Marco Insurance PCC Limited

Solvency and Financial Condition Report

For the year ended December 31, 2021

Contents

Summary

Solvency II Introduction and Basis of Preparation

This is the Solvency and Financial Condition Report ("SFCR") of Marco Insurance PCC Limited ("MIPCC" or "the Company"). Publication of the SFCR is a mandatory requirement of the Solvency II Directive[1] for all (re)insurance companies domiciled in the European Union ("EU"). Solvency II, effective from January 1, 2016, is a harmonised EU-wide insurance regulatory regime that aims to improve customer protection and modernise supervision of insurance companies by their local regulators.

This SFCR has been prepared in compliance with Commission Delegated Regulation (EU) 2015/35 ("the Delegated Regulation"), being the applicable European Union regulation, using the structure set out in Annex XX of that document, and in accordance with the Guidelines on reporting and public disclosure (BoS-15/109) as issued by the European Insurance and Occupational Pensions Authority ("EIOPA"), and adopted by the Malta Financial Services Authority ("MFSA").

The SFCR is made up of 5 key sections that together give a comprehensive overview of the Company's business strategy and performance, its system of governance, its risk profile, its current valuation for Solvency II purposes, and its capital management approach and current capital position.

Section A – Business and performance

MIPCC is a non-life insurance run-off carrier providing financial solutions and services to insurance and reinsurance corporate clients. The Company's strategy is to grow its run-off business in Malta through reinsurance transactions, loss portfolio transfers and acquisitions of other (re)insurance entities with European and worldwide exposures.

The Company was incorporated on 3rd June 2020 and was authorised by the MFSA to carry on general business of insurance in terms of the Insurance Business Act (Cap. 403, of the Laws of Malta) with effect from 31st May 2021. This is therefore the first SFCR of MIPCC. The Company is a member of the Marco Capital Holdings Limited ("MCHL") group of companies (the "Group").

During the reporting period, MCHL acquired VA Insurance Services Limited (VAISL), an insurer in the Isle of Man which was redomiciled to Malta with registration number C100337 and re-named Marco Insurance Limited ("MIL"). MIPCC acquired all the shares held by MCHL in MIL on the 19th October 2021 and entered into a draft terms of merger with its wholly owned subsidiary. The merger became effective on 26 January 2022.

There was a pre-tax loss for the year of €1,583K (2020: loss of €12k). The loss for the year was largely driven by administrative expenses of €1,597k (2020: €12k) incurred in establishing the operational structure and assessing business opportunities.

[1] Directive 2009/138/EC, as amended by Directive 2014/51/EU, articles 51 – 56.

Section B – System of governance

The Company's Board of Directors has overall oversight of the business, while the day-to-day running is conducted by management within the confines of the System of Governance; a set of rules and processes to ensure that the business is run prudently and in compliance with the Solvency II regulations.

Section C – Risk profile

The Company is exposed to a number of risks including market risk, credit risk, and operational risk. These risks are proactively identified, managed and mitigated using appropriate risk analytical tools and metrics.

Section D – Valuation for solvency purposes

Section D reviews the balance sheet of the Company on a Solvency II valuation basis. The balance sheet is the main mechanism by which the solvency of the Company – the amount of capital it has available to protect it and its policyholders/claimants against a shock – is assessed.

Under Solvency II the assets and liabilities are reported at fair value; that is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This valuation principle is broadly similar to that stipulated by International Financial Reporting Standards ("IFRS") and used for the preparation of the Company's 2021 Financial Statements. Section D provides a reconciliation between IFRS and Solvency II reporting and commentary to explain material differences.

Section E – Capital management

Own Funds refers to the capital available within the Company for the purpose of absorbing shocks. The amount of Own Funds required by Solvency II is defined by the Minimum Capital Requirement ("MCR") and the Solvency Capital Requirement ("SCR"). The MCR is the level of Own Funds below which the Company may no longer legally continue to trade, while the SCR is the minimum level treated as acceptable in normal circumstances by the Solvency II regime.

The table below shows the breakdown of the Company's Eligible Own Funds and the SCR and MCR coverage:

	2021 (€'000s)
Eligible own funds to meet SCR [1]	3,841
Eligible own funds to meet MCR [1]	3,841
Solvency Capital Requirement	864
Minimum Capital Requirement	3,700
Ratio of own funds to SCR	445%
Ratio of own funds to MCR[2]	104%

Further information about the quality of the Own Funds and the makeup of the SCR is provided in sections E.1 and E.2.

The Company uses the Solvency II standard formula to determine its capital requirements.

Statement of directors' responsibilities

Finally, the SFCR contains a Statement of Directors' responsibilities.

[1] EOF are all Tier 1

[2] Following the merger of MIL to the Company on 26 January 2022, the MCR ratio improves to 167% and the SCR ratio to 714%.

A. Business and Performance

A.1 Business

Name and legal form

MIPCC is a private limited liability company incorporated in Malta with registration number C95748 and constituted as a protected cell company within the meaning of the Companies Act (Cell Companies Carrying on Business of Insurance) Regulations (S.L. 386.10) which specifically provides for the legal segregation of assets and liabilities between various cells in a protected cell company.

Supervision

The Company and the Group it belongs to are supervised by the Malta Financial Services Authority ("MFSA) The contact details are as follows:

Malta Financial Services Authority
Mdina Road, Zone 1,
Central Business District,
Birkirkara, Malta, CBD 1010
Phone: +356 21441155
Website: www.mfsa.com.mt

External Auditors

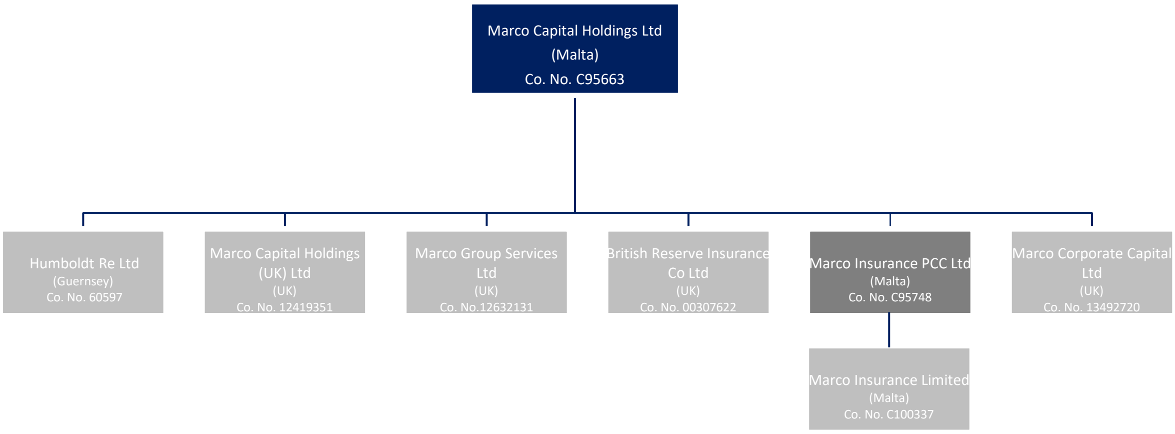
The external auditors of the Company are Mazars Malta. Their contact details are as follows:

The Watercourse, Level 2
Mdina Road, Zone 2,
Central Business District
Birkirkara, Malta, CBD 2010
Phone: +356 21345760
Website: www.mazars.com.mt

Holders of qualifying holdings and material related undertakings

MIPCC is wholly owned by MCHL, an insurance holding company which is the immediate parent undertaking of MIPCC. MCHL is ultimately owned by private equity funds managed by Oaktree Capital Group Holdings GP, L.L.C. and Brookfield Asset Management Inc. which are considered to be the qualifying shareholders.

The structure chart below shows the position of the Company within the Group as at 31 December 2021:



Material lines of business and material geographical areas

The Company was licensed on 31st May 2021 to carry on business of (re)insurance in all classes of general insurance. The Company did not write insurance business during the reporting period but made its first acquisition transaction on the 19th October 2021 when it acquired MIL which contains commercial combined liability insurance business.

A.2 Underwriting Performance

There was a pre-tax loss for the year of €1,583K (2020: loss of €12k). The loss for the year was largely driven by administrative expenses of €1,597k (2020: €12k) incurred in establishing the operational structure and assessing business opportunities.

A.3 Investment Performance

The Company holds all its assets in cash and cash equivalents plus other highly liquid financial assets. In 2021, the Company earned no interest income from the cash balances held with banks.

A.4 Performance of Other Activities

In 2021, there were no other material activities generating income or expenses.

A.5 Any Other Information

COVID-19 Pandemic

As of the date of this report, the number of new and active cases of COVID-19 has decreased and likewise the impacts of COVID-19. The Company does not have underwriting exposures to COVID-19 and all of its investable assets are held in cash with highly rated counterparties so that it is only exposed to credit risk of those banking institutions.

The Company continues to operate successfully and staff have resumed working from the Company's offices.

B. System of Governance

B.1 General Information on System of Governance

The Board and its Committees

The Company adopts the MFSA Corporate Governance Guidelines for Public Interest Companies. Additionally, as a licensed insurance entity, it is also regulated by various rules issued under the Insurance Business Act (Cap. 403) and is guided by the EIOPA Guidelines on Systems of Governance and other international models of best practice.

The Board of Directors of MIPCC maintains overall ownership and responsibility for decision making and the setting of Company strategic objectives and associated incentivisation; and provides the necessary oversight, governance and leadership to put them into effect. The Board is responsible for controlling and directing the Company in line with expectations and requirements of its ultimate shareholders, and for ensuring that the business is compliant with all applicable legislative and regulatory requirements. It is also responsible for external reporting of the Company.

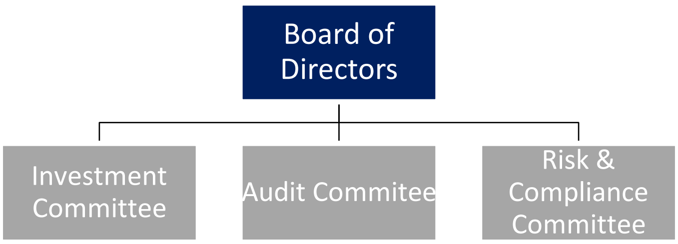
As at 31 December 2021, the Board comprised six directors, with five directors being independent non-executive directors to ensure appropriate independent oversight and challenge. The members of the Board bring significant experience and market knowledge that collectively provide leadership, integrity, judgement and sound values to direct and supervise the affairs of the Company. The Board has adopted the three lines model for its governance structure.

The members of the Board of Directors of the Company are:

Executive	
Simon Minshall	(appointed 3rd June 2020)
Independent Non-Executive	
Rolf Tolle	(appointed 16 April 2021)
Monika Sebold-Bender	(appointed 16 April 2021)
Dieter F J Wemmer	(appointed 16 April 2021)
Juanita Bencini	(appointed 12 April 2021)
Paul Van Coillie	(appointed 16 April 2021)

As noted above, the Directors were appointed prior to the licensing date of the Company which was licensed on the 31st May 2021.

The Board meets at least on a quarterly basis and is supported by the advice from and reporting of the following Board Committees which are each chaired by an independent Non-Executive Director. Each committee has formal terms of reference which outline how the committee is constituted, the membership and the duties of the Committee.



Investment Committee

The Board has delegated its authorities relating to the management and monitoring of its investments, to the Investment Committee, to ensure that all market risks to the Company are managed in line with the established risk appetite. The Committee reviews and oversees the implementation of the investment strategy, including the management and administration of the Company's investment assets, investment performance and treasury activity. The Committee is also responsible for monitoring the associated market risks and making recommendations to the Board as appropriate.

The Investment Committee is composed of a Non-Executive Director as Chair, the Chief Executive Officer and the Chief Financial Officer and will receive reports from the appointed investment manager when investments in securities are made.

Audit Committee

The Audit Committee is responsible to assist the Board in overseeing the financial reporting, the internal control framework and the selection process for auditors.

The Audit Committee's overarching purpose is to monitor the internal controls with regard to financial reporting and provide recommendations on the appointment of auditors to the Board of MIPCC. The Audit Committee maintains full independence from the executive management of MIPCC to ensure that the interests of the shareholders are appropriately protected in relation to financial reporting and the internal control framework. The Audit Committee receives reports from the internal audit function, and from the Company's external auditors, and reports to the Board.

The Audit Committee is composed of 4 independent Non-Executive Directors.

Risk and Compliance Committee

The Risk and Compliance Committee is responsible to provide effective oversight that risks faced by the business are managed in line with the agreed and defined risk appetites. The Committee maintains full independence from executive management, to ensure that the interests of the shareholders are appropriately protected in relation to risk management, monitoring and regulatory compliance. The Committee also has overall responsibility for compliance matters for MIPCC.

The Risk and Compliance Committee is composed of 4 independent Non-Executive Directors.

Key Functions

The Company has in place the four key functions established by the Solvency II Directive, namely the Compliance, Risk Management, Internal Audit and Actuarial functions. The key functions are outsourced to third party service providers, and the descriptions of their roles and responsibilities are detailed in the sections below.

Remuneration principles

The Board of MIPCC fulfils the role of the Remuneration Committee and is responsible for review of the Company's remuneration principles. Subject to the necessary MCHL consents, the Board is responsible for:

- setting and adhering to a transparent and fair process for remuneration;
- determining the remuneration package of Directors and recommending the remuneration package of executive officers and senior employees; and
- approving remuneration packages.

In performing these activities, the Board would give consideration to the regulatory remuneration requirements with particular focus on the following components of remuneration:
- base salary;
- benefits;
- variable pay - bonuses; and
- variable pay - long-term incentives.

No individual would be permitted to be involved in any discussions or decisions that relate to their own remuneration.

During the reporting period the Company did not have direct employees but a number of members of staff of Marco Group Services Limited (a group services company) were seconded to the Company. There were no transactions concluded with shareholders, with persons who exercise a significant influence on the Company and members of the Board.

B.2 Fit and proper requirements

All persons who effectively run the Company or have other key functions are required to possess the necessary competence, professional qualifications, experience and be of good repute and integrity (fit and proper criteria).

The Company assesses the fitness and propriety of an individual when that person is being considered for a key function or to run the Company, and this is monitored on an ongoing basis. The ongoing evaluation consists of, as a minimum, a performance assessment and a self-certification and may also include external checks such as criminal record checks, depending on the individual's position. Training requirements are also monitored to ensure that their skills, knowledge and experience remain adequate and are kept up to date to enable them to perform their function effectively and in accordance with any relevant regulatory requirements.

Fitness for the Company's Board means that the Board's collective professional qualifications, knowledge and experience is adequate to enable sound and prudent management. To satisfy the fitness criteria, the Board should possess collective knowledge, competence and experience in the following areas:

- Market knowledge;
- Business model and strategy;
- System of governance;
- Financial and actuarial analyses; and
- Regulatory framework conditions and requirements.

In addition, the Board, Management and persons holding Key Functions shall possess the following, collectively and individually: adequate professional and personal skills, relevant experience, proper knowledge of the structure and business of the Company, and a proper understanding of the risks arising from the business, management skills aimed at calibrating the objectives of the Company and ability to avoid or manage conflict of interests within the Company.

The fitness of persons fulfilling Key Functions (including when a Key Function is outsourced) requires professional qualifications as well as knowledge and experience to ensure that they can fulfil their roles and responsibilities. Being proper means that the person is honest and financially sound, based on character, behaviour and business practices, including a consideration of criminal records, financial and regulatory aspects. Behaviour not regarded as proper includes relevant criminal offences (such as money laundering, market manipulation, insider trading, usury, fraud, insolvency). Persons who effectively run the Company or hold Key Functions must be of good repute and integrity.

B.3 Risk management including the Own Risk and Solvency Assessment (“ORSA”)

The risk management function of the Company is outsourced to PwC UK through Marco Group Services Limited, a group entity that provides a number of intra-group services. PwC is the leading European regulatory and risk practice within the insurance industry. The risk management function is responsible for:

- Monitoring the general risk profile of the insurer as a whole;
- Reporting on risk exposures to the Board;
- Identifying and assessing emerging risks; and
- Oversight of the ORSA process and production of the ORSA report.

The risk management function is accountable for the responsibilities of the function listed above. The risk management function reports to the Chair of the Risk and Compliance committee on a fortnightly basis and updates the Risk and Compliance Committee and the Board on a quarterly basis with regards to risk management issues and on an ad-hoc basis following any material change in the risk profile. The risk function may call for an ad hoc Risk and Compliance Committee and/or Board meeting to address risk management issues where this is deemed to be appropriate.

The Risk Management System is defined in the Company’s documented Risk Management Framework, Risk Policies, Risk Appetite Statement and its Risk Register which is monitored on an ongoing basis and presented at each Risk and Compliance Committee meeting, highlighting any risks falling outside the risk appetite of the Company.

Risk identification

It is the responsibility of the risk function to monitor the risk profile of the business and identify and escalate new risks to the business as needed. Where a new or escalating risk is deemed to be material to the business, the risk function will escalate this to the Board for further consideration.

The risk management and actuarial functions will also review, agree and assess the risk profile of the Company during the ORSA process, reporting on any new or changing risks.

ORSA

The Company's ORSA provides an internal assessment of the Company's current and future capital requirement, taking into consideration the specific risk profile and strategy of the Company. Thus, it considers areas not fully reflected in the SCR.

The ORSA considers business strategy and risk appetite in assessing the Company's on-going solvency. The ORSA framework is a series of processes to enable the Company to manage its risk profile against risk appetite and ensure there is appropriate capital to cover the risks faced in the medium term.

The Company's strategy is to acquire (re)insurance portfolios in run-off through reinsurance transactions, loss portfolio transfers and acquisitions of other insurance entities. The Board manages the business, and has based risk appetites upon capital management and impact on capital and this approach will continue as the Company embarks on its growth strategy.

Governance

The Board is responsible both for approving the ORSA policy and reviewing, challenging and signing off the ORSA outputs. The Board remains the principal audience for the ORSA. The Board requests and directs additional testing or alternative representations of risk, as needed, that they feel will provide a clearer representation of the risks faced by the Company.

The quality of data used during the ORSA process is vital. Each ORSA report will contain a statement attesting to the data quality checks that have been carried out over the data used in the report.

Technical provisions are a key input to the ORSA. As such, each report will contain a statement from the Actuarial Function Holder confirming that technical provisions have been calculated in accordance with best estimates and reserving best practice and are in line with required Technical Accounting Standards (TASs).

ORSA Process

The ORSA process enables the Company's Board to ensure risks are effectively managed and appropriate capital is held within the business. The process is reviewed at a minimum of at least once annually by management to ensure the process remains up to date and fits in with the profile of the business. In addition, the ORSA process helps to identify weaknesses, and future emerging risks and uncertainties. The following inputs are used in the ORSA process:

- Company business plan, including fully-fledged three-year projections with assumptions;
- Latest audited financial statements;
- Solvency II balance sheet and accompanying quarterly / annual quantitative reporting information;
- Actuarial reports;
- Risk register;
- Board approved risk appetites;
- Latest risk dashboards;

- Governance structures; and
- Any relevant regulatory correspondence.

The Company's risk function also supports the actuarial function to provide solvency analysis, which will include an assessment of the amount and quality of own funds held using testing of tiering. Stress and scenario testing will also be performed to provide analysis of how robust the solvency position of the Company is in line with the SCR and current risk profile. The outcome of the internal solvency analysis will help the Company to ensure that it holds sufficient capital for the whole risk universe of the Company whilst continuously complying with regulatory solvency capital and technical provisions requirements

Frequency of ORSA

This report is carried out at least annually by the Company or following a material change to the risk profile. This is to ensure the ORSA remains relevant and fit for purpose. If this approach to the ORSA was to change, this process would be reviewed within a timely manner and, where required, revisions made.

B.4 Internal Control System

The Company's internal control system is robust and appropriate for the nature, scale and complexity of the business. The three lines model is embedded in the internal control system of the Company and includes financial reporting controls, operationally independent key functions and support provided by external firms as required.

Management is responsible for first line processes and related controls with the Compliance and Risk Management functions acting as the key second line functions, monitoring and challenging the first line. Internal and External audit form the third line with responsibility for all activities including any outsourced activities.

Compliance Function

Compliance is a second line key function within the Internal Control System of the Group. This function is outsourced to Ganado Advocates, a leading law firm providing high standards of legal and regulatory advisory services in a wide spectrum of international commercial and corporate activities.

The function's primary responsibilities and activities are:

- To fulfil the role of Compliance Officer and ensure compliance with applicable law, regulations and administrative provisions to protect the Company against compliance and conduct risks.
- To advise senior management, committees and the Board on compliance with applicable laws and regulations including the Solvency II Directive and other relevant regulation.

The function achieves this by establishing and maintaining appropriate compliance policies, frameworks and procedures and through ongoing compliance monitoring and the provision of relevant and timely management information. The activities and processes of the compliance function are supported by the other key functions such as Internal Audit, Risk, and Actuarial.

The compliance function reports to the Risk and Compliance Committee which is responsible for oversight of this key function and provides a compliance update through fortnightly meetings with the Chair of the Risk and Compliance Committee and quarterly updates at the Risk and Compliance Committee meetings.

B.5 Internal Audit function

The Company's internal audit function is outsourced to KPMG Malta which is part of a global network of professional services firms providing audit, tax and advisory services. KPMG Malta has easy access to territory-specific expertise in many different countries. This ensures independence of the internal audit function from operational activities.

The internal audit function reports to the Audit Committee and also has direct access to the Board, whenever necessary. The Audit Committee and Board may request internal audit to conduct a review where they deem necessary, outside of the internal audit plan. KPMG reports its findings to the Audit Committee, which reports to the Board who determine what actions are to be taken as a result of those findings and shall ensure any actions are completed. The internal audit function may also report directly to the Board or hold meetings with the Board without the presence of executive management, as necessary.

B.6 Actuarial function

Solvency II requires that the Company has an actuarial function to:

- Coordinate the calculation and validation of technical items under financial reporting and Solvency II standards, including technical provisions calculations;
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- Assess the sufficiency and quality of the data used in the calculation of technical provisions;
- Compare best estimates against experience;
- Inform the Board of the reliability and adequacy of the calculation of technical provisions;
- Oversee the calculation of technical provisions;
- Express an opinion on the overall underwriting policy;
- Express an opinion on the adequacy of reinsurance arrangements; and
- Contribute to the effective implementation of the risk management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements.

The actuarial function is outsourced to PwC UK ("PwC") through Marco Group Services Limited, a group entity that provides various intra-group services. PwC is one of the leading European regulatory and risk practices within the insurance industry and has access to various insurance professionals across multiple disciplines. The actuarial function reports to the Audit Chair, an independent Non-Executive Director who is also an actuary, and to the Chief Financial Officer with regard to financial reporting on regulatory capital requirements and technical provisions, and ultimately to the Board.

B.7 Outsourcing

Background and regulatory expectations

The Company has implemented an Outsourcing Policy which defines the minimum requirements for outsourcing critical, important and key functions to service providers. The Policy defines principles, minimum requirements, responsibilities, processes and reporting outputs in accordance with relevant regulatory requirements.

Notwithstanding the outsourcing of certain important activities, the Company remains fully responsible for discharging all its obligations. It must manage the outsourcing prudently. In particular, the risks associated with outsourcing shall be identified, analysed, assessed and adequately managed and monitored.

The Outsourcing Policy establishes the process for assessing and appointing the service provider and the drafting of agreements to be entered into with such providers, subject to relevant regulatory requirements. It also outlines the monitoring processes for the effective governance and oversight of such outsourcing arrangements. For each outsourced key/critical function, the Company allocates responsibility for oversight of the outsourced service provider by a person or Committee of the Company.

Categorisation of outsourcing arrangements

Under Solvency II, there are four Key Functions: actuarial, risk, compliance and internal audit. Activity within each of these functions of MIPCC is outsourced, and oversight and control are maintained centrally.

In addition, the Company has determined that the following outsourced services are critical for the performance of services of the firm on a continuous and satisfactory basis:

- Finance
- Claims
- Data storage
- System maintenance and support
- Reinsurance
- Complaints handling
- Investment Management

The Company has also determined that the following outsourced services are important for the performance of services of the Company on a continuous and satisfactory basis:

- Accounting
- Tax
- Company Secretarial

During the reporting period, the Company has outsourced the following critical and important functions:

Function	Service Provider	Jurisdiction
Actuarial	PwC	UK
Compliance	Ganado Advocates	Malta
Internal Audit	KPMG	Malta
Risk Management	PwC	UK
Company Secretarial	Ganado Services Limited	Malta

B.8 Any other Information

The Company continuously monitors the effectiveness of its system of governance, including the effectiveness of specific functions, and considers them to be operating effectively.

C. Risk Profile

Risk is measured and steered using a number of qualitative and quantitative tools. There have been no material changes to the measures used to assess risks during 2021.

The Company was licensed in May 2021 and during the reporting period did not write any (re)insurance business and hence was not exposed to underwriting risk. The Company's assets were held as cash in a bank and therefore the Company was exposed to counterparty default risk. With effect from October 2021 the Company became exposed to equity risk through its participation in MIL. As an operating entity, the Company is also exposed to operational risks.

This section provides information on the Company's overall risk profile during the reporting period followed by a description of each risk category in detail.

The Company does not use special purpose vehicles to transfer risk. It is not exposed to risk from positions off its balance sheet.

C.1 Underwriting Risk

As a run-off specialist, MIPCC shall be primarily exposed to reserve risk – that is, the risk of assumed technical provisions being insufficient to cover losses incurred, however during the reporting period the Company was not exposed to underwriting risks as it had not written any new deals.

C.2 Market risk

Management

The Company manages market risk in a conservative manner. MIPCC currently holds all investable assets in cash. The Company intends to invest its assets as it grows which will give rise to other market sub-risks. In an effort to mitigate these risks the Company will maintain a high-quality investment portfolio with a relatively short duration to reduce the effect of interest rate changes on book value.

The Company has a policy of broadly matching its currency liabilities with assets denominated in the same currency in order to minimise currency risk. Rebalancing of net currency exposure is undertaken at the end of every quarter to reflect changes in either asset or liability values.

Assessment

The Company's investable assets were all held as cash at bank during the reporting period and hence there was no exposure to interest rate and spread risks. It had a limited exposure to currency risk. With effect from October 2021 the Company became exposed to equity risk through its participation in MIL however this was removed with the merger of MIL into MIPCC in 2022.

C.3 Credit risk

Management

The Company reviews credit ratings of counterparties and other information considered relevant to assess the risks. The Company acts to limit exposures dependent upon credit rating with a broad strategy of maximising returns on assets with an acceptable level of risk. In 2022 the Company has appointed Conning Asset Management Limited ("Conning") as its investment Manager. Conning has a Credit Research team with expertise in all major industry groups assigning proprietary Conning ratings and outlooks. The team assigns proprietary target ratings and outlooks to all issuers.

Assessment

At the reporting date, the credit risk relating to financial assets was low, as the assets are held in cash with a highly rated institution, however the Company is exposed to a higher concentration risk as the assets are held with one bank.

C.4 Liquidity risk

Management

The Company's assets are all held in cash and hence it is not exposed to liquidity risk.

C.5 Operational risk

Operational risk is the risk of failure in people, processes or systems of the Company.

Management

The Company seeks to manage this risk through the Risk & Control Self-Assessment (RCSA) process which includes the maintenance of operational risk registers covering all aspects of operations, facilitated by the risk function. Through the RCSA process, each 'Risk Owner' is responsible for assessing the design and operating effectiveness of their control environment, and, to the extent any gaps or deficiencies exist, assessing the corresponding impacts and level of operational risk. The risk function provides a structured and consistent approach to the RCSAs across the organisation, including the approach/methodology for ratings, and also to provide some independent input and challenge to the risk owners as part of the process. This is supplemented by a structured programme of testing of processes and systems by internal audit.

Assessment

The biggest operational risk facing the Company is key man risk as a result of the current low headcount. The Group seconds a number of members of its Group Executive Team to the Company to manage the day-to-day operations. The Company also relies a lot on outsourcing which in itself creates an additional risk i.e. outsourcing failure. The Company has in place an

Outsourcing Policy which details the process of selecting service providers and overseeing the performance and risks potentially emerging from such arrangements.

Towards the end of 2021, the Covid-19 pandemic has hit the operations of the Company in that it has relied upon remote working, and remote meetings of the Boards and Committees. The Company has invoked elements of the Business Continuity Policy to ensure that staff and suppliers can continue to undertake all business services remotely. This has had no material impact on the Company in its pursuit of its strategy.

C.6 Other material risks and emerging risks

MIPCC has no other material risk exposures.

Emerging risks are monitored by the risk function and these include the impact of climate change on the strategy and exposure of the business and lately the invasion of Ukraine by Russia on 24 February 2022 which has led to significant sanctions against Russia. The Company has no ongoing exposures to, or investments in, Russian-related or Ukraine-based interests, and the conflict is not expected to have any impact on the Company at this time.

Emerging risks are kept under close scrutiny by the risk function and are reported on a quarterly basis to the Risk and Compliance Committee.

C.7 Other information

Post the reporting date, the Company on-boarded its first portfolio in January 2022 via a merger of MIL into the Company.

This book of business does not have any material concentrations that could affect the Company's solvency ratio.

There is nothing further to report regarding the risk profile of the Company.

D. Valuation for solvency purposes

Introduction

The scope of this section of the report is to represent the Company's financial position valued according to the Solvency II Directive.

The recognition, measurement and valuation policies for IFRS reporting purposes applied by the Company are summarised in the Company's Annual Report and Financial Statements. This report summarises any differences to those valuation policies for solvency purposes.

The table below shows the IFRS balance sheet as at 31st December 2021, and the key valuation and reclassification differences between that and the balance sheet used for solvency purposes.

(€'000s)	IFRS (a)	Reclassifications (b)	Valuation differences (c)	Solvency II (d)=(a+b+c)
Assets				
Investment in subsidiary	3,400	-	-	3,400
Insurance and intermediaries' receivables	-	-	-	-
Receivables (Trade, not insurance)	117	-	-	117
Cash and cash equivalents	3,979	-	-	3,979
Total Assets	**7,496**	**-**	**-**	**7,496**
Liabilities				
Technical provisions				
Best Estimate	-	-	-	-
Risk margin	-	-	-	-
Reinsurance Creditors	-	-	-	-
Deferred tax liabilities	-	-	-	-
Payables (Trade, not insurance)	(3,607)	-	-	(3,607)
Other liabilities	(48)	-	-	(48)
Total Liabilities	**(3,655)**	**-**	**-**	**(3,655)**
Excess of Assets over Liabilities	**3,841**	**-**	**-**	**3,841**

D.1 Assets

D.1.1 Reinsurance recoverables

For comments concerning this item, please refer to D.2 Technical Provisions.

D.1.2 Investment in subsidiary

The Company acquired Marco Insurance Limited ('MIL') for a consideration of €3.4M from the parent holding company, MCHL. The acquisition occurred on the 16th October 2021 after MIL was redomiciled to Malta from the Isle of Man. MIL is recognised in the books of the Company at cost. No impairment charges are provided for as MIL's net book value exceeds the cost of acquisition. The investment in subsidiary is valued at cost in the Solvency II balance sheet.

D.1.3 Receivables (Trade, not insurance)

Receivables are measured at transaction price, less any impairment under IFRS and Solvency II, unless the market value deviates materially from the adjusted transaction price. In that case, the market value is used in the Solvency II balance sheet.

D.1.4 Cash and cash equivalents

Cash and cash equivalents are measured at face value. There is no difference in valuation between the Solvency II value and the IFRS accounts.

D.1.5 Deferred Tax Asset

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

The Company forms part of a fiscal unit as provided by the Consolidated Group (Income Tax) Rules, as from year of assessment 2022 (basis year 2021) with the Parent entity, MCHL, being the principal tax payer and thus holder of the deferred tax asset. In the Company's Financial Statement deferred tax asset is recognised as a receivable from MCHL.

There are no valuation differences relating to deferred taxes resulting from the differences in technical provisions and insurance receivables for Solvency II.

There is no material difference in valuation methodology for any other class of assets or liability.

D.2 Technical Provisions

Basis

Technical provisions are calculated in respect of all insurance obligations to policyholders.

The value of the technical provisions corresponds to the current amount required to transfer insurance obligations immediately to another insurance entity.

The technical provisions consist of the claims provision, premium provision and risk margin, and these elements are calculated separately. Together the claims provision and the premium provision constitute the best estimate liabilities (“BEL”).

MIPCC was not required to hold technical provisions during the reporting period, as there were no insurance obligations to policyholders. This section therefore documents the process in place to calculate the technical provisions, noting that this calculation is not yet required for the Company.

Methods and assumptions

The calculation of the BEL is based on up-to-date and credible information and realistic assumptions and is performed using relevant actuarial and statistical methods.

The claims provision is based on the IFRS claims provision, with the addition of an allowance for future investment management expenses. A payment pattern is applied to each element of the claims provision to obtain future cash flows, which are then discounted to reflect the time value of money in line with Solvency II requirements.

The risk margin is calculated by determining the cost of providing the amount of eligible own funds equal to the Solvency Capital Requirement (SCR) necessary to support the insurance obligations over their lifetime.

Our approach to estimating future SCRs is based on the current SCR as a proportion of remaining best estimate provisions at each future time period. The cost of capital rate used in the calculation of the risk margin is set by EIOPA at 6%.

The Solvency II basis has inherent uncertainty around the discount benefit arising from future movements in the yield curve and payment patterns. Other than discounting, the assumptions that have the greatest effect on the movement of provisions are those that affect the expected level of claims. These can come from a number of sources, including, but not limited to:

- claims reporting patterns being different from those expected;
- claims handling costs being different from those expected.

There is no material difference between IFRS provisions and Solvency II technical provisions other than the introduction of a risk margin.

No matching adjustment or volatility adjustment is applied to the risk-free yield curve used to discount the technical provisions. No transitional arrangements are applied.

Material changes in assumptions

Assumptions are subject to a regular review cycle with the period between reviews chosen to reflect the materiality of the assumption.

Simplifications

The calculation of the technical provisions shall be carried out using materially appropriate, complete and correct data and using valuation methods which are appropriate to the nature and complexity of the insurance technical risks. The limitations of the data and valuation methods are identified and understood. Selection of the appropriate method is based on expert judgement, considering the quality, quantity and reliability of the available data and analysis of all-important characteristics of the business.

The method used to calculate the Risk Margin is defined by Solvency II regulation as a simplification.

The Company did not have any technical provisions during the reporting period**.**

D.4 Liabilities other than Technical Provisions

D.4.1. Payables (Trade, not insurance)

Payables (Trade, not insurance) consist of the amount of consideration in respect of the MIL acquisition which is payable to MCHL, and other intra-group charges. There are no differences between the Solvency II valuation and IFRS valuation of payables (trade, not insurance).

D.5 Alternative Methods of Valuation

No alternative methods of valuation are used.

D.6 Any other information

The Company has a payable to related group entities of €3.6M, €3.4M of which is the consideration payable for the acquisition of MIL, payable to MCHL following the merger. The rest being recharges for service provided by other group entities.

E. Capital Management

E.1. Own Funds

The core objective of the Company's management of capital is to ensure that it maintains a target solvency coverage ratio of 120%.

The Group maintains a formal capital management policy, and capital management planning is embedded within the main planning process, with a time horizon of three years. Capital management protects the Company's Own Funds base in line with the Group's Risk Strategy and appetite.

The core element of the approach to capital management is the approval by the Company's Board of any dividends or requests for additional capital. This approval is subject to maintaining an adequate buffer over the SCR/MCR.

The table below shows the breakdown of the Own Funds by Tier, and the SCR and MCR coverage.

	2021 (€'000s)
Tier 1	
Ordinary shares	5,357
Reconciliation reserve	(1,516)
Total Tier 1	**3,841**
Total eligible own funds to meet the SCR	**3,841**
SCR (see below)	864
SCR coverage ratio	**445%**
Total eligible own funds to meet the MCR	**3,841**
MCR (see below)	3,700
MCR coverage ratio[1]	**104%**

No Own Funds items for the Company rely on transitional measures for their inclusion in Tier 1. There are no restrictions on the availability of Own Funds to support the SCR and MCR, and no matching adjustment portfolio exists. The Company has no subordinated debt or ancillary Own Fund items.

The reconciliation reserve is made up of retained earnings and reconciliation adjustments from IFRS to Solvency II balance sheet only.

[1] Following the merger of MIL to the Company on 26 January 2022, the MCR ratio improves to 167% and the SCR ratio to 714%.

E.2. Solvency Capital Requirement & Minimum Capital Requirement

The Company uses the Standard Formula to calculate its SCR. The SCR at 31 December 2021 is €864k, and the MCR is €3.7m. A split of the SCR by the different risk modules is shown in the following table.

Risk Category	2021 (€'000s)
Market risk	755
Interest rate risk	-
Currency risk	26
Equity risk	748
Diversification benefit	(19)
Counterparty risk	271
Premium and reserve risk	-
Lapse risk	-
Operational risk	-
Sum of standalone risks	1,026
Diversification benefit	(162)
SCR before deferred tax	864
Deferred tax	-
SCR	864

The calculation of the MCR follows the methodology described in the Solvency II regulations. It uses the SCR as an input parameter for determining the possible range for the MCR, as well as the standard set of inputs required by the formula-based calculation.

The SCR comprises currency and counterparty risk. The counterparty default risk arises solely from cash held at bank.

E.3 Use of various options in the Standard Formula calculation

Simplifications, undertaking-specific parameters and the duration-based equity risk sub-module are not used.

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

No internal model is used by the Company.

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

The Company has complied continuously with the Minimum Capital Requirement and the Solvency Capital Requirement.

E.6 Any other information

All important information regarding the capital management of the undertaking is addressed in the above sections.

F. Statement of Directors' responsibilities

We acknowledge our responsibility for preparing the SFCR in all material respects in accordance with the MFSA Rules and the Solvency II Regulations.

We are satisfied that:

a) throughout the financial year in question, the Company has complied in all material respects with the requirements of the MFSA Rules and the Solvency II Regulations as applicable to the insurer; and
b) it is reasonable to believe that the Company has continued to comply subsequently and will continue to comply in future.

By order of the Board
Simon Minshall
Director
Marco Insurance PCC Limited
Registered Number: C95748

April 6, 2022

Appendix – Quantitative Reporting Templates

Marco Insurance PCC Limited

Solvency and Financial Condition Report

Disclosures

31 December

2021

(Monetary amounts in EUR thousands)

General information

Undertaking name	Marco Insurance PCC Limited
Undertaking identification code	213800TN8UO98X7MBL94
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	MT
Language of reporting	en
Reporting reference date	31 December 2021
Currency used for reporting	EUR
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	3,400
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	3,400
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	0
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	0
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	117
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	3,979
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	7,496

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	0
R0520	*Technical provisions - non-life (excluding health)*	0
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	0
R0550	*Risk margin*	0
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	3,607
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	48
R0900	**Total liabilities**	3,655
R1000	**Excess of assets over liabilities**	3,841

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business																	0
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share																	0
R0200	Net															0		0
	Premiums earned																	
R0210	Gross - Direct Business																	0
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share																	0
R0300	Net															0		0
	Claims incurred																	
R0310	Gross - Direct Business																	0
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share																	0
R0400	Net															0		0
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net															0		0
R0550	**Expenses incurred**															0		0
R1200	**Other expenses**																	1,597
R1300	**Total expenses**																	1,597

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business							0
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share							0
R0200	Net	0						0
	Premiums earned							
R0210	Gross - Direct Business							0
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share							0
R0300	Net	0						0
	Claims incurred							
R0310	Gross - Direct Business							0
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share							0
R0400	Net	0						0
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0						0
R0550	**Expenses incurred**							0
R1200	**Other expenses**							1,597
R1300	**Total expenses**							1,597

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**															0		0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross															0		0
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	0
R0150	**Net Best Estimate of Premium Provisions**															0		0
	Claims provisions																	
R0160	Gross															0		0
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	0
R0250	**Net Best Estimate of Claims Provisions**															0		0
R0260	**Total best estimate - gross**															0		0
R0270	**Total best estimate - net**															0		0
R0280	**Risk margin**															0		0
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**															0		0
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**															0		0
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**															0		0

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Accident Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year					**Development year**							**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	2012	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2013	0	0	0	0	0	0	0	0	0			0	0
R0180	2014	0	0	0	0	0	0	0	0				0	0
R0190	2015	0	0	0	0	0	0	0					0	0
R0200	2016	0	0	0	0	0	0						0	0
R0210	2017	0	0	0	0	0							0	0
R0220	2018	0	0	0	0								0	0
R0230	2019	0	0	0									0	0
R0240	2020	0	0										0	0
R0250	2021	0											0	0
R0260												**Total**	0	0

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year					**Development year**							**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	2012	0	0	0	0	0	0	0	0	0	0		0
R0170	2013	0	0	0	0	0	0	0	0	0			0
R0180	2014	0	0	0	0	0	0	0	0				0
R0190	2015	0	0	0	0	0	0	0					0
R0200	2016	0	0	0	0	0	0						0
R0210	2017	0	0	0	0	0							0
R0220	2018	0	0	0	0								0
R0230	2019	0	0	0									0
R0240	2020	0	0										0
R0250	2021	0											0
R0260												**Total**	0

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier
		C0010	C0020	C0030	C0040	C005
R0010	Ordinary share capital (gross of own shares)	5,357	5,357		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	
R0110	Share premium account related to preference shares	0		0	0	
R0130	Reconciliation reserve	-1,516	-1,516			
R0140	Subordinated liabilities	0		0	0	
R0160	An amount equal to the value of net deferred tax assets	0				
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	
R0220	**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**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	3,841	3,841	0	0	
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	3,841	3,841	0	0	
R0510	Total available own funds to meet the MCR	3,841	3,841	0	0	
R0540	Total eligible own funds to meet the SCR	3,841	3,841	0	0	
R0550	Total eligible own funds to meet the MCR	3,841	3,841	0	0	
R0580	**SCR**	864				
R0600	**MCR**	3,700				
R0620	**Ratio of Eligible own funds to SCR**	444.67%				
R0640	**Ratio of Eligible own funds to MCR**	103.80%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	3,841
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	5,357
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	
R0760	**Reconciliation reserve**	-1,516
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	755		
R0020	Counterparty default risk	271		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	0		
R0060	Diversification	-162		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	864		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	0
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	864
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	864
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	0

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

S.28.01.01

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

		C0010
	Linear formula component for non-life insurance and reinsurance obligations	
R0010	MCR_{NL} Result	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	0	0
R0060	Other motor insurance and proportional reinsurance	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	0
R0080	Fire and other damage to property insurance and proportional reinsurance	0	0
R0090	General liability insurance and proportional reinsurance	0	0
R0100	Credit and suretyship insurance and proportional reinsurance	0	0
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	0
R0140	Non-proportional health reinsurance	0	0
R0150	Non-proportional casualty reinsurance	0	0
R0160	Non-proportional marine, aviation and transport reinsurance	0	0
R0170	Non-proportional property reinsurance	0	0

		C0040
	Linear formula component for life insurance and reinsurance obligations	
R0200	MCR_{L} Result	0

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

		C0070
	Overall MCR calculation	
R0300	Linear MCR	0
R0310	SCR	864
R0320	MCR cap	389
R0330	MCR floor	216
R0340	Combined MCR	216
R0350	Absolute floor of the MCR	3,700
R0400	**Minimum Capital Requirement**	3,700