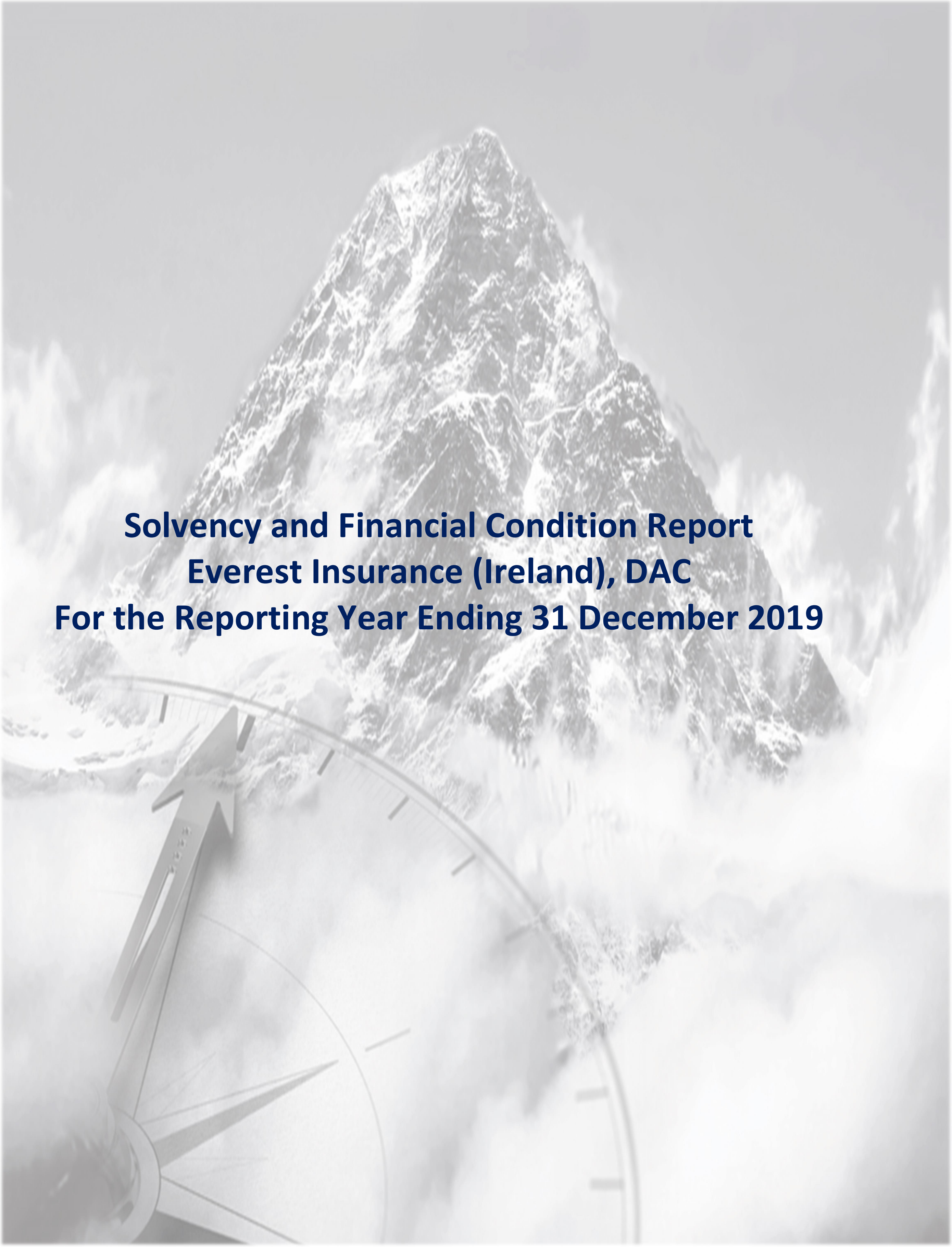
Solvency and Financial Condition Report
Everest Insurance (Ireland), DAC
For the Reporting Year Ending 31 December 2019



SUMMARY

Background

This document is the Solvency and Financial Condition Report ("SFCR") published by Everest Insurance (Ireland) DAC ("EIID" or "the Company") and is publicly available.

This report has been prepared in accordance with the Solvency II requirements relating to the reporting and public disclosure of information and seeks to provide stakeholders with an insight into the Company's overall financial condition.

The report covers the business and performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management.

The reporting period covered by this report is 1st January 2019 to 31st December 2019 and the reporting date is 31st December 2019.

Everest Insurance (Ireland), DAC

Everest Insurance (Ireland), DAC is an Irish designated activity Company licensed by the Central Bank of Ireland ("CBI") to write non-life insurance business.

The Company is part of Everest Re Group Ltd ("Everest Re Group", "the Group"), a global insurance and reinsurance company with common shares listed on the New York Stock Exchange.

Everest Insurance® refers to the insurance operations of Everest Re Group which offers property, casualty and specialty lines insurance on both an admitted and non-admitted basis in the United States (US) and globally. The Company, together with Everest Syndicate 2786 at Lloyd's, makes up the Group's Everest Insurance® Global Markets (previously known as Everest International Insurance) platform, offering specialty insurance solutions to clients across the globe. The Company continues the expansion of the Everest Insurance® franchise and enables Everest Re Group to operate throughout the European Union (EU) under a single regulatory framework.

A. Business and performance

The Company's strategic focus is to write insurance business across the EU, and elsewhere on a non-admitted basis. Credit insurance and political risk products formed a large component of the portfolio in 2019, with US excess casualty, international casualty, financial institutions, surety, and warranty and indemnity forming the remainder. The Company can, through outsourced arrangements with Everest Re Group entities, access additional expertise and infrastructure enabling it to provide full service capabilities across its product lines and compete with market leading capabilities. The Company utilises large corporate and specialist brokers and also writes business directly with customers. The Company also supports a small number of Managing General Agents ("MGAs"). The majority of the Company's current business, by premium volume, is with medium to large corporates.

The Company established an EEA branch in UK, which became operational in 2019. Additionally, the PRA confirmed the Company's entry into the Temporary Permissions Regime in the UK following the UK's exit from the EU. The Company intends to apply to the PRA for permission to establish a Third Country Branch in the UK following the end of the post-Brexit Transition Period. These steps are key to the Company's Brexit risk mitigation strategy as it allows EIID to continue to write UK and rest of the world business post-Brexit while limiting the risk of disruption as far as it possible.

The Company's financial statements have been prepared in compliance with Financial Reporting Standard 102 and 103 ("FRS").

Per the financial statements, the Company incurred a pre-tax profit of €0.7m for 2019. Gross Written Premium ("GWP") was €39.3m (2018: €18.8m) and Net Earned Premium ("NEP") was €5.9m (2018: €1.0m). Claims paid totalled €0.01m (2018: Nil), and a provision for claims (net of reinsurance) was made of €2.8m (2018: €0.6m). The Company uses reinsurance as a key risk mitigation technique to limit risk exposure, protect capital and reduce volatility. Reinsurance treaties are in place with a panel of external reinsurers and with Everest Re Group entities. Net operating expenses of €4.7m (2018: €4.5m) relate to costs incurred in developing and running the Company, including infrastructure and costs relating to the recruitment of staff to key functions.

The main indicators for the Company's underwriting performance are below:

	Direct Business and Accepted Proportional Reinsurance		Accepted Non-Proportional Reinsurance	
2019 €'000	General Liability Insurance	Credit and Suretyship Insurance	Casualty	Total
Net Earned Premium	3,442	2,371	134	5,947
Net Incurred Claims	1,888	879	9	2,776
Expenses Incurred	2,692	1,855	105	4,652
Underwriting (Loss)	**(1,138)**	**(362)**	**21**	**(1,480)**

	EEA	North America	Asia	Rest of World	Total
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Net Earned Premium	3,929	1,201	288	529	5,947
Net Incurred Claims	1,746	719	109	201	2,776
Expenses Incurred	2,558	1,078	346	670	4,652
Underwriting (Loss)	**(375)**	**(596)**	**(167)**	**(342)**	**(1,480)**

The Company invests mainly in fixed income securities. The Company maintains a low risk, well diversified portfolio consisting of highly rated and liquid government and corporate bonds.

The Company has evaluated known recognised and non-recognised subsequent events. The Coronavirus outbreak is currently affecting many countries around the world. Due to the recentness of these events, the Company is unable to estimate the amount of any losses at this time. There is a risk of a significant global pandemic and economic disruption and this may have a financial impact on 2020 plans. The situation is being monitored carefully.

Further detail is provided in Section A.

B. System of governance

The Company's governance structure reflects the nature, scale and complexity of its business and complies with the CBI's Corporate Governance Requirements for Insurance Undertakings 2015 and the System of Governance requirements of the Solvency II regulations.

The Board of Directors (the "Board") is ultimately responsible for the system of governance and for effective, prudent and ethical oversight. The Company is governed by its Board and three sub-committees: the Risk, Underwriting and Audit Committees. Changes to Board membership in 2019 consisted of the appointment of an additional Group Non-Executive Director. There were also changes to the management team, with internal appointments to the role of CFO and UK Branch Manager. Further detail is provided in Section A.1 (g) and Section B.1 (a).

The Company has established an extensive system of governance, which includes risk management and internal control systems together with key functions (Internal Audit, Actuarial, Compliance and Risk Management) to ensure the sound and prudent management of the Company's business.

The Company employs a "three lines of defence" approach to managing risk across the business that allows the key functions to review and independently challenge the running of the business, and report findings to the Board and other committees.

The Company continues to develop its business, operational and governance processes and systems to support a growing platform.

Further detail is provided in Section B.

C. Risk profile

The Company has a disciplined approach to the management of risk through five key processes as an integral part of the day to day running of its business. Further detail on these processes is included in Section C.

The Company is exposed to risk from several sources. These risks are referred to as material risks and include underwriting, market, credit, liquidity, operational risk and other material risks. Further detail on each of these risk categories is provided in Section C.

The primary business of the Company is to underwrite insurance risk and, as such, it represents the principal risk to which the Company is exposed. As the Company is still in the initial stages of its development, risk exposure increased during the year and we expect this to grow as the Company develops. The Company uses a diversified panel of strongly rated reinsurers to mitigate insurance risk exposure.

The Company has a prudent investment strategy and maintains a low risk, well diversified investment portfolio consisting of fixed income securities and given the credit quality of its financial assets it can quickly liquidate its investments to meet its liquidity requirements.

The key operational risk to which the Company is exposed is outsourcing risk given its reliance on Group and external entities to undertake certain activities relating to underwriting, claims, IT support, internal audit and other activities. The Company has contracts and SLAs in place for all outsourced services.

Further detail is provided in Section C.

D. Valuation for Solvency Purposes

The Solvency II net assets at 31 December 2019 were €152.1m (2018: €55.0m), compared with Irish Generally Accepted Accounting Principles ("GAAP") net assets of €140.7m (2018: €50.6m).

Section D, Valuation for Solvency Purposes, outlines the difference between the Solvency II valuation and the Financial Statements of the Company.

The Company's approach to valuing assets and liabilities under Solvency II is set out in Section D and includes the reconciliation of the valuation of assets and liabilities made under FRS and Solvency II. Differences include the valuation of gross and reinsurance technical provisions, insurance receivables and payables and other liabilities.

There were no changes made to the recognition and valuation bases used or on estimations during the reporting period.

Further detail is provided in Section D.

E. Capital management

The Company aims to maintain a strong capital base to support its business model and to ensure there is a sufficient level of own funds to meet its Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR").

The Company uses the Standard Formula specified by EIOPA to estimate the SCR. This models insurance, market, credit and operational risk and takes account of the Company's outwards reinsurance programmes. The MCR is designed to correspond to a solvency level below which policyholders and beneficiaries would be exposed to an unacceptable level of risk if the Company were allowed to continue its operations.

The Company was in a strong capital position at the reporting date with own funds, classified as Tier 1 unrestricted, of €152.1m (2018: €55.0m), SCR of €33.0m (2018: €10.6m) and a solvency ratio of 461% (2018: 521%), MCR of €8.1m (2018: €3.7m) and an MCR ratio of 1844% (2018: 1485%).

The Company received a capital contribution on 19 December 2019 totalling €89.0m and the Central Bank of Ireland ("CBI") has retrospectively approved the capital contribution as Tier 1 Unrestricted Own Funds. There have been no other significant changes in own funds during the reporting period.

Given the nature of the Company's liabilities we do not extrapolate risk-free rates or apply matching or volatility adjustments. None of the Company's own funds are subject to the transitional arrangements. The Company does not have any ancillary own fund items. The Company has not deducted any items from own funds.

There was no non-compliance with the MCR or non-compliance with the SCR over the reporting period.

Further detail is provided in Section E.

Approval of this Report

This report was reviewed and approved by the Board on 30th March 2020.

A. Business and performance

A.1 Business

A.1 (a) Name and legal form of the undertaking

Everest Insurance (Ireland), DAC
Incorporated in the Republic of Ireland.

Registered Address:
38/39 Fitzwilliam Square West
Dublin 2
D02 NX53
Ireland

Everest Insurance (Ireland) DAC has one branch in the UK.

A.1 (b) Name of the supervisory Authority responsible for the financial supervision of the undertaking

The Central Bank of Ireland,
New Wapping Street,
North Wall Quay,
Dublin 1, Ireland.

Name of the supervisory Authority responsible for the financial supervision of Everest Re Group, Ltd.

Delaware Department of Insurance,
1351 West North Street, Suite 101
Dover, DE 19904,
United States of America.

A.1 (c) External Auditor of the undertaking

PricewaterhouseCoopers,
One Spencer Dock,
North Wall Quay,
Dublin 1, Ireland.

A.1 (d) Holders of qualifying holdings in the undertaking

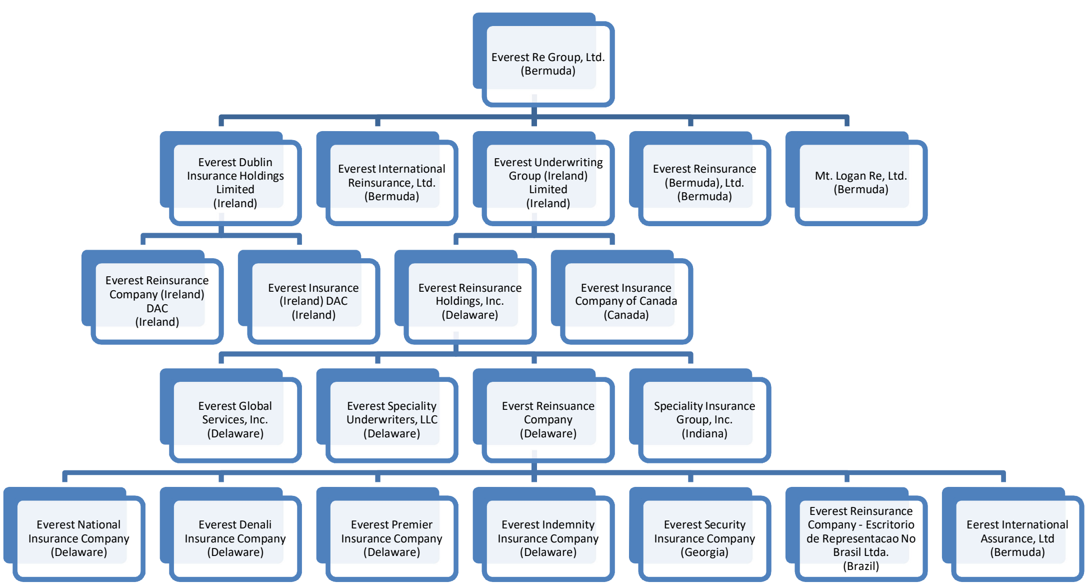
Everest Dublin Insurance Holdings Limited,
3rd Floor, Huguenot House,
35 – 38 St Stephen’s Green,
Dublin 2, Ireland.

A.1 (e) Legal structure of the Company and Group

The Company is a designated activity Company and is part of the Everest Re Group, Ltd (Bermuda). A summary of material related undertakings is below.

Name of Related Entities	Legal Form	Country	Participating Undertaking	Proportion of Ownership Interest Held by the Participating Undertaking	Proportion of Voting Rights Held by the Participating Undertaking
Everest Dublin Insurance Holdings Limited (Ireland)	Limited by shares	Ireland	Everest Insurance (Ireland), DAC	100%	100%
Everest Re Group, Ltd. (Bermuda)	Limited by shares	Bermuda	Everest Dublin Insurance Holdings Limited (Ireland)	100%	100%

A simplified version of the Group Structure is as follows:



A.1 (f) Material lines of business and material geographical areas in which business is carried out

The Company is licenced to write certain classes of Non-Life Insurance business as follows:

- 7 Goods in transit (including merchandise, baggage, and all other goods)
- 8 Fire and natural forces
- 9 Other damage to property
- 13 General liability
- 14 Credit
- 15 Suretyship
- 16 Miscellaneous financial loss

The Company's strategic focus is to write insurance business across the EU and elsewhere on a non-admitted basis. Credit insurance and political risk products formed a large component of the portfolio in 2019 with US excess casualty, international casualty, financial institutions, surety, and warranty and indemnity forming the remainder. The Company can, through outsourced arrangements with Everest Re Group entities, access additional expertise and infrastructure enabling it to provide full service capabilities across its product lines and compete with market leading capabilities. The Company utilises large corporate and specialist brokers and also writes business directly with its clients. The Company supports a small number of MGAs. The majority of the Company's current business, by premium volume, is with medium to large corporates.

A.1 (g) Significant business or other events over the reporting period that have had a material impact on the undertaking

The following significant events occurred during the reporting period:

Capitalisation	An additional capital contribution of €89.0m was received from its parent during the reporting period and was retrospectively approved as Tier 1 Unrestricted Own Funds by the CBI on 20 February 2020.
Board Changes	Vincent Vandendael was appointed to the Board (Non-Executive Director)
UK Operations	The Company established an EEA branch in UK, which became operational in 2019. The PRA confirmed the entry of the Company into the UK Temporary Permissions Regime following the end of the Transition Period after the UK's exit from the EU.

A.2 Underwriting performance

The Company is pursuing a strategy that emphasises profitability over premium volume and maintaining pricing and underwriting discipline.

The following tables outline the Company's underwriting performance per the financial statements by line of business at the report date and at 31 December 2018:

	Direct Business and Accepted Proportional Reinsurance		Accepted Non-Proportional Reinsurance	
2019 €'000	**General Liability Insurance**	**Credit and Suretyship Insurance**	**Casualty**	**Total**
Net Earned Premium	3,442	2,371	134	5,947
Net Incurred Claims	1,888	879	9	2,776
Expenses Incurred	2,692	1,855	105	4,652
Underwriting (Loss)	**(1,138)**	**(362)**	**21**	**(1,480)**

	Direct Business and Accepted Proportional Reinsurance		Accepted Non-Proportional Reinsurance	
2018 €'000	**General Liability Insurance**	**Credit and Suretyship**	**Casualty**	**Total**
Net Earned Premium	555	410	36	1,001
Net Incurred Claims	442	137	24	603
Expenses Incurred	1,873	2,542	44	4,459
Underwriting (Loss)	**(1,760)**	**(2,269)**	**(32)**	**(4,061)**

The following tables outline the Company's underwriting performance by geographic region per the financial statements at the report date and at 31 December 2018:

2019 €'000	EEA	North America	Asia	Rest of World	Total
Net Earned Premium	3,929	1,201	288	529	5,947
Net Incurred Claims	1,746	719	109	201	2,776
Expenses Incurred	2,558	1,078	346	670	4,652
Underwriting (Loss)	**(375)**	**(596)**	**(167)**	**(342)**	**(1,480)**

2018 €'000	EEA	North America	Asia	Rest of World	Total
Net Earned Premium	575	244	17	165	1,001
Net Incurred Claims	367	177	6	53	603
Expenses Incurred	3,056	605	75	723	4,459

Underwriting (Loss)	**(2,848)**	**(538)**	**(64)**	**(611)**	**(4,061)**

The Company has been focussed on growing its portfolio of business since its establishment in November 2017, and will continue to grow its portfolio in 2020. The key focus of this growth has been to identify profitable business that fits within the strategy and risk appetite of the company.

A.3 Investment Performance

The Company maintains a low risk, well diversified portfolio consisting of highly rated and liquid government and corporate bonds.

(a) At the report date the investment income for 2019 was €1.1m (2018: €0.2m). The Company's investment holdings of €55.4m at the reporting date (2018: €46.2m) were held exclusively in Government and Corporate Bonds.

(b) There are no gains or losses directly recognised in equity.

(c) The Company has no investments in securitisation.

A.4 Performance of other activities

Other material income and expenses

The Company does not carry out any activities which are not directly connected to the provision of insurance.

Net operating expenses incurred in the day to day operation of the Company for the year ended 31 December 2019 were €6.8 million (2018: €4.5 million).

Other than the income and expenses disclosed above the Company does not have any other material income and expenses.

The Company has not entered into any leasing arrangements.

A.5 Any other material information

<u>COVID-19 – Business and Operational Performance</u>

Everest Group has led the operational response to COVID-19, including IT, HR and communications. In accordance with Group's Organisational Resilience Programme, a team has been meeting daily to monitor the ongoing and rapidly evolving developments regarding the virus to ensure that the Company takes swift and appropriate action as necessary. EIID's priority remains the well-being of staff and the ongoing ability to provide exceptional service to our customers.

The Group Organisational Resiliency Programme is an integrated framework designed to assess, mitigate, and respond to certain key operational risks to reduce the impact of unplanned business disruptions and protect critical processes, applications and services. The framework includes Crisis Management; rigorous business continuity plans to ensure uninterrupted operation of all critical business functions and processes including claims processing and payments; disaster recovery across all technology platforms; and Emergency Management. Organisational resiliency training, testing and program maintenance are conducted on an ongoing and continual basis.

At the beginning of the COVID-19 outbreak, organisational resilience testing became more frequent and even more comprehensive as we worked to prepare to respond to all eventualities. Proactive measures were taken, including employee travel restrictions and self-quarantine work from home (WFH) requirements for those who had recently returned from certain high risk areas, or have been in direct contact with others who had. Additionally, we worked with building management at our office locations to ensure that government guidelines were being followed and appropriate cleaning and preventative disinfection procedures and visitor screening protocols were in place.

In March 2020, all EIID staff successfully transitioned to WFH requirements, with no major technical issues reported. PPL (the London Insurance Market's ePlacing Platform) has been implemented by EIID, allowing EIID to electronically quote and bind business. If WFH requirements continue beyond the short term, there may be a loss in efficiency and effectiveness, and additional claims resources may need to be engaged if claims volumes increase. The Company is actively seeking to adapt to the circumstances.

COVID-19 – Underwriting Performance

The rapidly evolving COVID-19 situation has potential implications across our business. Our underwriting controls for pandemic risk are designed to limit unforeseen or unknown exposures such that they do not materially impact our balance sheet or earnings capacity. While the Company is not expected to experience claims directly from the virus, some of the Company's business is exposed to the economy and the measures taken since the reporting date to address the spread of COVID-19 are impacting global economies. The Company is actively monitoring its potential exposures to COVID-19.

The impact on market capacity, appetite, pricing and terms is evolving. EIID's underwriters are actively assessing the potential implications for in-force business and future underwriting.

While we have no current evidence or notice of any financial impairment with regard to our reinsurance counterparties, we do note that the financial strength of reinsurers could be impacted by COVID-19. The Company is monitoring the financial strength of external and Group reinsurers. There could be implications for the cost, structure and availability of reinsurance renewals.

COVID-19 – Investment Performance

The impact of reductions in interest rates on the value of government and corporate bonds since the reporting date is being monitored by the Company. There is increased risk of corporate defaults and the values of some corporate bonds could fall if investors perceive exposure to the COVID-19 economic impact. Our short term investment strategy will consider the potential that the economic impact of measures taken to address the spread of COVID-19 may result in a global economic slowdown or recession.

COVID-19 – Liquidity

We currently see no changes to our liquidity requirements and our liquidity measures are designed to facilitate payment of large claims.

Other Material Information

Outside of the information disclosed above, the Company does not have any material information relating to its business and performance.

B. System of Governance

B.1 General Information on the System of Governance

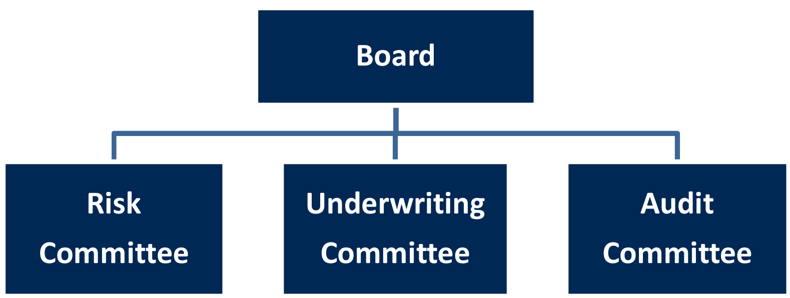
The Company's governance structure reflects and is appropriate for the nature, scale and complexity of its business. It complies with the CBI's Corporate Governance Requirements for Insurance Undertakings 2015 and the System of Governance requirements of the Solvency II regulations.

B.1 (a) The role and responsibility of the administrative, management or supervisory body and key functions

The Board is ultimately responsible for the System of Governance and for effective, prudent and ethical oversight. The Board sets the strategy and oversees its implementation by the Company. The CEO is responsible for implementing the strategy and for the effective running of the business in accordance with the strategy and plan ensuring compliance with laws and regulations.

The Board is comprised of a mix of Independent Non-Executive Directors ("INEDs"), Non-Executive Directors ("NEDs") and management. The governance structure incorporates well defined roles and responsibilities, key functions and a 'three lines of defence' approach to managing risk.

The Board delegates its authority, within agreed Terms of Reference, to relevant committees. These committees act in an advisory capacity and this delegation does not remove or absolve the Board members of their responsibilities. The Board has delegated authority to three committees, shown below:



Committee	Composition	Key Responsibilities
Board	2 INEDs 4 NEDs (Chairman) CEO	• Direct and set the strategy and risk appetite • Set and oversee the system of internal control • Oversee the risk management system • Monitor capital adequacy • Monitor compliance with relevant laws and regulations
Risk	2 INEDs (Chairman) 1 NED CEO	• Review the risk management system • Review the risk appetite framework • Monitor and assess compliance with laws and regulations • Advise the Board on risk strategy, exposure, solvency targets
Underwriting	2 NEDs CUO (Chairman) CEO	• Review underwriting guidelines and policy • Oversee compliance with underwriting principles • Review certain underwriting transactions
Audit	2 INEDs (Chairman) 1 NED	• Approve the appointment of Internal and External Auditors • Review the performance of Internal and External Auditors • Review and approve audit plans • Review the effectiveness of internal control

Key Functions
The key functions within the System of Governance include the Risk Management, Compliance, Actuarial and Internal Audit functions. The functions operate independently from management and each function reports to and has access to the Board, Risk Committee and / or Audit Committee. The functions have open access to management, the Board and the books and records of the Company. The functions may draw upon support from Everest Re Group where appropriate and also may engage external resources (whether systems, tools or people) as required. As the business grows the Company will recruit additional staff as appropriate to support these functions. Further information on the key functions is included in Sections B.3 to B.6.

Risk Management Function
The Risk Management Function, led by the Chief Risk Officer ("CRO"), is responsible for facilitating the implementation and operation of the Risk Management System, reporting on risk exposure and making recommendations on risk appetite and other risk matters to the Board as appropriate.

Compliance function
The Compliance Function, led by the Head of Compliance, is responsible for the management of compliance risk, assessing the impact of changes in the regulatory environment and the mitigation of financial crime and data protection risks.

Actuarial function
The Actuarial Function, led by the Head of Actuarial Function, is responsible for the oversight and calculation of technical provisions and the provision of opinions on technical provisions, the ORSA, underwriting and reinsurance to the Board. The roles of CRO and Head of Actuarial are held by the same person.

Internal Audit function
The Internal Audit Function, which is outsourced to Eisner Amper Ireland, provides independent and objective assurance to the Board on the adequacy and effectiveness of the governance, risk management and internal control processes. An appropriate contract and service level agreement is in place to ensure sufficient resources, capability and independence to carry out this function. Oversight and support is provided by the Everest Re Group as appropriate. The Board believes that this arrangement provides independent oversight both from a local and global perspective.

B.1(b) Material changes in the system of governance in the reporting period

There have been a number of organisational changes during the reporting period, including changes to the management team and Board, as set out above in A.1 (g).

B.1(c) Remuneration policy

Overview of the Company's compensation objectives
The Company's compensation policy, approved by the Board, is to have clear, transparent and effective governance with regard to remuneration. The compensation programme is designed to attract, retain and motivate individuals whose abilities are important to the success of the Company while also ensuring that such practice is consistent with and promote sound and effective risk management and do not encourage excessive risk taking.

The Company believes in rewarding behaviours that generated sustained value for the Company while reinforcing personal contribution and accountability. The compensation program aims to prevent the promotion of risk-taking that exceeds the risk tolerance limits of the Company. The Company seeks to provide transparency regarding its reward structure and to hold employees accountable, where appropriate, for actions that negatively impact business performance.

The performance management process supports the compensation policy.

Components of the Company's compensation program

Annual compensation for the Company's employees consists principally of a base salary and a merit based discretionary cash bonus. Additionally, all employees receive other forms of compensation including:

- Company funded pension plan;
- Company paid life insurance/ death in service;
- Medical insurance;
- Disability insurance.

The Company's senior management is also eligible to receive equity-based awards representing shares in the Company's ultimate parent, Everest Re Group.

Base salary is set to reflect the level of the role, experience and competencies of employees and to ensure that staff are fairly remunerated in line with market practice. Compensation awards and levels are generally intended to be reasonably competitive with compensation paid by organisations of similar stature so as to minimise the potential for disruptive turnover amongst important contributors.

INEDs and external NEDs are paid an annual fee. They do not participate in any other incentive arrangement or pension scheme.

The Company awards annual merit based discretionary cash bonuses in accordance with the Everest Re Group approach, under which, the Company may make cash payments each year to employees who hold positions of significant responsibility and/or whose performance or potential contribution, in the judgment of management and the Everest Re Group Board, will contribute materially to the success of the Company. The actual cash bonus amounts recommended for individual employees are based on a variety of factors including individual responsibilities, experience, contributions and performance as well as position relative to internal peers.

B.1(d) Material transactions with shareholders

The Company received a capital contribution of €89.0m during 2019 from Everest Dublin Insurance Holdings Limited, and was retrospectively approved by the CBI as Tier 1 Unrestricted Own Funds.

B.2 Fit and proper requirements

B.2(a) Requirements with regard to skills, knowledge and expertise of key persons, positions and functions

The Company is required to fulfil the minimum requirements as set out by the CBI in the Fitness and Probity Standards 2014 and supporting guidance ("Fitness and Probity Standards"). A Fitness and Probity Policy, approved by the Board, sets out the process to conduct assessments to determine an individual's fitness, probity and financial soundness to fulfil the requirements as prescribed in the Fitness and Probity Standards.

The Company is required to obtain the pre-approval of the CBI, by completing online individual questionnaires, before appointing individuals to PCF roles.

The Company requires that a person who holds a PCF or CF role can demonstrate that they have the necessary competence and capability to undertake the relevant function, have a sound knowledge of the business and their specific responsibilities together with a clear and comprehensive understanding of the legal and regulatory obligations to undertake that function.

B.2(b) Description of processes for assessing the fitness and the propriety of the persons who effectively run the undertaking or have other key functions

When the Company has determined that an individual is appropriate for a PCF role an application, the individual can only commence in the PCF role following approval of their appointment from the CBI.

The Head of Compliance is responsible for the ongoing monitoring and the completion of annual due diligence and declarations. Persons undertaking CF roles are notified in writing by the Head of Compliance of their obligations under the Fitness and Probity Standards.

In circumstances where employees are not undertaking CF roles, the Company assesses whether these employees hold relevant professional qualifications, have the level of knowledge and experience that would be reasonably expected for the role by an informed third party, and are of good repute and integrity.

The Company has processes in place to enable it to confirm, annually, to the CBI that the Company is compliant with the regulatory requirements under the CBI's Fitness and Probity Standards. These processes ensure that all relevant persons meet, and continue to meet, the Fitness and Probity Standards and fulfil any training obligations.

B.3 Risk Management System including the Own Risk and Solvency Assessment (ORSA)

B.3(a) Risk Management System

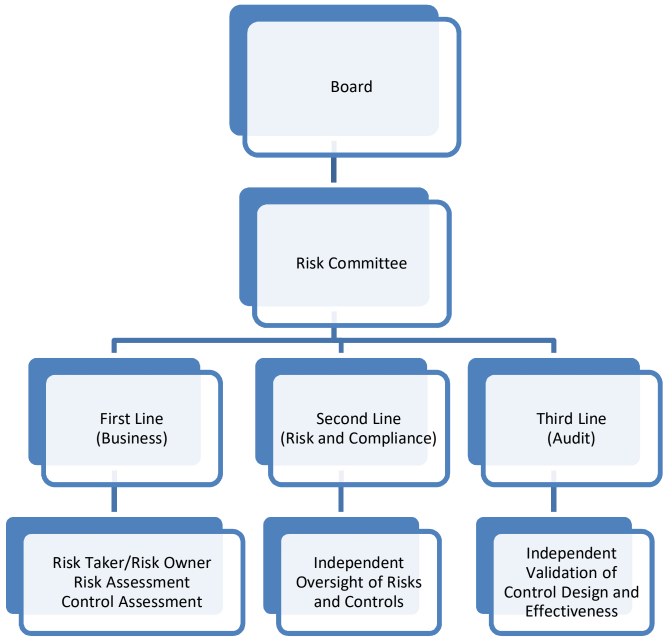
The Company seeks to embed risk based decision making across its business. The Risk Management System aims to ensure that risk is appropriately considered in strategic and operational decisions and the material risks the Company is or could be exposed to are understood and addressed. The Risk Committee provides oversight of the implementation and embedding of the Risk Management System and reports on it to the Board.

The Risk Management System comprises a number of components, as described below. The risk processes and procedures will evolve and deepen as the business develops and grows. Where appropriate, the Company draws upon aspects of the Everest Re Group Risk Management System.

The risk management system was extended to the UK branch when it became operational in August 2019.

Three Lines of Defence

Roles, responsibilities and accountabilities for the management of risk and controls are defined in a "three lines of defence" approach, shown below:



Risk Strategy and Risk Appetite

EIID's risk strategy is to maintain a balance between risk and return, including holding a sufficient amount of capital to support EIID's business strategy. EIID's risk objectives are to manage uncertainty, maintain policyholder protection and enhance shareholder value through controlled risk taking and the effective deployment of capital when considering the risk-return characteristics of EIID's business activities. EIID also seeks to develop and support a strong risk culture and to comply with all applicable regulatory and legal requirements.

The Company's risk appetite, as set by the Board, details the parameters and capacity to assume risk and ensures that the approach to managing the risks to which the company is exposed is aligned to the business strategy and balances risk and return with sufficient capital to support the business strategy.

Policies

The approved risk strategy and risk appetite are reflected in policies, with specific requirements to be met for each type of risk, including the related roles, responsibilities and reporting requirements. Policies are owned by the Board and are reviewed and approved by the Board at least annually. Policies are available to staff as appropriate.

Risk Register

The risk register captures the risk universe and details the risks, controls and ownership. This forms the basis upon which the five key processes (risk identification, measurement, management, monitoring and reporting), as detailed below, are conducted.

1. The Risk Function oversees the identification of risks within the Company, engaging with Everest Re Group on emerging risks. All staff are responsible for identifying risks to the business over the

short, medium and longer term, including risks to the Company’s financial and solvency position, its ability to execute strategy, its reputation and its ability to comply with applicable laws and regulations. Internal and external information together with expert judgement are used to identify risks.

2. Risks are measured according to the impact and likelihood of the risk occurring with the residual risk determined by identifying mitigating controls.
3. A business wide risk register is maintained and updated regularly. Each risk is allocated to a risk owner, with associated actions assigned as required. Risks may be managed in various ways including avoidance, limitation or mitigating controls. Each function is responsible for establishing necessary controls to manage risks arising from its activities.
4. Risks are monitored by the business at least quarterly through the risk assessment process where risks, controls and mitigating actions are reviewed. The Risk Function monitors the risk profile through a review and challenge of quarterly risk assessments, a quarterly review of compliance with risk appetite limits and tolerances and on-going engagement with the business.
5. The risk register is presented quarterly to the Risk Committee. The CRO also prepares commentary for the Risk Committee, which includes potentially material risks, other areas of risk identified by the CRO and on specific risk matters as requested by the Board or Risk Committee

ORSA

The ORSA process, described further below, links the risk and capital assessment processes with the Company’s strategy. The ORSA together with risk appetite and the risk register facilitates a better understanding of the risk profile to enable more informed decision making.

Decision Making

The Company seeks to embed risk based decision making across its business. The planning process and planning discussions include considerations of risks to the business and the impact of the plan on the Company’s risk profile. The ORSA process includes consideration of risks, impact on risk profile and capital needs. The Company takes into account information reported as part of the risk management system including the risk appetite statement and risk metrics, any stress and scenario testing, the Company’s solvency capital position and the risk register. The Risk Function is engaged at an early stage of the ORSA process and advises the Company (including the Board as necessary) on risk management matters throughout the ORSA process.

Assurance and Reporting

The Risk Function conducts independent review and challenge on elements of the Risk Management System to ensure they are operating effectively. A suite of reports is provided to the Board, including reports on risk appetite, risk register CRO Reporting, stress and scenario testing and ORSA reports.

Solvency

The Risk Function determines the Company’s SCR each quarter using EIOPA’s Standard Formula. Details of the SCR and SCR coverage are reported quarterly to the Risk Committee. The Company’s solvency needs over the plan period are assessed in the ORSA process, described below.

ORSA Process

The ORSA is an integral part of the Risk Management System and provides the Board and management with an understanding of the risks it is or may be exposed to over the medium term and the capital requirements for such risk. It enables the Company develop its strategy, business plan and risk appetite by considering its risk and capital profile and its sensitivity to stressed conditions.

The ORSA policy, approved by the Board, sets out the methodology, processes, governance and reporting requirements for the completion of the ORSA Report. The ORSA process assists in identifying the risks the company is or could be exposed to and how its risk profile translates into regulatory capital requirements and overall solvency needs. The ORSA process is an ongoing process comprising key annual and recurring activities integrating risk management with business planning and capital management. It is possible that circumstances may trigger the need for a full or partial ORSA outside of the annual planned ORSA.

Key components of the ORSA process include:

- Setting the Company's strategy and business plan;
- Reviewing the risk to and resulting from the strategy;
- Alignment of risk appetite with strategy;
- Development and monitoring of the Company's risk appetite statement;
- Development and maintenance of the Company's risk register;
- Conducting risk and control assessments to identify, assess, monitor, manage and report on the short and long term risks the Company faces or may face;
- Conducting stress and scenario testing;
- Assessing capital and solvency requirements to determine the level of own funds necessary to meet solvency requirements over the plan period;
- Regular calculation and reporting of Solvency Capital Requirement ("SCR") and SCR coverage;
- Regular calculation and reporting of Technical Provisions;
- Evaluation of the appropriateness of the standard formula; and
- Production of the ORSA Report to document the outcome of the ORSA process.

These processes and their outputs are embedded in the day to day "business as usual" processes.

Own solvency needs are determined by projecting the SCR for each year over the plan period using the EIOPA Standard Formula. A set of stress and scenario tests, informed by the Company's risk profile and risk assessments, is conducted to assess capital needs under a range of outcomes with management actions identified where appropriate. The Company also assesses the appropriateness of the Standard Formula for use in determining the SCR.

The Board owns and directs the ORSA process and reviews and approves the ORSA report annually. The Risk Committee reviews the ORSA report and recommends it to the Board for approval. Management consider risks to the business strategy, scenarios to assess its ability to operate effectively under stress conditions and the assessment of capital requirements to meet its strategy. The CRO conducts the ORSA process, reviewing and challenging the risk and capital assessments and drafts the ORSA report.

B.4 Internal Control System

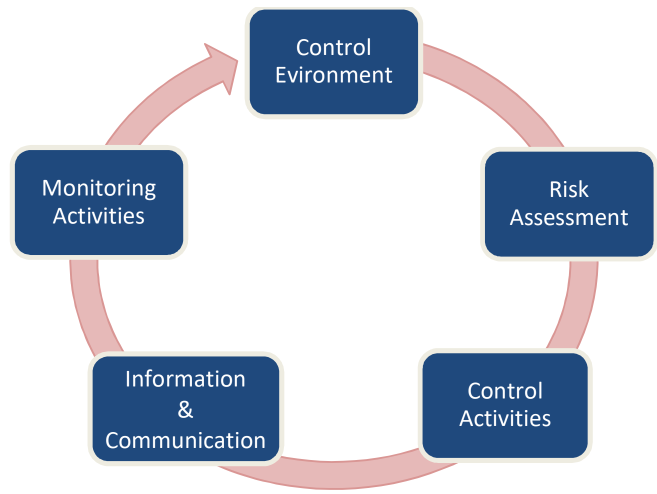
B4(a) Description of the internal control system

The Company has an internal control system that encompasses policies, procedures, processes and reporting, which collectively seek to ensure:

- the effectiveness and efficiency of operations;
- the accuracy, reliability and timely reporting of financial and non-financial information;
- the business complies with laws and regulations.

The Internal Control policy, approved by the Board, sets out the approach to establishing and maintaining an effective system of internal control. The Board, through the operation of the Underwriting, Audit, and Risk Committees, is responsible for establishing and monitoring the effectiveness of the system of internal control.

The system of internal control incorporates the following components:



Control environment – sets of standards, processes and structures that provide the basis for carrying out internal control across the organisation. It spans processes across the business including, but not limited to, financial reporting, underwriting and claims management.

Risk assessment – this forms the basis of how risks are managed. Controls are identified / reviewed as part of the risk assessment process and their suitability and appropriateness is considered to ensure they prudently manage the associated risk.

Control activities – control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. They include a combination of detective, preventative or predictive controls. Management are accountable for the design and operating effectiveness of the controls and may delegate responsibility for performing the controls to others, including outsourced arrangements, provided they have the relevant knowledge and experience to perform the control.

Information & Communication – collection and sharing of information on control weaknesses, deficiencies and lessons learned from control failures which help staff fulfil their responsibilities.

Monitoring Activities - the business monitors risks and controls on an ongoing basis to determine that the controls are present and functioning. External Audit assesses the integrity of the financial statements and associated controls on an annual basis. Internal Audit reviews the effectiveness of the internal control system in accordance with the Audit Plan, approved by the Board annually.

The internal control system was extended to the UK branch when it became operational in August 2019.

B.4(b) The Compliance Function

The Compliance Function is a second line function, operating independently from other functions, and providing assurance to the Board on compliance with applicable regulations and laws. The Head of Compliance is not involved in day to day operational activities other than those required to fulfil their duties and to ensure that no conflicts of interest arise. The Head of Compliance has access to all the necessary Company information to discharge the duties of the role in respect of oversight of the Company's internal control system.

Where necessary, the Compliance Function works closely with the Internal and External Audit functions to ensure that any deficiencies are noted, remediation plans are implemented and all material issues are brought to the attention of the Audit and Risk Committees.

The Compliance Function is underpinned by a compliance policy and compliance plan. The Compliance policy, approved by the Board, sets out the principles, implementing measures and framework to promote compliance, embed a compliance culture and reduce compliance risk. The compliance plan, approved by the Board, sets out the objectives and planned activities the Compliance Function undertakes each year.

The key responsibilities of the Compliance Function include, but are not limited to:

- Maintaining a sound framework for the oversight and management of regulatory risk, and utilising compliance management practices that contribute to the use of sound, responsible and sustainable business practices by the Company;
- Ensuring that the compliance risks facing the Company are accurately identified, assessed, monitored, mitigated, and reported;
- Assessing the potential impact of changes in the regulatory environment and advising the business on the application of such change to business processes and activities; and
- Reporting to management and the Board on regulatory matters.

These responsibilities were extended to the UK branch when it became operational in August 2019.

B.5 Internal Audit Function

The Internal Audit Function is a third line function, operating independently from other functions, and providing independent and objective assurance to the Board on the adequacy and effectiveness of the governance, risk management and internal control processes.

The scope of work of the Internal Audit department is to evaluate the adequacy and effectiveness of the internal control system and other elements of the system of governance, thereby providing assurance that:

- Risks are appropriately identified and managed and that adequate measures have been taken to mitigate the risk of any conflicts of interest;
- The Company's goals and objectives are achieved;
- Interaction with the various governance groups occurs as needed;
- Significant financial, managerial, and operating information is accurate, reliable and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected.

B.5(a) Implementation of the Internal Audit Function

The Company outsources the Internal Audit Function to Eisner Amper Ireland, a firm of Chartered Accountants based in Dublin who hold the Pre-Approval Controlled role of Head of Internal Audit. An appropriate contract and service level agreement is in place to ensure sufficient resources, capability and independence to carry out this function. Further oversight and support is provided by Everest Re Group as deemed appropriate. The Board believes that this arrangement provides independent oversight both from a local and global perspective.

B.5(b) Independence of the Internal Audit Function

The Internal Audit Function objectively assesses whether the risk management, governance and control processes are designed and operating effectively. The Internal Audit Function maintains its independence and objectivity by ensuring that it does not engage in any operational or management function relating to the day-to-day activities of the Company. The Head of Internal Audit has a direct reporting line to the Chairman of the Audit Committee who is an INED. The Audit Committee reviews and approves the Internal Audit Plan annually. The Internal Audit Report is reviewed by the Audit Committee and presented to the Board by its Chairman.

B.6 Actuarial Function

The Company established the Actuarial Function and appointed a Head of Actuarial Function ("HoAF") in 2018 to manage this function.

B.6(a) Responsibilities of the Actuarial Function

The actuarial function is responsible for:

- Calculating technical provisions;
- Assessing the quality and sufficiency of data used in the calculation of technical provisions;
- Providing opinions to the Board on underwriting policy, the adequacy of reinsurance arrangements and aspects of the ORSA;
- Contributing to the effective implementation of the Company's risk management system;
- Providing a report to the Board, at least annually, documenting the main tasks undertaken by the actuarial function.

The HoAF provides an Annual Opinion on Technical Provisions to the CBI, supported by an Actuarial Report on Technical Provisions which is provided to the Board. In addition, the HoAF provides an annual opinion on the Company's ORSA.

B.7 Outsourcing

The Company outsources certain activities and functions to related entities Everest Advisers (UK) Ltd (EAUK), Everest Corporate Services Limited (ECS) and Everest Global Services Inc. US (EGS). The Company also outsources underwriting and claims handling activities to Managing General Agents.

IT support is outsourced to EAUK while activities including IT infrastructure, investment services, legal and finance support are outsourced to EGS. Payroll is outsourced to Grant Thornton and the company secretarial activity is outsourced to Law Debenture. The Internal Audit Function, as referred to in Section B.5 above, is outsourced to Eisner Amper.

The Company ceased to outsource pre-underwriting and claims handling activities to EAUK following the establishment of an EEA branch of the Company in the UK.

The Company remains fully responsible for meeting all of its obligations where an activity or function has been outsourced.

The Company undertakes a detailed assessment of service providers to ensure they have the necessary ability to carry out the outsourcing function or activity, taking into account the impact of the proposed outsourcing arrangement on the operations of the Company.

B.7(a) Outsourcing policy

The Outsourcing policy is approved by the Board at least annually and covers the following:

- Principles on which the Company outsources material functions;
- Functions eligible for outsourcing by the Company;
- Roles and responsibilities within the Company in relation to outsourcing;

- Procedures to be followed prior to outsourcing;
- Procedures to be followed following commencement of the outsourcing relationship including the level of review, monitoring and reporting required by the Company.

B.7(b) Critical or important functions or activities outsourced by the Company

Activity	Service Provider	Jurisdiction
Underwriting/Claims Handling	Various Third Party MGAs	EEA
Information Technology Support	Everest Advisors (UK) Ltd	UK
Internal Audit	Eisner Amper	Ireland
Information Technology Infrastructure	Everest Global Services, Inc.	USA
Investment Management	DWS Group BNY Mellon	EEA USA

B.8 Any other material information

As disclosed in Section A.1 above, the UK branch became operational in August 2019. Additionally, the PRA confirmed the entry of the Company into the UK Temporary Permissions Regime. The overall governance structure of EIID remains unchanged and reflects the nature, scale and complexity of its business and complies with the CBI's Corporate Governance Requirements for Insurance Undertakings 2015 and the System of Governance requirements of the Solvency II regulations.

There were changes to the management team during the reporting period. A Head of Finance was appointed following the appointment of the previous CFO as CEO. The original UK Branch Manager resigned, and a replacement was appointed as UK Branch Manager. Both appointments were subsequent to the receipt of approval from the CBI.

C. Risk profile

The Company has identified the material risks it is or may be exposed to over the life-time of its insurance obligations, as set out in the table below.

Risk Category	Risk Description
Underwriting (Insurance) Risk	The risk that total the cost of claims, claims adjustment expenses, internal expenses and premium acquisition expenses exceeds the premiums received.
Market (Asset) Risk	The risk that the fair value of investments fluctuates due to changes in market prices or defaults by bond issuers.
Credit Risk	The risk that counterparties fail to meet their obligations as they fall due through failures of reinsurers, bond defaults or non-payment of insurance receivables.
Liquidity Risk	The risk of failing to meet financial obligations as they fall due, notably from claims arising from its insurance contracts.
Operational Risk	The risk of loss or expense resulting from inadequate systems or processes or from human behaviour.
Other Material Risks	Strategic Risk - the risk of failure to evaluate or prioritise strategic options. Environmental Risk - risks resulting from the environment in which the Company operates and includes macroeconomic, political and legislative risks. Fungibility Risk - the risk of inability to access sufficient capital from Group

This section analyses each of the above risks, providing qualitative and quantitative information on each risk category as at the report date.

The Risk Management System, described in Section B.3, incorporates the ongoing assessment of these risks and the effectiveness of controls in mitigating those risks.

Stress and scenario testing is an important component of our Risk Management System with management and the Board involved in the selection of suitable scenarios to assess the financial and management capability of the Company to continue to operate effectively under extreme but plausible conditions. Uncertainties and vulnerabilities within the business model are assessed using scenarios that incorporate stress and sensitivity testing to determine what these risks might look like under stressed conditions.

C.1 Underwriting risk

Risk Description

Underwriting risk is the risk of loss resulting from an inadequate or inaccurate assessment of the risks associated with writing insurance business or from uncontrollable factors which result in costs exceeding earned premiums. This could arise as a result of factors including mis-pricing, large losses, inappropriate policy terms/conditions, inadequate assessment of risk during the underwriting process and unanticipated legal and/or claims trends. Prudent underwriting and informed pricing are key to writing a profitable book of business.

The Company writes a variety of specialty commercial insurance products, including third party liability, management lines and surety with the initial focus, since establishment, on the underwriting of CPR and excess casualty insurance. A list of our current authorisations is included in the Summary above.

There have been no material changes in the nature of the underwriting risks that the Company is exposed to in 2019.

Risk Exposure

As at the report date, the Company's non-life underwriting risk component of the SCR was €19.1m. The key components of underwriting risk to which the Company is exposed are:

- Pricing risk - the risk that premium is inadequate to cover the underlying risk arising from incorrect or inappropriate pricing tools, inappropriate use of pricing tools or insufficient pricing monitoring;
- Underwriting risk – the risk of loss to the Company as a result of failure to accurately assess the risk, inappropriate underwriting processes or inappropriate policy terms and conditions;
- Reserving risk - the risk that the claims experience, including actual amount of claims and / or claims management expenses is worse than assumed in setting claims reserves;
- Event risk - the risk that individual events or catastrophes result in large losses and/or multiple unanticipated claims;
- Lapse risk - the risk of loss of future premiums arising from cancelled policies.

We expect our exposure to underwriting risk to continue to grow as the Company develops. Outside of the increase in underwriting risk exposure associated with increased volumes of business anticipated in the Company's strategy, there have been no material changes in the underwriting risk exposure in the current year.

The Company did not make use of any special purpose vehicles in the reporting period.

Risk Concentration

Underwriting risk concentration could materialise if more than one contract is subject to loss resulting from a single event such as a natural catastrophe, change in law or an economic downturn that triggers losses under multiple policies. Key areas of potential risk concentration include exposure on CPR, Surety and/ or management lines' policies to sectoral, regional or global economic downturns.

Risk Assessment and Mitigation

The Company mitigates its exposure to unintended risk taking through measures which include:

- Policies, approved by the Board:
  - Underwriting Policy sets out the underwriting strategy and processes to manage underwriting risk
  - Reserving policy addresses the reserving process, governance and the approach to estimating technical provisions
- Underwriting Guidelines and Letters of Authority aim to ensure a focus on profitability whilst maintaining a prudent approach and discipline in relation to risk assessment, pricing, selection and portfolio management
- Purchase of reinsurance cover to mitigate claims volatility
- Conducting reserve studies including actual versus expected performance monitoring on a quarterly basis to mitigate the risk of adverse development on growing claims reserves
- Committees to oversee the risks:
  - The Underwriting Committee provides oversight on the underwriting policy, principles and procedures
  - The Reserving Committee provides oversight of the claims reserving process including the level of claim reserves and technical provisions

The Company monitors the effectiveness of its underwriting risk assessment and mitigation tools using a number of tools, including:

- Monitoring of actual vs. expected performance of underwriting portfolio. Actions are taken to address issues identified
- Analysis of changes in estimates of the value of the insurance reserves at the Reserving Committee
- Underwriting file reviews to verify compliance with Underwriting Guidelines and Letters of Authority
- Quarterly monitoring and reporting of insurance risk capital charges to the EIID Risk Committee and senior management

The nature of the business written to date is mainly long tail with, typically, low frequency / high severity loss exposure. It could take several years for claims to develop with any material deviation of actual experience from initial reserving assumptions not evident for several years. To the extent that reserves prove to be insufficient to cover claims costs and adjustment expenses the Company would recognise such reserve shortfalls and incur a charge to earnings which could be material in the period such recognition takes place. The current level of reserve risk is not substantial, relative to the Company's Own Funds as the Company has only been writing business for two years. However it will become material over time as business volumes grow and reserve balances increase.

Risk Sensitivity

Scenario analysis was conducted on underwriting risk as part of the ORSA process. The scenarios considered alternative assumptions for claims performance. If the ultimate loss ratios for all lines of business were increased by 20% (additive), the Company's 2020 SCR Coverage ratio would drop by 34%, but would remain within the Company's risk appetite. The impact on the 2020 Non-Life Underwriting Risk SCR would be €0.04m.

C.2 Market risk

Risk Description

Market risk is the risk that the fair value of investments will fluctuate due to changes in market prices or defaults by bond issuers. The value of technical provisions is subject to interest rate risk as these are discounted using risk free rates.

Risk Exposure

As at the report date the Company's market risk component of the SCR, before diversification benefits, was €12.8m.

Assets are invested in accordance with Board approved investment guidelines and an investment policy which was designed to be consistent with the "prudent person principle". EIID seeks to match its investments to the nature, duration and currency of its liabilities. All financial assets are invested in bonds or cash.

During 2019, the Company invested some of its excess capital in US Dollar bonds to avail of higher yields. While this resulted in an increase in SCR, the resulting SCR coverage was well within the Company's risk appetite.

There were no other material changes in the Company's market risks in 2019.

Risk Concentration

There is no material risk concentration as the Company maintains a low risk, well diversified investment portfolio consisting of highly rated and liquid corporate and government bonds.

Risk Assessment and Mitigation

The Company has developed Board approved investment guidelines and has approved an investment policy. The investment guidelines limit exposure to individual issuers and classes of issuers and specify minimum credit rating levels.

The Company monitors the effectiveness of its market risk assessment and mitigation tools using a number of tools, including:

- Quarterly statements by all investment managers to confirm compliance with EIID investment guidelines
- Quarterly reports to the EIID Board and senior management on portfolio performance and on compliance with investment limits
- Quarterly monitoring and reporting of market risk capital charges to the EIID Risk Committee and senior management
- Analysis of the profile of assets compared to the liability profile to check that there is no material mis-matching

Risk Sensitivity

Scenario analysis was conducted on market risk as part of the ORSA process.

The Company applied a 1-in-100 year loss to the value of assets in 2020. In applying this stress, we have reduced the value of each bond in the Company's investment portfolio at year end 2020 and assumed no recovery in asset values. This impacts the available capital in all years in the projection horizon from 2020-2022. The Company's 2020 available capital reduces and the Company's 2020 SCR Coverage ratio would drop by 12%, before taking any management actions, and would remain within the Company's risk appetite. The impact on the 2020 Market Risk SCR would be €0.4m.

C.3 Credit risk

Risk Description

Credit risk arises if counterparties fail to meet obligations as they fall due. It could also result from fluctuations in the credit standing of counterparties. The Company is exposed to credit risk through its banking counterparties, reinsurance arrangements and insurance premium receivables. Credit risk associated with bonds is considered as part of market risk. Direct credit risk from certain credit-related lines of business (e.g. CPR) is considered within underwriting risk.

Risk Exposure

As at the report date, the Company's counterparty credit risk component of the SCR was €9.8m, resulting from cash balances, expected reinsurance recoveries, overdue premiums and overdue ceding commissions. EIID's banking counterparty is highly rated, with a credit quality step of 1. All of the internal and external reinsurance counterparties are also highly rated, with a credit quality step of at least 2.

Risk Concentration

The Company's internal reinsurance treaties are placed with a Group affiliate and as such the Company has a concentration of credit risk. However, the Company accepts this risk due to the high rating of the internal reinsurer (Credit Quality Step 2; AM Best rating A) and because the Company's payment obligations are supported by a Guaranty agreement from an Everest Re Group affiliate.

Premium receivables are spread across a relatively large number of clients.

Risk Assessment and Mitigation

Credit risk is assessed through measures including monitoring of counterparties' credit ratings and calculation of the counterparty credit risk component of the SCR. Credit risk in relation to external reinsurance is mitigated through the use of a diversified panel of strongly rated reinsurers. Credit risk in relation to intra Group reinsurance is mitigated through the provision of a Guaranty from an Everest Re Group affiliate and the strong rating of our reinsurance counterparty.

The Company has a Board approved reinsurance policy which sets out the standards, requirements, roles and responsibilities in managing reinsurance and other risk mitigating techniques.

Policy wordings typically contain cancellation terms which cancel the policy if the premiums are not collected.

The Company monitors the effectiveness of its credit risk assessment and mitigation tools using a number of tools, including:

- Cash collections are monitored and unpaid balances are investigated with the debtor
- Quarterly monitoring of reinsurance exposures and credit rating of counterparties and reporting to the Risk Committee and senior management
- Quarterly monitoring and reporting of counterparty risk capital charges to the EIID Board, Risk Committee and senior management

Risk Sensitivity

Scenario analysis was conducted on Credit risk (Counterparty Default) as part of the ORSA process and considered a reinsurer downgrade.

We have tested the impact of a downgrade of all reinsurers in 2020 by one Credit Quality Step with no subsequent upgrades. SCR increases to reflect the lower financial strength rating of our reinsurance counterparties and SCR coverage reduces by 31%. The SCR and MCR coverage remain with risk appetite for the ORSA period. The impact on the 2020 Counterparty Default Risk SCR would be €10.6m.

C.4 Liquidity risk

Risk Description

Liquidity risk is the risk that the Company is unable to realise investments and other assets in order to settle its financial obligations when they fall due.

The Company must meet its liabilities as and when they fall due, notably from claims arising from its non-life insurance contracts. There is therefore a risk that the cash and cash equivalents held will not be sufficient to meet its liabilities when they become due.

Risk Exposure

The total amount of expected profit included in future premiums, net of reinsurance, is €12.5m (2018: €2.9m)

The Company has invested most of its assets in fixed income securities but retains cash balances in order to meet liquidity needs. Given the credit quality of the Company's financial assets, and the relatively short duration of the investment portfolio, it can quickly liquidate its investments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

Risk Concentration

The Company does not have any material risk concentration.

Risk Assessment and Mitigation

The Company's liquidity needs are met on both a short and long term basis by funds provided by premiums collected, investment income, collected reinsurance receivable balances and the sale and maturity of investments, together with the availability of funds under the Everest Re Group's surplus guarantee.

The Company has a Board approved Liquidity and Concentration Risk policy together with liquidity limits which are monitored quarterly. Most reinsurance agreements include cash call provisions which permit the Company to accelerate recoveries in the event of paying large losses.

The Company monitors the effectiveness of its liquidity risk assessment and mitigation tools using a number of tools:

- Quarterly monitoring of liquidity risk appetite and limits and reporting to the Risk Committee and senior management

Risk Sensitivity

Scenario analysis was conducted on liquidity risk as part of the ORSA process and considered the impact of a large claim on the Company's liquidity.

In circumstances where the largest potential gross losses materialised, the Company's net liquidity exposure would be limited by the terms of reinsurance treaties which mandate remittance of amounts within a short period of time for claims in excess of agreed thresholds. In the event of a liquidity strain, management actions could include one or a combination of the following options, if necessary:

- selling shortest dated bonds to minimise risk of loss on realisation
- using cash balances to fund obligations
- calling on our Guaranty arrangement with an Everest Re Group affiliate to fund the claim.

C.5 Operational risk

Risk Description

Operational risk is the risk of loss arising from inadequate or failed internal processes, systems, people or external events.

Operational risks include, but are not limited to, failure or weaknesses in financial reporting and control, fraud, IT systems failure, breach of information security, inadequate disaster recovery, non-compliance with laws and regulations, failure of an outsourced provider, inadequate Brexit preparation and loss of key personnel.

Risk Exposure

As at the report date, the Company's operational risk component of the SCR, before diversification benefits, was €1.4m (2018: €0.3m).

The material operational risk to which the Company is exposed is outsourcing given our reliance on Everest Re Group affiliates and other entities, including managing general agents, to undertake key activities including underwriting, claims, policy administration and IT support.

Risk Concentration

There is concentration risk in relation to reliance on key personnel and Everest Re Group affiliates in performing certain activities. The Company frequently reviews its staffing needs, with significant additional headcount added in 2019 and planned for 2020.

Risk Assessment and Mitigation

The Company actively manages operational risks and mitigates them as appropriate. The Operational Risk policy approved by the Board sets out the Company's approach to managing operational risks including the roles and responsibilities in monitoring and reporting such risk. Other policies such as IT, Outsourcing and Data Protection support the Operational Risk policy in assessing, managing and mitigating operational risk.

Actions taken by the Company to mitigate outsourcing risk include:

- Board approved outsourcing policy
- Maintenance of outsourcing register
- Regular reviews of the performance of outsource service providers

Before establishing any outsource arrangement, EIID measures including:

- Completion of appropriate due diligence and risk assessment
- Drafting a Service Level Agreement ("SLA") which includes provisions to protect the Company against outsourcing risks, including appropriate KPIs
- Pre-notification to the CBI of intention to outsource Critical or Important Functions of Activities ("CIFAs") as per the CBI's pre-notification process for the outsourcing of CIFAs

Key person risk is mitigated through the availability of Everest Re Group personnel in the event of the departure of key Company employees and recent recruitment of additional staff.

The Company monitors the effectiveness of its operational risk assessment and mitigation tools using a number of tools, including:

- Quarterly reporting of operational risk events and near misses to the Risk Committee and senior management
- Quarterly reporting of results of self-assessments of the effectiveness of key controls to mitigate risks to the Risk Committee and senior management
- Quarterly reporting by the CRO to the Risk Committee on operational risks

Risk Sensitivity

As part of the ORSA process, EIID conducted stress and scenario testing that included stress testing for material operational risks, including testing for the impact of temporary disruption to our business that may be caused by a 'no deal' Brexit, and testing for the impact of unexpected additional IT investment to produce efficiencies needed to support a growing business. This stress testing demonstrated that our solvency position remains within our appetite in both scenarios.

C.6 Other material risks

C.6.1 Strategic Risk

Risk Description

Strategic risk is the risk that the strategy, adopted by the Board, is not implemented appropriately due to an inadequate assessment of strategic options, unexpected changes to assumptions in the strategic plan or other external factors. As the Company is still in the early stages of its development, it is likely that its strategy will continue to evolve as the Company grows and new opportunities are identified. The strategy could change, possibly considerably, over the medium term resulting in required changes to resourcing, systems, capital requirements and processes.

Relevant areas of strategic risk over the planning horizon for EIID include:

- Market conditions could result in increased or reduced appetite for certain business segments. Ability to achieve plan will depend on the competitive landscape.
- Ability to achieve plan will depend on the success of the Company at establishing itself in its target markets or continuing to develop in markets where it is already present.
- The plan will depend on the recruitment of experienced underwriting personnel and establishing the operations and systems necessary to support a growing business.
- The Group has an on-going ambition to grow its insurance business. Strategic decisions at Group level could affect EIID's strategy, subject to approval by local management and Board as appropriate.
- The Company has ambitions to grow beyond the business plan, so premium could exceed plans if the right business opportunities arose.

Risk Exposure

The risks outlined above are not explicitly captured in the Standard Formula but may be reflected in other risks captured in the standard formula such as underwriting (premium volumes). The potential impact of some of the risks above on the Company's solvency position is considered in a range of stress and scenario tests.

Risk Concentration

This risk exists across all lines of business.

Risk Assessment and Mitigation

The Company actively manages the above risks and mitigates them through governance structures supported by processes and controls. Risks are identified and assessed on an ongoing basis with stress and sensitivity testing conducted as part of the ORSA process. A list of the top risks is produced from the risk register and is reviewed by the Board quarterly. The risk appetite and the risk register, together with the ORSA Report, are considered by management and the Board. Strategic risk is further mitigated by maintaining close relationships with Everest Re Group through membership by Group executives of the Board and other committees.

The Company monitors the effectiveness of its strategic risk assessment and mitigation tools using a number of tools, including monitoring of actual versus expected performance metrics.

Risk Sensitivity

As outlined in Section C.1 above, scenario analysis was part of the ORSA process and is a key input to the Company's consideration of strategic risk.

C.6.2 Environmental Risk

Risk Description

Environmental risk is the risk resulting from the environment in which the Company operates and includes political and legislative risks.

EIID's main environmental risk relates to Brexit. Although the range of potential implications of Brexit has narrowed, some risks remain:

- Legal analysis has largely clarified the scope of business that can be conducted by the Company in the EU and by the Branch in the UK based on the current legal position. Unexpected consequences of Brexit could result in a reduction in premium volumes or additional operational costs.
- The potential implications of Brexit on the UK economy over the short to long term are uncertain. A sustained fall in the value of STG would result in lower expected underwriting profits on EIID's UK business. Additionally, a prolonged UK recession could result in a reduction in UK business.
- Over the medium term, changes to UK laws or regulations may affect how the Company conducts business in the UK.
- Changes in the geopolitical landscape and the terms and conditions associated with any potential trade deal between the EU and the UK could introduce new barriers to providing services between the EU and UK.

Risk Exposure

The risks outlined above are not explicitly captured in the standard formula. The potential impact of some of the risks above on the Company's solvency position is considered in a range of stress and scenario tests. SCR coverage remains within risk appetite after application of these tests.

Risk Concentration

This risk varies across lines of business depending on the geographies where the Company writes business.

Risk Assessment and Mitigation

The Company actively manages the above risks and minimises them through governance structures supported by processes and controls. Risks are identified and assessed on an ongoing basis with stress and sensitivity testing conducted as part of the ORSA process. There is regular consideration of environment risks by management and the Board. The Company's UK branch enables the Company to continue writing UK and rest of world business post-Brexit.

The Company monitors the effectiveness of its environmental risk assessment and mitigation tools through the quarterly reviews of the risk register and top risks by the Board and senior management.

Risk Sensitivity

As outlined in Section C.5 above, scenario analysis was part of the ORSA process and considered the potential impact of a hard Brexit disrupting operations and the impact of increased investment to support operations. This scenario does not take into account possible future management actions. The reduction in the Solvency Capital Requirement offsets the decrease in available capital. SCR coverage increases because of the reduction in business volumes. While this scenario does not negatively impact solvency, it results in a reduction in profit.

C.6.3 Fungibility Risk

Risk Description

Fungibility risk is the difficulty or inability to access sufficient capital when needed. EIID benefits from a guaranty and a keep well agreement from Group entities. Fungibility risk would materialise if EIID could not access Group capital if required.

Risk Exposure

The risks outlined above are not explicitly captured in the standard formula.

However, Everest Re Group's Economic Capital Model ("ECM") indicates that Group holds sufficient capital to meet S&P's AAA capitalisation levels. Group's analysis of the ECM has indicated that only in a very extreme scenario would the Group be unable to fulfil its obligations to EIID under the keep well agreement and guaranty. In the unlikely event of capital strain, Group considers that it could raise debt capital more easily than its peers as Everest Group has far lower financial leverage levels than its peers. Everest Re Group has shareholders' equity totalling USD$9.132million.

Risk Concentration

The Company has a concentration of exposure to Group as its sole capital provider. However, as mentioned above, it is considered highly unlikely that Group would not be able to make capital available if necessary. In the event that the raising of additional capital was deemed necessary by the Board, Group capital would be the preferred source of capital, as raising capital from other sources could be more complex, more expensive and require additional time.

Risk Assessment and Mitigation

This risk is mitigated through a guaranty and a keep well agreement with Everest Re Group entities to support the Company's financial resources. Lines of communication are in place to enable EIID board of directors to alert Group senior management if the potential need for additional capital arises.

If capital were not available from Group, the Company would consider options including the following:

- Reduce business volumes
- Reduce costs
- Cease writing new business
- Enter into new reinsurance arrangements
- Enter into run-off
- Enter into portfolio transfer of some or all of the business to a third party
- Sale of the Company

The measures taken would depend on the extent of the capital shortfall and the reasons that Group capital is not available.

The Company monitors the effectiveness of its fungibility risk assessment and mitigation tools using a number of tools, including the monitoring of Group financial strength.

Risk Sensitivity

As outlined above, the solvency of the Company has been assessed through the ORSA process in light of risks and uncertainties around business performance by estimating solvency coverage in a range of scenarios, some of which are particularly severe. In each of these scenarios, with the exception of one reverse stress test, the Company has sufficient assets to meet its liabilities. These scenarios do not take into account possible future management actions.

This reverse stress test was designed as an extreme scenario to identify scenarios where the Company becomes insolvent. The scenario involved an extreme underwriting stress designed to result in losses in excess of the Company's capital and the simultaneous failure of the Group to honour the existing keep well agreement and payment obligation guarantee. Based on the Group's Economic Capital Model, the Group is capitalised to an AAA level based on S&P's model and the ECM indicates that the likelihood of Group failing to meet its obligations is extremely remote.

C.7 Any other information

As disclosed in Section A.1 above, the Company established an EEA branch in the UK which became operational in August 2019. The Company's UK branch has been considered in its risk profile, SCR and ORSA.

As outlined in Section A.5, the rapidly evolving COVID-19 situation has potential implications across our business, potentially impacting our risk profile.

The Company does not have any other material information to disclose with regard to its risk profile.

D. Valuation for solvency purposes

The Company values assets and liabilities, other than technical provisions, at fair value, being the amount which an asset could be exchanged between knowledgeable, willing parties using market consistent valuation methods.

The financial statements of the Company are prepared under Irish GAAP. The following summarised balance sheet as at 31st December 2019 analyses the differences in valuation between the Company's financial statements and the Solvency II valuation.

	Statutory accounts value €'000	Adjustment €'000	Solvency II value €'000
Assets			
Investments	55,027	359	55,386
Reinsurers share of technical provisions	0	(3,199)	(3,199)
Deferred Acquisition Costs	0	0	0
Property, plant & equipment held for own use	67	0	67
Insurance and intermediaries receivables	13,497	(4,930)	8,567
Reinsurance Receivable	0	4,604	4,604
Receivables (trade, not insurance)	3	0	3
Cash and cash equivalents	107,412	0	107,412
Any other assets, not elsewhere shown	4,517	(4,517)	0
Total assets	**180,522**	**(7,682)**	**172,840**
Liabilities			
Best Estimate	0	383	383
Risk margin	0	3,944	3,944
Other technical provisions	8,848	(8,848)	0
Deferred Tax Liabilities	0	1,632	1,632
Insurance & intermediaries payables	20,880	(7,785)	13.095
Payables (trade, not insurance)	10,115	(8,433)	1,681
Any other liabilities, not elsewhere shown	0	0	0
Total liabilities	**39,842**	**(19,107)**	**20,735**
Excess of assets over liabilities	**140,680**	**11,425**	**152,105**

D.1 Assets

D.1.a Valuation for each material class of asset:

Investments – Financial Instruments

Solvency II Valuation	Financial Reporting Valuation
Financial instruments consist of Government and Corporate Bonds which are valued at 'fair value' under Solvency II. This equates to Market Value which is the amount for which the assets could be transferred in an arm's length transaction. Accrued interest is reported under investments in the Solvency II balance sheet.	There are no differences in SII valuation principles, but accrued interest is disclosed as other receivables in the financial statements.

Insurance and intermediaries receivables

Solvency II Valuation	Financial Reporting Valuation
These represent debtor balances which are past due. Balances which are not past due are included in technical provisions.	This is made up of all outstanding premiums due from policy holders. It includes amounts which are due, overdue and where premium is not yet contractually due.

Cash and other cash equivalents

Solvency II Valuation	Financial Reporting Valuation
Cash and cash equivalents are monies held as cash on hand, cash and short term deposits held on call with banks. Such balances are considered to be held at fair value under Solvency II.	There are no differences from SII valuation

All assets in the portfolio are traded in an active market and the criteria used to determine whether a market is active includes the following:

- assets traded in a regulated financial market
- credit quality can be assessed and validated
- assets can be easily liquidated
- assets and instruments where the risks can be identified, measured, monitored, managed, controlled and reported on.

The Company does not have any intangible assets and has not entered into any leasing arrangements. The Company does not have any deferred tax assets or provide any guarantees. The Company does not have any holdings in related undertakings. There were no changes made to the recognition and valuation bases used or on estimations during the reporting period.

D.2 Technical provisions

The HoAF is responsible for the oversight of the calculation of technical provisions. The technical provisions net of reinsurance as at 31st December 2019 are €7.5m (2018: -€1.2m). The table below lists the Company's technical provisions by line of business.

SII line of business	Gross Best Estimate €'000	Recoveries €'000	Net Best Estimate €'000	Risk Margin €'000	Total Technical Provisions €'000
General liability	14,068	-3,749	10,320	1,503	11,823
Credit & Suretyship	-14,090	7,097	-6,993	2,409	-4,584
Non-proportional casualty	404	-149	255	32	287
Total	**383**	**3,199**	**3,581**	**3,944**	**7,525**

Best estimate

The best estimate represents the probability weighted average of all future cash flows from bound contracts including claims, premiums, acquisition expense, internal expense and reinsurance cash flows.

As there has been minimal claims activity at EIID, there is not sufficient internal claims data to apply standard actuarial methods which use historical claims data. EIID has therefore applied an Expected Loss Ratio ("ELR") method to estimate future claims. ELRs are applied to each policy's estimated lifetime premium to project future claims. Where possible, a range of ELRs has been considered for each business segment. Sources of information used to develop ELRs include industry data, industry benchmarks, reinsurance brokers' benchmarks, planning assumptions, expert judgement, analysis of client data and benchmarks and analysis from Group affiliates.

An allowance is made for Events Not In Data to reflect the possibility of adverse claims' experience not reflected in the data and information used to calculate the best estimate.

Technical provisions include future premium cash flow. There are significant volumes of future CPR future premium as much of this business is multi-year business.

An expense provision is required for direct and indirect expenses relating to claims handling, policy administration, acquisition and investment activities. The expense provision includes overhead expenses incurred in servicing insurance obligations arising from contracts bound at the valuation date.

Technical provisions include all expected contractual commission and brokerage cash flows. Non-acquisition expenses have been estimated by reference to planning assumptions.

Future reinsurance premiums, ceding commissions and recoverables have been estimated for each policy by applying the applicable reinsurance arrangements to projected gross premiums and claims. Most reinsurances are quota share treaties, in which case, the applicable quota share percentage is applied to estimate reinsurance premiums and recoverables.

The Company does not have any arrangements with special purpose vehicles and hence technical provisions are not adjusted for recoveries from such vehicles.

Best estimate technical provisions are calculated by projecting future cash flows and discounting by applying risk free yield curves by currency.

The main changes to technical provisions since 31 December 2018 are they have been increased to reflect growing business volumes**.** Technical provisions include new reserving segments, reflecting the nature of new business written during the year. Reflecting the Company's growing volumes, the assumptions and methodology for Events Not in Data were revised resulting in an increase in the allowance for Events Not in Data, to reflect uncertainties in our business. Otherwise, there were no material changes to best estimate assumptions over the reporting period.

No significant simplifications have been used to calculate best estimate technical provisions.

Uncertainty

Because of the nature of EIID's business, the Company expects to experience low frequency but high severity losses. EIID writes medium to long tail lines of business, some of which attaches at an excess level. EIID's business is inherently more volatile than short term / high loss frequency business. Actual losses could be considerably higher than assumed.

Much of the Company's business is exposed to macroeconomic conditions, including CPR, surety and management lines. A deterioration in regional or global economies could result in increased claims. News of coronavirus COVID-19 continues to develop. The most significant potential impacts to the Company's technical provisions are from business segments exposed to economic deterioration. The Company, and Group, are continuing to monitor and assess the potential implications for existing business.

Changes in the legal environment including changes to legislation or new legal precedents, or changes in claimants' behaviour, could result in increased claims activity on the US Excess Casualty business and/or the International Casualty business. Similarly, the emergence of new types of claims could result in higher than expected claims.

As a recently established insurer, writing longer tailed line, and with minimal claims activity to date, the Company does not have sufficient internal data to use for projecting future claims. As the Company cannot use its own claims data to estimate future claims, there is more uncertainty around such estimates, although where possible, the Company has sought to validate these estimates.

Because of these data limitations, there is a key reliance on consideration of expert judgment when selecting loss assumptions.

It is typical to apply a range of actuarial methods when projecting future claims. Because of the data limitations noted above, it has not been possible to apply more than one method, resulting in increased uncertainty around future claim estimates.

There are significant volumes of future premium included in technical provisions. If these amounts are not received the Company's technical provisions' liability would increase.

The Company has significant amounts of reinsurance and this has been reflected in reinsurance recoveries. In the event of reinsurer failures or disputes, recoveries could be lower than expected, perhaps materially so.

Risk margin

Technical provisions include a risk margin to ensure that the value of technical provisions is equivalent to the amount that an insurer would be expected to require in order to take over the insurance obligations of the Company.

In calculating the risk margin, we applied simplified method 3, as outlined in Guideline 62, “Hierarchy of methods for the calculation of the risk margin” of EIOPA’s “Guidelines on the Valuation of Technical Provisions.” A full projection of future SCR or a projection of individual modules or sub-modules for the purpose of calculating risk margin would be disproportionate to the nature and size of the Company’s liabilities. Method 2 is not appropriate as the Company has negative technical provisions while Method 4 is too simplistic given that we can apply Method 3.

In calculating technical provisions, we have not applied any other of the simplifications provided in the Solvency II Delegated Acts.

Key differences between valuation for solvency and financial reporting

Solvency II Valuation	Financial Reporting Valuation
Future premiums: Technical provisions include all future inwards premium and outwards reinsurance premium expected to be received over the lifetime of recognised business. Past due premiums are excluded from technical provisions. Net future premiums of €(3.6m) (2018: €2.9m) are included in technical provisions.	Technical provisions do not include future premiums.
Claims: Technical provisions include expected claims and recoveries from both expired and unexpired exposures. Estimated claims include an allowance for Events Not in Data.	Statutory accounts only include claims reserves for expired exposures. An unearned premium reserve is booked for unexpired exposures.
Risk margin: Technical provisions include a risk margin, €3.9m (2018: €1.1m), as prescribed by Solvency II regulations.	Risk margin: The Company did not include any risk margin in its statutory accounts.

Apart from the differences above there are no material differences between the bases, methods and main assumptions used by for the valuation for solvency purposes and those used for valuation in financial statements.

Because of the nature of the Company’s business it does not apply any of the following as provided in the Solvency II Delegated Acts:

- Matching adjustment
- Volatility adjustment
- Transitional risk-free rate structure volatility adjustment
- Transition deduction.

D.3 Other liabilities

Other liabilities include intercompany liabilities, other tax payable in relation to PAYE and PRSI and accruals.

The Company values other liabilities at fair value, being the amount which an asset could be exchanged between knowledgeable, willing parties using market consistent valuation methods. In order to aggregate liabilities other than technical provisions into material classes to describe the valuation basis that has been applied to them, we have considered the nature, function, risk and materiality of those liabilities.

The Company has not entered into any leasing arrangements. The Company has recognised a deferred tax liability in the Solvency II balance sheet. The Company does not operate a defined benefit pension scheme. There were no changes made to the recognition and valuation bases used or on estimations during the reporting period.

D.3(a) Solvency II valuation for each material class of other liabilities

Deferred Tax Liability

Solvency II Valuation	Financial Reporting Valuation
This balance represents a deferred tax provision on the difference between the Solvency II excess of assets over liabilities and the statutory balance sheet excess of assets over liabilities. There is no expiry date on this provision.	For financial reporting valuation the balance sheet does not include any deferred tax provision.

Insurance and intermediaries payables

Solvency II Valuation	Financial Reporting Valuation
These balances represent overdue premiums payable to reinsurers not yet paid. Reinsurance premiums payable but not overdue are included as part of technical provisions calculation.	In its annual financial statements the Company includes premiums receivable net of commission in assets and reinsurance premiums payable net of commission in liabilities.

Payables (trade not insurance)

Solvency II Valuation	Financial Reporting Valuation
Payables are recorded on an accruals basis. Reinsurers share of deferred acquisition costs are valued at Nil.	Payables are recorded on an accruals basis, and include reinsurers' share of deferred acquisition costs.

These balances represent non-insurance related payables, trade and accounts payables to service providers and suppliers.

D.4 Alternative methods of valuation

The Company does not use any alternative methods for valuation.

D.5 Any other information

The Company does not have any other material information to disclose in regard to valuation for solvency purposes.

E. Capital management

E.1 Own Funds

E1(a) Objective, policies and processes for managing own funds

The capital management objectives of the Company are to:

- maintain a strong capital base to support its business model
- maintain sufficient financial strength ratings
- maintain sufficient and appropriate regulatory capital to meet or exceed minimum regulatory capital requirements at all times.

A Capital Management policy approved by the Board sets out the approach to managing capital and the Company considers these objectives as part of the ORSA process, which is based on a three year projection of requirements. The Company holds excess funds to absorb potential volatility in SCR coverage and to absorb risks not included in the SCR e.g., strategic risk.

The Company measures and calculates its capital using the Standard Formula. The SCR and MCR coverage is calculated and reviewed on a quarterly basis. In the event that the Company's statutory capital falls below an agreed threshold at the end of any financial quarter, the Company will call upon a Keep Well Agreement with an Everest Re Group affiliate under which the Company's counterparty will take immediate action to restore GAAP surplus to the agreed threshold. Following completion of the 2019 ORSA process, Everest Re Group agreed to provide capital contributions in two tranches before 31 December 2022 to support projected growth in the business – the first capital injection totalling €89.0 million was received from the Company's parent on 19 December 2019 and was retrospectively approved as unrestricted Tier 1 own funds by the CBI.

The CRO reports regularly to the Board on the level of eligible own funds and the ratio of cover over the SCR and MCR. Ultimate responsibility for maintenance of own funds lies with the Board.

There were no material changes in the objectives, policies and processes for managing own funds over the reporting period.

E.1(b) Own funds classification

As at the report date the Company's excess of assets over liabilities was comprised of issued share capital of €2 and basic own funds of €152.1m (2018: €55.0m). This entire balance was available as Tier 1 unrestricted own funds to meet both SCR and MCR requirements. The increase was primarily driven by the receipt of a capital contribution totalling €89.0m on 19 December 2019, which was retrospectively approved as Tier 1 Unrestricted Own Funds by the CBI.

The Company does not have any Tier 1 own funds that fall within the following categories:

- paid-in subordinated mutual member accounts
- paid-in preference shares and the related share premium account
- paid-in subordinated liabilities valued in accordance with Article 75 of Directive 2009/138/EC

None of the Company's own funds are subject to the transitional arrangements. The Company does not have any ancillary own fund items. The Company has not deducted any items from own funds. There have been no other significant changes in own funds during the reporting period.

The following table shows basic own funds before deduction for participations in other financial sector as foreseen in Article 68 of delegated regulations 2015/35.

	2019 €'000	Available	Subordinated	Duration
Capital contribution	144,000	*Yes*	*No*	*No redeemable date*
Reconciliation Reserve	8,105			
Share capital	**0**	***Yes***	***No***	***No redeemable date***
Total basic own funds after deductions	**152,105**			

The reconciliation reserve comprises the following:

	2019 €'000
Statutory loss for year	1,071
Difference in technical provisions and premiums due	8,046
Deferred Tax	(1,012)
Reconciliation Reserve	(8,105)

Further details are provided in Section E.1 (e) and E.1 (f) below.

E.1(c) Eligible amount of own funds to cover the Solvency Capital Requirement, classified by tiers

The Company's Own Funds are represented by Tier 1 Unrestricted Own Funds totaling €152.1m which are available to cover the SCR.

E.1(d) Eligible amount of own funds to cover the Minimum Capital Requirement, classified by tiers

The Company's Own Funds are represented by Tier 1 Unrestricted Own Funds totaling €152.1m which are available to cover the MCR.

E.1.e Difference between equity as shown in the financial statements and the Solvency II value excess of assets over liabilities

	2019 €'000
Capital Contribution	144,000
Share Capital Issued	0
Retained Earnings	(3,320)
Equity per financial statements	**140,680**
Technical Provisions Adjustment	4,521
Asset Valuation Adjustment	(7,682)
Other Liabilities Valuation Adjustment	16,218
Deferred Tax	(1,632)
Solvency II Own Funds	152,105

The Solvency II Balance Sheet is forward looking and it includes profits / losses on unearned premium on the balance sheet at 31st December 2019. The statutory balance sheet is historic looking and includes the actual profit / loss according to FRS rules.

E.1.f Key elements of the reconciliation reserve

The reconciliation reserve is calculated as follows

	2019 €'000
Retained Earnings	(3,319)
Technical Provisions Adjustment	4,521
Deferred Acquisition Costs	(7,682)
Premium	16,218
Deferred Tax	(1,632)
Reconciliation reserve	**8,105**

Solvency II Guidelines on "Reporting and public disclosure" require disclosure in this section E.1 of information about any additional solvency ratios reported other than those included in template S.23.01. We have not reported any such additional solvency ratios.

The Company does not have any Own Fund items subject to transition arrangements or any ancillary Own Funds. No item has been deducted from Own Funds.

E.2 Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR")

The Company's SCR, as calculated by the Standard Formula, as at the report date was €33.0m (2018: €10.6m). The table below provides a breakdown of the SCR by risk category and risk module.

	2019 €'000	2018 €'000
Underwriting Risk		
Premium and Reserve Risk	11,307	3,691
Lapse Risk	11,427	2,577
Catastrophe Risk	7,946	4,359
Diversification Benefit	*(11,536)*	*(3,992)*
Market Risk		
Interest Rate Risk	1,706	2,187
Currency Risk	11,741	3,434
Property Risk	17	19
Spread Risk	1,671	2,396
Concentration Risk	151	118
Diversification Benefit	*(2,498)*	*(2,651)*
Counterparty Risk	9,788	1,123
Diversification Benefit	***(10,126)***	***(3,045)***
BASIC SCR	31,594	10,215
Operational Risk	1,396	339
SCR	**32,990**	**10,554**

The SCR is designed to absorb the loss resulting from the occurrence of a 1-in-200-year loss event over the next 12 months. The Company uses the Standard Formula specified by EIOPA to estimate the SCR. This models insurance, market, credit and operational risk and takes account of the Company's outwards reinsurance programmes. The Company's SCR calculation does not include any of the simplifications provided by the Solvency II Delegated Acts.

In addition to the SCR we are required to calculate the MCR. This is lower than the SCR and is designed to correspond to a solvency level below which policyholders and beneficiaries would be exposed to an unacceptable level of risk if the insurer were allowed to continue its operations. The MCR as at the report date was €8.2m (2018: €3.7m). In calculating the MCR, the Company has used the following approach:

- A linear MCR based on the net of reinsurance best estimate technical provisions and the net written premiums in the last 12 months
- A floor of 25% of the SCR and a cap of 45% of the SCR is applied
- An absolute floor of €3.7m is applied to calculate the overall MCR requirement

There are no changes in this approach relative to the prior period to report.

Basic Own Funds is the excess of assets over liabilities as determined by the Solvency II balance sheet. The Company's own funds consist solely of Tier 1 Unrestricted Funds totalling €152.1m which are available to cover the SCR. There are no capital add-ons.

Throughout the period the Company has eligible own funds available to meet the SCR and MCR. The own funds ratio to SCR and MCR at the reporting date was 461% and 1,844%, respectively.

The Company has not used any undertaking-specific parameters in calculating the SCR using the Standard Formula. The Company's SCR calculation does not include any of the simplifications provided by the Solvency II Delegated Acts.

E.3 Use of duration–based equity risk sub-module in the calculation of the SCR

The Company did not make use of a duration-based equity sub-module during the reporting period.

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

The Company uses the Standard Formula to calculate the SCR, therefore no differences exist.

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

The Company complied with the Solvency II MCR and SCR requirements throughout the reporting period. The Company held Own Funds in excess of both the MCR and SCR requirements throughout the reporting period.

E.6 Any other information

The Company does not have any other material information to disclose with regard to capital management. The Company benefits from keep well and guaranty arrangements with Everest Re Group entities to support its financial resources.

APPENDICES

Appendix I Glossary of terms

ALM	Asset/liability management
BAC	Board Audit Committee
BETP	Best estimate technical provision
BSCR	Basic Solvency Capital Requirement
CBI	Central Bank of Ireland
CEO	Chief Executive Officer
CF	Control function
CFO	Chief Financial Officer
CML	Commercial management liability products
CPR	Credit insurance and political risk products
CRO	Chief Risk Officer
CUO	Chief Underwriting Officer
DAC	Designated Activity Company
EAUK	Everest Advisors UK Ltd.
EEA	European Economic Area
EGS	Everest Global Services, Inc.
EIOPA	European Insurance and Occupational Pension Authority
EIR	Everest International Reinsurance Ltd
EU	European Union
FRS	Financial Reporting Standard
GWP	Gross Written Premium
HoAF	Head of Actuarial Function
HoU	Head of Underwriting
INED	Independent Non-Executive Director
KPIs	Key performance indicators
MCR	Minimum Capital Requirement
MedMal	Medical Malpractice products
NED	Non-Executive Director
NEP	Net Earned Premium
NWP	Net Written Premium
ORSA	Own Risk and Solvency Assessment
PCF	Pre-approved controlled function
QRT	Quantitative Reporting Template
RM	Risk margin
RSR	Regular Supervisory Report
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
W&I	Warranty and Indemnity products

Appendix II Quantitative Reporting Templates (QRT)

The following QRT templates, applicable to the Company, are required for the Solvency and Financial Condition Report.

The reporting currency is Euro.

Template ref	Template Name
S.02.01	Balance Sheet
S.05.01	Premiums, claims and expenses by line of business
S.05.02	Premiums, claims and expenses by line of country
S.17.01	Non-Life Technical Provisions
S.19.01	Non-Life Claims Information
S.23.01	Own Funds
S.25.01	Solvency Capital Requirement
S.28.01	Minimum Capital Requirement

S.02.01 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**	67
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	55,386
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	55,386
Government Bonds	**R0140**	21,059
Corporate Bonds	**R0150**	34,327
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**	-3,199
Non-life and health similar to non-life	**R0280**	-3,199
Non-life excluding health	**R0290**	-3,199
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	8,567
Reinsurance receivables	**R0370**	4,604
Receivables (trade, not insurance)	**R0380**	3
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**	107,412
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	172,840

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	4,326
Technical provisions – non-life (excluding health)	R0520	4,326
TP calculated as a whole	R0530	
Best Estimate	R0540	383
Risk margin	R0550	3,944
Technical provisions - health (similar to non-life)	R0560	
TP calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
TP calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
TP calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	1,632
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	446
Reinsurance payables	R0830	12,649
Payables (trade, not insurance)	R0840	1,681
Subordinated liabilities	R0850	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	R0900	20,735
Excess of assets over liabilities	R1000	152,105

S.05.01 Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**		Line of business for: **accepted non-proportional reinsurance**	Total
		General liability insurance	Credit and suretyship insurance	Casualty	
		C0080	**C0090**	**C0140**	**C0200**
Premiums written					
Gross - Direct Business	**R0110**	17,210	17,935	-	35,146
Gross - Proportional reinsurance accepted	**R0120**	18	3,909	-	3,927
Gross - Non-proportional reinsurance accepted	**R0130**	-	-	264	264
Reinsurers' share	**R0140**	12,669	18,213	140	31,022
Net	**R0200**	4,559	3,632	124	8,315
Premiums earned					
Gross - Direct Business	**R0210**	11,050	12,420		23,470
Gross - Proportional reinsurance accepted	**R0220**	6	2,992		2,998
Gross - Non-proportional reinsurance accepted	**R0230**			181	181
Reinsurers' share	**R0240**	7,614	13,040	47	20,701
Net	**R0300**	3,442	2,371	134	5,947
Claims incurred					
Gross - Direct Business	**R0310**	6,026	3,878		9,903
Gross - Proportional reinsurance accepted	**R0320**	3	957		960
Gross - Non-proportional reinsurance accepted	**R0330**	-	-	96	96
Reinsurers' share	**R0340**	4,368	4,083	20	8,471
Net	**R0400**	1,661	751	77	2,489
Changes in other technical provisions					-
Gross - Direct Business	**R0410**				
Gross - Proportional reinsurance accepted	**R0420**				
Gross - Non- proportional reinsurance accepted	**R0430**				
Reinsurers' share	**R0440**				
Net	**R0500**				
Expenses incurred	**R0550**	2,771	2,157	50	4,977
Other expenses	**R1200**				
Total expenses	**R1300**				4,977

EVEREST

S.05.02 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		GB	FR	KY	LU	SG	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	10,062	12,114	3,118	2,187	375	1,288	29,144
Gross - Proportional reinsurance accepted	R0120		560			1,377		1,937
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	6,809	10,175	2,688	1,885	1,510	1,101	24,168
Net	R0200	3,253	2,500	431	302	242	186	6,914
Premiums earned								
Gross - Direct Business	R0210	9,804	4,097	1,453	1,729	504	856	18,443
Gross - Proportional reinsurance accepted	R0220		27			1,374		1,401
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	6,527	3,451	1,252	1,491	1,619	730	15,069
Net	R0300	3,277	673	201	239	259	127	4,775
Claims incurred								
Gross - Direct Business	R0310	5,188	1,707	462	519	162	301	8,339
Gross - Proportional reinsurance accepted	R0320		9			441		450
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	3,647	1,416	396	446	516	267	6,688
Net	R0400	1,540	301	66	73	86	33	2,100
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500							
Expenses incurred	R0550	1,273	1,604	395	277	222	163	3,933
Other expenses	R1200							
Total expenses	R1300							3,933

S.17.01 Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance		Accepted non-proportional reinsurance	Total Non-Life obligation
		General liability insurance	Credit and suretyship insurance	Non-proportional casualty reinsurance	
		C0090	C0100	C0150	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**	5,212	-19,932	201	-14,520
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-39	-10,489	59	-10,468
Net Best Estimate of Premium Provisions	**R0150**	5,250	-9,443	142	-4,051
Claims provisions					
Gross	**R0160**	8,857	5,842	203	14,902
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	3,788	3,392	90	7,270
Net Best Estimate of Claims Provisions	**R0250**	5,069	2,450	113	7,633
Total Best estimate - gross	**R0260**	14,068	-14,090	404	383
Total Best estimate - net	**R0270**	10,320	-6,993	255	3,581
Risk margin	**R0280**	1,478	2,433	33	3,944
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**	15,546	-11,657	437	4,326
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	3,749	-7,097	149	-3,199
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	11,797	-4,560	288	7,525

EVEREST

S.19.01 Non-Life Claims Information

Accident year / Underwriting year	Z0020	Underwriting year [UWY]

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

		Development year												
Year		0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100											0	0	0
2010	R0160	0	0	0	0	0	0	0	0	0	0		0	0
2011	R0170	0	0	0	0	0	0	0	0	0			0	0
2012	R0180	0	0	0	0	0	0	0	0				0	0
2013	R0190	0	0	0	0	0	0	0					0	0
2014	R0200	0	0	0	0	0	0						0	0
2015	R0210	0	0	0	0	0							0	0
2016	R0220	0	0	0	0								0	0
2017	R0230	0	0	0									0	0
2018	R0240	0	3										3	3
2019	R0250	5											5	5
Total	R0260												7	7

S.19.01 Non-Life Claims Information (Cont'd)

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year											Year end (discounted data)
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**	
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**	**C0360**
Prior	**R0100**											0	0
2010	**R0160**	0	0	0	0	0	0	0	0	0	0		0
2011	**R0170**	0	0	0	0	0	0	0	0	0			0
2012	**R0180**	0	0	0	0	0	0	0	0				0
2013	**R0190**	0	0	0	0	0	0	0					0
2014	**R0200**	0	0	0	0	0	0						0
2015	**R0210**	0	0	0	0	0							0
2016	**R0220**	0	0	0	0								0
2017	**R0230**	0	622	916									889
2018	**R0240**	2,563	7,678										7,337
2019	**R0250**	7,047											6,676
Total	**R0260**												14,902

S.23.01 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**	0	0		0	
Share premium account related to ordinary share capital	**R0030**	0	0		0	
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	0	0		0	
Subordinated mutual member accounts	**R0050**	0		0	0	0
Surplus funds	**R0070**	0	0			
Preference shares	**R0090**	0		0	0	0
Share premium account related to preference shares	**R0110**	0		0	0	0
Reconciliation reserve	**R0130**	152,105	152,105			
Subordinated liabilities	**R0140**	0		0	0	0
An amount equal to the value of net deferred tax assets	**R0160**	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**	0	0	0	0	0
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**	0				
Deductions						
Deductions for participations in financial and credit institutions	**R0230**	0	0	0	0	0
Total basic own funds after deductions	**R0290**	152,105	152,105	0	0	0

S.23.01 Own Funds (Cont'd)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
Other ancillary own funds	R0390	0			0	0
Total ancillary own funds	R0400	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	152,105	152,105	0	0	0
Total available own funds to meet the MCR	R0510	152,105	152,105	0	0	
Total eligible own funds to meet the SCR	R0540	152,105	152,105	0	0	0
Total eligible own funds to meet the MCR	R0550	152,105	152,105	0	0	
SCR	R0580	32,990				
MCR	R0600	8,247				
Ratio of Eligible own funds to SCR	R0620	461.06%				
Ratio of Eligible own funds to MCR	R0640	1844.26%				

S.25.01 Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplifications
-		C0110	C0090	C0120
Market risk	R0010	12,788		0
Counterparty default risk	R0020	9,788		
Life underwriting risk	R0030	0	0	0
Health underwriting risk	R0040	0	0	0
Non-life underwriting risk	R0050	19,144	0	0
Diversification	R0060	-10,126		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	31,594		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	1,396
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	32,990
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	32,990
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

S.28.01 Minimum Capital Requirement

		C0010
MCR_{NL} Result	R0010	2,138

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
General liability insurance and proportional reinsurance	R0090	10,320	4,559
Credit and suretyship insurance and proportional reinsurance	R0100		3,632
Non-proportional casualty reinsurance	R0150	255	124

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	2,138		
SCR	R0310	32,990	-	-
MCR cap	R0320	14,845		
MCR floor	R0330	8,247		
Combined MCR	R0340	8,247		
Absolute floor of the MCR	R0350	3,700		
-	-	C0070		
Minimum Capital Requirement	R0400	8,247		