ECHC Group

ECHC Limited
Eucare Insurance PCC Limited

Group Solvency and Financial Condition Report
31st December 2019

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1.0 Summary

ECHC Group ("the Group") is composed of ECHC Limited ("ECHC") and Eucare Insurance PCC Limited ("Eucare" or "the Company") and incorporated on 8th October 2018. The principal activity of ECHC Limited is to act as an insurance holding company, whilst Eucare carries on the business of insurance and is licensed as a protected cell company by Malta Financial Services Authority ("MFSA") in accordance with the Companies Act (Cell Companies carrying on business of insurance) Regulations, 2010. Eucare has one operating cell, namely NLCare Cell, along with its Core.

Eucare and NLCare Cell were granted regulatory approval by the MFSA on 2nd November 2018. This report encompasses the Group's first financial year, covering the period from 2nd November 2018 to 31st December 2019. No insurance business was written by the Group before 1st January 2019.

The following table outlines the key aspects and material changes as at 31st December 2019. This includes the business, performance, system of governance, risk profile, solvency valuations and capital management of the Group.

Business	- The Group was registered on 8th October 2018 - Eucare and NLCare Cell were granted approval on 2nd November 2018 - No further cells were set up
Performance	- Gross written premiums of €122,670,264 - Underwriting Income of €3,328,111 - Profit before tax of €1,098,775
System of Governance	- Appointment of Board of Directors & Committees - Appointment of key functions - Approval of Board policies
Risk Profile	- Analysis of risks, monitoring and controls are documented in the report.

Valuation for Solvency Purposes	- The Group reported the following Solvency II figures for its first year of operation:
	    - Assets: €61,770,045
	    - Technical Provisions: €13,939,987
	    - Other Liabilities: €25,900,245

Capital Management	- Eligible own funds for SCR €27,115,743 - Eligible own funds for MCR €22,442,994 - SCR (Standard Formula) €10,371,861 - MCR (Standard Formula) €2,565,906

Table 1: Group Key Aspects & Material Changes since Inception

1.1. COVID-19

The COVID-19 pandemic has impacted many local economies around the world, with restrictive measures being taken to limit the transition of the virus causing significant disruptions to businesses worldwide. Moreover, the pandemic has also resulted in the need for expensive treatments, hospitalization and an unprecedented demand for Intensive care Unit (ICU) hospital beds.

The pandemic is likely to impact the Group and a risk assessment was carried out to assess the effect of the COVID-19 pandemic on the business operations, turnover, profitability and solvency of the Group. The outcome of the assessment indicates that the Group will be able to absorb the effects of the pandemic.

Nonetheless, the Group is mindful of the fact that the Covid-19 global and national scenario's require constant scrutiny and its impact needs to be assessed on a frequent basis.

The Group considers the aspects presented in this Solvency and Financial Condition Report to be appropriate.

2.0 Business and Performance

2.1. Business

2.1.1. Overview

ECHC Limited is a limited liability company registered in Malta on 8th October 2018. ECHC does not trade and was set up solely to hold the non-cellular shares of the Eucare Core, the cell shares of NLCare Cell and the shares of Ouverture Services Limited, an IT services company. Ouverture does not form part of the insurance group.

Eucare Insurance PCC Limited is a limited liability protected cell company registered in Malta on 8th October 2018. Eucare is authorised and regulated by the:

Malta Financial Services Authority (MFSA)
Triq l-Imdina, Zone 1
Central Business District, Birkirkara
CBD 1010
Malta

Tel: +356 2144 1155

The MFSA is also the group supervisor.

The Company is authorised to carry on business falling under Class 1 – Accident, Class 2 – Health, Class 16 – Miscellaneous financial loss and Class 18 – Assistance.

Eucare has set up one cell, namely NLCare Cell which was granted MFSA approval on 2nd November 2018. The Cell is ring-fenced from the Eucare "Core" cell but has the same direct shareholder as the Core. Eucare is also licensed to carry on business in the Netherlands under the EU Freedom of Services Provision regime.

The non-cellular (Core) shares of Eucare are 100% subscribed by ECHC Limited (Malta), which is wholly owned by ECSH B.V. (the Netherlands) and Quantum Leben AG (Liechtenstein). The ultimate qualifying shareholders of the Group are H.H. Laeven, Netherlands (53.3% interest), A.F.J.P. van den Beuken, Netherlands (11.3% interest), and S.M.M. Franco, Netherlands (19.7% interest).

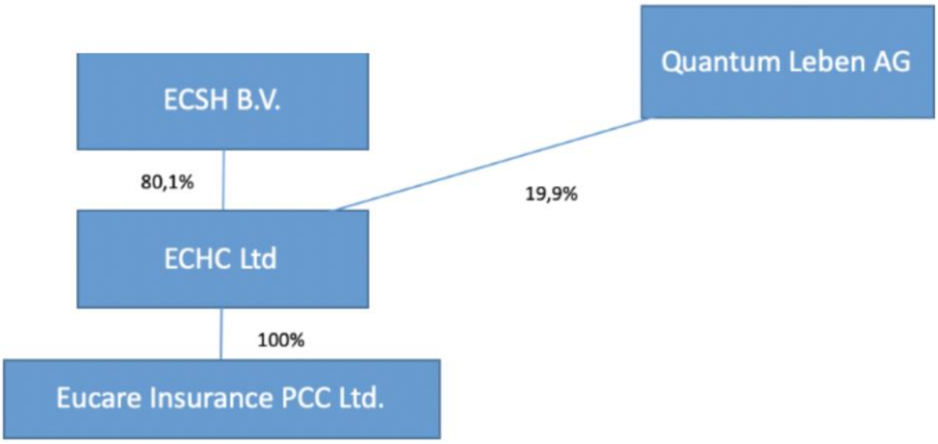

Figure 1: ECHC Group Shareholding Structure

The undertakings falling within the scope of group supervision and group solvency are ECHC Limited, the Eucare Core and NLCare Cell. For the purpose of calculating group solvency, Method 1 – Accounting Consolidation Based Method – has been used. The Annual Quantitative Reporting Templates ("QRTs") containing information on the undertakings in the scope of the Group is being included in this document (refer to S.32.01.22 in Appendix 2).

The Group's appointed external auditors are:

PriceWaterhouseCoopers (PwC) Malta,
78, Mill Street,
Qormi QRM3101
Malta

Tel: +356 2124 7000

2.1.2. Business Objectives

Eucare has been set up as a Protected Cell Company ("PCC"). A PCC is a corporate structure in which a single legal entity is comprised of the Core and one or more Cells that have separate assets and liabilities. The PCC has a similar design to a hub and spoke, with the central core organization linked to individual Cells. Each Cell is independent of each other and of the company's Core, but the entire unit is still a single legal entity.

ECHC as shareholder of NLCare Cell has entered into a cell agreement with Eucare which provides secondary recourse to the assets of the Core to cover the Cell liabilities if the Cell assets were to be exhausted. Eucare receives fees from the Cell for the provision of the cell facility and for exposure to the Core. Eucare carries on insurance business only through NLCare Cell. The NLCare Cell was set up to sell health, sickness, income protection and personal accident insurance business. During the reporting period only health insurance business was underwritten, with the first sickness, income protection or personal accident insurance covers attaching from 1st January 2020.

2.2. Underwriting performance

The Group is composed of the insurance holding company, ECHC Limited and Eucare Insurance PCC Limited, acting as the insurance underwriting arm of the ECHC Group. After taking into account the underwriting income of €3,328,111 and administrative expenses of €2,229,336, the Group reported a profit before tax of €1,098,775.

The main operations of the Group emanate from the insurance undertaking, Eucare. During the financial period ended 31st December 2019 Eucare generated gross written premium of €122,670,264 through NLCare Cell. All premium written by NLCare Cell is considered fully earned for the period as all policies commence on 1st January and expire on 31st December.

The Premium written relating to the Dutch Health Insurance Business is derived from two different sources, as explained in greater detail in section 4.1. Premium written from the policyholders amounted to €72,878,784, whilst the expected contributions through the Dutch Health Insurance Risk Equalisation Fund, amounted to €49,648,751.

During the financial period, NLCare Cell incurred €7,075,630 worth of operating expenses directly attributable to the acquisition and servicing of insurance contracts.

Eucare, on behalf of NLCare Cell has in place a quota share reinsurance agreement. As a result, a proportion of the premiums written are ceded to the reinsurer and conversely claims incurred are recovered from the reinsurer in the same proportion. An Incurred But Not Reported (IBNR) reserve is maintained based on an estimated and expected ultimate claims cost amount.

During the financial period ended 31st December 2019, the Company registered a pre-tax profit of €1,149,916 arising primarily from technical income.

The shareholders' funds as at 31 December 2019 amounted to €21,248,646 and comprises ordinary share capital, capital contribution and retained earnings. The initial capital structure on registration consisted of €8,501,200 in the form of ordinary share capital. During the year a further capital contribution of €12,000,000 in cash was made by ECHC. Moreover, subordinated Tier 2 and Tier 3 loan agreements consisting of €7m and €3m respectively were drawn up.

The QRTs containing an analysis of premiums, claims and expenses are being attached to this document (refer to S.05.01.02 and S.05.02.01 in Appendix 2 for the Group and in Appendix 3 for Eucare).

2.2.1. Material risk mitigation techniques

As an insurance group, the insurance underwriting risk is considered to be the main risk which Eucare, is exposed to and is one of the primary risks acknowledged by the Company. Eucare, in line with the Company's risk appetite set by the Board, adopts a prudent approach in the way it mitigated its risks. This includes having in place reinsurance agreements with reputable reinsurance companies, thus enabling the transfer of part of the risk to the reinsurers. The contract boundaries relative to the products sold by the Company also serve as a risk mitigation technique to underwriting risk.

In addition to the uncertainty borne by the Company arising from the inherent nature of insurance business, Eucare also faces the uncertainty of variances in expected future income contributions receivable from the Dutch Health Insurance Risk Equalisation Fund which are based on best estimate calculations.

The Company has in place a number of measures to mitigate these uncertainties. As the estimated receivables from the Dutch Health Insurance Risk Equalisation Fund are based on Best Estimates of expected amounts a provision is made for any uncertainties. Estimates of the compensation from the Dutch Health Insurance Risk Equalisation Fund is recalculated throughout the year and adjustments to the provision are made accordingly.

Through a healthcare procurement company in the Netherlands Eucare also enters into price agreements with a large number of providers. This reduces the potential fluctuation in claims costs by pre-agreeing prices per treatment and therefore removing the uncertainty with regards to price movements during the year.

The health insurance portfolio of the Company within the Netherlands is evenly spread across the country, ensuring an adequate geographical spread of risks. This ensures that there is no concentration of risks within a small area and provides suitable geographical diversification within the portfolio.

Eucare maintains a constant oversight over the performance of the portfolio written, with co-ordination of the Underwriting and Claims Function, the Actuarial Function and the Risk Management Function. This allows the Company to take the adequate steps if necessary in a timely manner in order to effectively manage this risk.

Another significant primary risk considered by the Company, is Operational risk. The Company has a robust organisational structure with various support mechanisms which remove dependency on single individuals. Moreover, Eucare engages third party service providers providing a number of services on behalf of the Company. Each contracted third party is governed by service levels ensuring that the services provided meet the expected standards.

The Company has in place a business continuity plan which addresses all steps to be taken following a range of operational risks that may affect the Company. These include local office and/or island wide catastrophes, IT failures, and emergencies at outsourced service providers, amongst others. The plan is tested and updated annually. The Company further ensures that appointed third party service providers also have their own Business Continuity Plan in place, which is tested and reviewed at least on an annual basis.

2.3. Investment performance

As at 31st December 2019 the Group's financial assets were limited to cash and cash equivalents. The table below shows cash balances as at the end of the financial year for each entity:

Entity	31 Dec 2019 (€)
ECHC	889
Eucare Core	1,502,960
Eucare NLCare Cell	21,231,272
Consolidated	**22,735,121**

Table 2: Group Cash Balances

As at 31st December 2019 the Group held cash and cash equivalents which include deposits held at call with banks. No interest income was earned on the cash deposits held with banks for the period ending 31st December 2019.

2.4. Performance of other activities

The net operating expenses of the Group amounted to €2,229,336. These relate solely to administrative costs, such as staff costs, directors' fees, actuarial fees and legal and professional fees paid by NLCare Cell.

2.5. Any Other Information

2.5.1. COVID-19

The Covid-19 pandemic is considered to be a major development having a material impact on the business of the Group. Kindly refer to Section 7 for further information on how the pandemic has impacted the Group and the actions taken by the Group to assess and mitigate the impact of the pandemic.

3.0 System of Governance

3.1. General Information on the Systems of Governance

3.1.1. Structure of the Board, Committees & Key Functions

The governance structure of ECHC is set at Board of Directors level and composed of three directors.

Eucare is set up as a Protected Cell Company (PCC). A PCC consists of a core and an unlimited number of cells. The Board of directors is responsible for the governance of the PCC as a whole. If considered necessary, new cells may be managed by a Cell Committee, with authority to the committee being granted by the PCC Board of directors. As of yet, no cell committees have been set up.

The Board of Eucare is currently composed of six directors with collective experience and knowledge that is considered adequate.

The Company has also set up an Audit Committee, a Risk Management and Compliance Committee and an Investment Committee each reporting directly to the Board.

The following is an overview of the responsibilities assigned to each committee:

Audit Committee

The purpose of the Audit committee is to assist the Board in fulfilling adequate monitoring of the financial reporting process and the statutory audit of the annual and consolidated financial statements, whilst guaranteeing an effective internal quality control and risk management system. The Audit Committee is further assigned with the oversight responsibility relating to the integrity of any financial reporting, as well as ensuring the independence of the internal and external audit function.

Investment Committee

The purpose of the Investment Committee is to assist the Board in selecting an investment portfolio in line with the investment strategy of the Company. The Committee monitors the investment performance and reports directly to the Board. Activity reporting includes projections of cash flows, valuation of assets and liabilities, and the Company exposure to credit, market and liquidity risk.

Risk Management and Compliance Committee

The Risk Management and Compliance Committee is assigned with the role of assisting the Board in the identification and mitigstion of risks within the Company. The main focus is to oversee the implementation of the risk management system of the Company, including the execution of the risk management strategy as established by the Board. Moreover, the Committee also assists the Board in implementing the regulatory compliance policy and effectively overseeing non-financial and financial compliance matters.

Key and Important Functions

The Board of Eucare has identified the following as Key Functions to the operations of the Company:

- Compliance function;
- Actuarial function;
- Risk Management function;
- Internal Audit function;

The following are also identified as important functions

- Finance & Regulatory Reporting function;
- Underwriting function;
- Claims Handling function;
- Investment Management function; and
- IT function.

All Key Functions are granted the necessary authority and independence by the Board of Directors through the respective Board policies. Each function is allocated with the necessary resources to adequately perform the various duties and responsibilities. Support mechanisms are also put in place as necessary, with a Key Function Holder being appointed for each Key Function.

Each Key Function reports to the Board and the respective Board Committees regularly at least on a quarterly basis.

3.1.2. Remuneration Policy

The Remuneration Policy of the Group provides for a remuneration structure that allows the Group to attract, reward and retain qualified executives and to provide and motivate existing and new personnel with a balanced and competitive remuneration structure that is focused on transparency, sustainable results and is aligned with the long-term strategy of the Group.

The Directors within the Group are paid a fixed annual fee in regard to all their roles within the respective company and are not entitled to any variable remuneration component. All director fees are reviewed on an annual basis by the Board.

It is also recognised that the Directors may have other engagements with other companies. The contract between the respective company within the Group and the Directors states that any potential 'conflict of interest' must be declared.

3.1.3. Material transactions with Shareholders & Board Members

The Group does not have any material transactions, other than Eucare's transactions described below.

Eucare has two separate intercompany balances with companies within the ECHC Group. These account for receivables of €48,156 from the parent company ECHC, and €15,327 from the sister company Ouverture Services Limited.

Moreover, two sub-ordinated loan agreements of €7,000,000 and €3,000,000 in favour of NLCare Cell, classifying as Tier 2 and Tier 3 capital respectively, were entered into with one of Eucare's shareholders.

A capital contribution in cash of €12,000,000 was also made by ECHC, the Company's immediate parent company, to NLCare Cell within Eucare.

Transactions carried out by the Board members relate to the directors' fees payable to each board member. In line with the Remuneration Policy, the fee payable to each director is commensurate to the roles and responsibilities assigned to each director.

3.2. Fit and Proper Policy

The Fit and Proper Policy of the Group establishes the fit and proper requirements which are applicable to the relevant personnel, namely directors, officers, controllers, senior executives, key function holders or individuals responsible for the oversight of key functions, the compliance officer, and where required any external personnel hired by service providers for the performance of certain functions within the company.

The fitness requirements ensure that any appointed individual possesses the appropriates qualifications and an adequate level of knowledge and experience relevant to the function being performed.

The directors of Eucare, as the licenced insurance entity, collectively also possess the appropriate qualifications, experience and knowledge about, but not limited to, the following:

- Insurance and Financial markets
- Business strategy and Business Model
- Systems of Governance
- Financial and Actuarial Analysis
- Risk Management processes
- Regulatory Framework.

Moreover, the Company ensures that all relevant personnel shall retain renowned personal, professional and business repute & integrity based on reliable information about their personal behaviour, professional conduct and reputation, including in relation to any criminal, financial and supervisory issue which is relevant for this purpose.

3.3. Risk Management System including Own Risk & Solvency Assessment

3.3.1. Risk Management Framework

The Risk Management Framework of the Group is governed by the Group Risk Management Policy which was approved by the Board of ECHC. The Risk Management framework enables the Group to identify its risks and considers the impact and probability of each risk occurring. The mitigating actions required are then determined to align the risk exposure to the risk appetite established by the Board of Directors. These mitigating actions may take the form of management actions, internal controls and/or risk transfer mechanisms.

The Risk Management Policy is integrated into the management, performance monitoring and assurance systems of the Group to ensure that all regulatory requirements and technical and prudential monitoring are embedded in all elements of its work, partnerships and collaborations and existing service agreements.

This enables early identification of factors whether internally or externally driven, which may prevent the Group from achieving its strategic objectives. The Risk Management Policy provides the framework in which risks can be managed, mitigated and monitored regardless of source and the process to be followed. The establishment of an adequate risk management framework which is proportionate to the nature, scale and complexity inherent to the business supports the Group in ensuring it maintains sufficient capital to meet all existing and imminent business risks.

The Risk Management policy therefore aims to ensure the efficient management of capital resources, and the achievement of strategic goals in the interests of the Group’s policyholders, shareholders, and other stakeholders and in full compliance with all applicable legislation and regulatory requirements.

The Risk Management policy frames the Risk Management System, which is based upon a number of underlying sub-policies. The Risk Management System also encompasses various aspects of the Risk Management Function such as the Risk Management Process, the Group’s Risk Appetite, and the Risk Register Assessment.

The Company considers its Systems of Government as adequate considering the nature, scale and complexity of the risks inherent to its business.

3.3.2. Own Risk and Solvency Assessment (ORSA)

An important aspect of the Risk Management System of the Group is the Own Risk and Solvency Assessment, which is articulated in a stand-alone Board approved Policy. An ORSA is carried out once annually and when there is a material change to the risk profile or upon the occurrence of an event which may trigger a fresh ORSA.

The risk management function is responsible to implement the ORSA and works closely with the actuarial function of the Company to perform stress testing under various scenarios pre-agreed by the Group. An ORSA report is presented to the respective Boards for final review and approval.

The solvency capital needs of the Group are determined by using the Standard Formula method of calculation without the use of any Undertaking Specific Parameters or Partial Internal Model. The ORSA assessment includes the consideration of changes to the own funds position that may occur in stressed situations. As a result, the Group performs stress tests and scenario analysis to assess the resilience of the various entities. Solvency projections are prepared by the actuarial function and reviewed by the Board of the Company. A breakdown of the solvency capital and eligible own funds is provided in Section 6.

3.3.3. Use of Internal Model

The Group uses the standard formula to calculate the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR) and at this point in time it has no intention of applying for approval to use an internal model.

3.4. Internal Control System

In line with the corporate governance Company Guidelines adopted by the Group an internal control system has been set up to safeguard assets, to ensure the Group enters into transactions only where appropriate authority exists, and to ensure effective risk assessment and management. The purpose of the internal control system is also to ensure completeness, accuracy and timeliness of record keeping.

The ECHC Group has a number of board policies to which all board policies of the subsidiary companies align to, and, from which various procedures and guidelines emanate. The procedures and guidelines include details of the structure and allocation of responsibilities, attendance at and timing of regular meetings, senior personnel designated to review correspondence and personnel authorised to carry out underwriting, accounting and company secretarial procedures, amongst others.

Eucare also maintains a Compliance Function which oversees all the activities of the Company and gives company management guidance in relation to regulatory compliance matters. The Compliance Function reports to the company Board of Directors at least on a quarterly basis.

3.5. Internal Audit Function

Eucare’s internal audit function is outsourced.

The Internal Auditor is provided with unrestricted access to the Company’s records, physical properties, and personnel pertinent to carrying out any engagement.

The internal audit activity remains free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

The internal auditors have no direct operational responsibility or authority over any of the activities audited. Accordingly, they do not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditors' judgment.

The internal auditor performs internal audit procedures addressing a number of risk areas, on an annual basis. This includes the review and testing of the processes and controls relevant to the Company's operations. In this respect, internal audits, to date, have covered the areas of compliance and IT. A three-year internal audit plan up to 2021 was approved by the Board of Eucare.

3.6. Actuarial Function

The actuarial function of Eucare for the reporting period is carried out by Kleynen Consultants B.V in Netherlands. The Actuarial Function is responsible for setting up and maintaining actuarial and risk models, calculate technical provisions (best estimate and risk margin), including pro forma Solvency II balance sheet and the production of the solvency and minimum capital requirement on a quarterly basis for Eucare and perform other work on a monthly basis in line with the services agreement.

The actuarial function produces three-year SCR, MCR and Solvency II balance sheet projections as part of the ORSA process and produces a written report which includes an opinion on underwriting and the adequacy of the reinsurance arrangement.

3.7. Outsourcing

The Outsourcing Policy of the Group ensures that there are systems and procedures in place for the acceptance of any outsourced service providers together with the ongoing monitoring of any function entrusted to an external entity. It also guarantees that the outsourced activity does not pose any undue risks by impairing the reputation and the financial stability of the Group and that all applicable legislation is duly complied with.

3.8. Any Other Information

3.8.1. COVID-19

The Covid-19 pandemic is considered to be a major development having a material impact on the business of the Group. Kindly refer to Section 7 for further information on how the pandemic has impacted the Group and the actions taken by the Group to assess and mitigate the impact of the pandemic.

4.0 Risk Profile

The Group maintains a risk register at Eucare of all the risks that the insurance group is exposed to. In view that Eucare is the main operational company within the Group, the material risks that the Group is exposed to are considered to be the risks which Eucare identifies.

4.1. Underwriting Risk

The main risk of Eucare is underwriting risk. The insurance risk that Eucare is exposed to relates to Health insurance risk. The portfolio of Eucare, through NLCare Cell, during the reporting period consisted of health insurance business in the Netherlands.

The health insurance system in the Netherlands provides for anyone who lives or works in the Netherlands to have mandatory private health insurance cover. Insurers have a duty to accept each insurance proposal without any selection. The basic health insurance covers the mandatory health care requirements and is provided by Eucare through two distinct products, namely ‘Natura’ which is an “in-kind” policy and ‘Restitution’ which is a reimbursement policy.

The Dutch Government determines the extent of coverage under the basic insurance package and the conditions applicable to the basic insurance package.

In addition, the Government determines the payments from the Dutch Health Insurance Risk Equalisation Fund to insurers. The compensation paid through the risk equalisation fund is financed by employers, employees and the Dutch Government. Payments by this fund depend on the risk profile and the portfolio of the health insurance company. In combination with the nominal premium, payments from this fund are expected to equalise the claims level for all insurers.

Therefore, in such a system with risk-compensation measures, the risk of a non-average portfolio of insured customers is limited. These risks cover, amongst others, age, gender, medical status, type of employment, socio-economic status and geographic location, as well as an increase in the overall cost of health care.

Eucare also offers supplementary health and dental insurance products which provides the option to expand the cover provided by the basic health insurance. The cover provided by these insurances is not obligatory and do not fall under the risk equalisation system. Premiums for supplementary health insurance are tailored to the cover offered.

4.2. Market Risk

As outlined in section 2.3, the investments of Eucare are currently limited to bank deposits, such that no interest-bearing instruments, other than bank deposits were made. Accordingly, the company was not exposed to any interest rate risk and the company’s operating cash flows are independent of any changes in interest rates.

The counterparty default risk is monitored and controlled and reported to the Investment Committee and the Board on a regular basis. External credit ratings are obtained where possible and if necessary, copies of financial statements are obtained from counterparties.

In line with its Asset-Liability Management Policy, Eucare identifies and assesses any mismatches between assets and liabilities. In the reporting period, no structural mismatches between assets and liabilities have been identified.

Any potential investments will need to comply with the Group's and Company's Investment Policy. Eucare only invests in assets having risks it can properly identify, measure, monitor, control and report, in accordance with the prudent person principle and which meet its specific risk profile and approved risk appetite. All assets, in particular those required to cover the minimum capital requirements and the solvency capital requirement shall be invested in a manner as to ensure the security, quality, liquidity and reasonable profitability of the portfolio as a whole.

Specific controls are in place to verify a sound asset liability management position of the Company on a regular basis. Monthly management accounting and quarterly solvency capital requirement calculation are conducted to assess the Company position and to identify any potential asset liability mismatch immediately.

4.3. Credit Risk

The Company is exposed to credit risks. As indicated above, Eucare holds cash amounts with banks. Moreover, as part of its day-to-day insurance operations, receivables from debtors such as amounts due by appointed intermediaries and government agencies are due to the Company. Moreover, the reinsurer's share of technical provisions and accrued profit commission due to the company further exposes the company to counterparty default risk. Albeit, the Company ensures that all counterparties are reputable with a strong credit rating, and thus, any exposure to credit risk is not considered material.

The credit risk of Eucare is categorised as Type 1 or Type 2. The class of type 1 exposures cater for exposures which may not be diversified and where the counterparty is likely to be rated. Class of type 2 exposures cover the exposures which are usually diversified and where the counterparty is likely to be unrated.

4.4. Liquidity Risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally insurance liabilities, creditors, and the subordinated loans. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligations.

The liquidity position of the Company is continuously monitored by means of cash flow forecasts on the basis of expected cash flows over a twelve month period and ensures that no additional financing facilities are expected to be required over the coming year. The outcome is reported to the Management and Investment Committee and the Board.

The Company's considers the liquidity risk to be limited in view of the matching of cash inflows and outflows from insurance and reinsurance transactions.

4.4.1. EPIFP

The Expected Profit Included in Future Premiums ('EPIFP') is defined as the expected present value of future cash flows which result from the inclusion in technical provisions of premiums relating to existing insurance and reinsurance contracts that are expected to be received in the future, but that may not be received for any reason, other than because the insured event has occurred, regardless of the legal or contractual rights of the policyholder to discontinue the policy.

Eucare is subject to a positive EPIFP for its homogeneous health risk groups, and also for the accident, sickness and disability insurance portfolios. The EPIFP for the reporting period of Eucare amounts to €11,647,423.

4.5. Operational Risk

In line with the identified primary risks as explained in section 2.2.2, Eucare is also exposed to Operational Risk. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The Company's Operational Risk emanates from a number of elements, mainly related to People, IT, and Processes.

Eucare relies on internal resources for certain operational activities, whilst outsourcing certain functions. All outsourced activities are subject to service level agreements in accordance with regulatory requirements and are subject to ongoing monitoring of performance levels. Prior to their appointment, all service providers are assessed for their competence to perform the respective services in accordance with the Outsourcing policy.

The processes and controls over operational risk, together with the measures defining risk appetite are assessed regularly as part of the monitoring undertaken by Management and reported to the Risk Management & Compliance Committee on a quarterly basis.

4.6. Other Material Risk

Eucare has an obligation to maintain an adequate own funds position at all times in order to meet any regulatory solvency capital requirements and to ensure the Company's ability to continue operating as a going concern. A Capital Management Policy is in place and sets out target solvency ratios as set by the Board. The policy provides the direction to continuously oversee the solvency position of the Company, and to take the necessary steps in case the eligible own funds are lower than the levels required to meet the target solvency ratios, the SCR or the MCR.

4.7. Any Other Information

4.7.1. Description of Material Risk Concentrations

In its first year of operation, Eucare has established an insurance portfolio consisting mainly of health insurance business in the Netherlands. The strategy of the Company is to diversify its portfolio both in terms of geographical spread and also across different lines of insurance business.

For the reporting period, Eucare had only one reinsurance counterparty for its whole portfolio, whilst all bank deposits were held with one bank. Subsequently, the material risk concentrations arose from the exposure to the default of the reinsurer and bank engaged throughout the reporting period.

The Company has in place established credit rating procedures to ensure that any counterparty selected is in line with the Board's risk appetite.

4.7.2. Description of Risk Mitigating Techniques

The main risk mitigating technique used by Eucare to manage its insurance risk is risk transfer through reinsurance.

The appropriate reinsurance structure is identified following a risk assessment to determine an appropriate level of risk transfer in terms of the volume of business, the product line of insurance portfolio, the assessment of probable exposures, and the reinsurance market conditions in accordance with the Risk Appetite of the Board. The reinsurer is also monitored to ensure it meets a minimum credit rating as set by the Board

In assessing the suitability and appropriateness of the risk mitigating techniques adopted, the Company categorises its risks and assess the inherent exposure of each. The appropriate risk mitigating factors are applied in order to manage and reduce the relevant exposure. The residual exposure of each risk is then assessed against the relevant risk mitigating factors applied, ensuring that all risks fall within the risk appetite of the Board.

An assessment of the various risks and the risk mitigating factors is carried out and reported to the Board on a quarterly basis.

4.7.3. Risk Sensitivity

As part of its Risk Management System, one of the main objectives of the Risk Management Functions of Eucare is to ensure that the Company is able the withstand any foreseeable and unforeseeable circumstances, whilst maintaining the SCR cover within a board established target range. Consequently, as part of its Own Risk and Solvency Assessment, the Board established a number of different stress scenarios on the material risks of Eucare, including risks associated with both the core and its cells.

The various stress testing scenarios established by the Board delivered satisfactory results to conclude that the Company is in a steady solvency position in its first year of operation. In each stress test scenario, the Group is able to maintain adequate eligible capital to cover the SCR at all times.

4.7.4. COVID-19

The Covid-19 pandemic is considered to be a major development having a material impact on the business of the Group. Kindly refer to Section 7 for further information on how the pandemic has impacted the Group and the actions taken by the Group to assess and mitigate the impact of the pandemic.

5.0 Valuation for Solvency Purposes

The financial statements are prepared in accordance with International Financial Reporting Standards (hereinafter referred as 'IFRS') as adopted by the EU and as modified by Article 174 of the Maltese Companies Act, (Cap 386) and in accordance with the requirements of the said Act and the requirements of the Maltese Insurance Business Act, 1998.

Article 75 of Directive 2009/138/EC of the European Parliament Council (hereinafter referred to as 'Solvency II Directive') and Articles 7 to 16 of Commission Delegated Regulation (EU) 2015/35 (hereinafter referred to as the 'Delegated Regulation') generally provide for undertakings to recognise and value assets and liabilities other than technical provisions in accordance with IFRS except where not consistent with the Solvency Directive. Where not consistent, other valuation principles or adjustments shall be applied.

5.1. Valuation of Assets for solvency calculation

The following table shows a list of the assets on the Group's balance sheet as at 31st December 2019 in accordance with IFRS and their valuation as required by the Solvency II Directive and Delegated Regulation.

The Group

	IFRS (€)	Difference (€)	Solvency II (€)
Assets			
Intangible assets	528,830	(528,830)	-
Property, Plant & Equipment	233,453	-	233,453
Investments (other than assets held for index-linked and unit-linked contracts)	1,200	-	1,200
Reinsurance recoverables	20,629,989	(8,023,732)	12,606,257
Insurance and intermediaries receivables	636,911	15,327	652,238
Receivables (trade, not insurance)	29,103,331	(3,561,555)	25,541,776
Cash and cash equivalents	22,735,121	-	22,735,121
Total assets	**73,868,835**	**(12,098,790)**	**61,770,045**

Table 3: Group Valuation of Assets

Kindly refer to Table 12 in Appendix 1 for the Solo valuation of assets of Eucare.

The Annual QRTs containing the Solvency II Balance Sheet is being attached to this document (refer to S.02.01.02 in Appendix 2 for the Group and S.02.01.02 in Appendix 3 for Eucare).

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year.

Estimates and judgements are continually evaluated based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The value of assets in the consolidated group accounts and Eucare accounts have been adjusted to conform to Solvency II Directives and Delegated Regulations, as outlined below.

<u>Non-Financial Assets</u>

Intangible Assets

The value of intangible assets, comprising of computer software and right-of-use assets, has been removed for the Solvency II Balance Sheet as the assets cannot be sold separately and the Group could not assign a market price as quoted in an active market for same or similar assets.

Property, Plant and Equipment

Property, plant and equipment comprising of computer equipment and office furniture, fixtures and fittings are initially recorded at cost. These fixed assets are stated at historical cost less depreciation, which is calculated on the straight-line basis. The carrying amounts at historical cost are deemed not to differ materially from the assets' fair value" at the balance sheet date in light of the nature of assets owned.

<u>Financial Assets</u>

The Group recognises a financial instrument in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Group commits to purchase or sell the assets.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the entity transfers the financial asset and the transfer qualifies for derecognition. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Reinsurance recoverables

These relate to amounts recoverable from reinsurers net of premiums paid that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Amounts recoverable from reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of the reinsurance contract.

The Group assesses its reinsurance assets for impairment on a regular basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit and loss account.

The difference in value from IFRS to Solvency II relates to a reclassification of reinsurance commissions receivable of €808,590 which are netted off within reinsurance payables under IFRS; a reclassification related to the estimated payable to the reinsurer in relation of the Best Estimate of the Risk Equalisation Fund of (€2,166,821) which are included in payable under IFRS; and an adjustment to account for future premiums payable to the reinsurers, along with the relative discounting and the relative counterparty adjustment in relation to business that is written but not yet incepted by the valuation date amounting to (€6,665,501).

Insurance and intermediaries receivables

Insurance and intermediaries receivables of the Group consist of amounts prepaid by NLCare Cell to appointed insurance intermediaries in order to provide them with sufficient liquidity. At Group level, due to consolidation, any intra-group balances are eliminated.

As evidenced in Table 12 under Appendix 1, the insurance and intermediaries receivables of Eucare also includes receivables of the Core from intra-group related parties, which is not applicable at group level due to consolidation.

IFRS and Solvency II valuations are broadly consistent.

Receivables (trade, not insurance)

Receivables (trade, not insurance) consist of risk equalisation fund receivable, prepayments, accrued income and related party receivables which are valued approximately to the fair value of the asset. The difference in the amount of receivable between the Group and Eucare relates to different amounts taken for prepaid expenses, which are nullified for Solvency II valuation purposes and receivables from related parties, whereby any intra-group transactions are not considered (eliminated) at group level.

The difference between IFRS and Solvency II values relates to treatment of risk equalisation fund receivable for the Solvency II Balance sheet, which as explained below are reclassified for Solvency II purposes; as well as the amount relating to prepaid expenses of €852,392 (referred to above) which are nullified for Solvency II purposes.

The adjustment related to the Best Estimate of the Risk Equalisation Fund of €2,708,523 is reclassified from Receivables to the claims reserve within technical provisions and restated to present value (i.e. considering the relative discounting).

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at face value. There is no difference between the value of cash at bank as recognised under IFRS and Solvency II Directives.

5.2. Valuation of Technical Provisions

The quality of the data used to determine the input for the calculation of the different components of the technical provision are assessed by the Actuarial Function. Checks are carried out in order to ensure that the relevant data is of sufficient quality.

The following table shows the change in technical provisions from the Group balance sheet as at 31st December 2019 in accordance with IFRS and their valuation as required by the Solvency II Directive and Delegated Regulation. Given that Eucare is the only insurance undertaking within the Group, the Technical provisions of the Group and of Eucare are the same.

	IFRS (€)	Difference (€)	Solvency II (€)
Health (similar to non-life):			
Best estimate	25,787,486	(13,097,761)	12,689,725
Risk margin	-	1,307,261	1,307,261
	25,787,486	**(11,790,500)**	**13,996,986**
Health (similar to life)			
Best estimate	-	(69,307)	(69,307)
Risk margin	-	12,309	12,309
	-	**(56,998)**	**(56,998)**
Total Technical Provisions	**25,787,486**	**(11,847,498)**	**13,939,988**

Table 4: Group Valuation of Technical Provisions

The Solo Annual QRTs containing information on the Non-Life Technical Provisions is being included in this document (refer to S.12.01.02 and S.17.01.02 in Appendix 3).

Below is a description of the bases and methods used for the valuation of the best estimate of liabilities (BEL) and the risk margin. There was no application of matching adjustment, volatility adjustment, transitional risk-free interest rate and transitional deductions.

Technical provisions – Health

The technical provisions regarding health insurance, accident insurance and absenteeism have been determined in accordance with the Solvency II guidelines (Articles 75 to 86 of The Directive and Articles 17 to 61 of The Delegated Acts (Chapter III, Rules relating to technical provisions).

The significant difference between the IFRS and Solvency II valuation of the Technical Provision for health (similar to non-life) insurance is mainly due to the premium provision which is considered under Solvency II and has no equivalent in the IFRS balance sheet. The premium Provision relates to the future premium expected to be received.

Given the long-term nature of the disability insurance portfolio, the Technical Provision applicable under this health insurance cover is pursued on a similar technical basis to that of life insurance ('health SLT'), as illustrated in Table 5 above.

Best estimate of liabilities

The Best Estimate liabilities comprise of the Claims Provision, Premium Provision and Risk Margin. The technical provisions analysis is performed on health and income protection lines insurance. The business written fully relates to the Netherlands exposure and insurance contracts are denominated in Euro.

Segmentation	
Line of Business	**Homogeneous Risk Group**
Health	Basic Insurance
Health	Supplementary Insurance
Health	Dental Insurance
Income Protection	Accident Insurance
Income Protection	Sickness Insurance
Income Protection	Disability Insurance

Table 5: Segmentation of Lines of Business

(i) Premium provisions

The premium provision consists of a number of components. The main components relate to the present value of the claims and premiums from future business, both in terms of premium paid by policyholders, and contributions receivable from the Dutch Health Insurance Risk Equalisation Fund. The premium provision includes also other components such as the operational costs, and the interest on loans.

(ii) Claims provision

In line with the IFRS accounting basis, the claims provisions include claim reserves (IBNR) as per the financial statements. In calculating the best estimate ultimate claims, the calculation of the expected total claim amount is based on a burning cost methodology. For each age-gender group the expected burning costs are estimated based on historic data. Solvency II accounts the same ultimate claims as those reported under the IFRS accounting basis.

(iii) Uncertainty associated with the amount of technical provisions

The claims provision as described under (ii) above are based on statistical estimates to cater for IBNR, which relies on data provided by a partnering intermediary, duly supplemented with management's knowledge of the market and independent actuarial advice. Given that this is the company's first year of operations, the estimation process is inherently more uncertain until experience develops, and involved consideration of alternative methodologies and a range of outcomes. Notwithstanding the uncertainties, the directors believe that the estimated provision for IBNR as at 31 December 2019 is reasonable, having also considered actuarial advice.

As described in section 4.1, a risk mitigating mechanism, namely the Health Insurance Risk Equalisation fund, is in force in the Netherlands to reduce the uncertain exposure resulting from its system. The measurement of contributions due from the Dutch Health Insurance Equalisation Fund involves the assessment of future settlements, and is therefore dependent on key assumptions around, inter alia, the development of national healthcare costs, and the allocation of healthcare costs to Equalisation Fund budget parameters. This inherently introduces a degree of uncertainty, given that the process for final determination of the contributions from the fund is typically finalized over a period of four years. The outcome of the best estimate assessments have been included in the claims provision for underwriting year 2019, and the premium provision for the underwriting year 2020. Management considers the basis for the estimate to be reasonable, when also considering the involvement of actuarial expertise in the process.

No adjustments have been made to period-end reserves or Solvency II technical provisions arising from COVID-19, which spread to Europe late February 2020 with accelerating and widespread impact during March 2020. This is consistent with COVID-19 being treated as a non-adjusting post balance sheet event, including for accounting purposes. Consequently, as a result of COVID-19, the group is subject to increased uncertainty in relation to the premium provision component within its technical provisions. Refer also to section 7.

Risk Margin

The Risk Margin has been calculated in line with articles 37 and 56 of The Delegated Acts. Eucare determines the Risk Margin on the Cost of Capital basis method per Homogeneous Risk Group.

The Risk Margin is conceptually equivalent to the costs of supplying eligible own funds and the SCR necessary to support insurance commitments during their entire period of validity and until they are definitively settled. The interest rate used in determining cost of supplying the amount of eligible own funds is known as the cost-of-capital rate. The Group uses the 6% rate set by Commission Delegated Regulation (EU) 2015/25.

The method for calculating risk margin is expressed as follows:

$$\mathrm{RM} = CoC * \sum \frac{SCR_t}{(1 + r_{t+1})^{t+1}}$$

where:

- *CoC*: the cost of capital rate which is taken as 6%

- SCR_t: the solvency capital requirement after *t* years

- r_{t+1}: basic risk-free interest rate for maturity of t+1 years

There are a number of simplified methods to calculate risk margin:

- Level 1: explains how to approximate underwriting, counterparty default, and market risks.

- Level 2: this is based on the assumption that the future solvency capital requirement will be proportional to the "best estimate" of technical provisions during the year in question.

- Level 3: this consists of using the modified duration of liabilities to calculate the current and future solvency capital requirement in a single step.

- Level 4: calculates the risk margin as a percentage of the best estimate of technical provisions net of reinsurance.

The Group calculates the risk margin using the Level 2 simplification method.

The total Risk Margin comprises of Health Non-Similar to Life Techniques of €1,307,261 and Health Similar to Life Techniques of €12,309.

Net technical provisions

The reinsurer's share of Solvency II technical provisions was calculated based on the characteristics of the reinsurance program. Given that Eucare has in place a quota share reinsurance arrangement, the difference between the valuation of Reinsurance receivables amounts as per IFRS and Solvency II purposes, as illustrated in Table 3 under section 5.1 and Table 12 in Appendix 1, is driven by the same differences for gross technical provisions explained above.

5.3. Valuation of Other Liabilities

The following table shows the difference in other liabilities from the Group balance sheet as at 31st December 2019 in accordance with IFRS and their valuation as required by the Solvency II Directive and Delegated Regulation.

	IFRS (€)	Difference (€)	Solvency II (€)
Other Liabilities			
Deferred tax liabilities	384,570	384,034	768,604
Reinsurance payables	15,022,177	(1,348,532)	13,673,645
Payables (trade, not insurance)	1,457,996	-	1,457,996
Subordinated liabilities	10,000,000	-	10,000,000

Total Other Liabilities	**26,864,743**	**(964,498)**	**25,900,245**

Table 6: Group Valuation of Other Liabilities

Kindly refer to Table 13 in Appendix 1 for Eucare's valuation of other liabilities.

The Annual QRTs containing the Solvency II Balance Sheet is being attached to this document (refer to S.02.01.02 in Appendix 2 for the Group and S.02.01.02 in Appendix 3 for Eucare).

The consolidated IFRS value of other liabilities have been used with some adjustments, in accordance with EIOPA Technical Specifications, as outlined below.

Deferred Tax Liabilities

The movement in deferred tax liabilities represents the effective tax charge at group level of the difference between the values ascribed to assets and liabilities recognized and valued in accordance with Solvency II and values under IFRS.

The Group

Difference in Deferred tax liabilities	(€)
Decrease in assets	**(12,098,790)**
Decrease in liabilities	13,196,031
Difference between IFRS to Solvency II	**1,097,241**
Amount taken to deferred tax	**384,034**

Table 7: Group Solvency II Deferred Tax Liability movement

The difference between IFRS equity and Solvency II excess of assets over liabilities amounting to €1,097,241 has been taxed to derive a deferred tax liability of €384,034. The total deferred tax liability in the Solvency II Balance Sheet of the Group amounts to €768,604.

Refer to Table 14 in Appendix 1 for Eucare's Solvency II Deferred Tax Liabilities.

Reinsurance payables

The reinsurance payables represent the outstanding balance payable to the reinsurer as at period end, arising on business written during 2019. The difference between IFRS and Solvency II of €1,348,532 primarily result from reclassification of €2,166,821 less €808,590 explained in the 'reinsurance recoverables' section above.

Payables (trade, not insurance)

Payables (trade, not insurance) consists of accruals and other payables which are stated at their nominal value. There has been no adjustment between the valuation in the IFRS financial statements and liabilities valued in accordance with Solvency II Directive and Delegated Regulation.

5.4. Alternative Methods for Valuation

The Group does not use any alternative methods for the calculation of its assets, technical provisions or the arising liabilities.

5.5. Any other information

5.5.1. COVID-19

The Covid-19 pandemic is considered to be a major development having a material impact on the business of the Group. Kindly refer to Section 7 for further information on how the pandemic has impacted the Group and the actions taken by the Group to assess and mitigate the impact of the pandemic.

6.0 Capital Management

The capital management policy of the Group aims to establish standards for the efficient management and effective deployment of capital so as to ensure that the needs of the business, the regulatory requirements and the return on capital expectations of the shareholders are balanced.

Under the Solvency II framework, the Group is required to clearly identify its Own Funds which are composed of Basic Own Funds and Ancillary Own Funds as referred to in Article 88 and 89 of the Solvency II Directive respectively and the Insurance Business Act. The Own Funds must be classified into three tiers according to their characteristics with Tier 1 capital being the highest quality form of capital.

The eligibility of the basic own fund items in relation to compliance with the Minimum Capital Requirement ("MCR") and the Solvency Capital Requirement ("SCR") is subject to quantitative limits for restricted Tier 1 items and Tier 2 and Tier 3 basic own fund items. The Group must ensure it holds sufficient Eligible Basic Own Funds to cover the absolute floor of the MCR and the required SCR on an on-going basis.

6.1. Own Funds

6.1.1. Capital Structure

The following table shows the amount and quality of own funds in each tier at the end of this reporting period at the group level:

Own Funds as at 31 Dec 19	Available (€)	Eligible (€)
Tier 1 Basic Own Funds (Unrestricted)		
Paid-up share capital	17,502,400	17,502,400
Capital Contribution	3,000,000	3,000,000
Reconciliation reserve	1,427,412	1,427,412
Tier 2 Basic Own Funds		
Subordinated loan	7,000,000	5,185,930
Tier 3 Basic Own Funds		
Subordinated loan	3,000,000	-
Ancillary Own Funds	-	-
Total Own Funds	**31,929,812**	**27,115,743**

Table 8: Group Available & Eligible Own Funds

As illustrated above, as at 31st December 2019, the eligible and available own funds of the Group is made up of issued and ordinary share capital, subordinated liabilities, capital contribution, and a reconciliation reserve.

The main difference between the equity as shown under IFRS and own funds of the Group under Solvency II mainly relates to the value of the subordinated loans of €10,000,000 which are classified as long term liabilities under IFRS.

Capital contributions may, from time to time, be provided by shareholders to the Group. This is not a loan, but an unconditional transfer of funds, classified as an un-distributable reserve. In 2019 a capital contribution in cash of €3,000,000 was made to the Group by one of its immediate parent company.

The potential distribution of the capital contribution to the Contributor is subject to prior consent of the Regulator and provided it is no longer used to cover the required own funds or margin of solvency.

The reconciliation reserve of the Group represents the consolidated IFRS retained earnings together with the resultant variance in Own Funds emanating from valuation differences between the Solvency II and the IFRS Balance Sheet. Such valuation differences are considered to be an unrealized gain/loss in valuation and on that basis the Group recognises this movement net of deferred taxation. As further described in Section 5.2 (iii), as a result of COVID-19, the group is subject to increased uncertainty in relation to Expected Profits in Future Premiums, which emanate from the premium provision component within its technical provisions.

The subordinated liabilities comprise two loan agreements entered into by NLCare Cell of Eucare. Both subordinated loans are owed to an intermediate parent company. The €7,000,000 loan is repayable after 10 years, with an option to repay after a minimum of five years. The €3,000,000 loan is repayable after five years.

Refer to Tables 15-20 in Appendix 1 for the own funds composition of ECHC and Eucare (in a combined format), Eucare Core and NLCare Cell.

The Group and Solo Annual QRTs containing the own funds is appended to this document (refer to S.23.01.22 in Appendix 2 and S.23.01.01 in Appendix 3).

The capital management policy of the Group is to maintain sufficient eligible own funds to cover the expected net retained risk exposure and the minimum capital levels in accordance with insurance regulations at all times and that it maintains an appropriate level of capital under all market conditions.

To ensure that the Group maintains an appropriate level of capital above the regulatory capital requirements, in line with the board approved risk appetite, the Group has established solvency targets within Eucare as the insurance undertaking of the Group.

The Board of Eucare has set minimum target SCR Ratio for the core and a target SCR Ratio range for the cell. No additional controls are considered necessary to be applied for the PCC as a whole, as adherence to the targets imposed on the cells and core would automatically align the PCC solvency cover to the Risk Appetite of the Board.

The Company monitors the Core and Cell capital requirements on a regular basis. Any potential shortfall in the capital requirements would trigger the recovery actions as indicated within the Capital Management Policy of the Company. These include a number of possible actions, depending on the type and extent of variance, such as changes in the risk profile, additional capital injections, or a reduction or cancellation of any planned dividends.

No changes to the capital structure may be effected without the prior approval of the Board and the Shareholders. Payment of dividends will be at the Directors' discretion depending upon the financial performance of the Company and distributable profits available.

6.1.2. Eligible Own Funds to Cover SCR and Minimum Consolidated Group SCR

The SCR and Minimum Consolidated Group SCR cover of the Group is illustrated below:

SCR and MCR cover as at 31 Dec 19	**Group (€)**
Total Available Own Funds	31,929,812
Total Eligible own funds to meet SCR	27,115,743
SCR	10,371,861
SCR cover:	**261%**
Total Eligible own funds to meet Minimum Consolidated Group SCR	22,442,994
Minimum Consolidated Group SCR	2,565,906
Minimum Consolidated Group SCR cover:	**875%**

Table 9: Group SCR and Minimum Consolidated Group SCR Cover

As shown above, as at 31st December 2019, the Group's available own funds amounted to €31,929,812, whilst the eligible own funds amounted to €27,115,743, with the difference arising as a result of limitations imposed on Tier 2 and Tier 3 capital. The Group's eligible own funds covers both the minimum consolidated Group SCR (875%) and the SCR (261%) calculated using the standard formula.

Refer to Table 21 in Appendix 1 for the Eligible Own Funds to cover the SCR and MCR of Eucare (in a combined format), of Eucare Core and of NLCare Cell. Appendix 1 also includes Table 22 which illustrates the adjustment relating to the Ring Fenced Funds of the PCC structure and Table 23 which explains the difference in shareholders' funds of Eucare.

In accordance with Article 82 of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/13/EC, as far as compliance with the Solvency Capital Requirement (SCR) is concerned, the eligible amounts of Tier 2 and Tier 3 shall be subject to all of the following quantitative limits:

- the eligible amount of Tier 1 items shall be at least one half of the Solvency Capital Requirement;
- the eligible amount of Tier 3 shall not exceed 15% of the Solvency Capital Requirement;

- the sum of the eligible amounts of Tier 2 and Tier 3 items shall not exceed 50% of the Solvency Capital Requirement.

Based on these criteria, the tier 2 eligible own funds to meet SCR amount to €5,185,930 as evidenced in Table 8. Tier 3 does not meet the above criteria and therefore is not consider eligible own fund to cover SCR.

In addition to the above, as far as compliance with the Minimum Consolidated Group SCR is concerned, tier 3 is not considered as an eligible own fund item, whilst tier 2 shall be subject to all of the following quantitative limits:

- the eligible amount of Tier 1 items shall be at least 80% of the Minimum Capital Requirement;
- the eligible amounts of Tier 2 items shall not exceed 20% of the Minimum Capital Requirements.

The Group's tier 2 eligible own funds to meet the Minimum Consolidated Group SCR amounts to €513,181.

6.2. Solvency Capital Requirement (SCR) and Minimum Consolidated Group SCR

As mentioned in section 3.3.3, the Group opted for the standard formula to calculate the SCR as the assumptions underlying the standard formula are considered to be a good fit for the Group's risk profile.

To calculate its SCR, the Group uses only the following simplifications:

- For Health similar to life techniques (SLT) Risk, the Group makes use of the simplified calculation based on expert judgement for the calculation of the solvency capital requirement for part of its health insurance business for health mortality risk, health longevity risk, health disability-morbidity health expense risk, health expense risk, health revision risk, and similar to life health lapse risk.

The SCR and Minimum Consolidated Group SCR as at 31 December 2019 calculated using the Standard Formula are being shown in the following tables:

SCR	31 Dec 19 (€)
Market risk	264
Counterparty Default risk	2,294,830
Health underwriting risk	7,702,730
Non-life underwriting risk	0
Diversification	(1,428,236)
Basic Solvency Capital Requirement	**8,569,588**
Adjustment due to RFF	0
Operational risk	2,570,876
Loss Absorbing Capacity of Deferred Taxes	(768,604)
Total SCR	**10,371,861**

Table 10: Group SCR Components

MCR	31 Dec 19 (€)
MCR at ECHC, net of consolidation adjustments	0
MCR at Eucare	2,565,906
Minimum Consolidated Group SCR	**2,565,906**

Table 11: Group Minimum Consolidated Group SCR Components

Refer to Tables 24-30 in Appendix 1 for the SCR and MCR of Eucare (in a combined format), Eucare Core and NLCare Cell.

The Group and Solo Annual QRTs containing information on the SCR and Minimum Consolidated SCR/MCR is being attached to this document (refer to S.25.01.22 in Appendix 2 for the Group and S.25.01.21 and S.28.01.01 in Appendix 3 for Eucare).

6.3. Use of the duration-based equity risk sub-module in the calculation of the SCR

The Group did not use the duration-based equity risk sub module set out in Article 304 of the Directive for the calculation of its Solvency Capital Requirement.

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

The Group does not make use of the possibility allowed under the Solvency II Directive to apply internal or partial internal models and on this basis has nothing to report.

6.5. Non-compliance with the Minimum Consolidated Group SCR and SCR

The Group reviews the Own Funds Position on a quarterly basis to ensure compliance with its SCR and Minimum Consolidated SCR respectively. The Group has in place a Capital Management Policy which identifies the various action points to be taken in case of a SCR or Minimum Consolidated SCR breach.

As at 31st December 2019 the Group reports an SCR Cover of 261% and a Minimum Consolidated Group SCR cover of 875%.

6.6. Any other information

6.6.1. COVID-19

The Covid-19 pandemic is considered to be a major development having a material impact on the business of the Group. Kindly refer to Section 7 for further information on how the pandemic has impacted the Group and the actions taken by the Group to assess and mitigate the impact of the pandemic.

7.0 COVID-19 Pandemic

Since 31st December 2019, the spread of an ongoing coronavirus, more commonly known as COVID-19, has severely impacted many local economies around the world. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantine, social distancing, and closure of non-essential services, have triggered significant disruptions to business worldwide, resulting in an overall economic slowdown.

COVID-19 is leaving in its track a devastating effect on people's wellbeing bringing about a large number of infectious cases, with lung related diseases requiring urgent need of expensive treatments, hospitalization and an unprecedented demand for ICU hospital beds. This has also led to a number of deaths, mainly affecting the older age groups. The outbreak was declared a Public Health Emergency of International Concern by the World Health Organisation on 30th January 2020 and as a pandemic on 11th March 2020.

In a number of countries this demand for treatment resulted in a consequent shortage of medical staff and hospital beds, and for this reason, most countries, including the Netherlands, have taken the strategy of attempting to flatten the curve of reported cases rather than having to deal with a surge of urgent medical cases in a short span of time.

The Group has carried out a risk assessment on the effect that Covid-19 could have on its business operations, turnover, profitability and the ultimate effect on the solvency, taking into consideration a number of factors which are considered to be materially impacted as a result of the pandemic. Based on known information at the date of reporting, management's assessment shows that the Group will be able to absorb the effects of the pandemic, and in particular the Group would still remain in compliance with the Minimum Consolidated Group SCR as well as the Solvency Capital Requirement (SCR). Nonetheless, the Group is mindful of the fact that the Covid-19 global and national scenario requires constant scrutiny and its impact needs to be assessed on a frequent basis, since there is still uncertainty regarding important factors that might have an impact on the outcome of the assessment, such as the duration of the pandemic and the actual costs of the Covid-19 treatments. Also, the assessment by the Group is subject to constant dynamics depending on the various socioeconomic factors assessed in conjunction with the future development and impact of the pandemic. Although there are no such indications at this point in time, and a first assessment confirms that the Group is able to absorb a negative effect on the main reinsurer's credit rating, it should be noted that the Group is dependent on the reinsurer's financial stability, given a quota reinsurance agreement for a large portion of the Group's business. Therefore, the Group is constantly monitoring the reinsurers' credit rating and other statements, in order to be able to take immediate action if deemed necessary.

In March of 2020, the Group activated its business continuity plan to ensure a seamless approach to home working and has ensured that all its business partners have taken the necessary steps to ensure business continuity, without effecting the level of service provided to the Group or its policyholders.

As described in Section 5.2 (iii), the Group has made no adjustments to the claims and premium provisions within its Solvency II Technical Provisions arising from the emergence of Covid-19. Consequently, as noted in Section 6.1, EPIFP within own funds are valued on the basis of information available at the valuation date. This is consistent with Covid-19 being treated as a non-adjusting post balance sheet event, including for accounting purposes.

Notwithstanding the results of the first assessment, the Group however remains cautious given the early state of the pandemic, and the uncertainty regarding the exact actual future developments and its consequent effects. However, based on the information known to date, it is appropriate to consider the Group to be a going concern.

Appendix 1: Eucare (Solo) Valuations and Capital Management

1.1 Valuation for Solvency Purposes

1.1.1 Valuation of Assets

	IFRS (€)	Difference (€)	Solvency II (€)
Assets			
Intangible asset	528,829	(528,829)	-
Property, Plant & Equipment	233,452	-	233,452
Reinsurance recoverables	20,629,989	(8,023,732)	12,606,257
Insurance and intermediaries receivables	1,189,524	63,473	1,252,997
Receivables (trade, not insurance)	29,148,190	(3,606,414)	25,541,776
Cash and cash equivalents	22,734,232	-	22,734,232
Total assets	**74,464,216**	**(12,095,502)**	**62,368,714**

Table 12: Eucare Valuation of Assets (Solo)

1.1.2 Valuation of Liabilities

	IFRS (€)	Difference (€)	Solvency II (€)
Other Liabilities			
Deferred tax liabilities	402,470	596,982	999,452
Reinsurance payables	15,022,177	(1,348,532)	13,673,645
Payables (trade, not insurance)	2,003,437	-	2,003,437
Subordinated loan	10,000,000	-	10,000,000
Total Other Liabilities	**27,428,084**	**(751,550)**	**26,676,534**

Table 13: Eucare Valuation of Other Liabilities (Solo)

Deferred tax liabilities	**(€)**
Decrease in assets	(12,095,503)
Decrease in liabilities	13,196,031
Difference between IFRS to Solvency II	**1,100,528**
Deferred tax	385,185
Add back deferred tax asset capped at zero	211,797
Current tax	402,470
Deferred tax liabilities	**999,452**

Table 14: Eucare Solvency II Deferred Tax Liabilities (Solo)

1.2 Capital Management

1.2.1 Own Funds

The Protected Cell Company (PCC) is a legal structure which allows for the creation of protected cells within itself for the purposes of segregating and protecting the cellular assets of the company. Each cell has its own separate portion of share capital and the income, assets and liabilities of each cell are kept separate from all other cells (if any) and the non-cellular assets of the PCC. Each cell is ring-fenced thus offering superior protection as the creditors may only have recourse to the cellular assets attributable to the cell or cells they have transacted with.

The PCC together with any protected cells which have been created constitute a single legal person. Each and every protected cell which is created has its own distinct name or designation however, it does not constitute a legal person which is separate from the Protected Cell Company.

In accordance with the Companies Act regulations and Insurance Business Act rules, all cellular assets are segregated (ring fenced) from one another and from the Core, whereas all cells have recourse to the Core's assets once their own assets have been exhausted.

Moreover, in line with EU regulations, EIOPA guidelines on ring fenced funds and MFSA's Guidance Note on solvency requirements in relation to PCCs, cells would be allowed to be in deficit on capital requirements so long as there are sufficient unrestricted surplus funds in the PCC Core to meet such cellular deficits.

Nonetheless, regulations do not allow for consideration of any surplus funds in cells when calculating the solvency position of the PCC as a whole, since such funds can only be used in respect of the specific cell to which the funds appertain. Regulations also do not allow for any diversification benefits to accrue between the Cells and the Core.

The following paragraphs disclose the various aspects regarding the own funds and solvency position for the group, the PCC as a whole (combined), the core separately and the cell.

ECHC

Own Funds as at 31 Dec 19	Available (€)	Eligible (€)
Tier 1 Basic Own Funds (Unrestricted)		
Paid-up share capital	19,077,991	19,077,991
Capital contribution	3,000,000	3,000,000
Reconciliation reserve	(54,427)	(54,427)
Total Own Funds	**22,023,564**	**22,023,564**

Table 15: ECHC Available & Eligible Own Funds

Eucare Combined

Own Funds 31 Dec 19	Available (€)	Eligible (€)
Tier 1 Basic Own Funds (Unrestricted)		
Paid-up share capital	8,501,200	8,501,200
Capital Contribution	12,000,000	12,000,000
Reconciliation reserve	(13,563,700)	(13,563,700)
Tier 2 Basic Own Funds		
Subordinated loan	5,041,433	5,041,433
Tier 3 Basic Own Funds		
Subordinated loan	-	-
Ancillary Own Funds	-	-
Total Own Funds	**11,978,933**	**11,978,933**

Table 16: Eucare Combined Available & Eligible Own Funds (Solo)

Eucare Combined Retained Earnings

Entity	31 Dec 2019 (€)
Eucare Core	-
Eucare NLCare Cell	747,446
Retained earnings	**747,466**

Table 17: Eucare Retained Earnings (Solo)

Movement in Eucare Combined Own Funds

Own Funds as at 31 Dec 19	Available (€)	Eligible (€)
Eucare Core	1,896,067	1,896,067
Eucare NLCare Cell	29,865,125	24,897,560
Adjustments due to PCC Ring Fencing Regulation	(19,782,259)	(14,814,692)
Net movement in own funds	**11,978,933**	**11,978,933**

Table 18: Movement in Eucare Combined Available & Eligible Own Funds due to RFF (Solo)

Refer to section 1.2.2 within this Appendix 1 for further information with respect to adjustment for restricted own fund items in respect of ring-fenced funds (RFF).

Eucare Core

Own Funds as at 31 Dec 19	Available (€)	Eligible (€)
Tier 1 Basic Own Funds (Unrestricted)		
Paid-up share capital	2,501,200	2,501,200
Reconciliation reserve	(605,133)	(605,133)
Tier 2 Basic Own Funds	-	-
Tier 3 Basic Own Funds	-	-
Ancillary Own Funds	-	-
Total Own Funds	**1,896,067**	**1,896,067**

Table 19: Eucare Core Composition of Available & Eligible Own Funds (Solo)

NLCare Cell

Own Funds as at 31 Dec 19	Available (€)	Eligible (€)
Tier 1 Basic Own Funds (Unrestricted)		
Paid-up share capital	6,000,000	6,000,000
Capital Contribution	12,000,000	12,000,000
Reconciliation reserve	1,856,125	1,856,125
Tier 2 Basic Own Funds		
Subordinated loan	7,000,000	5,041,434
Tier 3 Basic Own Funds		
Subordinated loan	3,000,000	-
Ancillary Own Funds	-	-
Total Own Funds	**29,865,125**	**24,897,559**

Table 20: NLCare Cell Composition of Available & Eligible Own Funds (Solo)

1.2.2 *Eligible Own Funds to cover SCR and MCR*

SCR and MCR cover as at 31 Dec 19	Core (€)	NLCare Cell (€)	Combined (€)	Group (€)
Total Available Own Funds	1,896,067	29,856,125	11,978,933	31,929,812
Total Eligible own funds to meet SCR	1,896,067	24,897,559	11,978,933	27,115,743
SCR	180,755	10,082,868	10,263,622	10,371,861
SCR cover:	**1,049%**	**247%**	**117%**	**261%**
Total Eligible own funds to meet MCR/Minimum Consolidated Group SCR	1,896,067	20,360,268	7,450,681	22,442,994
MCR/Minimum Consolidated Group SCR	45,189	2,520,717	2,565,906	2,565,906
MCR/Minimum Consolidated Group SCR cover:	**4,196%**	**808%**	**290%**	**875%**

Table 21: Group & Solo SCR and MCR/Minimum Consolidated Group SCR Cover

For PCCs, the SCR has to be calculated for each cell as well as the core, in the same manner as if they were all separate undertakings. In the case where the capital requirement is calculated using the standard formula, the notional SCR of a cell is derived by applying the standard formula to those assets and liabilities within the cell as if it were a separate undertaking. The SCR for the PCC as a whole is the sum of the notional SCR for each cell and the SCR of the core.

Moreover, when it comes to computing the own funds for the PCC as a whole, the own funds at the level of each Cell can be restricted. The assets over liabilities and subordinated liabilities within each cell cannot be transferred to cover all types of losses within the core and any other cells (the combined calculation). Where the own funds of a cell are greater than the SCR of that cell, then the 'excess own funds' are treated as restricted own funds. In the calculation of the total own funds of the PCC only an amount equal to each cell's SCR will be taken into account. Hence, the eligible own funds used to cover the combined SCR of the PCC as a whole are limited, and may be less than the summation of the own funds of each individual cell and core.

In line with the capital management policy of Eucare, to ensure that the Company maintains an appropriate level of capital above the regulatory capital requirements, it is ensured that each operating cell of the PCC is solvent in its own right and adequately meets target SCR ratio imposed by the Board.

In light of the above, Eucare's available own funds as at 31st December 2019 amounted to €11,978,933, comprising of paid-up share capital and a reconciliation reserve.

Total Available Own funds - adjustment for restricted own fund items in respect of ring-fenced funds (RFF)

The following is the total adjustment to the reconciliation reserve due to the existence of restricted own fund items in respect of ring-fenced funds at combined level. Reconciliation of Available Own funds at Core and Cell level to Available Own funds at Combined level is illustrated below:

	Core (€)	NLCare Cell (€)	Combined (€)
Available Own Funds (unadjusted)	1,896,067	29,865,125	31,761,192
Adjustments due to PCC Ring Fencing Regulation	0	0	(19,782,259)
Total Available Own funds	**1,896,067**	**29,865,125**	**11,978,933**

Table 22: Eucare Available Own Funds adjusted for RFF (Solo)

Differences in Shareholders' Funds

Eucare's shareholders' funds, reported in the financial statements for financial period ended 31st December 2019, amounted to €21,248,646. The reconciliation reserve represents the differences between IFRS and Solvency II valuation of assets and liabilities that amounts to €503,546. The movement in capital is being reconciled below:

Own funds reconciliation		**(€)**
Shareholders' funds		21,248,646
Difference in valuation:		
Assets	(12,095,502)	
Gross technical provisions	11,847,498	
Other liabilities	751,550	
Solvency II Reconciliation Reserve		503,546
Less adjustment for RFF		(14,814,692)
Subordinated loan		5,041,433,
Total basic Own Funds		**11,978,933**

Table 23: Eucare Own Funds Reconciliation (Solo)

1.2.3 Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

Eucare Combined

SCR	31 Dec 19 (€)
Market risk	-
Counterparty Default risk	2,409,567
Health underwriting risk	7,784,777
Non-life underwriting risk	-
Diversification	(1,488,729)
Basic Solvency Capital Requirement	**8,705,616**
Operational risk	2,557,458
Loss Absorbing Capacity of Deferred Taxes	(999,452)
Total SCR	**10,263,622**

Table 24: Eucare Combined SCR Components (Solo)

MCR	31 Dec 19 (€)
Floor	2,565,906
Cap	4,618,630
MCR (linear)	1,746,383
Absolute Floor	2,565,906
MCR	**2,565,906**

Table 25: Eucare Combined MCR Components (Solo)

Eucare Core

SCR	31 Dec 19 (€)
Counterparty Default risk	180,755
Basic Solvency Capital Requirement	**180,755**
Loss Absorbing Capacity of Deferred Taxes	(0)
Total SCR	**180,755**

Table 26: Eucare Core SCR Components (Solo)

MCR	31 Dec 19 (€)
Floor	45,189
Cap	81,340
MCR (linear)	-
MCR	**45,189**

Table 27: Eucare Core MCR Components (Solo)

NLCare Cell

SCR	31 Dec 19 (€)
Health risk	7,702,730
Counterparty Default risk	2,203,417
Diversification	(1,381,286)
Basic Solvency Capital Requirement	**8,524,861**
Operational risk	2,557,458
Loss Absorbing Capacity of Deferred Taxes	(999,452)
Total SCR	**10,082,868**

Table 28: NLCare Cell SCR Components (Solo)

MCR	31 Dec 19 (€)
Floor	2,520,717
Cap	4,537,290
MCR (linear)	1,746,383
MCR	**2,520,717**

Table 29: NLCare Cell MCR Components (Solo)

Reconciliation of SCR

The reconciliation of the SCR individually at Core and Cell level to SCR at Combined level is illustrated below:

	Core and Cell (€)	Combined (€)	Allocation from adjustments due to RFF (€)
Market risk	-	-	-
Counterparty Default risk	2,384,172	2,409,567	25,396
Health underwriting risk	7,702,730	7,784,777	82,047
Non-life underwriting risk	-	-	-
Diversification	(1,381,286)	(1,488,729)	(107,443)
Basic Solvency Capital Requirement	**8,705,616**	**8,705,616**	**-**
Operational risk	2,557,458	2,557,458	-
Loss Absorbing Capacity of Deferred	(999,452)	(999,452)	(0)
Total SCR	**10,263,622**	**10,263,622**	**-**

Table 30: Reconciliation of SCR at Combined Level (Solo)

The adjustment due to ring fenced funds arises as a result of the difference in diversification applicable at the core and cell level (€1,381,286) and at the combined level (€1,488,729).

The allocation from adjustments due to the ring fenced funds, applicable to the different risk modules, correspond to the respective proportion of capital charge of each risk module against the Basic Solvency Capital Requirement.

Appendix 2: Group Annual Quantitative Reporting Templates

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	233
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	1
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	1
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	12,606
Non-life and health similar to non-life	**R0280**	12,606
Non-life excluding health	**R0290**	
Health similar to non-life	**R0300**	12,606
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**	652
Reinsurance receivables	**R0370**	
Receivables (trade, not insurance)	**R0380**	25,542
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**	22,735
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	61,770

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	13,997
Technical provisions – non-life (excluding health)	**R0520**	
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	
Risk margin	**R0550**	

Technical provisions - health (similar to non-life)	**R0560**	13,997
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	12,690
Risk margin	**R0590**	1,307
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	-57
Technical provisions - health (similar to life)	**R0610**	-57
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	-69
Risk margin	**R0640**	12
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**	769
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	13,674
Payables (trade, not insurance)	**R0840**	1,458
Subordinated liabilities	**R0850**	10,000
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	10,000
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	39,840
Excess of assets over liabilities	**R1000**	21,930

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)** Medical expense insurance	Total
		C0010	**C0200**
Premiums written			
Gross - Direct Business	**R0110**	122,670	122,670
Gross - Proportional reinsurance accepted	**R0120**		
Gross - Non-proportional reinsurance accepted	**R0130**		
Reinsurers' share	**R0140**	98,149	98,149
Net	**R0200**	24,521	24,521
Premiums earned			
Gross - Direct Business	**R0210**	122,670	122,670
Gross - Proportional reinsurance accepted	**R0220**		
Gross - Non-proportional reinsurance accepted	**R0230**		
Reinsurers' share	**R0240**	98,149	98,149
Net	**R0300**	24,521	24,521
Claims incurred			
Gross - Direct Business	**R0310**	110,540	110,540
Gross - Proportional reinsurance accepted	**R0320**		
Gross - Non-proportional reinsurance accepted	**R0330**		
Reinsurers' share	**R0340**	88,432	88,432
Net	**R0400**	22,108	22,108
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**	7,076	7,076
Other expenses	**R1200**		
Total expenses	**R1300**		7,076

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

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		NL					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110		122,670					122,670
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140		98,149					98,149
Net	R0200		24,521					24,521
Premiums earned								
Gross - Direct Business	R0210		122,670					122,670
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240		98,149					98,149
Net	R0300		24,521					24,521
Claims incurred								
Gross - Direct Business	R0310		110,540					110,540
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340		88,432					88,432
Net	R0400		22,108					22,108
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		7,076					7,076

Other expenses	**R1200**							
Total expenses	**R1300**							7,076

Annex I

S.23.01.22

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						
Ordinary share capital (gross of own shares)	**R0010**	10,615	10,615			
Non-available called but not paid in ordinary share capital at group level	**R0020**					
Share premium account related to ordinary share capital	**R0030**	6,888	6,888			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Non-available subordinated mutual member accounts at group level	**R0060**					
Surplus funds	**R0070**					
Non-available surplus funds at group level	**R0080**					
Preference shares	**R0090**					
Non-available preference shares at group level	**R0100**					
Share premium account related to preference shares	**R0110**					
Non-available share premium account related to preference shares at group level	**R0120**					
Reconciliation reserve	**R0130**	1,427	1,427			
Subordinated liabilities	**R0140**	10,000			7,000	3,000
Non-available subordinated liabilities at group level	**R0150**					
An amount equal to the value of net deferred tax assets	**R0160**					
The amount equal to the value of net deferred tax assets not available at the group level	**R0170**					
Other items approved by supervisory authority as basic own funds not specified above	**R0180**	3,000	3,000			
Non available own funds related to other own funds items approved by supervisory authority	**R0190**					
Minority interests (if not reported as part of a specific own fund item)	**R0200**					
Non-available minority interests at group level	**R0210**					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						

Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	**R0230**					
whereof deducted according to art 228 of the Directive 2009/138/EC	**R0240**					
Deductions for participations where there is non-availability of information (Article 229)	**R0250**					
Deduction for participations included by using D&A when a combination of methods is used	**R0260**					
Total of non-available own fund items	**R0270**					
Total deductions	**R0280**					
Total basic own funds after deductions	**R0290**	31,930	21,930		7,000	3,000
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Non available ancillary own funds at group level	**R0380**					
Other ancillary own funds	**R0390**					
Total ancillary own funds	**R0400**					
Own funds of other financial sectors						
Reconciliation reserve	**R0410**					
Institutions for occupational retirement provision	**R0420**					
Non regulated entities carrying out financial activities	**R0430**					
Total own funds of other financial sectors	**R0440**					
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	**R0450**					
Own funds aggregated when using the D&A and a combination of method net of IGT	**R0460**					
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0520**	31,930	21,930		7,000	3,000
Total available own funds to meet the minimum consolidated group SCR	**R0530**	28,930	21,930		7,000	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0560**	27,116	21,930		5,186	
Total eligible own funds to meet the minimum consolidated group SCR	**R0570**	22,443	21,930		513	

Minimum consolidated Group SCR	**R0610**	2,566				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	874.66%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	27,116	21,930		5,186	
Group SCR	**R0680**	10,372				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	261.44%				
		C0060				
Reconciliation reserve						
Excess of assets over liabilities	**R0700**	21,930				
Own shares (included as assets on the balance sheet)	**R0710**					
Forseeable dividends, distributions and charges	**R0720**					
Other basic own fund items	**R0730**	20,502				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**					
Other non available own funds	**R0750**					
Reconciliation reserve before deduction for participations in other financial sector	**R0760**	1,427				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	**R0770**					
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	11,647				
Total EPIFP	**R0790**	11,647				

Annex I
S.25.01.22
Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement
		C0110
Market risk	**R0010**	0
Counterparty default risk	**R0020**	2,295
Life underwriting risk	**R0030**	
Health underwriting risk	**R0040**	7,703
Non-life underwriting risk	**R0050**	
Diversification	**R0060**	-1,428
Intangible asset risk	**R0070**	
Basic Solvency Capital Requirement	**R0100**	8,570

Calculation of Solvency Capital Requirement		**C0100**
Operational risk	**R0130**	2,571
Loss-absorbing capacity of technical provisions	**R0140**	0
Loss-absorbing capacity of deferred taxes	**R0150**	-769
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	
Solvency capital requirement excluding capital add-on	**R0200**	10,372
Capital add-on already set	**R0210**	
Solvency capital requirement	**R0220**	10,372
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	**R0430**	
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	
Minimum consolidated group solvency capital requirement	**R0470**	2,566
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	**R0500**	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	**R0510**	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	**R0520**	

Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	**R0530**	
Capital requirement for non-controlled participation requirements	**R0540**	
Capital requirement for residual undertakings	**R0550**	
Overall SCR		
SCR for undertakings included via D and A	**R0560**	
Solvency capital requirement	**R0570**	10,372

Annex I
S.32.01.2
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Undertakings in the scope of the group

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/ NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
MT	3912008S3SGTJVOP5C36	LEI	ECHC Limited	5	Limited Liability Company	2								1		1
MT	391200A0CLYPI0GKDC7 8	LEI	EUCare Insurance PCC Limited	2	Limited Liability Company	2	Malta Financial Services Authority	100.00%	100	100.00%		1		1		1

Appendix 3: Solo Annual Quantitative Reporting Templates

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	233
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	12,606
Non-life and health similar to non-life	**R0280**	12,606
Non-life excluding health	**R0290**	
Health similar to non-life	**R0300**	12,606
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**	1,253
Reinsurance receivables	**R0370**	
Receivables (trade, not insurance)	**R0380**	25,542
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**	22,734
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	62,369

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	13,997
Technical provisions – non-life (excluding health)	**R0520**	
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	
Risk margin	**R0550**	

Technical provisions - health (similar to non-life)	**R0560**	13,997
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	12,690
Risk margin	**R0590**	1,307
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	-57
Technical provisions - health (similar to life)	**R0610**	-57
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	-69
Risk margin	**R0640**	12
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**	999
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	13,674
Payables (trade, not insurance)	**R0840**	2,003
Subordinated liabilities	**R0850**	10,000
Subordinated liabilities not in BOF	**R0860**	4,959
Subordinated liabilities in BOF	**R0870**	5,041
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	40,617
Excess of assets over liabilities	**R1000**	21,752

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)** Medical expense insurance	Total
		C0010	**C0200**
Premiums written			
Gross - Direct Business	**R0110**	122,670	122,670
Gross - Proportional reinsurance accepted	**R0120**		
Gross - Non-proportional reinsurance accepted	**R0130**		
Reinsurers' share	**R0140**	98,149	98,149
Net	**R0200**	24,521	24,521
Premiums earned			
Gross - Direct Business	**R0210**	122,670	122,670
Gross - Proportional reinsurance accepted	**R0220**		
Gross - Non-proportional reinsurance accepted	**R0230**		
Reinsurers' share	**R0240**	98,149	98,149
Net	**R0300**	24,521	24,521
Claims incurred			
Gross - Direct Business	**R0310**	110,540	110,540
Gross - Proportional reinsurance accepted	**R0320**		
Gross - Non-proportional reinsurance accepted	**R0330**		
Reinsurers' share	**R0340**	88,432	88,432
Net	**R0400**	22,108	22,108
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**	7,076	7,076
Other expenses	**R1200**		
Total expenses	**R1300**		7,076

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

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		NL					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110		122,670					122,670
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140		98,149					98,149
Net	R0200		24,521					24,521
Premiums earned								
Gross - Direct Business	R0210		122,670					122,670
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240		98,149					98,149
Net	R0300		24,521					24,521
Claims incurred								
Gross - Direct Business	R0310		110,540					110,540
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340		88,432					88,432
Net	R0400		22,108					22,108
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		7,076					7,076

Other expenses	**R1200**							
Total expenses	**R1300**							7,076

Annex I

S.12.01.02

Life and Health SLT Technical Provisions

		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**						
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	**R0030**		-69				-69
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**						
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		-69				-69
Risk Margin	**R0100**	12					12
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	**R0110**						
Best estimate	**R0120**						
Risk margin	**R0130**						
Technical provisions - total	**R0200**	-57					-57

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance		Total Non-Life obligation
		Medical expense insurance	Income protection insurance	
		C0020	**C0030**	**C0180**
Technical provisions calculated as a whole	**R0010**			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**			
Technical provisions calculated as a sum of BE and RM				
Best estimate				
Premium provisions				
Gross	**R0060**	-10,656	-106	-10,762
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-5,866		-5,866
Net Best Estimate of Premium Provisions	**R0150**	-4,790	-106	-4,896
Claims provisions				
Gross	**R0160**	23,452		23,452
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	18,472		18,472
Net Best Estimate of Claims Provisions	**R0250**	4,979		4,979
Total Best estimate - gross	**R0260**	12,796	-106	12,690
Total Best estimate - net	**R0270**	190	-106	83
Risk margin	**R0280**	1,297	11	1,307
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**	14,093	-96	13,997
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	12,606		12,606
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	1,486	-96	1,391

Annex I

S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	**Z0020**	Underwriting year [UWY]

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

	Year	**Development year**	**1**	**2**	**3**
		C0010	**C0020**	**C0030**	**C0040**
Prior	**R0100**				
2016	**R0220**				
2017	**R0230**				
2018	**R0240**				
2019	**R0250**	84,753			

		In Current year	**Sum of years (cumulative)**
		C0170	**C0180**
	R0100		
	R0220		
	R0230		
	R0240		
	R0250	84,753	84,753
Total	**R0260**	84,753	84,753

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	**Development year**	**1**	**2**	**3**
		C0200	**C0210**	**C0220**	**C0230**
Prior	**R0100**				
2016	**R0220**				
2017	**R0230**				
2018	**R0240**				
2019	**R0250**	23,427			

		Year end (discounted data)
		C0360
	R0100	
	R0220	
	R0230	
	R0240	
	R0250	23,452
Total	**R0260**	23,452

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	8,501	8,501			
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**	-13,564	-13,564			
Subordinated liabilities	**R0140**	5,041			5,041	
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**	12,000	12,000			
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in financial and credit institutions	**R0230**					

Total basic own funds after deductions	**R0290**	11,979	6,937		5,041	
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**	11,979	6,937		5,041	
Total available own funds to meet the MCR	**R0510**	11,979	6,937		5,041	
Total eligible own funds to meet the SCR	**R0540**	11,979	6,937		5,041	
Total eligible own funds to meet the MCR	**R0550**	7,451	6,937		513	
SCR	**R0580**	10,264				
MCR	**R0600**	2,566				
Ratio of Eligible own funds to SCR	**R0620**	116.71%				
Ratio of Eligible own funds to MCR	**R0640**	290.37%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	21,752	
Own shares (held directly and indirectly)	**R0710**		

Foreseeable dividends, distributions and charges	**R0720**		
Other basic own fund items	**R0730**	20,501	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	14,815	
Reconciliation reserve	**R0760**	-13,564	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**		
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	11,647	
Total Expected profits included in future premiums (EPIFP)	**R0790**	11,647	

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

		Gross solvency capital requirement
		C0110
Market risk	**R0010**	
Counterparty default risk	**R0020**	2,410
Life underwriting risk	**R0030**	
Health underwriting risk	**R0040**	7,785
Non-life underwriting risk	**R0050**	
Diversification	**R0060**	-1,489
Intangible asset risk	**R0070**	
Basic Solvency Capital Requirement	**R0100**	8,706

Calculation of Solvency Capital Requirement		**C0100**
Operational risk	**R0130**	2,557
Loss-absorbing capacity of technical provisions	**R0140**	
Loss-absorbing capacity of deferred taxes	**R0150**	-999
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	
Solvency capital requirement excluding capital add-on	**R0200**	10,264
Capital add-on already set	**R0210**	
Solvency capital requirement	**R0220**	10,264
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	181
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	10,083
Total amount of Notional Solvency Capital Requirement 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**	1 - Yes

Calculation of loss absorbing capacity of deferred taxes		LAC DT **C0130**
LAC DT	**R0640**	-999
LAC DT justified by reversion of deferred tax liabilities	**R0650**	-999
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**	

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	**R0010**	1,746

		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**	12,623	24,534
Income protection insurance and proportional reinsurance	**R0030**		
Workers' compensation insurance and proportional reinsurance	**R0040**		
Motor vehicle liability insurance and proportional reinsurance	**R0050**		
Other motor insurance and proportional reinsurance	**R0060**		
Marine, aviation and transport insurance and proportional reinsurance	**R0070**		
Fire and other damage to property insurance and proportional reinsurance	**R0080**		
General liability insurance and proportional reinsurance	**R0090**		
Credit and suretyship insurance and proportional reinsurance	**R0100**		
Legal expenses insurance and proportional reinsurance	**R0110**		
Assistance and proportional reinsurance	**R0120**		
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**		
Non-proportional health reinsurance	**R0140**		
Non-proportional casualty reinsurance	**R0150**		
Non-proportional marine, aviation and transport reinsurance	**R0160**		
Non-proportional property reinsurance	**R0170**		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	**R0200**	

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

		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation

		C0070
Linear MCR	R0300	1,746
SCR	R0310	10,264
MCR cap	R0320	4,619
MCR floor	R0330	2,566
Combined MCR	R0340	2,566
Absolute floor of the MCR	R0350	2,500

		C0070
Minimum Capital Requirement	R0400	2,566