MINERVA
INSURANCE COMPANY PUBLIC LTD

Solvency and Financial Condition Report

2016

SFCR REPORT

Contents

A. Executive Summary

This Solvency and Financial Condition Report has been prepared for Minerva Insurance Company Public Limited (hereinafter “Minerva” or “Company”) in accordance with all applicable laws and regulations. It refers to the financial year ended on 31 December 2016 (“the reference date”).

Minerva Insurance Company Public Limited was founded and began its operations in 1970. Minerva is composite insurer operating in Cyprus.

The Company is licenced under article 19 of the Insurance and Reinsurance Services and Other Related Issues Law of 2016 to underwrite accident and health, motor – including third party liability, marine and transit risks, fire and other property damage and general liability insurance business.

The risk management policy of the company provides for a thoroughly articulated risk appetite statement and a closely monitored risk management system ensuring that the company is not exposed to any unwanted risks.

During the year ended 2016 the company increased its Gross Written Premium (GWP) to €11,3 million representing an increase of 2,8% compared to previous year (2015) €11,0 million. The Company incurred a profit of €103 thousand. An improvement is observed in the financial results for the year ended 2016 compared to last year (ended 2015) in which the loss occurred was €3,3 million. The main reason for the improvement of 2016 results due to the fact that during 2015 there was a write off of Intercompany balances.

The Company maintains a solid capital position. At the reference date, the Solvency Capital Requirement amounted to €7.71 million and the eligible own funds available to cover this requirement amounted to €8.43 million. Hence, the ratio of eligible own funds to SCR at the reference date amounted to 109%.

B. Business Performance

B.1 Business

B.1.1 Name and legal form of undertaking

Minerva was incorporated in Cyprus on 29 October 1970 as a private limited liability company and on 20 November 1997 was converted into a public company in accordance with the provisions of the Companies Law, Cap. 113. In December 1997 the Company made a public issue of new shares and was listed in the Cyprus Stock Exchange with company Registration Number HE3282.

Its registered address is, 165, Athalassas Avenue, Anna Maria Court, P.O. Box 2024, Nicosia

B.1.2 Supervisory authority

The Company is authorised and regulated by the Superintendent of Insurance. Ministry of Finance B.O.Box 23664, 1682 Nicosia.

B.1.3 External Auditors

Its external auditors for the financial year 2016 were KPMG Ltd. 14 Esperidon, 1087 Nicosia, Cyprus.

B.1.4 Shareholders

The entities that have directly or indirectly significant participation (over 5%) in the Company's share capital as at 31 December 2016 have been as follows:

Costakis Koutsokoumnis 50,572%

B.1.5 Material lines of business and material geographical areas where the company carries out business

Motor insurance

The Company writes motor insurance in Cyprus. This consists of both property and liability benefits, and therefore, includes both shorter and longer tail coverage. The payments indemnify the policyholder against the value of loss on motor physical damage claims and property damage (liability) claims, at the time the incident occurs, subject to any limits or excesses. The payments that take longer to finalise, and are more difficult to estimate, relate to bodily injury claims. These indemnities cover the motor vehicle against compensation payable to third parties for death or personal injury.

Liability (Professional Indemnity, Employers Liability, Public Liability, Engineering)

The Company writes liability insurance in Cyprus. Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposures are in relation to bodily injury.

Fire insurance and other damage on property

The Company writes insurance against fire and other damage on property in Cyprus. Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property.

Accident and health insurance

Personal Accident products pay benefits of fixed amount in the event of an accident or cover the medical expenses due to accident. Medical insurances offered on an individual basis (either stand alone or as supplementary benefits to life policies) provide only inpatient cover while group medical policies provide both inpatient and outpatient cover. Generally, medical insurances indemnify the insured person fully or partially for the cost of medical treatment due to either accident or illness.

Yacht , Marine and Cargo

The company writes very few of the above insurance risks covering the loss or damage of ships, yachts, cargo, terminals, and any transport or cargo by which property is transferred, acquired, or held between the points of origin and final destination.

Life Business

The company ceased writing new life business as from 15th November 2012. A closed portfolio consisting of less than 1000 in force and paid up policies is currently administered by the company's life department of which the majority are unit linked type policies and the remaining are conventional endowment and whole life policies with and without profit participation and standalone term policies.

Life business - Unit-linked insurance contracts

These are contracts without fixed benefits and consist mainly of regular unit-linked endowments and whole of life products where the primary purpose is to provide an investment return. In addition, the policyholder is also insured against death. Unit-linked contracts operate by investing the policyholders' premiums into pooled investment funds of the Company. The policyholders' share of the fund is represented by units. The benefit is payable on maturity, or death if earlier. The amount payable on death is subject to a guaranteed minimum amount. The maturity or surrender value depends on the investment performance of the underlying fund and the level of charges levied by the Group for policy administration fees, mortality and other charges. A small number of these contracts also provide a minimum guaranteed surrender value at specific dates.

Life Business – Non unit linked

In addition the Company maintains non-unit linked contracts all written before 2003. These contracts may be of pre-defined duration, or whole of life, and they accrue for specific benefits both in the case of maturity of the contract, or death whichever is earlier. The surrender value of the contract is either pre-determined or defined for each contract by the Company. A small number of these contracts participate on the profits of Life Business as defined for each contract by the Company.

B.1.6 Significant changes that have had a material impact on the undertaking

In Year 2016 there were no significant business or other events that have occurred that have had a material impact on the undertaking.

B.2 Underwriting performance

B.2.1 Non-Life Portfolio

The Company registered a growth of 3,7% in its GWP mainly attributed to the Motor vehicle liability and other motor lines of business.

Gross Written Premium €	2016	2015	%increase
Medical expense insurance	897.159	783.546	14,5%
Income protection insurance	159.250	204.185	-22,0%
Workers' compensation insurance	-	-	-

Motor vehicle liability insurance	7.664.848	7.428.510	3,2%
Other motor insurance	793.578	701.768	13,1%
Marine, aviation and transport insurance	16.534	16.355	1,1%
Fire and other damage to property insurance	717.754	629.265	14,1%
General liability insurance	508.327	609.205	-16,6%
Credit and suretyship insurance	-	-	-
Legal expenses insurance	-	-	-
Assistance	-	-	-
Miscellaneous financial loss	18.779	16.871	11,3%
Total	10.776.229	10.389.705	3,7%

The incurred claims of the company, in 2016, reduced by 7,1%, compared to last year, mainly attributed to the General Liability line of business.

Incurred Losses €	2016	2015	%increase
Medical expense insurance	602.604	652.079	-7,6%
Income protection insurance	268.150	171.734	56,1%
Workers' compensation insurance	-	-	-
Motor vehicle liability insurance	4.637.670	4.498.755	3,1%
Other motor insurance	124.106	114.256	8,6%
Marine, aviation and transport insurance	2.210	1.547	42,9%
Fire and other damage to property insurance	13.111	27.656	-52,6%
General liability insurance	-463.529	121.073	-482,9%
Credit and suretyship insurance	-	-	-
Legal expenses insurance	-	-	-
Assistance	-	-	-
Miscellaneous financial loss	11.812	3.500	237,5%
Total	5.196.134	5.590.600	-7,1%

The company forecasts its results over its business planning horizon as part of its Own Risk and Solvency Assessment. According to our forecasts, we expect to maintain the same levels of growth and profitability to be enhanced further.

B.2.2 Life Portfolio

The Company registered a reduction of 12,4% in its GWP mainly attributed to the runoff nature of the business. The incurred losses of life portfolio was €265.540 which was 47% lower compared to last year.

B.2.3 Underwriting performance over the business planning horizon

The anticipated growth of business volumes, compared to previous year, by product line are as follows:

Gross Written Premium €	2017	2018
Medical expense insurance	900,000	900,000
Income protection insurance	160,000	160,000
Workers' compensation insurance	-	-
Motor vehicle liability insurance	7,800,000	8,000,000
Other motor insurance	800,000	820,000

Marine, aviation and transport insurance	17,000	18,000
Fire and other damage to property insurance	750,000	790,000
General liability insurance	525,000	545,000
Credit and suretyship insurance	-	-
Legal expenses insurance	-	-
Assistance	-	-
Miscellaneous financial loss	20,000	22,000
Total	10,972,000	11,255,000

Overall the projected portfolio of Minerva is expected to remain profitable over the business planning horizon. Availability of reinsurance remains critical for the company to maintain its competitiveness as well as its risk taking capacity.

B.3 Investment Performance

The composition of the Company's investment portfolio as at 31.12.2016 was as follows:

Type	€
Property	6,897,312
Holdings in related undertakings	2,513,562
Equities	194,742
Bonds	2,313,307
Deposits other than cash equivalents	6,581,920
Cash and cash equivalents	526,618

B.3.1 Income and expenses arising from investments by asset class

Type	€
Property, plant & equipment held for own use	63,142
Deposits other than cash	130.270
Equities/other shares - listed	-107.506
Other investments	185.317

Income arising is composed of dividends, interest, rental income received and unrealised capital gains.

B.3.2 Any gains and losses recognised directly in equity

No other material items have been recognised in the Other Comprehensive income in 2016 (this is an extension of the income statement which is recognised directly in other reserves).

B.3.3 Investment Projections

When compiling projections, no market movements are factored. Dividends are projected to remain stable year on year based on the most recent data available and interest on debt securities reflects actual coupons receivable. Rental income projections are based on contracts in force.

B.4 Performance of other activities

The Company does not have any material leasing arrangement or any other material income and expense item in addition to the underwriting and investment income and expenses outlined in the sections above.

B.5 Any other information

There is no other material information regarding the business and performance of the Company which has not already been disclosed in the sections above.

C. System of Governance

C.1 General information on the system of governance

The company is committed to implementing a sound governance framework that provides for the sound and prudent management of the business based on the following principles:

- Transparent organisational structure
- Strategic objectives and corporate values communicated throughout the Company
- Clear lines of responsibility and accountability throughout the Company
- BOD members and Senior Management are qualified for their positions, have a clear understanding of their role in corporate governance and are able to exercise sound independent judgment about the affairs of the Company and that Fit and Proper requirements are met
- There is appropriate oversight of the Company's activities through the three lines of defence model
- Effective utilisation of the work conducted by internal and external auditors, as well as other control functions, given their critical contribution to sound corporate governance
- Compensation policies and practices are consistent with the Company's ethical values, objectives, strategy and control environment

The Corporate Governance framework for the Company is based on the 'three lines of defence model' as presented in the diagram below:

C.1.1 The Board of Directors (BoD)

The BoD is responsible for leading and controlling the Company, devising strategies and plans for their implementation and reviewing and evaluating the Company's performance against such strategies and plans.

The BoD organises and directs the affairs of the Company in a manner that seeks to protect its policyholders' funds, maximize the value of the Company for the benefit of its shareholders, while complying with regulatory requirements and relevant governance standards.

The BoD is responsible for setting the appropriate "tone at the top" by providing appropriate Organisational values, ethics and priorities and by establishing and embedding an Organisational culture that supports the effective operation of the system of governance

Furthermore, the members of the BoD act as advisers and counsellors to the CEO and Senior Management and oversee the Senior Management's performance.

The Directors are responsible for the general governance of the Company, its proper administration and management and for the general supervision of its affairs. The day-to-day management of the Company is delegated by the Directors to an executive committee (the "Executive Committee") consisting of the company's senior management.

C.1.1.1 Selection and Appointment of Board Members

The Directors are appointed by election at the annual general meeting of the Company.

The current members of the Board of Directors of the Company are as below:

Costas Koutsokoumnis - Executive Chairman

Loukis Papaphilippou - Deputy Chairman

Michael Mylonas - Executive Director

Danis Kliriotis - Executive Director

Marios Lefkaritis – Director

Chrysostomos Mitsides – Director

Constantinos Malekos – Director

Andreas Siakas – Director

All members of the Board and Senior Management should fulfil the Fit and Proper requirements in accordance with the Solvency II framework.

C.1.1.2 Board Meetings

The BoD shall meet formally at least 4 times a year in the context of its regular duties in the annual business cycle. Additional meetings may also be held upon such need as identified by the senior management or by members of the BoD or its Committees.

C.1.1.3 Board Committees

For a more effective organisation of the Company, the Board established the below-mentioned Committees.

Committee	Brief Terms of Reference	Composition
Audit Committee	**Ensures the operation of an effective system of internal controls within the Company and oversees the selection and remuneration of external auditor**	**Andreas Siakas (chairman)** **Chrysostomos Mitsides**
Investment Committee	**Reviews and challenges the policy of the Company and its implementation regarding Investments**	**Costakis Koutsokoumnis (Chairman)** **Danis Kliriotis** **George Skordis**
Risk and Reserving Committee	**Monitors compliance initiatives including regulatory as well as voluntary and ensures codification of processes of the company. It also considers the exposure of the company to significant risk and ensures the overall risk profile of the company is sound and proficient**	**Constantinos Malekos (Chairman)** **Danis Kliriotis** **Michalis Mylonas**

C.1.2 *Organisational Structure*

The Organisational structure and reporting lines of the Company are designed to:

- Enable apportionment of responsibilities and clear accountabilities and responsibilities
- Facilitate prompt transfer of information to all persons who need it
- Prevent conflicts of interest
- Ensure the prudent and effective management of the Company

As previously mentioned the company's ultimate supervisory body is the BoD.

The Senior Management, through the CEO has the day to day responsibility for the implementation of the Company's approved strategy and reports to the BoD. Reporting to the BoD is both structured, through planned meetings and regular reporting and ad hoc as required. The operation and responsibilities of senior management are outlined in this Report.

The Business Functions of the Company have the responsibility for the implementation of the BoD's strategy in their business functions. They report directly to the CEO with regards to their day-to-day duties. In order to minimize the probability of a potential conflict of interest and preserve their operational independence, the key control functions have additional direct reporting lines to the BoD or Board Committees. These additional reporting lines are implemented in order to ensure that these functions have the ability to escalate important issues directly to the BoD. Consequently, the Risk, Compliance and Actuarial Functions have a reporting line to the Risk Committee.

The Organisational structure of the Company is presented in Appendix B.

C.1.3 Key Functions

In accordance with the Solvency II framework they Key Functions recognised by the BoD are the following:

- Actuarial Function
- Risk Management Function
- Compliance Function
- Internal Audit Function

Details of the duties of these functions are shown in subsequent sections.

Each key function reports directly to the Board without any restrictions and the Board is ultimately responsible for reviewing the performance of the key functions and considering any recommendations made by these functions.

The Board is also responsible for ensuring that all key functions are operationally independent, which implies that each function should be free from any undue influence, control or constraint from any other key function or the Board itself.

The position of each function in the "three lines of defence model" are also clearly shown in the diagram in the previous section.

C.1.4 Material changes in the system of governance over the reporting period

There have been no material changes in the system of governance in 2016.

C.1.5 Remuneration policy and practices for the BoD and employees

The Company's remuneration is in line with the market norms in order to enable the company attract competent and experienced resources and ensure that any resources that it engages do not take excessive risks that could be detrimental to the company. It also reduced the risk of significant employees' turnover rate which could potentially increase operation uncertainty and risk.

The remuneration of BoD members during 2016 was €285.443 in aggregate.

C.1.6 Information about material transactions during the reporting period with:

During 2016, there were no material transactions between the company and is shareholders of members of the BoD.

C.2 Fit and proper requirements

Prior to the appointment of any member of the BoD, member of senior management of Key Function the company carries out an evaluation of the fitness and propriety of that individual. Furthermore, such appointments are subject to approval by the Superintended of Insurance.

The function delegated with the responsibility for the Fit and Proper test is the Compliance function. The Compliance Function also bears the responsibility for monitoring the fitness and propriety of individuals on an ongoing basis.

The fit and proper test criteria satisfy at a minimum the relevant regulatory requirements as well as additional criteria laid down by the Company.

The Fitness test assesses the individual's professional and technical competence through a consideration of:

- previous experience, knowledge and professional qualifications and whether these are adequate to enable sound and prudent management of the Company;
- proof of skill, care, diligence and compliance with the relevant standards of the area/sector he/she has previously worked in;

The Propriety test assesses honesty, integrity, reputation and financial soundness of the individual by considering their:

- reputation, including an enquiry as to whether there have been any criminal or financial antecedents or past experience with regulatory authorities which may cast doubt on the ability of that person to adequately discharge his/her duties in line with applicable rules, regulations and guidelines.

The assessment is facilitated through:

- personal questionnaires
- academic and/or professional qualification certificates
- certificate of non-bankruptcy
- clear criminal record certificate
- personal resume and
- personal declaration.

In particular, with regards to members of the BoD they must always have the collective knowledge of the financial and insurance market, business strategy, system of governance, financial and actuarial analysis and the regulatory framework and requirements.

The detailed criteria and documentation requirement in the context of the fit and proper test are describe in the company's governance policy which is also subject to review on an annual basis.

The fitness of employees is implemented through the recruitment process.

Furthermore, all Directors and members of staff must comply with the company's code of conduct.

Key Function Holders

The persons holding Key Function roles in the Company are as follows:

Chief Executive Officer	Costakis Koutsokoumnis
General Manager (Finance and Administration)	Danis Kliriotis
General Manager (Insurance and Development)	Michalis Mylonas
Head of Finance	Andri Hanna
Risk Management & Actuarial Function	George Skordis
Claims Manager	Nantia Tselinga
Information Technology Manager	Christos Dorotheou
Compliance Function	Marios Anastasiades (Outsource)
Internal Audit Function	Maria Kyriacou

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

C.3.1 Description of the undertaking's risk management system

The Company has implemented an effective risk management system which is designed to ensure timely identification and assessment of existing and emerging risk exposures as well their effective management. The risk management system is comprehensively addressed in the company's risk management policy which provides for the risk governance, a risk appetite statement and the risk management framework.

The risk management policy comprises of sub-policies for all main categories of risk namely: Underwriting Risk, Investment and Asset Liability Risk, Credit Risk, Liquidity Risky, Concentration Risk, Operational Risk and Reinsurance. It is approved by the BoD and is reviewed at least once a year.

C.3.1.1 Risk Appetite Statement

The risk appetite statement lays down the level and nature of risks that are considered acceptable for the Company and the constraints within which it should operate in pursuing its strategy.

The Company manages its risk appetite through a set of limits. The limits are set, not such that they are likely to be fully used, but rather so that limited exceptions are reported. The aggregate risk limits and the risk category limits are to be used by the RMF for the monitoring and reporting of overall risk exposure and by the BoD and Risk Committee for making decision on the Company's risk profile.

Overall the Company sees itself as a low risk entity and risk tolerance limits have been set to reflect that.

The company has a target of maintaining a solvency coverage ratio at all times in excess of 115%.

In this context, tolerance limits are set for all risk categories to ensure that on a worst-case scenario basis, risk exposures will not lead to losses threatening this target solvency ratio.

The risk appetite statements are disclosed in Appendix A.

C.3.1.2 Risk Governance

The risk governance of the Company forms an integral part by defining the role of each function of the company in the Risk Management Framework. It is organised in a way that ensures the establishment of clear responsibility boundaries, the proper segregation of duties and the avoidance of conflicts of interest at all levels.

As mentioned in previous sub-sections, the system of governance is based on the “three lines of defence model” safeguarding that risk management is embedded into the organisational structure and decision-making processes of the company and that the risk management system is supported by appropriate internal controls and by information systems that provide relevant, accurate and reliable information.

C.3.1.3 Risk management Processes

The risk management framework is a continuous process encompassing of the following key stages:

Risk Identification

The identification process is facilitated by a continuous use and review of internal and external sources of information.

Quantitative risks are identified through observation of the company’s exposures through its financial records. Emerging risks are identified through external data or information.

Qualitative risks are identified through identification of events, actions or inactions (risks) that have the potential to materially impact the achievement of the objectives or the intended operation of functions and business processes. These can relate to both threats to operations or failures to take advantage of opportunities.

Stress testing, scenario analysis and sensitivity analysis are also adopted for the purposes of identifying risk exposures over the business planning horizon through the ORSA process which is described in the next section.

Risk Assessment / Measurement

The main metric for assessing quantifiable risk exposures is the 99.5% value at risk. This is a measurement of the maximum loss occurring from predefined events with a probability of 1 in 200. Additional risk metrics are a predefined set of key risk indicators encompassing all risk areas. All risk metrics correspond to a risk tolerance limit explicitly stated within the risk appetite statement. This enables the comparison of actual risk exposures against the company’s tolerances indicating where further mitigating action is necessary.

Non-quantifiable risks are measured and ranked based on established criteria for frequency and severity. The frequency and severity associated with risks are assessed on an inherent and residual basis, having considered both the existence and effectiveness of the controls, by following a four-step process:

- Assessing the frequency of risk events and their resulting severity (inherent risk);
- Identifying the controls in place that prevent or detect the occurrence of the risk event or mitigate its severity;
- Assessing the design and performance of each control; and
- Assessing the frequency of risk events and their resulting severity, having considered the effectiveness of existing controls (residual risk).

Once identified and measured, material risks are documented in the Risk Register. Risk and control owners are assigned to each risk to ensure accountability for managing all material risks and the related controls. The Risk Register is monitored regularly and amended where necessary to capture changes in risks facing the business or in the controls used to mitigate existing risks.

Risk Control and Mitigation

The company has a strong risk controls culture to ensure the mitigation of all risks in its risk universe. Controls are developed and used to safeguard the integrity of the Company's processes and systems.

Additionally, the RMF evaluates and adopts appropriate risk transfer methods to mitigate its exposure to the identified risks. Such methods may include purchasing reinsurance coverage, using derivatives as hedging instruments.

Unexpected risks exposures are also covered by own funds, in accordance with the Solvency II requirements.

Company's policies on risk transfer including the use of reinsurance or other instruments is documented in the Company's Reinsurance and Other Risk Mitigation Techniques Policy.

Once Company has identified and quantified its risks, it can implement a strategy for mitigating them with appropriate policies, procedures, systems, and controls. Within the established risk appetite and tolerance, the Company would retain a certain portion of risk, transfer another portion (through insurance), and then finance those risks it could not insure.

Risk Monitoring and Reporting

The RMF has the responsibility to ensure that all material risk exposures are monitored on an on-going basis and that any risks that fall outside the approved risk appetite of the Company are identified and appropriately escalated to the Risk Committee.

Specifically, the RMF monitors the following for each risk:

- Actual exposure vs. Limit at an aggregate base
- Key Risk Indicators
- Risk data and model validation
- Appropriateness and assumptions of risk measurement methodologies
- Unusual or material events
- Early warning indicators (in the internal and external environment of the Company)
- Policy breaches

In addition, on an annual basis:

- the Risk Register is formally reviewed by the Risk Management Function and any actions deemed necessary following such review are brought to the attention of the Board; and
- the Risk Management Function runs stress and scenario tests and reports the results and suggested courses of action to the Board.

C.3.2 *Significant Risk Exposures*

The main risk exposures as at 31 December 2016 as measured through the Solvency II standard formula are shown in the table below:

99.5% Value at risk (SCR)	€

Market risk	4,208
Counterparty default risk	2,732
Life Underwriting risks	458
Health underwriting risk	332
Non-Life underwriting risk	4,273
Intangible asset risk	-
Operational risk	406

C.3.3 Material Risks not included in the calculation of the Solvency Capital Requirement

There were no material risks other than those captured in the calculation of the SCR.

C.3.4 Prudent Person Principle

The Company manages its investments in a prudent manner and in accordance with "The Prudent Person Principle". The performance and risk profile of the investment portfolio is monitored on a quarterly basis.

C.3.5 Credit Assessments

Credit assessments are used for the company's main counterparties through its reinsurance program and its asset portfolio. The ratings used are those of the main global rating agencies such as AM Best, Standard & Poor's, Fitch and Moody's. The ratings are obtained by the asset managers and the reinsurers themselves and are verified through ad hoc research through the internet.

The Company considers these external ratings as adequate for the purpose of the credit risk assessment of these counterparties unless information emerges which is thought to compromise their credit worthiness and has not yet been allowed for by the rating agencies.

C.4 Own Risk and Solvency Assessment (ORSA)

C.4.1 ORSA Process

In line with the Company's ORSA policy, ORSA can be defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short and long term risks the Company faces or may face and to determine the own funds necessary to ensure that the Company's overall solvency needs are met at all times. The ORSA policy is the policy which governs the ORSA process.

Strategic decisions such as the introduction of new products, utilisation of additional distribution channels etc. are assessed and evaluated in the light of their effect on the Company's risk situation and risk-bearing capacity.

The Company follows the steps below to implement its ORSA:

i. ***Identify and classify risks, including governance*** - The Company identifies the material risks it faces at a particular point in time. This includes risks considered in the SCR formula, as well as risks not included in the standard formula such as liquidity, strategic and business risks.

ii. ***Assessment and measurement of risks*** - the Company collects data, quantifies and aggregates risks using using different approaches such as Value at Risk and stress testing. The assessment is done using predefined risk metrics. This also includes and assessment of the Solvency II standard formula and whether it adequately reflects the underlying risk profile of the company.

iii. ***Capital Allocation –*** According to its risk profile, the Company determines the necessary risk capital required at that point in time.

iv. ***Capital planning*** – The company projects its risk profile based on its business plan and prepares a capital plan over the business planning horizon. The capital plan depends on its strategic objectives and financial projections and assumptions on future economic conditions.

v. ***Stress testing*** - The Company applies stress and scenario testing to the forward-looking capital plan and develops actions that can be taken in unforeseen circumstances in the future. Stress tests complement the use of the standard formula by assessing the financial effect of events or sequence of events that lead to specific adverse scenarios. Thus, they can be used to understand the Company's vulnerability to its various risk exposures and the level of financial strain that it can withstand.

vi. ***Communicate and document the results*** – The Company presents the results of the process to senior management and the BoD and prepares the ORSA report. The BoD reviews and challenges the results of the ORSA through minuted discussions.

C.4.2 Governing the ORSA

The ultimate responsibility for the ORSA process lies with the BoD. The BoD defines the corporate objectives and the risk strategies of the company which form significant inputs to the ORSA. The BoD also defines the stress testing program and also reviews, challenges and approves the ORSA Report. The BoD also sets the ORSA policy and reviews it every year.

The function mostly responsible for carrying out the ORSA is the Risk Management Function. However, due to its very nature, the ORSA requires input from across the whole Company and hence the Risk Management Function coordinates the ORSA process in conjunction with all the other functions as risk owners.

Significant input is required from the finance function for the preparation of the financial projections in accordance with the company's business plan and from the Actuarial function in quantifying future risks and assisting with the financial modelling of forecasted solvency assessments.

C.4.3 ORSA and decision making processes

ORSA is considered as a very valuable assessment in addressing the risks inherent with the company's strategy and the BoD confirms that it is embedded in the decision-making processes of the company. In particular, the ORSA allows the management to take into account all the risks associated with the Company's business strategies and the required level of capital that the Company requires commit, explore alternative options and assess their impact and decide on the optimal strategy and advise to BoD accordingly.

C.4.4 Frequency of the ORSA

The Company currently intends to perform the ORSA annually. Furthermore, the assessment will be performed immediately following any significant changes to the environment that the company operates.

These changes include, but are not limited to:

- Significant changes to the financial and political environment in which the Company operates
- Significant operational losses
- Material changes to the new business volumes
- Planned changes to the operating model of the company
- Significant changes in the Company's risk profile

C.4.5 Solvency needs and Risk Profile

In 2016, the Company undertook a detailed risk and solvency assessment as well as a forward-looking assessment of capital requirements comprising of the year 2017-2019. These assessments encompass all material risks that the Company faces or could expect to face over its planning period.

The assessment also addressed the adequacy of the standard formula and how it relates to the underlying risk profile of the company. The assessment provided satisfactory evidence for the adequacy of the standard formula and comfort that we can continue using this as a key risk metric. Furthermore, it provided confidence that the capital requirements address the material risk exposures and the available own funds provide a satisfactory buffer in safeguarding business continuity beyond the 99.5% confidence threshold.

Any risks not covered by capital are believed to be adequately mitigated through the control measures applied internal and no additional capital beyond the SCR was deemed necessary.

The following table summarises the financial and solvency projections over the business planning horizon. The BoD confirms that it has adequate capital availability for implementing its strategy. All amounts are in Euro.

Capital Adequacy €'000	YE2016	YE2017	YE2018	YE2019
SCR	**7,709**	**7,600**	**7,824**	**7,824**
MCR	**3,700**	**3,700**	**3,700**	**3,700**
Eligible own funds	**8,437**	**8,950**	**9,566**	**10,049**
Solvency ratio	**109%**	**118%**	**122%**	**128%**

C.5 Internal control system

Internal control is a process effected by Company's Board of Directors, management, and other personnel and is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

Every member of the Company has a role in the system of internal control. Internal control is people-dependent and its strength depends on people's attitude toward internal control and their attention to it:

- The Board is responsible for setting the strategy, tone, culture and values of the Company
- Management, Risk Management, Compliance and Actuarial function design policies and procedures to ensure that an effective internal control system is established within the Company
- The Internal Audit function monitors the effectiveness of the internal control system

There are five interrelated components of effective internal control, which are discussed in the following sections:

- Control Environment
- Risk Management
- Control Activities
- Reporting
- Monitoring

Each of these are outlined below and described in detail in the company's Internal Control Policy:

C.5.1 Control environment

The control environment sets the tone of the Company, influencing the control consciousness of its people. It is the foundation for all other components of the Company's internal control system, providing discipline and structure. Control environment factors include:

- Integrity and ethical values
- Commitment to competence
- Management's philosophy and operating style
- Organisational structure
- Assignment of authority and responsibility
- HR policies and practices

C.5.2 Risk Management

The risk management system entails the identification and analysis of relevant risks which threaten the achievement of the Company's objectives, forming a basis for determining how the risks should be managed. As an integral part of its Risk Management system, the Company identifies all reasonably foreseeable material risks and assesses the frequency and severity of such risks, recording such identification and assessment in the Risk Register.

The process is overseen by the Board and Risk Management function. The risk management process is described in detailed in the Company's Risk Management Policy.

C.5.3 Control Activities

Control activities are the policies and procedures that are designed to ensure that management directives are carried out, strategies are properly implemented and the necessary actions are taken to address material risks to the achievement of the Company's objectives. Control activities occur throughout the entire Company, at all levels and in all functions. They include a range of activities as diverse as:

- approval and authorization requirements, as required by the Company's procedure manual;
- segregation of duties, as reflected in the Company's organisational structure and in other controls outlined in the procedure manual;
- controls required by the Company's various policies, such as the Outsourcing Policy;
- verifications, reconciliations, reviews, controls over assets and other controls as identified in the procedure manual and which are primarily aimed at implementing the four-eyes principle.

The Company has appropriate documented policies, procedures, techniques, and mechanisms in place for each of its business areas (e.g. Underwriting, Claims) and control functions (Risk and Compliance). All relevant objectives and associated risks for each significant activity are identified in conjunction with conducting the risk identification process.

Up to date Company policies and procedures are distributed to all relevant personnel, who read and understand them. Management oversees the implementation of the Company's policies and procedures and ensure that control activities are properly applied. Monitoring personnel review the functioning of established control activities and remain alert for instances in which excessive control activities should be streamlined. They act timely on exceptions, implementation problems, or information that requires follow-up.

Control activities are regularly evaluated to ensure that they are still appropriate and working as intended.

C.5.4 Reporting

Financial and other information must be identified, captured and communicated in a form and timeframe that enables the management and the BoD to carry out their responsibilities. Management accounts, solvency assessments and risk reports are submitted to the BoD on a quarterly basis. Moreover, all key functions report to the Board at least once a year on their activities, the adherence to their respective company policies together with any proposals for changes to the policy as considered necessary by the relevant function.

C.5.5 Monitoring of internal controls

The Company has established the necessary monitoring mechanisms that facilitate the understanding of the Company's situation and provide the Board with relevant information for the decision-making process. Management and monitoring personnel know their responsibilities for internal control and make control and control monitoring part of their regular operating processes.

Regular monitoring occurs during normal operations and includes on-going Management activities and actions taken by all personnel when performing their duties. It is performed continually and on a real-time basis, reacts dynamically to changing conditions and is ingrained in the Company's operations.

The effectiveness of the internal control system is monitored on a continuous basis by business areas and control owners, any deficiencies of the system are identified and rectified in a timely manner. As part of the internal control monitoring, the quality of performance over time is assessed and the findings of audits and other reviews are promptly resolved.

C.5.6 Compliance Policy and Compliance Function

The Compliance Function ensures that compliance awareness is promoted internally and externally and that compliance is an integral part of the corporate culture of all licensed entities. Employees within the organization receive adequate training on compliance on a set periodic basis and are encouraged to identify and report all breaches as necessary so that corrective action can be immediately taken and risks mitigated.

The role of the Compliance Function includes:

a) advising the Board of Directors on compliance with any legislation, regulations and any other applicable laws, in so far as they apply to the company,

b) the assessment of possible impact as regards changes in the legal environment on the company,

c) the identification and assessment of any compliance/regulatory risks.

d) providing the Board of Directors with regular reports on the progress of the Compliance plan, and any other matters which need to be brought to the attention of the Board of Directors .

C.6 Internal audit function

The Company's Internal Audit Policy establishes and maintains an Internal Audit Function, the objectives of which are:

- to independently examine and evaluate the functioning and effectiveness of the internal controls and all other elements of the system of governance;
- to assess compliance with internal strategies, policies, processes and reporting procedures.

The Internal Audit Function reports to the Board through the Audit Committee.

The Internal Audit Function has an unrestricted right to obtain information relevant to the discharge of its responsibilities. This entails the prompt provision of all necessary information, the availability of all essential documentation and the ability to look into all activities and processes of the Company. To this effect, the Internal Audit Function has full, free and unrestricted access to all the personnel of the Company who shall, in turn, ensure that the Internal Audit Function obtains the necessary information about, and has the necessary access to, the Company's outsourced functions.

C.7 Actuarial Function

The Actuarial Function is a critical function for the Company. It is subject to the fit and proper criteria and according to the relevant legislation it should at all times be carried out by persons who are fit and proper to carry out the duties outlined below, in an objective manner and free from any undue influences. The Actuarial Function of the Company is executed by a Fellow of the Institute of Actuaries who fulfils all above criteria.

The Actuarial Function reports to the Chief Executive Officer and to the BoD and is subject to the audit of the Internal Audit Function regarding the adequacy and effectiveness of its procedures. The operating procedures of the function are described in detail in the Actuarial Function Manual.

The role of the Actuarial Function is to establish and maintain appropriate procedures, processes and systems sufficient to allow the Company to reasonably estimate its insurance obligations and exposures and the related capital requirements, in line with applicable laws and recognised professional standards. In this context, the Actuarial Function coordinates the assessment and validation of internal data to determine the level of compliance with recognised standards for data quality and, if necessary, recommends improvements.

Furthermore, the Actuarial Function is involved in the profit testing process of new products assessing them for profitability, capital intensiveness, risk profile, system compatibility and marketability. It also contributes all financial modelling in relation to risk management activities and the ORSA in particular.

The activities of the Actuarial Function during 2016 were as follows:

- Carried out the calculation of technical provisions on a quarterly basis in accordance with all relevant regulatory requirements
- Submitted reports in relation to the above calculations to the BoD
- Provided modelling assistance for the calculation of Solvency Capital Requirements on a quarterly basis
- Assessment of data quality
- Profit testing of new products
- Expressed opinion on adequacy of Reinsurance Arrangements and participated in the discussions with the Reinsurers for the renewal of treaties.
- Expressed opinion on the company's underwriting policy
- Worked closely with the management and addressed areas of its expertise in relation to the company's ongoing operations
- Provided the modelling for carrying out the financial and solvency projections of the ORSA
- Attended four meetings of the BoD and actively participated in discussions around the company's restructuring plan and its strategy going forward.
- Carried out investigations to the company's experience in terms of claims, lapses, expenses and new business volumes

C.8 Outsourcing

The Company outsources the Compliance Function.

The Company has opted to outsource this function given the high level of specialisation and the limited availability of such skills in the domestic market. Furthermore, we have selected providers with significant expertise in their areas who can introduce knowhow and skillset in a beneficial way for the company. Outsourcing is also believed to be a cost efficient approach for the selected function.

It also saves on infrastructure and technology since the company does not need to invest in specialised software and relevant IT solutions.

The selected partner has over the years proven to be efficient in their dealing with the Company and provide comfort to the BoD in the quality of their service and the value they add to the Company.

C.8.1 Outsourcing Policy

The criteria for the selection of service providers and the process for their appointment is laid down in the company's outsourcing policy which is approved by the BoD and reviewed once a year. In particular the Outsourcing Policy states that when choosing a service provider for any critical or important functions or activities the Company ensures that:

- The potential service provider has the ability and capacity and any authorisation required by law to deliver the required functions or activities satisfactorily, taking into account the undertaking's objectives and needs
- The service provider has adopted all means to ensure that no explicit or potential conflict of interests with the Company impairs the needs of the outsourcing undertaking
- It enters into a written agreement with the service provider which clearly allocates the respective rights and obligations of the undertaking and the service provider
- The general terms and conditions of the outsourcing agreement are authorised and understood by the CEO. The outsourcing does not represent a breach of any data protection regulation or any other laws
- The service provider is subject to provisions on the safety and confidentiality of information relating to the Company or to its policyholders or beneficiaries

In order to ensure against an undue increase in Operational Risk, when outsourcing critical or important functions or activities the Company shall:

- Verify that the service provider has adequate financial resources to take on the additional tasks the company plans to transfer and to properly and reliably discharge its duties towards the company and that the staff of the service provider is chosen on the basis of criteria that give reasonable assurance that they are sufficiently qualified and reliable
- Make sure the service provider has adequate contingency plans in place to deal with emergency situations or business disruptions and has periodic testing of backup facilities where that is necessary having regard to the function, service or activity outsourced

Furthermore, the Policy lays down the minimum required contents of an outsourcing agreement safeguarding the quality of service provided, protecting the interests of the Company, ensuring that conflicts of interest are avoided and that the service provider cooperates with internal or external auditors as well as the supervisory authority.

C.9 Adequacy of the system of governance

Assessment of the adequacy of the system of governance to the nature, scale and complexity of the risks inherent in its business.

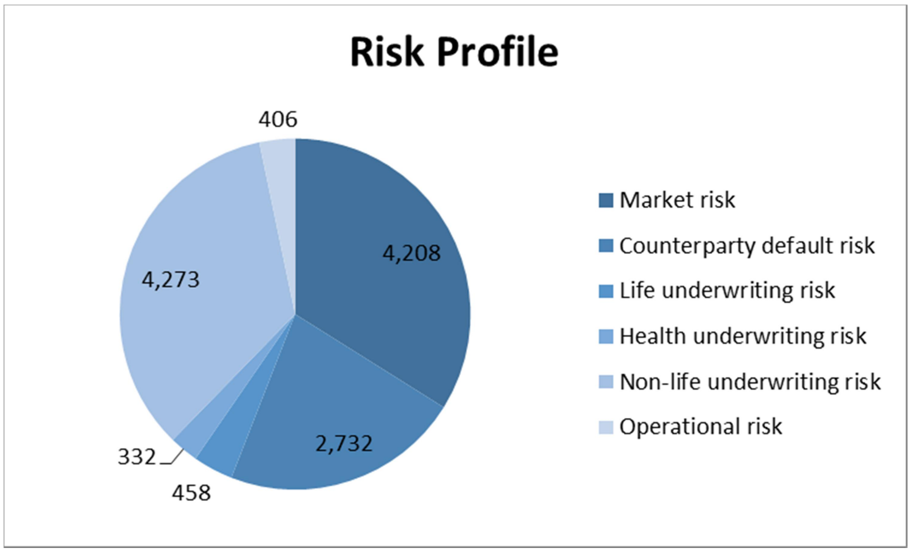
C.10 Any other information

There are no other material information regarding the system of governance of the undertaking.

D. Risk Profile

Quantifiable risks are assessed through the 99.5% Value at risk as measured with the Solvency II standard formula (SCR). The company aims to hold sufficient capital at all times to protect itself from losses occurring due to such risks. Non-quantifiable risks are measured through qualitative analyses and a frequency/severity approach.

In addition to capital, the company manages all risks through its processes and procedures and its internal control framework and by monitoring exposures and benchmarking those against its risk appetite.



Non-life Underwriting risk forms around 34.4% of the total risk portfolio of the company. The second largest exposure (33.9% of undiversified SCR) arises from Market Risk and specifically the Property and Concertation risks. The third material risk exposure of the Company is the result of the counterparty risk.

The risk profile of the company as at 31 December 2016 was in line with its risk strategy.

D.1 Underwriting Risk

Underwriting risk is defined as the risk of loss, or adverse change in the value of insurance liabilities, due to inadequate pricing and/or reserving practices. Underwriting risk may be caused by the fluctuations in timing, frequency and severity of insured events and claim settlements in comparison to the expectations at the time of underwriting.

The Company controls and monitors its underwriting risk by ensuring that:

- reasonable and effective controls are in place to support the risk selection and underwriting process;
- the Company's reinsurance programme provides secure coverage appropriate to the Company's strategy, level of capital and risk profile;
- the risks arising out of reinsurance as a risk mitigation technique are properly understood, addressed and monitored;
- claims are managed fairly and recorded properly in line with reinsurance agreements and all amounts recoverable from reinsurers are duly collected;

- a consistent methodology for the calculation of, and the accounting for, outstanding loss reserves (OSLR) and incurred but not reported reserves (IBNR) is maintained.

The non-life portfolio of the Company is not focused only on residential, commercial, industrial or agricultural. With regards to geographical diversification, we note that our portfolio is diversified both geographically and in respect of the type and time of cat losses. Furthermore, the portfolio contains no sub-portfolios split per region that might generate positively correlated losses.

The life portfolio of the company is on a runoff state, hence the Life underwriting risk is relatively small compared to the Non-life underwriting risk.

D.1.1 Risk Assessment/Measurement

The Company measures its Underwriting risk primarily using the standard formula, the adequacy of which was assessed during the latest ORSA. The measurement addresses four sources of risk; Premium and Reserve Risk, Lapse Risk, Catastrophe risk. These exposures are assessed by calculating the impact on the own funds when allowing in the projections for a number of risk events.

The results of the risk assessment as described above are summarised below:

	SCR
Non-Life underwriting risk	4,273
Health underwriting risk	332
Life underwriting risk	458

D.1.2 Risk Concentration

No material risk concentrations have been identified. This is because of:

- The Company's diversified insurance portfolio:
- Reinsurance: The Company manages its exposure to any one risk and to catastrophic events using reinsurance. Thus, the loss to the Company is generally limited to its retention.

No future risk concentrations are anticipated over the business planning period.

D.1.3 Risk Mitigation

D.1.3.1 Reinsurance

The company uses reinsurance to protect against claims volatility. Proportional and non-proportional reinsurance arrangement is in place for all product lines. The actuarial function also issues an opinion on the adequacy of reinsurance arrangements annually. The credit rating and the financial condition of the key reinsurance counterparties are reviewed, so that corrective action is taken in the event of a deterioration in their financial quality.

The effectiveness of the current reinsurance structure as well as that of potential reinsurance agreements considered are also assessed in the ORSA with respect to their impact on profitability and solvency coverage ratio over the business planning horizon.

Use of reinsurance protection enable the company to manage and optimise its underwriting portfolio, whilst protecting its balance sheet and maintaining its exposure to the risk limits set by the Board of Directors. The steps taken to ensure that both the reinsurance structure and the reinsurance counterparties are appropriate have enabled the company to remain profitable with little volatility in its financial results.

D.1.3.2 Portfolio Monitoring

The senior management of the Company receives and reviews:

- Regular reports on the gross written premium, risks written , claims and reserves; and
- Regular detailed profitability analyses and reviews undertaken by the Actuarial Function

The management of the Company undertakes the reviews above to ensure that the company is protected against the risk of inadequate pricing. The frequency of the reviews, will enable the management to take quick action to resolve any issues identified.

The continued effectiveness of the risk mitigation techniques and controls described above is monitored continuously by the Senior Management. In the event of any findings or shortcomings identified, quick action is taken and the risk mitigation techniques are adjusted accordingly.

The Company will continue to use the risk mitigation techniques mentioned above, continuously aiming at enhancing them to reduce risk. The Company does not plan to enter or purchase any additional risk mitigation products over the planning period.

D.1.4 Risk Sensitivity

As part of the business and capital planning processes, the risk management function carries out stress tests including the assessment of alternative scenarios to feed into the ORSA. This ensures that potential adverse scenarios are considered and negative outcomes can be adequately mitigated through controls implemented, through timely remedial actions or through the commitment of additional capital.

The stress test performed in relation to underwriting risk as reported in the 2016 ORSA Report is described below.

Under the scenario a 40% reduction of motor written and earned premiums as a result of the booming of on-line and business or product innovation driven by technology innovation such as “usage-based insurance” or “pay as you drive” or “pay how you drive” requiring investment in GPS or Radio Frequency Connector or any other new technology which will enable premiums to be charged on the basis of usage, time of the day and place the vehicle is used, distance and driver’s behaviour, i.e not just on how much you drive but how, where, and when one drives.

For example a new product is launched, by a leader in the market, which requires investment in new advanced technology which the company for various reasons cannot accommodate at least in the short term. Although on it’s own such a development will not deteriorate the solvency ratio, indirectly through potential anti-selection effect, may increase substantially the claims experience. Therefore, a consequent very prudently determined unfavourable worsening of the motor claims experience by 4000 basis points is also assumed under this scenario. Management expenses and intermediary’s commissions are assumed to be non-flexible and constant for prudency reasons only.

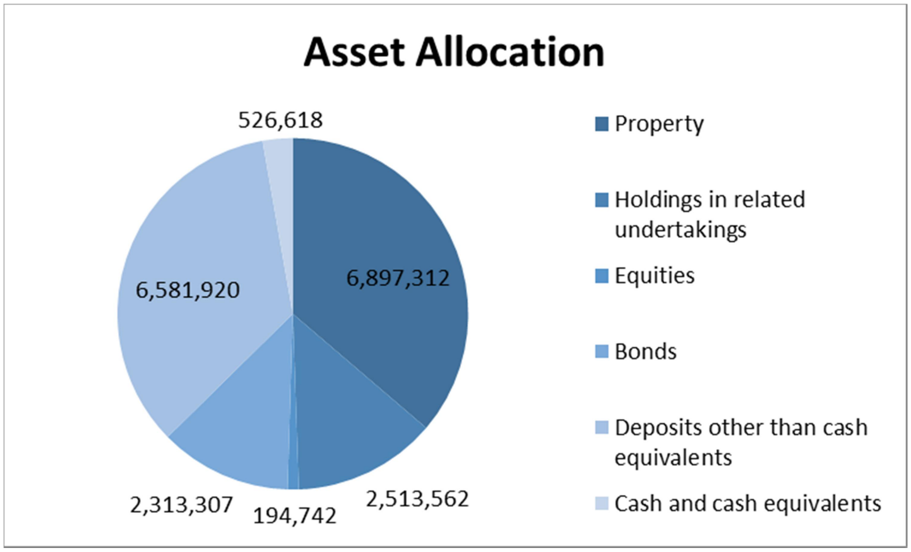
Although the above scenario will deteriorate the solvency position of the company is not expected to be fatal to the company.

Based on the results of the stress scenario above the Company’s risk exposures are in line with its strategy and that adequate processes and controls are in place to ensure that such risk exposures are identified, measured, mitigated where necessary and reported.

D.1.5 Market risk

The Company is exposed to market (Investment) risk through its asset portfolio and in particular from the level or volatility of market prices of financial instruments which have an impact upon the value of the assets of the Company.

Market risk reflects the risk arising from the level or volatility of market prices of financial instruments which have an impact upon the value of the assets and liabilities of the Company.



As at 31 December 2016, Company's investment assets include property, equity, bank deposits, cash and current accounts. Current accounts are subject to credit risk (including counterparty default risk, spread risk and concentration risk) and liquidity risk which are dealt with in the respective sections below. Market risk arises in the following forms both on the asset and on the liability side as the value of technical provisions depends on market conditions:

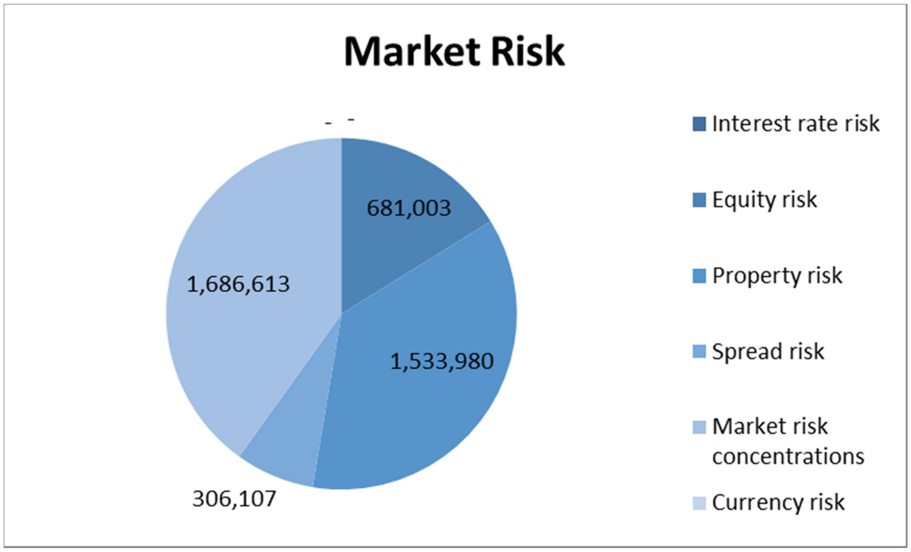
- **Interest rate risk**: the sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates
- **Equity risk:** the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities
- **Property risk:** the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of real estate

D.1.6 Risk Assessment/Measurement

The Company measures its market risk using the standard formula, the adequacy of which was assessed during the latest ORSA. The measurement is done separately for the sub-categories mentioned above. Then the aggregate marker risk measure allows for diversification between its components.

The Company also adopts other risk assessment tools such as stress and scenario testing (both on the current position and over the business planning horizon), maintenance of a risk register, comparison of actual exposure and risk tolerance limits and use of Key Risk Indicators.

With the support of the RMF, the Company assesses the impact of any material investment decisions on its solvency coverage ratio.



The primary sources of market risk are property and concentration risks arising from exposure to investment in real estate. The overall current market risk exposure is considered to be high.

Interest Rate Risk

As at 31.12.2016 the 99.5% value at risk for interest rate risk was €0.

Equity Risk

The total Equity portfolio of the company as at 31.12.2016 was €5,731k and the total SCR for Equity risk on the same date was € 681k.

Property Risk

The company has a significant portion of its asset portfolio invested in properties. This relates to the company's head office. The composition of the property portfolio is as follows:

The total property portfolio of the company as at 31.12.2016 was € 7,121k and the total SCR for property risk on the same date was € 1,534k.

Currency Risk

The Company has no exposure to foreign exchange as at the reference date

D.1.7 Risk Concentration

One of the main market risk sub-modules of the company is Concentration Risk. The company's portfolio is concentrated to property investments.

The investment mix is not expected to change over the business planning period and hence the Company anticipates the same level of market risk concentration.

D.1.8 Risk Mitigation

Market risk is mitigated through the continued review and monitoring of the company's investment exposures.

The Company does not plan to enter or purchase any additional market risk mitigation products over the planning period

D.1.9 Prudent Person Principle

The Solvency II regulations require investment of assets in accordance to the "Prudent Person Principle". In light of this, the Company has aligned its investment policy and ALM strategy with this principle.

The Company regularly reviews the financial condition of its investment counterparties and ensures that the currency, nature and duration of assets is appropriate to the characteristics of its liabilities, avoiding excessive reliance on any one counterparty or asset class or geographical location. The company has not invested in derivatives or other inadmissible financial instruments.

A complete list of assets as at 31/12/16 is provided in Appendix D.

D.1.10 Risk Sensitivity

D.1.10.1 Stress tests and scenario analyses

As part of the business and capital planning processes, the risk management function carries out stress tests including the assessment of alternative scenarios to feed into the ORSA. This ensures that potential adverse scenarios are considered and negative outcomes can be adequately mitigated either through controls implemented, through timely remedial actions or through the commitment of additional capital.

The stress test performed in relation to underwriting risk as reported in the 2016 ORSA Report is described below.

Scenario 1: “Bank triggered Property Crash Scenario”(BTPC scenario)

Under this scenario a prolonged period of low housing prices is triggered by a deterioration of the commercial banks non-performing loans, an increase in the bank’s required bad debt provisions and a consequent increase of house supply, necessitated from non performing mortgage loans and the bank’s consequent solvency problems, and ultimately leading to a prolonged period of declining house prices and an ultimate and permanent reduction of 20%.

Under this scenario the surplus will be reduced as a result of an immediate fall of fall of the market value of property owned by the company and its subsidiaries (excluding unit funds). Such a reduction will threaten the solvency of the company and the solvency ratio will be marginaly above 100%

The above scenario has been identified, by the ORSA team, through the risk management process aiming to identify events that will render the company’s business model unviable and insolvent, as the relatively most likely onerous event, for the circumstances of the Company, that will lead to the insolvency of the company.

Scenario 2: “Bail in” Scenario

Under this scenario as a result of the deepening of the local or global recession one or two of the banks, with which the company keeps 15% of its term deposits, is forced under the new European Directive to follow a “bail in” procedure which ultimately proves to be unsuccessful and the company loses 100% of its deposits in that bank or banks. The insurance industry is assumed not to be exempted from the bail in mechanism under the scenario.

Under this scenario and taking into the account the above management decisions, the company will prove resilient and remain solvent.

Based on the results of the stress scenarios above the Company’s risk exposures are in line with its strategy and that adequate processes and controls are in place to ensure that such risk exposures are identified, measured, mitigated where necessary and reported

D.2 Credit risk

D.2.1 Overview of any material risk exposures anticipated over the business planning period and how they are managed

Credit risk refers to the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of counterparties. The Company is exposed to credit risk rising from the following exposures:

- Cash at bank
- Bank deposits
- Reinsurance recoverables
- Premium receivables

D.2.2 *Risk Assessment/Measurement*

The Company measures its credit risk using the standard formula, the adequacy of which was assessed during the latest ORSA. With respect to exposures to banks, bond issuers, loan holders and reinsurers the assessment depends highly on the credit rating of the counterparties which defines the probability of default. On the other hand, for premium receivables the assessment is based on how long overdue these are and the probability of default is determined based on that.

Credit risk as measured through the SCR is composed of counterparty default risk by 90%, and spread risk by 10%. Credit risk forms 24.5% of the total undiversified SCR.

The overall credit risk exposure is considered to be medium.

Credit risk is not expected to change materially over the business planning horizon

D.2.3 *Risk Concentration*

The Company's exposure to credit risk is mainly driven by Premium receivables

The counterparty loss given default are summarised in the table below:

Counterparty	LGD
Hannover Re	1,525
Amlin Re	1,037
XL Catlin Lloyd's Syndicate	756
SCOR	616
Korean	501
Insurers Pool	450
MUNICH Re	338
BANK HELLENIC	249
Canopius	191
BANK BOC	143
Receivables due for less than 3 months	4,890
Receivables due for more than 3 months	1,956

The Company does not anticipate that the credit risk will change materially over the planning period.

D.2.4 *Risk Mitigation*

The credit rating and the financial condition of all key counterparties are reviewed at least quarterly and management is ready to take action in the event of a deterioration in the credit quality.

The Company does not plan to enter or purchase any additional credit risk mitigation products over the planning period

D.2.5 *Risk Sensitivity*

As part of the business and capital planning processes, the risk management function carries out stress tests including the assessment of alternative scenarios to feed into the ORSA. This ensures that potential adverse scenarios are considered and negative outcomes can be adequately mitigated through controls implemented, through timely remedial actions or through the commitment of additional capital.

This “Bail in” Scenario mentioned above was also used to assess the sensitivity of the company to the exposure in Cypriot Banks. The Company’s risk exposures are in line with its strategy and that adequate processes and controls are in place to ensure that such risk exposures are identified, measured, mitigated where necessary and reported.

D.3 Liquidity risk

Liquidity risk is defined as the risk that the Company is unable to realise investments and other assets (or realise them at excessive cost) in order to settle its financial obligations when they fall due.

The liquidity risk of the company is generally very low as:

- A significant proportion of the assets is invested in short-terms products, including cash and bank deposits.
- Most of the assets held are highly tradeable which enables fast and low cost liquidation of assets.

The composition of the asset portfolio is not expected to change over the business planning horizon in a way that would introduce liquidity risk.

D.3.1 Risk Assessment/Measurement

The Company’s liquidity requirements are assessed regularly in order to meet the Company’s stated liquidity objectives

D.3.2 Risk Concentration

Sources of cash in and cash out flows such as insurance premiums, claims expenses etc., are diversified and to a large extent independent. This risk concentration within liquidity risk is limited.

The company does not anticipate a deterioration in its liquidity position or risk during the business planning period.

D.3.3 Risk Mitigation

The Company also minimizes liquidity risk by

- ensuring that the Accounting function designs and implements proper controls, documented in the procedure manual, to ensure that inflows are actively managed, monitored and followed up;
- ensuring that income generated from the investment portfolio is duly received by the Company;
- catering for unexpected cash flows, since the quota for highly liquid assets provides a good buffer over and above the maximum historic cash outflows;
- considering the effect of any proposed new business on liquidity and liquidity risk at Board level;
- closely monitoring the timing of claims payments and reinsurance recoveries.

The company does not deem necessary to adopt any risk mitigation techniques given the low level of its liquidity risk.

D.3.4 Expected profit included in future premiums

As at valuation date, there are no future premiums cash-flows within the contract boundaries of unexpired policies and therefor there is no expected profit included for future premiums.

The contract boundaries are defined as:

- the future date where the insurance or reinsurance undertaking has a unilateral right to terminate the contract; or
- the future date where the insurance or reinsurance undertaking has a unilateral right to reject premiums payable under the contract; or
- the future date where the insurance or reinsurance undertaking has a unilateral right to amend the premiums or the benefits payable under the contract in such a way that the premiums fully reflect the risks.

D.4 Operational risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, people, systems, or from external events. This risk encompasses all exposures faced by the Company's functions in the course of conducting the Company's business, including but not limited to, accounting and financial reporting, business continuity, claims management, information technology and data processing, legal and regulatory compliance, outsourcing and reinsurance. Risk Assessment/Measurement

The company commits capital as a buffer to absorb losses due to operational risks as measured through the standard formula.

D.4.1 Risk Concentration

Currently there are no material operational risk concentrations.

The operational risk profile of the Company is not expected to change over the business planning period.

D.4.2 Risk Mitigation

The Company addresses its operational risk through the following:

- an internal control system is in place
- a business continuity plan is in place to ensure continuity and regularity in the performance of activities
- Regular Internal Audit
- Performance management and reviews to ensure employees are satisfied with their work and perform to the best of their abilities
- Legal advice is sought at the earliest opportunity from specialised lawyers
- Peer review of material work and appropriate underwriting, claims and other authority limits in place
- Insurance against property damage that could cause business disruption

The Company will continue to use the risk mitigation techniques mentioned above, continuously aiming at enhancing them to reduce risk. The Company does not plan to enter or purchase any additional operational risk mitigation products over the planning period.

D.4.3 Risk Sensitivity

Due to the complexity of the Operational risk, no explicit sensitivities have been performed for the particular risk. The company capital provides an adequate buffer to absorb losses due to operational risks as higher than those assumed by standard formula.

E. Valuation for solvency purposes

E.1 Assets

E.1.1 Value of assets

All assets and liabilities, listed in the Table below are valued in accordance with the Solvency II Framework. Assets and liabilities are valued on the assumption that the Company will pursue the business as a going concern. No changes in the valuations methods occurred during the year under review.

The Company does not have any off-balance sheet assets or liabilities.

	Solvency II	Valuation
Assets		
Investments	16,714	16,645
Deferred Tax Asset	-	-
Reinsurance Assets	569	1,199
Property	1,787	1,787
Goodwill	-	-
Intangible Assets	-	99
Deferred Acquisition Cost	-	1,464
Cash and cash equivalents	527	527
Insurance and intermediaries receivables	4,439	4,439
Other Assets	5,810	5,780
Total Assets	**29,846**	**31,940**

E.1.2 Description of bases, methods and main assumption used for valuation for solvency purposes

Investments

The fair value of quoted financial assets is based on quoted market prices at the end of the reporting period. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

Reinsurance Assets

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurers' share of technical provisions or receivables from reinsurers (unless netted off against amounts payable to reinsurers). These assets consist of short term balances due from reinsurers (classified within receivables), as well as receivables (classified as reinsurers' share of technical provisions) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Properties

Investment properties are initially measured at cost including related transaction costs. Investment properties are subsequently carried at fair value, representing open market value determined annually by external valuers, or by virtue of a Directors' valuation. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

E.1.3 Differences between IFRS and Solvency II valuation

Differences exist for Reinsurance Recoverables and for Deferred Acquisition Cost assets described in detail below:

Reinsurance recoverables

Reinsurance Recoverables represent the difference between Gross and Net provisions. On a solvency II valuation these are valued on a best estimate basis.

Deferred Acquisition Cost (DAC)

There is no concept of Deferred Acquisition Costs in Solvency II. The premium provision only allows for future expense cash flows. For those policies already in-force. Initial expenses such as up-front commission will have occurred in the past and so not been allowed in the premium provision. For this reason, initial expenses need only be allowed for in respect of uninspected business where these expenses have not yet been paid at the valuation date.

E.2 Technical provisions

E.2.1 Value of Technical Provisions

E.2.1.1 Non-life Portfolio

The Technical provisions are defined as the probability-weighted average of future cashflows, discounted to take into account the time value of money considering all possible future scenarios. Technical provisions are grouped into the following key components:

- Claims Provisions: Best Estimate of provisions relating to the earned exposure
- Premium Provisions: Best Estimate of provisions that relate to the unearned exposure
- Risk Margin: Additional provision to bring the best estimate to the level required to transfer the insurance obligations to a third party

€'000	Claims Provision		Premium Provision		Risk Margin
Line Of Business	**Gross BE**	**RI Recoverable**	**Gross BE**	**RI Recoverable**	
Medical expense	-	-	344	11	**33**
Income protection	229	105	26	6	**9**
Workers' compensation	-	-	-	-	**-**
MTPL	8,681	271	1,966	13	**471**
Other motor	232	-	204	1	**36**
Marine and transport	2	1	2	1	**1**
Fire and other PD	45	21	99	43	**37**
General liability	655	93	87	4	**39**
Credit and Suretyship	-	-	-	-	**-**
Legal expenses	-	-	-	-	**-**
Assistance	-	-	-	-	**-**
Miscellaneous	-	-	2	1	**1**
Total	**9,844**	**490**	**2,730**	**80**	**627**

E.2.1.2 Life Portfolio

The value of the Company's technical provisions is equal to the sum of the best estimate and the risk margin, which are calculated separately. The table below shows the value of technical provisions as at 31 December 2016 both gross and net of reinsurance (RI) recoverables by line of business.

€'000s	INSURANCE WITH PROFIT PARTICIPATION	UNIT-LINKED INSURANCE	OTHER LIFE INSURANCE	TOTAL
Gross Best Estimate	2,541	1,770	675	4,986
Risk Margin	2	9	7	19
Gross technical provisions	**2,543**	**1,779**	**682**	**5,004**
RI Recoverables	-	-	-	-
Net Technical Provision	**2,543**	**1,779**	**682**	**5,004**

E.2.2 Description of the bases, methods and main assumptions used

The best estimate corresponds to the probability-weighted average of future cash-flows, taking account of the time value of money, using the risk-free interest rate term structure prescribed by EIOPA for the valuation date.

The estimated future cash flows take account of all the cash inflows and outflows that are expected to be required to settle the insurance obligations over the lifetime thereof, including expenses expected to be incurred in servicing these obligations.

The estimates take account of the uncertainties surrounding the cash flow projections.

Future policyholder behaviour relating to contractual options, namely the likelihood of policy lapse during the remaining period is duly considered where applicable.

The projected future cash flows are based on the Company's past experience and the actuary's expectations regarding the future cash flows that are expected to arise from the underlying insurance contracts.

The best estimate is calculated on a gross basis i.e. without deduction of the amounts recoverable from reinsurance contracts.

E.2.3 Description of the bases, methods and main assumptions used

E.2.3.1 Claims Provision

The provision for claims outstanding relates to claim events that have already occurred, regardless of whether the claims arising from those events have been reported or not. The components of the claims provision under IFRS are the Case by Case Estimates (OSLR), the Incurred But Not Reported (IBNR), the Incurred But Not Enough Reported (IBNER) and the reserve for Claims Handling Expenses. Under Solvency II, the reserves are discounted to allow for the time value of money.

Several methods have been applied to calculate this reserve namely the Chain Ladder on Paid and Incurred claims, the Loss Ratio method and the Bornhuetter Ferguson method. The methods applied, capture both the IBNR and IBNER reserves. The IBNER was determined by subtracting the IBNR calculation from the total reserve.

When triangulation methods are used, there are a number of issues to consider that may invalidate the underlying assumption that the future claims development is likely to be in line with the past claims development (i.e. Distortions caused by "Large Losses", Changes in claims handling procedures, Changes in Claims reporting processes, One-off Claims Reviews, Changes in Reserving Policy, Changes in Legislation etc.)

Therefore actuarial judgment was used during the reserving process rather than the mechanical application of a triangulation method to the data. In particular, considerable care should be taken in applying the method that prevents unusual and one-off aspects in the data which have a significant impact on the results.

In general, the development factors were chosen based on the average and weighted average of the development factors of the 10 previous accident years but also taking into account any trends of either deterioration or improvement during the last 3-4 accident years.

Due to the low volume of Motor claims, the data cannot be split into homogeneous groups (i.e. Bodily Injury, Property Damage to Third Party and Own Damage). Due to this limitation, credible statistical assessment at a sufficiently granular level cannot be performed. To increase the volume of the claims and thus the credibility of the results, all types of motor claims were considered together for the Motor valuation.

The small number of non-motor claims makes it difficult to apply any statistical modelling for the purpose of their valuation. Due to the small number of these claims we believe that the company should continue the practice of applying case estimates that are reviewed and adjusted frequently and appropriately. These reported case estimates can be considered robust and valid reserving basis.

E.2.3.2 Premium Provision

The calculation of the best estimate of the premium provision relates to all future cashflows arising from future events, in relation to unexpired policies. Such cash flows relate mostly to future claims, administration expenses and reinsurance.

Premium provision is determined on a prospective basis taking into account the expected cash inflows, cash outflows and time value of money. The main expected cash flows were estimated by applying an appropriate prospective combined ratio to the Unearned Premium Reserve.

On the basis of the data analysis, this methodology and its underlying model and assumptions are deemed to be realistic for each line of business. The conditions rendering this method valid are met, namely:

- it can be expected that the combined ratio, explained below, remains stable over the run-off period of the premium provision;
- a reliable estimate of the combined ratio can be made;
- the unearned premium provision is an adequate exposure measure for estimating future claims and expenses during the unexpired risk period.

The Combined Ratio is defined as the sum of the expense ratio, the claims ratio and the reinsurance cost ratio. This enables the claims forecast and the expense forecast to be modelled separately. For the purpose of this valuation we assumed that “Expenses”, under the Premium Provision, include all expense items, except acquisition costs as allocated to each line of business by the company.

The difference between the Premium Provision and the current UPR represents profits (losses if negative) that are expected to emerge during the remaining duration of unexpired policies.

E.2.3.3 Life Insurance BE

The BEL for Life Insurance is calculated as the expected present value of all future cashflows arising in relation to life insurance policies (premiums, expenses, claims etc.). The cash flow projections are performed on a best estimate basis (i.e. without any prudence margins) and discounting is performed using the EUR risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA.

E.2.3.4 Reinsurance Recoverables

Reinsurance Recoverables represent the difference between Gross and Net provisions. For the Claim Provision, the reinsurance recoverables were determined as the reinsurers' share on the current outstanding case by case reserves. For the Premium Provision, we have assumed zero reinsurance recoverables for classes with non-proportional reinsurance. Reduction of the reinsurance recoverables to allow for expected losses due to the default of counterparty has also applied

E.2.3.5 Risk Margin

The risk margin is equivalent to the amount that would be paid to another insurance company to take over the Company's insurance obligations. The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the Company's reinsurance obligations over the lifetime thereof. This rate, called the Cost-of-Capital, is prescribed by EIOPA and currently stands at 6%.

E.2.3.6 Discounting

The payment pattern of the reserves, for each LoB, has been derived using the historical payment pattern, as observed in the Paid Claims triangles. The euro risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA, has been used for discounting. As expected, the impact of discounting was very small due to the short-term nature of the business and the prevailing low interest rates.

E.2.4 Level of Uncertainty

For Life portfolio, uncertainty relates primarily to how future actual experience will differ from the best estimate assumptions used to calculate the technical provisions. The key assumptions are expenses, lapse rates, mortality rates. A robust assumption setting process, which includes the performance of experience investigations on at least an annual basis, is followed in order to ensure the uncertainty is well understood and minimised.

For Non-life Portfolio ultimate claims, when fully settled, will turn out to be different from the results shown in this report. This uncertainty results from a number of sources and is normal for any actuarial investigation. Some of the sources contributing to uncertainty include:

- The inherent uncertainty in the process of statistical estimation
- The extent to which past development patterns are an indication of likely future development patterns
- Uncertainty in the level of future claims inflation, particularly bodily injury claims
- Uncertainty with regard to claim propensity and severity given the change in the mix of business experienced recently

To calculate the statistical uncertainty in the Motor business which represents 90% of the Net reserves, we used the Mack method, which is a generally accepted actuarial method.

In addition to the above, a number of methods have been used to calculate this Motor reserve (i.e. Chain Ladder on Paid and Incurred Claims, the Expected Loss Ratio method, the Bornhuetter Ferguson method and the Average Cost per Claim).

E.2.5 Differences between Solvency II Valuation and IFRS Valuation

The main valuation principles of Solvency II leading to differences from reserves shown in the Financial Statements are:

- Removal of any implicit or explicit margin for prudence
- Allowance for time value of money through the discounting of future cash flows
- Allowance is possible for negative IBNER where it is expected that there will be a favourable development of case-by-case reserves
- Consideration of ENIDs (Events Not In Data) such as Binary and Extreme events
- In the calculation of the Premium Provision under Solvency II, an insurer may take credit for profits embedded in unexpired policies. Under Solvency I this is disallowed and any profits embedded in the UPR may not be recognised until the expiry of these contracts. An Additional Unexpired Risk Reserve (AURR) is mandatory only where it is positive but not when it is negative.
- The UPR/URR only allows for policies inforce at the valuation date. The Premium Provision needs to include all policies that the (re)insurer is obligated to, at the valuation date, including policies that have not yet incepted.
- There is no explicit allowance in the UPR/URR for ENIDs. Where an AURR is needed, it is sufficient for the URR calculation to allow for reasonably foreseeable events only.
- There is no concept of risk margin under the current IFRS valuation
- In addition to differences streaming from requirements to value in line with gross liabilities, there are also differences in requirements specific to the valuation of reinsurance. These include the requirement to allow for expected non-payment due to default or dispute.

E.2.6 Additional Disclosures

There was no material change in the methodology used when compared to 31 December 2015.

E.3 Valuation of other liabilities

E.3.1 Value of other liabilities

	Solvency II	Valuation
Liabilities		
Technical Provisions	18,204	21,353
Deferred tax liabilities	553	553
Any other liabilities, not elsewhere shown	2,651	3,401
Total Liabilities	**21,408**	**25,307**

E.4 Any other information

There are no other material information regarding the valuation of assets and liabilities for solvency purposes.

F. Capital Management

F.1 Own Funds

F.1.1 Objectives, policies and processes employed for managing its own funds

The objective of capital management is to maintain, at all times, sufficient own funds to cover the SCR and MCR with an appropriate buffer. These should be of sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation. The Company holds regular meetings of senior management and BoD, which are at least quarterly, in which the ratio of eligible own funds over SCR and MCR are reviewed. As part of own funds management, the Company prepares annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the base of the ORSA, contains a three-year projection of funding requirements and this helps focus actions for future funding.

F.1.2 Information on the structure, amount and quality of own funds at the end of the reporting period and at the end of the previous reporting period

The following table shows the structure of own funds as at 31 December 2016.

Own Funds €	Dec-16
Ordinary share capital	13,331
Share premium account related to ordinary share capital	4,317
Reconciliation reserve	-9,961
Other own fund items approved by the supervisory authority	750
Total Basic Own Funds	**8,437**

F.1.3 Eligible amount of own funds to cover SCR & MCR

The composition of Own Funds as at 31.12.2016 and the classification into tiers is shown below:

Eligible Own Funds €	Total	Tier 1	Tier 2	Tier 3
Ordinary share capital (net of own shares)	13,331	-	-	-
Share premium account related to ordinary share capital	4,317	-	-	-
Reconciliation reserve	-9,961	-	-	-
Other own funds not specified above	750	-	-	750
Total Eligible Own Funds	8,437	7,687	-	750

All of the above own funds items are eligible to cover the SCR and MCR.

F.1.4 Material terms and conditions of the main items of own funds held by the undertaking

As shown above, own funds are only composed of Tier 1 ordinary share capital and retained profits and this is not expected to change over the projection horizon. Consequently, these own funds items have no maturity or call dates and therefore their duration expands beyond the duration of liabilities

F.1.5 IFRS Equity vs Own Funds

The following summary table shows the comparisons and movement in the IFRS and Solvency II valuation of assets, liabilities and Own Funds.

	IFRS €	Solvency II €	Movement €
Total Assets	31,940	29,846	-2,094
Total Liabilities	25,307	21,408	-3,898
Total Own Funds	**6,633**	**8,437**	**1,804**

The movement in the valuation of assets and liabilities arises from the differences in the valuation of IFRS and Solvency II standards, below:

Deferred Acquisition Cost (DAC) is not included under Solvency II

Differences in gross technical provisions and reinsurance recoverables (as explained in the previous section)

F.1.6 The expected developments of the undertaking's own funds over its business planning period

The development of own funds over the company's business planning period based on the most recent ORSA projections are summarised in the table below.

Eligible Own Funds to meet SCR	YE2016	YE2017	YE2018	YE2019
Total Own Funds	8,437	8,994	9,566	10,049

F.1.7 Whether there is any intention to repay or redeem any own-fund item

There is no intention to repay or redeem any own-fund item.

F.1.8 Plans to raise additional own funds

The company have no plans to raise additional capital over the planning horizon

F.2 Solvency Capital Requirement and Minimum Capital Requirement

F.2.1 Amounts of SCR and MCR

As at 31 December 2016 the SCR of the company was calculated at €7,709 and the MCR at €3,700.

F.2.2 *Breakdown of SCR by risk modules*

The following table shows the SCR split by risk modules:

Solvency Capital Requirement	€
Market risk	4,208
Counterparty default risk	2,732
Life Underwriting risks	458
Health underwriting risk	332
Non-Life underwriting risk	4,273
Sum of risk components	12,003
Diversification effects	-4,701
Diversified risk	7,302
Intangible asset risk	-
Basic SCR	7,302
Operational risk	406
Adjustments	-
SCR	7,709

F.2.3 *Simplifications*

No simplifications have been used for any of the modules or sub-modules of the SCR.

F.2.4 *Undertaking-specific parameters*

The Company has not used undertaking-specific parameters for any of the parameters of the standard formula.

F.2.5 *Information on the inputs used to calculate the MCR*

The inputs used in the calculation of the MCR are presented in the table below:

Minimum Capital Requirement	€'000s
Linear MCR	2,039
SCR	7,709
MCR cap	3,469
MCR floor	1,927
Combined MCR	2,039
Absolute floor of the MCR	3,700
MCR	3,700

F.2.6 The expected development of the undertaking's SCR and MCR over the business planning period

The table below shows the forward-looking figures for the SCR over the business planning horizon

Solvency Capital Requirement	YE2016	YE2017	YE2018
Market risk	4,208	4,209	4,629
Counterparty default risk	2,732	2,554	2,299
Life Underwriting risks	458	439	395
Health underwriting risk	332	258	219
Non-Life underwriting risk	4,273	4,284	4,391
Sum of risk components	12,003	11,744	11,934
Diversification effects	-4,701	-4,585	-4,520
Diversified risk	7,302	7,159	7,414
Intangible asset risk	-	-	-
Basic SCR	7,302	7,159	7,414
Operational risk	406	404	410
Adjustments	-	-	-
SCR	7,709	7,563	7,824
MCR	3,700	3,700	3,700
Eligible own funds	8,437	8,950	9,566
Solvency ratio	109%	118%	122%

The figures above demonstrate that over the business planning horizon, the Company expects to further strengthen its current levels of capital adequacy.

Finally, the MCR is expected to remain at the same levels over the business planning horizon.

F.3 Non-compliance with the MCR and non-compliance with the SCR

F.3.1 Non-compliance with the MCR & SCR

The company has been continuously compliant with the both the MCR and the SCR throughout the year.

F.3.2 Any reasonably foreseeable risk of non-compliance with the MCR or SCR

Based on the projections of the solvency position performed as part of the ORSA and on the resilience the Company has shown to the stress tests performed, there is no reasonably foreseeable risk of non-compliance with the MCR or SCR.

F.3.3 Plans to ensure compliance with SCR and MCR is maintained

The Company will closely monitor actual experience compared to what was assumed in the ORSA projections. Should any material deviation occur, an investigation will take place to identify the underlying source and take corrective actions.

Moreover, ORSA projections will continue to be performed every year so as to ensure each and every year that the business strategy of the Company will be in line with its target solvency ratio.

Despite being sufficiently capitalised (based on the above projections), a medium-term capital management plan has been developed which includes realistic plans as to how to raise additional capital if and when required.

APPENDICES

Appendix A: Risk Appetite Statement

F.1 Insurance Risks

F.1.1 Risk Appetite

RA1: The company will change the balance of its non-life insurance risks, for the classes of business defined in its business strategy, and take appropriate actions, in a way that its overall insurance risk SCR will have a medium impact on own funds, i.e. be lower than 25% of own funds.
RA2: The Company will reduce its exposure to non-life non-motor business by mitigating the risk to highly rated reinsurers. In particular it will reduce its participation in Property Surplus and Fire Catastrophe Excess of Loss Treaty aiming to a reduction of the non life catastrophe SCR risk. This has already being materialised through a reduction of company's participation in the abovementioned treaties from 10% to 0%.
RA3: The company will alter existing reinsurance arrangement aiming to substantially reduce its CAT produced SCR before diversification within and between modules by 50% (500.000) and by 6% of total non life risk produced SCR (i.e240.000 EUROS) after diversification within and between modules. This will be achieved by reducing priority (by 500,000 euros) under cat xl treaty and the adoption of a fixed rate instead of a swing rate under the motor and employers liability XL treaty.

F.1.2 Tolerance Limits

TLs:
TL1: The business mixture of the company's non-life portfolio, after taking in consideration their profitability and the results of the risk appetite sensitivity study, will be revised so that Fire and other damages to property (fire & associated perils) policies will be increased from the currently low share of 5.85% to a minimum of 10% and for General Liability policies will be increased from 5.95% to 10% as well (gross written premiums)
TL2: The Reinsurer's Priority under the Fire Catastrophe Excess of Loss Treaty will be reduced from 750.000 to 250.000 euros and the swing rate pricing basis under Layer 1 of the Motor and Employers Liability excess of loss treaty will be replaced by a fixed rate pricing basis.
TL3: The company will continue its very stringent underwriting policies with respect to (a) outpatient cover for group schemes under Medical Expense Insurance Class, (b) heavy industry factories/premises and buildings used for storage purposes, under its Property Insurance, and (c) expensive sports cars and/or any heavy weight cars, trucks and trailers, under its Motor Insurance Class.
TL4: The claims ratios in respect of all lines of business should not exceed the respective weighted average for the last 3 years after being adjusted for any unforeseen and unexpected outliers especially for the very small portfolios.
TL5: The company will maintain its retention amounts under its reinsurance agreements for each and every risk separately and will effect facultative reinsurance agreements for any risks it writes over and above the maximum levels covered by the reinsurers under its Treaty Agreements.
TL6: The Company will reduce its accumulation limits retained or/and increase the maximum limits reinsured if required depending on the level of covers written in the future in order to maintain the pertinent Catastrophe Risk SCR to the current levels.
TL7: Reinsurers' rating: The company's minimum acceptable rating by an External Credit Assessment Institution for all reinsurers the company has treaty agreements or facultative agreements with is Credit Quality Step 2 and above.(i.e S&P equivalent A and above or Moody's equivalent A and above or AMBEST a and above or any other ECAIs equivalent rating as allocated by the Joint committee of the European supervisory authorities EBA and EIOPA.
TL8: Non European Reinsurers : Counterparties to reinsurance contracts must be:

- An insurance or reinsurance undertaking which complies with the SCR or
- A third-country insurance or reinsurance undertaking, situated in a country whose solvency regime is deemed equivalent (as defined by Solvency II) and which complies with the solvency requirements of that third-country; or

- A third country insurance or reinsurance undertaking, which is not situated in a country whose solvency regime is deemed equivalent (as defined by Solvency II) with a credit quality which has been assigned to credit quality step 3 or better by an eligible ECAI .

TL9: Placements of risks with other local insurance companies will be allowed only when the other insurance company's SCR coverage is above 130% and no more than 5% of the total business will be placed under such arrangement.
TL10: Incurred and outstanding claims values and Technical Provisions should be reassessed and redefined at least every 3 months.

F.2 Investments Market Risk and Counterparty Default Risks

F.2.1 Risk Appetite

RA1 : The company's medium term objective is to have a well-balanced and diversified investment portfolio with respect to industries , investment types (Bank Deposits & Cash, Government & Corporate Bonds, Collective invest Funds, Property and Equities) ,liquidity, marketability, industries and stocks. The short term objective is however the further improvement of the diversification of bank deposits , the reduction of equity exposure at very low levels and to maintain at current levels the exposure to Government bonds issued by European countries. The diversification of investments and different commercial banks should be such so that the company's Concentration SCR risk will not exceed 3.5% of its Own Funds(before diversification). This implies that concentration to single entities should be kept at levels not exceeding by more than 20% the "risk free concentration risk threshold" (i.e 1.5% for banks with a Credit Quality Step 3 and above or 3% for banks with a Credit Quality step 2 or lower of the total amount of assets considered in the market risk concentrations submodule which is currently EUR18,590,233 i.e EUR278,853 and EUR557,706 respectively)
Furthermore the ORSA team considers that although, at least 70% of the property owned by the company is considered of prime location and that this property is adequately diversified between regions (Nicosia 54%, Limassol 32%, Larnaca 12%, Paphos 2%) and type of property (52% commercial, 48% residential) the company's exposure to the real estate market is considered as a risk of crucial importance which needs to be mitigated and monitored closely so that in the medium term and once the investment opportunities arise to be exploited in order to be minimised taking into consideration the risk of declining property market and potential property market crash as well as the macroeconomic crisis and banking sector uncertainty despite the fact that relatively to previous years this risk has been reduced.
RA2 : Concentrations to single counterparties should be kept at low levels, and appropriate actions will be taken so that the Counterparty Default SCR after diversification between risk modules will not exceed 23% in the short term and 18% in the medium term of its own funds.The main risk, constituting 61.8% of the undiversified overall (type 1 & 2) Counterparty risk, is Type 2 Exposures arising from receivables from intermediaries over-due by more than 3 months. This is expected to be reduced gradually both in absolute and in relative terms due to the substantial improvement of the company's premium collectability ratio in the last two years.

F.2.2 Tolerance Limits

TL1: all new intermediaries should be of good repute and should be closely monitored so that to eliminate the risk of increasing the receivables from intermediaries over-due by more than 3 months and hence the pertinent counterparty SCR .Agreements with intermediaries should include the appropriate clauses and terms required for that aim.
TL2:The maximum concentration in each of the following investment types (non-unit fund investments) should not exceed an x% of the total non -unit investments :

Investment Type	x%
Short term bank deposits	40.0%
Cash and cash equivalents	3.0%
Collective Investment Funds	2.0%

Government bonds	15.0%
Property	45.0%
corporate bonds	3.0%
Equities/other shares - listed	3.0%
Equities/other shares - unlisted	0.5%

TL3: The Company's' medium term objective is to reduce property investments to a level not exceeding 30% of total non-unit fund investments.
TL4: The counterparties relating to any of the above investment categories, should be of a good rating and repute, and their rating should be at least BBB (S&P or equivalent) if rated with the exception of local commercial banks (due to the special circumstances following the bail in) Cyprus Government Bonds and unrated banks for which a special permission should be given by the BD.
TL5: No more than 5% of the company's assets-funds (non unit funds)will be invested to any one single counterparty with rating AA (S&P or equivalent) and above, and no more than 2% to any one single counterparty with rating BBB (S&P or equivalent) and below.(with the exceptions of local commercial banks and unrated banks) With respect to European Government bonds the maximum allowable investment should not exceed 15% of the company's assets-funds (non unit funds)
TL6: With regards to Non EU sovereign bonds no more than 10% of the company's bonds investments in sovereign bonds will be invested in bonds of one country.
TL7: With regards to corporate bonds, there should be a diversification to at least 5 different corporations, and no more than 5% of the company's bonds investments, will be invested in bonds of one corporation.
TL8: The Asset Liability matching objective should be taken into consideration as an important factor in any investment decision aiming to minimise the divergence between the duration of assets and that of the liabilities.
TL9: With regards to liquidity, at least 45% of the company's investments should have the ability to be liquated in one week.
TL10: The company has zero tolerance for currency risks.
TL11: No investments to unlisted debt or equity instruments.
TL12: No investments in non-commercial property with the exception of all properties currently owned by the company
TL13: The company has zero tolerance for equities listed in non-OECD stock exchanges or unlisted equities.(with the exception of a very small portfolio not exceeding EUR35,000 currently held)
TL14: The company has zero tolerance to speculative or high risk investments.
TL15: The company has zero tolerance to investments in derivatives, credit default swaps and any other similar products.

F.3 Operational and legal/compliance Risks

F.3.1 Risk Appetite

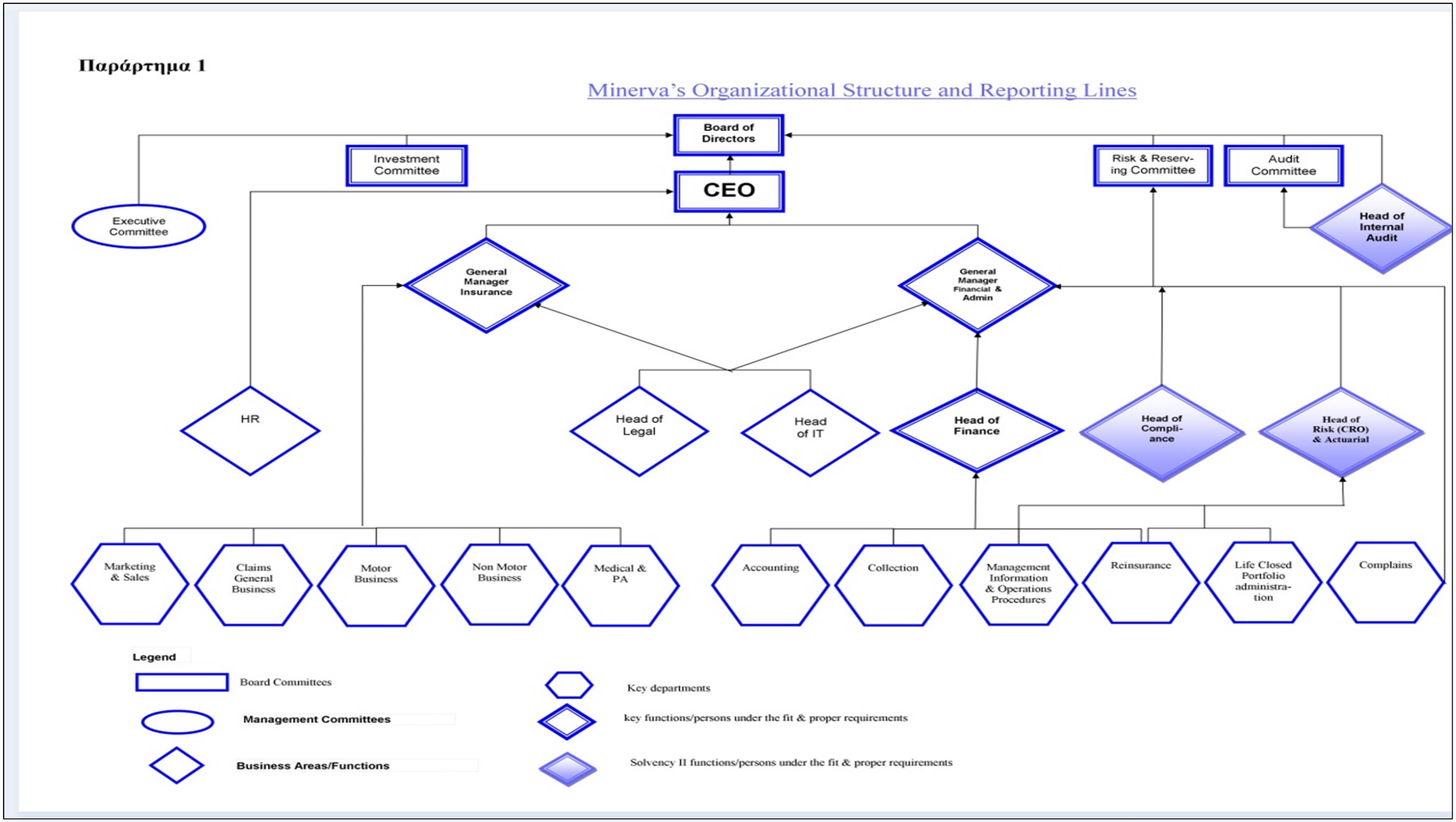
RA: The BoD delegated responsibility for overseeing the implementation of the operational risk strategy and policies to the Risk and Reserving Committee. The Risk and Reserving Committee receives and reviews regular reports from the RMF with regards to the exposure to, and management of operational risk within the Company. The Risk and Reserving Committee monitors operational risk exposure against the BoD's expressed risk appetite and recommends changes to the limits as required. In addition the company employed an internal auditor and appointed an internal audit committee and a compliance officer aiming to enhance further its organizational structure and its system of governance and minimise the risk arising from wrong processes, bad conduct from employees and/or intermediaries, failures in administration systems, non-compliance with laws and regulations and contracts signed with third parties. The objective is to minimise the pertinent operational risk so that SCR arising from operational risk to continue to have a low impact on own funds, and appropriate actions should be taken if required in order to maintain it to levels below 5% of own funds.

F.3.2 Tolerance Limits

TL1: No single loss from operational or legal/compliance risks should exceed €5.000, and aggregate losses from such risks should not exceed 0.5% of total written premiums or €60.000, whichever is lower, in any business year.
TL2: Zero tolerance for no compliance with the company's fit & proper policy and requirements.
TL3: Zero tolerance for no compliance with the laws and regulations under which the company is operating.
TL4: No risk threshold and all data security incidents need to be reported immediately. Data security breaches must be zero. Number of new internal audit findings of weak or insufficient IT security must be zero
TL5: No risk threshold and all physical security incidents need to be reported immediately
TL6: The Company has no tolerance in relation to fraud. All internal and external fraud to be reported to the BoD
TL7: All incidents of bribery and corruption and market abuse are to be reported to the BoD
TL8: All money laundering and terrorist financing issues will be reported to the BoD
TL9: Key System Downtime not to exceed 0.5% on a quarterly basis (accounting and operating system downtime over total time of operation in a quarter)

TL10: Following a major or catastrophic incident customer contact to be available within 24 hours and critical systems to be available within between 6 and 9 days, depending on the systems affected

Appendix B: The Company's Organisational Structure



Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	-
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	1,787,160
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	16,713,683
Property (other than for own use)	**R0080**	5,110,152
Holdings in related undertakings, including participations	**R0090**	2,513,562
Equities	**R0100**	194,742
Equities - listed	**R0110**	184,729
Equities - unlisted	**R0120**	10,013
Bonds	**R0130**	2,313,307
Government Bonds	**R0140**	2,234,167
Corporate Bonds	**R0150**	79,140
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	-
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	6,581,920
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	2,065,723
Loans and mortgages	**R0230**	875,597
Loans on policies	**R0240**	535,151
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	340,446
Reinsurance recoverables from:	**R0270**	569,319
Non-life and health similar to non-life	**R0280**	569,319
Non-life excluding health	**R0290**	447,662
Health similar to non-life	**R0300**	121,657
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**	4,439,180
Reinsurance receivables	**R0370**	188,186
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**	526,618
Any other assets, not elsewhere shown	**R0420**	2,680,146
Total assets	**R0500**	29,845,612

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	13,199,865
Technical provisions – non-life (excluding health)	**R0520**	12,559,806
Technical provisions calculated as a whole	**R0530**	-
Best Estimate	**R0540**	11,975,104
Risk margin	**R0550**	584,702
Technical provisions - health (similar to non-life)	**R0560**	640,059
Technical provisions calculated as a whole	**R0570**	-
Best Estimate	**R0580**	598,200
Risk margin	**R0590**	41,859
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	3,225,324
Technical provisions - health (similar to life)	**R0610**	-
Technical provisions calculated as a whole	**R0620**	-

Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	3,225,324
Technical provisions calculated as a whole	**R0660**	-
Best Estimate	**R0670**	3,216,101
Risk margin	**R0680**	9,223
Technical provisions – index-linked and unit-linked	**R0690**	1,779,036
Technical provisions calculated as a whole	**R0700**	-
Best Estimate	**R0710**	1,769,656
Risk margin	**R0720**	9,380
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	-
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	553,033
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	1,433,283
Financial liabilities other than debts owed to credit institutions	**R0810**	487,229
Insurance & intermediaries payables	**R0820**	-
Reinsurance payables	**R0830**	-
Payables (trade, not insurance)	**R0840**	-
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in Basic Own Funds	**R0860**	-
Subordinated liabilities in Basic Own Funds	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	730,484
Total liabilities	**R0900**	21,408,254
Excess of assets over liabilities	**R1000**	8,437,358

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for: **accepted non-proportional reinsurance**				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct	**R0110**	897,159	159,250	-	7,664,848	793,578	16,534	717,754	508,327	-	-	-	18,779					10,776,229
Gross - Propor	**R0120**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-p	**R0130**													-	-	-	-	-
Reinsurers' sha	**R0140**	8,112	78,477	-	279,944	28,983	9,920	492,908	107,455	-	-	-	11,267	-	-	-	-	1,017,066
Net	**R0200**	889,047	80,773	-	7,384,904	764,595	6,614	224,846	400,872	-	-	-	7,512	-	-	-	-	9,759,163
Premiums earned																		
Gross - Direct	**R0210**	855,291	159,693	-	7,465,729	772,962	15,533	644,214	443,028	-	-	-	18,601					10,375,051
Gross - Propor	**R0220**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-p	**R0230**													-	-	-	-	-
Reinsurers' sha	**R0240**	10,257	90,306	-	290,974	30,126	9,319	464,213	101,186	-	-	-	11,160	-	-	-	-	1,007,541
Net	**R0300**	845,034	69,387	-	7,174,755	742,836	6,214	180,001	341,842	-	-	-	7,441	-	-	-	-	9,367,510
Claims incurred																		
Gross - Direct	**R0310**	602,604	268,150	-	4,637,670	124,106	2,210	13,111	-463,529	-	-	-	11,812					5,196,134
Gross - Propor	**R0320**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-p	**R0330**													-	-	-	-	-
Reinsurers' sha	**R0340**	-	130,422	-	5,716	-	1,326	-10,154	-134,287	-	-	-	7,087	-	-	-	-	110
Net	**R0400**	602,604	137,728	-	4,631,954	124,106	884	23,265	-329,242	-	-	-	4,725	-	-	-	-	5,196,024
Changes in other technical provisions																		
Gross - Direct	**R0410**	-14,736	-	-	-4,504	-121	-454	-26,896	-3,643	-	-	-	-540					-50,894
Gross - Propor	**R0420**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non- p	**R0430**													-	-	-	-	-
Reinsurers' sha	**R0440**																	
Net	**R0500**	-14,736	-	-	-4,504	-121	-454	-26,896	-3,643	-	-	-	-540	-	-	-	-	-50,894
Expenses incu	**R0550**	319,834	79,203	-	3,235,063	334,941	1,881	57,744	98,734	-	-	-	4,997	-	-	-	-	4,132,397
Other expense	**R1200**																	-
Total expenses	**R1300**																	4,132,397

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health	Health reinsurance	Life reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**	-	52,767	385,347	133,740	-	-	-	-	571,854
Reinsurers' sha	**R1420**	-	1,500	44,665	53,494	-	-	-	-	99,659
Net	**R1500**	-	51,267	340,682	80,246	-	-	-	-	472,195
Premiums earned		-	-	-	-	-	-	-	-	-
Gross	**R1510**	-	52,767	385,347	133,740	-	-	-	-	571,854
Reinsurers' sha	**R1520**	-	1,500	44,665	53,494	-	-	-	-	99,659
Net	**R1600**	-	51,267	340,682	80,246	-	-	-	-	472,195
Claims incurred		-	-	-	-	-	-	-	-	-
Gross	**R1610**	-	128,995	272,045	783,381	-	-	-	-	1,184,421
Reinsurers' sha	**R1620**	-	-	-	-	-	-	-	-	-
Net	**R1700**	-	128,995	272,045	783,381	-	-	-	-	1,184,421
Changes in other technical p		-	-	-	-	-	-	-	-	-
Gross	**R1710**	-	-81,540	-128,076	-802,134	-	-	-	-	-1,011,750
Reinsurers' sha	**R1720**	-	-5,490	-253	-54,005	-	-	-	-	-59,748
Net	**R1800**	-	-76,050	-127,823	-748,129	-	-	-	-	-952,002
Expenses incu	**R1900**	-	11,866	86,658	30,076	-	-	-	-	128,601
Other expense	**R2500**									-
Total expenses	**R2600**									128,601

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written)					Total Top 5 and home
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010							
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	**R0110**	10,776,229						10,776,229
Gross - Proportional reinsurance accepted	**R0120**	-						-
Gross - Non-proportional reinsurance accepted	**R0130**	-						-
Reinsurers' share	**R0140**	1,017,066						1,017,066
Net	**R0200**	9,759,163						9,759,163
Premiums earned		-						-
Gross - Direct Business	**R0210**	10,375,051						10,375,051
Gross - Proportional reinsurance accepted	**R0220**	-						-
Gross - Non-proportional reinsurance accepted	**R0230**	-						-
Reinsurers' share	**R0240**	1,007,541						1,007,541
Net	**R0300**	9,367,510						9,367,510
Claims incurred		-						-
Gross - Direct Business	**R0310**	5,196,134						5,196,134
Gross - Proportional reinsurance accepted	**R0320**	-						-
Gross - Non-proportional reinsurance accepted	**R0330**	-						-
Reinsurers' share	**R0340**	110						110
Net	**R0400**	5,196,024						5,196,024
Changes in other technical provisions		-						
Gross - Direct Business	**R0410**	- 50,894						- 50,894
Gross - Proportional reinsurance accepted	**R0420**	-						-
Gross - Non- proportional reinsurance accepted	**R0430**	-						-
Reinsurers' share	**R0440**	-						-
Net	**R0500**	- 50,894						- 50,894
Expenses incurred	**R0550**	4,132,397						4,132,397
Other expenses	**R1200**							-
Total expenses	**R1300**	4,132,397						4,132,397

		Home Country	Top 5 countries (by amount of gross premiums written)					Total Top 5 and home
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400							
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	**R1410**	571,854						571,854
Reinsurers' share	**R1420**	99,659						99,659
Net	**R1500**	472,195						472,195
Premiums earned		-						
Gross	**R1510**	571,854						571,854
Reinsurers' share	**R1520**	99,659						99,659
Net	**R1600**	472,195						472,195
Claims incurred		-						
Gross	**R1610**	1,184,421						1,184,421
Reinsurers' share	**R1620**	-						-
Net	**R1700**	1,184,421						1,184,421
Changes in other technical provisions		-						-
Gross	**R1710**	- 1,011,750						- 1,011,750
Reinsurers' share	**R1720**	- 59,748						- 59,748
Net	**R1800**	- 952,002						- 952,002
Expenses incurred	**R1900**	128,601						128,601
Other expenses	**R2500**							-
Total expenses	**R2600**							128,601

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**
Technical provisions calculated as a whole	**R0010**	-	-		-	-		-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0020**	-	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM		-	-	-	-	-	-	-	-	-	-
Best Estimate		-	-	-	-	-	-	-	-	-	-
Gross Best Estimate	**R0030**	2,541,413	-	1,472,081	297,575	-	674,688	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	-	-	-	-	-	-	-	-	-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	2,541,413	-	1,472,081	297,575	-	674,688	-	-	-	-
Risk Margin	**R0100**	1,865	9,380		-	7,360		-	-	-	-
Amount of the transitional on Technical Provisions		-	-	-	-	-	-	-	-	-	-
Technical Provisions calculated as a whole	**R0110**	-	-		-	-		-	-	-	-
Best estimate	**R0120**	-	-	-	-	-	-	-	-	-	-
Risk margin	**R0130**	-	-		-	-		-	-	-	-
Technical provisions - total	**R0200**	2,543,278	1,779,036		-	682,048		-	-	-	-

Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
	Contracts without options and guarantees	Contracts with options or guarantees			
C0160	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
-		-	-	-	-
-	-	-	-	-	-
-	-	-		-	-
	-	-	-	-	-
-	-	-	4,985,757	-	-
-	-	-	-	-	-
-	-	-	4,985,757	-	-
-		-	18,605	-	-
	-	-	-	-	-
-		-	-	-	-
-	-	-	-	-	-
-		-	-	-	-
-		-	5,004,362	-	-

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional r						
		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**
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**
Technical provisions calculated as a whole	**R0010**	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM								
Best estimate								
Premium provisions								
Gross	**R0060**	343,680	25,613	-	1,966,410	203,591	2,401	99,045
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	11,319	5,638	-	13,175	1,364	834	43,078
Net Best Estimate of Premium Provisions	**R0150**	332,361	19,975	-	1,953,235	202,227	1,567	55,967
Claims provisions								
Gross	**R0160**	-	228,906	-	8,680,776	232,300	2,033	44,990
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	-	104,701	-	270,658	-	1,200	20,593
Net Best Estimate of Claims Provisions	**R0250**	-	124,205	-	8,410,118	232,300	833	24,397
Total Best estimate - gross	**R0260**	343,680	254,519	-	10,647,186	435,891	4,434	144,035
Total Best estimate - net	**R0270**	332,361	144,180	-	10,363,353	434,527	2,400	80,364
Risk margin	**R0280**	33,221	8,641	-	471,202	35,757	620	37,092
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**	376,901	263,160	-	11,118,388	471,648	5,054	181,127
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	11,319	110,339	-	283,833	1,364	2,034	63,671
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	365,582	152,821	-	10,834,555	470,284	3,020	117,456

reinsurance					Accepted non-proportional reinsurance				
General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
C0090	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
87,046	-	-	-	1,949	-	-	-	-	2,729,735
3,635	-	-	-	589	-	-	-	-	79,632
83,411	-	-	-	1,360	-	-	-	-	2,650,103
654,564	-	-	-	-	-	-	-	-	9,843,569
92,535	-	-	-	-	-	-	-	-	489,687
562,029	-	-	-	-	-	-	-	-	9,353,882
741,610	-	-	-	1,949	-	-	-	-	12,573,304
645,440	-	-	-	1,360	-	-	-	-	12,003,985
39,321	-	-	-	707	-	-	-	-	626,561
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
780,931	-	-	-	2,656	-	-	-	-	13,199,865
96,170	-	-	-	589	-	-	-	-	569,319
684,761	-	-	-	2,067	-	-	-	-	12,630,546

Annex I
S.19.01.21
Non-life insurance claims

Total Non-Life Business

Accident year / Underwriting year	Z0010	Acc

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

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											
N-9	R0160	4,491,400	2,430,124	1,333,190	865,368	647,998	242,449	406,592	865,455	439,940	669,791	
N-8	R0170	4,743,497	2,500,210	576,267	194,201	527,660	465,236	693,292	1,067,758	498,015		
N-7	R0180	4,944,337	2,457,482	350,386	368,390	288,904	402,171	410,722	379,006			
N-6	R0190	5,480,048	2,619,856	830,843	456,284	218,357	253,813	498,153				
N-5	R0200	3,284,882	2,153,002	335,361	101,792	163,392	120,613					
N-4	R0210	2,836,483	1,316,432	315,948	259,345	144,102						
N-3	R0220	2,031,729	947,186	217,267	131,643							
N-2	R0230	2,117,324	1,031,388	153,317								
N-1	R0240	2,598,709	1,085,859									
N	R0250	2,501,626										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	495,031	10,164,619
	R0160	670,515	12,392,307
	R0170	509,502	11,266,137
	R0180	380,863	9,601,398
	R0190	481,869	10,357,353
	R0200	120,613	6,159,041
	R0210	144,102	4,872,310
	R0220	131,643	3,327,825
	R0230	153,317	3,302,029
	R0240	1,085,859	3,684,568
	R0250	2,501,626	2,501,626
Total	R0260	6,906,171	107,143,243

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+		Year end (discounted data)
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**		**C0360**
Prior	**R0100**												**R0100**	223,260
N-9	**R0160**	-	-	-	-	-	-	-	-	-	394,104		**R0160**	393,455
N-8	**R0170**	-	-	-	-	-	-	-	-	707,808			**R0170**	705,268
N-7	**R0180**	-	-	-	-	-	-	-	452,147				**R0180**	450,984
N-6	**R0190**	-	-	-	-	-	-	1,944,457					**R0190**	1,941,002
N-5	**R0200**	-	-	-	-	-	981,028						**R0200**	979,138
N-4	**R0210**	-	-	-	-	664,200							**R0210**	663,472
N-3	**R0220**	-	-	-	798,507								**R0220**	796,670
N-2	**R0230**	-	-	520,781									**R0230**	519,784
N-1	**R0240**	-	972,340										**R0240**	970,743
N	**R0250**	2,138,428											**R0250**	2,133,156
												Total	**R0260**	9,843,554

Annex I
S.22.01.21
Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010					
Basic own funds	R0020					
Eligible own funds to meet Solvency Capital Requirement	R0050					
Solvency Capital Requirement	R0090					
Eligible own funds to meet Minimum Capital Requirement	R0100					
Minimum Capital Requirement	R0110					

Annex I
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	13,330,530	13,330,530	-	-	-
Share premium account related to ordinary share capital	**R0030**	4,317,353	4,317,353	-	-	-
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	-	-	-	-	-
Subordinated mutual member accounts	**R0050**	-	-	-	-	-
Surplus funds	**R0070**	-	-	-	-	-
Preference shares	**R0090**	-	-	-	-	-
Share premium account related to preference shares	**R0110**	-	-	-	-	-
Reconciliation reserve	**R0130**	- 9,960,525	- 9,960,525	-	-	-
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**	750,000	-	-	750,000	-
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**	8,437,358	7,687,358	-	750,000	-
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**	8,437,358	7,687,358	-	750,000	-
Total available own funds to meet the MCR	**R0510**	8,427,358	7,687,358	-	750,000	-
Total eligible own funds to meet the SCR	**R0540**	8,437,358	7,687,358	-	750,000	-
Total eligible own funds to meet the MCR	**R0550**	8,427,358	7,687,358	-	740,000	-
SCR	**R0580**	7,708,664	-	-	-	-
MCR	**R0600**	3,700,000	-	-	-	-
Ratio of Eligible own funds to SCR	**R0620**	109%	-	-	-	-
Ratio of Eligible own funds to MCR	**R0640**	228%	-	-	-	-

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	8,437,358	
Own shares (held directly and indirectly)	**R0710**	-	
Foreseeable dividends, distributions and charges	**R0720**	-	
Other basic own fund items	**R0730**	18,397,883	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-	
Reconciliation reserve	**R0760**	- 9,960,525	
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**	-	

Annex I
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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	**R0010**	4,207,703		
Counterparty default risk	**R0020**	2,732,399		
Life underwriting risk	**R0030**	458,396		
Health underwriting risk	**R0040**	331,606		
Non-life underwriting risk	**R0050**	4,273,308		
Diversification	**R0060**	- 4,700,964		
Intangible asset risk	**R0070**	-		
Basic Solvency Capital Requirement	**R0100**	7,302,448		

Calculation of Solvency Capital Requirement		C0100
Operational risk	**R0130**	406,216
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**	7,708,664
Capital add-on already set	**R0210**	-
Solvency capital requirement	**R0220**	7,708,664
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**	-

Annex I

S.25.02.21

Solvency Capital Requirement - for undertakings using the standard formula and partial internal model

Unique number of component	Components description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	C0020	C0030	C0070	C0080	C0090

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	
Diversification	R0060	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	
Capital add-ons already set	R0210	
Solvency capital requirement	R0220	
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	
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 Requirement for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

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S.25.03.21
Solvency Capital Requirement - for undertakings on Full Internal Models

Unique number of component	Components description	Calculation of the Solvency Capital Requirement
C0010	C0020	C0030

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	
Diversification	R0060	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional)	R0160	
Solvency capital requirement excluding capital add-on	R0200	
Capital add-ons already set	R0210	
Solvency capital requirement	R0220	
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirement 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	

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	

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

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	R0200	

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

Overall MCR calculation

		C0070
Linear MCR	R0300	
SCR	R0310	
MCR cap	R0320	
MCR floor	R0330	
Combined MCR	R0340	
Absolute floor of the MCR	R0350	

		C0070
Minimum Capital Requirement	R0400	

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Minimum Capital Requirement - Both life and non-life insurance activity

		Non-life activities $MCR_{(NL,NL)}$ Result	Life activities $MCR_{(NL,L)}$Result
		C0010	**C0020**
Linear formula component for non-life insurance and reinsurance obligations	**R0010**	1,893,894	-

		Non-life activities		Life activities	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	**C0040**	**C0050**	**C0060**
Medical expense insurance and proportional reinsurance	**R0020**	332,361	889,047	-	-
Income protection insurance and proportional reinsurance	**R0030**	144,180	80,773	-	-
Workers' compensation insurance and proportional reinsurance	**R0040**	-	-	-	-
Motor vehicle liability insurance and proportional reinsurance	**R0050**	10,363,353	7,384,905	-	-
Other motor insurance and proportional reinsurance	**R0060**	434,527	764,594	-	-
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	2,400	6,614	-	-
Fire and other damage to property insurance and proportional reinsurance	**R0080**	80,364	224,846	-	-
General liability insurance and proportional reinsurance	**R0090**	645,440	400,872	-	-
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**	1,360	7,512	-	-
Non-proportional health reinsurance	**R0140**	-	-	-	-
Non-proportional casualty reinsurance	**R0150**	-	-	-	-
Non-proportional marine, aviation and transport reinsurance	**R0160**	-	-	-	-
Non-proportional property reinsurance	**R0170**	-	-	-	-

		Non-life activities	Life activities
		MCR$_{(L,NL)}$ Result	MCR$_{(L,L)}$ Result
		C0070	**C0080**
Linear formula component for life insurance and reinsurance obligations	**R0200**	-	145,524

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	**C0100**	**C0110**	**C0120**
Obligations with profit participation - guaranteed benefits	**R0210**	-	-	2,541,413	-
Obligations with profit participation - future discretionary benefits	**R0220**	-	-	-	-
Index-linked and unit-linked insurance obligations	**R0230**	-	-	1,769,656	-
Other life (re)insurance and health (re)insurance obligations	**R0240**	-	-	674,688	-
Total capital at risk for all life (re)insurance obligations	**R0250**	-	-	-	35,623,261

Overall MCR calculation

		C0130
Linear MCR	**R0300**	2,039,419
SCR	**R0310**	7,708,664
MCR cap	**R0320**	3,468,899
MCR floor	**R0330**	1,927,166
Combined MCR	**R0340**	2,039,419
Absolute floor of the MCR	**R0350**	3,700,000
		C0130
Minimum Capital Requirement	**R0400**	3,700,000

Notional non-life and life MCR calculation		**Non-life activities**	**Life activities**
		C0140	**C0150**
Notional linear MCR	**R0500**	1,893,894	145,524
Notional SCR excluding add-on (annual or latest calculation)	**R0510**	-	-
Notional MCR cap	**R0520**	3,221,372	247,526
Notional MCR floor	**R0530**	1,789,651	137,514
Notional Combined MCR	**R0540**	1,893,894	145,524
Absolute floor of the notional MCR	**R0550**	3,700,000	-
Notional MCR	**R0560**	3,700,000	145,524