Solvency and Financial Condition Report 2022YE (A.2)

Document governance	
Document Owner	CRO
Committee Owner	Board
Date of Approval	04/04/2023
Date of Submission	28/03/2023
Review Frequency	Annually

Summary

Premia Insurance Europe NV ("PIE" or "the Company") is an insurance undertaking authorized by the National Bank of Belgium ("NBB") part of the Premia Group. PIE is the European entity of the Premia Group, to consolidate non-life general insurance and reinsurance companies and portfolios in run-off. The Company and its portfolio in run-off were acquired and managed since December 2021.

Premia Group acquires and manages portfolios in run-off with the purpose of achieving a competitive return on equity and consistent growth in net tangible assets. Premia Group is domiciled in Bermuda and currently has offices in Bermuda, the United Kingdom, the United states of America, Belgium and Luxembourg.

During the year 2022, PIE has been subject to a significant transformation programme in preparation for offering legacy solutions, pursuant to the European Union (Insurance and Reinsurance) Regulations 2015, to carry on non-life insurance business currently in classes 1a, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16 and 17.

The Solvency II framework requires that the Company holds economic capital to cover the impact of a 1 in 200 year adverse event or series of events. This is known as the Solvency Capital Requirement ("SCR"). The SCR for the Company is measured using EIOPA's Solvency II standard formula.

The SCR ratio of the Company at 31 December 2022 was 226% (31 December 2021: 139.2%). This ratio represented surplus funds of EUR 19.6 million over the SCR.

This document reports on the Solvency and Financial Condition Report (SFCR publicly disclosed) of European entities of the Premia Group, including Premia Insurance Europe and Premia Holdings Europe.

This report covers the period from March 2022 to February 2023 and outlines the situation as at 31 December 2022.

Business and performance – Section A

The Company's business in 2022 proceeded smoothly and in-line with the initial plan. The results of 2022 was an overall profit for the year of EUR 2.6m before tax (as per quarterly reporting 2022Q4). The reserves have been reviewed in detail in order to take into account the high inflation in 2022. The management believes there is prudency in the level of reserve to meet the Company's future liabilities.

System of governance – Section B

The Board of directors (the "Board") has ultimate responsibility for all aspects of the business and sets the corporate objectives and strategy to achieve those objectives. The Board has delegated the day to day running of the Company to the CEO. The CEO reports on these activities at each quarterly board meeting. In addition, the Board has established the four required key control functions: risk management, actuarial, compliance and internal audit.

During 2022, as a consequence of Premia's acquisition, the Company has been transformed from an insurance company in run-off to a legacy carrier specialist from an insurance company in run-off. The main changes made to the governance structure are the creation of the Transaction & Run Off Committee and the Outsourcing Committee has been merged into the Operations Committee.

Risk profile – Section C

The current material risks for the Company are:

- Underwriting risk: The risk of loss arising from unexpected high frequency or severity of insurance claims.
- Market risk: The risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes.
- Credit risk: The risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.
- Operational risk: The risk of the Company being exposed to losses occurring as a result of failures within its internal systems and processes.

All these risks, with the exception of liquidity, are measured using the standard formula model and are managed in line with the Board approved risk appetite.

Valuation for solvency purposes – Section D

The Solvency II net assets (Own Funds) at 31 December 2022 were EUR 35.5m, compared with Belgium Generally Accepted Accounting Principles ("BEGAAP") net assets of EUR 27.0m. There was no change in the approach by the Company during the year to valuing assets and liabilities according to Solvency II and GAAP valuation principles.

Capital management – Section E

The SCR ratio for the Company at 31 December 2022 was 226%. Total Own Funds were EUR35.5m, of which EUR35.5m were eligible to meet the SCR of EUR15.7m.

Own Funds increased to EUR35.5m from EUR33.8m during the year. The increase was resulting from solvency II economic gains of EUR1.7m.

Under Solvency II the Own Funds are classified in 3 tiers, with Tier 1 being the highest quality. At 31 December 2022 the total amount of EUR35.5m was classified as Tier 1 Own Funds. There were no Tier 2 nor Tier 3 Own Funds held at 31 December 2022. The eligible amounts of Tier 2 and Tier 3 items combined is limited to 50% of the SCR.

The **SCR** value at 31 December 2022 was EUR15.7m (31 December 2021: EUR24.3m). There were no instances of non-compliance of SCR coverage during the year.

The Minimum Capital Requirement ("**MCR**") is the minimum level of capital which an insurance company should not fall below. The MCR value at 31 December 2022 was EUR4m (31 December 2021: EUR7.2m) and the MCR ratio at 31 December 2022 was 884.2% (31 December 2021: 466.9%). There were no instances of non-compliance of MCR coverage during the year.

Context

As required by the regulator, EIOPA and the National Bank of Belgium, the Board must report annually on the Solvency and Financial Condition of the Company. The report follows the recommended same structure as the one set out in Annex XX for the solvency and financial condition report. The content is aligned with the Solvency Directive requirements[1]. The last report has been done on 07/04/2022. Included in the appendix to the SFCR are those Quantitative Reporting Templates ("QRTs") for the year ended 31 December 2022.

Note on auditability

The following QRTs were audited by the Company's independent auditors, Deloitte Belgium ("Deloitte"):

- Balance Sheet (S02.01.02)
- Non-life Technical provisions (S17.01.02)
- Non-life Insurance Claims Information (S19.01.21)
- Own Funds (S23.01.01)
- Solvency Capital Requirement (S25.01.21)
- Minimum Capital Requirement (S28.01.01)

In accordance with NBB regulation, narrative sections of this report, section D and E1, were reviewed by Deloitte for consistency with the related QRTs. The sign-off of the figures is expected before the end of June 2023.

Note on materiality

Information disclosed is considered material if its omission or misstatement could influence the decision-making or judgment of the users of the document, including the NBB.

Approval of the Solvency and Financial Condition Report

The SFCR was reviewed and approved by the Board on 4 April 2023.

Contents

[1] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32015R0035

A. Business and Performance

A.1 Business

Name and Legal Form of the Undertaking

Premia Insurance Europe NV (ID : 0404.454.168)
Entrepotkaai 5
2000 Antwerpen
Belgium

This Solvency and Financial Condition Report ("SFCR") covers European entities of the Premia Group, including Premia Insurance Europe and Premia Holdings Europe.

Insurance Supervisor and Group Supervisor

Insurance Supervisor
National Bank of Belgium ("NBB")
Boulevard de Berlaimont 14
1000 Brussels
Belgium

Group Supervisor
Bermuda Monetary Authority ("BMA")
BMA House
43 Victoria Street
Hamilton HM 12 Bermuda

External Auditor

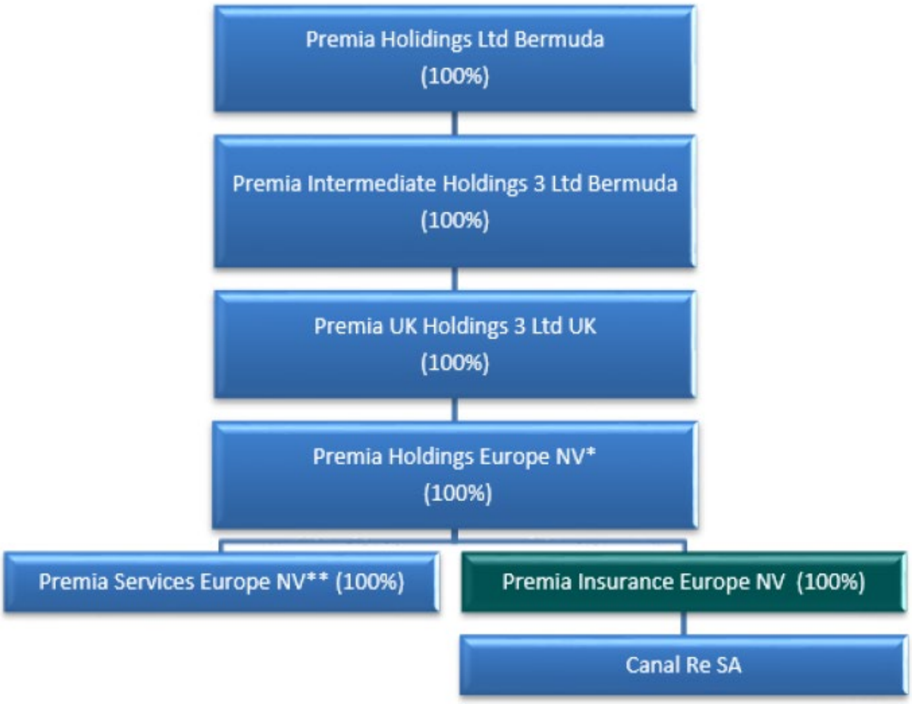
Deloitte Belgium
Gateway (Brussels)
Luchthaven Brussel Nationaal 1 J
1930 Zaventem
Belgium

Description of the ownership details

Premia Insurance Europe NV ("PIE") is the new name of the company "Assurance Continentales - Continentale Verzekeringen NV" ("ASCO"). ASCO was created in 1929 as a strategic initiative of the shareholders of BDM, an underwriting agency, in order to retain a share of the underwriting profits of the BDM underwriting agency. The company became a member of the pool of companies managed by BDM. With the years passing, the share of ASCO in the pool increased until it became 100 % for almost all business lines (Marine and P&C) from 2019.

After different changes in control (from Ackermans & van Haaren to Navigators, and from Navigators to The Hartford), the company was put into run-off in 2021 and the live portfolios were transferred to Zurich (Marine) and to New BDM/Federale Assurance (P&C) under renewal rights deals. The Company and its portfolio in run-off were eventually sold to Premia Group, the Legacy specialist in December 2021. At this date all existing non-executive directors and the CEO stood down. A new board was appointed with the approval of the National Bank of Belgium. The effectiveness of the governance system at the end of 2021 inherited by the new board needed significant improvement. Over the reporting period, significant improvements have been made to of the entire governance system.

The Company's ultimate parent and ultimate controlling party is Premia Holdings, a Bermuda public limited liability company. The ownership structure is set out below.



Copies of the Premia Holdings financial statements are available on BMA's website.

On 29 December 2021 the Premia Group acquired simultaneously the holding company (Premia Holdings (Europe), previously Navigators Holdings Europe), the insurance company Premia Insurance Europe NV (PIE, previously ASCO), the underwriting agent Premia Services Europe (PSE, previously ASCO Services and Bracht, Deckers & Mackelbert) and the reinsurance captive in Luxembourg (Canal Re, subsidiary of ASCO). ASCO and ASCO Services names were changed to Premia Insurance Europe and Premia Services Europe respectively in February 2023.

Premia Group is a specialist consolidator of non-life general insurance and reinsurance companies and portfolios in run-off. Premia Group acquires and manages portfolios in run-off with the purpose of achieving a competitive return on equity and consistent growth in net tangible assets. Premia Group is domiciled in Bermuda and currently has offices in Bermuda, the United Kingdom, the United states of America, Belgium and Luxembourg.

Material Lines of Business and Geographical areas where business is conducted

PIE ceased underwriting in 2020. Prior to this date the company wrote a portfolio of Property & Casualty and Marine business in across continental Europe. The Company's portfolios are in run-off. There remains some unexpired exposures, particularly relating to construction policies.

As referred on the NBB website, Premia Insurance Europe has the following insurance licencing :

Non-life line of business			
#	EN	FR	NL
1a	Accident excl. workmen compensation	Accidents sauf accidents de travail	Ongevallen behalve arbeidsongevallen
3	Motor vehicle (comprehensice) excluding rolling stock	Corps de véhicules terrestres, autres que ferroviaires	Voertuigcasco met uitzondering van rollend spoorwegmaterieel
4	Railway rolling stock	Corps de véhicules ferroviaires	Casco rollend spoorwegmateriaal
6	Sea, lake and river vessels (comprehensive)	Corps de véhicules maritimes, lacustres et fluviaux	Casco zee- en binnenschepen
7	Goods in transport (including merchandise, luggage and goods of all other kinds)	Marchandises transportées, y compris les marchandises, bagages et tous autres biens	Vervoerde goederen met inbegrip van koopwaren, bagage en alle andere goederen
8	Fire and natural hazards	Incendie et éléments naturels	Brand en natuurevenementen
9	Other property damage	Autres dommages aux biens	Andere schade aan goederen
10a	Third-party liability for self-propelled land vehicles : mandatory	R.C. véhicules terrestres automoteurs: l'assurance obligatoire de la responsabilité civile en matière de véhicules automoteurs	B.A. motorrijtuigen : verplichte verzekering der burgerrechtelijke aansprakelijkheid inzake motorrijtuigen
10b	Third-party liability for self-propelled land vehicles : driver	R.C. véhicules terrestres automoteurs: l'assurance de la responsabilité civile du transporteur	B.A. motorrijtuigen : verzekering aansprakelijkheid van de vervoerder
11	Third-party liability for aircraft	R.C. véhicules aériens	B.A. luchtvaartuigen
12	Third-party liability for sea, lake and river vessels	R.C. véhicules maritimes, lacustres et fluviaux	B.A. zee- en binnenschepen
13	General third-party liability	R.C. générale	Algemene B.A.
15	Surety	Caution	Borgtocht
16	Miscillaneous financial losses	Pertes pécuniaires diverses	Diverse geldelijke verliezen
17	Legal expenses	Protection juridique	Rechtsbijstand

Business transformation

During the year 2022, PIE has initiated a significant transformation programme in preparation for offering legacy solutions. As part of Premia Group 'strategy, the company PIE will become a platform for continental European Legacy deals. In parallel, the portfolio in run-off has been managed with great care and with profits.

The transformation of the company in 2022 was fundamental, all activities being examined and adapted to the new Legacy business model, with Premia UK as a model. The governance with the new Board and the new ARC and NRC, the functioning of the Management Committee and of its sub-committees, all the policies, the risk management, the compliance management and the GDPR organisation, the internal audit function, the external audit function, the legal function and the corporate secretary, the outsourcing management, the IT function, the Finance function, the organisation in Finance, the management information, the investments, the HR function, the organisation of claims, the business administration, the program management, the process management and the cash collection were systematically reinforced in this context.

The closing of the various branches outside Belgium (previously Navigators branches) was completed in 2022.

The run-off of the Company's business in 2022 proceeded smoothly and in-line with the initial plan. The results of 2022 was an overall profit for the year of EUR 2.6m before tax (as per quarterly reporting 2022Q4). The reserves have been reviewed in detail in order to take into account the high inflation in 2022.

Over the course of 2022, the solvency margin increased from 139% to 226% as a consequence of the natural run-off of the business proceeding in an orderly manner.

With all the progress made in 2022 and the on-track position on the above, the company is well-placed to integrate new deals as and when they are completed. Recent developments (the high inflation, the rise of the reinsurance premiums for the 2023 renewal, the rise of the interest rates, the expected shift from the life to the non-life Legacy deals and some difficulties experienced by competitors) create the conditions for a hardening market and will increase the opportunities for the Company to provide legacy solutions in Europe.

A.2 Underwriting Performance

The table below shows the underwriting performance for the year-end 31 December 2022, together with comparative for previous year[2], per Solvency II line of business and per geographical areas. This table shows the result of the Company's portfolios being in run-off and no longer underwriting insurance products.

[2] The results from last year are as presented in the annual accounts. Note last year report was based on the fourth quarter figures.

Underwriting performance (EUR)	2022	2021
Gross written premium	- 84.579	10.538.748
Earned premium, net of reinsurance	- 268.601	19.135.878
Claims incurred, net of reinsurance	7.266.670	- 15.213.032
Net operating expenses	- 5.177.077	- 6.679.236
Balance on the technical account	**1.820.992**	**- 2.756.390**
By class of business		
2 - Income protection insurance	7.742	102.578
4 -Motor vehicle liability insurance	129.813	438.775
5 - Other motor insurance	349.850	992.863
6 - Marine, aviation and transport insurance	3.295.758	533.699
7 - Fire and other damage to property insurance	-2.441.907	-2.416.121
8 - General liability insurance	582.649	-2.432.105
10 - Legal expenses insurance	-102.914	23.920
By geographical area		
Belgium	-425.460	-1.243.439
France	692.277	-95.305
Netherlands	1.110.975	46.836
Italy	786.445	-748.032
Spain	-343.245	-716.450

PIE realized a net technical result of EUR1.8m, before investment result (see next paragraph).

The profit before tax is EUR2.6m. Beside the technical result the other result amounts to EUR795k. This represents mainly foreign exchange result and changes in provisions. The key drivers of the 2022 profit being :

- The favourable run-off in both Marine and P&C (Property and Casualty);
- The releases of ULAE (and of the cost provisions of Premia Services Europe); and
- The strengthening of reserves (both technical and cost provisions) to protect the claim components exposed to the heightened inflationary environment.

The run-off of the Company's business in 2022 proceeded smoothly and in-line with the initial plan.

A.3 Investment Performance

PIE invests in a diversified portfolio of highly rated securities. Fixed income securities comprise most of the Company's investment assets. In addition to fixed income the Company also holds some short-term cash or cash equivalent securities, commingled fund and an investment in a limited partnership which is valued using the equity method. The following table summarizes the invested assets of the Company at year ended 31 December 2022 and 2021.

	Investments (kEUR)	Book Value	Investment income	Investment expense
2022	Building	1.751	263	-88
	Bonds	76.463	211	-364
	Fund	6.000		
	Participation	10.628		-539
	Administration costs			-79
	Total	**94.842**	**474**	**-1.071**
2021	Building	1.840	250	-88
	Bonds	55.152	89	-204
	Fund	0		
	Participation	11.167		
	Administration costs			-69
	Total	**68.159**	**339**	**-361**

Total invested value 31/12/2022 EUR95m compared to EUR68m per 31/12/2021. The investment in bonds increased and an additional investment in an commingled fund was added to the portfolio.

The realized loss on bonds is a result of selling longer-term bonds in a volatile market. This is aligned with the new investment strategy and is a one-off loss. Going forward a realized gain is expected on the fixed income securities.

In 2023 a further diversification of the portfolio is foreseen, both in short term and long term investments.

A.4 Performance of other activities

The operating expenses within PIE (EUR4.4m) are broadly in line with the latest FC. Main element in the operating expenses is the staffing cost.

A.5 Any other information

There is no other material information regarding the business and performance of PIE.

B. System of Governance

B.1 General information on the system of governance

Overview

The corporate governance framework at PIE ensures a clear distinction between the management of the company, Management Committee, and the oversight of this management, the Board.

PIE's Board of Directors determines the overall business strategy, the risk appetite and associated policies and supervises the proper execution by the Management Committee. The Board monitors the effectiveness of the company's governance and risk management practices. PIE's board has two sub-committees:

- an Audit and Risk Committee (ARC) ; and
- a Nomination and Remuneration Committee (NRC).

The Board and its sub-committees operate under agreed terms of reference. The Board and ARC meet at least four times a year and NRC at least twice a year.

The Board of Directors will ensure that these committees will be adequately equipped and empowered to fulfil their respective roles and will be authorized to investigate any activity within their remit. In the performance of their responsibilities, the committees may obtain assistance from any individual within PIE and/or its related companies.

The Board recognises that the Chief Executive Officer (CEO) is responsible for the delivery of the approved business plan and running the business on a day-to-day basis and has the necessary authority allied to that responsibility.

The Board as at 31 December 2022 is as follows:

Premia Insurance Europe NV	
Colin Grint	Non-Executive (Board Chair, NRC member)
Nicole Verheyen	Independent Director (ARC Chair, NRC member)
Patrick Coene	Independent Director (NRC Chair, ARC member)
Scott Maries	Non-executive Director (ARC member)
Leigh Oates	Non-executive Director
Olivier Terlinden	Executive Director (Chief Executive Officer)
Nicolas Daxhelet	Executive Director (Chief Risk Officer)
Sofie Lins	Executive Director (Chief Financial Officer)

Premia Holdings (Europe) NV	
William O'Farrell	Director
Colin Grint	Director
Scott Maries	Director
Olivier Terlinden	Director
Nicolas Daxhelet*	Director
Sofie Lins	Director

* Subject to regulatory approval

The presence of independent non-executive directors ensures that there is an appropriate element of independent challenge and oversight. There is a majority of local Board members to ensure the appropriate level of local decision. There is a balanced level of diversity: language, gender and age.

The members of the ARC are meeting the following legal conditions:

- a majority of the members are independent directors within the meaning of the Solvency II Law;
- at least one director has individual expertise in the field of accounting and / or auditing;
- all members individually possess the necessary knowledge, expertise, experience and skills to understand and comprehend the insurance company's risk strategy and risk tolerance;
- the committee has collective expertise in the company's activities as well as in accounting and auditing.

PIE's Management Committee has been delegated powers by the Board to allow for an effective management of the company's day-to-day activities, the enforcement of the risk management system and the maintenance of an adequate and effective organization and operational structure. The Management Committee has three advisory committees:

- a Transaction and Run-Off Committee;
- a Reserving Committee ; and
- an Operation Committee.

The Company has in place four key independent control functions to ensure the adequate level of challenge of effectiveness of the business. These are:

- Risk Management (See Section B3) : Nicolas Daxhelet, Chief Risk Officer;
- Compliance (See Section B4) : Thomas Faelli, Chief Compliance Officer ad-interim;
- Actuarial (see Section B6) : Katrien De Cauwer (Ernst&Young), contact person : Nicolas Daxhelet, Chief Risk Officer ; and
- Internal Audit (see Section B5) : Cindy Van Humbeeck (Mazars), contact person : Olivier Terlinden, Chief Executive Officer.

Material changes

The acquisition of the Navigators Holdings (Europe) group of companies by Premia was made with the initial intention of running-off the liability portfolios of PIE and then using these businesses to provide run-off solutions in mainland Europe.

During 2022, as a consequence of Premia's acquisition, the Company has been transformed from an insurance company in run-off to a legacy carrier specialist.

The following changes have been made to the governance structure :

- the new sub-committee of the Management Committee, the Transaction & Run Off Committee, has been created with the responsibility for:
  - reviewing potential new legacy deals and recommending any deals for PIE board approval; and
  - the oversight of insurance operations (active policies, policy endorsements, credit control), claims management and reinsurance management.
- the Claims Committee has ceased because the Transaction & Run Off Committee has absorbed its responsibilities;
- the Outsourcing Committee has been merged into the Operations Committee with the responsibility of all operational aspects of PIE (Data and Systems, Projects, Outsourcing & vendor management, Facilities, Business Resilience).

Remuneration Policy and Practices

The purpose of Remuneration Policy is to ensure that the remuneration is in line with PIE's strategy, its risk profile, its objectives, its risk management practices and its long-term interests and performance, and that personal objectives of Identified Staff are aligned with the long-term interests of PIE.

The principal objectives of PIE's Policy are to ensure that:

- PIE is able to attract, develop, retain and motivate high-quality Staff;
- PIE is able to offer competitive remuneration packages which reflect market rates, are fair and internally consistent;
- The remuneration granted does not jeopardise the ability of PIE to maintain a sufficient capital basis;
- Payments made as a consequence of the Policy are made in accordance with good corporate governance;
- Remuneration takes into account both the financial and non-financial performance of teams and individuals;
- Short-term profitability is not rewarded at the expense of long-term performance, potentially threatening the undertaking's ability to maintain an adequate capital basis;
- Remuneration arrangements with Identified Staff do not encourage excessive risk-taking;
- Failure is not rewarded;
- Potential conflicts of interest are prevented; and
- All stakeholders understand the Policy.

The Nomination and Remuneration Committee is constituted in such a way as to enable it to exercise competent and independent judgment on remuneration policies and practices and their incentives for risk management, equity needs and liquidity position. In relation to the roles and responsibilities of the Nomination and Remuneration Committee, reference is made to the Terms of Reference of the Nomination and Remuneration Committee.

All Staff are renumerated with an annual Fixed Remuneration. Next to the base salary, fixed remuneration may include benefits, for instance group insurance, health insurance, company car, meal vouchers, representation allowance.

All Staff are eligible to be considered for an annual discretionary bonus from PIE based on their performance during the year that is being assessed and runs from January to December.

The bonus amount is a limited percentage of the total annual pay. There are no sales-related bonus schemes.

For a bonus to be payable a number of factors are considered:

- How well the individual has performed and contributed to the success of the business;
- How well the Premia Group and PIE have performed; and
- How well the Business Unit/Team has performed.

The Nomination and Remuneration Committee validates the bonus amounts proposed by the CEO.

All Staff are eligible to the company group insurance (defined contribution) plan including (supplementary) pension savings, death coverage and a disability insurance. Contributions to the plan are paid by both employer and employee contributions, based on seniority and management level.

Early retirement is based on Belgian legislation, there is no company early retirement scheme.

Material transactions

The Company did not enter into any material insurance or other business transaction with its shareholder, controllers, persons who exercise significant influence, the Board or senior executive during the reporting period.

B.2 Fit and proper requirements

Fit & Proper Policy

The purpose of the Fit & Proper Policy is to establish PIE procedures for assessing and periodically re-assessing the fitness and propriety of all its personnel within scope of the Policy in accordance with applicable fitness and propriety regulatory requirements and guidance.

PIE assesses the professional competence of all the individuals falling within the scope of this Policy, specifically focusing on the prior conduct and degree of skill and competence, by:

- Following a thorough and robust selection process;
- Completing a full and thorough screening of the successful candidate comprising various checks which vary according to the level of the role;
- Performing ongoing monitoring of professional competence and propriety, inter alia, via continuous assessment on an ongoing basis; and
- Implementing ongoing training and development to ensure fitness and propriety is maintained.

Fitness (Competence requirements)

A person will be considered “fit” if he or she has the necessary/appropriate professional and formal qualifications, knowledge, expertise, skills and professional behaviour in the insurance and reinsurance sector or other financial sectors or other businesses that enable him or her to conduct a business as prudently and professionally as possible.

As part of this assessment, the qualities attributed to the position in question, as well as other relevant insurance-related, financial, accounting, actuarial and management qualities will be taken into account.

As a group, members of the Board of Directors and Management Committee, as well as Independent Control

Functions must cover a sufficient diversity of knowledge, skills and relevant experience in order to ensure that the company is managed and controlled in a professional manner.

When the obligations include leadership responsibilities, an adequate level of previous leadership experience is also required.

Such competence requirements should be demonstrated through different probative documentation (e.g. certifications, qualifications, exams results, internal tests results, attestations by independent directors in previous companies, etc.).

This fitness assessment is based on the person's previous experience, knowledge, and professional qualifications, skills, professional behaviour and track records. Each Key Person should demonstrate appropriate knowledge and experience, adequate skills, and due care, diligence and compliance with the relevant standards for the area sector they have worked in

Proper (Reliability requirements)

A person will be considered to be reliable or "proper" if he or she has a good reputation, integrity and honesty.

However, this cannot be the case if the honesty and financial integrity of the person – based on that person's character, personal conduct and professional dealings, including any criminal, disciplinary, civil or administrative convictions, financial and/or other aspects – give rise to suspicion that such aspects might adversely affect the healthy and cautious execution of the independent function.

It is also assumed that the person in question, wherever possible, will avoid activities that might lead to conflicts of interest or that might arouse the appearance of conflicts of interest.

Persons in Independent Control Functions are generally bound by the interests of the company. Consequently, they may not consider any personal interests in their decisions, nor may they make use of company opportunities based on their own interests.

Combining functions as CEO in one or more insurance or reinsurance companies is subject to: (i) compliance with the conditions of the Solvency II Law and the NBB Circulars, (ii) approval by the NBB and (iii) compliance with internal rules on external functions and on the prevention of conflict of interests. In assessing a person's professional integrity, the company will notably pay specific attention to the following main areas:

- criminal, civil or administrative convictions of any kind;
- judicial, administrative or regulatory investigations in progress;
- disciplinary action or action by a supervisory authority;
- measures related to the applicant's past financial performance and financial strength; and
- of lack of transparency.

The assessment of a person's professional integrity cannot solely be limited to the lack of previous offences/infringements. While criminal, disciplinary or administrative convictions or past misconduct are significant factors, the assessment of the fit and proper requirements is to be done on an individual case-by-case basis, including all specific circumstances.

The evaluation of reliability will include:

- the receipt and review of a recent criminal record attestation (less than 1 month);
- if applicable, a personal statement confirming the absence of conflicts of interest.

Assessment of the members of the Board and the Management Committee

When appointees/candidates for the Board of Directors and Management Committee are selected, having a definite diversity of knowledge and experience must be taken into account. Directors must have sufficient knowledge and experience given the nature, scope, complexity and risk profile of the company. Directors must, as a team and individually, have the right profile for leading the company. They must be dependable and may not have any convictions on their criminal record or any professional disbarments resulting from breaches of supervisory regulations. This is designed to ensure the healthy and professional management of the company.

Checklists are attached to the Fit & Proper Policy in order to check the recommended skills that are necessary within the Board of Directors and Management Committee. These checklists can be used as a supporting document during the assessment process.

All of the skills mentioned (expertise and reliability requirements) will be assessed by respectively the Nomination and Remuneration Committee, the Board of Directors, the Chairman of the Board of Directors or the Shareholders, as well as by the NBB.

For the appointment to take place, a document containing detailed information will be reported to the NBB, which will issue a recommendation based on this information. The final decision on the appointment will be based on this recommendation.

Assessment of the Independent Control Functions

To assess whether a (potential) head of an Independent Control Function is suitable for his/her position, the person's qualifications and knowledge will be compared with requirements as described in the job description. This evaluation will be carried out in the first instance by the responsible body, i.e. the Board of Directors (through their role as Nomination and Remuneration Committee) or the Management Committee. If this body is of the opinion that the person is suitable for the position, a second meeting will be organised with the responsible member of the Board of Directors (hierarchical), who will also conduct a check on the required expertise.

Here once again a checklist is used to check the recommended skills that are required within the various Independent Control Functions. This checklist can be used as a supporting document during the assessment process. These skills will be necessary within the Independent Control Functions and may also be applied for assessing other individuals who are employed in a specific Independent Control Functions or key function. For a summary of the overall expertise requirements for the various Independent Control Functions or key functions, reference can be made to these checklists.

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

Chief Risk Officer

The Board has appointed the CRO, who is responsible for the Risk Management Function. He has been subject to a fit and proper process oversight by the regulator. The Board has approved a Risk Management Charter and terms of reference for the Risk Management Function and reviews the terms of reference annually. The Audit and Risk Committee (ARC) has approved the annual risk plan and reviews the plan annually.

The Risk Management Function is defined as a "Key Function" in Solvency II. The CRO has responsibility for the Risk Management Function and is the Key Function Holder for Risk Management.

The CRO's primary responsibility is to the Board, and he reports to the Board periodically with direct access to the Chair of the Board. The CRO also reports to the ARC, at least quarterly. The CRO is a Board member.

The general roles and responsibilities of the CRO are as follows:

- Work with the Board of Directors to define and to quantify the risk appetite;
- Define and operate the risk management framework;
- Perform the risk assessment calculations, where required;
- Ensure that the first line of defence is effective on identifying, quantifying and monitoring risks;
- Manage the risk register and test periodically the effectiveness of key controls
- Ensure compliance with legal and Group standards;
- Ensure that the decisions related to risk management taken by the Management Committee are implemented in the day-to-day business;

Risk management within PIE

The overall risk management approach is to identify, mitigate, manage and report on all material risks faced by the business in line with established risk appetites and tolerances. To achieve this, PIE adopts the three lines of defence approach with respect to structuring roles, responsibilities for the ownership and management of risk, oversight and decision making, and independent assurance.

The responsibilities are detailed in the table below.

Roles	Responsibilities
First line of Defence – Business functions:	▪ Identify and assess risks. ▪ Accept risks i.e. enter into transactions.

Roles	Responsibilities
Owns and manages risk	▪ Develop, implement and maintain operational policies and procedures. ▪ Mitigate risks by ensuring effective internal controls are implemented and maintained on a day-to-day basis with corrective actions in place to address any identified deficiencies. ▪ Identify and escalate known and emerging issues or gaps in the control. ▪ Supply the 2nd line of defence functions with requested information, including internal risk indicators, view on risk evolution, losses arising.
Second line of Defence – Risk Management, Actuarial Function and Compliance: Provides risk oversight	▪ Develop overall risk management policies including the Company risk appetite statement. ▪ Monitor adherence to the risk appetite and any agreed controls and tolerances. ▪ Complement and advise first line of defence to develop processes and controls to mitigate risks. ▪ Report on the risks and controls to the appropriate committees. ▪ Identify and escalate known and emerging issues. ▪ Identify changes in risk profile and appetite. ▪ Provides guidance and training on risk management.
Third line of Defence – Internal Audit: Provides independent risk assurance	▪ Provides comprehensive independent and objective assurance to the Board. ▪ Acts in accordance with recognised international standards for the practice of internal auditing.

The Chief Risk Officer (CRO) coordinates the second line of defence in the company, and in this context, he interacts with the Actuarial Function and the Compliance Officer.

For each significant strategic decision, it is investigated which risks could arise for the company, as well as the likelihood, impact and tolerance level. This analysis is discussed at Management Committee level.

PIE's culture is to embed risk management throughout the business in a consistent way in order to identify, manage, mitigate, and report on risks, controls and incidents as part of fulfilling the business plan. These processes involve close liaison between Risk Management and the function holders who are responsible for the risks and control owners.

Own Risk and Solvency Assessment (ORSA)

The Own Risk and Solvency Assessment ("ORSA") is an integral part of risk and capital management at PIE. The ORSA is a top-down strategic tool which links together strategic planning and performance, risk management and capital management activity with decision-making.

PIE uses the ORSA to ensure that it assesses all the risks inherent in its business and determines its corresponding capital needs while taking into consideration its risk profile, approved risk tolerance limits and business strategy.

The ORSA process involves gathering information from across business functions (including business planning) as per the above themes and consolidating this into a report which is reviewed and challenged by the Board and the Management Committee, prior to it being recommended for approval to the ARC. The Actuarial Function opines on the projections of the Technical Provisions.

The review and challenge process is important to ensure data assumptions are accurate and consistent, aggregated results appear reasonable and take into account all material risks and alternative business assumptions, and that conclusions are robust and well-supported. The final ORSA Report is submitted to the Board for final review, challenge, and approval.

Forward looking assessments of the business plan include alternative views – stressed and favourable – and take into consideration:

- Future Company business strategy;
- Alternative management views on assumptions underlying the existing business plan;
- Emerging risks and opportunities;
- The Company's historical performance;
- The risk outlook of the external environment.

The ORSA process encompasses the potential impact of forward-looking assessments – including alternative views – of the business plan on the Company's risk profile and includes the rationale for any resultant changes. The ORSA process likewise considers the Company's Solvency Capital Requirement in light of forward looking and alternatives views on risk profile. The detailed assumptions and summary results of these alternative scenarios are included in the ORSA report produced at least annually.

The ORSA is a central part of the Company's business plan and is linked to the strategy. The ORSA is a forward-looking process aimed at projecting future events on a best-efforts basis on a realistic as well as stress-based scenarios. Management action shall be extracted from the results of the ORSA, to ensure that the Company is proactively prepared for future eventualities and maintains at all times the required solvency.

The ORSA identifies the Own Solvency Needs of the Company, together with an assessment of the suitability of the Standard Formula for the Company.

B.4 Internal control system

Internal control system

PIE emphasises the importance of implementing adequate internal controls by ensuring that all employees are aware of their role within the internal control system.

There are monitoring and reporting mechanisms incorporated within the internal control system, which provide the Board of Directors and the Management Committee with all relevant information for the decision-making process.

Control activities are aligned with the risks arising from the activities and processes to be controlled.

The Board of Directors and the Management Committee adopts policies on key risks, which guide their further translation into operational procedures.

Compliance function

In accordance with the Solvency II Law (Article 55), the compliance function is responsible for monitoring compliance with the legal and regulatory provisions governing the insurance business, in particular the rules of integrity and conduct applicable to that activity.

The compliance function should thus prevent PIE from having to bear the consequences - in particular a loss of reputation or credibility that could cause serious financial damage - of non-compliance with the legal and regulatory provisions or deontological provisions applicable to the insurance business (compliance risk).

The compliance function is organized pursuant to a "Compliance Charter", aligned with the legal and regulatory requirements.

B.5 Internal audit function

Internal Audit is positioned as the third line of defence within the Three Lines of Defence model, mentioned above in section B.3. The Internal Audit is owned by the Chief Executive Officer who acts as "contact person" for the outsourced function to Mazars Services. The Internal Audit function is organized pursuant to an Internal Audit Charter, aligned with the legal and regulatory requirements.

The objectives and scope of Internal Audit are as follows:

- Assist the management of the organization, by independently assessing (1) adequacy and effectiveness of internal controls to manage key risks to the organization and to ensure compliance

with policies, plans, procedures and business objectives established by Management, (2) adequacy and effectiveness of risk management and (3) the robustness of systems and processes of corporate governance of the organization;
- Advise on the risks that influence business operations and on the measures to control them;
- Periodically, but at least annually, report on operation, quality and effectiveness of internal control, risk management and systems and processes of corporate governance to the Board of Directors
- Undertake reviews as requested by the (Board of Directors, acting as) Audit Committee

The functions and responsibilities of Internal Audit relate to the whole of the activities of the organization and extend without restriction across all units, including any subsidiaries that would be established and the outsourced activities.

An effective internal audit function independently provides reasonable assurance to the Board of Directors and the persons charged with the effective management on the quality and effectiveness of internal control, risk management and systems and the corporate governance processes of the institution.

In order to be able to carry out its mission, Internal Audit will:

- Promote effective control at a reasonable cost;
- Act as a catalyst for continuous improvement in controls and best practices;
- Focus on areas where there is a risk of loss or where the potential for improvement is greatest (i.e. risk-based audit approach).

Independence and objectivity are extremely important for Internal Audit. To this end, Internal Audit reports functionally directly to the Board of Directors, acting as Audit and Risk Committee.

To maintain objectivity, Internal Audit is not authorized to perform day-to-day control procedures or take operational responsibility for any part of the company outside Internal Audit. Management is solely responsible for maintaining an efficient and effective system of internal controls.

Objectivity is guaranteed by:

- Basing the reporting on observed facts and by making the standards used more explicit;
- Each auditee has the right to an unbiased investigation and to a correct statement in the audit report of his responses to the findings and recommendations;
- The management is entitled to a correct representation and assessment of the factual situation.

Internal Audit will meet or exceed the International Standards for the Professional Practice of Internal Auditing.

B.6 Actuarial function

As approved by the Board, the Actuarial Function is performed by Katrien De Cauwer, Ernst and Young Belgium NV (EY). EY is a professional services firm which is independent from PIE. EY has no links to the Premia Group, other than reporting to PIE's ARC and Board, where there are Premia group members / directors).

The contact person for the Actuarial Function is the CRO, as approved by the NBB.

The Actuarial Function performs the following tasks:

- Annual opinion on the adequacy of the Technical Provisions (SII and BE GAAP)
- Annual opinion on underwriting
- Annual opinion on the adequacy of the reinsurance program
- Contribute to the effectiveness of the risk management system (confirm projection of the Technical Provisions as part of the ORSA)
- Reporting of the activities performed, the findings and the recommendations.

The Actuarial Function comprises experienced, fully qualified, individuals with in-depth knowledge of actuarial and financial mathematics. The function is staffed appropriately given the nature, scale and complexity of the risks inherent in the integrated operations.

B.7 Outsourcing

Outsourcing refers to an arrangement between PIE and a service provider (intragroup or third party) by which the service provider performs a process, a service or an activity that would otherwise be undertaken by the Company.

Outsourcing can increase operational risk exposure through reduced control over people, processes and systems. In order to mitigate this, PIE has established an Outsourcing Policy. The purpose of this Policy is to ensure that the outsourcing of PIE's functions and activities does not adversely affect its risk profile, nor its ability to meet its regulatory responsibilities. It lays down the roles and responsibilities, processes and controls for the sound management of outsourced activities and ultimately ensure that:

- PIE is at all times responsible for managing its outsourcing arrangements;
- adequate control is retained over outsourced activities or functions by actively managing and monitoring relationships with service providers to ensure that outsourced services are performed satisfactorily and in compliance with regulatory requirements and expectations; and
- the outsourcing of functions, activities and/or operational tasks will not lead to:
    - A material impairment of the quality of the governance system;
    - An undue increase to PIE's operational risk;
    - An impairment of the regulators' ability to monitor compliance by PIE in accordance with the obligations laid down by or pursuant to Solvency II Law;
    - A reduction in the quality of the service provided by PIE to policyholders, insureds and beneficiaries of insurance policies.

The Company has established a governance framework to support the application of the Outsourcing Policy and to ensure compliance with regulatory and SII requirements.

The table below sets out PIE's current 'critical or important' outsourcing arrangements and the jurisdiction the service provider is located in:

Description of function	Name of service provider	Jurisdiction
Intragroup outsourcing		
Delegated underwriting and claims services	Premia Services Europe	Belgium
External outsourcing		
Investment management	New England Asset Management	United Kingdom
Internal Audit Function	Mazars Advisory Services	Belgium
Actuarial Function	Ernst & Young Consulting BV	Belgium
IT services and infrastructure services	Cegeka	Belgium

B.8 Assessment

Given the nature, scale and complexity of the risks inherent in our business, we conclude that the Company's system of governance is adequate and appropriate.

B.9 Any other information

No other material information to report as of 31 December 2022.

C. Risk Profile

PIE's risk appetite framework provides an expression of the level of risk the Company is willing to accept in pursuit of its strategic objectives. The risk appetite framework provides quantitative and qualitative statements which are used to define the general attitude within the organization towards the desired level of risk. It not only supports the Company's risk management framework, it also enables PIE to make informed business decisions having regard to the key risks to which it may be exposed by such a decision.

The following table shows the composition by sub-module of the SCR as at 31 December 2022, along with the composition as at 31 December 2021 for comparison purposes:

		Allocated % of SCR	
Risk Category	Description	as at 31/12/2021	as at 31/12/2022
Underwriting Risk	Risk of losses from business already written or planned to be written over the next year	64%	51%
Market Risk	Risk of losses from market movements, including exchange rates and investment returns	20%	32%
Credit Risk	Risk of losses from counterparty defaults, including reinsurers and other counterparties	7%	8%
Operational Risk	Risk of operational losses	10%	9%

The Standard Formula is used to assess the capital requirement for PIE.

Due to the run-off situation of PIE, the reserving risk is the most impacting risk inside the underwriting risk module. Compared to last year, its proportion has decreased due to run-off. During the reporting period, the net earned premium is limited and the total reserve decreases as claims are paid or reserves released.

Regarding Market risk compared to last year, interest rate risk has gone up driven by the increase of investments in corporate bonds.

C.1 Underwriting risk

Key Underwriting Risks

Due to the run-off situation of PIE, underwriting risk mainly refers to the Reserving risk, i.e., the risk of loss, or of adverse change in the value of insurance/reinsurance, due to inadequate reserving assumptions, which includes the fluctuations in the timing, frequency and severity of insured events.

Compared to Reserving risk, Premium risk is quite limited and is due to unexpired risks mainly in Engineering and Financial lines of business.

This observation will hold in the future with the strategy to buy run-off portfolio. As such, the Reserving risk will remain the most material technical risk.

Underwriting Risks Mitigations

Reinsurance is an important tool to mitigate reserve and unexpired risks. As there is no longer underwriting activity, only treaties covering unexpired risks in Property, Engineering and Financial lines of business have been renewed in 2022 by taking into account the decrease in exposure. Regarding in-force reinsurance treaties, the latter are the same as in 2021.

In addition, underwriting risk is further mitigated through a number of controls and practices, which include the following:

- Case reserve level is monitored regularly, including consideration of market factors and loss development trends;
- Each year, actual loss experience is compared to IBNR expectations to assess their sufficiency;
- Best estimate computations are processed by the reserving actuary, independent from the claims management function;
- Reserving and large losses committees are organized quarterly to discuss among others the developments of attritional and atypical claims;

- Audits are performed to review claims files to ensure reserving guidelines are appropriately applied; and
- An independent actuarial firm provide an annual review of PIE reserves.

Stress and Sensitivity testing

Stress and scenario testing is carried out as part of the ORSA process, which is conducted at least annually. These tests consider moderate as well as extreme but plausible stresses and assess the impact on PIE's capital position.

We considered a number of scenarios in the ORSA which aim to reflect the reserving risk to which the company is exposed. Main scenarios impacting the reserves of the company are the following ones:

- Permanent high inflation and low interest rates impacting Bodily injury, Property fire and Construction claims; and
- Adverse Reserve Development assuming best estimate reserves arising at the level of the current BEGAAP reserves.

The projected SCR and Own Funds are then calculated under each of these scenarios, allowing the Company to assess the capital impact and profit metric of each scenario.

Due to the Company's capital strength, while the stresses showed deterioration in the Company's capital position, none of the modelled scenarios were considered likely to result in a breach of the SCR ratio for which the Risk Appetite limit is set to 135%.

C.2 Market risk

Key Market risks

Market Risk is the risk of changes in income or values of assets arising from fluctuations in political and economic variables (systemic), including interest rates, currency exchange rates, equity markets, commodity markets and real estate markets. It is the risk of loss, or adverse change, resulting directly or indirectly from fluctuations in the prices of assets. Market Risk at PIE includes the following specific components:

- Currency Risk;
- Interest Rate Risk;
- Spread Risk;
- Equity Risk; and
- Property Risk.

Market Risk is also affected by:

- Concentration Risk: The risk that the Company will suffer losses from lack of diversification with regards to a particular sector, industry, geographic region, security, or asset class in the investment portfolio. Concentration Risk also includes the risk of failure to identify and manage correlation risk between insurance/reinsurance operations and invested assets.
- Investment Credit Risk: The risk of loss, or adverse change in financial condition, resulting from fluctuations in the credit standing of issuers of securities and counterparties to which undertakings are exposed.

Due to the strong exposition in bonds, Spread risk is the most important risk followed by Equity risks.

Equity risk is due to our participation in Canal Re for which a 22% capital charge is applied.

Material Risk Concentrations

The participation in Canal Re represents 10,6% of the total exposure, it is therefore subject to a Concentration risk on top of the already mentioned Equity risk.

Stress and Sensitivity Testing

A number of ORSA stress tests were performed to reflect the Company's exposure to Market Risk. One economic crisis scenario was performed reflecting an economic crisis centred in Europe.

In this Europe-centric scenario, we consider:

- Assuming interest rates rise, a downward movement in the bond portfolio's value, with (discounted) technical provisions also decreasing; and
- Possible exchange rate and spread effects negatively affecting the Company.

Due to the Company's capital strength, while the modelled stresses would result in some deterioration in the Company's capital position, none of the scenarios were considered likely to result in a breach of the SCR. The Company's market risk profile is therefore considered to be resilient to most shocks.

Prudent Person Principle

PIE seeks to manage investment assets subject to the Prudent Person Principle which states that the Board must discharge its duties with the care, skill, prudence and diligence that a prudent person acting in a similar capacity would use in the conduct of an enterprise of similar character and objectives.

The Board of PIE has outlined the following risk management objectives in order to minimise its exposure to Investment Risk in line with the overall PIE Risk Appetite:

- PIE shall adopt a conservative approach to investments and seek to safeguard the assets of shareholders;
- PIE shall hold sufficient investment values and investment liquidity to ensure all liabilities are met as they fall due; and
- PIE shall ensure that there are appropriate policies, strategies and procedures in place to meet these objectives.

PIE adopts a conservative approach to investments and, as articulated in the Company risk management philosophy, limits Investment Risk such that the overall portfolio will consist mostly of high quality fixed income securities and bank deposits, and limits the proportion of total investments that may be represented by other investments. In circumstances where new investments are being considered by the Company, the following steps will be undertaken:

- Detailed information will be provided describing the nature of the investment such that the Board has full information to properly evaluate the risk;
- The CFO will document the impact of the new product, including an assessment of whether it complies with the prudent person principle;
- A presentation will be made to the Board to explain the rationale for the proposed investment; and
- The Audit & Risk Committee will separately review the material and consider the impact on PIE's risk and risk profile.

C.3 Credit risk

Key Credit Risks

PIE is exposed to credit risk from the following sources:

- Investments in fixed income securities;
- Cash deposits with banking counterparties;
- Reinsurance counterparties; and
- Premiums collectable from brokers or pool companies.

The key risk is that one or more of these counterparties fail.

The Company's risk appetite states that counterparty exposures not related to investing are avoided or mitigated through contract terms, collateral or offset rights to the extent practicable. Aggregate unsecured reinsurer counterparty risk (net of collateral and offsets) should not exceed

- A- or greater = 25% of capital
- Below A- = 15% of capital
- Any reinsurers in excess of these limitations should be subject to proactive commutation discussions and other risk mitigation tools.

Credit Risk Mitigations

PIE mitigates credit risk through the implementation of appropriate controls, processes and procedures.

At purchase, securities must be rated investment grade by agencies: Moody's, Standard & Poor's or Fitch.

Reinsurance and premium receivables are closely monitored and controlled. Furthermore, reinsurance arrangements are split across a number of counterparties, thereby reducing single name exposure.

Stress and Sensitivity Testing

In the context of a future legacy deal, it is likely an intra-group quota share reinsurance will be in place with Premia Reinsurance Ltd as a counterparty. The ORSA has modelled a Group rating deterioration from A to BB. This has not led to a breach of the SII ratio Risk appetite limit of 135%

C.4 Liquidity risk

Liquidity risk is the risk of the Company's inability to realise investments and other assets in order to settle its financial obligations when they fall due. Liquidity risk has low materiality for the Company. One of the objectives of the investment risk policy of the Company is that the Company shall hold sufficient investment values and investment liquidity to ensure all liabilities are met as they fall due.

To achieve this objective, the investment risk appetite maintains sufficient liquidity to meet payments as they fall due with a margin of safety set by reference to a stress test (representing three months forecast claims and operating expenses). Risk limits and tolerances have been also set in respect of (i) asset-liability duration matching and (ii) availability of liquid assets.

These risk appetites, risk limits and tolerances are monitored by the risk function and reported to the Board and Audit & Risk Committee. The Company considers that the composition of its assets in terms of their nature, duration and liquidity are appropriate in order to meet its obligations as they fall due.

Risk Exposure and Material Risk Concentrations

The Company considers its exposure to this risk as low. The Company monitors its liquidity in compliance with its investment risk policy and stated limits and tolerances in respect of the percentage of assets which are invested in liquid investments.

Risk Mitigation

Liquidity risk is mitigated by the cash held in liquid investments and in the bank accounts. There are no planned changes to risk mitigation over the business planning horizon.

C.5 Operational risk

Key Operational Risks

Operational Risk means the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events. This risk comprises: Fraud, Human Resources, Outsourcing, Distribution Channels, Business Processes, Business Continuity, Information Systems, Compliance. It also includes the risk of loss resulting from failure to comply with laws as well as prudent ethical standards and contractual obligations, and the exposure to litigation from all aspects of business activities.

In managing Operational risk, Premia aims to ensure:

- Effective business practices proportionate to the needs of the business are designed and embedded across each function to support an effective control environment.
- Services received from external or related parties are in accordance with agreed upon service levels and standards.
- Adequately experienced and competent employees are recruited and retained.
- Roles and responsibilities are clearly defined and support the structure necessary to deliver strategy and / or business plan.
- Timely and appropriate management information supported by adequate and quality data is used to coordinate business activities and support effective decision making.

The IT infrastructure, systems and applications are stable and adequate to support business needs including Management Information.

PIE's management has identified the following key operational risks:

- Financial and/or non-financial (e.g. reputational) loss arising from over reliance on outsourced service providers;
- Legal, litigation, regulatory, political and reputational risk;
- Reliance on key individuals (including directors and staff at outsourced service providers);
- Reliance on key brokers; and
- Inappropriate overall business strategy or inadequate monitoring of strategic decisions.

Those risks classified under the Operational Risk profile have been identified, assessed and articulated in the PIE Risk Register. Relevant risk and control owners report to the CRO, on a quarterly basis at least, who in turn reports to the Audit & Risk Committee, and are responsible for identifying new, emergent or changing risks and any consequent control changes required to realign the risks with the risk appetite.

Operational Risk Mitigations

PIE has put in place a strong internal control framework which mitigates operational risk. In particular, the following are key controls in managing this risk:

- Appropriate segregation of duties across all functions;
- Systems access controls;
- Four-eyes oversight of all key areas;
- Regular management accounting process including reconciliations and checks;
- Business Continuity and Disaster Recovery Plans;
- All outsourced arrangements conducted under formal agreements and in accordance with the Outsourcing Policy;
- Ongoing oversight and regular audits of outsourced service providers;
- Technical plans and budgets reviewed quarterly; and
- Appropriate governance structures, including quarterly Audit & Risk Committee and Board meetings.

Stress and Sensitivity Testing

Operational risk is included in the Standard Formula.

As part of its ORSA process, operational risk is stress tested through a scenario of operational failure which is key in the context of PIE transformation. Indeed, despite the intense scrutiny in the legacy deal approval, the Company might fail in the onboarding of a new deal. This might be caused by various internal reasons, as for example:

- The internal claim handling is not adequate;
- The IT system do not allow to integrate the data and manage documentation adequately;
- The run-off management is inadequate; and/or
- Some critical outsourcing is not effective.

To model this stress event, an operational cost has been added through the increase of 50% of the paid ULAE.

Operational risk comprises a moderate part of PIE's risk profile and the stress tests prove the company's capital buffer to be sufficiently resilient to withstand this risk.

C.6 Other material risks

A number of other risks are considered to be relevant for the Company, namely group risk, strategic risk, regulatory risk and compliance risk. These risks have not been quantified but are considered within the Own Risk and Solvency Assessment.

The Company considers the most material exposures in this category of risk are (i) the potential for inappropriate business strategy and (ii) the potential for regulatory breaches.

Risk controls, risk monitoring and reporting are considered to be the main method of risk mitigation. There are no planned changes to risk mitigation over the business planning horizon.

C.7 Any other information

In the context of the strategical transformation of PIE, the Risk function has undertaken additional risk awareness initiatives to make sure that all the employees of PIE and Board members have the same level of understanding. In this transformation context, the Company identifies dependence between Strategic risk and other key areas of risk - Operational risk, Insurance risk, and Market risk. The risk inherent to the transformation is mitigated with an effective communication from project managers to the Board supported by a disciplined project approach.

D. Valuation for Solvency Purposes

D.1 Assets

The table below sets out the value of the assets of the Company as at 31 December 2022 under Solvency II and Belgium GAAP (BEGAAP):

Assets as at 31/12/2022	SII balance	Statutaire balance	*Delta*
Intangible assets	0	0	*0*
Pension benefit surplus	0	0	*0*
Property, plant & equipement held for own use	392	392	*0*
Investments	93.341	95.627	*-2.286*
Property (other than for own use)	4.415	1.751	*2.664*
Participations	9.715	10.628	*-913*
Bonds	73.150	76.887	*-3.737*
Investment funds	6.062	6.361	*-300*
Deposits other than cash equivalents	0	0	*0*
Reinsurance recoverables	21.067	24.702	*-3.635*
Insurance & intermediaries receivables	0	0	*0*
Reinsurance receivables	3.520	3.520	*0*
Receivables (trade, not insurance)	39	39	*0*
Cash and cash equivalents	10.368	10.368	*0*
Any other assets, not elsewhere shown	325	325	*0*
Total Assets	**129.053**	**134.974**	***-5.921***

The following are the bases, methods and main assumptions used for valuation of each material class of assets for Solvency II purpose.

Investments

Property

Solvency II value comes from the up-to-date Market price of the property portfolio while BEGAAP value comes from the price at the acquisition date.

Participations

Participations are related to the participation in Canal Re, the reinsurance captive of PIE based in Luxemburg. Solvency II value is represented by the SII valuation of the Canal Re own funds as per December 2022 while the BEGAAP value is equal to the BEGAAP own funds valuation.

Bonds

The Company's bonds portfolio is managed by NEAM (New England Asset Management). The Company receives quarterly report detailing the underlying bonds held in the portfolio. The quarterly reports are reviewed to ensure average financial strength ratings and durations have not moved significantly since the previous quarter and to ensure investments falls within the Company's risk appetite.

Any unusual movements or discrepancies are discussed with the fund managers.

The investments are valued at fair value under Solvency II based on market prices at the reporting date, which are quoted prices in active markets for identical assets. Where there are no quoted prices available, the fair value is determined using inputs that are observable for the assets.

The valuation of investment under BEGAAP corresponds to the acquisition value.

Investment funds

In 2022, cash surplus has been identified and invested in the Apollo fund managed by Carne Global Fund

Managers Ireland LTD. The Company receives quarterly report detailing the underlying securities held in the fund.

The investments are valued at fair value under Solvency II based on market prices at the reporting date, which are quoted prices in active markets for identical assets. Where there are no quoted prices available, the fair value is determined using inputs that are observable for the assets.

The valuation of investment under BEGAAP corresponds to the acquisition value.

Reinsurance recoverables

The Solvency II balance represents the best estimate of reinsurance recoveries reserve. This is assessed according to the Solvency II principles, i.e., future reinsurance recoveries are estimated using ceded technical provisions projection model and discounted with the EIOPA risk free curve as at end 2022.

The BEGAAP balance is determined from the BEGAAP incurred loss gross of reinsurance and the application of the reinsurance treaties.

Reinsurance receivables

These balances are valued at fair value reflecting the amount held at 31 December 2022. No estimates or judgements are required in the valuation.

There has been no change in the recognition and valuation basis during the period and there are no differences between the valuation for Solvency II and the BEGAAP valuation.

Cash and cash equivalents

The Company's cash holdings are held in major currencies, which are EUR for the bigger part and USD in a lesser extent, comprising a mix of bank deposits and cash funds in a lower proportion. The non-EUR balances are translated into EUR at the balance sheet closing rate.

Cash and cash equivalents are valued at fair value by the relevant financial institution, and the Company receives monthly statements at the period end to confirm the balances held. There are no significant estimates or judgements used in valuing cash holdings due to the nature of the asset.

There has been no change in the recognition and valuation basis during the period and the valuation of cash and cash equivalents under Solvency II is consistent with the accounting valuation under BEGAAP.

D.2 Technical provisions

As PIE is in run-off, the most material component of the technical provision is the claims reserve part.

Results summary

The following table sets out the Solvency II gross of reinsurance technical provisions by grouping as at 31 December 2022:

31/12/2022	SII balance	BEGAAP balance	*Delta*
Technical provisions	**64.288**	**75.358**	***-11.070***
Premium reserve	**1.553**	**2.268**	***-715***
2 - Income protection insurance	0	0	*0*
4 -Motor vehicle liability insurance	0	0	*0*
5 - Other motor insurance	0	0	*0*
6 - Marine, aviation and transport insurance	1	1	*0*
7 - Fire and other damage to property insurance	173	269	*-96*
8 - General liability insurance	1.379	1.997	*-618*
10 - Legal expenses insurance	0	0	*0*
Claims reserve	**60.145**	**73.090**	***-12.945***
2 - Income protection insurance	104	109	*-4*
4 -Motor vehicle liability insurance	9.211	10.948	*-1.737*
5 - Other motor insurance	221	325	*-104*
6 - Marine, aviation and transport insurance	15.675	19.968	*-4.293*
7 - Fire and other damage to property insurance	11.628	14.755	*-3.127*
8 - General liability insurance	23.271	26.945	*-3.674*
10 - Legal expenses insurance	35	40	*-5*
Risk margin	**2.589**	**0**	***2.589***
2 - Income protection insurance	7	0	*7*
4 -Motor vehicle liability insurance	275	0	*275*
5 - Other motor insurance	9	0	*9*
6 - Marine, aviation and transport insurance	610	0	*610*
7 - Fire and other damage to property insurance	537	0	*537*
8 - General liability insurance	1.149	0	*1.149*
10 - Legal expenses insurance	2	0	*2*

Calculation Methodology

Under Solvency II an economic balance sheet is required – which requires the market valuation of technical provisions. The overarching principle for valuing technical provisions under Solvency II is the current amount undertakings would have to pay if they were to transfer their (re)insurance obligations immediately to another undertaking.

The starting point for valuing the Company's Technical Provisions ("TPs") is the Company's BEGAAP basis reserves for loss and allocated loss adjustment expenses ("Loss Reserves"). Cash flows associated with those Loss Reserves (case reserves estimated by the claims handlers and IBN(E)R reserves estimated by the actuary), along with unearned premium reserves (calculated on individual contracts pro rata temporis) and provisions for other components of economic basis TPs, are calculated for each homogenous risk group using the approach outlined below.

Best Estimate Liability

The best estimate liability ("BEL") is calculated from the cashflows in respect of the claims provisions and premium provisions. The best estimate liability represents the present value of future cashflows. The present value is calculated based on the timing of cashflows and on yield curves provided by EIOPA. The best estimate liability is determined on a gross, ceded and net basis for both the claims provisions and the premium provisions.

Gross of reinsurance Best Estimate claims provision

BEL claims provision is computed thanks to the analysis of BEGAAP claims triangles. From those triangles, actuarial technics are used to estimate the ultimate vision of the claim losses and therefore, to compute the surplus or the margin between this ultimate and BEGAAP visions of the reserves.

In addition to the future claim payments estimation, the following items are added:

- Expected future salvages based on historical values of observed salvages. In the BEGAAP statements, this notion of expected future salvages is not accounted for;
- Expected future Unallocated Loss Adjustment Expenses (ULAE). Allocated Loss Adjustment Expenses (ALAE) being already included in the future claim payment estimation. Expected future ULAE are assumed to be the same as the BEGAAP ULAE reserve discounted; and
- Estimation of the payment pattern is derived from the claims triangles to discount the future payments with the EIOPA risk free curve. This notion of discounting is not accounted for in the BEGAAP statements.

Gross of reinsurance Best Estimate premium provision

For the calculation of the BEL premium provision, the following contract boundaries are applied:

- Future premiums of current contracts: for contracts with premiums paid on a monthly/quarterly/semi-annually basis, all future premiums until the next expiry date fall within the contract boundary. As from Q4 2022 the future premiums of current contracts are nihil because of the run-off. Therefore, all the expenses linked to future premiums such as acquisition costs or brokers' commissions are null.
- Future premiums of contracts of which the cancellation period has been exceeded: for these contracts the future premiums related the next contract renewal fall within the contract boundary. However as from 2022 business will not be renewed for PIE anymore and therefore future premiums with respect to renewals are nihil.

As a consequence of the run-off, the BEL premium provision takes only into account all obligations arising from unearned premium reserves, i.e., future claims and future salvages.

Future claims are estimated thanks to the calibration of loss ratios applied to the unearned premium reserves. Those loss ratios are calibrated based on historical values of loss ratios.

Future estimated payments related the unearned premium reserve are also discounted using the payment pattern derived from the claims triangles. The discounting is based on the EIOPA risk free curve.

Ceded BEL

Methodology to estimate the future reinsurance recoveries related to claims provisions or unearned premium reserve is similar to the one described above applied on the ceded claims reserves or ceded unearned premium reserves.

An adjustment for counterparty default is applied to the ceded BEL. The adjustment for counterparty default uses the Probability of Default ("PD") consistent with the Credit Quality Steps specified in EIOPA guidance in respect of the AM Best financial strength rating for reinsurance counterparties.

Risk Margin

The Risk Margin is calculated based on the Level 3 of Simplifications in the EIOPA guidance which projects future SCR values based on the assumption that the SCR to Net BEL ratio is constant through time. A ratio of SCR to Net BEL is determined as of the valuation date. This ratio is applied to future BEL estimates at each 1-year interval until liabilities are fully runoff to estimate future SCR requirements. A 6% cost of capital is applied to all SCR estimates though time to estimate the cost of capital to support the liabilities.

The resulting series of costs of capital requirements are discounted to the valuation date using the EIOPA risk-fee rate curve with a 1-year lag per the EIOPA guidance material.

There is no Risk Margin in the BEGAAP statements.

Material changes since last reporting period

There has been no material change in the calculation methodology for technical provisions since the last reporting period.

Level of Uncertainty

Uncertainty in technical provisions arises from a number of sources:

- The estimates for outstanding losses are based on known information at the balance sheet date. Ultimate settlement of these claims may differ from these estimates;
- The estimates for future losses on both expired and unexpired business (limited in PIE case) are based on actuarial assumptions reflecting past performance and anticipated future changes. These assumptions may ultimately prove to differ from actual experience; and
- The estimates for salvages and loss ratios are based on reasonable judgement reflecting past experience. Either of these factors may differ from ultimate experience.

The Company follows a robust process in setting appropriate assumptions underlying the calculation of technical provisions. Actual performance is monitored against expectations on an ongoing basis to ensure assumptions are updated as required.

Material Differences between BEGAAP and Solvency II

Here is a summary of the rules where there will be significant changes between the BEGAAP and Solvency II balances. These include:

- Removal of any implicit or explicit margins within technical provisions to give a "true best estimate" for solvency purposes, defined as the mean of the full range of possible future outcomes;
- Removal of the requirements to hold an unearned premium reserve. These are replaced by "premium provisions", valued on a best estimate basis. This also includes a requirement to account for all future premium cash inflows;
- Movement to recognising contracts on a "legal obligation basis". This will mean the inclusion of business currently not valued as part of the technical provisions – for example 1 January renewals entered into prior to a 31 December valuation. However, this point is irrelevant for PIE due to the run-off situation;
- Introduction of discounting of cash flows;
- Introduction of the principle of a market consistent basis and calculation of a "risk margin"; and
- Valuation of liabilities segmented by homogenous risk groups as represented by the Solvency II lines of business.

Other comments

The Company does not apply the matching adjustment referred to in Article 77 b of Directive 2009/138/EC, the volatility adjustment referred to in Article 77 d of Directive 2009/138/EC, the transitional adjustment to the risk-free interest rate term structure referred to in Article 308 c of Directive 2009/138/EC, or the transitional deduction referred to in Article 308 d of Directive 2009/138/EC.

Due to the nature of the business and the low level of materiality in respect of policyholders opting to lapse, no lapse assumption has been applied to future premium in the calculation of technical provisions.

No future management actions are considered materially relevant for this business.

D.3 Other liabilities

The table below sets out liabilities other than technical provisions on the Solvency II and BEGAAP balance sheets as at year-end 2022:

Other Liabilties	SII balance	Statutaire balance	*Delta*
Provisions other than technical provisions	860	864	*-4*
Deposits from reinsurers	20.780	20.780	*0*
Deferred tax liabilities	0	0	*0*
Insurance & intermediaries payables	2.410	2.410	*0*
Reinsurance payables	2.978	2.978	*0*
Payables (trade, not insurance)	1.175	1.175	*0*
Any other liabilities, not elsewhere shown	1.046	1.046	*0*
Total liabilities	**29.249**	**29.253**	***-4***

The following are the bases, methods and main assumptions used for valuation of each material class of Other main liabilities for Solvency II and BEGAAP purposes.

Deposits from reinsurers

An important proportion of reinsurance recoverables is collateralised with the deposits from reinsurers.

The SII value is consistent with the BEGAAP value.

Insurance and intermediaries payables

The valuation of Insurance and intermediaries payables is consistent with the accounting valuation under BEGAAP.

Reinsurance payables

Reinsurance payables balance represents amounts payable to reinsurers in respect of ceded premiums. The valuation of reinsurance payables is consistent with the accounting valuation under BEGAAP.

Payables (trade, not insurance)

The valuation of payables (trade, not insurance) is consistent with the accounting valuation under BEGAAP.

D.4 Any other information

No other material information is to report as of 31 December 2022.

E. Capital Management

E.1 Own funds

Management of Own Funds

The Company has adopted a capital management policy, reviewed annually, setting out the methodology and procedures to provide oversight of the Company's own funds. The strategic objectives articulated in the capital management policy are (i) to ensure compliance with the Company's regulatory capital requirements, (ii) to manage and allocate capital efficiently to achieve sustainable returns and facilitate growth objectives as articulated in PIE's business plans; and (iii) to consider the payment of dividend to shareholder. To achieve these objectives, the Company strives to maintain capital levels that are consistent with its risk appetite, corporate strategy and statutory minimum requirements, at both a point in time and on a forward-looking basis. The Company's time horizon for business planning is one year, however the capital planning horizon spans three years.

High level roles and responsibilities in relation to capital management activities are outlined below.

- **Board**: Sole responsibility for approving the capital management policy. Overall responsibility for monitoring capital management;
- **Audit & Risk Committee**: Reviews the capital management policy and makes recommendations to the Board. Reviews and monitors the key capital management metrics and tolerances and presents key capital management information to the Board on an ongoing basis. Responsible for aligning the investment strategy and ensuring an appropriate level of funds are available to meet the Company's obligations in a timely manner and at a reasonable cost;
- **Finance Function**: Responsible for producing the reports necessary for appropriate monitoring that the capital management policy is being followed and providing to the ARC the metrics and tolerances related to this Policy; and
- **Risk Management Function**: Responsible for maintaining and developing the capital management policy, and for maintaining the SCR and MCR calculations, with the collaboration of the Actuarial Function.

In the event that the ongoing monitoring indicates that Company's capital position is outside of risk appetite, corrective actions shall, as deemed appropriate, be taken. Proposed corrective actions shall be initiated by the Finance Function, after receiving approval from the Board on the appropriate corrective action to be taken.

Other potential sources of capital which the Company has identified are:

- Additional capital sourced from Premia Group through contributed capital, capital loan or internal reinsurance arrangements; and
- Capital sourced from outside parties, e.g., merger, private equity.

Estimated timeframe for realization of relief from the potential sources of capital from the Group is 1 to 3 months. Estimated timeframe for realization of relief from outside parties is three months to one year.

There have been no material changes to capital management during 2022.

Classification of Own Funds

The Company's own funds consist of Tier 1 own funds only. Tier 1 funds are comprised of paid-in ordinary share capital and the reserves adjusted for SII valuation differences, outlined in the subsections below.

Composition of Own Funds (kEUR)	Year end 2022			Year end 2021		
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3
Ordinary shares	61.750			61.750		
Reserves adjusted for SII valuation differences	-26.234			-27.968		
Total eligible own funds to meet the SCR	**35.516**	**0**	**0**	**33.782**	**0**	**0**
Total eligible own funds to meet the MCR	**35.516**	**0**	**0**	**33.782**	**0**	**0**

The reserves adjusted for SII valuation differences (or reconciliation reserve) equals the excess of assets over liabilities less other own funds items as at the reporting date, and represents retained earnings less adjustments from GAAP to Solvency II valuation, less the equalisation reserve.

The difference between the equity shown in the Company's financial statements and the excess of the assets over liabilities as calculated for solvency purposes arises due to differences in valuation of technical provisions and differences in the valuation of investments in related undertakings. The table below outlines the movements in those differences.

Differences in Own Funds (kEUR)	2022	2021
Difference in the valuation of assets	-5.921	547
Difference in the valuation of technical provisions	-14.481	-8.270
Difference in the valuation of other liabilities	-4	36
Retained earnings from financial statements	-34.798	-36.749
Reserves adjusted for SII valuation differences	**-26.234**	**-27.968**
Ordinary shares	61.750	61.750
Excess of assets over liabilities	**35.516**	**33.782**

There is no restriction on the availability or transferability of the own funds.

There is no ancillary own funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Company reports its capital position to the regulator on a quarterly basis. As at 31 December 2022, the ratio of eligible own funds to Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) are outlined in the table below.

Solvency Coverage (kEUR)	2022	2021
Total eligible own funds to meet the SCR	35.516	33.782
Total eligible own funds to meet the MCR	35.516	33.782
SCR	15.718	24.262
MCR	4.017	7.235
Ratio of Eligible own fund to SCR	**226,0%**	**139,2%**
Ratio of Eligible own fund to MCR	**884,2%**	**466,9%**

Calculation of SCR and MCR

In respect of the calculation of the SCR and MCR:

- The Company uses the Standard Formula;
- Undertaking specific parameters are not used;
- No capital add-ons are applied to the SCR figures;
- The simplifications outlined in Articles 107, 108, 110, 111 and 112 Commission Delegated Regulation (EU) 2015/35 apply to the Counterparty default risk sub-module;
- No simplifications have been used in the other risk sub-modules; and
- The MCR is calculated based on the Linear MCR based on the net of reinsurance best estimate technical provisions and the net written premiums in the last 12 months. Then a floor of 25% of the SCR and a cap of 45% of the SCR is applied with an absolute floor of €3.6m also applied to derive the final MCR requirement.

As at 31 December 2022, the SCR is EUR 15.8m. A breakdown of SCR by risk category is set out in the following table.

SCR and MCR (kEUR)	2022	2021
Solvency Capital Requirement (SCR)	**15.718**	**24.262**
Operational Risk	1.851	2.775
Adjustment for Loss absorbing capacity of deferred taxes (LACDT)	0	0
Basic Solvency Capital Requirement (BSCR)	13.867	21.487
Market risk	6.185	5.628
Counterparty default risk	1.511	2.043
Non-Life underwriting risk	10.036	18.205
Health underwriting risk	37	73
Diversification between risks	-3.903	-4.461
Minimal Capital Requirement (MCR)	**4.017**	**7.235**

As at 31 December 2022, the MCR is EUR 4m. The calculation of MCR is set out in the following table:

MCR Calculation (kEUR)		
Line of Business	Net of Reinsurance Best Estimate TPs	Net written premiums last 12 months
Income protection	89	-1
Motor vehicle liability	4.732	-16
Other motor	186	-20
Marine, aviation and transport	8.918	-415
Fire and other damage to property	8.948	-382
General liability	17.722	-463
Legal expenses	35	-1
Linear MCR		4.017
SCR		15.718
MCR cap		7.106
MCR floor		3.948
Combined MCR		4.017
Absolute Floor of the MCR		4.000
Minimal Capital Requirement		**4.017**

The Company being in run-off, the risk driver is the Reserve risk, under Non-Life Underwriting risk. This risk is decreasing as claims are paid or settled. Therefore, over the reporting period, own funds being stable and the SCR amount being reduced, the SCR ratio has mechanically increased. The MCR

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

The duration-based equity risk sub-module is not used in the calculation of the SCR.

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

Not applicable

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

The Company complies with the SCR and MCR during 2022.

E.6 Any other information

No other material information to report as of 31 December 2022.

F. Appendices

F.1 QRTs

S.02.01.02 - Balance sheet

Balance sheet

		Solvency II value
		C0010
Rows		
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	391.922
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	93.341.088
Property (other than for own use)	R0080	4.415.000
Holdings in related undertakings, including participations	R0090	9.714.739
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	73.149.801
Government Bonds	R0140	4.994.051
Corporate Bonds	R0150	68.155.751
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	6.061.548
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	21.067.340
Non-life and health similar to non-life	R0280	21.067.340
Non-life excluding health	R0290	21.052.161
Health similar to non-life	R0300	15.180
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	0
Reinsurance receivables	R0370	3.520.222
Receivables (trade, not insurance)	R0380	38.747
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	10.368.448
Any other assets, not elsewhere shown	R0420	325.071
Total assets	R0500	129.052.839

S.02.01.02 - Balance sheet

Balance sheet

		Solvency II value
		C0010
Rows		
Liabilities		
Technical provisions - non-life	R0510	64.287.756
Technical provisions - non-life (excluding health)	R0520	64.176.107
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	61.594.118
Risk margin	R0550	2.581.989
Technical provisions - health (similar to non-life)	R0560	111.649
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	104.285
Risk margin	R0590	7.364
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
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	-
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	-
Risk margin	R0680	-
Technical provisions - index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Other technical provisions	R0730	
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	863.911
Pension benefit obligations	R0760	- 3.768
Deposits from reinsurers	R0770	20.780.319
Deferred tax liabilities	R0780	-
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	2.410.161
Reinsurance payables	R0830	2.977.587
Payables (trade, not insurance)	R0840	1.175.166
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	1.045.554
Total liabilities	R0900	93.536.686
Excess of assets over liabilities	R1000	35.516.153

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

Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)

		Columns							
		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)							Total
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Legal expenses insurance	
		C0020	C0040	C0050	C0060	C0070	C0080	C0100	C0200
Rows									
Premiums written									
Gross - Direct Business	R0110	- 772	- 16.374	- 19.521	159.593	55.583	- 262.222	- 865	- 84.579
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130								-
Reinsurers' share	R0140	-	-	-	574.975	437.503	200.527	-	1.213.005
Net	R0200	- 772	- 16.374	- 19.521	- 415.383	- 381.920	- 462.750	- 865	- 1.297.585
Premiums earned									
Gross - Direct Business	R0210	- 681	- 16.070	- 17.458	174.540	789.867	198.206	- 808	1.127.596
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230								-
Reinsurers' share	R0240	4	-	119	575.052	457.268	363.754	-	1.396.197
Net	R0300	- 685	- 16.070	- 17.578	- 400.512	332.599	- 165.547	- 808	- 268.601
Claims incurred									-
Gross - Direct Business	R0310	- 15.804	- 1.537.749	- 480.170	- 9.157.939	1.816.248	- 2.413.087	99.572	- 11.688.930
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330								-
Reinsurers' share	R0340	- 8	- 626.049	- 93.159	- 3.951.083	191.750	156.289	-	- 4.322.259
Net	R0400	- 15.796	- 911.700	- 387.011	- 5.206.857	1.624.497	- 2.569.376	99.572	- 7.366.670
Changes in other technical provisions									-
Gross - Direct Business	R0410	-	-	-	-	100.000	-	-	100.000
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430								-
Reinsurers' share	R0440	-	-	-	-	-	-	-	-
Net	R0500	-	-	-	-	100.000	-	-	100.000
Expenses incurred	R0550	7.369	765.817	19.583	1.510.587	1.050.008	1.821.180	2.534	5.177.077
Other expenses	R1200								-
Total expenses	R1300								5.177.077

S.17.01.02 - Non-Life Technical Provisions

Non-Life Technical Provisions

		3	5	6	7	8	9	11	18
		Columns							
		Direct business and accepted proportional reinsurance							Total Non-Life obligation
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property	General liability insurance	Legal expenses insurance	
		C0030	C0050	C0060	C0070	C0080	C0090	C0110	C0180
Rows									
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	-	- 9	- 15	698	173.382	1.379.108	-	1.553.165
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	- 1	-	16	9.597	607.693	-	617.305
Net Best Estimate of Premium Provisions	R0150	-	- 9	- 15	683	163.785	771.415	-	935.859
Claims provisions									
Gross	R0160	104.285	9.210.815	221.295	15.675.026	11.627.593	23.270.910	35.314	60.145.238
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	15.180	4.478.749	34.880	6.757.365	2.843.184	6.320.678	-	20.450.035
Net Best Estimate of Claims Provisions	R0250	89.106	4.732.066	186.415	8.917.662	8.784.408	16.950.232	35.314	39.695.204
Total Best estimate - gross	R0260	104.285	9.210.806	221.280	15.675.725	11.800.975	24.650.018	35.314	61.698.403
Total Best estimate - net	R0270	89.106	4.732.058	186.401	8.918.344	8.948.193	17.721.648	35.314	40.631.063
Risk margin	R0280	7.364	275.173	8.988	610.220	536.584	1.148.557	2.467	2.589.353
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	111.649	9.485.979	230.268	16.285.945	12.337.559	25.798.575	37.781	64.287.756
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	15.180	4.478.748	34.880	6.757.380	2.852.782	6.928.371	-	21.067.340
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	96.470	5.007.231	195.389	9.528.564	9.484.777	18.870.205	37.781	43.220.416

S.19.01.21 - Non-life insurance claims

Gross Claims Paid (non-cumulative) - Development year (absolute amount). Total Non-Life Business

Sheets
Z Axis:

Accident year / Underwriting year	Z0020	Accident year [AY]

		Columns															
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160
Rows																	
Prior	R0100																-
N-14	R0110	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
N-13	R0120	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
N-12	R0130	2.854.254	5.069.348	1.159.085	462.640	93.552	132.102	20.623	123.590	9.533	7.906	652	- 18.501	7.475			
N-11	R0140	3.491.509	6.173.172	1.543.077	602.936	124.043	59.491	163.022	492.821	16.676	42.360	62	21.864				
N-10	R0150	5.150.237	7.140.392	2.412.932	564.780	452.754	206.578	71.677	129.048	35.406	211.696	144.016					
N-9	R0160	4.681.549	5.863.288	1.973.119	1.102.219	297.000	411.201	619.416	- 84.170	32.145	15.735						
N-8	R0170	5.740.361	6.251.884	1.722.871	688.638	201.960	102.898	27.116	11.210	19.291							
N-7	R0180	7.098.894	7.978.919	2.723.133	734.162	335.753	82.411	160.299	167.157								
N-6	R0190	6.185.037	5.673.271	1.212.475	602.421	266.946	181.918	265.419									
N-5	R0200	4.693.641	5.054.409	1.195.853	3.283.417	269.457	1.340.673										
N-4	R0210	6.266.707	7.159.229	1.494.836	1.122.614	876.165											
N-3	R0220	17.261.748	21.847.187	7.007.349	2.930.696												
N-2	R0230	16.122.749	14.553.450	5.270.589													
N-1	R0240	2.964.763	1.633.759														
N	R0250	-															

Gross Claims Paid (non-cumulative) - Current year, sum of years (cumulative). Total Non-Life Business

Sheets
Z Axis:

Accident year / Underwriting year	Z0020	Accident year [AY]

		Columns	
		In Current year	Sum of years (cumulative)
		C0170	C0180
Rows			
Prior	R0100	-	-
N-14	R0110	-	-
N-13	R0120	-	-
N-12	R0130	7.475	9.922.261
N-11	R0140	21.864	12.731.031
N-10	R0150	144.016	16.519.514
N-9	R0160	15.735	14.911.502
N-8	R0170	19.291	14.766.228
N-7	R0180	167.157	19.280.729
N-6	R0190	265.419	14.387.487
N-5	R0200	1.340.673	15.837.450
N-4	R0210	876.165	16.919.552
N-3	R0220	2.930.696	49.046.980
N-2	R0230	5.270.589	35.946.788
N-1	R0240	1.633.759	4.598.521
N	R0250	-	-
Total	R0260	12.692.838	224.868.042

Gross undiscounted Best Estimate Claims Provisions - Development year (absolute amount). Total Non-Life Business

Sheets
Z Axis:

Accident year / Underwriting year	Z0020	Accident year [AY]

		Columns															
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0310	C0320	C0330	C0340	C0350
Rows																	
Prior	R0100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32.674
N-14	R0110	-	-	-	-	-	-	-	-	254.712	303.500	103.202	19.766	20.165	5.595	6.391	
N-13	R0120	-	-	-	-	-	-	-	342.004	168.415	156.863	165.650	206.184	214.259	63.235		
N-12	R0130	-	-	-	-	-	-	297.401	152.318	81.808	44.687	71.554	125.855	98.547			
N-11	R0140	-	-	-	-	-	985.026	604.986	297.565	165.161	114.824	200.907	60.607				
N-10	R0150	-	-	-	-	2.413.416	2.149.353	1.811.973	1.797.036	2.898.739	2.672.349	2.551.761					
N-9	R0160	-	-	-	1.968.288	1.871.416	2.135.293	823.337	980.126	847.618	880.652						
N-8	R0170	-	-	2.947.591	2.085.096	1.434.921	966.305	931.058	663.250	646.062							
N-7	R0180	-	5.689.266	3.280.886	2.898.474	2.732.797	2.840.146	2.777.284	1.325.673								
N-6	R0190	10.959.801	5.101.514	3.122.074	2.059.008	1.988.114	1.621.106	1.468.840									
N-5	R0200	11.604.932	6.767.610	6.416.815	3.640.687	3.920.905	3.131.162										
N-4	R0210	12.327.903	5.251.628	4.558.800	3.676.126	4.153.103											
N-3	R0220	30.976.396	26.151.361	21.927.471	17.171.179												
N-2	R0230	49.907.070	44.446.163	32.621.107													
N-1	R0240	6.354.507	3.596.451														
N	R0250	-															

Gross discounted Best Estimate Claims Provisions - Current year, sum of years (cumulative). Total Non-Life Business

Sheets
Z Axis:

Accident year / Underwriting year	Z0020	Accident year [AY]

		Columns
		Year end (discounted data)
		C0360
Rows		
Prior	R0100	29.578
N-14	R0110	5.779
N-13	R0120	57.074
N-12	R0130	89.249
N-11	R0140	54.282
N-10	R0150	2.246.283
N-9	R0160	769.627
N-8	R0170	575.918
N-7	R0180	1.177.892
N-6	R0190	1.316.915
N-5	R0200	2.808.426
N-4	R0210	3.740.205
N-3	R0220	15.322.668
N-2	R0230	28.785.224
N-1	R0240	3.166.119
N	R0250	-
Total	R0260	60.145.238

S.23.01.01 - Own funds

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Rows						
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	61.750.000	61.750.000			
Share premium account related to ordinary share capital	R0030	-	-			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-			
Subordinated mutual member accounts	R0050	-				
Surplus funds	R0070	-	-			
Preference shares	R0090	-				
Share premium account related to preference shares	R0110	-				
Reconciliation reserve	R0130	- 26.233.847	- 26.233.847			
Subordinated liabilities	R0140	-				
An amount equal to the value of net deferred tax assets	R0160	-				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-			
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-			
Total basic own funds after deductions	R0290	35.516.153	35.516.153			
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	35.516.153	35.516.153			
Total available own funds to meet the MCR	R0510	35.516.153	35.516.153			
Total eligible own funds to meet the SCR	R0540	35.516.153	35.516.153			
Total eligible own funds to meet the MCR	R0550	35.516.153	35.516.153			
SCR	R0580	15.717.675				
MCR	R0600	4.016.918				
Ratio of Eligible own funds to SCR	R0620	226,0%				
Ratio of Eligible own funds to MCR	R0640	884,2%				

Reconciliation reserve

		Columns
		C0060
Rows		
Reconciliation reserve		
Excess of assets over liabilities	R0700	35.516.153
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	61.750.000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve	R0760	- 26.233.847
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	-

S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula

Basic Solvency Capital Requirement

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Rows			
Market risk	R0010	6.184.690	
Counterparty default risk	R0020	1.511.370	
Life underwriting risk	R0030	-	
Health underwriting risk	R0040	37.424	
Non-life underwriting risk	R0050	10.036.329	
Diversification	R0060	- 3.903.090	
Intangible asset risk	R0070	-	
Basic Solvency Capital Requirement	R0100	13.866.723	

Calculation of Solvency Capital Requirement

		Value
		C0100
Rows		
Operational risk	R0130	1.850.952
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	15.717.675
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	15.717.675
Other information on SCR		-
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-

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

		Columns
		MCR components
		C0010
Rows		
MCRNL Result	R0010	4.016.918

Background information

		Columns	
		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Rows			
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030	89.106	- 772
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	4.732.058	- 16.374
Other motor insurance and proportional reinsurance	R0060	186.401	- 19.521
Marine, aviation and transport insurance and proportional reinsurance	R0070	8.918.344	- 415.400
Fire and other damage to property insurance and proportional reinsurance	R0080	8.948.193	- 381.944
General liability insurance and proportional reinsurance	R0090	17.721.648	- 462.750
Credit and suretyship insurance and proportional reinsurance	R0100	-	-
Legal expenses insurance and proportional reinsurance	R0110	35.314	- 865
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		

Overall MCR calculation

		Columns
		C0070
Rows		
Linear MCR	R0300	4.016.918
SCR	R0310	15.717.675
MCR cap	R0320	7.072.954
MCR floor	R0330	3.929.419
Combined MCR	R0340	4.016.918
Absolute floor of the MCR	R0350	4.000.000
Minimum Capital Requirement	R0400	4.016.918