan is designed to incentivise and reward employees who have delivered against their pre-determined individual and collective company targets over the year. Bonus pool funding is based on relative financial performance against plan components and relative performance to other Group companies.

The Company promotes a high performance culture supported by a pay for performance philosophy and practice. The actual results achieved by the Company influence the determination of individual bonus awards. The greatest influence on each award is individual performance and contribution to results and they remain the most influential ingredients in how bonuses are calculated.

Variable remuneration – Long-Term Incentive Plan

The Company also operates a longer term incentive programme for senior employees to help to align performance with the longer term strategy of the Company by deferring an element of a participant's total remuneration. The Annual Performance Share Plan provides participants with an opportunity to earn an award when CNA's pre-established financial goals, based on its annual net operating income, are achieved over a one-year period. Awards are granted at the beginning of each performance year and are subject to a two-year vest after the Company's annual performance has been determined.

As a wholly owned subsidiary of CNAF, restricted share options are not available to the Company's employees.

B 1.4.3 Supplementary pension or early retirement schemes for the members of the administrative, management or supervisory body and other key function holders

The pension schemes differ according to the market practice of the country in which the Branch operates.

B 1.5 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

No material transactions took place in the last financial year.

B2 Fit and Proper requirements

B 2.1 Requirements for skills, knowledge and expertise

CICE ensures that all employees are fit to undertake their delegated responsibilities and possess the relevant knowledge, skills and experience to effectively carry out their role. There is a robust on-boarding process for all employees, including references, identification and credit checks and criminal checks for those performing regulated functions and key function holders.

In accordance with Solvency II, CICE maintains a list of key function holders and regulated function holders.

B System of governance - continued

B2 Fit and Proper requirements - continued

B 2.2 Fitness and propriety of persons

CICE is committed to ensuring that persons employed by it in regulated functions and key functions are fit and proper to fulfil their respective roles.

In order to evidence that those in regulated functions and key function holders are and remain fit and proper, CICE has:

- Defined corporate values that promote the values of honesty, integrity and the value of the individual;
- Job descriptions that clearly detail the applicable regulatory responsibilities for each regulated function and key function holder within the business and provide for assessment of performance against these;
- An appraisal process that includes ongoing performance review and annual appraisal which is documented, with objectives set and training needs identified; and
- Any member of staff being employed in a regulated function or key function holder completes a fit and proper assessment on appointment. This information is reported to the CAA who carry out an independent assessment of fitness and propriety.

In addition, CICE has a requirement to ensure that employees engaged in distribution activities complete a minimum of 15 hours of professional training or development in each 12 month period. A mandatory curriculum has been set by the CAA and any breaches of requirements are reported.

B3 Risk Management including the ORSA

B 3.1 Risk Management System / Framework

The objective of the Risk Management Framework, including Risk Appetites, is to support the achievement of the Company's vision via the attainment of its strategic goals.

This objective is achieved by identifying; assessing, managing, monitoring and reporting on the Company's risks against the Board agreed Risk Appetite. The Company considers outputs from the ORSA Process when making decisions in respect of its strategy.

Each identified risk in the Risk Register is directly or indirectly linked to the Company's strategic goals, and the risk taking activity of the Company must be aligned with this.

All new material strategic initiatives undergo a risk assessment, the scope of which is proportionate to its materiality, to provide management with analysis in order to review the new initiative. The analysis includes consideration of the key features and benefits of the initiative and the key risks to success, an assessment against the Risk Management Framework, an assessment of the long term plan, capital and solvency positions, a forward looking risk assessment and recommendations, management actions and monitoring as appropriate.

The Company utilises an economic capital model to assist with risk quantification, risk mitigation (including reinsurance purchase) and risk appetite setting.

B 3.2 Implementation of the Risk Management System / Framework

The Risk Management Framework comprises the identification, assessment, monitoring, controlling and reporting of the Company's current and emerging risks. The key components of the framework are outlined below.

Risk Appetite and Limits

- Risk Appetites are approved by the Board and provide thresholds on the levels of acceptable risk;
- Following a review no significant changes were made to the Strategic Appetite statements or the Board level risk appetites and they were approved by the Board. This included approval of the Strategic Appetite Statements which provided a framework which the revised Board and Risk Committee Key Risk Indicators ("KRIs") could operate.

B System of governance - continued

B3 Risk Management including the ORSA - continued

B 3.2 Implementation of the Risk Management System / Framework - continued

Risk Mitigation

- In the event that the Company does not want to accept the level of risk it is exposed to it will employ one or more of the risk mitigation processes at its disposal to bring the level of residual risk within risk appetite;
- There are a number of tools available to do this, including Risk Avoidance, Risk Controls and Risk Transfer. Issues in relation to Risk Mitigation are reported as control issues.

Key Risk Indicators

- Key Risk Indicators are metrics that are linked to individual risks which provide information about the risk or related controls. This allows the Risk Management team to identify and monitor potential issues, and for Risk Owners to take action when required.

Risk Register and Assessment

- The Company faces many risks including those that are developed and understood (as detailed in the Risk Register) and emerging risks where the nature and impact of the risks are not yet fully understood and managed;
- The Company's Risk Taxonomy has classified the identified Risks into distinct risk categories detailed in the Risk Register;
- The Risk Register contains all of the material risks currently faced by the business. Each of these risks has a Risk Owner who manages the associated appetites, controls and KRIs; and
- The 2020 Risk Register coverage exercise was conducted as part of the ORSA process. As part of this review, the Risk Register was aligned with the updated Group Risk Register. This process and the tools used to identify and assess risks to the business are described in the Risk Management Policy.

B 3.3 Risk Culture

The Company works to embed a strong Risk Culture where:

- The Risk Owners effectively manage, control and report on their risks with Risk Management being an integral part of employee's roles;
- Risk events and control issues are identified swiftly, reported openly to Risk Management and acted on.

The embedding of Risk Culture seeks to ensure there is a framework in place to ensure business decisions are made in a risk to reward context and within the bounds of the Company's risk appetites and corporate authorities.

B 3.4 ORSA

The ORSA is a process for the Company to identify and assess all material risks that may impact the Company's ability to meet, over the long term business planning period, its strategic objectives and obligations and to ensure sufficient capital is maintained, on a continuing basis, to meet these risks.

Assessments are forward-looking, taking into account the business plan, long term plan and projections. The assessment is performed regularly and without any delay following any significant change in the risk profile, with the outcome of the assessment informing strategic decisions.

The Board owns the ORSA process and is required to understand, review, challenge and approve the results of the ORSA via an ORSA report at least annually.

The Risk Management Function is responsible for ensuring that the ORSA process is followed and an ORSA report produced as per the guidelines set out in the ORSA Policy.

B System of governance - continued

B3 Risk Management including the ORSA - continued

B 3.4 ORSA - continued

The ORSA process is structured in such a way that strategy, risk, capital and solvency are assessed regularly and any event triggers for an ad-hoc ORSA are identified. If an ORSA trigger occurs the Risk Committee conducts a review to determine in a full or partial ORSA refresh is required.

Any material issues raised by the ORSA Process are escalated to the Board including justification for any ORSA refresh that is required. ORSA triggers are detailed in the ORSA Policy.

B4 Internal control system (“Three Lines of Defence”)

The Company operates the “Three Lines of Defence” assurance model to support the Board and its Committees.

B 4.1 First Line of Defence

Risks are owned by and managed in the first line by those that have a responsibility for risk taking and decision making.

The appetites, tolerances and limits set by the Board provide the parameters within which the business operates. It is the duty of the first line to operate within these and therefore support the level of risk taking that the Board has deemed acceptable as part of its strategy.

Staff undertaking day to day activities are best placed to understand the risks of that activity and be able to spot risk issues and improvements. Therefore all staff are responsible for managing the risks that are within their areas of responsibility and for ensuring that the risks they assume on behalf of the business are appropriate to the nature and appetite of the business and within the scope of their authorities.

B 4.2 Second Line of Defence

First line risk management is then challenged and reviewed by the Risk Management Team in the second line which is responsible for maintaining the Risk Management Framework. They assist the Board by providing them with objective monitoring and oversight of the risk position against appetite.

The Board is also supported in the second line by Compliance who are responsible for overseeing the framework relating to Compliance risk (including compliance monitoring).

Chief Risk Officer (“CRO”)

The Board has assigned to the CRO responsibility for ensuring effective risk management within the Company by providing overall leadership, vision and direction for enterprise risk management.

Risk Management Function

The Risk Management Function co-ordinates and manages the risk management framework. Risk Management assists the Board, Risk Committee and CRO to implement and maintain an effective risk management process and ORSA.

Compliance Monitoring

An effective risk and internal control system ensures that the Company complies with applicable laws, regulations and administrative provisions. The Compliance Function plays a key role in this, by advising the Board and senior management on compliance with regulations and administrative provisions; assessing the impact of any changes in the regulatory environment on the operations of the undertaking concerned and the identification and assessment of compliance risk.

The Compliance Function is responsible for advising the Board on the provisions adopted pursuant to Solvency II and understanding its impact on the internal control system. Any major compliance issues identified are promptly escalated. This oversight and interaction help maintain Solvency II compliant governance systems.

As part of the Compliance Function overarching plan, a regulatory developments workstream has been developed, which is responsible for identifying legislative or regulatory changes affecting the Company. Relevant regulatory changes are identified and an analysis is then undertaken to assess the impact and plan for any necessary changes to operations.

B System of governance - continued

B4 Internal control system (“Three Lines of Defence”) - continued

B 4.2 Second Line of Defence - continued

Compliance Monitoring - continued

At a minimum, the compliance Function undertakes an annual assessment of the possible impact of any changes in the legal and regulatory environment on the operations of the Company and the identification and assessment of Compliance risk. Any regulatory developments are escalated to the appropriate Function so the applicable control can be considered and adjusted if required. This maintains the suitability of those controls in light of new legislative measures and emerging and evolving risks.

The Compliance Policy is set out through the Compliance Function’s Terms of Reference which set out the authorities, responsibilities, competencies, and reporting obligations of the Compliance Function. In accordance with the terms of reference, the Compliance Function operates a Compliance Framework.

Management information is produced for and reviewed by the Function as part of its monitoring of compliance within CICE and steps are taken to address any issues or deficiencies. All findings are discussed and any changes are approved by the Risk Committee to ensure appropriate oversight.

B5 Internal Audit Function

B 5.1 Implementation of the Internal Audit Function (“Third Line of Defence”)

Independent assurance over the effectiveness of lines one and two is provided by the Internal Audit Function.

Internal Audit’s role is to provide independent, objective assurance designed to add value and improve the Company’s operations. Internal Audit helps CICE accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes whilst meeting the requirements of the relevant regulatory authorities.

The scope of Internal Audit’s work is to determine whether the Company’s network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning appropriately.

B 5.2 Independence of the Internal Audit Function

Internal Audit reports directly into the group CEO and Internal Audit Reports are provided in full to the Audit Committee. The Head of Internal Audit meets routinely with the Chair and members of the Audit Committee without management being present.

B System of governance - continued

B6 Actuarial Function

The Actuarial Function is responsible for the estimation and recommendation of reserves and technical provisions as well as the design, parameterisation, maintenance and monitoring of pricing models. The Capital Team is responsible for the Economic Capital Model and for the production of the Standard Formula Capital calculation.

The Actuarial Function produces an annual written report setting out the tasks that have been undertaken by the Actuarial Function and their results identifies any limitations or deficiencies and gives recommendations on how these should be remedied.

B6.1 Actuarial Function's contribution to Risk Management

CICE operates an enterprise-wide risk management framework that covers all the material risks that the business faces. This includes a specific Reserving Risk that covers all aspects of the actuarial reserving process. The risk considers the reserving process and the performance and adequacy of the control environment. The risk position is reported quarterly to the Risk Committee by the Chief Actuary (who is the risk owner) with issues escalated to the Board if necessary.

There are key Risk Appetites specific to reserving, measuring reserving strength and the sufficiency of the reserves. These are monitored through the Reserving Group.

Regular meetings are held between the Risk Management department and Reserving on both the reserving risk and on broader risks, issues and controls that are influenced by, or are an influencer of, the Reserving and Technical Provisions processes. Broader involvement includes the Actuarial Function contributing to the Risk Appetite setting and monitoring process and through being an active part of the risk review of the business plan to ensure the plan is realistic and supportable, all of which feed into the annual ORSA.

Other areas in which the Actuarial Function is involved in contributing to effective risk management include:

- Oversight on risks related to the use and development of critical models – reserving, capital, pricing – throughout the business
- Contribution to the process of managing emerging risks
- Setting risk-based capital estimates
- Advising on the appropriateness of reinsurance arrangements
- Involvement in the management of pricing risk through development of appropriate technical pricing guidance via pricing models and transactional support

B System of governance - continued

B7 Outsourcing Policy

The Group has an agreed Outsourcing Policy which sets out the requirements and conditions to be followed when undertaking outsourcing activities for CICE. This policy applies to CICE.

The Outsourcing Policy initially classifies the outsourcing arrangement as either standard outsourcing or material outsourcing. There are differing levels of due diligence and governance in place for approval of outsourcing arrangements.

The Company is currently utilising several service providers to undertake critical or important functions on its behalf. The details of these service providers, and the jurisdictions they operate in, are provided below:

External Outsourcing

- Investment Management - Fund management is outsourced for the Company's investments and the jurisdiction of the provider is the UK;
- Payroll Services - Employee payroll processing services are outsourced to a specialist payroll provider. The jurisdiction of the outsourced service is the same as that in which the Branch operates.

Intragroup Outsourcing

- CNA Services - Provides management services to the Company including the recharge of expenses incurred on its behalf and is located in the UK;
- CCC – Provides IT services and Infrastructure support through an agreement between CCC and the Company. The supplier provides around the clock support including desktop, network, voice and infrastructure services for the Company. In addition, all IT infrastructure is owned by the provider. CCC is located in the United States of America, however service is provided from locations worldwide.

B8 Any other information

No further information.

C Risk profile

Principal risks and uncertainties

The CICE Board has overall responsibility and accountability for risk management. The Company's appetite for accepting and managing risk is defined by the Board. The Board has delegated to the Risk Committee the responsibility of identifying and assessing all material risks and reviewing the Company's actual risk exposure against stated risk appetite on a regular basis.

C1 Insurance (Underwriting) risk

Insurance risk is the risk associated directly with the Company's underwriting activities. This includes the risk associated with unexpectedly high frequency or severity of claims experience, inaccurate or inadequate pricing of insurance policies, inappropriate or breaches of underwriting guidelines and authority limits, uncollectable or disputed reinsurance recoveries and inadequate or inaccurate claims reserving.

To mitigate these risks the Company has in place controls and governance processes designed to closely monitor its underwriting activities. These include, but are not limited to, the operation of the underlying working groups, the issuance of underwriting authority limits and guidelines, the extensive use of technical pricing models, and regular underwriting audits.

C1.1 Underwriting risk

Underwriting risk represents risk associated with the issuance of insurance policies by the Company. This relates to the uncertainty as to whether premiums received will be sufficient to cover future losses, as well as risks associated with potential volatility in claims experience.

Processes used to manage underwriting risk include the setting of underwriting and pricing standards and limits on risk-taking. The Company also monitors and manages its natural catastrophe exposures and uses catastrophe modelling software in order to assess its risk. Where necessary, reinsurance is used to mitigate and transfer risk falling outside risk appetite. Additionally the Company employs a business model that achieves diversification through the spread of business across territories and sectors. The Underwriting Committee provides governance over managing underwriting risk, reporting to the Board.

Sensitivity testing is carried out around the key assumptions of planned premium rate and growth. This allows the Company to identify the levels of rate and growth where the plan becomes unsustainable. An annual increase in planned premium rate of 5.0% leads to a 0.2% improvement in the combined ratio and a 10% increase in premium volume results in an improvement in the combined ratio of 1.8%.

C1.1.1 Risk Concentration and Mitigation: Control of aggregating exposures

Measurement and control of exposures are the means by which volatility within the portfolio is constrained. It goes to the heart of the business' appetite for risk since exposures are contained at a level that represents the extent to which the Company is prepared to bear a net loss. Within an insurance business, aggregations of risk may arise from a single insurance contract or through a number of related contracts. Whilst some level of claims activity from these aggregations is expected on a regular basis, certain events, or a series of events, may occur that stress the business financially. Examples of such events are damage to property by fire and liability losses. The extent of the impact may also be very dependent on the size and location of the insured events.

Control of aggregating exposures in vulnerable locations is clearly vital, and is the key to maximising the potential for good underwriting profit in loss free periods without, on the downside, over-exposing capital to the impact of large and costly events. Factors which would impact the assumption of risk in these circumstances include an appropriate pricing of risk, a spread of risk across geographical territories and the availability, subject to cost, of a suitable reinsurance programme. The Company determines the maximum total exposure levels to a range of events that it is prepared to accept. Beyond this level, no further exposure may be assumed. At any point in time, the current exposure position for the underwriting portfolio is available to underwriters to enable them to assess the impact of individual risk exposures on the whole account.

C Risk profile - continued

C1 Insurance (Underwriting) risk - continued

C1.1.1 Risk Concentration and Mitigation: Control of aggregating exposures - continued

The company monitors and control exposures to all material types of aggregating risk, including natural catastrophe and man-made perils. For the most material natural catastrophe perils of windstorm, flood and earthquake, the company uses the AIR catastrophe model to quantify and manage exposures. Reinsurance is purchased to protect against aggregating events to ensure that the Company's net exposure to aggregating events is within Board risk appetite. A range of stress and scenario tests are also run during the year to examine the exposure to specific types of events.

C1.1.2 Management of reinsurance risk

Treaty reinsurance is purchased to proactively manage the volatility inherent in the business. The Company seeks to balance cost versus protection through outward reinsurance treaty protections.

Reinsurance is used to protect the business against large individual risk losses as well as against catastrophe accumulations of risk. Both proportional and non-proportional reinsurances are employed. Facultative reinsurance may also be used in certain predetermined circumstances for individual risks.

The erosion and ongoing adequacy of the reinsurance programme as well as the reinsurance credit risk are actively monitored.

C1.2 Reserve risk

Reserve risk is associated with liabilities the Company has from insurance policies issued in the past. This is the risk that technical provisions and related claims handling reserves will be materially inadequate relative to the ultimate cost of settlement.

Reserves for business underwritten in the past are established through detailed actuarial studies of the Company's insurance liabilities. These studies are subject to extensive management review and discussion by the Company's Reserving Group and Audit Committee. The Company sets its reserves using a variety of established methodologies for all claims liabilities, reported and unreported. Where necessary, policies or parts of the portfolio that give rise to particular uncertainty are segmented and analysed separately as part of the reserving process. The drivers of underlying changes in estimates of reserves are identified and analysed. For the current accident year, additional sources of uncertainty, such as changes in pricing levels, catastrophe claims, significant external events, or the mix of business underwritten, are explicitly considered when setting reserves. In order to monitor the adequacy of previously established reserves, claims experience is reviewed each quarter to identify any deviations against expectations.

Critical to the reserve setting process is the assumption that the past claims development experience can be used to predict the future claims development and hence the ultimate cost of claims. Triangulation statistics that show the historical development of premiums and claims for each class of business and underwriting year are used to assist in the process of determining reserves. Numerous other factors and assumptions are applied to the claims historical progression data to assist in setting these estimates. The factors include changes over time to the business mix and method of acceptance within each class of business, rating and conditions, legislation and court awards, claims inflation and economic conditions. By its nature, the process involves a significant amount of judgement, although every effort is made to ensure that the process and resultant reserves are set on a best estimate basis and will be sufficient to meet the cost of claims when they are finally settled.

C Risk profile - continued

C1 Insurance (Underwriting) risk - continued

C1.2 Reserve risk - continued

There is a significant amount of uncertainty in the reserve established, which may be more or less than adequate. The level of uncertainty varies between classes of business and generally increases for longer tail classes of business. Any change in the estimate of a reserve, or a settlement at a value other than the reserve provided, is recognised in the reporting period in which the change is identified. Given the significant uncertainty in the best estimate reserve established, the booked reserve also includes an additional management margin for prudence. This margin increases the probability that the booked claim reserves will prove adequate. The margin amount is set by the Board and reflects both the degree of uncertainty around the actuarial best estimate and the reserve risk appetite of the Company.

Sensitivity testing is carried out around the key assumptions to assess the uncertainty in assumption. An increase in the existing earned reserve by 5% leads to an increase in the SCR of 2.9%. Given that the Company has exposure to longer tailed classes of business inflation is also an important assumption to consider. If claims paid during the year are 5% higher annually and reserves increase by 2.5%, pre-tax profit could decrease by €13 million.

C2 Market risk

Market risks are principally related to the Company's investment activity, notably its holding of debt and other fixed income investments. Within this area, the primary risk to which the Company is exposed is the interest rate risk.

The Company manages these exposures through its Investment Group. The group is responsible for establishing and maintaining an investment policy in line with the risk appetite of the Company. In addition, the group is responsible for the management of all investment asset risks, the selection of its investment managers and reviewing investment performance.

The investment management function is outsourced to an external fund manager. The Investment Group has established an asset allocation policy of investing primarily in listed debt, other fixed income securities and cash. The policy also stipulates that surplus cash can only be held on deposit with highly rated credit institutions until such time as suitable investments in appropriate listed debt and other fixed income securities can be made.

An investment management agreement has been established with the Company's external fund manager. The agreement includes specific guidelines for each individual portfolio in order to limit risks arising from duration, currency, liquidity, credit and concentration exposures. The agreement also limits concentration of exposures to single countries, economic sectors and individual securities and provides for minimum standards of creditworthiness. The external fund manager provides quarterly affirmation of compliance with these guidelines. There are no material concentrations in asset holdings. Additionally, there are no material concentrations across risk categories.

Investment risk includes the impact of market volatility on asset values associated with interest rate volatility. The Company manages investment risk through its Investment Group. The group is responsible for establishing and maintaining an investment policy in line with the risk appetite of the Company. In addition, the group is responsible for the management of all investment asset risks, the selection of its investment managers and reviewing investment performance.

C2.1 Market risk - Interest Rate risk

The Company's exposure to interest rate risk is mainly through its investments in debt and other fixed income securities due to instrument duration and the associated duration of the liabilities arising from insurance activities. The investment portfolio is managed based on the characteristics of the underlying liabilities and the alignment of the duration of the investment portfolio to the duration of the liabilities.

Investment risk includes the impact of market volatility on asset values associated with interest rate volatility. The Company manages investment risk through its Investment Group. The group is responsible for establishing and maintaining an investment policy in line with the risk appetite of the Company. In addition, the group is responsible for the management of all investment asset risks, the selection of its investment managers and reviewing investment performance.

C Risk profile - continued

C2 Market risk - continued

C2.1 Market risk - Interest Rate risk - continued

The investment portfolio is periodically analysed for changes in duration and related price change risk. The evaluation is performed by applying an instantaneous change in yield rates of varying magnitude on a static balance sheet to determine the effect such a change in rates would have on the fair value at risk and the resulting effect on shareholder's funds.

To illustrate the down side risk within the debt and other fixed income securities portfolio, the impact of an increase of 100 basis points in interest yields across all portfolios simultaneously (principally Pounds sterling, Euro, US dollars and Australian dollars) has been estimated. The Company does not hedge interest rate risk and, assuming this continues and that all other variables remain constant, such an increase would decrease the market value of the investment portfolio and lead to a decrease in the total investment return and shareholder's funds of €4.6 million.

The impact on interest rate risk is partially hedged as durations of the assets held by the Company are informed by the durations of the liabilities.

On the basis that all other variables remain constant, a decrease of 100 basis points in interest rates at 31 December would have had an equal and opposite effect to the amounts shown above.

C3 Credit risk

Credit risk is the risk of loss if a counterparty fails to meet its contractual obligations, resulting in a financial loss to the Company. The Company is exposed to credit risk primarily through its investment and insurance activities.

The Company has exposure to bond default risk, which is the risk that an issuer of a bond may be unable to make timely principal and interest payments. The exposure to credit risk, from its holding of debt and other fixed income securities, is managed by adherence to the Company's investment guidelines which detail minimum issuer credit quality, duration limits, and the maximum value of individual holdings. The average AM Best credit rating of the Group's debt and other fixed income securities was upgraded during 2019, and at 31 December 2020 was "A+" (2019: "A+").

The Company is exposed to credit risk as a result of its regular insurance and reinsurance activity. The areas of key exposure are the reinsurers' share of claims outstanding and debtors arising out of direct and reinsurance operations from both policyholders and intermediaries. Ceded reinsurance is used to mitigate risks arising from inwards business. Ceded reinsurance does not discharge the Company's liability as primary insurer. If a ceded reinsurer fails to pay a claim, the Company remains liable for the payment to the policyholder. Reinsurance coverages are normally placed with reinsurers who are included on the approved reinsurance security listing used by the Company. Generally, these reinsurers will have a Standard & Poor's credit rating of "A" or better. With regard to direct insurance and reinsurance debtors, the Company operates processes to review broker security and to monitor arrangements with managing general agents. Debtors consist of payments of premium due from a large number of policyholders, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company does not have significant credit risk exposure to any single counterparty or any group of counterparties. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit ratings agencies.

Other financial investments are designated as fair value through profit or loss at inception, and their performance is evaluated on a fair value basis, in accordance with a documented investment strategy.

Reinsurers' share of claims outstanding includes a €0.5 million (2019: €0.5 million) provision for impairment. Debtors arising out of direct and reinsurance operations includes a €0.5 million (2019: €0.3 million) provision for impairment.

Sensitivity testing is carried out around the key assumptions of reinsurer downgrade and default. This allows the Company to understand the effect of stressed conditions with respect to reinsurers. If all reinsurers were downgraded to a BBB Standard & Poor's ("S&P") credit rating, this would lead to an increase in the SCR of less than 1.1%.

C Risk profile - continued

C4 Liquidity risk

Liquidity risk is the risk that cash may not be available, or that assets cannot be liquidated at a reasonable price, to pay obligations when they fall due. The Company is exposed to daily calls on its available cash resources, mainly from claims arising through insurance and reinsurance contracts.

The Board manages this risk by structuring its working capital to ensure that there are available cash resources or sufficiently liquid investments to meet expected cash flow requirements. The Company's investment guidelines are structured to ensure that investments can be liquidated at short notice to meet higher levels of demand in exceptional circumstances.

There are no significant concentrations of liabilities that would result in a concentrated cash outflow or any significant concentration of assets that may result in restrictions in liquidating at short notice.

Liquidity stress tests are performed to test the sources of funds in the event of an unexpected liquidity event. The test showed that CICE has sufficient liquid funds to pay for a 1 in 200 year loss event within three months of the event. Liquid funds and cash flow forecasts are monitored regularly to ensure that the need for sufficient liquidity is balanced against investment return objectives.

The total amount of the expected profit included in future premiums is nil.

C5 Operational risk

C5.1 Operational risk

Operational risk arises from the risk of losses due to inadequate or failed internal processes, people, systems, service providers or from external events. Risks include those from IT related activities (including cyber), legal and regulatory, financial reporting and financial crime as well as those from operations, outsourcing and change. The Company has in place business processes (including business continuity plans) and relevant internal controls to substantially mitigate operational risk.

The Company is exposed to operational risks associated with internal processes, people, systems, and external events. The Company has a business continuity plan and IT disaster recovery plan. The operational risk management framework also includes an operational loss reporting facility handled through the Company's broader risk management framework. The Company arranges Corporate Insurances to help protect against financial loss.

The Group assesses potential operational loss events in stressed conditions through business continuity scenarios. For example, a coding or design error in a pricing model leading to consistent under-pricing of policies could lead to a €6.2 million reduction in expected profit.

C6 Other material risks

C6.1 Strategic risk

Strategic risk is the potential impact on earnings or capital from an incorrect strategy being set, improper business decisions, failure to execute plans or strategic ambitions, lack of responsiveness to industry changes and ill-disciplined growth in a soft market. Any event which would have an adverse impact to the Company's reputation would also rank as a strategic risk, which is mitigated through proactive management of the issue supported by public relations. Annual business plans are agreed by senior management and tracked against actual performance throughout the year.

C6.1.1 Strategic risk: Capital & Solvency

A risk-based approach is used to determine the amount of capital required to support the activities of the Company. Recognised stochastic modelling techniques are used to measure risk exposures, and capital to support business activities is allocated according to risk profile. Stress and scenario analysis is performed and the results are reviewed against Board risk appetite. Overall this is considered to be of high materiality and is assessed through the ORSA process.

C Risk profile - continued

C6 Other material risks - continued

C6.1.2 Strategic risk: Reputation

Negative publicity as a result of the CNA group's contractual arrangements, customers, products, services and other activities could impact the brand and our ability to deliver against the business plan and interact as needed with the capital markets. The Company aims to minimise reputation risks, but where reputational risk arises, it would be contained by prompt management of public communications.

C6.1.3 Strategic risk: Shared services

The Company has reliance on certain group services, such as financial systems. Any issues in these services will manifest as group risk. These outsourced service risks are monitored and assessed at both the local and group level.

C6.2 Climate Change

The Intergovernmental Panel on Climate Change have concluded that increased greenhouse gas emissions as a result of human activity are extremely likely to have been the dominate cause of the observed global warming since the mid-20th century. Continued emission of greenhouse gasses will cause further warming and long-lasting changes to the world's climate system.

Changes to the climate will have wide ranging impacts on weather patterns, people and ecosystems and as such insurance losses and requirements. The Company has reduced its exposure to some of the expected impacts of climate change by reducing the size and volatility of its natural catastrophe exposure. In addition Risk Management have conducted a review of the potential climate change risks that could impact the Company through the ORSA process and performed a number of stress and scenario tests.

C6.3 COVID-19

See section A5.1

C7 Stress tests and scenario analysis

Stress and scenario tests (including reverse stress tests) are an important tool in the analysis of the financial condition of the Company. They explore, understand and communicate potential vulnerabilities and opportunities to the Company over the short, medium and long term.

The Company has developed a suite of stress and scenario tests covering the key risks and downside scenarios in order to identify how profit and solvency respond.

Types of Stress Tests:

- **Single factor stress testing** is defined as a single event, either based on one that has occurred historically or based upon a modelled probabilistic stress that impacts one key aspect of the business.
- **Scenario stress testing** is defined as a combination of events that impacts the business at the same time or across a time period, and which potentially impacts one or more key aspects of the business.
- **Reverse stress testing** is defined as the process of identifying the point at which a Company's business model becomes unviable and then identifying scenarios and circumstances that might cause this to occur.

The Stress and Scenario framework has been developed and approved by the Risk Committee in the year. This contains a comprehensive list of tests by single risks and across risks. From this list a selection of tests are run and representative tests are included in the ORSA Report.

D Valuation for solvency purposes

D1 Valuation of assets

	Solvency II		
	Lux	valuation	
	GAAP	adjustments	Solvency II
2020	€'000	€'000	€'000
Deferred acquisition costs	10,581	(10,581)	-
Intangible assets	-	-	-
Deferred tax assets	-	10,041	10,041
Pension benefit surplus	-	-	-
Property, plant & equipment held for own use	1,131	3,129	4,260
Investments	521,403	19,820	541,223
Reinsurance technical provisions	53,212	(16,882)	36,330
Insurance and intermediaries receivables	51,108	(41,959)	9,149
Reinsurance receivables	2,048	11	2,059
Cash and cash equivalents	30,593	-	30,593
Any other assets, not elsewhere shown	14,424	(8,883)	5,541
Total assets	684,500	(45,304)	639,196
	Solvency II		
	Lux	valuation	
	GAAP	adjustments	Solvency II
2019	€'000	€'000	€'000
Deferred acquisition costs	9,426	(9,426)	-
Intangible assets	-	-	-
Deferred tax assets	-	12,810	12,810
Pension benefit surplus	-	-	-
Property, plant & equipment held for own use	1,412	(1,412)	-
Investments	518,588	16,765	535,353
Reinsurance technical provisions	56,797	(33,184)	23,613
Insurance and intermediaries receivables	46,193	(42,748)	3,445
Reinsurance receivables	8,674	(7,489)	1,185
Cash and cash equivalents	21,937	(221)	21,716
Any other assets, not elsewhere shown	9,122	(1,895)	7,227
Total assets	672,149	(66,800)	605,349

D Valuation for solvency purposes - continued

D1 Valuation of assets - continued

Unless otherwise stated, assets are valued in conformity with the Law on Accounts of insurance and reinsurance undertakings of 8 December 1994 (as amended from time to time), and with the generally accepted accounting principles for the insurance and reinsurance industry in the Grand Duchy of Luxembourg ("Lux GAAP"). The recognition and valuation basis applied to each material class of assets, including assumptions and judgements where applicable, are described below. Where applicable, material differences between the valuation basis used in the financial statements and that used on a Solvency II basis, are set out below.

Deferred tax

Under Lux GAAP, deferred tax is not recognised. The deferred tax recognised under Solvency II includes the deferred tax that would otherwise be recognised under other reporting bases, such as the International Financial Reporting Standard ("IFRS") or UK Generally Accepted Accounting Policies ("UK GAAP"), plus a recognition of the tax effect from the adjustments from an accounting basis to a Solvency II basis.

Intangible assets and property, plant and equipment held for own use

On a Lux GAAP basis, intangible assets and property, plant and equipment held for own use are stated at cost net of amortisation or depreciation and any provision for impairment. Amortisation or depreciation is provided at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life. These assets have been recorded at fair value in the Company's Solvency II balance sheet in accordance with the relevant Solvency II guidelines.

Under IFRS 16 – leases, leased properties are recognised on the Solvency II balance sheet in property, plant and equipment held for own use. For Solvency II the right-of-use asset is valued by discounting market rent at the relevant property yield. The base property investment yield benchmarks reflect the required return investors seek for freehold or long leasehold interest in a property based on their perception of risks associated with the asset and/or location. Adjustments to property yields are made to reflect the marketability and associated risks of shorter-term leases in addition to accounting for the differences in contract rents and market rent. It is expected that the calculation of Solvency II discount rates for lease assets and liabilities will be performed annually with changes to the rates for quarterly reporting required if there were indication that either market property yields or market rents have moved materially.

Investments

Under Lux GAAP debt securities and other fixed income transferable securities are valued at the lower of amortised historical acquisition cost or market value. The amortised historical acquisition cost includes expenses incidental to the purchase, as well as the amortisation of the positive differences and the accretion of negative differences between the acquisition cost and the redemption value.

The amortisation of the positive differences and the accretion of negative differences between the acquisition cost and the redemption value are released to interest earned on bonds in instalments over the period remaining to repayment.

The value adjustments which correspond to the negative difference between the realisable value and the amortised historical acquisition cost may no longer be carried if the reasons for which they were made cease to apply.

Under Solvency II, investments are held at fair value.

Reinsurance receivables and technical provisions

Refer to section D2.

Cash and cash equivalents

Cash and cash equivalents represent cash balances, money market deposits lodged with banks and other highly liquid investments with original maturity of less than three months and are recognised at nominal value under Lux GAAP and fair value under Solvency II.

Any other assets, not elsewhere shown

Other assets include prepayments, amounts due from group companies and amounts due in respect of taxation and are recognised at fair value.

D Valuation for solvency purposes - continued

D2 Valuation of technical provisions

Analysis of technical provisions by Solvency II class

	Net best estimate	Risk margin	Total
2020	€'000	€'000	€'000
Medical expense insurance	75	1	76
Marine, aviation and transport insurance	17,975	1,016	18,991
Fire and other damage to property insurance	16,688	787	17,475
General liability insurance	296,149	24,043	320,192
Assistance	6	-	6
Miscellaneous financial loss	13,462	1,318	14,780
Non-proportional marine, aviation and transport reinsurance	4	-	4
Total	344,359	27,165	371,524
	Net best estimate	Risk margin	Total
2019	€'000	€'000	€'000
Medical expense insurance	82	-	82
Marine, aviation and transport insurance	19,874	1,085	20,959
Fire and other damage to property insurance	19,178	708	19,886
General liability insurance	306,403	22,945	329,348
Assistance	7	-	7
Miscellaneous financial loss	(639)	473	(166)
Non-proportional marine, aviation and transport reinsurance	116	5	121
Total	345,021	25,216	370,237

Basis, method and assumptions for determining technical provisions

There were no material changes in the relevant assumptions for determining technical provisions since the prior period.

The Company's Solvency II basis technical provisions consist of net best estimate claims and premiums provision plus a risk margin. These claims and premium provisions make allowance for future claims, premiums and expenses on a cashflow basis.

D Valuation for solvency purposes - continued

D2 Valuation of technical provisions - continued

Net best estimate claims provision for future claims

Net best estimate provisions for future claims are consistent with the technical provisions as reported in the financial statements, excluding management margin. The quarterly reserve process is designed to allow the selection of a point estimate of reserves, intended to represent a best estimate of the mathematical expected value of the distribution of reasonably foreseeable outcomes of the unpaid liabilities. No margins for optimism or prudence are intended to be reflected in the best estimate selections. These provisions consist of claims reported but not settled ("RBNS") and claims incurred but not reported ("IBNR").

Provision is made for claims outstanding and settlement expenses incurred at the balance sheet date including an estimate for the cost of claims IBNR at that date. Included in the provision is an estimate of the internal and external costs of handling the claims outstanding. Allowance is made within the IBNR provisions for estimated salvage and other recoveries if material, or if there is a historical trend which indicates this is a feature of the class of business in question.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where there is more available information about the claim event. In calculating IBNR the Company uses a variety of estimation techniques. These are largely based on actuarial analysis of historical experience, which assumes the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- changes in Company processes which might accelerate or slow down the development and/or recording of paid or incurred claims compared with the statistics from previous periods;
- changes in the legal environment;
- the effects of inflation;
- changes in the mix of business;
- the impact of large losses, including catastrophes; and
- movements in industry benchmarks.

Large and catastrophe claims are assessed separately by each business class, being measured on a case by case basis, to allow for the possible distortive impact of the development and incidence of these claims.

When calculating the provision for claims outstanding, the Company selects an estimation technique taking into account the individual characteristics of each business class.

D Valuation for solvency purposes - continued

D2 Valuation of technical provisions - continued

Adjustments for SII basis

To determine technical provisions on a Solvency II basis the Company then makes adjustments for the following items, including allowance for unearned future claims and future premium cashflows:

- i. Profit in future premiums. An allowance for premiums inception but unearned at the balance sheet date less expected claims using actuarially determined loss ratios which are estimated as part of the quarterly reserve reviews.
- ii. Future premiums. An allowance for expected future cash receipts related to premiums inception but unsettled at the balance sheet date.
- iii. Allowance for unaccepted legally obliged business. The Company includes an allowance for legally bound but unaccepted premiums at the balance sheet date, including business which renews on a tacit basis, less the estimate of expected claims related these premiums.
- iv. Allowance for future reinsurance purchases. An allowance for future reinsurance purchases which will be required to support the reinsurance recovery assumptions applied to gross written premiums.
- v. Allowance for future expenses. An allowance for future expenses related to inception and unaccepted business including bad debt expenses, unallocated loss adjustment expenses, investment management expenses and other administrative costs.
- vi. Allowance for events not in data ("ENIDs"). An allowance is made for extreme events that cannot be projected using historical data. The allowance includes provision for reserving process errors, data errors, claims inflation above expectations, a slump in global asset prices, latent claim events and systematic under-reserving. ENIDs are allowed for to ensure that the Solvency II Technical Provisions reflect the mean of the full probability distribution of possible outcomes, including those which are not observed in historical data.
- vii. Allowance for unpaid paid claims. An allowance is made for claims which are recorded as paid claims but the physical cash flow has not yet occurred.
- viii. Discounting credit. Allowance to adjust for the-time value of money. This is calculated using payment patterns derived during the reserving process.
- ix. Risk margin. The Solvency II basis technical provisions include a risk margin which ensures that the value of the technical provisions is equivalent to the amount insurers would be expected to require in order to take over and meet the Company's insurance obligations. The risk margin is calculated as the sum of the present values of the cost of providing an amount of eligible own funds equal to the SCR necessary to support the insurance obligations over their lifetime.

D Valuation for solvency purposes - continued

D3 Other liabilities

Analysis of liabilities

	Solvency II		
	Lux	valuation	
	GAAP	adjustments	Solvency II
2020	€'000	€'000	€'000
Technical provisions	451,081	(70,392)	380,689
Risk margin	-	27,165	27,165
Financial liabilities other than debts owed to credit institutions		4,931	4,931
Insurance & intermediaries payables	7,571	-	7,571
Reinsurance payables	16,360	(16,360)	-
Payables (trade, not insurance)	147	-	147
Any other liabilities, not elsewhere shown	17,329	(4,847)	12,482
Total liabilities	492,488	(59,503)	432,985
	Solvency II		
	Lux	valuation	
	GAAP	adjustments	Solvency II
2019	€'000	€'000	€'000
Technical provisions	420,533	(51,899)	368,634
Risk margin	-	25,216	25,216
Financial liabilities other than debts owed to credit institutions	-	-	-
Insurance & intermediaries payables	8,093	(7,521)	572
Reinsurance payables	23,745	(23,745)	-
Payables (trade, not insurance)	-	-	-
Any other liabilities, not elsewhere shown	26,227	(2,865)	23,362
Total liabilities	478,598	(60,814)	417,784

Unless otherwise stated, liabilities are valued in conformity with Lux GAAP. The recognition and valuation basis applied to each material class of assets, including assumptions and judgements where applicable, are described below. Where applicable, material differences between the valuation basis used in the financial statements and that used on a Solvency II basis, are set out below.

D Valuation for solvency purposes - continued

D3 Other liabilities - continued

Reinsurance payables and technical provisions – best estimate and risk margin

Refer to section D2.

Insurance and intermediaries payables

Insurance and intermediaries payables consist of amounts due to brokers in respect of commissions and are stated at nominal value.

Financial liabilities other than debts owed to credit institutions

As at 31 December 2020, €4.9 million of lease liabilities are recognised on the Solvency II Balance sheet. For Solvency II reporting, lease liabilities are valued by discounting actual rent at the relevant property yield. In the absence of quoted market prices for the same or similar assets, alternative valuation methods are allowed.

Any other liabilities, not elsewhere shown

Other liabilities include administration expense accruals, tax liabilities, insurance premium tax payables and amounts owed to related companies and are recognised at nominal value under Lux GAAP.

E Capital management

E1 Own funds

E1.1 Objectives, policy and process for managing own funds

The Company's Board approves the Company's Capital Risk Appetite annually as part of the Risk Appetite process, set out in the Risk Management Policy. CICE's Capital Risk Appetite is as follows: to hold sufficient capital to remain solvent on an ongoing basis with the ability to withstand a 1 in 200 year event. This is managed by holding a buffer above the Solvency II regulatory capital requirements. Throughout 2020, the Company's capital level was maintained in accordance with this Risk Management policy.

The Company monitors compliance with its Risk Management policy on a regular basis taking into account relevant developments in the risk landscape and in its business portfolio. Surplus capital, which is not required to support expected new business and is in excess of the desired buffer is made available to CICE.

E1.2 Structure, amount and quality of own funds

The Company classifies own fund items at issue and annually according to the three tiers of capital as set out under Solvency II. A review is conducted annually to ensure that any contractual terms governing the tiering of assets are clear. The own funds are monitored against any agreements, connected transactions or consequences arising from the group structure that could impact their efficiency as capital. Any actions required to ensure the quality of an own fund item are identified and monitored by the CFO. The Company does not currently hold any ancillary own funds. If ancillary own funds were to be proposed, then arrangements would be put in place so that they could be called in a timely manner when necessary. The identification of any arrangements giving rise to ring fenced funds are monitored and documented by the CFO and considered as part of the medium term capital management plan in the ORSA.

The components of own funds are set out in section E1.5.

E1.3 Significant changes to own funds

During 2020, CICE received two capital injections totalling €22.0 million.

E1.4 Key elements of the reconciliation reserve

The reconciliation reserve is built up from cumulative underwriting results on a Solvency II basis. The reconciliation reserve is analysed as follows:

	2020 €'000	2019 €'000
Excess of assets over liabilities	206,211	187,565
Less: Ordinary share capital	(127,700)	(105,700)
Less: Share premium account	(93,135)	(93,135)
Less: Other own fund items	(10,041)	(12,810)
Reconciliation reserve	(24,665)	(24,080)

A description of the restricted own funds items is included in section E1.6.

E Capital management - continued

E1 Own funds - continued

E1.5 Eligible own funds

The Company's eligible own funds are analysed as follows:

	2020 €'000	2019 €'000
Ordinary share capital	127,700	105,700
Share premium account	93,135	93,135
Reconciliation reserve	(24,665)	(24,080)
Other own fund items	10,041	12,810
Available and eligible own funds	206,211	187,566
Own funds by tier:		
Tier 1 unrestricted	196,170	174,756
Tier 3	10,041	12,810
Total	206,211	187,566
Eligible own funds to cover the SCR	206,211	187,566
Eligible basic own funds to cover the MCR	196,170	174,756

Tier 3 own funds represent deferred tax assets (see section D1).

E Capital management - continued

E1.6 Material differences between Solvency II and Lux GAAP own funds

The material differences between Solvency II and Lux GAAP as at 31 December 2020 were as follows:

	2020 €'000	2019 €'000
Shareholder's funds reported under Lux GAAP	192,012	193,551
Property, plant & equipment held for own use	3,129	(1,412)
GAAP basis including technical provisions	372,553	352,853
Solvency II basis technical provisions	(371,524)	(370,237)
Deferred tax on Solvency II basis	10,041	12,810
Solvency II excess of assets over liabilities	206,211	187,565

E1.7 Deductions from own funds

Refer to section E1.6 for deductions from own funds.

E Capital management - continued

E2 SCR and MCR

The Company uses the standard formula to calculate the SCR. The SCR and MCR are as follows:

	2020 €'000	2019 €'000
MCR	62,458	57,672
SCR	159,026	157,816
Analysis of SCR:		
Non-life underwriting risk	128,005	125,631
Health underwriting risk	11	10
Market risk	42,957	42,153
Counterparty default risk	9,880	8,813
Diversification credit	(30,670)	(29,711)
Operational risk	11,421	10,920
Total	159,026	157,816

The MCR has been calculated using underlying source data, at the appropriate Solvency II class level, for net written premiums and net technical provisions in accordance with the requirements set out in the European Insurance and Occupational Pensions Authority delegated acts.

The Solvency II SCR does not include any undertaking specific parameters.

E3 Other information

There were no instances of non-compliance with the SCR or the MCR during the financial period.

F Appendix

1. Quantitative reporting templates

S.02.01 – Balance sheet

S.05.01 – Premiums, claims and expenses by line of business

S.05.02 – Premiums, claims and expenses by country

S.17.01 – Non-life technical provisions

S.19.01 – Non-life insurance claims information

S.23.01 – Own funds

S.25.01 – Solvency Capital Requirement – for undertakings on Standard Formula

S.28.01 – 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	0
R0040	Deferred tax assets	10,041
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	4,260
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	541,223
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	0
R0120	<i>Equities - unlisted</i>	0
R0130	<i>Bonds</i>	541,223
R0140	<i>Government Bonds</i>	53,876
R0150	<i>Corporate Bonds</i>	486,867
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	480
R0180	<i>Collective Investments Undertakings</i>	0
R0190	<i>Derivatives</i>	0
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	0
R0260	<i>Other loans and mortgages</i>	0
R0270	Reinsurance recoverables from:	36,330
R0280	<i>Non-life and health similar to non-life</i>	36,330
R0290	<i>Non-life excluding health</i>	36,330
R0300	<i>Health similar to non-life</i>	0
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
R0320	<i>Health similar to life</i>	0
R0330	<i>Life excluding health and index-linked and unit-linked</i>	0
R0340	<i>Life index-linked and unit-linked</i>	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	9,149
R0370	Reinsurance receivables	2,059
R0380	Receivables (trade, not insurance)	0
R0390	Own shares (held directly)	0
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	30,593
R0420	Any other assets, not elsewhere shown	5,542
R0500	Total assets	639,197

S.02.01.02

Balance sheet

		Solvency II value
Liabilities		C0010
R0510	Technical provisions - non-life	407,854
R0520	<i>Technical provisions - non-life (excluding health)</i>	407,779
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	380,614
R0550	<i>Risk margin</i>	27,165
R0560	<i>Technical provisions - health (similar to non-life)</i>	76
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	75
R0590	<i>Risk margin</i>	1
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	0
R0630	<i>Best Estimate</i>	0
R0640	<i>Risk margin</i>	0
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0
R0660	<i>TP calculated as a whole</i>	0
R0670	<i>Best Estimate</i>	0
R0680	<i>Risk margin</i>	0
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	0
R0710	<i>Best Estimate</i>	0
R0720	<i>Risk margin</i>	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	4,931
R0820	Insurance & intermediaries payables	7,571
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	147
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	0
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	12,481
R0900	Total liabilities	432,985
R1000	Excess of assets over liabilities	206,211

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)				Total
		Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Misc. financial loss	
		C0060	C0070	C0080	C0120	C0200
Premiums written						
R0110	Gross - Direct Business	30,594	5,888	134,720	5,553	176,754
R0120	Gross - Proportional reinsurance accepted	702	335	365	133	1,535
R0130	Gross - Non-proportional reinsurance accepted					0
R0140	Reinsurers' share	550	3,518	18,272	6,969	29,308
R0200	Net	30,747	2,705	116,813	-1,282	148,982
Premiums earned						
R0210	Gross - Direct Business	29,658	9,253	129,760	6,249	174,920
R0220	Gross - Proportional reinsurance accepted	777	386	649	147	1,958
R0230	Gross - Non-proportional reinsurance accepted					0
R0240	Reinsurers' share	553	3,320	15,076	8,681	27,629
R0300	Net	29,882	6,320	115,332	-2,285	149,249
Claims incurred						
R0310	Gross - Direct Business	16,883	7,928	86,346	3,865	115,022
R0320	Gross - Proportional reinsurance accepted	423	549	178	141	1,291
R0330	Gross - Non-proportional reinsurance accepted					0
R0340	Reinsurers' share	0	3,652	-1,315	1,607	3,945
R0400	Net	17,306	4,825	87,838	2,400	112,369
Changes in other technical provisions						
R0410	Gross - Direct Business	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0
R0430	Gross - Non-proportional reinsurance accepted					0
R0440	Reinsurers' share	0	0	0	0	0
R0500	Net	0	0	0	0	0
R0550	Expenses incurred	11,316	2,656	46,399	1,871	62,242
R1200	Other expenses					
R1300	Total expenses					62,242

S.05.02.01

Premiums, claims and expenses by country

Non-life

R0010

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
	GB	FR	IT	NL	DK	
C0080	C0090	C0100	C0110	C0120	C0130	C0140

Premiums written

R0110	Gross - Direct Business	0	43,441	40,352	29,401	18,081	17,242	148,516
R0120	Gross - Proportional reinsurance accepted	0	188	181	754	3	292	1,418
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140	Reinsurers' share	0	7,804	5,890	3,312	2,783	2,841	22,630
R0200	Net	0	35,825	34,643	26,843	15,301	14,693	127,305

Premiums earned

R0210	Gross - Direct Business	0	43,339	41,774	27,895	17,117	17,566	147,692
R0220	Gross - Proportional reinsurance accepted	0	187	178	761	7	399	1,531
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240	Reinsurers' share	0	7,335	5,720	2,767	2,574	2,721	21,117
R0300	Net	0	36,192	36,232	25,888	14,550	15,244	128,106

Claims incurred

R0310	Gross - Direct Business	0	31,635	28,274	17,192	4,306	14,718	96,125
R0320	Gross - Proportional reinsurance accepted	0	111	217	480	1	524	1,332
R0330	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0340	Reinsurers' share	0	430	248	-340	564	1,021	1,923
R0400	Net	0	31,316	28,244	18,012	3,743	14,221	95,535

Changes in other technical provisions

R0410	Gross - Direct Business	0	0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0430	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers' share	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0

R0550	Expenses incurred	0	10,672	18,011	11,054	6,214	5,395	51,346
R1200	Other expenses							
R1300	Total expenses							51,346

S.17.01.02
Non-Life Technical Provisions

Direct business and accepted proportional reinsurance					Accepted non-proportional reinsurance	Total Non-Life obligation
Medical expense insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	Non-proportional marine, aviation and transport reinsurance	
C0020	C0070	C0080	C0090	C0130	C0160	C0180
R0010	Technical provisions calculated as a whole					
	0	0	0	0	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	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM						
Best estimate						
Premium provisions						
R0060	Gross					
	2	-837	2,563	7,298	502	9,526
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default					
	0	-391	532	2,021	211	2,373
R0150	Net Best Estimate of Premium Provisions					
	2	-446	2,031	5,277	291	7,153
Claims provisions						
R0160	Gross					
	73	18,448	17,373	318,967	16,279	371,163
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default					
	0	27	2,716	28,095	3,107	33,957
R0250	Net Best Estimate of Claims Provisions					
	73	18,421	14,657	290,872	13,172	337,206
R0260	Total best estimate - gross					
	75	17,611	19,936	326,265	16,780	380,689
R0270	Total best estimate - net					
	75	17,975	16,688	296,149	13,462	344,359
R0280	Risk margin					
	1	1,016	787	24,042	1,318	27,165
Amount of the transitional on Technical Provisions						
R0290	Technical Provisions calculated as a whole					
	0	0	0	0	0	0
R0300	Best estimate					
	0	0	0	0	0	0
R0310	Risk margin					
	0	0	0	0	0	0
R0320	Technical provisions - total					
	76	18,627	20,724	350,307	18,098	407,854
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total					
	0	-364	3,248	30,116	3,318	36,330
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total					
	76	18,991	17,476	320,191	14,780	371,524

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020

Accident year / underwriting year

Accident Year

Gross Claims Paid (non-cumulative)

(absolute amount)

Year	Development year											C0170 In Current year	C0180 Sum of years (cumulative)
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											-1,012	-1,012
R0160	2011	8,368	14,613	4,978	3,220	1,994	1,470	1,500	1,379	628	525	525	38,675
R0170	2012	6,585	14,766	9,117	6,650	11,436	2,230	4,962	1,505	509		509	57,759
R0180	2013	9,136	15,154	7,916	3,436	2,129	832	1,963	2,546			2,546	43,111
R0190	2014	8,601	13,339	6,681	3,508	5,043	9,571	12,347				12,347	59,090
R0200	2015	7,288	11,165	6,420	5,062	1,760	2,334					2,334	34,029
R0210	2016	15,767	15,071	3,793	9,540	4,923						4,923	49,094
R0220	2017	7,291	16,280	7,280	6,734							6,734	37,584
R0230	2018	10,082	20,167	10,659								10,659	40,908
R0240	2019	8,820	27,664									27,664	36,484
R0250	2020	10,917										10,917	10,917
R0260												Total	78,148
													406,640

Gross Undiscounted Best Estimate Claims Provisions

(absolute amount)

Year		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
		Development year											Year end (discounted data)	
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior												35,427	35,432
R0160	2011	0	0	0	0	0	0	0	16,173	3,181	9,096		9,116	
R0170	2012	0	0	0	0	0	0	3,934	12,105	5,392			5,421	
R0180	2013	0	0	0	0	0	18,734	9,182	12,476				12,534	
R0190	2014	0	0	0	0	11,328	16,469	28,827					29,008	
R0200	2015	0	0	0	15,405	34,803	31,776						32,067	
R0210	2016	0	0	19,483	33,478	32,681							32,982	
R0220	2017	0	39,243	40,792	27,349								27,667	
R0230	2018	181,553	40,464	48,154									48,833	
R0240	2019	139,961	50,580										51,344	
R0250	2020	85,404											86,760	
R0260												Total	371,163	

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

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above

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

R0230 Deductions for participations in financial and credit institutions

R0290 Total basic own funds after deductions

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR

R0580	SCR
R0600	MCR
R0620	Ratio of Eligible own funds to SCR
R0640	Ratio of Eligible own funds to MCR

Reconcillation reserve

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

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)

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
127,700	127,700		0	
93,136	93,136		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
-24,665	-24,665			
0		0	0	0
10,041				10,041
0	0	0	0	0
0				
0				
206,211	196,170	0	0	10,041

0			
0			
0			
0			
0			
0			
0			
0			
0			
0			
0			
0			
0			
0			
0			
0			
0		0	0

206,211	196,170	0	0	10,041
196,170	196,170	0	0	
206,211	196,170	0	0	10,041
196,170	196,170	0	0	

159,025
62,458
129.67%
314.09%

C0060
206,211
0
230,876
0
-24,665

0

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	42,957		
R0020	Counterparty default risk	9,880		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	11		
R0050	Non-life underwriting risk	128,005		
R0060	Diversification	-30,670		
R0070	Intangible asset risk	0		
R0100	Basic Solvency Capital Requirement	150,183		
	Calculation of Solvency Capital Requirement	C0100		
R0130	Operational risk	11,421		
R0140	Loss-absorbing capacity of technical provisions	0		
R0150	Loss-absorbing capacity of deferred taxes	-2,578		
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	159,025		
R0210	Capital add-ons already set	0		
R0220	Solvency capital requirement	159,025		
	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		
	Approach to tax rate	C0109		
R0590	Approach based on average tax rate	Yes		
	Calculation of loss absorbing capacity of deferred taxes	LAC DT		
		C0130		
R0640	LAC DT	-2,578		
R0650	LAC DT justified by reversion of deferred tax liabilities	0		
R0660	LAC DT justified by reference to probable future taxable economic profit	-2,578		
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		

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	62,458

R0020	Medical expense insurance and proportional reinsurance
R0030	Income protection insurance and proportional reinsurance
R0040	Workers' compensation insurance and proportional reinsurance
R0050	Motor vehicle liability insurance and proportional reinsurance
R0060	Other motor insurance and proportional reinsurance
R0070	Marine, aviation and transport insurance and proportional reinsurance
R0080	Fire and other damage to property insurance and proportional reinsurance
R0090	General liability insurance and proportional reinsurance
R0100	Credit and suretyship insurance and proportional reinsurance
R0110	Legal expenses insurance and proportional reinsurance
R0120	Assistance and proportional reinsurance
R0130	Miscellaneous financial loss insurance and proportional reinsurance
R0140	Non-proportional health reinsurance
R0150	Non-proportional casualty reinsurance
R0160	Non-proportional marine, aviation and transport reinsurance
R0170	Non-proportional property reinsurance

Linear formula component for life insurance and reinsurance obligations		C0040
R0200	MCR _L Result	0

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	62,458
R0310	SCR	159,025
R0320	MCR cap	71,561
R0330	MCR floor	39,756
R0340	Combined MCR	62,458
R0350	Absolute floor of the MCR	3,700
R0400	Minimum Capital Requirement	62,458

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
C0020	C0030
75	0
0	0
0	0
0	0
0	0
17,975	42,680
16,688	4,936
296,149	144,347
0	0
0	0
6	0
13,462	6,312
0	0
0	0
4	0
0	0

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
C0050	C0060