

ElFlow Holdings Limited
Solvency and Financial Condition
Report

For year ending 31st December 2019

Contents

Executive Summary.....	4
A. Business and Performance.....	6
1. Business Information	6
2. Underwriting Performance	7
3. Investment Performance	8
4. Performance of other activities	9
5. Any other information	10
B. System of Governance	10
1. General information on the system of governance.....	10
2. Fit and proper requirements.....	11
3. Risk management system including the own risk and solvency assessment.....	13
4. Internal control system	15
5. Internal audit function	15
6. Actuarial function.....	16
7. Outsourcing.....	16
8. Adequacy of the System of Governance	17
9. Any other Information	18
C. Risk Profile.....	18
1. Underwriting risk.....	18
2. Market risk	20
3. Credit risk	21
4. Liquidity risk	21
5. Operational risk.....	22
6. Risk concentration.....	22
7. Risk mitigation.....	22
8. Stress testing and sensitivity analysis	22
9. Other material risks.....	24
D. Valuation for solvency purposes.....	24
1. Assets	25
2. Technical provisions	25
3. Other liabilities.....	29
E. Capital Management.....	29
1. Own funds	29
2. Solvency capital requirement and Minimum capital requirement.....	30

3.	Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement	31
4.	Differences between the standard formula and any internal model used.....	31
5.	Non-compliance with the Minimum capital requirement and non-compliance with the Solvency capital requirement	31
6.	Any other information	31
F.	Appendices – Public QRTs.....	32
1.	Group Year End 2019	32
2.	Group Year End 2018	38
3.	EIFlow Insurance Year End 2019	44
4.	EIFlow Insurance Year End 2018	53
5.	Beacon Insurance Company Limited – “Own Company” SFCR	62

Executive Summary

The EIFlow Holdings Limited group (“the Group”) is an insurance group; the principal and only insurance entity in the Group has been EIFlow Insurance Limited (“the Company” or “EIL”), an insurer licensed in Gibraltar. In December 2019 EIL purchased Beacon Insurance Company Limited (“BICL”), a small insurer with net assets of EUR 6.0 million (\$6.7 million) at 31 December 2019. The intention of the Group is to merge BICL into EIL within 24 months. The Group has dispensation from the GFSC to account for BICL as an investment in EIL for Solvency II purposes. A separate section of this report addresses BICL’s insurance activities.

The purpose of the report is to satisfy the public disclosure requirements under the Financial Services (Insurance Companies) (Solvency II Directive) Act (“the Solvency II Act in Gibraltar”) including the Delegated Regulations of the European Parliament. The elements of the disclosure relate to business performance, governance, risk profile, solvency and capital management.

The Group has performed well during the year ended 31 December 2019 and recorded \$1.0 million of total comprehensive income for the financial year per the audited consolidated financial statements.

Over the past few years, the respective Boards in the Group put in place significant measures to strengthen the corporate governance framework in readiness for Solvency II, with explicit focus on the risk management function. The governance and risk frameworks are detailed in this report.

Solvency II

Solvency II (“SII”) came into force with effect from 1 January 2016. The regime requires new reporting and public disclosure arrangements to be put in place by insurers. SII focuses on risk-based assessment of the company’s activities and this produces a Solvency Capital Requirement (“SCR”) which is compared with the assets available to meet that SCR.

The Group’s SCR is calculated on the basis of the standard formula within the Solvency II regulations. EIL calculates its SCR using the standard formula as well. The Group’s significant risks identified in standard formula calculations are underwriting risk, market risk and counterparty risk. The tables below summarise the Group’s capital position and capital requirements as at 31 December 2019.

Table 1 – EHL and EIL. Solvency Capital Requirement, breakdown by type of risk as at 31 December 2019 and 2018. Solvency II values in USD, in millions.

Risk Type	EIFlow Holdings Limited		EIFlow Insurance Limited	
	2019	2018	2019	2018
Non- Life underwriting Risk	3.1	3.0	3.1	3.0
Market Risk	4.6	2.1	4.5	2.0
Counterparty Risk	0.5	0.6	0.5	0.5
Total before diversification	8.2	5.7	8.1	5.6
Diversification	(1.8)	(1.3)	(1.8)	(1.3)
Basic Solvency Capital Requirement	6.4	4.4	6.3	4.3
Operational Risk	0.3	0.3	0.3	0.3
Solvency Capital Requirement	6.7	4.7	6.6	4.6

Table 2 – EHL and EIL. Solvency Ratio as at 31 December 2019 and 2018. Solvency II values in USD, in millions and percentage values.

	EIFlow Holdings Limited		EIFlow Insurance Limited	
	2019	2018	2019	2018
Total Eligible Own Funds to meet the SCR	21.2	21.3	20.2	20.4
Solvency Capital Requirement	6.7	4.7	6.6	4.6
Ratio of Eligible Own Funds to SCR	316%	456%	307%	446%

The Group has continuously complied with all aspects of the Solvency II regulations from the date of its first implementation on 1 January 2016. The Group has own funds of \$21.2 million (2018 - \$21.3 million) available to cover the calculated solvency capital requirement of \$6.7 million (2018 - \$4.7 million). As at 31 December 2019 the Group's solvency II capital surplus stands at \$14.5 million (2018 - \$16.6 million).

EIFlow Insurance Limited has performed analysis to assess the effect on its Solvency II capital surplus in stress scenarios. The amount that the own funds changes in the following scenarios is shown below:

- Technical provisions increasing by 50% and 25% for long and short tail liabilities respectively – decrease of \$3.4 million.
- An increase of 100 bps of the interest rate – decrease of \$0.9 million;
- A decrease by 20% in the value of other investments – decrease of \$0.9 million;
- A downgrade of all counterparties by one grade – no movement in own funds; and
- A severe scenario combining the above tests – decrease of \$4.4 million.

The Group's business plans forecast that own funds will significantly exceed the solvency capital requirement at the year ends 2020, 2021 and 2022.

The Group continues to seek run-off opportunities which offer a good return on solvency capital.

On 19 December 2019 a change of control to transfer ownership of 100% of Beacon Insurance Company Limited ('BICL') issued share capital from SBT Alliance Limited ('SBT') to EIFlow Insurance Limited ('EIFlow') was executed. BICL is 100% owned by EIFlow Insurance Limited.

The outbreak of Covid-19 has resulted in unprecedented uncertainty and disruption globally. EIFlow continues to monitor the impact on the business and to respond proactively. The company is very well capitalised and it is anticipated that the business will continue to meet its obligations.

A. Business and Performance

1. Business Information

- 1.1 This report relates to EFlow Holdings Limited (“EHL”) and its subsidiary EFlow Insurance Limited (“EIL”) (collectively “the Group”). EIL is an insurance company licensed in Gibraltar and limited by shares.
- 1.2 EHL is a non-regulated holding company also domiciled in Gibraltar (Company number 106965). EHL’s ultimate 100% owning parent company is Bacchus Holdings Limited (“BHL”), a company registered in England and Wales (Company number 09766399).
- 1.3 Neither BHL nor any related entity in the UK is a regulated insurer or forms a substantial part of the BHL business. Therefore, in the view of the Board, group supervision under Solvency II at the EHL level is appropriate.
- 1.4 EIL is regulated by:
Gibraltar Financial Services Commission
PO Box 940
Suite 3, Atlantic Suites
Gibraltar
Tel: +350 200 40283
www.fsc.gi
- 1.5 The Group’s external Auditor is:
RSM Audit (Gibraltar) Limited
21 Engineer Lane
Gibraltar
Tel: +350 200 74854
www.rsm.global
- 1.6 The Group’s registered office is:
First Floor, Grand Ocean Plaza
Ocean Village GX11 1AA
Gibraltar
- 1.7 The equity of EIL is owned 100% by EFlow Holdings Ltd (‘EHL’).
- 1.8 BHL is owned by its directors, as follows:
- Jeremy Fall 35%
 - Sean McDermott 35%
 - James Bolton 10%
 - David Cherry 10%
 - Ricardo Cantilo 10%

Under the terms of BHL’s Articles of Association, the first £7 million of realisations in a winding up of BHL are payable in priority in equal percentages to Mr Jeremy Fall and Mr Sean McDermott.

- 1.9 The Company has no employees.
- 1.10 EIL does not underwrite insurance risk and is solely an insurance run-off company. The primary lines of business are:
- Marine, aviation and transport business (“MAT”) from 1985 and prior; and
 - Direct marine business from 2012 and prior.
- 1.11 EIL’s financial year runs to 31 December each year and it reports its results in “\$” (United States Dollars or USD). EIL reported its results in Euros prior to 2016. The Group’s financial year runs to 31 December each year and it reports its results in “\$” (United States Dollars or USD). The Group reported its results in Euros prior to 2016.

2. Underwriting Performance

- 2.1 The Group’s insurance entity EIL, is an insurance company in run-off. It does not carry out live underwriting activities. EIL’s underwriting activities are limited to the settlement of claims and the collection of reinsurance. Claims activity in 2019 was in line with the expectations given the age of the main portfolio. Agreed valid claims are settled in a timely manner. Reinsurance collections have performed well reflecting the conservative reserving approach on outwards reinsurance adopted by EIL as well as the effectiveness of management in making those collections.
- 2.2 The majority of outstanding liability on the MAT portfolio arises from US exposure to asbestos, pollution and other health hazards (“APH”) (which include health hazard losses include drugs, chemicals and hearing loss related claims).
- 2.3 An additional portfolio, comprising direct marine business from a UK branch of Groupama S.A. which ceased underwriting in 2012, was transferred into EIL in November 2016. The remaining material claims are largely known losses in market wide court processes to adjudicate and apportion liability. The table below shows the underwriting performance of the years 2019 and 2018.

Table 3 – EHL and EIL. Underwriting performance as at 31 December 2019 and 2018. USD, in thousands.

Underwriting performance	EIFlow Holdings Limited		EIFlow Insurance Limited	
	2019	2018	2019	2018
Gross claims paid	(29)	(1,384)	(29)	(1,384)
Reinsurers' share of gross claims	4	325	4	325
Gross change in insurance liabilities	110	3,074	110	3,074
Reinsurers' share of gross change in insurance liabilities	(4)	(232)	(4)	(232)
Other operating and administrative expenses	(1,050)	(1,088)	(1,035)	(1,080)
Total expenses	(969)	694	(954)	702

3. Investment Performance

- 3.1 EHL holds restricted cash of £0.9 million (\$0.9 million) (2018 - \$0.7 million) at a local bank as a security guarantee. EIL holds a diversified high-quality government and corporate investment portfolio managed by Bank J. Safra Sarasin (Gibraltar). The portfolio was previously managed by the Gibraltar-based banking business of Lombard Odier Darier Hentsch. Lombard Ordier & Cie (Gibraltar) was acquired by J. Safra Sarasin Group in the course of 2019. The investment portfolio was valued at \$18.5 million (2018 - \$25.5million) as at 31 December 2019. The investments are held in USD. The investment expenses are not significant in the context of the company's total expenses. The Board of Directors is directly responsible for investment decisions and is ably supported by J. Safra Sarasin.
- 3.2 During the course of 2019, EIL has invested funds in the Mangrove Partners Fund managed by Mangrove Partners, a value-oriented investment manager based in New York. Mangrove Partner's investment goal is to generate positive returns from both long and short investments as opposed to employing a relative value or market hedging strategy. The investment in the fund was valued as \$4.2 million as at 31 December 2019.
- 3.3 EIL holds additional liquidity, pending investment, of \$2.4 million (2018 - \$4.5 million) in cash and cash equivalents in three currencies, namely USD, GBP and EUR. The income on these investments for year end 31 December 2019 has been immaterial.

The table below shows the investment performance of the year 2019 and 2018, as per financial statements.

Table 4 – EHL and EIL. Investment performance as at 31 December 2019 and 2018. USD, in thousands.

Investment performance	EIFlow Holdings Limited		EIFlow Insurance Limited	
	2019	2018	2019	2018
Net realised gains/(losses) on financial assets	(40)	6	(40)	6
Net gains on financial assets at fair value through profit or loss	200	(313)	200	(313)
Net gain/(losses) on financial liabilities at fair value through profit or loss	18	(74)	18	(74)
Investment and other operating income	8,840	2,251	827	2,251
Total income	9,019	1,870	1,006	1,870

4. Performance of other activities

- 4.1 EIL has held a minority equity share in ILS Property & Casualty Re Limited, Cell C (a company incorporated and registered in Bermuda under the SAS Act). The company was established to purchase the entire share capital of Mitsui Sumitomo Reinsurance Limited, now known as Cardinal Reinsurance Designated Activity Company (Cardinal Re), a company registered in Ireland. The investment is valued at the minority share of the net asset value net of distributions at \$2.7 million (2018 - \$2.5 million).
- 4.2 On 4 December 2019 the Central Bank of Ireland (“CBI”) approved a change of ownership of Cardinal Re. The transaction was completed on 6 March 2020. Buttonwood Holdings Ltd, a party co-sponsored by Quest Group the previous minority indirect shareholder (9.5%) and Mangrove Partners, purchased 100% of the share capital of Cardinal Re. ILS Group, the previous majority indirect shareholder (90.5%) and EIL no longer have any direct interest in Cardinal Re. The Company received payment consistent with the December balance sheet net asset value of \$2.7 million.

Beacon Insurance Company Limited

- 4.3 On 25 November 2019, the Gibraltar Financial Services Commission (‘GFSC’) approved a change of control application to transfer ownership of 100% of Beacon Insurance Company Limited (‘BICL’) issued share capital from SBT Alliance Limited (‘SBT’) to EIL Insurance Limited (‘EIL’). This was executed on the 19 December 2019. BICL is 100% owned by EIL Insurance Limited.
- 4.4 Prior to the change of control, the Board of BICL decided to cease the underwriting activity and it is now in run-off.
- 4.5 This section provides a brief overview of the business. Full Beacon SFCR can be found in Appendix.

System of Governance

- 4.6 General structure. Beacon has a simple but effective governance system which is in line with the size and the activity of the business. Following the completion of the change of control, the company has three executive directors and a non-executive director. There is an alternate executive director also covering the actuarial function role. BICL has one Committee, Risk and Audit and Compliance Committee (‘RACC’), that oversees all risk related activity and ensure the Board is kept informed or is consulted as required.
- 4.7 Risk Management System and Own Risk Solvency Assessment. The Board sets its risk appetites and tolerances; the actual risk in the business, compared to risk appetite and tolerance, is monitored by the RACC and escalated to the Board if required. BICL carries out an Own Risk and Solvency Assessment (‘ORSA’) on an annual basis which informs the Companies’ business and capital planning processes.

- 4.8 Outsourcing. BICL is reliant on material service providers to fulfil its operational functions. Due diligence is undertaken prior to engaging any material service provider.

Risk profile

- 4.9 The main areas of risk are those arising from claims and reserving and market risk. Underwriting risk. BICL also has an historical motor book which was written through its Swiss branch in 2014. The book is in run-off and all policies have expired. BICL is no longer authorised to underwrite new insurance business in Switzerland. In 2019 it underwrote one catastrophe reinsurance treaty only, for a major reinsurer. This treaty expired on 31 December 2019 and BICL is now fully in run-off.
- 4.10 Market risk. The main component is the currency exposure. A change in the reporting from EUR to USD on 1 January 2020 has materially reduced the currency risk. Beacon holds its funds as cash and did not have investments at 31 December 2019. During 2020, its investments will be into fixed income bonds similar to its immediate parent, EIL, and in accordance with BICL's investment policies.

Solvency

- 4.11 The Company has continuously complied with all aspects of the Solvency II regulations from the date of first implementation on 1 January 2016. The Company reports eligible own funds of €4.3 million to cover the solvency capital requirement of €2.0 million (SCR ratio 231.4%) and the minimum capital requirement of €3.7 million (MCR ratio 117.9%) as at 31 December 2019.
- 4.12 As a transitional presentation, due to timing and future plans to amalgamate Beacon and EIFlow, Beacon is accounted for as an investment at SCR Group level.

5. Any other information

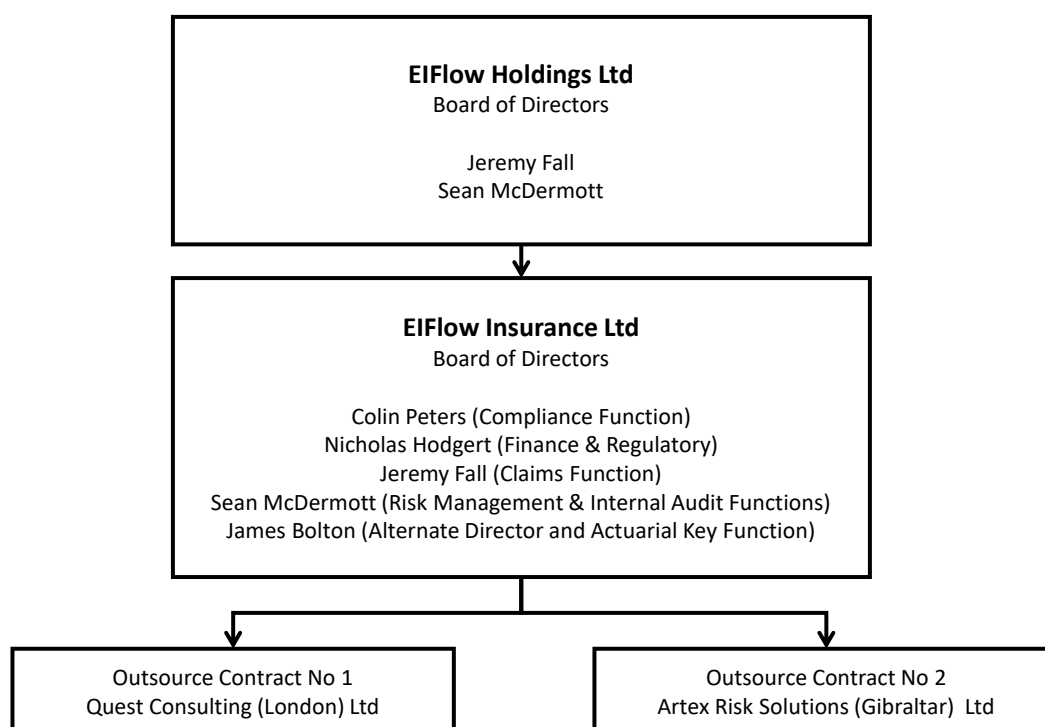
No other material activity to report.

B. System of Governance

1. General information on the system of governance

- 1.1 Given the limited nature of the business in run-off, the operating structure of the Group is not complex nor is there a large staff requirement to service the company's needs. Consequently, the Group has no direct employees, and the key activity by the Board is the management of the outsource functions. The Company's Board of Directors carry responsibility for the oversight of the business and sets its strategy and risk appetite. The Board members are also directors of the two outsource contractors.

Figure 1 – EIL and EHL: Board of Directors, as at 31 December 2019.



- 1.2 Nicholas Hodgert was appointed as a director of EIFlow Insurance Limited with effect from 21 March 2019.
- 1.3 The Group has no employees so there is no remuneration policy required.
- 1.4 The Group has no pension commitments or pension liabilities.

2. Fit and proper requirements

- 2.1 The Board of EIL has and will continue to be made up of experienced insurance executives with a collective knowledge of a) insurance and financial markets b) business strategy and business models and c) systems of governance d) financial and actuarial analysis and e) regulatory matters. In the event that a board director is replaced it is incumbent on the remaining directors to ensure that any replacement director ensures that the key skills remain covered by the new board.
- 2.2 Artex Risk Solutions (Gibraltar) Limited (“Artex”) co-ordinates compliance activities on behalf of the Group and it maintains an annual self-certification process for the directors of its client companies. This assists the Group to cover the ongoing fit and proper monitoring requirements.

The Board’s review of the continued suitability of directors to continue is evidenced by:

- Annual Self-Assessment;
- Approval of Directors appointments and approved status; and

- Oversight of outsource service providers.
- 2.3 The Board is responsible for ensuring individuals meet the regulator’s fit and proper tests, prior to appointment, by checking that the person has the qualifications, experience, competence and capacity appropriate to the relevant function and the Group performs the requisite review to ensure the person:
- Is competent and capable;
 - Acts honestly, ethically and with integrity; and
 - Is financially sound.
- 2.4 The composition of the Board changed with effective date 21 March 2019. Nicholas Hodgert took on the role of Director following Micheal McDermott’s resignation. The Board Details of the EIL Board qualifications, skills and expertise are as follows:

Colin Peters

Director

Colin has many years of experience in financial services industry, primarily in the areas of Underwriting and Compliance. He heads up the compliance function within Artex and has in the past acted as Compliance Officer for Artex clients.

Colin is Financial Planning Certificate I, II and III qualified and a Member of the Chartered Insurance Institute. He is also a holder of the Financial Times Non-Executive Director Diploma.

Nicholas Hodgert

Director

Nicholas is ACCA exam qualified accountant with well over 20 years post qualification experience. He worked in the UK as a Financial Accountant, Management Accountant and Financial Controller in the gas and oil field, pigment market and food chain sector. He spent 5 years working for a large furniture outlet in Spain as Financial Controller before joining Artex over 8.5 years ago.

Nicholas has worked on Protected Cell Companies, Non-Life Insurance companies (mainly motor) and Insurance intermediaries. He is now a Senior Client Accounting Manager sitting on Boards for various clients, preparing clients insurance accounts including SII work and Treasury Management. He also manages a team of Client Account Managers.

Sean McDermott

Director

Sean is a Chartered Accountant and a qualified insolvency practitioner with experience in insurance insolvency and restructuring. Sean is a director and an ultimate shareholder of Quest Consulting (London) Limited (“Quest”), which provides run-off services to EIL.

Sean spent 10 years of his career, immediately prior to setting up Quest Group, at Ernst & Young LLP, one of the top four accounting firms in the world. During this time, he operated in a wide variety of restructuring engagements around the globe all relating directly to the insurance

market. Sean has been approved by or holds approved person status with insurance regulators in the UK, Ireland, Gibraltar, Singapore and Bermuda.

Jeremy Fall

Director

Jeremy is the chief executive officer and an ultimate shareholder of Quest. He is a law graduate and has worked in the insurance market as a claims specialist throughout his career. He is recognised as a leading specialist in his field and acts as an expert witness and an arbitrator in relation to a range of insurance market disputes. Jeremy has been approved by or holds approved person status with insurance regulators in the UK, Ireland, Gibraltar, Singapore and Bermuda.

Jeremy has experience in managing complex reinsurance commutations and collections, which is of particular value to EIL.

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

3.1 Risk management system

The risk management system of the Group consists of processes and controls that have been designed by senior management with oversight of the Board of Directors to identify, measure, monitor and report risks that affect the achievement of our strategic, operational and financial objectives.

Key risks are market risk on the Investment Portfolio and the risk of future claims deterioration which are not anticipated in claim reserving figures. The investment risk is monitored by management and reported to the Board on a quarterly basis and any deviations from the benchmark performance are explained to the Board and remedial action taken if necessary.

The material claims are reviewed by management and any material proposed settlements are reported to the Board and approvals sought. The material claims are reported to the Board on a quarterly basis to assess any new information which would result in a change in the claim levels.

Process of Risk Management

The process of risk management is a continuous and systematic one, comprising five elements:

- **Identification** - The key risks of the business are identified and monitored by the Board. The board recognizes its ultimate responsibility for the risk management system, setting the risk appetite and risk tolerance limits.
- **Assessment** - The key risks by risk category for EIL are set out in the Risk Register which defines for each risk in each category the likelihood and the potential severity for all the key

risks, the risk appetite and the risk tolerance. After the risk analysis is carried out, risks are graded in terms of importance. This helps the Board consider the risk appetite and risk tolerance parameters.

- **Response** – All risks are dealt as and when they arise by the responsible director or by the Board. Decisions are detailed in the minutes of the relevant Board meeting and the risk register updated accordingly.
- **Monitoring** – At each quarterly meeting the Board, led by the director in charge of the risk management function, considers what changes there are to the risk profile of the business and if any new risks have been identified. Given the business is run-off there is no new business so it is very unlikely there will be a new risk identified for EIL. More likely is that something has changed in relation to the business that might trigger an increase or decrease in an already identified risk.
- **Reporting** - Reporting includes risk and internal controls, summary of risk assessments, risk appetite monitoring, internal control performance, incident reporting and status of actions with respect to incidents, risks and controls.

3.2 Own Risk and Solvency Assessment (ORSA)

For EIL the ORSA process starts with its business strategy which, as a run-off insurer, has a very simple business model with a very limited range of risk. The nature of the run-off in terms of quantum and volatility dictate the capital required which then feeds into the regulatory and economic capital requirements of the company. The nature of the business also dictates the risk appetite and risk tolerance of the company. The Board, considering these factors, sets out the key Risk Management Policies and Systems of Governance for EIL. As the business remains relatively static from year to year, a triennial review of the process is sufficient for the needs of EIL except where there is a substantial change brought about by the introduction of a new portfolio of business. Similarly, the nature of the business with run-off business that is 25+ years old with no active underwriting means that there is limited value in operating complex internal modelling to make its business decisions. This is consistent with the principles of proportionality as set out Guideline 4 of EIOPA CP 13/09.

The process is an iterative one where each of the above factors influences the other (e.g. the greater the risk tolerance the greater is the capital required).

The ORSA is conducted annually by the director in charge and reviewed and approved by the board. The process by which the ORSA is conducted is reviewed periodically. This will be the earlier of a) once every 3 years (given the portfolio of business will not change) or b) where there is a substantial change in the business through the addition of new portfolios of run-off business resulting in a material change to the profile of EIL's business or time horizon.

The Board adopts an integrated approach whereby the Business Strategy, Capital Management, Risk Management Policy and Risk Tolerance all interact. For example, the release or increase in capital is dictated by the business strategy and the addition of insurance legacy portfolios. Similarly, the risk tolerance levels set by the Board are also dictated by the level of capital relative to the SCR.

4. Internal control system

4.1 Internal control system

The Group operates a flat structure with a Board of Directors managing the two EIL outsource contracts. For EIL, all payments have dual signature requirements with the Director in charge of finance as one of those signatories. Similarly, with respect to claims reserve movements, the Director responsible for claims signs off on all claims reserve movements. The control environment is appropriate and proportional to the business needs of EIL.

4.2 Compliance function

Artex co-ordinates compliance activities on behalf of the Group and from 2015 it has introduced an annual self-certification process for the directors of client companies.

A single board member has overall responsibility for the compliance function. This is a Gibraltar based director with local expertise and knowledge of the compliance requirements as set down under Gibraltar company law, FSC guidance and EU regulations including Solvency II.

The role of Artex in the compliance function is to:

- Assist the Board with ensuring ongoing compliance with legislation requirements;
- Enhance the Group's awareness of compliance matters;
- Document any breaches identified, how they were addressed and whether any third party reporting of the breach is required; and
- Ensure that Board is kept informed of any amendment to the applicable regulations, legislation and guidelines or the addition of any new requirements and the potential impact on EIL or EHL.

5. Internal audit function

As already noted, the Group is not a complex business. For EHL, the Board is satisfied that due to low activity, no internal audit function is required. The audit performed annually by external auditors sufficiently discharges all EHL audit requirements.

For EIL, the internal audit approach involves auditing the performance of the outsourced service contracts by parties independent of those contracts. This is undertaken to ensure that there is (as far as possible) a third party review of the performance of each outsource contract against its contracted objectives. Findings from the audit reviews are reported to the EIL Board. The internal reviews outlined are sufficient and proportional given EIL is not underwriting and has only a small number of activities, transactions and personnel involved in the business processes.

EIL utilises both internal and external resources for the internal audit function. From 1 January 2016, the Board appointed an external firm to oversee and participate in the internal audit function. In addition, the Board has appointed Quest's Group's Head of Internal Audit to oversee and manage the internal audit role with effective date 2 November 2018.

6. Actuarial function

EIL has previously been the only insurance entity in the Group and therefore the only one for which it is relevant to have an actuarial function, however EIL's actuarial function supports Group activity where required, for example the Group solvency calculation.

EIL's actuarial function is the responsibility of the key function holder, who reports directly to the Board. The reserving tasks of the actuarial function are outsourced to an independent actuarial consultant. The key function holder is also responsible for overseeing this outsourced relationship including monitoring the scope of the work, service levels and challenging the results.

The actuarial function is responsible for:

- a) Co-ordination of the calculation of the technical provisions;
- b) Ensuring the accuracy of the data presented to the independent actuarial consultant;
- c) Ensuring the appropriateness of the methodologies and assumptions used in the calculation of technical provisions;
- d) Comparing best estimates against experience; and
- e) Informing the Board of the adequacy and reasonableness of the calculation of technical provisions.

EIL is not underwriting any new business such that periodic reviews as required by the FSC once every three years by an external actuary are considered sufficient by the Board for the needs of EIL. The services of an independent actuarial consultant will be utilised a) when there is an acquisition of a new portfolio b) where there is a periodic review as required under the FSC licence terms or c) where there is a material change in the claims profile as determined by the Claims Director such that an interim updated actuarial report should be required.

Willis Towers Watson carried out an actuarial review on reserves as at 30 June 2017. The technical reserves were reviewed in line with the actuarial results. An additional review was carried out by Willis Towers Watson as at 30 September 2018 as a support to management in developing estimates of unpaid loss and ALAE.

7. Outsourcing

7.1 The outsourcing policy of EHL and EIL is summarised as follows:

- The Group Board considers the appropriateness of all outsourcing activities;
- All outsourced functions subject to biannual review for compliance and performance assessment with findings reported to the Board;
- Written agreements to have a clear fee structure including termination provisions in the event of non-performance or insolvency.

7.2 Services outsourced and jurisdiction.

The main insurance activities of EIL are carried out under three key outsource contracts:

- The local insurance managers from Artex who provide company secretarial, accounting and compliance support in Gibraltar for EHL and EIL;
- Quest Consulting in London provides EIL with the claim management and reinsurance collection activities;
- Bank J. Safra Sarasin, a Swiss private bank with an office in Gibraltar, provides the investment management activities for EIL under the supervision of the Board.

8. Adequacy of the System of Governance

EHL and EIL carry out a very limited range of activities. The run-off nature of EIL with a known portfolio of liabilities means that frequent internal reviews of its systems are not required. It is considered that a review once every three years is therefore sufficient. A review was performed in January 2019 which confirmed the strong Governance of EIL given the nature of the business.

In the event that further books of business are acquired that materially alter the characteristics of the company then the potential need for an earlier review will be undertaken at that time.

The Group considers the systems in place to proportionally meet requirements of the group's systems of governance art. 246, Directive 2009/138/EC.

9. Any other Information

Related Party Transactions

Apart from balances and transactions disclosed elsewhere in this report, there were the following significant transactions with related parties per the audited consolidated financial statements:

Table 5 – EHL and EIL. Transactions with related parties as at 31 December 2019 and 2018. USD, in thousands.

	EiFlow Holdings Limited		EiFlow Insurance Limited	
	2019	2018	2019	2018
Artex Risk Solutions (Gibraltar) Limited	96	100	96	100
Quest Consulting (London) Limited	640	665	640	665
Total	736	765	736	765

C. Risk Profile

The Board considers there to be no significant risk concentrations as defined by art. 376 of the commission delegated regulation (EU) 2015/35. The Group's risk profile can be considered in two distinct parts, risks to EHL and risks to EIL.

For EHL, there is only investment risk associated with the restricted cash held at a local bank in Gibraltar.

EIL carries out no live underwriting and so its underwriting risk exposure is linked only to the adequacy of the claim reserves and the associated operational risk linked to the validation of claims for settlement. The other key risks to which EIL is exposed are linked to the investment portfolio. These risks include market risk (interest rate and currency risk) and credit risk.

EIL's claims portfolio is not active and the expense profile is very clear and so the liquidity risk is negligible.

As a run-off insurer, EIL has a very simple business model with a very limited range of risks:

1. Underwriting risk

EIL's insurance business assumes the risk of loss from persons or organisations that are directly exposed to an insurance policy. Insurance risk arises from this risk transfer due to inherent uncertainties about the occurrence, amount and timing of the insurance liabilities following an insured loss. EIL has no appetite for underwriting risk and has not entered into any new contracts of insurance that involve material exposure to live risks.

The three key components of insurance risk for an insurer in run-off are reserving, claims management and reinsurance risk. Each risk is considered below in relation to EIL and in order of importance to EIL.

1.1 Reserving risk

In establishing reserves, management includes amounts for IBNR reserves supported by an independent actuarial review from a firm of specialist actuarial consultants to ensure that all reported claims are adequately provided for. Reserving risk occurs within the Company where established insurance liabilities are insufficient through inaccurate forecasting, or where there is inadequate allowance for expenses and reinsurance bad debts within those provisions. The reserves of EIL are quantified periodically through an internal assessment of the reported claims reserves at each quarter end. Additionally, at suitable intervals or points of significant change, external actuarial reports which consider both the best estimate reserves and estimating reserves at higher confidence levels. Outstanding Claims Reserves are reviewed on a quarterly basis to ensure that all reported claims are adequately provided for. The results are disclosed in the Board pack at quarterly meetings and are discussed and formally approved at the Board Meetings.

Using the SII standard formula, reserving risk comprises of \$3.1 million (2018 - \$3.0 million) of the Group's total Group Solvency Capital Requirement of \$6.7 million (2018 - \$4.7 million) as at 31 December 2019.

1.2 Claims management risk

Claims Management Risk may arise within the Company in the event of inaccurate or incomplete case reserves and claims settlements, poor service quality or excessive claims handling costs. Inaccurate calculation and reporting of claims case reserves may lead to under or over estimation of IBNR. Hence there is a great focus on data quality to produce an accurate record of updated claims.

Careful monitoring and supervision with the direct involvement of a Board member is key to mitigating Claims Management Risk. Claims management is a core part of the business and due to the limited nature of the business major claims are reported to and considered at Board level; this further mitigates the risk.

1.3 Reinsurance risk

Reinsurance risk for the Company arises where reinsurance contracts put into place to reduce gross insurance risk do not perform as anticipated, result in coverage disputes or prove inadequate in terms of the vertical or horizontal limits purchased.

EIL has no material ongoing outwards reinsurance on its main portfolios however it has an agreed claim in the liquidation of a former Swiss insurer, Universale Ruck. We measure

reinsurance risk by reference to the collectability of the reinsurance balances due from EIL's remaining reinsurance asset. Estimates are produced to predict the likely recoverable amounts from this reinsurer and a relatively prudent asset is provided for in the balance sheet. The directors remain in close contact with the reinsurer, and dialogue is maintained at least once every six months.

EIL has an agreed claim in the liquidation of a former Swiss insurer, Universale Ruck. We measure reinsurance risk by reference to the collectability of the reinsurance balances due from EIL's remaining reinsurance asset. Estimates are produced to predict the likely recoverable amounts from this reinsurer and a relatively prudent asset is provided for in the balance sheet. The directors remain in close contact with the reinsurer, and dialogue is maintained at least once every six months.

2. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include currency risk and interest rate risk.

Using the SII standard formula, market risk for the Group comprises:

Table 6 – EHL and EIL. Solvency Capital Requirement, Market risk as at 31 December 2019 and 2018. USD, in thousands.

Market Risk	EIFlow Holdings Limited		EIFlow Insurance Limited	
	2019	2018	2019	2018
Interest rate risk	0	806	0	806
Equity risk	3,630	548	3,630	548
Spread risk	741	1,305	741	1,305
Currency risk	1,079	297	845	71
Concentration risk	64	606	64	606
Diversification between Market Risk submodules	(900)	(1,423)	(771)	(1,288)
Total Market Risk post diversification	4,614	2,139	4,508	2,047

2.1 Spread risk

Spread Risk is the risk that the value of investments reduces due to a reduction in the perceived creditworthiness of the issuers of the debt instruments. The Group actively seeks to mitigate spread risk by only investing in assets that are investment grade government and corporate bonds or equivalent and by diversifying the portfolio. There is a limited exposure to any one issue to be limited to 5% of assets rated A- or better and to 3% of assets rated BBB+ or lower. Exposure to Government and Supranational is not limited.

2.2 Currency risk

Currency risk relates to the Group operating in different currencies and converting non-USD earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur. The Group seeks to mitigate currency risk by matching the currency assets held to the currency liabilities recognised. The exposure of the Group to currencies other than the reporting currency is very limited.

2.3 Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The portfolio managers have a discretionary mandate that allows the use of derivative instruments to hedge duration risk and to help mitigate the adverse impact on the portfolio value arising from interest rate rises.

3. Credit risk

Credit risk is the risk of financial loss to EIL if a client or counterparty to a financial instrument is unable to pay in full amounts when due and arises from the Group's held-to-collect-and-sell investments, loans and receivables, cash and cash equivalents and financial liabilities at fair value through profit or loss.

The credit risk that the Group is exposed to relates only to investment of the assets. These assets are invested in investment grade government and corporate bonds or equivalent. The portfolio is well diversified and so that there is a limited exposure to any one issue to 5% of assets rated A- or better and to 3% of assets rated BBB+ or lower. Exposure to Government and Supranational is not limited.

Investments are spread across a wide diversified range of instruments to reduce the credit risk exposure to any one counterparty. Non-rated investments are only held where such instruments are in liquid form and are assessed as being of investment grade. EIL has no experience of defaults on its investment portfolio.

4. Liquidity risk

Liquidity risk arises if the Group is unable to realize investments and other assets in order to settle financial and claim obligations when they fall due or that the Group would have to incur excessive cost to do so.

EIL's claims portfolio is not active and the expense profile is very clear, and therefore the liquidity risk is low. EIL is not a complex business and is focused on run-off only. Claims activity can be accurately forecast several months ahead so that all the liquidity needs can be proactively managed as they arise.

As the operating costs are managed through two outsource agreements with Quest and Artex, EHL and EIL have clear visibility on its upcoming operating costs under fixed quarterly fee arrangements.

In the unlikely event of short-term liquidity issue, the investment portfolio is highly liquid and could be converted to cash at short notice with minimal additional cost.

5. Operational risk

Operational risk is the risk of losses due to deficiencies or errors in processes and systems, whereas business risk is the risk of losses due to external factors such as the market situation or government regulations. The Board monitors the operational risk by monitoring the business systems, including the use of outsourced functions and promptly responding to any identified deficiencies. The Board reviews the situation periodically and considers that the benefits significantly outweigh the disadvantages in outsourcing its primary functions.

6. Risk concentration

There are no material risk concentrations. The legacy portfolios are a diverse portfolio of international insurance and reinsurance risks so there is no concentration risk in underwriting activities.

The investment portfolio is spread across a range of investments so there is no risk concentration risk associated with investments.

7. Risk mitigation

In addition to the techniques used to mitigate risks described above, the use of Quest's expertise in London is used to validate claims and commute risks where this can be achieved on terms acceptable to EIL. The Group is always looking to add additional legacy portfolios particularly where such portfolio's help reduce and diversify the legacy exposure across other classes of business.

On the investments side, the EIL board limits the investment of assets as described above and limits investments to highly rated or equivalent investment grade bonds. Further, EIL currency matches liabilities with investment of assets in the same currency (in particular USD where much of the exposure lies). In this way both market risk and credit risk are mitigated as far as possible.

8. Stress testing and sensitivity analysis

The sensitivity and stress testing reported in this section refers to EIL Insurance Limited as, with BICL treated as an investment, EIL's assets represents 97.3% of the Group's assets and EIL's liabilities represents 100% of the Group's liabilities. So, all risks of the Group were entirely captured and stressed.

The tests presented in this section were run for the Own Risk and Solvency Assessment (ORSA) and were based on the position of the company as at 30 September 2019. Given the non-material movements between quarters due to the run-off nature of the business, the large capital surplus available, the Solvency Ratio was above 300% in 2019 (above 400% in 2018) and that even under severe stresses the company remains fully compliant with the Solvency Capital Requirements, the Board deemed the ORSA stress testing results as at 30 September 2019 to be still valid at the year end.

Using the SII standard formula, the EILow Insurance Ltd carried out a number of tests to assess the impact on available capital in stress event scenarios. The stress tests performed attempt to capture the key risks identified by the EIL, and by design, stress a worst-case scenario. The results of stress testing are shown in the table below.

This is a high-level table presenting in summary the results of:

- A calculation of the Group's SCR and MCR as at 30 September 2019 – Point 1.; and
- Stress tests on the Group's assets and liabilities to understand the impact of chosen scenarios on solvency and capital requirements – Points 2. To 5.

Table 7 – EIL. Sensitivity and stress testing at 30 September 2019. USD, in thousands.

Scenario	Description	SCR	MCR	SII Excess of assets over liabilities	Statutory Excess of assets over liabilities	SCR Coverage
1. Baseline (Actual Sep-19)		5,877	4,035	20,824	21,312	354%
2. Underwriting risk						
Reserving risk	50% increase in long tail reserve, 25% increase in short tail reserve	6,878	4,035	17,353	17,577	252%
3. Market risk - Investments						
Interest rate shocks	Increase of 100 bps	5,854	4,035	19,910	20,398	340%
	Decrease of 100 bps	5,901	4,035	21,778	22,266	369%
Collective investments	20% value decrease	5,515	4,035	19,878	20,366	360%
4. Counterparty risk						
Credit rating (1 grade)	Change in the credit rating of counterparties (1 step owngrade)	6,022	4,035	20,801	21,312	345%
Credit rating (2 grades)	Change in the credit rating of counterparties (2 steps downgrade)	7,199	4,035	20,625	21,312	287%
5. Severe scenario						
Reserving, Investment and Counterparty risks	(i) Increase of reserves, (ii) Decrease of collective investment value, (iii) Downgrading of credit rating by 1 step	6,699	4,035	16,385	16,631	245%

A more detailed summary of the stress test results follows:

- **Reserving Risk Test.** A stress test whereby long tail (APH) technical provisions increase by 50% and short tail (direct Marine) technical provisions increase by 25% results in the SCR coverage decreasing to 252% (2018 – 261%). This has a greater effect on the SCR than the other stress tests, as reserving is the key risk for the business.

- **Investments.** Two types of tests were performed on the investments, a first one assuming interest rate shocks and a second one assuming a decrease in the value of collective investments by 20%.

Interest rate shocks – Two tests were carried out, one to evaluate the impact on the investments of an increase of 100 bps of the interest rate and one to assess the impact of a 100 bps decrease of the interest rate. The results showed full compliance of EIL with the Solvency II capital requirements.

Collective investments value decrease - A test whereby the value of EIL's investments in hedge funds decrease by 20%. The resulting SCR coverage remains strong.

- **Credit Default test.** A stress test where all debt securities experience a 1 notch downgrade was performed. The resulting SCR coverage decreases to 345%. A stress test where all debt securities experience a 2 notches downgrade was performed. The resulting SCR coverage decreases to 287%. We note that the likelihood of these events happening to all EIL's counterparties at the same time is extremely remote.
- **Severe scenario.** A severe scenario stress test was carried out assuming that the weakening of general economic conditions would cause a loss in the investments comparable to the stress test Investment default and a deterioration of the credit rating of the counterparties the company. In this context, the company is advised of a large claim which is modelled as having an effect comparable to the Reserving risk test presented above. This scenario, deemed a very extreme, shows that EIL will remain profitable and solvent, highlighting the forward-looking and prudent run-off strategies of the management.
- **Currency (Euro) Stress.** Since the change of the reporting currency from EUR to USD, the exposure to foreign currencies fluctuations no longer represents a material risk for the business. For this reason, a sensitivity test on the currency risk has not been considered necessary.

Given the proportionally large excess of assets above SCR, the SCR coverage remains well above 200% in all stress testing scenarios presented.

9. Other material risks

Brexit is a cause of uncertainty. The company is located in Gibraltar which left the European Union at the same time as the United Kingdom on 31 January 2020. Whilst no changes to the Group's current operations are foreseen, it is anticipated that post-Brexit EIL may be unable to obtain further books of run-off business by portfolio transfer from insurers in the European Union.

D. Valuation for solvency purposes

The financial statements of the Group are prepared in accordance with International Financial Reporting Standards, as adopted for use in the European Union, including International Accounting Standards ("IAS") and interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB"). The financial statements comply with the Companies Act, the Insurance Companies Act and the Insurance Companies (Accounts Directive) Regulations.

1. Assets

The material assets held are fixed income investments in tradable securities and these are all held at market value. The only other assets are cash deposits and a very small amount of reinsurance.

- 1.1 Cash and equivalents – Cash and cash equivalents consist of deposits in banks and short-term investments with original maturities of three months or less. Included within cash at bank are margin accounts which represent margin deposits held in respect of open exchange-traded futures contracts. They are valued at their book value.
- 1.2 Held-to-collect-and-sell investments – Non-derivative financial assets are classified as held-to-collect-and-sell and comprise investments in equity instruments and debt securities, including the Company's investment in a private company. These instruments are carried at fair value.
- 1.3 Loans and receivables – These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortised cost, using the effective interest rate method, less any impairment losses.

2. Technical provisions

- 2.1 Generally, provision is made for the estimated unpaid amounts of losses and loss expenses arising from incidents reported to the company during the year, together with a provision for losses incurred but not yet reported (IBNR). The IBNR is based on past experience using the latest available information and management best estimates of the probable number and nature of claims arising from incidents not yet reported. The methods of making such estimates and the resulting reserves established are continually reviewed and updated. Any adjustments resulting therefrom are reflected in earnings in the year in which they became known and such adjustments could be material.
- 2.2 The company acts as an insurer and reinsurer of companies which are subject to claims arising from environmental property damage and the clean-up of toxic waste disposal sites. In a large number of instances, the company has been advised that a potential for claims against the insured exists, but the insured and reinsured are only in a position to quantify the amounts involved. There are various potential interpretations of the coverage provided by the underlying contracts. In addition, it is probable that all insured claims have not yet been reported. As a result, the potential exposure to loss varies significantly over a wide range of values.
- 2.3 Adjustments have been made to transit from GAAP accounts to Solvency II ("SII") best estimate technical provisions.

The SII Best Estimate represents a probability-weighted average of future cash flows, discounted using the EIOPA risk-free interest rate term structure. The probability weights were

based on the Towers Watson actuarial estimates for the main portfolio and shorter tail management estimates in respect of the 2016 portfolio transfer business.

The loss data underlying the calculation of insurance reserves as reported in the financial statements of the Company is the same as that used to calculate the technical provisions. Estimates of the Company's aggregate technical provisions have been developed separately for loss reserves and the risk margin.

The Company is in run-off: no premium provision including any provision for Bound But Not Incepted (BBNI) business is required.

The allowance for Events Not In Data Set (ENIDs) is based on an explicit loading to the gross reserves. The loading is based on a benchmarking analysis.

The best estimate is calculated separately for cash flows in different currencies (Commission Delegated Regulation EU 2015/35, Art. 33) and discounted according to the relevant yield curve.

The best estimate of the net technical provisions includes a provision for unallocated loss adjustment expenses (ULAE). For Solvency II purposes, the total future anticipated expenses of \$1.855 million are included as provided in the independent actuarial review.

The risk margin was estimated based on projections of KPMG standard formula capital at future evaluation dates and a 6% cost of capital as prescribed by EIOPA.

Insurance and intermediaries' receivables not past-due are netted off the technical provisions for Solvency II purposes. Reinsurance receivables not past-due are reclassified as part of the reinsurance share of technical provisions for Solvency II purposes.

Insurance and Intermediaries payables not past-due form part of the Solvency II technical provisions. Reinsurance payables not past-due form part of the Solvency II technical provisions.

On the reinsurance recoverables, the net expected losses due to counterparty default were estimated using the simplification (Art. 61 Commission Delegated Regulation (EU) 2015/35) that allows the adjustment to be based on an estimate of the one-year probability of default multiplied by the duration of the recoverable. The one-year probability of default was taken from EIOPA guidelines but was also determined based on both a study performed by S&P on the probability of default of similarly-rated bonds and on management judgement. The duration of the recoverables in respect of the 2016 portfolio transfer business was set equal to the duration of the liabilities that they related to (modified duration was used).

A summary of reclassifications and adjustments of assets and liabilities relating to the technical provisions are reported below. Due to the simple structure of the business, these adjustments provide the full reconciliation between GAAP and Solvency II accounts.

Table 8 – EIL. Summary of transition from GAAP to Solvency II items as at 31 December 2019: a reconciliation. USD, in thousands.

	Statutory accounts value	Reclassification for Solvency II purposes	Solvency II Valuation adjustment	Solvency II value
Assets				
Reinsurance recoverables (Non-life excluding health)	53	-	(1)	52
Insurance and intermediaries receivables	-	-	-	-
Reinsurance receivables	-	-	-	-
Total Assets movement	53	-	(1)	52
Liabilities				
Technical provisions – non-life (excluding health)	9,417	77	(114)	9,381
Risk margin	-	-	420	420
Insurance & intermediaries payables	-	-	-	-
Reinsurance payables	(77)	(77)	-	-
Total Liabilities movement	9,495	-	306	9,801

Table 9 – EIL. Summary of transition from GAAP to Solvency II items as at 31 December 2018: a reconciliation. USD, in thousands.

	Statutory accounts value	Reclassification for Solvency II purposes	Solvency II Valuation adjustment	Solvency II value
Assets				
Reinsurance recoverables (Non-life excluding health)	58	5	(3)	59
Insurance and intermediaries receivables	0			0
Reinsurance receivables	5	(5)		0
Total Assets movement	62	0	(3)	59
Liabilities				
Technical provisions – non-life (excluding health)	9,531	22	(509)	9,044
Risk margin	0		404	404
Insurance & intermediaries payables	0			0
Reinsurance payables	22	(22)		0
Total Liabilities movement	9,553	0	(105)	9,448

- 2.4 The SII net technical provisions were estimated at \$9.8 million as at 31.12.2019 (2018 - \$9.4 million), of which \$9.3 million (2018 - \$9.0 million) is the net best estimate and \$0.4 million is the risk margin (2018 – 0.4 million). A comparison of the technical provisions as per GAAP and as per SII is presented below.

Table 10 – EIL. GAAP and Solvency II Technical Provisions as at 31 December 2019: a reconciliation. USD, in thousands.

	Gross	RI	Net
Statutory values	9,417	53	9,364
Total items reclassified for SII	77	-	77
ULAE increase for SII	855	-	855
Provision for ENID's	134	-	134
RI Counterparty risk adjustment	-	(0)	0
Discounting	(1,103)	(1)	(1,102)
Discounted technical provisions	9,381	52	9,329
Risk Margin	420	-	420
SII Technical Provisions	9,801	52	9,749

Table 11 – EIL. GAAP and Solvency II Technical Provisions as at 31 December 2018: a reconciliation. USD, in thousands.

	Gross	RI	Net
Statutory values	9,531	58	9,473
Total items reclassified for SII	22	5	18
ULAE increase for SII	855	-	855
Provision for ENID's	135	-	135
RI Counterparty risk adjustment	-	(0)	0
Discounting	(1,500)	(3)	(1,497)
Discounted technical provisions	9,044	60	8,985
Risk Margin	404	-	404
SII Technical Provisions	9,448	60	9,388

2.5 The key areas of uncertainties associated with the value of technical provisions are follows:

- Estimation of the Outstanding Loss Reserves (OLSR). The uncertainty is around the assessment of settling claims.
- Estimation of claims Incurred But Not Reported (IBNR). The uncertainty is due to the fact that the nature of the claims is not known at time of reserving.
- Estimation of Events Not In Data (ENIDs). The uncertainty lies in the fact that an estimation is made for events not observed.
- Run-off expenses provision. The estimation is inherently uncertain due to the evaluation of the base costs, inflation, period of the run-off.
- Risk margin. It is uncertain due to the requirement to forecast future solvency capital requirement over the period of a run-off.

2.6 The Company has not applied the matching adjustment, volatility adjustment, transitional risk-free interest term structure or the transitional deduction in calculating its technical provisions.

2.7 The reinsurance contracts on the 2016 portfolio transfer business are excess of loss in nature, and provide coverage on the three major losses that have impacted the reinsurance excess point. No other losses are projected to impact the reinsurance.

3. Other liabilities

3.1 As EIL does not underwrite live business the liabilities are substantially claims reserves and ledger balances. Claims reserves for agreed valid claims are booked as reported and authorised by the claim director. IBNR reserves are based on the most recent external actuarial valuation and are recorded at best estimates.

3.2 Expenses are substantially the quarterly fees of the two service contracts which are fixed contractual figures and hence there are very limited non-insurance assets or liabilities in the balance sheet.

3.3 No additional adjustments were required to Solvency II purposes other than to include accrued interest with the valuation of the bonds.

E. Capital Management

1. Own funds

1.1 The Group has a simple capital structure involving Share Capital, Available for sale reserve and P&L reserves only. The P&L and Available for sale reserves support the capital and SCR/MCR, and the P&L Reserves surplus above this is available for distribution subject to board and FSC approval. The policy of EIL is to review future capital needs and only seek release of surplus to EHL once satisfied there is excess capital where there are no further investment opportunities.

1.2 For the purpose of calculating Group solvency, method 1 - default accounting consolidation based method has been used (art. 230 of Directive 2009/138/EC).

The eligible amount of own funds to cover the Solvency Capital Requirement and the Minimum Capital Requirement classified by Tier are detailed in the table below.

Table 12 – EIL and EHL. Solvency II Own funds classified by Tier, as at 31 December 2019 and 2018. Solvency II values in USD, in thousands.

Own fund items	Tier	EIFlow Holdings Limited		EIFlow Insurance Limited	
		2019	2018	2019	2018
Share capital	1	9,902	1,902	12,100	4,100
Reconciliation reserve	1	11,250	19,412	8,118	16,304
Own Funds		21,152	21,314	20,218	21,314

1.3 The transition from the statutory balance sheet to SII balance sheet generates a difference of \$0.3 million between the equity as shown in the financial statements and the excess of assets over liabilities calculated for Solvency II purposes. This difference is due to SII adjustments to the technical provisions and non-material adjustment to the assets. The adjustments generate from the application of the EIOPA SII rules relating to the technical provisions.

2. Solvency capital requirement and Minimum capital requirement

2.1 The EHL SCR as at 31 December 2019 was \$6.7 million (2018 - \$4.7 million) and the MCR was \$4.2 million (2018 - \$4.2 million). The SII Own funds to SCR ratio was 316% (2018 - 456%).

2.2 The amount of the Group's Solvency Capital Requirement split by risk resulting from the application of the standard formula is shown in Table below.

Table 13 – EHL and EIL. Solvency Capital Requirement classified by risk modules as at 31 December 2019 and 2018. USD, in thousands.

Risk modules	EIFlow Holdings Limited		EIFlow Insurance Limited	
	2019	2018	2019	2018
Solvency Capital Requirement	6,692	4,675	6,592	4,572
Operational Risk	281	271	281	271
Basic Solvency Capital Requirement	6,410	4,404	6,311	4,300
Diversification between UW, CDR and Market Risk modules	(1,826)	(1,314)	(1,802)	(1,258)
Market Risk post diversification	4,614	2,140	4,508	2,047
Diversification between Market Risk submodules	(900)	(1,423)	(771)	(1,288)
Interest rate risk	0	806	0	806
Equity risk	3,630	548	3,630	548
Spread risk	741	1,305	741	1,305
Currency risk	1,079	298	845	71
Concentration risk	64	606	64	606
Counterparty default risk	545	614	526	546
Non-Life underwriting risk post diversification	3,078	2,965	3,078	2,965

2.3 A Simplification approach is used in the application of the Method 1 for the calculation of the risk margin. A provision for a counterparty risk (reinsurance bad debt) has been included within the technical provisions using the simplification allowed under the Art.61 of the Commission Delegated Regulation (EU) 2015/35. The risk mitigating effect has been calculated in accordance with Art. 111 of the Commission Delegated Regulation (EU) 2015/35 which allows for a simplified calculation of the risk mitigating effect itself.

2.4 There has been no use of undertaking specific parameters in the non-life underwriting risk calculation.

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

This section is not applicable to the Group.

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

Capital and solvency requirements are computed and monitored using the KPMG standard formula. Therefore, no additional information is reported in this section.

5. Non-compliance with the Minimum capital requirement and non-compliance with the Solvency capital requirement

At the end of the reporting period, the Group was compliant with the Minimum Margin and Solvency Capital Requirement and had surplus to meet and exceed the Solvency II requirements.

6. Any other information

The directors do not consider that further information should be disclosed for the Group in relation to the management of the capital.

F. Appendices – Public QRTs

1. Group Year End 2019

Table 14 – EHL. S.02.01.02 Balance Sheet as at 31.12.2019. Values in USD thousands.

	Solvency II value	
		C0010
Assets		
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	30,029
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	7,183
Equities - listed	R0110	
Equities - unlisted	R0120	7,183
Bonds	R0130	18,656
Government Bonds	R0140	1,008
Corporate Bonds	R0150	17,648
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	4,189
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	52
Non-life and health similar to non-life	R0280	52
Non-life excluding health	R0290	52
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	
Reinsurance receivables	R0370	827
Receivables (trade, not insurance)	R0380	
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	3,309
Any other assets, not elsewhere shown	R0420	
Total assets	R0500	34,217

(continued) Table 14 – EHL. S.02.01.02 Balance Sheet as at 31.12.2019. Values in USD thousands.

	Solvency II value	
	C0010	
Liabilities	R0510	9,802
Technical provisions – non-life	R0520	9,802
Technical provisions – non-life (excluding health)	R0530	
TP calculated as a whole	R0540	9,381
Best Estimate	R0550	421
Risk margin	R0560	
Technical provisions - health (similar to non-life)	R0570	
TP calculated as a whole	R0580	
Best Estimate	R0590	
Risk margin	R0600	
Technical provisions - life (excluding index-linked and unit-linked)	R0610	
Technical provisions - health (similar to life)	R0620	
TP calculated as a whole	R0630	
Best Estimate	R0640	
Risk margin	R0650	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0660	
TP calculated as a whole	R0670	
Best Estimate	R0680	
Risk margin	R0690	
Technical provisions – index-linked and unit-linked	R0700	
TP calculated as a whole	R0710	
Best Estimate	R0720	
Risk margin	R0740	
Contingent liabilities	R0750	
Provisions other than technical provisions	R0760	
Pension benefit obligations	R0770	
Deposits from reinsurers	R0780	
Deferred tax liabilities	R0790	1,798
Derivatives	R0800	
Debts owed to credit institutions	R0810	
Financial liabilities other than debts owed to credit institutions	R0820	286
Insurance & intermediaries payables	R0830	
Reinsurance payables	R0840	
Payables (trade, not insurance)	R0850	
Subordinated liabilities	R0860	
Subordinated liabilities not in BOF	R0870	
Subordinated liabilities in BOF	R0880	1,178
Any other liabilities, not elsewhere shown	R0900	13,065
Total liabilities	R1000	21,152
Excess of assets over liabilities		

Table 15 – EHL. S.05.01.02 Premiums, claims and expenses by line of business as at 31.12.2019. Values in USD thousands.

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for:				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	
Premiums written																		
Gross - Direct Business	R0110																	
Gross - Proportional reinsurance accepted	R0120																	
Gross - Non-proportional reinsurance	R0130																	
Reinsurers' share	R0140																	
Net	R0200																	
Premiums earned																		
Gross - Direct Business	R0210																	
Gross - Proportional reinsurance accepted	R0220																	
Gross - Non-proportional reinsurance	R0230																	
Reinsurers' share	R0240																	
Net	R0300																	
Claims incurred																		
Gross - Direct Business	R0310						-252											-252
Gross - Proportional reinsurance accepted	R0320																	
Gross - Non-proportional reinsurance	R0330																	
Reinsurers' share	R0340																	
Net	R0400						-252											-252
Changes in other technical provisions																		
Gross - Direct Business	R0410																	
Gross - Proportional reinsurance accepted	R0420																	
Gross - Non-proportional reinsurance	R0430																	
Reinsurers' share	R0440																	
Net	R0500																	
Expenses incurred	R0550						1,227											1,227
Other expenses	R1200																	
Total expenses	R1300																	1,227

Table 16 – EHL. S.23.01.22 Own funds as at 31.12.2019. Values in USD thousands.

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector					
Ordinary share capital (gross of own shares)	R0010	9,902	9,902		
Non-available called but not paid in ordinary share capital at group level	R0020				
Share premium account related to ordinary share capital	R0030				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040				
Subordinated mutual member accounts	R0050				
Non-available subordinated mutual member accounts at group level	R0060				
Surplus funds	R0070				
Non-available surplus funds at group level	R0080				
Preference shares	R0090				
Non-available preference shares at group level	R0100				
Share premium account related to preference shares	R0110				
Non-available share premium account related to preference shares at group level	R0120				
Reconciliation reserve	R0130	11,250			
Subordinated liabilities	R0140				
Non-available subordinated liabilities at group level	R0150				
An amount equal to the value of net deferred tax assets	R0160				
The amount equal to the value of net deferred tax assets not available at the group level	R0170				
Other items approved by supervisory authority as basic own funds not specified above	R0180				
Non available own funds related to other own funds items approved by supervisory authority	R0190				
Minority interests (if not reported as part of a specific own fund item)	R0200				
Non-available minority interests at group level	R0210				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220				
Deductions					
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230				
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240				
Deductions for participations where there is non-availability of information (Article 229)	R0250				
Deduction for participations included by using D&A when a combination of methods is used	R0260				
Total of non-available own fund items	R0270				
Total deductions	R0280				
Total basic own funds after deductions	R0290	21,152	21,152		
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	R0300				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual-type undertakings, callable on demand	R0310				
Unpaid and uncalled preference shares callable on demand	R0320				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370				
Non available ancillary own funds at group level	R0380				
Other ancillary own funds	R0390				
Total ancillary own funds	R0400				
Own funds of other financial sectors					
Reconciliation reserve	R0410				
Institutions for occupational retirement provision	R0420				
Non regulated entities carrying out financial activities	R0430				
Total own funds of other financial sectors	R0440				
Own funds when using the D&A, exclusively or in combination of method 1					
Own funds aggregated when using the D&A and combination of method	R0450				
Own funds aggregated when using the D&A and a combination of method net of IGT	R0460				
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	21,152	21,152		
Total available own funds to meet the minimum consolidated group SCR	R0530	21,152	21,152		
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	21,152	21,152		
Total-eligible own funds to meet the minimum consolidated group SCR	R0570	21,152	21,152		
Minimum consolidated Group SCR	R0610	4,154			
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	509.20%			
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	21,152	21,152		
Group SCR	R0680	6,692			
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	316.09%			
Reconciliation reserve					
Excess of assets over liabilities	R0700	21,152			
Own shares (included as assets on the balance sheet)	R0710				
Forseeable dividends, distributions and charges	R0720				
Other basic own fund items	R0730	9,902			
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740				
Other non available own funds	R0750				
Reconciliation reserve before deduction for participations in other financial sector	R0760	11,250			
Expected profits					
Expected profits included in future premiums (EPIFP) - Life business	R0770				
Expected profits included in future premiums (EPIFP) - Non- life business	R0780				
Total EPIFP	R0790				

Table 17 – EHL. S.25.01.22 Solvency Capital Requirement - for groups on Standard Formula as at 31.12.2019. Values in USD thousands.

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
Market risk	R0010 4,614		
Counterparty default risk	R0020 545		
Life underwriting risk	R0030		
Health underwriting risk	R0040		
Non-life underwriting risk	R0050 3,078		
Diversification	R0060 -1,826		
Intangible asset risk	R0070		
Basic Solvency Capital Requirement	R0100 6,410		
	C0100		
Calculation of Solvency Capital Requirement			
Operational risk	R0130 281		
Loss-absorbing capacity of technical provisions	R0140		
Loss-absorbing capacity of deferred taxes	R0150		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160		
Solvency capital requirement excluding capital add-on	R0200 6,692		
Capital add-on already set	R0210		
Solvency capital requirement	R0220 6,692		
Other information on SCR			
Capital requirement for duration-based equity risk sub-module	R0400		
Total amount of Notional Solvency Capital Requirements for remaining part	R0410		
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420		
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430		
Diversification effects due to RFF nSCR aggregation for article 304	R0440		
Minimum consolidated group solvency capital requirement	R0470 4,154		
Information on other entities			
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500		
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510		
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520		
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities	R0530		
Capital requirement for non-controlled participation requirements	R0540		
Capital requirement for residual undertakings	R0550		
Overall SCR			
SCR for undertakings included via D and A	R0560		
Solvency capital requirement	R0570 6,692		

Table 18 – EHL. S.32.01.22 Undertakings in the scope of the group as at 31.12.2019. Values in USD thousands.

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
								% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GI	213800417ZV4IZXAZ694	LEI	OW INSURANCE LIM	2	limited by shares	2	ancial Services					1	100.00%	1		1

2. Group Year End 2018

Table 19 – EHL. S.02.01.02 Balance Sheet as at 31.12.2018. Values in USD thousands.

	Solvency II value	
	C0010	
Assets		
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	28,426
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	2,493
Equities - listed	R0110	
Equities - unlisted	R0120	2,493
Bonds	R0130	25,743
Government Bonds	R0140	6,421
Corporate Bonds	R0150	19,322
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	190
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	59
Non-life and health similar to non-life	R0280	59
Non-life excluding health	R0290	59
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	
Reinsurance receivables	R0370	819
Receivables (trade, not insurance)	R0380	
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet	R0400	
Cash and cash equivalents	R0410	5,212
Any other assets, not elsewhere shown	R0420	0
Total assets	R0500	34,516

(continued) Table 19 – EHL. S.02.01.02 Balance Sheet as at 31.12.2018. Values in USD thousands.

	Solvency II value	
		C0010
Liabilities		
Technical provisions – non-life	R0510	9,453
Technical provisions – non-life (excluding health)	R0520	9,453
TP calculated as a whole	R0530	
Best Estimate	R0540	9,044
Risk margin	R0550	410
Technical provisions - health (similar to non-life)	R0560	
TP calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
TP calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
TP calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	10
Derivatives	R0790	3,416
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	293
Reinsurance payables	R0830	
Payables (trade, not insurance)	R0840	
Subordinated liabilities	R0850	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	29
Total liabilities	R0900	13,202
Excess of assets over liabilities	R1000	21,314

Table 20 – EHL. S.05.01.02 Premiums, claims and expenses by line of business as at 31.12.2018. Values in USD thousands.

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for:				Total
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	
Premiums written																	
Gross - Direct Business	R0110																
Gross - Proportional reinsurance accepted	R0120																
Gross - Non-proportional reinsurance accepted	R0130																
Reinsurers' share	R0140																
Net	R0200																
Premiums earned																	
Gross - Direct Business	R0210																
Gross - Proportional reinsurance accepted	R0220																
Gross - Non-proportional reinsurance accepted	R0230																
Reinsurers' share	R0240																
Net	R0300																
Claims incurred																	
Gross - Direct Business	R0310						-2,118										-2,118
Gross - Proportional reinsurance accepted	R0320						-3										-3
Gross - Non-proportional reinsurance accepted	R0330																
Reinsurers' share	R0340						93								-4		93
Net	R0400						-2,213								-4		-2,217
Changes in other technical provisions																	
Gross - Direct Business	R0410																
Gross - Proportional reinsurance accepted	R0420																
Gross - Non-proportional reinsurance accepted	R0430																
Reinsurers' share	R0440																
Net	R0500																
Expenses incurred	R0550						1,538										1,538
Other expenses	R1200																
Total expenses	R1300																1,538

Table 21 – EHL. S.23.01.22 Own funds as at 31.12.2018. Values in USD thousands.

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector					
Ordinary share capital (gross of own shares)	R0010	1,902	1,902		
Non-available called but not paid in ordinary share capital at group level	R0020				
Share premium account related to ordinary share capital	R0030				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040				
Subordinated mutual member accounts	R0050				
Non-available subordinated mutual member accounts at group level	R0060				
Surplus funds	R0070				
Non-available surplus funds at group level	R0080				
Preference shares	R0090				
Non-available preference shares at group level	R0100				
Share premium account related to preference shares	R0110				
Non-available share premium account related to preference shares at group level	R0120				
Reconciliation reserve	R0130	19,412	19,412		
Subordinated liabilities	R0140				
Non-available subordinated liabilities at group level	R0150				
An amount equal to the value of net deferred tax assets	R0160				
The amount equal to the value of net deferred tax assets not available at the group level	R0170				
Other items approved by supervisory authority as basic own funds not specified above	R0180				
Non available own funds related to other own funds items approved by supervisory authority	R0190				
Minority interests (if not reported as part of a specific own fund item)	R0200				
Non-available minority interests at group level	R0210				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220				
Deductions					
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230				
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240				
Deductions for participations where there is non-availability of information (Article 229)	R0250				
Deduction for participations included by using D&A when a combination of methods is used	R0260				
Total of non-available own fund items	R0270				
Total deductions	R0280				
Total basic own funds after deductions	R0290	21,314	21,314		
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	R0300				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310				
Unpaid and uncalled preference shares callable on demand	R0320				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370				
Non available ancillary own funds at group level	R0380				
Other ancillary own funds	R0390				
Total ancillary own funds	R0400				
Own funds of other financial sectors					
Reconciliation reserve	R0410				
Institutions for occupational retirement provision	R0420				
Non regulated entities carrying out financial activities	R0430				
Total own funds of other financial sectors	R0440				
Own funds when using the D&A, exclusively or in combination of method 1					
Own funds aggregated when using the D&A and combination of method	R0450				
Own funds aggregated when using the D&A and a combination of method net of IGT	R0460				
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	21,314	21,314		
Total available own funds to meet the minimum consolidated group SCR	R0530	21,314	21,314		
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	21,314	21,314		
Total-eligible own funds to meet the minimum consolidated group SCR	R0570	21,314	21,314		
Minimum consolidated Group SCR	R0610	4,239			
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	502.83%			
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	21,314	21,314		
Group SCR	R0680	4,675			
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	455.89%			
C0060					
Reconciliation reserve	R0700	21,314			
Excess of assets over liabilities	R0710				
Own shares (included as assets on the balance sheet)	R0720				
Forseeable dividends, distributions and charges	R0730	1,902			
Other basic own fund items	R0740				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0750				
Other non available own funds	R0760	19,412			
Expected profits					
Expected profits included in future premiums (EPIFP) - Life business	R0770				
Expected profits included in future premiums (EPIFP) - Non- life business	R0780				
Total EPIFP	R0790				

Table 22 – EHL. S S.25.01.22 Solvency Capital Requirement - for groups on Standard Formula as at 31.12.2018. Values in USD thousands.

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
Market risk	R0010 2,139		
Counterparty default risk	R0020 614		
Life underwriting risk	R0030		
Health underwriting risk	R0040		
Non-life underwriting risk	R0050 2,965		
Diversification	R0060 -1,315		
Intangible asset risk	R0070		
Basic Solvency Capital Requirement	R0100 4,404		
Calculation of Solvency Capital Requirement			
Operational risk	R0130 271		
Loss-absorbing capacity of technical provisions	R0140		
Loss-absorbing capacity of deferred taxes	R0150		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160		
Solvency capital requirement excluding capital add-on	R0200 4,675		
Capital add-on already set	R0210		
Solvency capital requirement	R0220 4,675		
Other information on SCR			
Capital requirement for duration-based equity risk sub-module	R0400		
Total amount of Notional Solvency Capital Requirements for remaining part	R0410		
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420		
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430		
Diversification effects due to RFF nSCR aggregation for article 304	R0440		
Minimum consolidated group solvency capital requirement	R0470 4,239		
Information on other entities			
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500		
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510		
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520		
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities	R0530		
Capital requirement for non-controlled participation requirements	R0540		
Capital requirement for residual undertakings	R0550		
Overall SCR			
SCR for undertakings included via D and A	R0560		
Solvency capital requirement	R0570 4,675		

Table 23 – EHL. S.32.01.22 Undertakings in the scope of the group as at 31.12.2018. Values in USD thousands.

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
								% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1. treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GI	138004I7ZV4IZXAZ69	LEI	DW INSURANCE LIM	2	limited by share	2	Financial Services					1	100.00%	1		1

3. EIFlow Insurance Year End 2019

Table 24 – EIL. S.02.01.02 Balance Sheet as at 31.12.2019. Values in USD thousands.

	Solvency II value	
	C0010	
Assets		
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	30,029
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	7,183
Equities - listed	R0110	
Equities - unlisted	R0120	7,183
Bonds	R0130	18,656
Government Bonds	R0140	1,008
Corporate Bonds	R0150	17,648
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	4,189
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	52
Non-life and health similar to non-life	R0280	52
Non-life excluding health	R0290	52
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	
Reinsurance receivables	R0370	827
Receivables (trade, not insurance)	R0380	
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	2,373
Any other assets, not elsewhere shown	R0420	
Total assets	R0500	33,281

(continued) Table 24– EIL. S.02.01.02 Balance Sheet as at 31.12.2019. Values in USD thousands.

	Solvency II value	
	C0010	
Liabilities	R0510	9,801
Technical provisions – non-life	R0520	9,801
Technical provisions – non-life (excluding health)	R0530	
TP calculated as a whole	R0540	9,381
Best Estimate	R0550	420
Risk margin	R0560	
Technical provisions - health (similar to non-life)	R0570	
TP calculated as a whole	R0580	
Best Estimate	R0590	
Risk margin	R0600	
Technical provisions - life (excluding index-linked and unit-linked)	R0610	
Technical provisions - health (similar to life)	R0620	
TP calculated as a whole	R0630	
Best Estimate	R0640	
Risk margin	R0650	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0660	
TP calculated as a whole	R0670	
Best Estimate	R0680	
Risk margin	R0690	
Technical provisions – index-linked and unit-linked	R0700	
TP calculated as a whole	R0710	
Best Estimate	R0720	
Risk margin	R0740	
Contingent liabilities	R0750	
Provisions other than technical provisions	R0760	
Pension benefit obligations	R0770	
Deposits from reinsurers	R0780	
Deferred tax liabilities	R0790	1,798
Derivatives	R0800	
Debts owed to credit institutions	R0810	
Financial liabilities other than debts owed to credit institutions	R0820	286
Insurance & intermediaries payables	R0830	
Reinsurance payables	R0840	
Payables (trade, not insurance)	R0850	
Subordinated liabilities	R0860	
Subordinated liabilities not in BOF	R0870	
Subordinated liabilities in BOF	R0880	1,178
Any other liabilities, not elsewhere shown	R0900	13,063
Total liabilities	R1000	20,218
Excess of assets over liabilities		

Table 25 – EIL. S.05.01.02 Premiums, claims and expenses by line of business as at 31.12.2019. Values in USD thousands.

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)											Line of business for:				Total	
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport		Property
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150		C0160
Premiums written																		
Gross - Direct Business	R0110																	
Gross - Proportional reinsurance accepted	R0120																	
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140																	
Net	R0200																	
Premiums earned																		
Gross - Direct Business	R0210																	
Gross - Proportional reinsurance accepted	R0220																	
Gross - Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240																	
Net	R0300																	
Claims incurred																		
Gross - Direct Business	R0310						-252											-252
Gross - Proportional reinsurance accepted	R0320																	
Gross - Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340																	
Net	R0400						-252											-252
Changes in other technical provisions																		
Gross - Direct Business	R0410																	
Gross - Proportional reinsurance accepted	R0420																	
Gross - Non-proportional reinsurance accepted	R0430																	
Reinsurers' share	R0440																	
Net	R0500																	
Expenses incurred	R0550						1,208											1,208
Other expenses	R1200																	
Total expenses	R1300																	1,208

Table 26 – EIL. S.05.02.01 Premiums, claims and expenses by country as at 31.12.2019. Values in USD thousands.

	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country	
		C0010	C0020	C0030	C0040	C0050		C0060
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140							
Net	R0200							
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240							
Net	R0300							
Claims incurred								
Gross - Direct Business	R0310	-252					-252	
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340							
Net	R0400	-252					-252	
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500							
Expenses incurred	R0550							
Other expenses	R1200							
Total expenses	R1300							

Table 27 – EIL. S.17.01.02 Non-life technical provisions as at 31.12.2019. Values in USD thousands.

	Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole																	
R0010																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole																	
R0050																	
Technical provisions calculated as a sum of BE and RM																	
Best estimate																	
Premium provisions																	
Gross																	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	
Net Best Estimate of Premium Provisions																	
R0140																	
R0150																	
Claims provisions																	
Gross																	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							9,381										9,381
Net Best Estimate of Claims Provisions							52										52
R0160																	
R0240																	
R0250							9,329										9,329
Total Best estimate - gross							9,381										9,381
R0260																	
Total Best estimate - net							9,329										9,329
R0270																	
Risk margin							420										420
R0280																	
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole																	
Best estimate																	
Risk margin																	
R0290																	
R0300																	
R0310																	
Technical provisions - total																	
Technical provisions - total							9,801										9,801
R0320																	
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total							52										52
R0330																	
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total							9,749										9,749
R0340																	

Table 28 – EIL. S.19.01.21 Non-life Insurance Claims Information as at 31.12.2019. Values in USD thousands.

Year	Development year										In Current year	Sum of years (cumulative)		
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100			C0110	C0170
Prior	R0100											R0100	-94	-94
2010	R0160							65	3	-142		R0160	-142	-73
2011	R0170						81	719	94			R0170	94	894
2012	R0180					10	-249					R0180		-239
2013	R0190											R0190		
2014	R0200											R0200		
2015	R0210											R0210		
2016	R0220											R0220		
2017	R0230											R0230		
2018	R0240											R0240		
2019	R0250											R0250		
	Total											R0260	-142	488

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year	Development year										Year end (discounted data)		
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290		C0300	C0360
Prior	R0100											R0100	8,527
2010	R0160						905	560	548	486		R0160	477
2011	R0170					1,496	1,637	523	378			R0170	371
2012	R0180				136	15	5	5				R0180	5
2013	R0190											R0190	
2014	R0200											R0200	
2015	R0210											R0210	
2016	R0220											R0220	
2017	R0230											R0230	
2018	R0240											R0240	
2019	R0250											R0250	
	Total											R0260	9,381

Table 29 – EIL. S.23.01.22 Own funds as at 31.12.2019. Values in USD thousands.

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35					
Ordinary share capital (gross of own shares)	R0010	12,100			
Share premium account related to ordinary share capital	R0030				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040				
Subordinated mutual member accounts	R0050				
Surplus funds	R0070				
Preference shares	R0090				
Share premium account related to preference shares	R0110				
Reconciliation reserve	R0130	8,118			
Subordinated liabilities	R0140				
An amount equal to the value of net deferred tax assets	R0160				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220				
Deductions					
Deductions for participations in financial and credit institutions	R0230				
Total basic own funds after deductions	R0290	20,218			
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	R0300				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310				
Unpaid and uncalled preference shares callable on demand	R0320				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370				
Other ancillary own funds	R0390				
Total ancillary own funds	R0400				
Available and eligible own funds					
Total available own funds to meet the SCR	R0500	20,218			
Total available own funds to meet the MCR	R0510	20,218			
Total eligible own funds to meet the SCR	R0540	20,218			
Total eligible own funds to meet the MCR	R0550	20,218			
SCR	R0580	6,592			
MCR	R0600	4,154			
Ratio of Eligible own funds to SCR	R0620	306.70%			
Ratio of Eligible own funds to MCR	R0640	486.70%			
Reconciliation reserve					
Excess of assets over liabilities	R0700	20,218			
Own shares (held directly and indirectly)	R0710				
Foreseeable dividends, distributions and charges	R0720				
Other basic own fund items	R0730	12,100			
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740				
Reconciliation reserve	R0760	8,118			
Expected profits					
Expected profits included in future premiums (EPIFP) - Life business	R0770				
Expected profits included in future premiums (EPIFP) - Non- life business	R0780				
Total Expected profits included in future premiums (EPIFP)	R0790				

Table 30 – EIL. S.25.01.21 Solvency Capital Requirement as at 31.12.2019. Values in USD thousands.

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
Market risk	R0010 4,508		
Counterparty default risk	R0020 526		
Life underwriting risk	R0030		
Health underwriting risk	R0040		
Non-life underwriting risk	R0050 3,078		
Diversification	R0060 -1,802		
Intangible asset risk	R0070		
Basic Solvency Capital Requirement	R0100 6,311		
Calculation of Solvency Capital Requirement			
Operational risk	R0130 C0100 281		
Loss-absorbing capacity of technical provisions	R0140		
Loss-absorbing capacity of deferred taxes	R0150		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160		
Solvency capital requirement excluding capital add-on	R0200 6,592		
Capital add-on already set	R0210		
Solvency capital requirement	R0220 6,592		
Other information on SCR			
Capital requirement for duration-based equity risk sub-module	R0400		
Total amount of Notional Solvency Capital Requirement for remaining part	R0410		
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420		
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430		
Diversification effects due to RFF nSCR aggregation for article 304	R0440		
Approach to tax rate		Yes/No	
Approach based on average tax rate	R0590	C0109	
Calculation of loss absorbing capacity of deferred taxes		LAC DT	
LAC DT	R0640	C0130	
LAC DT justified by reversion of deferred tax liabilities	R0650		
LAC DT justified by reference to probable future taxable economic profit	R0660		
LAC DT justified by carry back, current year	R0670		
LAC DT justified by carry back, future years	R0680		
Maximum LAC DT	R0690		

Table 31 – EIL. S.28.01.22 Minimum Capital Requirement – Only life or non-life insurance or reinsurance activity as at 31.12.2019. Values in USD thousands.

Linear formula component for non-life insurance and reinsurance obligations

MCR _{NL} Result	C0010		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	R0010	961		
Medical expense insurance and proportional reinsurance	R0020			
Income protection insurance and proportional reinsurance	R0030			
Workers' compensation insurance and proportional reinsurance	R0040			
Motor vehicle liability insurance and proportional reinsurance	R0050			
Other motor insurance and proportional reinsurance	R0060			
Marine, aviation and transport insurance and proportional reinsurance	R0070		9,329	
Fire and other damage to property insurance and proportional reinsurance	R0080			
General liability insurance and proportional reinsurance	R0090			
Credit and suretyship insurance and proportional reinsurance	R0100			
Legal expenses insurance and proportional reinsurance	R0110			
Assistance and proportional reinsurance	R0120			
Miscellaneous financial loss insurance and proportional reinsurance	R0130			
Non-proportional health reinsurance	R0140			
Non-proportional casualty reinsurance	R0150			
Non-proportional marine, aviation and transport reinsurance	R0160			
Non-proportional property reinsurance	R0170			

Linear formula component for life insurance and reinsurance obligations

MCR _L Result	C0040		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	R0200			
Obligations with profit participation - guaranteed benefits	R0210			
Obligations with profit participation - future discretionary benefits	R0220			
Index-linked and unit-linked insurance obligations	R0230			
Other life (re)insurance and health (re)insurance obligations	R0240			
Total capital at risk for all life (re)insurance obligations	R0250			

Overall MCR calculation

	C0070	
Linear MCR	R0300	961
SCR	R0310	6,592
MCR cap	R0320	2,966
MCR floor	R0330	1,648
Combined MCR	R0340	1,648
Absolute floor of the MCR	R0350	4,154
	C0070	
Minimum Capital Requirement	R0400	4,154

4. EIFlow Insurance Year End 2018

Table 32– EIL. S.02.01.02 Balance Sheet as at 31.12.2018. Values in USD thousands.

	Solvency II value	
	C0010	
Assets		
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	28,426
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	2,493
Equities - listed	R0110	
Equities - unlisted	R0120	2,493
Bonds	R0130	25,743
Government Bonds	R0140	6,421
Corporate Bonds	R0150	19,322
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	190
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	59
Non-life and health similar to non-life	R0280	59
Non-life excluding health	R0290	59
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	
Reinsurance receivables	R0370	819
Receivables (trade, not insurance)	R0380	
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet	R0400	
Cash and cash equivalents	R0410	4,297
Any other assets, not elsewhere shown	R0420	0
Total assets	R0500	33,601

(continued) Table 32– EIL. S.02.01.02 Balance Sheet as at 31.12.2018. Values in USD thousands.

	Solvency II value
	C0010
Liabilities	
Technical provisions – non-life	
Technical provisions – non-life (excluding health)	
TP calculated as a whole	
Best Estimate	
Risk margin	
Technical provisions - health (similar to non-life)	
TP calculated as a whole	
Best Estimate	
Risk margin	
Technical provisions - life (excluding index-linked and unit-linked)	
Technical provisions - health (similar to life)	
TP calculated as a whole	
Best Estimate	
Risk margin	
Technical provisions – life (excluding health and index-linked and unit-linked)	
TP calculated as a whole	
Best Estimate	
Risk margin	
Technical provisions – index-linked and unit-linked	
TP calculated as a whole	
Best Estimate	
Risk margin	
Contingent liabilities	
Provisions other than technical provisions	
Pension benefit obligations	
Deposits from reinsurers	
Deferred tax liabilities	
Derivatives	
Debts owed to credit institutions	
Financial liabilities other than debts owed to credit institutions	
Insurance & intermediaries payables	
Reinsurance payables	
Payables (trade, not insurance)	
Subordinated liabilities	
Subordinated liabilities not in BOF	
Subordinated liabilities in BOF	
Any other liabilities, not elsewhere shown	
Total liabilities	
Excess of assets over liabilities	
R0510	9,448
R0520	9,448
R0530	
R0540	9,044
R0550	404
R0560	
R0570	
R0580	
R0590	
R0600	
R0610	
R0620	
R0630	
R0640	
R0650	
R0660	
R0670	
R0680	
R0690	
R0700	
R0710	
R0720	
R0740	
R0750	
R0760	
R0770	
R0780	10
R0790	3,416
R0800	
R0810	
R0820	293
R0830	
R0840	
R0850	
R0860	
R0870	
R0880	29
R0900	13,197
R1000	20,404

Table 33– EIL. S.05.01.02 Premiums, claims and expenses by line of business as at 31.12.2018. Values in USD thousands.

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for:				Total	
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property		
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160		C0200
Premiums written																		
Gross - Direct Business	R0110																	
Gross - Proportional reinsurance accepted	R0120																	
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140																	
Net	R0200																	
Premiums earned																		
Gross - Direct Business	R0210																	
Gross - Proportional reinsurance accepted	R0220																	
Gross - Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240																	
Net	R0300																	
Claims incurred																		
Gross - Direct Business	R0310						-2,118											-2,118
Gross - Proportional reinsurance accepted	R0320						-3											-3
Gross - Non-proportional reinsurance accepted	R0330																	-4
Reinsurers' share	R0340						93											93
Net	R0400						-2,213											-2,217
Changes in other technical provisions																		
Gross - Direct Business	R0410																	
Gross - Proportional reinsurance accepted	R0420																	
Gross - Non-proportional reinsurance accepted	R0430																	
Reinsurers' share	R0440																	
Net	R0500																	
Expenses incurred	R0550						1,518											1,518
Other expenses	R1200																	
Total expenses	R1300																	1,518

Table 34 – EIL. S.05.02.01 Premiums, claims and expenses by country as at 31.12.2018. Values in USD thousands.

	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140							
Net	R0200							
Premiums earned								
Gross - Direct Business	R0210	-2,118					-2,118	
Gross - Proportional reinsurance accepted	R0220	-3					-3	
Gross - Non-proportional reinsurance accepted	R0230	-4					-4	
Reinsurers' share	R0240	93					93	
Net	R0300	-2,217					-2,217	
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340							
Net	R0400							
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500							
Expenses incurred	R0550	1,518					1,518	
Other expenses	R1200							
Total expenses	R1300						1,518	

Table 35 – EIL. S.17.01.02 Non-life technical provisions as at 31.12.2018. Values in USD thousands.

	Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160		C0170
Technical provisions calculated as a whole																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole																	
Technical provisions calculated as a sum of BE and RM																	
Best estimate																	
Premium provisions																	
Gross																	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	
Net Best Estimate of Premium Provisions																	
Claims provisions																	
Gross						9,028									16		9,044
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						59											59
Net Best Estimate of Claims Provisions						8,969									16		8,985
Total Best estimate - gross						9,028									16		9,044
Total Best estimate - net						8,969									16		8,985
Risk margin						404											404
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole																	
Best estimate																	
Risk margin																	
Technical provisions - total																	
Technical provisions - total						9,432									16		9,448
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total						59											59
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total						9,373									16		9,388

Table 36 – EIL. S.19.01.21 Non-life Insurance Claims Information as at 31.12.2018. Values in USD thousands.

Total Non-Life Business

Accident year /
Underwriting year

Z0020	Underwriting year [UWY]
--------------	-------------------------

Gross Claims Paid (non-cumulative)

(absolute amount)

Year	Development year											In Current year C0170	Sum of years (cumulative) C0180		
	C0010	1 C0020	2 C0030	3 C0040	4 C0050	5 C0060	6 C0070	7 C0080	8 C0090	9 C0100	10 & + C0110				
Prior	R0100											96	R0100	96	96
2009	R0160								79	39			R0160	39	118
2010	R0170							65	58			R0170	58	123	
2011	R0180						81	733				R0180	733	814	
2012	R0190					10	-250					R0190	-250	-240	
2013	R0200											R0200			
2014	R0210											R0210			
2015	R0220											R0220			
2016	R0230											R0230			
2017	R0240											R0240			
2018	R0250											R0250			
	Total											R0260	675	911	

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	Development year											Year end (discounted data) C0360		
	C0200	1 C0210	2 C0220	3 C0230	4 C0240	5 C0250	6 C0260	7 C0270	8 C0280	9 C0290	10 & + C0300			
Prior	R0100											9,316	R0100	7,856
2009	R0160								218	185	151		R0160	146
2010	R0170							905	560	548		R0170	531	
2011	R0180						1,496	1,637	523			R0180	505	
2012	R0190					136	15	5				R0190	5	
2013	R0200											R0200		
2014	R0210											R0210		
2015	R0220											R0220		
2016	R0230											R0230		
2017	R0240											R0240		
2018	R0250											R0250		
	Total											R0260	9,044	

Table 37 – EIL. S.23.01.22 Own funds as at 31.12.2018. Values in USD thousands.

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35					
Ordinary share capital (gross of own shares)	R0010	4,100	4,100		
Share premium account related to ordinary share capital	R0030				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040				
Subordinated mutual member accounts	R0050				
Surplus funds	R0070				
Preference shares	R0090				
Share premium account related to preference shares	R0110				
Reconciliation reserve	R0130	16,304	16,304		
Subordinated liabilities	R0140				
An amount equal to the value of net deferred tax assets	R0160				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220				
Deductions					
Deductions for participations in financial and credit institutions	R0230				
Total basic own funds after deductions	R0290	20,404	20,404		
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	R0300				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310				
Unpaid and uncalled preference shares callable on demand	R0320				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370				
Other ancillary own funds	R0390				
Total ancillary own funds	R0400				
Available and eligible own funds					
Total available own funds to meet the SCR	R0500	20,404	20,404		
Total available own funds to meet the MCR	R0510	20,404	20,404		
Total eligible own funds to meet the SCR	R0540	20,404	20,404		
Total eligible own funds to meet the MCR	R0550	20,404	20,404		
SCR	R0580	4,572			
MCR	R0600	4,239			
Ratio of Eligible own funds to SCR	R0620	446.31%			
Ratio of Eligible own funds to MCR	R0640	481.37%			
Reconciliation reserve					
Excess of assets over liabilities	R0700	20,404			
Own shares (held directly and indirectly)	R0710				
Foreseeable dividends, distributions and charges	R0720				
Other basic own fund items	R0730	4,100			
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740				
Reconciliation reserve	R0760	16,304			
Expected profits					
Expected profits included in future premiums (EPIFP) - Life business	R0770				
Expected profits included in future premiums (EPIFP) - Non- life business	R0780				
Total Expected profits included in future premiums (EPIFP)	R0790				

Table 38 – EIL. S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula as at 31.12.2018. Values in USD thousands.

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
Market risk	R0010 2,047		
Counterparty default risk	R0020 546		
Life underwriting risk	R0030		
Health underwriting risk	R0040		
Non-life underwriting risk	R0050 2,965		
Diversification	R0060 -1,258		
Intangible asset risk	R0070		
Basic Solvency Capital Requirement	R0100 4,300		
Calculation of Solvency Capital Requirement	C0100		
Operational risk	R0130 271		
Loss-absorbing capacity of technical provisions	R0140		
Loss-absorbing capacity of deferred taxes	R0150		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160		
Solvency capital requirement excluding capital add-on	R0200 4,572		
Capital add-on already set	R0210		
Solvency capital requirement	R0220 4,572		
Other information on SCR			
Capital requirement for duration-based equity risk sub-module	R0400		
Total amount of Notional Solvency Capital Requirement for remaining part	R0410		
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420		
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430		
Diversification effects due to RFF nSCR aggregation for article 304	R0440		

Table 39 – EIL. S.28.01.22 Minimum Capital Requirement – Only life or non-life insurance or reinsurance activity as at 31.12.2018. Values in USD thousands.

Linear formula component for non-life insurance and reinsurance obligations

	C0010
MCR _{NL} Result	927

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0020	C0030
R0020		
R0030		
R0040		
R0050		
R0060		
R0070	8,969	
R0080		
R0090		
R0100		
R0110		
R0120		
R0130		
R0140		
R0150		
R0160	16	
R0170		

Linear formula component for life insurance and reinsurance obligations

	C0040
MCR _L Result	R0200

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0050	C0060
R0210		
R0220		
R0230		
R0240		
R0250		

Overall MCR calculation

	C0070
Linear MCR	R0300 927
SCR	R0310 4,572
MCR cap	R0320 2,057
MCR floor	R0330 1,143
Combined MCR	R0340 1,143
Absolute floor of the MCR	R0350 4,239
	C0070
Minimum Capital Requirement	R0400 4,239

5. Beacon Insurance Company Limited – “Own Company” SFCR

Beacon Insurance Company Limited

Solvency and Financial Condition Report

For year ended 31st December 2019

Contents

- Executive Summary 64

- A. Business & Performance 65
 - 1. Business65
 - 2. Underwriting Performance.....67
 - 3. Investment Performance.....67
 - 4. Performance of Other Activities.....67
 - 5. Any Other Information67

- B. System of Governance 68
 - 1. General Information on System of Governance.....68
 - 2. Fit and Proper Requirements71
 - 3. Risk Management System including Own Risk Solvency Assessment.....72
 - 4. Internal Control System.....73
 - 5. Internal Audit Function.....74
 - 6. Actuarial Function75
 - 7. Outsourcing75
 - 8. Adequacy of the System of Governance76

- C. Risk Profile 77
 - 1. Underwriting Risk77
 - 2. Market Risk.....77
 - 3. Credit Risk.....78
 - 4. Prudent Person Principle78
 - 5. Liquidity Risk.....78
 - 6. Operational Risk78
 - 7. Other Material Risks79

- D. Valuation for Solvency Purposes 80
 - 1. Assets.....80
 - 2. Technical Provisions82
 - 3. Other Liabilities.....85
 - 4. Alternative Methods for Valuation.....85
 - 5. Any Other Information85

- E. Capital Management 86
 - 1. Own Funds86
 - 2. Solvency Capital Requirements and Minimum Capital Requirements.....86
 - 3. Non-Compliance with the MCR and Non-Compliance with the SCR.....89
 - 4. Any Other Information89

- F. Quantitative Reporting Template.....90
 - 1. Beacon Insurance Year End 2019.....90
 - 2. Beacon Insurance Year End 2018.....99

Executive Summary

Beacon Insurance Company Limited ('BICL' or 'the Company') is an insurer licensed in Gibraltar.

The purpose of this report is to satisfy the public disclosure requirements under the Financial Services (Insurance Companies) (Solvency II Directive) Act ("the Solvency II Act in Gibraltar") including the Delegated Regulations of the European Parliament. The elements of the disclosure relate to business performance, governance, risk profile, solvency and capital management.

On 25 November 2019, the Gibraltar Financial Services Commission ('GFSC') approved a change of control application to transfer ownership of 100% of BICL's issued share capital from SBT Alliance Limited ('SBT') to EIFlow Insurance Limited ('EIFlow').

Prior to the change of control, the Board of BICL decided to cease participation in a global catastrophe treaty with effect from 31 December 2019. BICL no longer has any active underwriting and is now in run-off.

Throughout 2019 the Company continued to run off its Swiss branch activities.

In 2019 the Board held no investments and only cash. The Board considered that, with the volatility and uncertainty in the markets, investment in cash was a sound policy.

Despite the disappointing performance in 2019 the Company ended the year with net assets in excess of €6.0m. The Directors believe that the capital base will be adequate to support the business in 2020.

The risk profile of the Company has not changed significantly during the year.

The Company has continuously complied with all aspects of the Solvency II regulations from the date of first implementation on 1 January 2016. The Company reports a ratio of free reserves to solvency capital requirement and minimum capital requirement of 213.4% and 117.9% respectively as at 31 December 2019.

A. Business & Performance

Preamble

1. Business

1.1. This report relates to Beacon Insurance Company Limited ('BICL' or 'the Company'), an insurance company licensed in Gibraltar and limited by shares.

1.2. BICL is regulated by:

Gibraltar Financial Services Commission ('FSC')
PO Box 940
Suite 3, Atlantic Suites
Gibraltar
Tel: +350 200 40283
www.fsc.gi

BICL has a Swiss branch and this is regulated by:

Swiss Financial Market Supervisory Authority ('FINMA')
Laupenstrasse 27
3003 Bern
Switzerland

1.3. BICL's external auditor is:

RSM Audit (Gibraltar) Limited
21 Engineer Lane
GX11 1AA
Gibraltar
www.rsm.gi

The Swiss branch's external auditor is:

PricewaterhouseCoopers Limited
Birchstrasse 160
CH-8050 Zürich
Switzerland
www.pwc.ch

BICL's audited financial statements are prepared in accordance with Gibraltar Accounting Standards ("Gibraltar Generally Accepted Accounting Practice") specially Gibraltar Financial Reporting Standard 102 "The Financial Reporting Standard" ("GAAP 102") and Gibraltar Financial Reporting Standard 103, "Insurance Contracts" ("GAAP 103").

1.4. BICL is 100% owned by EIFlow Insurance Limited ('EIFlow') (Company number 106976). EIFlow is 100% owned by EIFlow Holdings Limited ('EHL'). EHL is a non-regulated holding company

also domiciled in Gibraltar (Company number 106965). EHL's ultimate 100% owning parent company is Bacchus Holdings Limited ('BHL'), a company registered in England and Wales (Company number 09766399).

- 1.5. BHL is owned by its directors, as follows:
 - Jeremy Fall 35%
 - Sean McDermott 35%
 - James Bolton 10%
 - David Cherry 10%
 - Ricardo Cantilo 10%

- 1.6. BICL is authorised to carry out insurance business in the following jurisdictions:
 - United Kingdom – land vehicles and motor vehicle liability;
 - Reinsurance only – accident; railway rolling stock; aircraft; ships; goods in transit; fire and natural forces; damage to property; aircraft liability; liability for ships and general liability.

BICL is no longer authorised to underwrite new insurance business in Switzerland but carries out claims handling on a motor book which is being run off by BICL's Swiss branch.

- 1.7. BICL's results derive from insurance activities and investment activities. BICL recorded losses of €363,064 (2018: €408,055) in the year ended 31 December 2019 and had net assets of €5,955,385 (2018: €6,318,449).

- 1.8. On 25 November 2019, the GFSC approved a change of control application to transfer 100% of BICL's issued share capital from its previous owner, SBT Alliance Limited ('SBT') to EIFlow, which was executed on the 19 December 2019.

- 1.9. In October 2019 BICL's Board decided to cease its underwriting participation in the Hannover Re treaty with effect from 31 December 2019. This was BICL's last remaining active underwriting involvement and it is now in run-off.

There were no other significant events during the reporting period that materially affected the Company.

2. Underwriting Performance

- 2.1. The premium written in the year ended 31 December 2019 of €1,564,089 (2018: €1,319,500) relates to BICL's participation in a reinsurance treaty.
- 2.2. Underwriting performance reported in the management accounts for the year ended 31 December 2019 was a loss of €409,170 (2018: €628,790).
- 2.3. The audited financial statements for the year ended 31 December 2019 are included as Appendix A to this report and show the underwriting performance in detail.
- 2.4. The business plan for the three-year period ended 31 December 2022 was submitted to the GFSC in December 2019 as part of the Own Risk and Solvency Assessment ('ORSA') Report, showing the projected run off performance over the three year business planning horizon.
- 2.5. The Company has no reinsurance contracts.

3. Investment Performance

- 3.1. BICL continues to be invested in cash and cash equivalents. Deposits have been placed on three residential properties in Gibraltar that are currently under construction. It is anticipated that they will be completed and rented out in 2021.

4. Performance of Other Activities

- 4.1. There have been no other significant activities undertaken by BICL other than its insurance related activities.

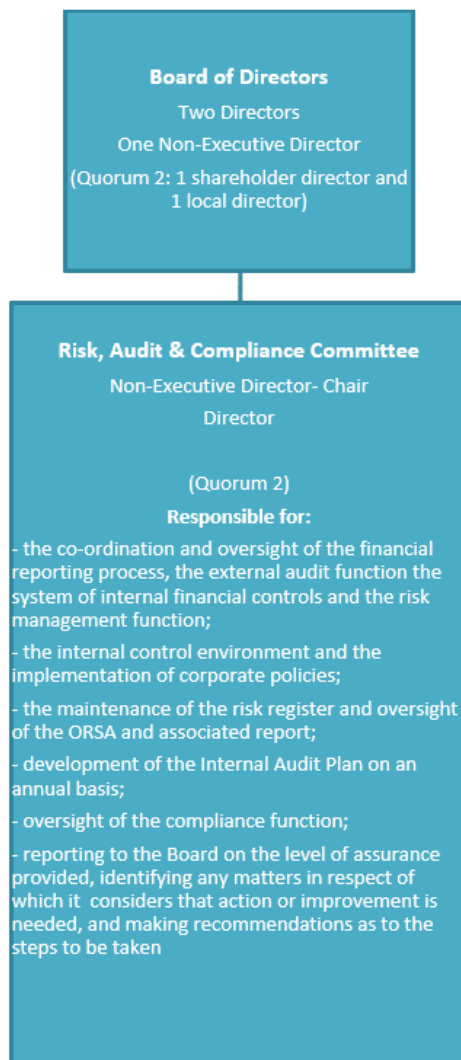
5. Any Other Information

- 5.1. There are no other material matters in respect to the business or performance of BICL.

B. System of Governance

1. General Information on System of Governance

Board and Committee Structure at 31 December 2019

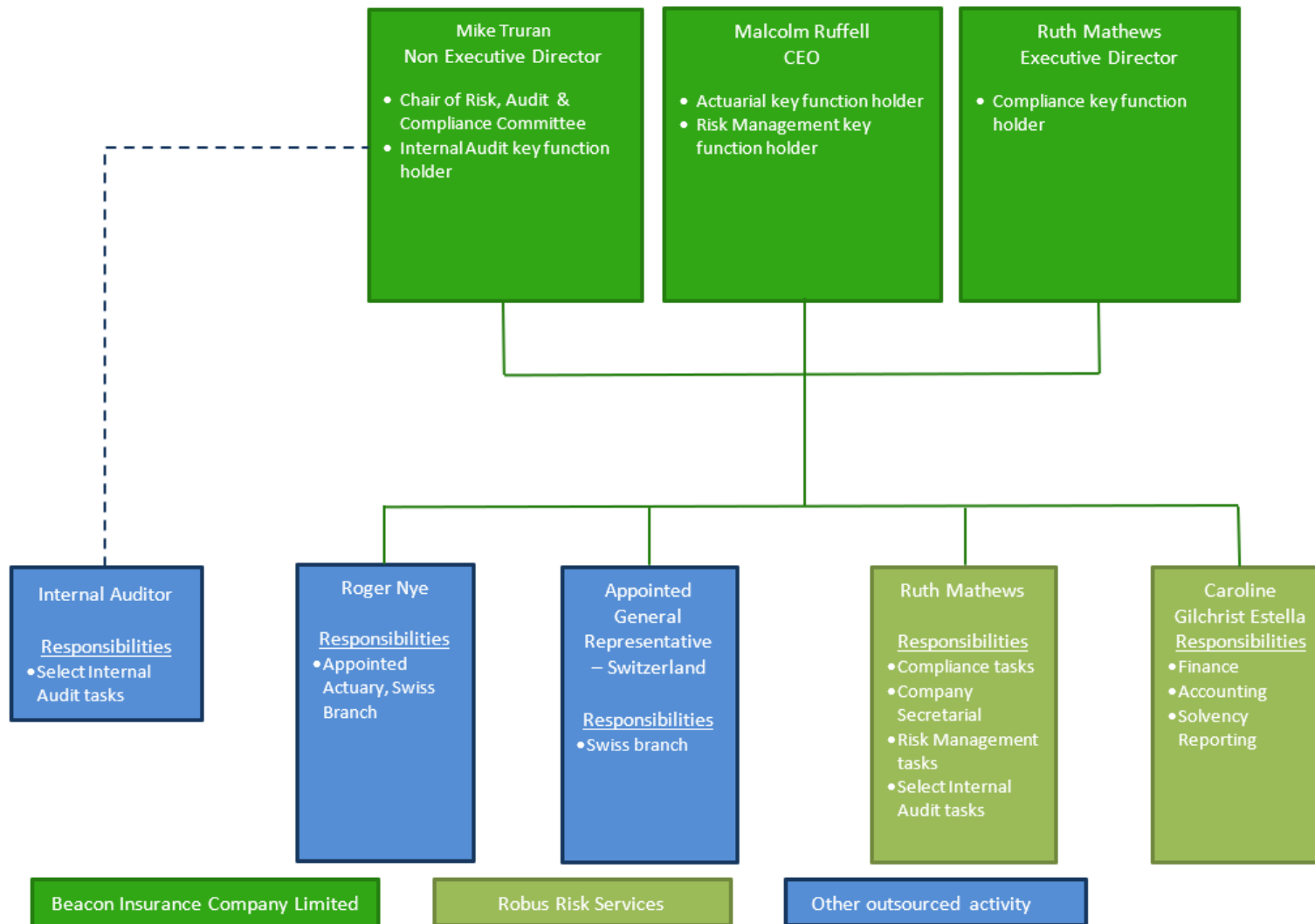


Terms of Reference describe the purpose, responsibilities, membership and authority delegated from the Board to the Committee. Relevant attendees are invited to the Committee as determined by the Chair.

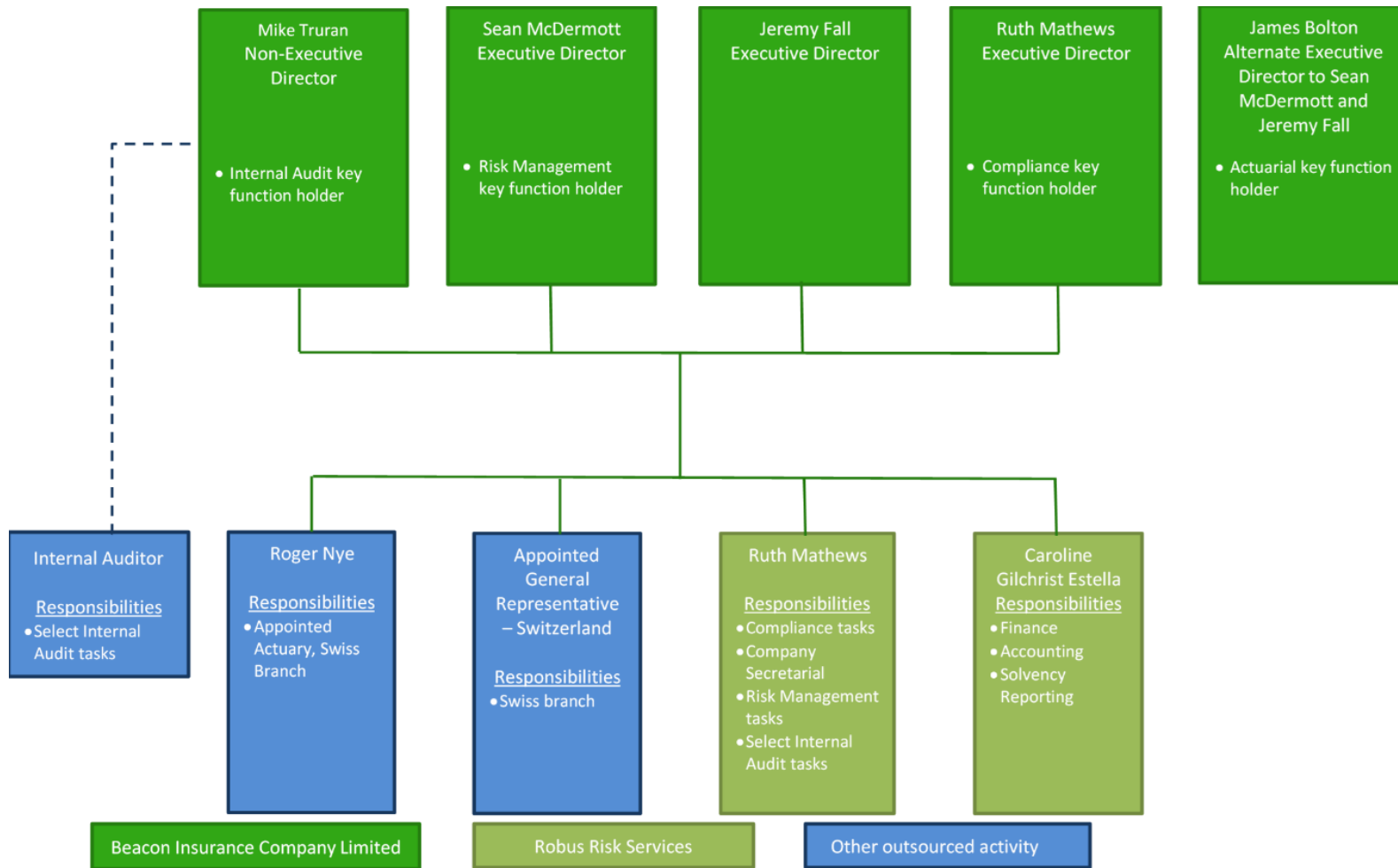
During 2019 the Committee was not convened and its responsibilities were undertaken by the Board due to the impending sale of the Company.

On conclusion of the sale to EIFlow, Malcolm Ruffell resigned from the Board and was replaced with Sean McDermott and Jeremy Fall. James Bolton acts as an alternate director to both Mr. McDermott and Mr. Fall. Mr. McDermott became risk management function holder and Mr. Bolton became actuarial function holder.

Roles and Responsibilities to 19 December 2019



Roles and Responsibilities from 19 December 2019



BICL had one employee for most of 2019 who was both the Chief Executive Officer and an Executive Director. Remuneration of the Chief Executive Officer is set by the shareholder.

Directors' and CEO remuneration will be approved by the Board, or if it is inappropriate to discuss at Board level, it will be discussed with and approved by shareholders. A Director shall abstain from discussion and decisions regarding his/her own remuneration to avoid conflicts of interest.

The CEO and Non-Executive Director were paid by salary and a services fee respectively during the reporting period. The Executive Director provided by the insurance manager was remunerated through the insurance management contract that the Company has with RRS.

There have been no dividends paid to the parent company during the reporting period.

There were no material intra-group transactions during the reporting period.

2. Fit and Proper Requirements

The Company recognises the value of the fit and proper requirements in that a company run in a fit and proper manner, by fit and proper Directors and other individuals holding key functions or roles, will benefit from the knowledge and experience brought to the Company and is more likely to be successful. In addition, the risks associated with a badly run business (largely regulatory, financial or reputational risks) will be diminished.

There is no definition for 'fit and proper'; however, the term includes amongst other considerations the concepts of honesty, solvency and competence.

The basic elements of the fit and proper assessment are:

- honesty, integrity and reputation (e.g. treating customers fairly, proper respect of legal, regulatory and professional obligations, prudent approach to business);
- competence, ability to conduct business and organisation (e.g. adherence to 'four-eyes' principle, having a robust corporate governance structure, declaration of conflicts of interest, Directors having appropriate skills, knowledge and experience); and
- financial position (e.g. ensuring the Company has sufficient financial resources to meet commitments on a continuous basis, and is robust enough to withstand business risks)

The Board ensures that any candidate for a position on a Board, or for other key functions or roles, shall be assessed to ensure that they fulfil fit and proper requirements. This includes reviewing the CV of the candidate, an in-depth interview, obtaining references (both personal and professional), and carrying out due diligence checks. Due diligence checks include verification of identification and address, and searches on due diligence databases. The candidate is also asked to declare any interests, so the relevant Board can review whether they conflict with the Company's interests. All conflicts of interest identified are recorded on a log and reviewed at each Board meeting.

3. Risk Management System including Own Risk Solvency Assessment

Risk Management Roles and Responsibilities

BICL recognises the importance of managing risks faced in the pursuit of its business objectives. It has therefore implemented a risk management framework to provide a logical and systematic approach to risk identification and management.

The BICL Board delegates its risk management function to the risk management key function holder and to the Risk, Audit and Compliance Committee ('RACC') who oversee all risk related activity and ensure the Board is kept informed or is consulted as required. BICL outsources some of its risk management tasks to its insurance manager, RRS; the risk management key function holder is responsible for coordinating outsourcing and challenging results.

The Board sets its risk appetites and tolerances; the actual risk in the business, compared to risk appetite and tolerance, is monitored by the RACC and escalated to the Board if required.

The Risk Management Process

The process of risk management is a continuous and systematic one, comprising five elements:

- a) **Identification;**
- b) **Assessment;**
- c) **Response;**
- d) **Monitoring;**
- e) **Reporting.**

The process revolves around the Risk Register on which identified risks, assessed risk scores, the response, including any controls in place, are all recorded. The Risk Register forms the basis of monitoring, being reviewed at each RACC meeting. Risk Management activity is reported and discussed at each RACC and the RACC provides a summary to the Board, escalating risks where necessary.

In addition, BICL carries out an Own Risk and Solvency Assessment ('ORSA') on an annual basis (more often if there are significant changes to the risk profile or business plan), which informs the Companies' business and capital planning processes.

Own Risk Solvency Assessment ('ORSA') Policy

The ORSA's main purpose is to ensure that BICL assesses all the risks inherent to their businesses and determine the corresponding capital needs, or identify other means needed to mitigate these risks.

It particularly considers situations in which the Company may be stressed, and the capital needs and mitigation measures necessary in these scenarios, to ensure that the business is prepared for, and robust enough to weather, adverse conditions without detriment to stakeholders. The ORSA takes a top-down approach, linking business objectives, business risks, business planning and capital planning. The results of the ORSA also feed back into the risk management process, ensuring that all risks identified are incorporated into the assessment, management, monitoring and reporting cycle.

The Board carries out an ORSA at least annually on the basis that solvency needs and the capital position are not volatile, and the businesses' risk profile is stable. However, it will also carry out an ORSA if there is any material change to the risk profile or business plan, or set criteria are triggered.

A supervisory and internal report is prepared each time an ORSA is performed, and at least annually.

ORSA Process

- 1) The Board carries out the initial Assessment, encompassing:
 - a. Review of business objectives and plan;
 - b. Identification of risks to meeting business objectives and plan;
 - c. Review of risk profile against risk appetite and tolerances;
 - d. Consideration of appropriate scenario/stress tests to be applied to each risk area and whether the tests applied by the SII standard model agree with the Company's risk profile;
 - e. Where these differ, agree more appropriate scenario/stress tests to be applied;
 - f. Identification of areas where risk may be mitigated by diversification or accentuated by risk aggregation.
- 2) The business planning process begins, and the first draft business plan circulated.
- 3) The ORSA is completed using the parameters set during step 1).
- 4) The results are considered by the Board, along with the results of the standard model. In drawing its conclusions, the Board considers whether it has sufficient capital to mitigate its risks, whether additional capital needs to be sourced, or whether the business plan should be amended. It will also analyse whether it does and will comply on a continuous basis with its SCR and receive an opinion from the actuarial function on whether it will comply continuously with the requirements regarding the calculation of technical provisions, and identifying any risks arising from uncertainties related to this calculation.
- 5) If the latter, the cycle returns to step 2.
- 6) If the former, the Board either approves the ORSA and business plan, or waits until the availability of capital is confirmed at which point the plan will be approved or the cycle returns to step 2.
- 7) When the business plan is approved, a report will be compiled containing the results and conclusions of the ORSA, which the Board will then approve for internal distribution to relevant staff and submission to the Regulator.

4. Internal Control System

The Company's internal controls are part of its compliance framework, being the first line of defence in the 'three lines of defence' model the Company has implemented.

The Company has implemented policies which describe the Board's approach to key areas of the business, and procedures, where appropriate, which describe how the Board fulfils its policies. These are reviewed at least annually to ensure they remain fit for purpose.

The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the internal control system, however day-to-day oversight is provided by the compliance key function holder. In practice, the Risk and Audit Committee ('RACC'), other Directors, and key role holders also necessarily participate in the management of the system.

There is a risk-based Compliance Monitoring Programme ('CMP') in place to check that BICL fulfils all its legislative and regulatory requirements. This is completed by the compliance function on a quarterly basis and forms part of the Compliance Report to the RACC.

The compliance key function holder is responsible for identifying and evaluating compliance risk, and for the completion of compliance tasks, although these may be delegated. The compliance function has direct access to both the Board and the RACC.

The Board supports the compliance function and shall make available such resource as is necessary and provide access to all relevant documentation and information from the business to enable the compliance function to fulfil its aims.

5. Internal Audit Function

Internal Audit exists to provide the Company with independent assessments of the quality of internal controls and administrative processes and provide recommendations and suggestions for continuous improvement. It provides advisory services to management, will conduct investigations on an ad hoc basis as requested by management, and has responsibility for assisting in the development and operation of the risk management framework. It will also audit providers of material services to ensure that the agreements governing these relationships are being adhered to.

The Board appointed Internal Audit Key Function Holder has responsibility for the internal audit function and reports into the RACC. Internal audit tasks are outsourced to a third-party provider selected by the RACC; the key function holder also has responsibility for co-ordinating this outsourcing and challenging the results.

Internal audit activity is based on a risk based internal audit plan which is developed annually. It is approved and monitored by the RACC. The plan is subject to change throughout the year depending on the business and changing risk environment.

Audit reports are produced after each internal audit and provided to the RAC for review with management responses. Any actions coming out of the audits are monitored to completion by the RACC.

Internal audits are conducted by appropriately skilled, experienced and independent persons to carry out the audits to the RACC's standards.

To carry out its work effectively and to retain integrity of the function, Internal Audit acts independently of line management. The internal audit function holder is responsible to the RACC for the planning, management and performance of internal audits; the RACC is chaired by a Non-Executive Director.

During 2019 no internal audits were planned or conducted due to the low risk within the Company and impending sale.

6. Actuarial Function

BICL's actuarial function is the responsibility of the key function holder, who reports directly to the Board. The tasks of the actuarial function are outsourced to RRS. The key function holder is also responsible for overseeing this outsourced relationship including monitoring the scope of work, service levels and challenging the results.

The actuarial function is responsible for:

- a) Coordination of the calculation of technical provisions;
- b) Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- c) Assessing the sufficiency and quality of the data used in the calculation of technical provisions;
- d) Comparing best estimates against experience;
- e) Informing the Board of the reliability and adequacy of the calculation of technical provisions;
- f) Expressing an opinion on the overall underwriting policy;
- g) Expressing an opinion on the adequacy of reinsurance arrangements; and
- h) Contributing to the effective implementation of the risk-management system.

Each of these activities is undertaken on an at least annual basis and the outcome reported to the Board in an internal actuarial report.

7. Outsourcing

Outsourcing is the use of a third party (either an affiliated entity within the same group or an external entity) to perform activities on a continuing basis that would normally be undertaken by the Company. The third party to whom an activity is outsourced is a 'service provider'.

The Board shall ensure that an outsourcing arrangement shall not diminish the Company's ability to fulfil its obligations to customers or its regulator, nor impede effective supervision by its regulator (should it be regulated).

Fundamental responsibilities such as the setting of strategies and policies, the oversight of the operation of the Company's processes, and the final responsibility for customers, shall not be outsourced.

The Board considers outsourcing where they believe that there is an advantage to the Company and customer by using a service provider e.g. access to specialist resource, provision of services in the same jurisdiction as the customer, cost benefits.

BICL is reliant on material service providers to fulfil its operational functions; due to the risk this presents, BICL has an outsourcing policy which describes how it takes the decision to outsource, how a service provider is selected, and how the relationship is defined, managed and monitored. The Company takes a risk-based approach to all of these activities.

Material Service Providers in the Reporting Period:

Service Provider	Service Provided	Jurisdiction Located
Robus Risk Services (Gibraltar) Limited	Insurance management (compliance tasks, risk management tasks, accounting, banking and investments, regulatory reporting, actuarial tasks, company secretarial)	Gibraltar
PRS Prime Re Services AG	Swiss branch appointed general representative	Switzerland
CH Consulting Services	Swiss branch appointed actuary	Switzerland
JPS Accounting Limited	Payroll services	Gibraltar

8. Adequacy of the System of Governance

The Company aims to continuously improve its compliance and governance systems by ensuring that they are reviewed, evaluated, and recommendations are made to the Board regarding enhancing and developing the systems, including the outcomes from compliance monitoring programmes, root cause analysis from complaints, breaches and risk events, and incremental development as the systems mature. It also considers relevant industry advice and guidelines, for example the UK Financial Reporting Council's Corporate Governance Code, implementing these as appropriate for the size and complexity of the Company.

Internal audits and external audits provide independent evaluation of BICL's system of governance. Recommendations from these audits are considered by the relevant Boards and implemented proportionate to the businesses' risks.

C. Risk Profile

1. Underwriting Risk

Underwriting risk is a key risk to BICL.

In 2019 it wrote one catastrophe reinsurance treaty. The underwriting risk associated with this treaty is mitigated by collateral held as ring-fenced funds. BICL has no intention to develop any business in the future following the sale to EIFlow.

BICL also has an historical motor book which was written through its Swiss branch in 2014. The book is in run-off and all policies have expired. The number of policies, and the reserve risk that BICL is exposed to, is very low.

Underwriting risk is monitored by the Board at least quarterly. It is assessed and monitored using performance information provided by the cedant such as premium, losses, reserves, IBNR, and loss ratio.

There has been no change to the methodology for identifying, assessing, managing and reporting on underwriting risk over the reporting period.

There has been no material change to the risks that BICL is exposed to in the reporting period.

2. Market Risk

BICL only holds cash and cash equivalents and therefore has no significant exposure to market risk.

Currency

BICL is exposed to four currencies, EURO, CHF, GBP and EUR. The main exposure is the requirement to hold circa EUR3m in cash equivalents as collateral for the global catastrophe treaty. The other most significant exposures are having expenses in GBP but no GBP income, necessitating exchange transactions, and run-off costs in relation to the Swiss branch in CHF with no CHF income.

RRS, the Company's insurance manager, monitors the exchange rates on a monthly basis or more regularly where there are significant movements in the relevant currency pair, assesses the currency risk on behalf of BICL, and will make recommendations via consultation with representatives of the Board regarding when to make foreign exchange transactions to mitigate the risk. The Board evaluates the efficacy of the mitigating measures in place and considers the additional use of foreign exchange hedging techniques.

The currency risk has fluctuated considerably over the reporting period due to the economic conditions prevailing in the USA, EU, UK and Switzerland.

Property

BICL is not exposed to property risk.

Interest rate

BICL is exposed to interest rate risk due to the tail on the books written. This is mitigated by the regulatory capital BICL holds.

Concentration

Concentration of counterparties in respect of cash exposures is considered with credit risk in Section 3.

Spread

BICL is not exposed to spread risk since it only holds cash and cash equivalents.

Investment market risk is identified, assessed and monitored through the Risk Register on which key market risks are recorded. See Section B3 for further detail.

3. Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. It is monitored by the Board to ensure that it remains within BICL's risk appetite.

The key areas where BICL is exposed to credit risk is with respect to amounts held with banks and other financial institutions.

All financial counterparties used have a credit rating of at least 'A'. BICL partners with a limited number of counterparties, reducing exposure and mitigating contagion risk.

4. Prudent Person Principle

BICL is required to invest the assets used to cover the minimum capital requirement and the solvency capital requirement in accordance with the 'prudent person principle'. The prudent person principle requires that the assets must be invested in a manner consistent with that adopted by a 'prudent person' – that is that the decisions are generally accepted as being sound for the average person.

All of BICL's funds are liquid; should any investment be made in the future it will be made in accordance with the prudent person principle.

5. Liquidity Risk

Liquidity risk is the risk that cash may not be available to pay the obligations when they are due. BICL holds only liquid assets and is therefore not exposed to any liquidity risk.

6. Operational Risk

BICL's key operational risk is outsourcing risk. This is the risk that a provider of key services is unable to operate, affecting BICL's ability to service customers. The most significant service provider is RRS which provides company secretarial, compliance, actuarial and accounting services. This risk is mitigated by having contracts in place which govern BICL's relationships with service providers and include service levels which must be met, and an Outsourcing Policy which details BICL's approach to managing service providers.

Operational risk within BICL is identified, assessed and monitored through the Risk Management Framework which is overseen by the RACC and by the Risk Management Key Function Holder.

There have been no material changes to the operational risks the Company is exposed to over the reporting period.

7. Other Material Risks

'Brexit'

The Company's plan is to run off the Hannover Re Treaty and Swiss motor book only, which will not be affected by the UK exiting the EU.

The other potential implication for BICL is the inability of its insurance manager's staff to access Gibraltar from Spain if there are border issues post-Brexit. RRS has communicated contingency plans for this which mitigate the risk as far as is possible.

The situation continues to be monitored by the Board.

Covid-19

The Company continues to monitor how the Covid-19 pandemic will impact the Company's operations. At date of publishing the extent to which the Covid-19 outbreak will impact its operations or financial results, whilst uncertain, is not expected to be material.

D. Valuation for Solvency Purposes

1. Assets

1.1 As at 31 December 2019, BICL held the following assets:

Asset Class	GAAP Accounts Value (€)	Look Through Adj. (€)	Reclassification for Solvency purposes (€)	Solvency Valuation Adj. (€)	Solvency Value (€)	Explanation of differences
Fixed assets	-	-	-	-	-	See [1.3.1]
Intangible assets and goodwill	-	-	-	-	-	See [1.3.1]
Bonds	-	-	-	-	-	No differences
Loans	-	-	-	-	-	No differences
Reinsurance receivables	2,563,444	-	(2,563,444)	-	-	See [1.3.2]
Cash and equivalents	3,659,449	-	-	-	3,659,449	No differences
Prepayments	12,665	-	-	(12,665)	-	See [1.3.3]
Accrued income	-	-	-	-	-	No differences
Reinsurer share of technical provisions	-	-	5,445,572	(194,230)	5,251,342	See [1.3.4]
Other assets	2,898,537	-	(2,882,128)	-	16,409	See [1.3.5]
TOTAL	9,134,095	-	-	(206,895)	8,927,200	

Reclassifications for solvency purposes are reclassifications to the technical provisions whereas solvency valuation adjustments are valuation differences applied on a line-by-line basis.

As at 31 December 2018, BICL held the following assets:

Asset Class	GAAP Accounts Value (€)	Look Through Adj. (€)	Reclassification for Solvency purposes (€)	Solvency Valuation Adj. (€)	Solvency Value (€)	Explanation of differences
Fixed assets	337	-	-	(337)	-	See [1.3.1]
Intangible assets and goodwill	1,797,696	-	-	(1,797,696)	-	See [1.3.1]
Bonds	-	-	-	-	-	No differences
Loans	-	-	-	-	-	No differences
Reinsurance receivables	2,409,874	-	(2,409,874)	-	-	See [1.3.2]
Cash and equivalents	4,130,500	-	-	-	4,130,500	No differences
Prepayments	12,870	-	-	(12,870)	-	See [1.3.3]
Accrued income	-	-	-	-	-	No differences
Reinsurer share of technical provisions	-	-	5,107,535	(65,210)	5,042,325	See [1.3.4]
Other assets	2,937,726	-	(2,697,661)	-	240,065	No differences
TOTAL	11,289,003	0	0	(1,876,113)	9,412,890	

Reclassifications for solvency purposes are reclassifications to the technical provisions, whereas solvency valuation adjustments are valuation differences applied on a line-by-line basis.

1.2. The valuation principles applied to these assets are consistent with those used in the GAAP accounts, with the following differences:

- 1.3.1 Fixed assets, intangible assets and goodwill – these have not been recognised for solvency purposes;
- 1.3.2 Reinsurance receivables – these have been reclassified to net off technical provisions;
- 1.3.3 Prepayments – these have not been recognised for solvency purposes;
- 1.3.4 Reinsurer share of technical provisions – these have been discounted for the time value for money and adjusted for a bad debt provision, both adjustments being recognised for solvency purposes;
- 1.3.5 Other assets – for the 31 December 2019 valuation, £2,882,128 relating to a deposit held by a cedant has been reclassified to net off technical provisions.

2. Technical Provisions

2.1 BICL's GAAP accounts include provisions for claims incurred based on earned premiums which consider all reasonably foreseeable best estimates. This includes reserves for claims incurred plus a provision for claims Incurred But Not Reported ('IBNR'). BICL also considers any amounts recoverable from reinsurance contracts in respect of its claims reserves and IBNR.

2.2 The gross technical provisions by line of business as at 31 December 2019 are as follows:

Line of business	Technical provisions (excluding risk margin) (€)	Risk margin (€)	Technical provisions (€)
Other motor insurance	1,619,362	59,815	1,679,178
Marine, aviation and transport	1,056,744	39,034	1,095,777
Fire and other property damage	1,584,770	58,538	1,643,308
Total	4,260,876	157,387	4,418,262

As at 31 December 2018 these were:

Line of business	Technical provisions (excluding risk margin) (€)	Risk margin (€)	Technical provisions (€)
Other motor insurance	1,650,282	80,862	1,731,144
Marine, aviation and transport	1,091,229	45,235	1,136,464
Fire and other property damage	1,404,099	155,897	1,559,996
Total	4,145,610	281,994	4,427,604

2.3 The key areas of uncertainty around technical provisions are as follows:

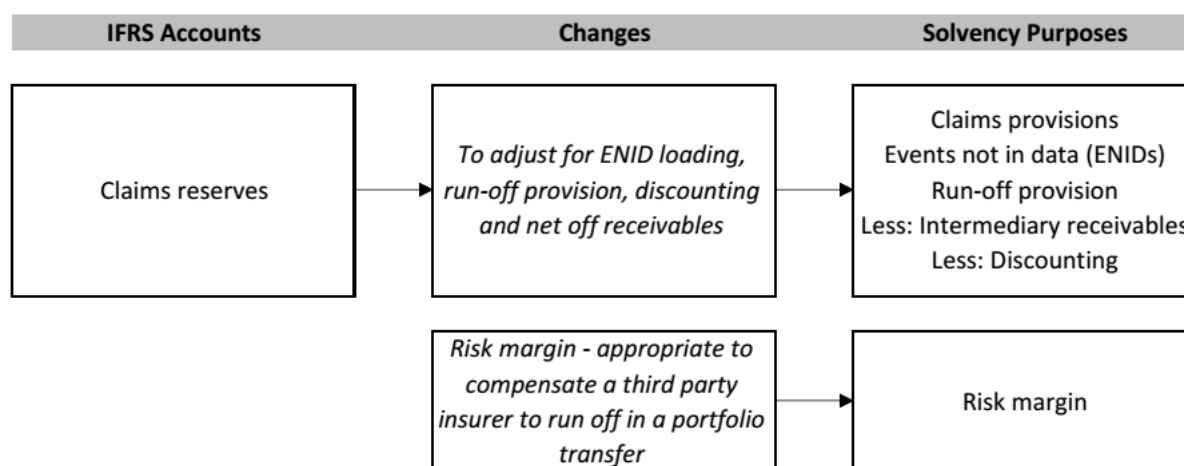
- 2.3.1 Estimation of outstanding loss reserves (“OSLR”) and IBNR – Where BICL acts as reinsurer, it is reliant on the data and reporting of the primary insurer for estimating OSLR and IBNR. In respect of losses of the Swiss branch, there are no open claims as at 31 December 2019.
- 2.3.2 Events Not In Data (‘ENID loading’) – estimating a provision for events not in data is subject to considerable uncertainty as the events being reserved have not been observed.
- 2.3.3 Run-off expenses – the estimation of the change in expense base for run-off of BICL is inherently uncertain due to the estimations around the period of the run-off, base costs and inflation. The GAAP accounts include a provision for the run-off of the Swiss Branch as the branch is no longer authorised to carry out new business, and this provision has also been reflected in the run-off expenses.
- 2.3.4 Risk margin – the risk margin, being the margin payable to transfer the business to another insurance carrier, is uncertain due to the requirement to forecast future solvency capital requirements over the period of a run-off. This therefore shares the same uncertainties as the run-off expenses provision considered at [2.3.3], as well as the inherent uncertainties around forecasting future solvency capital requirements.

2.4 BICL manages the risks around these uncertainties via the following actions:

- 2.4.1 Ongoing monitoring of claims information received from the primary insurer;
- 2.4.2 Internal controls through the Underwriting Committee and Actuarial Function which monitor claims development.

BICL’s mitigating actions will change as the lines of business change in line with the business plan.

2.5 The changes required to transition from GAAP accounts to technical provisions for solvency purposes are consistent, and are noted below:



We shall consider each of these adjustments to transition from GAAP accounts to solvency technical provisions.

- 2.5.1 Claims provisions – The Company has made no adjustments to its claims provision in its GAAP accounts in recording the claims provision for solvency purposes. The claims provision as at 31 December 2019 is €2,702,204 (2018: €2,559,806). For 31 December 2019, a small adjustment of negative €4,739 is applied to align the gross

GAAP claims provision to the figure advised by Hannover Re. This results in an amount for the gross GAAP claims provision of €2,697,465.

2.5.2 Intermediary and reinsurance receivables – Intermediary and reinsurance receivables, including reinsurance deposits, are netted off the technical provisions for solvency purposes. There are no valuation differences between the GAAP accounts and intermediary receivables for solvency purposes. The intermediary and reinsurance receivable as at 31 December 2018 is €5,445,572 (2018: €5,107,536).

2.5.3 Events not in data loading – Technical provisions for solvency purposes are required to allow for all possible events, including those that may not have been historically realised before. Such events not presented in a set of observable historical loss data are often called Events Not In Data ('ENID'). This is a difference in valuation methodology compared to the GAAP accounts which consider best estimates which can be reasonably foreseen, and therefore leads to a loading on the technical provisions to consider the probability weighted effect of events which have not previously been observed.

BICL has considered if there have been any previously unobserved events for each line of business and sought to consider the probability weighted effect of such events and, given the business model. BICL has concluded that such unobserved events are improbable. As such, the ENID loading applied by BICL as at 31 December 2019 was €nil (2018: €nil).

2.5.4 Run-off provision – Technical provisions for solvency purposes are required to take account of all expenses which will be incurred in servicing insurance obligations. This is commonly referred to as a 'run-off' provision as it considers all future expenses which would be incurred to allow the existing obligations to run-off.

BICL has considered a run-off period of five years and estimated the level of future expenses based on the current level of expenses, considering the decrease in activity in the period, underlying expense inflation and an estimated minimum level of costs which would be incurred in any one year. The run-off provision applied by the Company and the Group as at 31 December 2019 was €1,614,440 (2018: €1,753,125).

2.5.5 Discounting – Discounting has been applied in the technical provisions based on the EUR yield curve as at 31 December 2019 as issued by the EIOPA. The EUR yield curve was selected since the majority of BICL's technical provisions are based in US Dollar. The impact of discounting on the technical provisions is €51,030 (2018: €102,365).

2.5.6 Risk margin – The risk margin has been considered to ensure that the value of the technical provisions is equivalent to the amount that would be expected to have to be paid to a third-party insurance company in order to take over and meet the insurance obligations of BICL. The risk margin has been calculated based on the estimated capital requirements to run-off BICL's obligations and applying a cost of capital of 6% (2018: 6%).

The capital required to run-off the portfolio is based on the future estimated SCRs, taking account of underwriting risk and reinsurance counterparty risk. This results in a risk margin of €157,387 (2018: £281,993).

BICL has not applied the matching adjustment, volatility adjustment, transitional risk-free interest term structure or the transitional deduction in calculating its technical provisions.

2.6 The changes to BICL's gross technical provisions highlighted above are summarised here:

- €2,697,465 – gross GAAP technical provisions
- €1,614,440 – discounted run-off provision
- (€51,030) – discount for the gross GAAP technical provisions
- €157,387 – risk margin
- €4,418,262 – gross SII technical provisions.

3. Other Liabilities

3.1 As at 31 December 2019, BICL recorded the following classes of liabilities for solvency purposes:

Liability	GAAP Accounts Value (€)	Solvency Value (€)	Explanation of Differences
Accruals	146,017	146,017	None
Other creditors, including corporation tax and IPT	-	-	None

As at 31 December 2018 these were:

Liability	GAAP Accounts Value (€)	Solvency Value (€)	Explanation of Differences
Accruals	127,137	127,137	None
Other creditors, including corporation tax and IPT	-	-	None

There have been no valuation adjustments for solvency purposes.

4. Alternative Methods for Valuation

Not applicable.

5. Any Other Information

Not applicable.

E. Capital Management

1. Own Funds

- 1.1. BICL undertakes an Own Risk and Solvency Assessment ('ORSA') exercise at least annually, or when its risk profile changes. The ORSA exercise incorporates the business planning process which is typically considered over a three-year time horizon. There have been no significant changes in the reporting period.
- 1.2. BICL classifies its own funds as tier 1, tier 2 or tier 3 depending on the characteristics of the capital. Tier 1 capital is the best form of capital for the purposes of absorbing losses.

BICL's own funds are as follows:

Own fund item	Tier	2019 €	2018 €
Share capital and related share premium	1	10,000,000	10,000,000
Reconciliation reserve	1	(5,637,081)	(5,243,229)
		4,362,919	4,756,771

The reconciliation reserve represents retained earnings and reconciliation adjustments from GAAP balance sheet to SII balance sheet.

- 1.3. Only BICL's tier 1 own funds may be used towards meeting the Minimum Capital Requirement ('MCR').

2. Solvency Capital Requirements and Minimum Capital Requirements

- 2.1. BICL's SCR as at 31 December 2019 was €2,044,806 (2018: €4,360,937) and its MCR as at 31 December 2019 was €3,700,000 (2018: €3,700,000).
- 2.2. BICL's SCR is made up as follows:

- 2.2.1. BICL is exposed to market risks derived predominantly from currency mismatches on its balance sheet although there are also exposures to shocks in interest rates.

2.2.2. As at 31 December 2019 and 2018 these were:

MARKET RISK	2019 (€)	2018 (€)
Interest rate risk	57,283	75,371
Spread risk	-	-
Equity risk	-	-
Currency risk	1,087,239	1,029,547
Property risk	-	-
Concentration risk	-	-
Market risk diversification	(41,567)	(50,320)
MARKET RISK TOTAL	1,102,955	1,054,598

2.2.3. BICL is exposed to counterparty risks in the form of cash deposits and recoveries from reinsurers (type 1) and from receivables from intermediaries, policyholders and other debtors (type 2).

As at 31 December 2019 and 2018 these were:

COUNTERPARTY RISK	2019 (€)	2018 (€)
Type 1 risk	342,581	460,079
Type 2 risk	-	361,481
Counterparty risk diversification	-	(31,202)
COUNTERPARTY RISK TOTAL	342,581	790,359

2.2.4. BICL is exposed to non-life underwriting risk as a result of the insurance policies they sell. The risks are based on volatility around earned premiums and claims reserves, and to catastrophe events to which it may be exposed.

As at 31 December 2019 and 2018 these were:

NON-LIFE UNDERWRITING RISK	2019 (€)	2018 (€)
Premium and reserve risk	1,086,544	1,288,536
Catastrophe risk	-	2,960,886
Non-life diversification	-	(555,784)
NON-LIFE UNDERWRITING RISK TOTAL	1,086,544	3,693,638

2.2.5. BICL's final solvency capital requirement is the aggregation of the market, counterparty and non-life underwriting risks, less a credit for diversification, and then an additional charge to represent the operational risks it faces.

As at 31 December 2019 and 2018 these were:

Solvency capital requirement	2019 (€)	2018 (€)
Market risks	1,102,955	1,054,598
Counterparty risks	342,581	790,359
Non-life underwriting risks	1,086,544	3,693,638
Basic SCR diversification	(615,101)	(662,513)
Operational risks	127,826	99,175
SOLVENCY CAPITAL REQUIREMENT	2,044,806	4,758,914

2.3. BICL has not utilised simplified calculations in applying the standard model and there has been no use of undertaking specific parameters in the non-life underwriting risk calculations.

2.4. The inputs used to calculate BICL's MCR are as follows:

Line of business	Net (of reinsurance) best estimate and technical provisions calculated as a whole (£'000) 2019	Net (of reinsurance) best estimate and technical provisions calculated as a whole (£'000) 2018	Net (of reinsurance) best estimate and technical provisions calculated as a whole (£'000) Movement
Other motor insurance	1,619,362	1,650,282	30,920
Marine, aviation and transport insurance	0	0	0
Fire and other damage to property insurance	0	0	0

Line of business	Net (of reinsurance) written premiums in the last 12 months (£'000) 2019	Net (of reinsurance) written premiums in the last 12 months (£'000) 2018	Net (of reinsurance) written premiums in the last 12 months (£'000) Movement
Other motor insurance	-	-	-
Marine, aviation and transport insurance	441,711	550,719	109,008
Fire and other damage to property insurance	1,108,289	1,118,126	9,837

3. Non-Compliance with the MCR and Non-Compliance with the SCR

- 3.1. BICL has maintained capital sufficient to meet its minimum capital requirements throughout the period covered by this report.

4. Any Other Information

The Directors do not consider that there is any further information which should be disclosed regarding the capital management of BICL.

F. Quantitative Reporting Templates

1. Beacon Insurance Year End 2019

Table 40 – BICL. S.02.01.02 Balance Sheet as at 31.12.2019. Values in EUR thousands.

	Solvency II value	
	C0010	
Assets		
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	494
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	R0130	
Government Bonds	R0140	
Corporate Bonds	R0150	
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	494
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	5,251
Non-life and health similar to non-life	R0280	5,251
Non-life excluding health	R0290	5,251
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	
Reinsurance receivables	R0370	
Receivables (trade, not insurance)	R0380	
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	3,165
Any other assets, not elsewhere shown	R0420	16
Total assets	R0500	8,927

(continued) Table 40– BICL. S.02.01.02 Balance Sheet as at 31.12.2019. Values in EUR thousands.

	Solvency II value	
	C0010	
Liabilities		
Technical provisions – non-life	R0510	4,418
Technical provisions – non-life (excluding health)	R0520	4,418
TP calculated as a whole	R0530	
Best Estimate	R0540	4,261
Risk margin	R0550	157
Technical provisions - health (similar to non-life)	R0560	
TP calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
TP calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
TP calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	
Reinsurance payables	R0830	
Payables (trade, not insurance)	R0840	146
Subordinated liabilities	R0850	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	R0900	4,564
Excess of assets over liabilities	R1000	4,363

Table 41 – BICL. S.05.01.02 Premiums, claims and expenses by line of business as at 31.12.2019. Values in EUR thousands.

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)											Line of business for:				Total	
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport		Property
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150		C0160
Premiums written																		
Gross - Direct Business	R0110																	
Gross - Proportional reinsurance accepted	R0120						486	1,078										1,564
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140																	
Net	R0200						486	1,078										1,564
Premiums earned																		
Gross - Direct Business	R0210																	
Gross - Proportional reinsurance accepted	R0220						485	1,079										1,564
Gross - Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240																	
Net	R0300						485	1,079										1,564
Claims incurred																		
Gross - Direct Business	R0310																	
Gross - Proportional reinsurance accepted	R0320						276	862										1,138
Gross - Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340																	
Net	R0400						276	862										1,138
Changes in other technical provisions																		
Gross - Direct Business	R0410					51												51
Gross - Proportional reinsurance accepted	R0420																	
Gross - Non-proportional reinsurance accepted	R0430																	
Reinsurers' share	R0440																	
Net	R0500					51												51
Expenses incurred	R0550						221	491										713
Other expenses	R1200																	
Total expenses	R1300																	713

Table 42 – BICL. S.05.02.01 Premiums, claims and expenses by country as at 31.12.2019. Values in EUR thousands.

	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
	C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010		DE	CH				
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written							
Gross - Direct Business	R0110						
Gross - Proportional reinsurance accepted	R0120	1,564					1,564
Gross - Non-proportional reinsurance accepted	R0130						
Reinsurers' share	R0140						
Net	R0200	1,564					1,564
Premiums earned							
Gross - Direct Business	R0210						
Gross - Proportional reinsurance accepted	R0220	1,138					1,138
Gross - Non-proportional reinsurance accepted	R0230						
Reinsurers' share	R0240						
Net	R0300	1,138					1,138
Claims incurred							
Gross - Direct Business	R0310						
Gross - Proportional reinsurance accepted	R0320	1,138					1,138
Gross - Non-proportional reinsurance accepted	R0330						
Reinsurers' share	R0340						
Net	R0400	1,138					1,138
Changes in other technical provisions							
Gross - Direct Business	R0410		51				51
Gross - Proportional reinsurance accepted	R0420						
Gross - Non- proportional reinsurance accepted	R0430						
Reinsurers' share	R0440						
Net	R0500		51				51
Expenses incurred	R0550	713					713
Other expenses	R1200						
Total expenses	R1300						713

Table 43 – BICL. S.17.01.02 Non-life technical provisions as at 31.12.2019. Values in EUR thousands.

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

Table 44 – BICL. S.19.01.21 Non-life Insurance Claims Information as at 31.12.2019. Values in EUR thousands.

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

Year	Development year										In Current year	Sum of years (cumulative)	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100			C0110
Prior	R0100											R0100	
2010	R0160										R0160		
2011	R0170									R0170			
2012	R0180								R0180				
2013	R0190							R0190					
2014	R0200	63	141	42	10			R0200		257			
2015	R0210	68	155	223	75			R0210		521			
2016	R0220	119	223	147	88			R0220	88	577			
2017	R0230	214	424	188				R0230	188	826			
2018	R0240	157	631					R0240	631	788			
2019	R0250	93						R0250	93	93			
Total	R0260							R0260	1,000	3,062			

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year	Development year										Year end (discounted data)	
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290		C0300
Prior	R0100										R0100	
2010	R0160									R0160		
2011	R0170								R0170			
2012	R0180							R0180				
2013	R0190						R0190					
2014	R0200			176	5	5		R0200	1,619			
2015	R0210		419	185				R0210				
2016	R0220	673	403	201				R0220	198			
2017	R0230	1,085	799	423				R0230	415			
2018	R0240	1,303	1,017					R0240	997			
2019	R0250	1,052						R0250	1,032			
Total	R0260							R0260	4,261			

Table 45 – BICL. S.23.01.22 Own funds as at 31.12.2019. Values in EUR thousands.

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35					
Ordinary share capital (gross of own shares)	R0010	10,000	10,000		
Share premium account related to ordinary share capital	R0030				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040				
Subordinated mutual member accounts	R0050				
Surplus funds	R0070				
Preference shares	R0090				
Share premium account related to preference shares	R0110				
Reconciliation reserve	R0130	-5,637	-5,637		
Subordinated liabilities	R0140				
An amount equal to the value of net deferred tax assets	R0160				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220				
Deductions					
Deductions for participations in financial and credit institutions	R0230				
Total basic own funds after deductions	R0290	4,363	4,363		
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	R0300				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310				
Unpaid and uncalled preference shares callable on demand	R0320				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370				
Other ancillary own funds	R0390				
Total ancillary own funds	R0400				
Available and eligible own funds					
Total available own funds to meet the SCR	R0500	4,363	4,363		
Total available own funds to meet the MCR	R0510	4,363	4,363		
Total eligible own funds to meet the SCR	R0540	4,363	4,363		
Total eligible own funds to meet the MCR	R0550	4,363	4,363		
SCR	R0580	2,045			
MCR	R0600	3,700			
Ratio of Eligible own funds to SCR	R0620	213,37%			
Ratio of Eligible own funds to MCR	R0640	117,92%			
Reconciliation reserve					
Excess of assets over liabilities	R0700	4,363			
Own shares (held directly and indirectly)	R0710				
Foreseeable dividends, distributions and charges	R0720				
Other basic own fund items	R0730	10,000			
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740				
Reconciliation reserve	R0760	-5,637			
Expected profits					
Expected profits included in future premiums (EPIFP) - Life business	R0770				
Expected profits included in future premiums (EPIFP) - Non- life business	R0780				
Total Expected profits included in future premiums (EPIFP)	R0790				

Table 46 – BICL. S.25.01.21 Solvency Capital Requirement as at 31.12.2019. Values in EUR thousands.

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
Market risk	R0010 1,103		
Counterparty default risk	R0020 343		
Life underwriting risk	R0030		
Health underwriting risk	R0040		
Non-life underwriting risk	R0050 1,087		
Diversification	R0060 -615		
Intangible asset risk	R0070		
Basic Solvency Capital Requirement	R0100 1,917		
Calculation of Solvency Capital Requirement			
Operational risk	R0130 128		
Loss-absorbing capacity of technical provisions	R0140		
Loss-absorbing capacity of deferred taxes	R0150		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160		
Solvency capital requirement excluding capital add-on	R0200 2,045		
Capital add-on already set	R0210		
Solvency capital requirement	R0220 2,045		
Other information on SCR			
Capital requirement for duration-based equity risk sub-module	R0400		
Total amount of Notional Solvency Capital Requirement for remaining part	R0410		
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420		
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430		
Diversification effects due to RFF nSCR aggregation for article 304	R0440		
Approach to tax rate			
Approach based on average tax rate	R0590	Yes/No	C0109
Calculation of loss absorbing capacity of deferred taxes			
LAC DT	R0640		C0130
LAC DT justified by reversion of deferred tax liabilities	R0650		
LAC DT justified by reference to probable future taxable economic profit	R0660		
LAC DT justified by carry back, current year	R0670		
LAC DT justified by carry back, future years	R0680		
Maximum LAC DT	R0690		

Table 47 – BICL. S.28.01.22 Minimum Capital Requirement – Only life or non-life insurance or reinsurance activity as at 31.12.2019. Values in EUR thousands.

Linear formula component for non-life insurance and reinsurance obligations

MCR _{NL} Result	C0010		Net (of reinsurance/SPV) best estimate and TP calculated as a whole		Net (of reinsurance) written premiums in the last 12 months	
	R0010	270	C0020		C0030	
Medical expense insurance and proportional reinsurance	R0020					
Income protection insurance and proportional reinsurance	R0030					
Workers' compensation insurance and proportional reinsurance	R0040					
Motor vehicle liability insurance and proportional reinsurance	R0050					
Other motor insurance and proportional reinsurance	R0060		1,619			
Marine, aviation and transport insurance and proportional reinsurance	R0070			486		
Fire and other damage to property insurance and proportional reinsurance	R0080			1,078		
General liability insurance and proportional reinsurance	R0090					
Credit and suretyship insurance and proportional reinsurance	R0100					
Legal expenses insurance and proportional reinsurance	R0110					
Assistance and proportional reinsurance	R0120					
Miscellaneous financial loss insurance and proportional reinsurance	R0130					
Non-proportional health reinsurance	R0140					
Non-proportional casualty reinsurance	R0150					
Non-proportional marine, aviation and transport reinsurance	R0160					
Non-proportional property reinsurance	R0170					

Linear formula component for life insurance and reinsurance obligations

MCR _L Result	C0040		Net (of reinsurance/SPV) best estimate and TP calculated as a whole		Net (of reinsurance/SPV) total capital at risk	
	R0200		C0050		C0060	
Obligations with profit participation - guaranteed benefits	R0210					
Obligations with profit participation - future discretionary benefits	R0220					
Index-linked and unit-linked insurance obligations	R0230					
Other life (re)insurance and health (re)insurance obligations	R0240					
Total capital at risk for all life (re)insurance obligations	R0250					

Overall MCR calculation

	C0070	
Linear MCR	R0300	270
SCR	R0310	2,045
MCR cap	R0320	920
MCR floor	R0330	511
Combined MCR	R0340	511
Absolute floor of the MCR	R0350	3,700
	C0070	
Minimum Capital Requirement	R0400	3,700

2. Beacon Insurance Year End 2018

Table 48 – BICL. S.02.01.02 Balance Sheet as at 31.12.2018. Values in EUR thousands.

	Solvency II value	
		C0010
Assets		
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	564
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	R0130	
Government Bonds	R0140	
Corporate Bonds	R0150	
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	564
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	5,042
Non-life and health similar to non-life	R0280	5,042
Non-life excluding health	R0290	5,042
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	
Reinsurance receivables	R0370	
Receivables (trade, not insurance)	R0380	
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	3,567
Any other assets, not elsewhere shown	R0420	141
Total assets	R0500	9,314

(continued) Table 48 – BICL. S.02.01.02 Balance Sheet as at 31.12.2018. Values in EUR thousands.

	Solvency II value	
		C0010
Liabilities		
Technical provisions – non-life	R0510	4,428
Technical provisions – non-life (excluding health)	R0520	4,428
TP calculated as a whole	R0530	
Best Estimate	R0540	4,146
Risk margin	R0550	282
Technical provisions - health (similar to non-life)	R0560	
TP calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
TP calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
TP calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	
Reinsurance payables	R0830	
Payables (trade, not insurance)	R0840	129
Subordinated liabilities	R0850	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	R0900	4,557
Excess of assets over liabilities	R1000	4,757

Table 49 – BICL. S.05.01.02 Premiums, claims and expenses by line of business as at 31.12.2018. Values in EUR thousands.

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)											Line of business for:				Total	
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport		Property
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150		C0160
Premiums written																		
Gross - Direct Business	R0110																	
Gross - Proportional reinsurance accepted	R0120						439	880										
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140																	
Net	R0200						439	880									1,320	
Premiums earned																		
Gross - Direct Business	R0210																	
Gross - Proportional reinsurance accepted	R0220						439	880									1,320	
Gross - Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240																	
Net	R0300						439	880									1,320	
Claims incurred																		
Gross - Direct Business	R0310																	
Gross - Proportional reinsurance accepted	R0320						46	1,069									1,115	
Gross - Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340																	
Net	R0400						46	1,069									1,115	
Changes in other technical provisions																		
Gross - Direct Business	R0410					387											387	
Gross - Proportional reinsurance accepted	R0420																	
Gross - Non-proportional reinsurance accepted	R0430																	
Reinsurers' share	R0440																	
Net	R0500					387											387	
Expenses incurred	R0550						150	300									451	
Other expenses	R1200																	
Total expenses	R1300																451	

Table 50 – BICL. S.05.02.01 Premiums, claims and expenses by country as at 31.12.2018. Values in EUR thousands.

	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations						Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	
	R0010		DE	CH				
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120		1,320					1,320
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140							
Net	R0200		1,320					1,320
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220		1,320					1,320
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240							
Net	R0300		1,320					1,320
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320		1,115					1,115
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340							
Net	R0400		1,115					1,115
Changes in other technical provisions								
Gross - Direct Business	R0410			387				387
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500			387				387
Expenses incurred	R0550		451					451
Other expenses	R1200							
Total expenses	R1300							451

Table 51 – BICL. S.17.01.02 Non-life technical provisions as at 31.12.2018. Values in EUR thousands.

	Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation		
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport	Fire and other damage to property	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health	Non-proportional casualty	Non-proportional marine, aviation		Non-proportional property	
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160		C0170	C0180
Technical provisions calculated as a whole	R0010																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions	R0060																	
Gross																		
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140																	
Net Best Estimate of Premium Provisions	R0150																	
Claims provisions																		
Gross	R0160				1,650	1,091	1,404											4,146
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240					1,664	3,378											5,042
Net Best Estimate of Claims Provisions	R0250				1,650	-573	-1,974											-897
Total Best estimate - gross	R0260				1,650	1,091	1,404											4,146
Total Best estimate - net	R0270				1,650	-573	-1,974											-897
Risk margin	R0280				81	45	156											282
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	R0290																	
Best estimate	R0300																	
Risk margin	R0310																	
Technical provisions - total																		
Technical provisions - total	R0320				1,731	1,136	1,560											4,428
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330					1,664	3,378											5,042
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340				1,731	-528	-1,818											-615

Table 52 – BICL. S.19.01.21 Non-life Insurance Claims Information as at 31.12.2018. Values in EUR thousands.

Year	Development year										In Current year	Sum of years (cumulative)	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100			C0110
Prior	R0100											R0100	
2009	R0160											R0160	
2010	R0170											R0170	
2011	R0180											R0180	
2012	R0190											R0190	
2013	R0200											R0200	
2014	R0210	59	145	43	10							R0210	256
2015	R0220	70	157	227	71							R0220	71
2016	R0230	120	224	139								R0230	139
2017	R0240	205	401									R0240	401
2018	R0250	148										R0250	148
	Total											R0260	759

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year	Development year										Year end (discounted data)		
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290		C0300	C0360
Prior	R0100											R0100	
2009	R0160											R0160	
2010	R0170											R0170	
2011	R0180											R0180	
2012	R0190											R0190	
2013	R0200											R0200	
2014	R0210				165	5						R0210	1,650
2015	R0220			392	175							R0220	172
2016	R0230		630	381								R0230	373
2017	R0240	1,016	756									R0240	741
2018	R0250	1,233										R0250	1,209
	Total											R0260	4,146

Table 53 – BICL. S.23.01.22 Own funds as at 31.12.2018. Values in EUR thousands.

	Total	Tier 1 - unrestrict	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35					
Ordinary share capital (gross of own shares)	R0010	10,000	10,000		
Share premium account related to ordinary share capital	R0030				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertaking	R0040				
Subordinated mutual member accounts	R0050				
Surplus funds	R0070				
Preference shares	R0090				
Share premium account related to preference shares	R0110				
Reconciliation reserve	R0130	-5,243	-5,243		
Subordinated liabilities	R0140				
An amount equal to the value of net deferred tax assets	R0160				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220				
Deductions					
Deductions for participations in financial and credit institutions	R0230				
Total basic own funds after deductions	R0290	4,757	4,757		
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	R0300				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310				
Unpaid and uncalled preference shares callable on demand	R0320				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370				
Other ancillary own funds	R0390				
Total ancillary own funds	R0400				
Available and eligible own funds					
Total available own funds to meet the SCR	R0500	4,757	4,757		
Total available own funds to meet the MCR	R0510	4,757	4,757		
Total eligible own funds to meet the SCR	R0540	4,757	4,757		
Total eligible own funds to meet the MCR	R0550	4,757	4,757		
SCR	R0580	4,361			
MCR	R0600	3,700			
Ratio of Eligible own funds to SCR	R0620	109.08%			
Ratio of Eligible own funds to MCR	R0640	128.56%			
	C0060				
Excess of assets over liabilities	R0700	4,757			
Own shares (held directly and indirectly)	R0710				
Foreseeable dividends, distributions and charges	R0720				
Other basic own fund items	R0730	10,000			
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740				
Reconciliation reserve	R0760	-5,243			
Expected profits					
Expected profits included in future premiums (EPIFP) - Life business	R0770				
Expected profits included in future premiums (EPIFP) - Non- life business	R0780				
Total Expected profits included in future premiums (EPIFP)	R0790				

Table 54 – BICL. S.25.01.21 Solvency Capital Requirement as at 31.12.2018. Values in EUR thousands.

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
Market risk	R0010	1,074	
Counterparty default risk	R0020	323	
Life underwriting risk	R0030		
Health underwriting risk	R0040		
Non-life underwriting risk	R0050	3,657	
Diversification	R0060	-817	
Intangible asset risk	R0070		
Basic Solvency Capital Requirement	R0100	4,237	
Calculation of Solvency Capital Requirement		C0100	
Operational risk	R0130	124	
Loss-absorbing capacity of technical provisions	R0140		
Loss-absorbing capacity of deferred taxes	R0150		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160		
Solvency capital requirement excluding capital add-on	R0200	4,361	
Capital add-on already set	R0210		
Solvency capital requirement	R0220	4,361	
Other information on SCR			
Capital requirement for duration-based equity risk sub-module	R0400		
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	295	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	4,066	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430		
Diversification effects due to RFF nSCR aggregation for article 304	R0440		

Table 55 – BICL. S.28.01.22 Minimum Capital Requirement – Only life or non-life insurance or reinsurance activity as at 31.12.2018. Values in EUR thousands.

MCR _{NL} Result		C0010		
	R0010	285		
			Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
			C0020	C0030
Medical expense insurance and proportional reinsurance	R0020			
Income protection insurance and proportional reinsurance	R0030			
Workers' compensation insurance and proportional reinsurance	R0040			
Motor vehicle liability insurance and proportional reinsurance	R0050			
Other motor insurance and proportional reinsurance	R0060		1,650	
Marine, aviation and transport insurance and proportional reinsurance	R0070			551
Fire and other damage to property insurance and proportional reinsurance	R0080			1,118
General liability insurance and proportional reinsurance	R0090			
Credit and suretyship insurance and proportional reinsurance	R0100			
Legal expenses insurance and proportional reinsurance	R0110			
Assistance and proportional reinsurance	R0120			
Miscellaneous financial loss insurance and proportional reinsurance	R0130			
Non-proportional health reinsurance	R0140			
Non-proportional casualty reinsurance	R0150			
Non-proportional marine, aviation and transport reinsurance	R0160			
Non-proportional property reinsurance	R0170			

Linear formula component for life insurance and reinsurance obligations

MCR _L Result		C0040		
	R0200			
			Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
			C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210			
Obligations with profit participation - future discretionary benefits	R0220			
Index-linked and unit-linked insurance obligations	R0230			
Other life (re)insurance and health (re)insurance obligations	R0240			
Total capital at risk for all life (re)insurance obligations	R0250			

Overall MCR calculation

	C0070
Linear MCR	R0300 285
SCR	R0310 4,361
MCR cap	R0320 1,962
MCR floor	R0330 1,090
Combined MCR	R0340 1,090
Absolute floor of the MCR	R0350 3,700
	C0070
Minimum Capital Requirement	R0400 3,700