KLPP Insurance & Reinsurance Company Ltd

# Solvency & Financial Condition Report 2023

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**Acronyms**

| | Abbreviation |
|---|---|
| Board of Directors | BoD |
| Risk Management Function | RMF |
| SCR | Solvency Capital Requirement |
| MCR | Minimum Capital Requirement |
| Own Risk and Solvency Assessment | ORSA |
| SFCR | Solvency and Financial Condition report |
| IT | Information Technology |
| Standard and Poor | S&P |
| EU | European |
| US | United States |
| ECL | Expected Credit Loss |
| CDS | Credit Default Swap |
| Min | Minimum |
| Max | Maximum |
| IFRS | International Financial Reporting Standards |
| PN | Promissory Notes |
| EIOPA | European Insurance and Occupational Pensions Authority |
| IBNR | Incurred But Not Reported |
| IBNER | Incurred But Not Enough Reported |
| ENID | Events Not In Data |
| ULAE | Unallocated Loss Adjustment Expenses |
| LACDT | Loss Absorbing Capacity of Deferred Taxes |
| DTA | Deferred Tax Asset |
| EIOPA | European Insurance and Occupational Pensions Authority |

# Summary

KLPP Insurance & Reinsurance Company Ltd (hereinafter "KLPP") is a non-life insurance and reinsurance Company registered in Cyprus and supervised by the Superintendent of Insurance. The Company was licenced at 30 December 2015 and maintains a strong capital base allowing it to implement a growth strategy whilst offering high and extraordinary levels of protection to its client base.

The Company's strategy is to selectively insure and accept reinsurance business, whilst achieving a rate of return that is adequate in relation to the capital employed and the risks assumed. Additionally, the Company utilises an existing network of business relations to develop and deliver insurance and reinsurance solutions to targeted clients.

The Company maintains a robust system of governance which, in light of the nature, scale and complexity of the Company' activities and its risk profile, is deemed to be adequate in ensuring the sound and prudent management of the Company. In line with the growth exhibited in insurance operations, there are continuous improvements to the system of governance and to internal controls. The Company continues investing heavily in technology and maintain state of the art systems and IT infrastructure on a high-level performance.

Balance sheet strength remains the core strength of KLPP with Own Funds exceeding the SCR by $279m and SCR coverage ratio of 634%. In May 2023, Standard and Poor's (S&P) maintained KLPP's BB + rating but delivered a negative outlook. The Company intends to continue working with rating agencies and try to further increase the rating, which will further allow the Company to increase activity in reinsurance and insurance market worldwide.

Financial performance in 2023 was driven by the investment and underwriting performance of the Company. Profit before taxation for the year ended 31 December 2023 was $337.253. However, operating profit of the company for 2023 was more than 44 million dollars.

Our risk management policy provides for a thoroughly articulated risk appetite statement and a closely monitored risk management system ensuring that the Company is not exposed to any unwanted risks. Market risk and underwriting risk account for the most significant portion of the Company's risk universe. The Company manages its risk exposures through its Risk Management Policy. Other risks include credit risk, liquidity risk and operational risk. These risks are analysed and explained in Section C of the report.

The Company maintains a healthy capital position. At the reference date, the Solvency Capital Requirement amounted to $ 52.3 million and the eligible own funds amounted to $ 332 million leading to a coverage ratio of 634%. The Minimum Capital Requirement amounted to $ 13.2 million and the eligible own funds available to cover this requirement amounted to $ 332 million leading to an MCR coverage ratio of 2515%. As evidenced by the results of the 'Own Risk and Solvency Assessment' carried out in 2023, the Company is expected to maintain a robust capital position which is highly resilient to stressed conditions.

This Report, prepared in accordance with the Company's Disclosure and Reporting Policy, was reviewed and approved by the Board of Directors at a Board meeting held on 5 April 2024.

# A. Business Performance

## A.1 Business

### *A.1.1 Name and legal form of undertaking*

KLPP Insurance & Reinsurance Company Ltd is a limited liability Company incorporated under the laws of Cyprus with Company Registration Number: HE 259650

The head office and the decision-making centre of the Company will be based in Cyprus at 28 October Avenue, 363, Metis Tower, 3rd floor, 3107, Limassol, Cyprus .

### A.1.2 Supervisory authority

The Company is authorised and regulated by the Superintendent of Insurance, the contact details of which are shown below:

**Superintendent of Insurance**

Cyprus Insurance Companies Control Service

Ministry of Finance

P.O. Box 23364, 1682 Nicosia

Cyprus

Telephone: 0035722602990

Fax: 0035722302938

Email: insurance@mof.gov.cy

### A.1.3 External Auditors

Its external auditors are Moore Limassol Limited, 196 Arch. Makarios Ave. | Ariel Corner, 1st floor, office 102 | 3030 Limassol | Cyprus

### A.1.4 Shareholders

The shareholders of the Company are:

- Mr Vladimir Kushnarev 59.5%
- Mrs Tatiana Kushnareva 40.5%

### A.1.5 Strategy and objectives

The Company's strategy is to selectively underwrite, through insurance and reinsurance contracts whilst achieving a rate of return that is adequate in relation to the capital employed and the risks assumed.

The Company possesses the strengths, the capabilities and the capital base to pursue further growth. Furthermore, the rapid changes in global economic conditions and insurance regulatory frameworks create new opportunities for profitable penetration in new markets.

These opportunities are available to KLPP through the long-standing reputation of the shareholders in the market.

The Company's overall business strategy is supported by an efficient operational mechanism, cutting edge technology and a strong capital base. These key strengths position the Company very favourably in exploiting such opportunities.

The Company continues to enhance the system of governance to safeguard the sound and prudent management of the business. This system revolves around the Company's strategy and plans include additional in-house functions as well as further enhancements to control mechanisms to ensure that the expansion plans do not expose the Company to unwanted risks or volatility beyond its risk appetite.

Furthermore, KLPP aims at maximising investment income generated from its large capital base by implementing a well-defined and closely monitored investment policy.

The current economic environment remains a challenge for the performance of the investment portfolio and the Company continuously researches different asset classes and particular securities in order to meet its target return subject to acceptable risk exposures within its risk appetite.

The Company complies with regulatory requirements at all times and has nil tolerance for any violations of applicable laws and regulations by any of its members of staff.

Furthermore, KLPP currently has the largest capital base amongst Cyprus based insurers and looks into further improving this position over its business planning horizon.

KLPP Insurance & Reinsurance Company has a license to carry on insurance in the following lines of business:

- Accident, Sickness, Land vehicles, Railway rolling stock, Aircraft, Ships, Goods in Transit
- Fire and Natural forces
- Other Damage to Property
- General Liability
- Credit
- Suretyship
- Miscellaneous financial loss

## A.2 Underwriting performance

### *A.2.1 Underwriting Results*

The Company's underwriting income and expenses consist mainly of insurance/reinsurance premiums written, gross claims incurred, and fees, commissions and other acquisition expenses.

For the year ended 31 December 2023 the Company had a net loss, due to the adverse claims experience in 2023, arising from insurance activities of $ 10.2 million which is broken down as follows (in $'000):

| | YE2023 | YE2022 |
|---|---|---|
| Insurance revenue | 26,616 | 20,663 |
| Insurance service expense | -34,979 | -22,253 |
| Net expense from reinsurance contracts held | -1,868 | -1,760 |
| **Total insurance service result** | **-10,231** | **-3,350** |

Gross Written Premiums by type of business during 2023 were as follows:

| Type of Business $'000s | Gross Written Premium YE2023 | Gross Written Premium YE2022 |
|---|---|---|
| Direct Insurance | 23.805 | 15.183 |
| Reinsurance | 5.257 | 8.476 |
| **Total** | **29.062** | **23.659** |

Gross Written Premiums by line of business during 2023 were as follows:

| Line of Business<br>$’000s | Gross Written Premium<br>YE2023 | Gross Written Premium<br>YE2022 |
|---|---|---|
| Credit and suretyship insurance | 21.841 | 13.833 |
| Fire and other damage to property | 6.188 | 8.671 |
| General liability | 917 | 979 |
| Goods in transit (cargo) | 55 | 68 |
| Miscellaneous financial loss | 60 | 164 |
| Casualty | 0 | -57 |
| Workers' Compensation insurance | 0 | 0 |
| Other Motor | 0 | 0 |
| **Total** | **29.061** | **23.659** |

## A.3 Investment Performance

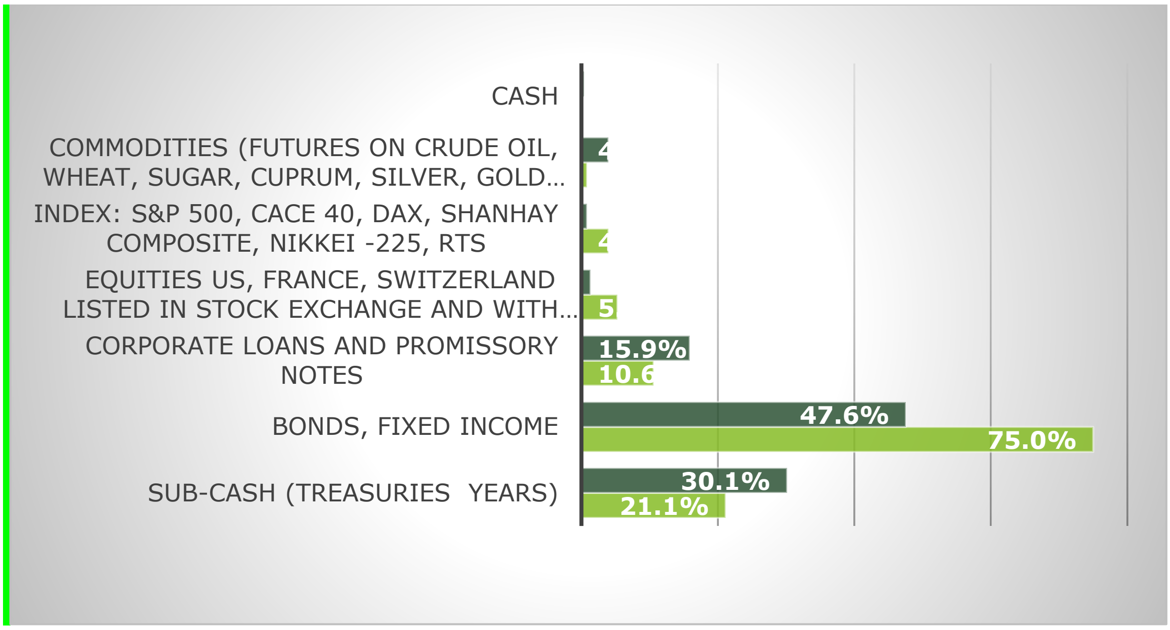
The investment strategy of the Company is to maintain a diversified conservative investment portfolio with high quality and liquidity of investments and with the objective to generate a satisfactory rate of return.

The basic principles of investment policy for management are Liquidity, recoverability, profitability.

The Company manages its investments in accordance with the Prudent Person Principle and has put in place a framework for monitoring performance and investment risk exposures. In particular, indicators have been developed to help monitor the security, quality, liquidity and profitability of the entire investment portfolio.

In case there is no guarantees of liquidity, recoverability and profitability the actives are not considered for portfolio.

The strategic asset allocation of the funds of the Company for 2023 mainly includes bonds/fixed deposits and cash which is similar to the 2022 allocation. The relevant allocation for the year 2023 is shown below: (Max%;Min%):




Tactical deviations from the above percentage limits may occasionally take place but not to the extent that may breach the risk tolerance limits of the Company, due to the fact that all risks are secured by open currency position (FOREX).

FX operations (FOREX) are used as hedge instrument for portfolio and increase its tolerance level to volatility of market.

The company uses currency SWAP markets to hedge its exposure to currency risks associated with exchange rate fluctuations especially for the bank loans denominated in YEN.

The Company avoids material exposure in bank deposits, because of the very low level of interest rates and risks of credit institutions (banks) avoidance. This instrument can be replaced by treasuries of USA, Germany and UK on short term basis. The minimal acceptable limit of liquidity is at least the 50% of the net technical provisions within two weeks. 90% of the Portfolio of Company has 100% liquidity level, without discount due to concentration of investments in securities, FX, SWAPS and Futures with investment grade rating similar to senior bonds. The exceptional level of liquidity has also been marked by Standard and Poors rating agency as well as quality of portfolio – AAA level.

There are 6 banks which KLPP uses – UBS AG, JP Morgan Luxembourg, Barclays London, LGT bank, Banque Internationale à Luxembourg (Suisse) SA and Eurobank Cyprus.

In the purpose of investment activity only financial institutions with high credit ratings (not less than Baa2 on Moody's or BBB on Standard and Poor's) are acceptable – JP Morgan, UBS AG, Barclays London, LGT Bank, Banque Internationale à Luxembourg (Suisse) SA and broker - Ronin Europe Limited (credit rated S&P B+ European licensed institution) where assets of KLPP do not exceed 2,3 million dollars.

The investment portfolio is monitored on a daily basis via Bloomberg, the instruments are acceptable if they are listed in stock exchange, have high credit rating (issuer rating, never lower than rating of country of incorporation) and acceptable profit rate. In order to keep high level of liquidity the instruments of choice are corporate and governments bonds. Instruments are also accepted if there is full control through the corporate mechanism – Board of Directors, shareholders etc.

In regards of currencies the Company trades mainly in USD, GBP, EUR and YEN. The Company operates in the Forex market as well.

In regards of commodities, the Company only accepts stock exchange listed instruments in the level of not more than 2-3% of the portfolio, and all accepted commodities should be highly liquid.

During 2023, the total investment portfolio in listed instruments was $ 472.8m and net investment income amounted to $ 15.7m, as analysed in the tables below:

| $ 000's | 2023 | 2022 |
|---|---|---|
| Bonds | 190.184 | 264.471 |
| US Treasury Bills | 274.444 | 43.910 |
| Equity securities | 8.257 | 8.517 |

| $ 000's | 2023 | 2022 |
|---|---|---|
| Rental Income | 0 | 140 |
| Total income on financial assets at amortised cost | 12.992 | 3.913 |
| Total interest income, dividend income and gain/losses on FVTPL | 2.720 | -12.389 |

## A.4 Performance of Other Activities

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

## A.5 Any Other Information

The Company is actively monitoring developments, identifying potential risks, designing and implementing risk mitigation actions to ensure business continuity, limit damages and safeguard its solvency.

The Russian – Ukraine conflict (started at the 24th of February of 2022) has magnified uncertainty in all economic sectors including financial services and insurance. KLPP has no exposure in Ukraine thus no direct consequences were observed as a result of developments in this country. Regarding exposures in Russia, KLPP has not signed any new contracts with Russian cedants since February 2022.

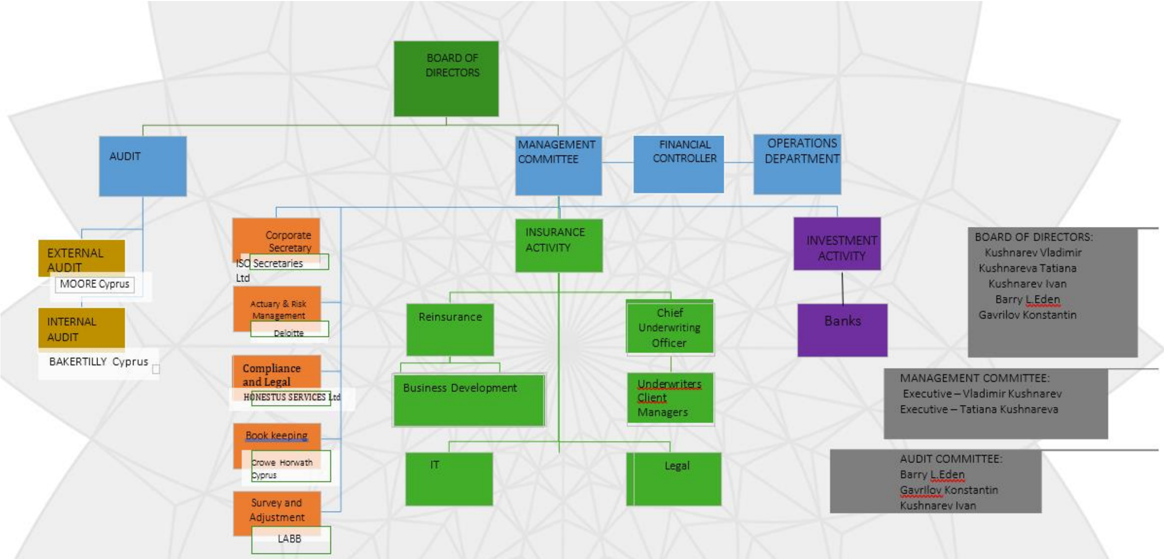
# B. System of Governance

## B.1 General information on the system of governance

The Company’s system of governance provides for the sound and prudent management of the Company’s business and includes:

- a transparent organisational structure;
- a risk management system;
- asset-liability management;
- a number of key functions;
- control over outsourced functions; and
- an internal control system.

The Company’s organisational structure at 31 December 2023 is depicted graphically below.




### B.1.1 *The Board of Directors*

The composition of the Board of Directors takes into account the size, nature and complexity of the Company’s business. Moreover, the Board is designed to ensure that:

- it can adequately discharge its responsibilities and duties;
- it has a proper understanding, and the necessary competencies to deal with current and emerging issues arising from the Company’s business;
- it can effectively review and assess the performance of outsourced functions.

The Board is made up of five Directors who collectively possess an adequate level of expertise and experience in insurance underwriting, financial reporting, risk management, actuarial functions and compliance.

The members of the BOD are the following:

| NAME | ROLE |
|---|---|
| Vladimir Kushnarev | Chairman, Executive Director |
| Tatiana Kushnareva | Vice Chairman, Executive Director |
| Ivan Kushnarev | Non-Executive Director |
| Konstantin Gavrilov | Non-Executive Director |
| Elena Mitina (resigned on 17/11/2023) | Non-Executive Director |
| Barry Lynn Eden (appointed on 17/11/2023) | Non-Executive Director |

The Board is responsible for leading and controlling the Company, devising strategies and plans for their implementation and reviewing and evaluating the Company's performance against such strategies and plans. The Board of directors executes all resolutions and decisions of Shareholders Meetings. The Board delegates responsibility for day-to-day business and for external representation of the Company to the Managing Committee. However, significant decisions concerning the Company must have the support of the entire Board, in line with the Board procedure outlined in the Company's Memorandum and Articles of Association.

### *B.1.1.1 Selection and Appointment of BoD Members*

The BoD members have been appointed by the shareholders subject to approval from the Superintendent of Insurance. The appointment and removal of directors shall require the consent in writing of members holding not less than fifty-one per cent (51%) of the voting shares of the issued share capital of the Company. A written notice addressed to the Company secretary shall be sufficient for such purpose.

The directors of the Company shall not be required to retire by rotation. Their appointment shall stand until removed by the members or upon resignation.

#### *B.1.1.1.1 Chair of the BoD*

The Board has the duty to appoint a Chairman from amongst its member to lead Board meetings and to ensure effective communication with the shareholders.

#### *B.1.1.1.2 Non-Executive directors*

The role of all Non-Executive Directors has the following key elements:

- Strategy: Non-Executive Directors should constructively challenge and contribute to the development of strategy
- Performance: Non-Executive Directors should scrutinize the performance of Senior management in meeting agreed goals and objectives, and monitor the reporting of performance
- Risks: Non-Executive Directors should satisfy themselves on the integrity of financial information and that financial control and ensure that the systems of risk management are robust.

The independent Non-Executive Directors shall be independent of KLPP and free from any business or other relationship which could materially interfere with the exercise of their independent judgment.

#### B.1.1.2 Board Committees

To improve operating efficiency, matters not reserved to the BoD are delegated to the following Board Committees that have been formed with BoD participation:

- Management Committee
- Audit Committee

Delegating to Committees does not in any way release the BoD from collectively discharging its responsibilities. The BoD maintains regular interaction with the Committees through the information provided to the BoD, that it proactively challenges when necessary.

The Terms of Reference of those Committees whose establishment is required under Solvency II, are documented in the Governance Policy of KLPP and can be made available upon request.

The following Committees and Control Functions have been established by the Board (and its Committees) to assist it in discharging its obligations and operated throughout the year under review. Each Committee operates under defined terms of reference and reports to the Board at each Board meeting.

Management Committee

- Coordinating and monitoring Company`s day-to-day activity in respect of Insurance and Investment activity.
- Ensuring that the Company maintains adequate liquidity at all times
- Monitoring the risks arising from the Company's activity
- The timely reporting of material deviations from defined risk appetite.
- The financial controlling is executed through operational department

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities for:

- The integrity of the Company's financial statements;
- The effectiveness of the Company's internal controls;
- The Company's arrangements for its employees to raise concerns, in confidence, about possible wrong-doing in financial reporting or other matters;
- The effectiveness of the Company's Internal Audit function in the context of the Company's overall risk management system; and
- Monitoring the effectiveness, independence and objectivity of the external auditor.
- Financial control is executed through the operational department through controlling the documentation turnover as current financial operations;
- Coordinating and monitoring Company`s actions in respect of Insurance and Investment business and executing the role of controller of all financial business process of the Company.

### B.1.2 Remuneration Policy

The Company ensures that its employees are of the highest calibre by employing thorough recruitment and selection procedures and by providing employees with remuneration packages that are adequate and fair in light of their responsibilities, duties, qualifications and experience, giving due consideration to the Company's profit targets and remuneration packages on offer for similar posts in the local market. The management's remuneration consists of a fixed component as well as a variable component. The variable component is tied to personal performance, and the results of the Company. These principles ensure that no excessive risk-taking take place, thus ensuring the sound and prudent management of the Company.

Only non-executive directors are entitled to remuneration which is determined at the annual shareholder meeting and which depends on the financial results of the year.

### B.1.3 Key functions

#### B.1.3.1 Internal Audit

The role of the Internal Audit Function is to:

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

The Board retains the prerogative of calling upon the Internal Audit Function to give its opinion or assistance or to carry out other special tasks, such as investigation of suspected fraud.

The Company outsources the Internal Audit function to Baker Tilly Klitou and Partners Ltd. The persons responsible for providing the service selected carefully depending on their skills and experience. .

#### B.1.3.2 Compliance

The Compliance Function is responsible for:

- Identifying all areas of the Company's business activity that are susceptible to compliance risk;
- Implementing the necessary controls to ensure that the Company complies with the applicable insurance laws and external regulatory requirements, including but not limited to, licensing requirements, supervisory reporting and public disclosure requirements;
- Ensuring that the Company complies with all applicable non-insurance specific laws and external regulations.

The Compliance Function has become internal by appointment person in charge –with outsourced support of corporate legal firm with appointed individual within that firm to undertake the role of Compliance Officer. In making this appointment, the Board insured that this person has the requisite skills and experience to undertake the role.

#### *B.1.3.3 Actuarial*

The objective of the Actuarial Function is to establish and maintain appropriate procedures, processes and systems sufficient to allow the Company to reasonably estimate its insurance obligations, exposures and the related capital requirements, in line with applicable laws and recognised industry standards.

The Actuarial Function in KLPP is outsourced to a reputable actuarial firm, Deloitte, after having satisfied itself of the service provider's ability and capacity to perform the Actuarial Function satisfactorily.

#### *B.1.3.4 Risk Management*

The Risk Management Function is responsible for:

- Assisting the Board, management and the other functions in discharging their risk management responsibilities and in advising on possible improvements;
- Performing reviews of the RMS and suggesting possible improvements, including documentation of material changes to the RMS and reporting such changes to the Board in order to ensure that the RMS is maintained and improved;
- Effectively identifying, assessing, monitoring and assisting with the mitigation and management of, identified risks;
- Maintaining a Risk Register to gain an aggregated view of the Company's risk profile, including the Company's capacity to absorb risks;
- Evaluating the internal and external risk environment on an on-going basis, in order to identify and assess potential risks as early as possible;
- Conducting stress testing and scenario analysis;
- Regularly reporting to the Board on the Company's risks and the management of risks.

The Risk Management Function is outsourced to Deloitte.

### *B.1.4 Material changes in the system of governance over the reporting period*

There were no material changes in the system of governance over the reporting period.

## B.2 Fit and proper requirements

Prior to the appointment of any new Board member or Company Secretary, an evaluation is undertaken of the fitness and propriety of the proposed officer of the Company. This involves examination and documentation of:

- the person's previous experience, knowledge and professional qualifications and whether these are adequate to enable sound and prudent management of the Company;

- proof of skill, care, diligence and compliance with the relevant standards of the area/sector he/she has previously worked in;
- reputation, including an enquiry as to whether there have been any criminal or financial antecedents or past experience with regulatory authorities which may cast doubt on the ability of that person to adequately discharge his/her duties in line with applicable rules, regulations and guidelines.

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

The fit and proper test criteria satisfy at a minimum the relevant regulatory requirements.

The assessment is facilitated through:

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

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

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

### *B.3.1 Description of the undertaking's risk management system*

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

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

#### *B.3.1.1 Risk Appetite Statement*

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

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

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

The Company has a target of maintaining a solvency coverage ratio at all times in excess of 300%.

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

#### *B.3.1.2 Risk Governance*

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

The system of governance is based on the "three lines of defence model" safeguarding that risk management is embedded into the organisational structure and decision-making processes of the Company and that the risk management system is supported by appropriate internal controls and by information systems that provide relevant, accurate and reliable information.

The roles of the key functions in the Risk Management System are described in detail in the Company's governance policy and are outlined below:

| Body / Function | Roles in the risk management framework |
|---|---|
| **BoD** | • The responsibility for the approval and periodic review of the risk profile and risk appetite, as well as the risk strategy and the policies for managing risks, lies with the BoD, so as to ensure that the BoD takes all measures necessary for the monitoring and control of risks, in accordance with the approved risk strategy and policies. |
| **Senior Management** | • The Company's Senior Management is responsible for the implementation of the risk strategy, as this has been approved by the BoD, and for the development of the policies, methodologies and procedures required to identify, measure, monitor and control every type of risk, in accordance with the nature and complexity of the Company's operations<br>• They also have the responsibility to apply the framework in their day to day activities |
| **Risk Management Function** | • Supports the BoD in the determination and implementation of the risk strategy and capital planning<br>• Coordinates the implementation of the risk management framework and is the main unit for risk management responsibilities.<br>• Regular reporting to the Senior Management<br>• Risk management training to the BoD, Committees, Senior Management and Risk taking functions directly involved in the management and oversight of risk, on the contents of the current and other risk-specific policies, and for providing guidance on their application<br>• Monitors the risk profile of the Company against the BoD's risk appetite<br>• Develops internal risk methodologies and models |

| | |
|---|---|
| | • The full responsibilities of the RMF are documented in the RMF Policy |
| **Actuarial Function** | • The Actuarial function is a specialist function that advises the Senior Management of the Company on the calculation of technical provisions and capital requirements, as well as on the technical aspects of risk management and forecast modelling. |
| **Compliance Function** | • The Compliance Function applies suitable procedures for the purpose of achieving a timely and on-going compliance of the Company's risk management framework with existing and new laws and regulations. |
| **Internal Audit** | • The Internal Audit Function undertakes independent reviews and testing of the risk management framework or of specific components of the framework and reports the results to the Audit Committee. The responsibilities of Internal Audit are governed by the Internal Audit Policy |

### *B.3.1.3 Risk management Processes*

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

**Risk Identification**

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

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

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

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

**Risk Assessment / Measurement**

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

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

- Assessing the frequency of risk events and their resulting severity (inherent risk);

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

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

**Risk Control and Mitigation**

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

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

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

KLPP's policies on risk transfer including the use of reinsurance or other instruments is documented in the Company's Reinsurance Policy.

Once KLPP identifies and quantifies its risks, it implements a strategy for mitigating them with appropriate policies, procedures, systems, and controls. Within the established risk appetite and tolerance, KLPP will retain a certain portion of risk, transfer another portion (through reinsurance), and then finance those risks it can not insure.

**Risk Monitoring and Reporting**

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

Specifically, the RMF monitors the following for each risk:

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

### *B.3.2 Significant Risk Exposures*

The main risk exposures as at 31 December 2023 as measured through the Solvency II standard formula are shown in the table below. The risk exposures as at 31/12/2022 are also shown for comparison purposes.

| 99.5% VALUE AT RISK (SCR) | YE2023 | YE2022 |
|---|---|---|

| $'000s | | |
|---|---|---|
| Market risk | 35,858 | 37,304 |
| Counterparty default risk | 844 | 1,375 |
| Life Underwriting risks | 0 | 0 |
| Health underwriting risk | 2 | 5 |
| Non-Life underwriting risk | 37,294 | 26,664 |
| Intangible asset risk | 0 | 0 |
| Operational risk | 1,783 | 1,238 |

Market risk decreased since last year mainly due to the lower exposure in corporate bonds. In addition, the increase in Non-Life underwriting risk is attributed to the higher exposure in premium and reserve risk due to the increase in insurance business.

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

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

### B.3.4 Credit Assessments

Credit assessments are used for the Company's main counterparties through its reinsurance program and its asset portfolio. The ratings used are those of the main global rating agencies such as AM Best, Standard & Poor's, Fitch and Moody's. The ratings are obtained by the asset managers and the reinsurers themselves and are verified through ad hoc research through the internet. Continuous improvements in the rating assessment of the Company confirm high quality management of credit risks by the Company.

KLPP considers these external ratings credible/sufficient for the purpose of the credit risk assessment of these counterparties.

## B.4 Own Risk and Solvency Assessment (ORSA)

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

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

KLPP follows the steps below to implement its ORSA:

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

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

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

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

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

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

### *B.4.1 Governing the ORSA*

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

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

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

### *B.4.2 ORSA and decision making processes*

ORSA is considered as a very valuable assessment in addressing the risks inherent with the Company's strategy and the BoD confirms that it is embedded in the decision-making processes of the Company. In particular, the ORSA allows the management to take into account all the risks associated with the Company's business strategies and the required level of capital that the

Company requires commit, explore alternative options and assess their impact and decide on the optimal strategy and advise to BoD accordingly.

### *B.4.3 Frequency of the ORSA*

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

These changes include, but are not limited to:

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

## B.5 Internal control system

The Company defines internal controls as a process, effected by an entity's Board, management and other personnel, designed to provide reasonable assurance regarding the achievement of the following objectives:

- efficiency and effectiveness of processes;
- availability of sufficient and reliable financial and non-financial information to effectively manage the business of the Company;
- compliance with all applicable laws and regulations.

The key components of the Company's internal control system are outlined below:

- **Control Environment**
  The control environment sets the tone of the Company, influencing the control consciousness of its people. It is the foundation for all other components of the Company's internal control system, providing discipline and structure. Control environment factors include:
  - the ethical values of the Board and Company employees, together with the Company's philosophy and operating style, as reflected in the Company's Code of Conduct;
  - the integrity and competence of the Company's Board and employees; as reflected in the objectives of the fitness and propriety requirements and the Recruitment and Remuneration Policy;
  - clear definition of authority and responsibility, as defined by the Company's policies and the organisational structure;
  - the three line of defence system to manage risks as outlined in Section B.3.1.
- **Risk Management**

Risk Management entails the identification and analysis of relevant risks which threaten the achievement of the Company's objectives, forming a basis for determining how the risks should be managed.

- **Control Activities**

  Policies and procedures (called Control activities) are designed to ensure the following:
  - management directives are carried out
  - strategies are properly implemented and
  - the necessary actions are taken to address material risks.

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

- **Information and Communication**

  The Accounting Function prepares a monthly management report, which is distributed to the Board and which informs the Company's decision making. Moreover, all the functions are responsible for implementing each of the Company's policies report to the Board at least once a year on the implementation of such policy, the adherence thereto together with any proposals for changes to the policy as considered necessary by the relevant function. Due to the size of the organisation, lines of communication are not formally defined beyond the circulation of monthly management reports to the Board and the requirement for holding Board and Investment Committee meetings.

- **Monitoring of Internal Controls**

  Internal controls need to be monitored to ensure the quality of their performance over time. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of the two. Ongoing monitoring occurs in the normal course of operations. Each function, as the risk owner, is responsible for ensuring the ongoing efficiency and effectiveness of the internal controls addressing the owned risks. Moreover, controls are monitored by the Risk Management Function, the Compliance Function and the Internal Audit Function. Significant internal control deficiencies are reported to the Board by means of the annual report prepared by each function, or immediately if deemed necessary. The scope and frequency of separate evaluations may be determined by the Board on the basis of its assessment of risks and its evaluation of the effectiveness of ongoing monitoring procedures.

### B.5.1 Compliance Policy and Compliance Function

KLPP Compliance function has been transferred in house with compliance officer in charge Elena Nakhratova

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

The role of the Compliance Function includes:

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

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

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

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

The Company has a compliance plan and a compliance policy in place. The Compliance policy is reviewed every year by the Board of Directors, and if required, it is updated to ensure that it remains relevant to the Company and in line with the regulation. On the other hand, the annual compliance plan is drawn up every year by the Compliance Function and is approved by the Board of Directors.

## B.6 Internal audit function

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

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

The Company outsources its Internal Audit Function to Baker Tilly Klitou and Partners Ltd thus ensuring the independence and objectivity from any functions which have operational responsibilities. The Internal Audit Function reports to the Board through the Audit Committee.

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

## B.7 Actuarial Function

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

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

The role of the Actuarial Function is to estimate Company's insurance obligations and exposures and the related capital requirements, in line with applicable laws and recognised professional standards.

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

The activities of the Actuarial Function during 2023 were as follows:

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

## B.8 Outsourcing

KLPP outsources the following key functions:

| Function | Entity | Person Responsible |
|---|---|---|
| Actuarial Function | Deloitte Actuarial Services Limited | Dimitris Dimitriou |
| Risk Management Function | Deloitte Actuarial Services Limited | Dimitris Dimitriou |
| Internal audit | Baker Tilly Klitou and Partners Ltd | A. Dimopoulos |
| Book-keeping and Accounting Function | Crowe Cyprus | Marios Agathangelou |
| Compliance Function | HONESTUS SERVICES LTD | Georgios Georgiou |

We have selected providers with significant expertise in their areas who can introduce knowhow and skillset in a beneficial way for the Company. Outsourcing is also believed to be a cost-efficient approach for the selected functions.

Additional benefits of outsourcing include the safeguarding the continuity of services since KLPP does not rely on one person but a firm with a contractual obligation to provide the requested services under all circumstances.

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

The selected partners have over the years proven to be efficient in their dealings with the Company and provide comfort to the BoD in the quality of their service and the value they add to KLPP.

The Company acknowledges that outsourcing does not in any way relieve the Company of ultimate responsibility for the outsourced functions. In line with regulatory requirements, KLPP has appointed one member of senior management with the responsibility of oversight of these functions and these persons have been notified to the Superintendent of Insurance. Furthermore, the performance of providers is regularly reviewed and monitored by the BoD.

### *B.8.1 Outsourcing Policy*

The criteria for the selection of service providers and the process for their appointment is laid down in the Company's outsourcing policy which is approved by the BoD and reviewed once a year. In regards of points of fast track going out for the Company for the insurance market, Board of directors decided to outsource several functions. This is considered as a basement for additional transparency of business model of the Company and provides additional trust of clients and counterparties to the Company. In particular, the Outsourcing Policy states that when choosing a service provider for any critical or important functions or activities KLPP ensures that:

- The potential service provider has the ability and capacity and any authorisation required by law to deliver the required functions or activities satisfactorily, taking into account the undertaking's objectives and needs
- The service provider has adopted all means to ensure that no explicit or potential conflict of interests with KLPP impairs the needs of the outsourcing undertaking
- It enters into a written agreement with the service provider which clearly allocates the respective rights and obligations of the undertaking and the service provider

- The general terms and conditions of the outsourcing agreement are authorised and understood by Managing Committee. The outsourcing does not represent a breach of any data protection regulation or any other laws
- The service provider is subject to provisions on the safety and confidentiality of information relating to KLPP or to its policyholders or beneficiaries

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

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

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

## B.9 Adequacy of the system of governance

The Company maintains a robust system of governance which, in light of the nature, scale and complexity of the Company' activities and its risk profile, is deemed to be adequate in ensuring the sound and prudent management of the Company.

## B.10 Any other information

There is no other material information regarding the Company's System of Governance.

# C. Risk Profile

The sections which follow provide an overview of the manner in which the Company manages its risk exposures. In this regard, no material changes occurred in 2023 or are expected to occur over the Company's planning horizon.

## C.1 Underwriting Risk

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

The Company's underwriting risk is addressed by the Underwriting Guidelines and Risk Selection Strategy. The objective of this document is to ensure that:

- reasonable and effective controls are in place to support the risk selection and underwriting process;
- the Company's future retrocession programme provides secure coverage appropriate to the Company's strategy, level of capital and risk profile;
- the risks arising out of retrocession as a risk mitigation technique are properly understood, addressed and monitored;
- claims are managed fairly and recorded properly in line with reinsurance agreements and all amounts recoverable from retrocessionaires are duly collected;
- a consistent methodology for the calculation of, and the accounting for, outstanding loss reserves (OSLR) and incurred but not reported reserves (IBNR) is maintained.

### *C.1.1 Underwriting strategy*

As previously mentioned, the Company's strategy is to selectively insure and accept reinsurance/retrocession business. The Company plans on utilising an existing network of business relations to develop and deliver insurance and reinsurance solutions to targeted clients.

Strategic opportunities are coming from changes in specific external factors which are difficult to predict and largely outside the Company's control. Therefore, the Company's strategic focus is not to create opportunities but to be responsive to any good opportunity that arises.

Following the core strategic focus as outlined above, the Company focuses on the opportunities to get profitable business, as follows:

- Increase in clients for insurance due to business growth of the trading partners, as well as other sources of business attracted by reputable development of the Company, by new experienced staff and partners,
- Grow of the client base using reinsurance capacity of the Company,
- Identification of new opportunities for further profit contribution to the Company

New opportunities may arise from improvement in the loss history of an existing policy or product, such that the risk characteristics become aligned with the requirements of the Company's underwriting strategy and policy. These opportunities would normally materialize over the longerterm horizon, giving the Company time to analyze the full implications of exploiting these opportunities.

The Company’s overall business strategy is supported by an operational mechanism and a strong capital base. It will be implemented through its system of governance, which revolves around the definition of the Company’s risk appetite, as well as the development and implementation of sub-strategies and policies for the Company’s key functions and risk areas. The Company’s main sub-strategies are the underwriting strategy, the ALM and investment strategy and the risk management strategy.

The main lines of business are Credit & Suretyship, Property Insurance, and General Liability insurance. Business is also written in Cargo and Miscellaneous financial loss lines.

In line with the underwriting strategy, risks that fall within the overall strategy are only reinsured in as far as:

- reasonable projections of the premiums, claims experience and expenses provide the Company with an expectation of an adequate net underwriting profit and consequently an adequate return on capital as expressed by the overall strategy;
- the Company’s available capital is adequate to cover the net underwriting risk assumed and all the other exposures and risks arising from the ensuing reinsurance contract.

Moreover, the Company strives to achieve a number of quantitative objectives, namely:

- a maximum overall combined ratio across all lines of business;
- a specified maximum exposure per line of business;
- a maximum underwriting risk capital charge in accordance with the standard formula;

**Inward Reinsurance**

In respect of Inward reinsurance and business attraction strategy of the Company we have some established rules and principles. The main purpose to ensure that the reinsurance portfolio is well balanced and diversified.

At their initial stage of business development, the majority of companies start relationships from facultative business and then transferring business to the treaty contracts. Nowadays the KLPP underwriters have enough experience and market knowledge to deal with inward facultative business as well as with treaty contracts.

The strategy in respect of treaty business consideration should be focused on the role of following market at the early stages of Company`s development and in most regions of geographical presence on the market. We will rely on the conditions provided by the most experienced players in respect of prices of the programs. At the same time, we feel free to propose and to write the shares subject to the conditions which we consider mandatory for the contract (Sanction clause, premium payment warranties, cancellation clause).

For the facultative acceptances the role of the reputable Leader is also important and we pay great attention to other participants and experience of previous relations of business provider with the ceding Company (i.r.o. premium payment/ loss investigation experience).

In each case underwriters of the Company evaluate proposed business using internal general pricing approach (i.e. technical and target price) and always follow main risk selection strategy as well as monitoring of accumulation on a regular basis for both treaty and facultative inward contracts and keep our acceptances in the frame of the risk appetite limits established in the Company.

**Distribution channels**

The Company's business model is a cost effective and time efficient framework that allows a small team of highly skilled professionals each responsible for respective area to ensure that goals set by the Shareholders are reached.

Taking into the account KLPP's business model and the small number of staff employed in the office the Management have decided to focus on the Broker channel of distribution as the key instrument of open market growth (aside of business of Shareholders).

Such strategy provides the following advantages over the predominantly Direct channel strategy:

- Minimize the number of staff required for processing the business
- Allow wider presence of the Company on the prospective markets
- A more efficient development of the portfolio with focus on the large corporate business
- Ultimate cost reduction and efficiency in terms of using Brokers global and regional expertise

**Brokers**

The Company plans to focus on cooperation with regional branches of large international brokers.

The Company also cooperates with a number of overseas brokers in order to receive international business. The focus is set on regional producers and well known international business providers.

**Marketing key elements**

The main element which is of the most important for marketing purposes in the business development of the Company is the rating. In May 2023, Standard and Poor's (S&P) maintained KLPP's BB + rating but delivered a negative outlook.

The capacity with reinsurance and retrocession protection can also be used as competitive advantage.

### *C.1.2 Material risk exposures and concentrations*

The underwriting portfolio as at YE2023 was concentrated mostly in the Fire and other damage to property, Credit and suretyship and General Liability lines of business. As the Company grows further over the next years, we are expecting a further degree of diversification within the underwriting portfolio.

### *C.1.3 Risk Mitigation*

Underwriting risk is mitigated through the controls implemented during the underwriting stage and the strict adherence to our underwriting criteria. Furthermore, risk is mitigated through reinsurance/retrocession to ensure that net exposures remain within the Company's tolerance limits.

**Reinsurance / Retrocession Policy**

The reinsurers / retrocessionaires chosen by the Company should meet, as far as reasonably possible, the following characteristics:

- renowned global players;
- rating of not less than B+ or equivalent;
- a satisfactory solvency, profitability and liquidity position in accordance with the latest financial statements available;

whilst giving due consideration to diversification in order to avoid undue concentration risk.

The Company's policy is to arrange all its reinsurance/retrocession placements on a facultative and treaty basis within the traditional reinsurance market.

It is not anticipated that the Company enters into any financial or finite reinsurance arrangements or other non-traditional form of reinsurance.

### *C.1.4 Risk sensitivity*

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

The stress tests performed in relation to underwriting risk were as follows:

- 20% slowdown in premium volumes in 2024 and 2025
- An increase of 10 percentage points in the loss ratio for the years 2024 and 2025 and one large claims of $5 million in each year.
- One large claim of $15m (CAT claim) in 2024 and expense inflation increase by 10% in 2024.
- An increase of 10% in the expected loss ratios on credit and general liability in 2024. Also, an increase of 10% in the claims inflation rate and 2% in the interest rates in year 2024.

The most material impact on the solvency ratio of KLPP was observed under the second scenario. The solvency position of the Company was not threatened under any of the above stress scenarios and remained well above its risk appetite.

## C.2 Market risk

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

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

The current external environment has magnified uncertainty in the economic sector including financial services and insurance. KLPP closely monitors the global developments and where necessary adjusts its strategy to mitigate the possibility of future investment losses.

KLPP has appetite for investment risk as per its investment strategy, given the large capital base. The investment strategy of the Company aims to increase the profit, and minimise potential losses, and it gives answers to each one of the investment risks named above. The principals of investment strategy in concentration risk, is to diversify the type of investments, using different instruments with preference to most liquid.

The Company's policy is to invest primarily in the below asset classes:

- Treasury bills – preference to the Treasuries of USA
- Bonds – corporate issuers, only Senior bonds, preference to diversification of industries priority to USA and EU issuers.
- Equities – mostly of US banks, telecommunications and transnational companies (EU)
- Mortgages and Loans

The Company aims to diversify its investment strategy between asset classes, currencies and between issuers of securities in order to reduce the currency and counterparty risk. Counterparty relationships are framed through a system of credit rating monitoring which analyses their financial statements on day to-day base.

Further, the Company has in place an internal system of controls on investment strategy realization – terms limits and CDS restriction.

KLPP has taken various actions as a response to the current external environment through the management of the Company's investment risks and also through restructuring the investment portfolio aiming for securitization of structure and profitability.

### C.2.1 Risk Assessment/Measurement

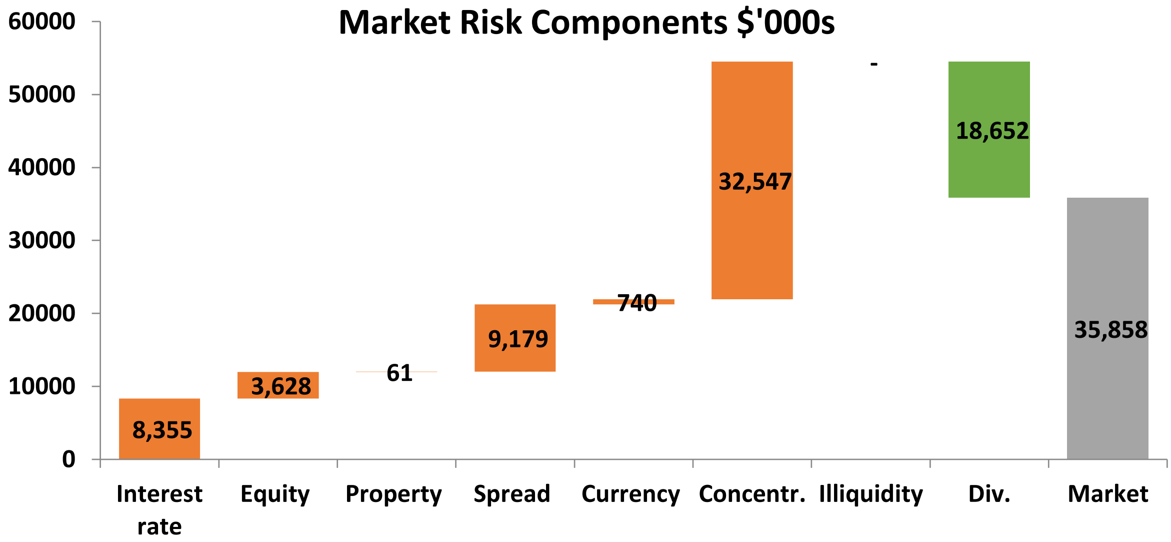
KLPP measures its market risk using the standard formula, the adequacy of which was assessed during the latest ORSA. The measurement is done separately for the sub-categories mentioned above. Then the aggregate market risk measure allows for diversification between its components.

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

Over the business planning horizon, KLPP expects its own funds to increase materially as business is written on profitable terms. Inevitably, the higher capital base will introduce additional market risk.

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

The composition of the investment risk portfolio of KLPP is as follows:




The total market risk SCR as at 31.12.2023 was $35.9m.

### C.2.2 Risk Concentrations

Overall the investment portfolio meets the diversification requirements as specified in the Company's investment policy and no material concentrations is observed to a particular instrument or counterparty. The SCR for concentration risk is equal to 9.8% of own funds which is lower than the risk tolerance limit set by the Board.

### C.2.3 Risk Mitigation

Market risk is mitigated through the investment policy adopted by KLPP which safeguards limited exposure to risky asset classes and minimum diversification limits.

The Managing Committee reviews investment related information regularly to ensure that the portfolio is invested in line with the investment guidelines and the risk appetite of the Company. Furthermore, external financial advisors are appointed to provide independent investment advice.

The continued effectiveness of the risk mitigation techniques and controls is monitored through the Managing Committee and additional oversight is provided by the Board of Directors.

### C.2.4 Risk sensitivity

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

The stress tests performed in relation to market risk were as follows:

- 20% decrease in the market value of promissory notes in 2024 and Investment losses of $20m in 2024 and 2025 and 100% default of all related entities
- 20% decrease in the market value of corporate bonds in carbon intensive sectors in 2024

The results of these stress testing indicated that the Company is sufficiently capitalised and able to withstand extreme market events and maintain a strong solvency position in excess of its risk appetite.

### C.2.5 Investment Management and Prudent Person Principle

KLPP manages its investments in a prudent manner and in accordance with “The Prudent Person Principle”. As previously mentioned the Company has set in place tolerance limits with regard to the underlying risk of its asset portfolio which work to control the risk profile of the portfolio in relation to diversification, liquidity, volatility and matching to the liabilities in terms of nature currency and duration.

The performance and risk profile of the investment portfolio is monitored on a quarterly basis through a set of predefined metrics and is discussed at the BoD.

## C.3 Credit risk

Credit risk is the risk of loss or adverse changes in the Company’s financial position due to fluctuations in the credit standing of issuers of securities, counterparties or any other debtors, including risk of loss arising from the Company’s inability to collect funds from debtors.

The Company manages its credit risk by prescribing minimum requirements for its distribution channels and fronters as well as reinsurers and retrocessionaries and by ensuring an adequate level of diversification in its investment portfolio.

In managing its credit risk, the Company places a high value on the financial rating awarded to its counterparties by the main rating agencies (Moody’s, Standard and Poor’s and Fitch), since such ratings are recognised worldwide as the benchmark for assessing a counterparty’s financial strength. In fact, as far as reasonably possible, the Company’s seeks to ensure that its fronters and retrocessionaires have a minimum rating of B+ or equivalent. Moreover, the majority of bonds included in the Company’s investment portfolio are investment grade bonds.

Credit risk is one of the largest risk exposures of the Company. This arises primarily from exposures to corporate counterparties through loans, bonds and promissory notes.

### C.3.1 Risk sensitivity

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

The stress test performed in relation to credit risk covered a 20% decrease in the market value of bonds in 2024 arising from a widening of credit spreads. The results of this stress testing indicated that the Company is sufficiently capitalised and able to withstand an extreme credit event and maintain a strong solvency position in excess of its risk appetite.

## C.4 Liquidity risk

Liquidity risk refers to the inability to realise investments and other assets in order to settle financial obligations when they fall due, in other words, it refers to the availability of funds or certainty that funds will be available without significant losses, to honour all cash outflow commitments as they fall due.

The Company's cash inflow is generated from premium income and reinsurance / retrocession recoveries, together with the returns on, and expiration of, investments. Cash outflows consist mainly of claim payments and retrocession premium, together with a relatively small volume of administration expenses.

The Company minimizes liquidity risk by:

- designing and implementing proper controls to ensure that inflows are actively managed, monitored and followed up
- ensuring that income generated from the investment portfolio is duly received by the Company
- requiring that the investments comprise solely of listed instruments and that a certain proportion of the investments are made up of highly liquid assets
- catering for unexpected cash flows
- considering the effect of any proposed new business on liquidity and liquidity risk at Board level

The Company does not have any expected profits included in future premiums.

### C.4.1 Risk Sensitivity

Given that liquidity is not a material risk for the Company, no specific risk sensitivity is performed.

## C.5 Operational risk

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

The Company addresses operational risk through the following measures:

- an Operational Risk Policy is in place to ensure that operational risks are properly identified, recorded, addressed and controlled.

- an Outsourcing Policy is in place to minimize the operational risks that result from outsourcing.
- an internal control system is in place, mainly to ensure that the four-eyes principle is always adhered to
- A business continuity plan and a procedure manual are in place to ensure continuity and regularity in the performance of activities.

## C.6 Other material risks

The Company is not exposed to any other material risks, other than those described above.

# D. Valuation for solvency purposes

## D.1 Assets

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

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

| **Assets** | **Solvency II** | **Statutory accounts** |
|---|---|---|
| **$'000s** | **2023** | **2023** |
| Deferred Acquisition Costs | | 0 |
| Investments | 475,129 | 475,541 |
| Deferred Tax Asset | 100 | 100 |
| Loans and Mortgages | 67,391 | 67,391 |
| Property, plant & equipment held for own use | 246 | 246 |
| Reinsurance | 3,323 | 3,333 |
| Receivables | 2,052 | 0 |
| Cash & Cash Equivalent | 1752 | 1,752 |
| Deposits to cedants | - | - |
| Other Assets | 4,581 | 4,581 |
| **Total Assets** | **554,573** | **552,944** |

### *D.1.1 Description of bases, methods and main assumption used for valuation for solvency purposes*

**Investments**

The fair value of quoted financial assets (debt securities, equity securities) is based on quoted market prices at the end of the reporting period.

**Loans, Promissory notes (PNs) and receivables**

Loans, PNs and receivables are initially measured at the fair value of consideration receivable and then at amortized cost and are subject to expected credit loss (ECL) allowance as per IFRS 9. The carrying amount approximates fair value.

### *D.1.2 Differences between IFRS and Solvency II valuation*

As at 31.12.2023, the value of the assets used for the solvency calculation is lower than the value of assets shown in the Financial Statements by $1.629 and is mainly due the different valuation method of some financial assets (US$-412k) and difference classification of Trade receivable based the requirements of IFRS17 (US$2.052).

## D.2 Technical Provisions

The value of the Company's technical provisions is equal to the sum of the best estimate and the risk margin, which are calculated separately. The table below shows the value of technical provisions as at 31 December 2023.

| **$'000s** | **Claims Provision** | | **Premium Provision** | | **Risk Margin** |
|---|---|---|---|---|---|
| **Line Of Business** | **Gross BE** | **RI Recoverable** | **Gross BE** | **RI Recoverable** | |
| Workers' compensation insurance | 6 | 0 | 0 | 0 | 0 |
| Other motor insurance | 1 | 0 | 0 | 0 | 0 |
| Marine, aviation and transport insurance | 490 | 106 | 4 | 0 | 14 |
| Fire and other damage to property insurance | 3,811 | 287 | 343 | 0 | 90 |
| General liability insurance | 1,437 | 90 | 295 | 0 | 59 |
| Credit and suretyship insurance | 10,293 | 11 | 8,802 | 0 | 1,256 |
| Miscellaneous financial loss | 1,570 | 1,202 | 25 | 0 | 21 |
| Non-proportional casualty reinsurance | 300 | 0 | 2 | 0 | 19 |
| Non-proportional property reinsurance | 30,012 | 1,627 | 2,028 | 0 | 1,347 |
| Non-proportional marine, aviation and transport reinsurance | 4 | 0 | 0 | 0 | 0 |
| **Total** | **47,924** | **3,323** | **11,499** | **0** | **2,806** |

The total net technical provisions as at 31.12.2023 amounted to $58,906K.

### *D.2.1 Methodology*

In 2023, the methodology for the calculation of technical provisions was in accordance with the Solvency II framework. The following principles underly the calculation of the best estimate:

- The best estimate is generally calculated separately for each insurance contract in place at the valuation date.
- The best estimate for claims outstanding is valued separately from the best estimate of premium provisions.
- The premium provisions relate to future claim events covered by insurance obligations falling within the contract boundary.
- The provisions for claims outstanding relate to claim events that have already occurred, regardless of whether the claims arising from these events have been reported or not. The provision for claims outstanding captures the IBNR, IBNER, ULAE and ENID. The IBNR and IBNER have been calculated using the loss ratio method.
- The best estimate corresponds to the probability-weighted average of future cash-flows, taking account of the time value of money, using the risk-free interest rate term structure prescribed by EIOPA for the valuation date.

- The estimated future cash flows take account of all the cash inflows and outflows that are expected to be required to settle the reinsurance obligations over the lifetime thereof, including expenses expected to be incurred in servicing the reinsurance obligations. The Company's reinsurance obligations do not include any guarantees.
- The estimates take account of the uncertainties surrounding the cash flow projections.
- The projected future cash flows are based on the actuarial function's expectations regarding the future cash flows that are expected to arise from the underlying insurance contracts.
- The best estimate is calculated on a gross basis i.e. without deduction of the amounts recoverable from reinsurance contracts

The risk margin is designed to ensure that the value of technical provisions is equivalent to the amount that insurance and reinsurance undertakings would be expected to require in order to take over and meet the Company's reinsurance obligations. The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the Company's reinsurance obligations over the lifetime thereof. This rate, called Cost-of-Capital rate, is prescribed by EIOPA and currently stands at 6%.

The Company does not use the matching adjustment, the volatility adjustment, extrapolation of the risk-free rate, the transitional risk-free interest rate-term structure or the transitional deduction in calculating its technical provisions. Neither does it use economic scenario generator.

### *D.2.2 Assumptions and Uncertainty*

Uncertainty relates primarily to how future actual experience will differ from the best estimate assumptions used to calculate the technical provisions. The key assumptions and hence sources of uncertainty are:

- Loss ratio
- Expense ratio

The valuation assumptions used are prudent enough to implicitly allow for the inherent uncertainty in the ultimate cost of claims.

The claims provision for YE2023 was calculated using the loss ratio method. The assumptions used in the calculation of the loss ratio were derived based on actual experience and the Company's expectations with regards to the business written.

#### D.2.2.1 Material changes in assumptions from prior year

There have been changes in the valuation basis to allow for the Company's latest experience.

## D.3 Other Liabilities

### D.3.1 Value of other liabilities

| Liabilities<br>$'000s | Solvency II<br>2023 | Statutory accounts<br>2023 |
|---|---|---|
| Technical provisions | 62,229 | 63,193 |
| Insurance & intermediaries payables | 0 | 0 |
| Derivatives | 265 | 265 |
| Payables (trade, not insurance) | 39,893 | 39,893 |
| Deferred tax liabilities | 312 | 0 |
| Other financial liabilities (debt securities issued) | 0 | 0 |
| Debts owed to credit institutions | 119,926 | 119,926 |
| Other Liabilities | 421 | 421 |
| **Total Liabilities** | **223,045** | **223,698** |

### D.3.2 Differences between IFRS and Solvency II valuation

With the implementation of IFRS 17, the technical provisions have drawn closer to Solvency II, as both regimes primarily focus on best estimate liabilities, incorporating a buffer (SII: risk margin vs. IFRS 17: Risk adjustment) and discounting.

With regards to liabilities other than technical provisions, there are no other differences between IFRS and Solvency II valuation.

## D.4 Any other information

In 2023, the implementation of IFRS 17 marked a significant shift in accounting standards for insurance contracts, replacing the previous standard, IFRS 4.

This transition introduced notable differences at a fundamental level. IFRS 17 introduced a more principles-based approach to measuring insurance liabilities, with greater emphasis on the fulfillment cash flows and discount rates. This contrasts with the more prescriptive and diverse approaches permitted under IFRS 4.

Moreover, IFRS 17 and Solvency II (SII) share several similarities despite being distinct frameworks. Both standards advocate for the utilization of market-consistent valuation methods for assets and liabilities. Insurers are mandated to evaluate their assets and liabilities in line with prevailing market conditions, ensuring that financial statements accurately portray the economic realities of the insurance industry.

The Company has effectively adopted the new standard, incorporating all essential adjustments to its operational framework to accommodate the standard's updated requirements.

# E. Capital Management

## E.1 Own Funds

### *E.1.1 Objectives, policies and processes employed for managing its own funds*

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

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

The following table shows the structure of own funds as at 31 December 2023 and a comparison with the position as at 31 December 2022.

| **Own Funds ($'000s)** | **31/12/2023** | **31/12/2022** |
|---|---|---|
| Ordinary share capital | 9,860 | 9,860 |
| Preference shares | 0 | 0 |
| Reconciliation reserve | 321,668 | 333,067 |
| Surplus Funds | 0 | 0 |
| An amount equal to the value of net deferred tax assets | 0 | 460 |
| Other Own Funds | 0 | 0 |
| **Total Basic Own Funds** | **331,528** | **343,388** |

### *E.1.3 Eligible amount of own funds to cover SCR & MCR*

The composition of Own Funds as at 31.12.2023 and the classification into tiers is shown below:

| **Eligible Own Funds ($'000s)** | **Total** | **Tier 1** | **Tier 2** | **Tier 3** |
|---|---|---|---|---|
| Ordinary share capital (net of own shares) | 9,860 | 9,860 | - | - |
| Surplus Funds | - | - | - | - |
| Preference shares | - | - | - | - |
| Deferred tax assets | - | - | - | - |
| Reconciliation reserve | 321,668 | 321,668 | - | - |
| Other own funds not specified above | - | - | - | - |
| **Total Eligible Own Funds to meet SCR** | **331,528** | **331,528** | **-** | **-** |
| **Ratio of Eligible own funds to SCR** | **634%** | | | |
| **Total Eligible Own Funds to meet MCR** | **331,528** | **331,528** | **-** | |
| **Ratio of Eligible own funds to MCR** | **2515%** | | | |

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

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

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

### E.1.5 IFRS Equity vs Solvency II Own Funds

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

| ($'000s) | IFRS | Solvency II | Difference |
|---|---|---|---|
| Total Assets | 552,944 | 554,573 | -1,629 |
| Total Liabilities | 223,698 | 223,045 | 653 |
| **Total Own Funds** | **329,246** | **331,528** | **-2,282** |

- The difference in the valuation of assets is attributed to the fact that deferred acquisition costs are eliminated and reinsurance recoverables are valued on Best Estimate basis under Solvency II.
- With the implementation of IFRS 17, the technical provisions have drawn closer to Solvency II, as both regimes primarily focus on best estimate liabilities, incorporating a buffer (SII: risk margin vs. IFRS 17: Risk adjustment) and discounting (as explained in the previous section).

### E.1.6 Whether there is any intention to repay or redeem any own-fund item

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

## E.2 Solvency Capital Requirement and Minimum Capital Requirement

### E.2.1 Amounts of SCR and MCR

As at 31 December 2023 the SCR of KLPP was calculated at $52,314K ($46,707K in 2022) and the MCR at $13,183K ($11,677K in 2022). The increase in the SCR is primarily driven by the increase in the Non-Life underwriting risk as a result of the higher exposure in premium and reserve risk arising from non-life insurance business.

KLPP's total SCR as at December 2023 was $52,314K, which includes the adjustment for the Loss Absorbing Capacity of Deferred Taxes (LACDT) which amounts to $7,715K. A detail modelling exercise was undertaken as part of the ORSA, in which we demonstrate that it is expected that adequate profits will be generated in a 3-year horizon that will allow us to utilise the DTA that will be generated under the LACDT scenario. Additional stresses have been implemented to demonstrate the resilience of the Company and future profitability under adverse scenarios. Lastly, KLPP's strong solvency position ensures that the Company remains solvent and operational even if a stress in the magnitude of the SCR is considered, ensuring the viability of the Company under the SCR scenario and the business continuation that will generate the required profits for the utilisation of the DTA that will be created under the LACDT scenario.

### E.2.2 Breakdown of SCR by risk modules

The following table shows the SCR split by risk modules as at 31 December 2023 and a comparison with the figures as at 31 December 2022.

| Solvency Capital Requirement $ '000s | YE2023 | YE2022 |
|---|---|---|
| Market risk | 35,858 | 37,304 |
| Counterparty default risk | 844 | 1,375 |
| Life Underwriting risks | - | - |
| Health underwriting risk | 2 | 5 |
| Non-Life underwriting risk | 37,294 | 26,664 |
| **Sum of risk components** | **73,998** | **65,347** |
| *Diversification effects* | *-15,752* | *-13,732* |
| **Diversified risk** | **58,246** | **51,615** |
| Intangible asset risk | - | - |
| **Basic SCR** | **58,246** | **51,615** |
| Operational risk | 1,783 | 1,238 |
| Adjustment for the loss absorbance of deferred taxes | -<br>7,715 | -<br>6,147 |
| **SCR** | **52,314** | **46,707** |

The significant increase in the Non-Life underwriting risk is primarily driven by the higher exposure in premium and reserve risk arising from non-life insurance business .

### E.2.3 Simplifications

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

### E.2.4 Undertaking-specific parameters

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

### E.2.5 Information on the inputs used to calculate the MCR

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

| Minimum Capital Requirement | $'000s |
|---|---|
| Linear MCR | 13,183 |
| SCR | 52,314 |
| MCR cap | 23,541 |
| MCR floor | 13,078 |
| Combined MCR | 13,183 |
| Absolute floor of the MCR | 4,248 |
| **MCR** | **13,183** |

## E.3 Non-compliance with the MCR and non-compliance with the SCR

### E.3.1 Non-compliance with the MCR & SCR

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

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

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

### *E.3.3 Plans to ensure compliance with SCR and MCR is maintained*

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

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

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

## E.4 Any other information

With the implementation of IFRS 17, the Company adjusted its equity to accommodate the impact of the transition from IFRS 4 to IFRS 17. This adjustment was necessary to reflect changes in accounting standards and ensure compliance with the new requirements.

# Appendix A: Quantitative Reporting Templates

**S.02.01.02**
**Balance sheet**

| | | Solvency II value |
|---|---|---|
| **Assets** | | **C0010** |
| Intangible assets | **R0030** | - |
| Deferred tax assets | **R0040** | 100 |
| Pension benefit surplus | **R0050** | - |
| Property, plant & equipment held for own use | **R0060** | 246 |
| Investments (other than assets held for index-linked and unit-linked contracts) | **R0070** | 475,129 |
| Property (other than for own use) | **R0080** | - |
| Holdings in related undertakings, including participations | **R0090** | 2,656 |
| Equities | **R0100** | 8,257 |
| Equities - listed | **R0110** | 6,647 |
| Equities - unlisted | **R0120** | 1,609 |
| Bonds | **R0130** | 464,217 |
| Government Bonds | **R0140** | 290,538 |
| Corporate Bonds | **R0150** | 173,678 |
| Structured notes | **R0160** | - |
| Collateralised securities | **R0170** | - |
| Collective Investments Undertakings | **R0180** | - |
| 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** | 67,391 |
| Loans on policies | **R0240** | - |
| Loans and mortgages to individuals | **R0250** | - |
| Other loans and mortgages | **R0260** | 67,391 |
| Reinsurance recoverables from: | **R0270** | 3,323 |
| Non-life and health similar to non-life | **R0280** | 3,323 |
| Non-life excluding health | **R0290** | 3,323 |
| Health similar to non-life | **R0300** | - |
| Life and health similar to life, excluding health and index-linked and unit-linked | **R0310** | - |
| Health similar to life | **R0320** | - |
| Life excluding health and index-linked and unit-linked | **R0330** | - |
| Life index-linked and unit-linked | **R0340** | - |
| Deposits to cedants | **R0350** | - |
| Insurance and intermediaries receivables | **R0360** | 2,052 |
| Reinsurance receivables | **R0370** | - |
| Receivables (trade, not insurance) | **R0380** | - |
| Own shares (held directly) | **R0390** | - |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | **R0400** | - |
| Cash and cash equivalents | **R0410** | 1,752 |
| Any other assets, not elsewhere shown | **R0420** | 4,581 |
| **Total assets** | **R0500** | **554,573** |

| | | Solvency II value |
|---|---|---|
| **Liabilities** | | **C0010** |
| Technical provisions – non-life | **R0510** | 62,229 |
| Technical provisions – non-life (excluding health) | **R0520** | 62,223 |
| TP calculated as a whole | **R0530** | - |
| Best Estimate | **R0540** | 59,416 |
| Risk margin | **R0550** | 2,806 |
| Technical provisions - health (similar to non-life) | **R0560** | 7 |
| TP calculated as a whole | **R0570** | - |
| Best Estimate | **R0580** | 6 |
| Risk margin | **R0590** | 0 |
| Technical provisions - life (excluding index-linked and unit-linked) | **R0600** | - |
| Technical provisions - health (similar to life) | **R0610** | - |
| TP calculated as a whole | **R0620** | - |
| Best Estimate | **R0630** | - |
| Risk margin | **R0640** | - |
| Technical provisions – life (excluding health and index-linked and unit-linked) | **R0650** | - |
| TP calculated as a whole | **R0660** | - |
| Best Estimate | **R0670** | - |
| Risk margin | **R0680** | - |
| Technical provisions – index-linked and unit-linked | **R0690** | - |
| TP calculated as a whole | **R0700** | - |
| Best Estimate | **R0710** | - |
| Risk margin | **R0720** | - |
| Contingent liabilities | **R0740** | - |
| Provisions other than technical provisions | **R0750** | - |
| Pension benefit obligations | **R0760** | - |
| Deposits from reinsurers | **R0770** | - |
| Deferred tax liabilities | **R0780** | 312 |
| Derivatives | **R0790** | 265 |
| Debts owed to credit institutions | **R0800** | 119,926 |
| Financial liabilities other than debts owed to credit institutions | **R0810** | - |
| Insurance & intermediaries payables | **R0820** | - |
| Reinsurance payables | **R0830** | - |
| Payables (trade, not insurance) | **R0840** | 39,893 |
| Subordinated liabilities | **R0850** | - |
| Subordinated liabilities not in BOF | **R0860** | - |
| Subordinated liabilities in BOF | **R0870** | - |
| Any other liabilities, not elsewhere shown | **R0880** | 421 |
| **Total liabilities** | **R0900** | **223,045** |
| **Excess of assets over liabilities** | **R1000** | **331,528** |

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

| | | Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)** | | | | | | | | | | | | Line of Business for: **accepted non-proportional reinsurance** | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss | Health | Casualty | Marine, aviation, transport | Property | Total |
| | | **C0010** | **C0020** | **C0030** | **C0040** | **C0050** | **C0060** | **C0070** | **C0080** | **C0090** | **C0100** | **C0110** | **C0120** | **C0130** | **C0140** | **C0150** | **C0160** | **C0200** |
| **Premiums written** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0110** | - | - | - | - | - | 36 | 1,012 | 897 | 21,841 | - | - | 18 | | | | | 23,805 |
| Gross - Proportional reinsurance accepted | **R0120** | - | - | - | - | - | 19 | 678 | 20 | - | - | - | 42 | | | | | 759 |
| Gross - Non-proportional reinsurance accepted | **R0130** | | | | | | | | | | | | | - | - | - | 4,498 | 4,498 |
| Reinsurers' share | **R0140** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net | **R0200** | - | - | - | - | - | 55 | 1,690 | 917 | 21,841 | - | - | 60 | - | - | - | 4,498 | 29,062 |
| **Premiums earned** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0210** | - | - | - | - | - | 37 | 965 | 981 | 16,742 | - | - | 9 | | | | | 18,734 |
| Gross - Proportional reinsurance accepted | **R0220** | - | - | - | - | - | 22 | 737 | 12 | - | - | - | 100 | | | | | 871 |
| Gross - Non-proportional reinsurance accepted | **R0230** | | | | | | | | | | | | | - | 8 | - | 6,629 | 6,636 |
| Reinsurers' share | **R0240** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net | **R0300** | - | - | - | - | - | 59 | 1,702 | 993 | 16,742 | - | - | 109 | - | 8 | - | 6,629 | 26,241 |
| **Claims incurred** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0310** | - | - | - | - | - | - 71 | 467 | 2 | 6,428 | - | - | - 894 | | | | | 5,932 |
| Gross - Proportional reinsurance accepted | **R0320** | - | - | 1 | - | - 0 | 11 | 261 | 153 | 3 | - | - | - 84 | | | | | 344 |
| Gross - Non-proportional reinsurance accepted | **R0330** | | | | | | | | | | | | | - | - 469 | - 3 | 17,909 | 17,436 |
| Reinsurers' share | **R0340** | - | - | - | - | - | - 114 | - 303 | - 32 | - 0 | - | - | - 819 | - | - | - | 430 | - 837 |
| Net | **R0400** | - | - | 1 | - | - 0 | 53 | 1,031 | 186 | 6,431 | - | - | - 159 | - | - 469 | - 3 | 17,478 | 24,550 |
| **Changes in other technical provisions** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0410** | | | | | | | | | | | | | | | | | |
| Gross - Proportional reinsurance accepted | **R0420** | | | | | | | | | | | | | | | | | |
| Gross - Non- proportional reinsurance accepted | **R0430** | | | | | | | | | | | | | | | | | |
| Reinsurers' share | **R0440** | | | | | | | | | | | | | | | | | |
| Net | **R0500** | | | | | | | | | | | | | | | | | |
| **Expenses incurred** | **R0550** | - | - | - | 2 | - | 52 | 1,384 | 571 | 17,061 | - | - | 71 | - | 1 | - | 5,644 | 24,785 |
| **Other expenses** | **R1200** | | | | | | | | | | | | | | | | | 4,101 |
| **Total expenses** | **R1300** | | | | | | | | | | | | | | | | | 28,886 |

**S.17.01.02**
**Non-life Technical Provisions**

| | | Direct business and accepted proportional reinsurance | | | | | | | | | | | | Accepted non-proportional reinsurance | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss | Non-proportional health reinsurance | Non-proportional casualty reinsurance | Non-proportional marine, aviation and transport reinsurance | Non-proportional property reinsurance | Total Non-Life obligation |
| | | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0170 | C0180 |
| **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** | - | - | - | - | - | 4 | 343 | 295 | 8,802 | - | - | 25 | - | 2 | - | 2,028 | 11,499 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0140** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Best Estimate of Premium Provisions | **R0150** | - | - | - | - | - | 4 | 343 | 295 | 8,802 | - | - | 25 | - | 2 | - | 2,028 | 11,499 |
| **Claims provisions** | | | | | | | | | | | | | | | | | | |
| Gross | **R0160** | - | - | 6 | - | 1 | 490 | 3,811 | 1,437 | 10,293 | - | - | 1,570 | - | 300 | 4 | 30,012 | 47,924 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0240** | - | - | - | - | - | 106 | 287 | 90 | 11 | - | - | 1,202 | - | - | - | 1,627 | 3,323 |
| Net Best Estimate of Claims Provisions | **R0250** | - | - | 6 | - | 1 | 383 | 3,524 | 1,347 | 10,283 | - | - | 368 | - | 300 | 4 | 28,385 | 44,601 |
| **Total Best estimate - gross** | **R0260** | - | - | 6 | - | 1 | 494 | 4,154 | 1,732 | 19,096 | - | - | 1,595 | - | 301 | 4 | 32,039 | 59,423 |
| **Total Best estimate - net** | **R0270** | - | - | 6 | - | 1 | 388 | 3,867 | 1,642 | 19,085 | - | - | 392 | - | 301 | 4 | 30,413 | 56,100 |
| **Risk margin** | **R0280** | - | - | 0 | - | 0 | 14 | 90 | 59 | 1,256 | - | - | 21 | - | 19 | 0 | 1,347 | 2,806 |
| **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** | - | - | 7 | - | 1 | 508 | 4,244 | 1,791 | 20,351 | - | - | 1,616 | - | 321 | 5 | 33,386 | 62,229 |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | **R0330** | - | - | - | - | - | 106 | 287 | 90 | 11 | - | - | 1,202 | - | - | - | 1,627 | 3,323 |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total | **R0340** | - | - | 7 | - | 1 | 402 | 3,958 | 1,701 | 20,341 | - | - | 413 | - | 321 | 5 | 31,760 | 58,906 |

**S.19.01.21**
**Non-life insurance claims**

**Total Non-Life Business**

| | | |
|---|---|---|
| **Accident year / Underwriting year** | **Z0010** | Acc |

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

**Development year**

| **Year** | | **0** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10&+** | | **In Current year** | **Sum of years (cumulative)** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **C0010** | **C0020** | **C0030** | **C0040** | **C0050** | **C0060** | **C0070** | **C0080** | **C0090** | **C0100** | **C0110** | | **C0170** | **C0180** |
| **Prior** | **R0100** | | | | | | | | | | | | **R0100** | - | - |
| **N-9** | **R0160** | - | - | - | - | - | - | - | - | - | - | | **R0160** | - | - |
| **N-8** | **R0170** | - | - | - | - | - | - | - | - | - | | | **R0170** | - | - |
| **N-7** | **R0180** | - | - | - | - | - | - | - | - | | | | **R0180** | - | - |
| **N-6** | **R0190** | - | - | 550 | - | - | - | - | | | | | **R0190** | - | 550 |
| **N-5** | **R0200** | 36 | 2,371 | 226 | 6 | 15 | - | | | | | | **R0200** | - | 2,652 |
| **N-4** | **R0210** | 1 | 39 | 5 | 2 | 7 | | | | | | | **R0210** | 7 | 54 |
| **N-3** | **R0220** | 122 | 1,314 | 1,676 | 412 | | | | | | | | **R0220** | 412 | 3,524 |
| **N-2** | **R0230** | 93 | 8,579 | 3,182 | | | | | | | | | **R0230** | 3,182 | 11,853 |
| **N-1** | **R0240** | 52 | 4,252 | | | | | | | | | | **R0240** | 4,252 | 4,304 |
| **N** | **R0250** | 2 | | | | | | | | | | | **R0250** | 2 | 2 |
| | | | | | | | | | | | | | **Total R0260** | 7,855 | 22,939 |

**Gross undiscounted Best Estimate Claims Provisions**
(absolute amount)

**Development year**

| Year | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10&+ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0290 | C0300 |
| Prior | R0100 | | | | | | | | | | | |
| N-9 | R0160 | - | - | - | - | - | - | - | - | - | - | |
| N-8 | R0170 | - | - | - | - | - | - | - | - | - | | |
| N-7 | R0180 | - | - | - | - | - | - | - | - | | | |
| N-6 | R0190 | 5,933 | 1,025 | 380 | 265 | 254 | 186 | 19 | | | | |
| N-5 | R0200 | 21,690 | 6,506 | 936 | 643 | 660 | 327 | | | | | |
| N-4 | R0210 | 3,665 | 2,000 | 1,320 | 672 | 686 | | | | | | |
| N-3 | R0220 | 7,135 | 4,806 | 2,773 | 1,316 | | | | | | | |
| N-2 | R0230 | 21,188 | 11,883 | 6,731 | | | | | | | | |
| N-1 | R0240 | 17,475 | 16,568 | | | | | | | | | |
| N | R0250 | 24,303 | | | | | | | | | | |

| | | Year end (discounted data) |
|---|---|---|
| | | C0360 |
| | R0100 | - |
| | R0160 | - |
| | R0170 | - |
| | R0180 | - |
| | R0190 | 18 |
| | R0200 | 314 |
| | R0210 | 652 |
| | R0220 | 1,265 |
| | R0230 | 6,483 |
| | R0240 | 15,940 |
| | R0250 | 23,252 |
| Total | R0260 | 47,924 |

**S.23.01.01**
**Own funds**

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| **Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35** | | | | | | |
| Ordinary share capital (gross of own shares) | **R0010** | 9,860 | 9,860 | | - | |
| Share premium account related to ordinary share capital | **R0030** | - | - | | - | |
| Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings | **R0040** | - | - | | - | |
| Subordinated mutual member accounts | **R0050** | - | | | - | - |
| Surplus funds | **R0070** | - | - | | | |
| Preference shares | **R0090** | - | | - | - | - |
| Share premium account related to preference shares | **R0110** | - | | - | - | - |
| Reconciliation reserve | **R0130** | 321,668 | 321,668 | | | |
| 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** | 331,528 | 331,528 | - | - | - |
| **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** | 331,528 | 331,528 | - | - | - |
| Total available own funds to meet the MCR | **R0510** | 331,528 | 331,528 | - | - | - |
| Total eligible own funds to meet the SCR | **R0540** | 331,528 | 331,528 | - | - | - |
| Total eligible own funds to meet the MCR | **R0550** | 331,528 | 331,528 | - | - | |
| **SCR** | **R0580** | 52,314 | | | | |
| **MCR** | **R0600** | 13,183 | | | | |
| **Ratio of Eligible own funds to SCR** | **R0620** | 634% | | | | |
| **Ratio of Eligible own funds to MCR** | **R0640** | 2515% | | | | |

| | | C0060 | |
|---|---|---|---|
| **Reconciliation reserve** | | | |
| Excess of assets over liabilities | **R0700** | 331,528 | |
| Own shares (held directly and indirectly) | **R0710** | - | |
| Foreseeable dividends, distributions and charges | **R0720** | - | |
| Other basic own fund items | **R0730** | 9,860 | |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | **R0740** | - | |
| **Reconciliation reserve** | **R0760** | 321,668 | |
| **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**

| | | Gross solvency capital requirement | USP | Simplifications |
|---|---|---|---|---|
| | | C0110 | C0090 | C0100 |
| Market risk | R0010 | 35,858 | | |
| Counterparty default risk | R0020 | 844 | | |
| Life underwriting risk | R0030 | - | | |
| Health underwriting risk | R0040 | 2 | | |
| Non-life underwriting risk | R0050 | 37,294 | | |
| Diversification | R0060 | - 15,752 | | |
| Intangible asset risk | R0070 | - | | |
| **Basic Solvency Capital Requirement** | R0100 | 58,246 | | |

| **Calculation of Solvency Capital Requirement** | | C0100 |
|---|---|---|
| Operational risk | R0130 | 1,783 |
| Loss-absorbing capacity of technical provisions | R0140 | - |
| Loss-absorbing capacity of deferred taxes | R0150 | - 7,715 |
| Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC | R0160 | - |
| **Solvency Capital Requirement excluding capital add-on** | R0200 | 52,314 |
| Capital add-on already set | R0210 | - |
| **Solvency capital requirement** | R0220 | 52,314 |
| **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 | - |

| | | Yes/No |
|---|---|---|
| Approach to tax rate | | C0109 |
| Approach based on average tax rate | R0590 | - |

Calculation of loss absorbing capacity of deferred taxes

| | | LAC DT |
|---|---|---|
| | | C0130 |
| DTA | R0600 | |
| DTA carry forward | R0610 | |
| DTA due to deductible temporary differences | R0620 | |
| DTL | R0630 | |
| LAC DT | R0640 | - 7,715 |
| LAC DT justified by reversion of deferred tax liabilities | R0650 | - 7,715 |
| LAC DT justified by reference to probable future taxable economic profit | R0660 | - |
| LAC DT justified by carry back, current year | R0670 | - |
| LAC DT justified by carry back, future years | R0680 | - |
| Maximum LAC DT | R0690 | - |

**S.28.01.01**

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

**Linear formula component for non-life insurance and reinsurance obligations**

| | | C0010 |
|---|---|---|
| $MCR_{NL}$ Result | **R0010** | 13,183 |

| | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance) written premiums in the last 12 months |
|---|---|---|---|
| | | **C0020** | **C0030** |
| Medical expense insurance and proportional reinsurance | **R0020** | - | - |
| Income protection insurance and proportional reinsurance | **R0030** | - | - |
| Workers' compensation insurance and proportional reinsurance | **R0040** | 6 | - |
| Motor vehicle liability insurance and proportional reinsurance | **R0050** | - | - |
| Other motor insurance and proportional reinsurance | **R0060** | 1 | - |
| Marine, aviation and transport insurance and proportional reinsurance | **R0070** | 388 | 55 |
| Fire and other damage to property insurance and proportional reinsurance | **R0080** | 3,867 | 1,690 |
| General liability insurance and proportional reinsurance | **R0090** | 1,642 | 917 |
| Credit and suretyship insurance and proportional reinsurance | **R0100** | 19,085 | 21,841 |
| Legal expenses insurance and proportional reinsurance | **R0110** | - | - |
| Assistance and proportional reinsurance | **R0120** | - | - |
| Miscellaneous financial loss insurance and proportional reinsurance | **R0130** | 392 | 60 |
| Non-proportional health reinsurance | **R0140** | - | - |
| Non-proportional casualty reinsurance | **R0150** | 301 | - |
| Non-proportional marine, aviation and transport reinsurance | **R0160** | 4 | - |
| Non-proportional property reinsurance | **R0170** | 30,413 | 4,498 |

**Linear formula component for life insurance and reinsurance obligations**

| | | C0040 |
|---|---|---|
| $MCR_L$ Result | **R0200** | |

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

**Overall MCR calculation**

| | | C0070 |
|---|---|---|
| Linear MCR | **R0300** | 13,183 |
| SCR | **R0310** | 52,314 |
| MCR cap | **R0320** | 23,541 |
| MCR floor | **R0330** | 13,078 |
| Combined MCR | **R0340** | 13,183 |
| Absolute floor of the MCR | **R0350** | 4,248 |
| | | **C0070** |
| **Minimum Capital Requirement** | **R0400** | 13,183 |