DeCare Dental

# Solvency and Financial Condition Report

2023

# Contents

# Summary

The EU-wide regulatory regime for Insurance Companies, known as Solvency II, came into force with effect from 1 January 2016. The regime requires reporting and public disclosure arrangements to be put in place by insurers, some of which required to be published on the Company's public website. This document is the sixth version of the Solvency and Financial Condition Report ("SFCR") that is required to be published by DeCare Dental Insurance Ireland DAC.

This document has been prepared to assist consumers understand the capital position (under pillar 1 of Solvency II) of DeCare Dental Insurance Ireland DAC (DDII) "the Company" as at 31 December 2023 and covers the Business and Performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. It is the Company's Board of Directors, with the help of various governance and control functions that it has put in place to monitor and manage the business that has the ultimate responsibility for all these matters.

# A. Business and performance

## A.1 Business

Established in 2004 DeCare Dental Insurance Ireland DAC (DDII) is a regulated private company limited by shares. The principal activity of the Company is the transaction of non-life insurance business in private dental care within Ireland.

DeCare introduced a vision insurance offering for the corporate market in Ireland in 2020 and it is expected to be an area of potential growth in future years.

DeCare is authorised in accordance with the provisions of the European Union (Insurance and Reinsurance) Regulations 2015 to undertake the business of non- life insurance "Class 2"

The Company's operating address and registered office is:

Industrial Estate
Claremorris
Co Mayo
F12 KD85

The Central Bank of Ireland ("CBI") is responsible for financial supervision of the Company. The CBI's address is:

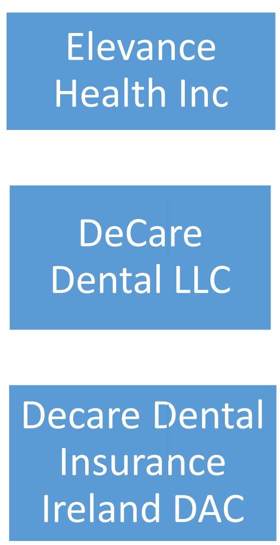
Central Bank of Ireland,
North Wall Quay,
New Wapping Street
PO Box 559
Dublin 1
Ireland.

The Company's external auditor is BDO, Block 3, Miesian Plaza,50 - 58 Baggot Street Lower, Dublin 2

The immediate parent company is DeCare Dental LLC, a global benefits management group incorporated in the United States of America with over 40 years of proven success and more than 9 million customers worldwide.

DDII's ultimate parent company is Elevance Health, Inc. which is one of the largest health benefits companies in the United States.

Elevance Health, Inc. is incorporated in the United States of America and trades on the New York stock exchange. It is the largest group into which the company's financial statements are consolidated. Copies of the group financial statements are available from the company secretary at 120 Monument Circle, Indianapolis, IN 46204, United States of America.




The Company's financial year end is 31 December each year.

## A.2 Underwriting Performance

As stated above the principal activity of the Company is the transaction of non-life insurance business in private dental care within Ireland.

DeCare introduced a vision insurance offering for the corporate market in Ireland in 2020. There has been a modest but steady development in vision membership  to date and it is expected to be an area of potential growth in future years.

Written Premium and Earned Premium have increased by 5% and 10% respectively from the previous year.

Loss ratios (Claims expense divided by Earned Premium) has remained at 46% while year on year operating expenses have increased by 7%.

## A.3 Investment Performance

As at the 31 December 2023 the company's financial assets consist of cash and cash equivalents of € 3,446,652 and deposits other than cash equivalents of € 14,376,210 which are placed in short term euro denominated deposit accounts.

A rise in interest rates has seen Interest income for the year increase from €11,322 in 2022 to €355,472 in 2023.

## A.4 Performance of other activities

The principal activity of the Company is the transaction of non-life insurance business in private dental care within Ireland.

DeCare priced and developed vision insurance for the corporate market in Ireland during 2020.

There has been a modest but steady development in vision membership to date and it is expected to be an area of potential growth in future years

The Company was not engaged in any other activity during the year.

## A.5 Any Other Information

The outbreak of the Covid-19 pandemic resulted in substantial operational adjustments including the enabling of the majority of DDII staff at all levels and in all functions to work remotely. This did not result in any negative impact on the level of service provided to the Company's customers and there has not been any adverse effect on the financial performance of the company.

We have seen a return to normal levels of activity throughout 2022 and 2023 and the customer book has continued to grow with a net increase of 4% in 2023

We are forecasting a strong performance with continued growth and profitability over the next three years.

There is no additional information that needs to be included in this report.

# B. System of Governance

## B.1 General Information on the system of Governance

The Company is classified as a Low-Risk firm under the Central Bank of Ireland's risk-based framework for the supervision of regulated firms and is subject to the Central Bank of Ireland's Corporate Governance Requirements for Insurance Undertakings 2015.

The Board of Directors has adopted a supervisory structure to suit the requirements of DDII's operational needs. This structure grants the required flexibility that leads to an efficient decentralisation of selective decision making while ensuring that responsibility for overall governance rests within the Board.

The CEO, assisted by the Finance and Compliance Manager oversee all activities undertaken and escalates material matters to the Board. There have been no material changes in governance from the previous year.

## Board of Directors

The Board of the Company is of sufficient size and expertise to oversee adequately the operations of the Company. The composition of the Board has been designed to ensure:

- that it can adequately discharge its responsibilities and duties
- that it has a proper understanding of, and competencies to deal with, the current and emerging issues of the business
- that it can effectively review and assess the performance of outsourced arrangements

The Company's Board of Directors carry responsibility for the oversight of the business and sets its strategy and risk appetite

The Board is responsible for setting and overseeing:

- The business strategy and risk appetite for the institution;
- The amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the institution;
- The strategy for the on-going management of material risks including, inter-alia, liquidity risk;
- A robust and transparent organisational structure with effective communication and reporting channels;
- A remuneration framework that is in line with the risk strategies of the institution; and
- An adequate and effective internal control framework, which includes well-functioning risk management, compliance and internal audit functions as well as an appropriate financial reporting and accounting framework.

The following were members of the Board on 31 March 2023:

Mr. Denis Casey (Group Director and Chairperson)
Mr. Dani Fjelstad (Group Director)
Mr. Alan Holmes (Independent Non- Executive Director)
Mr. Seamus Kavanagh (Independent Non- Executive Director)
Ms. Maureen Walsh (CEO)

The Company Secretary is Mr Steven Moran.

There have been no material transactions between the Company and any of its directors during the year. Management fees of €253,782 from our immediate parent undertaking "DeCare Dental LLC" were incurred during the year.

## Audit Committee

The Board of Directors of DDII has established an Audit Committee, which is charged with the responsibility of assisting the Board in fulfilling its responsibilities to provide oversight with respect to:

- The integrity of DDII's financial statements and other financial information.
- DDII's internal control over financial reporting.
- The independence, engagement and performance of DDII's independent auditors.
- The performance of DDII's internal audit function, and
- DDII's compliance with legal requirements and the compliance by DDII's directors and executive officers with DDII's Code of Conduct.
- DDII's compliance with, "The Corporate Governance Code".

The Current Members of the Audit committee are:

- Alan Holmes - Independent Non-Executive director - (Chairperson)
- Seamus Kavanagh - Independent Non-Executive director
- Dani Fjelstad - Group Director

Any action duly and validly taken by the Committee pursuant to the power and authority conferred to it shall for all purposes constitute an action duly and validly taken by the Board and may be certified as such by the Secretary or other authorized officer of DDII.

## Risk Committee

The Board of Directors of DDII has established a Risk Committee

The Committee is responsible for:

- Monitoring risk governance and to assist the Board in discharging its responsibilities in ensuring that risks relating to the Company are properly identified, reported, and assessed.
- Ensuring that risks are properly controlled; and
- That strategy is informed by and aligned with the Companies risk appetite.

The Risk Committee makes recommendations to the Board on risk issues where the Board has reserved authority, maintains oversight of the DeCare's risk profile, including adherence to the DeCare's risk principles, policies and standards and approves certain material risk policies within delegated discretion

The Current Members of the Risk committee are:

- Mr. Dani Fjelstad - Group Director – (Chairperson)
- Mr. Dennis Casey – Group Director
- Ms. Maureen Walsh - CEO

### Remuneration policy

DeCare has a remuneration policy in place for sales staff in line with the requirements of the "Guidelines on Variable Remuneration Arrangements for Sales Staff"

Arrangements for Sales Staff can be relied upon to support the overall achievement of DeCare's objectives.

Remuneration paid to directors is 100% fixed. There is no variable remuneration paid to directors.

## B.2 Fit and Proper requirements

The Company complies with the Fitness and Probity Standards (Code issued under Section 50 of the Central Bank Reform Act 2010).

Prior to appointing any individual to a control function DDII ensures that they are

- competent and capable;
- honest, ethical and to act with integrity; and
- financially sound.

This is achieved through the performance of due diligence checks which include:

- Identification (copy of passport)
- Professional qualification(s)
- Continuous Professional Development where relevant to role
- References
- Record of previous experience
- Concurrent Responsibilities
- Individual Questionnaire

For key Control Functions (referred to as Pre-approved Control Functions or “PCFs”), approval from the Company’s regulator is required prior to appointment by the Company’s Board.

Persons occupying the PCFs are required to confirm on an annual basis whether they are aware of any material developments in relation to their compliance with the Fitness and Probity Standards of which the regulated financial service provider ought to be aware.

## B.3 Risk Management System

The foundational elements of DDII’s Risk management systems are shown below. This framework enables DDII to identify, assess and manage risks within the business
Risk management lies at the heart of the Company’s business activities.

The Company maintain a risk register that is updated on an ongoing basis by the DDII team and discussed by the Board on at least an annual basis. For each Key risk there is corresponding Risk Appetite Statement which reflects the articulated risk profile set by the Board through its profiling of the identified key risks. The CEO and The CRO supports the Board through its assessment and profiling of key risks to which the Company is exposed.

The Head of Risk function is currently occupied by Mr. Steven Moran (DDII Finance and Compliance Manager)

DDII’s risk management process can be summarised as follows:

**Risk Identification** - The risk management stage that sets out to identify DDII's exposure to risks.

**Risk Analysis** - A stage in the risk management process that encompasses risk identification, description and estimation.

**Risk Evaluation -** The risk management stage concerned with decisions about whether each specific risk should be accepted or treated.

**Risk Appetite** - Limits DDII is willing to accept or capable of monitoring and controlling. These will be determined, using both quantitative and qualitative measures which include but are not limited to impact and likelihood.

## Own Risk Solvency Assessment (“ORSA”)

Every year and on an ad-hoc basis, if circumstances materially change, the Company prepares an ORSA.

The objective of the ORSA process is to enable the Board to assess its capital adequacy in the light of its assessments of its risks and the potential impacts of its risk environment and enables it to make appropriate strategic decisions. The Board requires that the ORSA process produces meaningful reports on the adequacy of the Company’s capital and risk sensitivities that can be used in shaping strategy and risk appetite.

The most recent ORSA was updated on 13 December 2023. As part of this process DDII assessed it economic solvency needs, both as of that date and for the next three years using a stress testing approach in the four main areas of risk: underwriting, reserving, financial and operational.

The following stress tests were performed:

**Underwriting risk**

The impact of an increase in claims of 25%, compared to expected claims, on its profit both for the year to date, and for the projected next three years. This is seen as about as likely as not likely.

**Reserving risk**

The impact of a deterioration in its reserves of 25% on its profit both for the year to date, and for the projected next three years. This stress is to test the risk that reserves are inadequate, either for claims already reported or for a sudden reporting of incidents that have already occurred. This is seen as an unlikely but possible scenario.

**Financial risk**

The impact of a reduction in available assets of 10% on its profit both for the year to date, and for the projected next three years. This stress is to test the risk that an investment counterparty defaults on its payments, meaning that DDII has fewer available assets to pay its liabilities.

Given that DDII is invested in cash and money market securities, the risk of such an event is low.

**Operational risk**

The impact on its profit both for the year to date, and for the projected next three years of several operational risks occurring during the same period.

The operational risks that DDII has assumed to happen during the same period are:

- Utilisation/Inflation/Claims trend
- Competition
- Economic Conditions
- Human resources
- Information Systems (enhancements)

The probability of any of the above individual risk occurring in a single year is about as likely as not. The probability of all five occurring during a single year is seen as unlikely.

**Membership Risk**

The Impact of a 25% reduction to membership numbers year-on-year for the projected next 3 years.

The reduction in assets due to the decreased premium is applied proportionally across the banks

The reduction in assets due to the decreased premium is applied proportionally across the three banks (AIB, Wells Fargo and Barclays).

The SCR under the reduction to membership numbers risk stress reduces due to the reduction in market and counterparty default risk which in turn is due to the reduction in assets and the increase in the health risk charge as a result of a reduction in the premium provision. The health risk charge increases due to reduction in future premium which as it is assumed to be profitable acts to decrease the total technical provisions. The available capital reduces by more as these assets are not available to cover the requirements. Under this scenario the company becomes loss making as there is insufficient premium to cover fixed expenses.

This is seen as an unlikely but possible scenario.

**Downgrade of Counterparty**

This scenario involves the credit quality downgrade of the largest counterparty which as at October 2023 is Barclays.

The stress applies a reduction of the credit quality step from a 2 to a 3 as at December 2023 and as at December 2024.

**Climate change**

This scenario concerns a climate change risk

The Board has assessed the materiality of exposure to climate change risk as part of the risk review process. When assessing the treat the Board considered both Physical and Transition Risks. The risk was accessed in terms of likelihood and impact and was ranked and included on the Company's risk register.

The Board has a Low/Conservative Risk Appetite towards both Physical and Transition climate risks.

<u>Physical Risks</u>

The Board considered if "Physical risks" such as the risk that flooding, Snow, Frost, Ice, mass migration etc. could have a material impact on claims expense. The Board has also considered the possibly that such risks could result in business disruption.

It was concluded that considering that to the class of business insured and Irelands temperate climate it is deemed "unlikely but possible" that such risk would occur in the short medium and long term and if they were to occur the impact would have a minor financial impact on DeCare.

<u>Transition Risks</u>

When assessing the potential Impact of Climate change, the possible Impact of transitional risks such as potential legal and policy changes, market sentiment, reputational damage, impact on global economy etc. were also considered.

With the class of business insured, the temperate geographical location in which DeCare operates and the current investment portfolio, it is considered "unlikely but possible" that such risk would occur in the short medium and long term and if they were to occur the impact would have a minor financial impact on DeCare.

While it is not considered a material risk, the Board acknowledges that climate change risk is continuously evolving risk that must be monitored closely .

Emerging and sustainability risks will be monitored by the CRO on an ongoing basis.

The requirement to assess climate change scenarios and the potential impact on claims and pricing will be considered by the Board on at least an annual basis as part of the risk assessment process.

The stresses applied are:

- A 10% reduction to membership numbers year-on-year for each projected year.
- A 10% increase in operating expenses.

**Combined Scenario**

In addition to the above we looked at the following scenario that considers out a combination of stress risks occur over the same period. The stress risks applied are an Annual 10% reduction in membership a 25% increase in the estimated claims per member per month of the remaining book and a 10% increase in projected operating expenses.

**Reverse Stress Tests**

As part of the ORSA process we also performed a reverse stress test looking at minimum loss ratio needed to result in the SCR cover falling below 100% over the project 3-year period.

## B.4 Internal Control

DDII utilizes an internal control system that comprises three lines of defense and incorporates employees and managers, (first Line), senior management and PCF holders including Compliance and Risk management (Second Line) and Internal and external Audit (third line) to ensure among other that:

- transactions are only entered into with appropriate authority;
- assets are safeguarded;
- accounting and other records provide complete, accurate, verifiable and timely information;
- management is able to identify, assess, manage and control the risks of the business and hold sufficient capital for these risks.

## B.5 Internal Audit Function

DDII outsources the Internal Audit Function to RSM McClure Watters to ensure the function holder has the required knowledge and experience, is appropriately qualified and has the appropriate level of skill necessary to perform this function in accordance with applicable professional and technical standards.

RSM objectively assesses the adequacy and effectiveness of the internal control environment to improve risk management, control and governance processes.

RSM in consultation with the Audit Committee adopt a risk-based and cyclical coverage approach is to determine the annual Internal Audit plan.

RSM act independently from the DeCare management team.

RSM report the results/findings and any corresponding recommendations resulting from the internal audit directly to the Audit Committee on an annual basis.

The Current Head of Internal Audit is Ian McCartney.

## B.6 Actuarial Function

DDII outsources the Head of Actuarial Function to Willis Towers Watson to ensure the function holder has the required knowledge and experience, is appropriately qualified and has the appropriate level of skill necessary to perform this function in accordance with applicable professional and technical standards. The current function holder is Cecilia Cheuk of Willis Towers Watson.
The main roles and responsibilities of the Head of Actuarial Function include:

- Coordinating the calculation of Technical Provisions (including Best Estimate and Risk Margin)
- Providing an Actuarial Opinion on Technical Provisions and Actuarial Report on Technical Provisions
- Providing an Opinion on the Overall Underwriting Policy
- Providing an opinion on Reinsurance Arrangements (Note DDII do not currently have any re-insurance arrangements in place)
- Providing an Opinion on the ORSA Processes
- Providing an Overall on the Actuarial Function Report and presenting the same to the Board

## B.7 Outsourcing

The Company outsources and enters into outsourcing arrangements only where there is a sound commercial basis for doing so, and where the risk can be effectively managed. A review is undertaken prior to any final decision being made as to whether to outsource a material business activity. This addresses all material factors that would impact on the potential service provider's ability to perform the business activity. An annual review of outsourced functions is carried out to ensure that all legal and regulatory requirements continue to be met.

The Key functions that are outsourced are the Internal Audit Function which is performed by Ian McCartney of RSM McClure Watters Number One, Lanyon Quay, Belfast, and the Head of Actuarial Function, which is performed by Cecilia Cheuk of Willis Towers Watson, Elm Park, Merrion Road, Dublin 4

## B.8 Any other information

### Compliance Function

The Head of Compliance function is currently occupied by Mr. Steven Moran (DDII Finance and Compliance Manager). The Head of Compliance Function attends and provides updates at Audit Committee meetings and has direct access to all of the members of the Audit Committee

Compliance monitoring provides assurance that the business is managing its regulatory risk exposure appropriately and that controls are effective. It is a key mechanism to independently confirm that the business is complying with agreed policies and meeting regulatory responsibilities
The primary function of the Compliance Function is to co-ordinate DDII and its staff's compliance with the company's legislative and regulatory requirements and well as DDII's Internal Codes and Policies. DDII's high level objectives are:

- to promote business unit awareness as to the need for staff to be informed and capable;
- to co-ordinate the implementation of any DDII Group-wide approach into DDII's procedures and manuals;
- to provide expert support on compliance issues;
- to set the compliance framework within which DDII operates;
- to provide support where compliance weaknesses and problems have been identified;

The Terms of Reference and the key responsibilities of the Compliance Function include:

- The development of a compliance culture within the organization
- The identification off and adherence to the regulatory obligations of DDII
- The Provision of advisory services to management
- The conducting of a risk-based monitoring program
- The record of responsibilities in DDII's *Compliance Manual* as appropriate
- Liaisons with regulators and other parties
- The facilitation of the provision of training of relevant personnel

# C. Risk Profile

## C.1 Underwriting risk

Insurance risk arises when there is unexpected volatility in the underwriting results. Both Dental and Vision Insurance is a relatively low volatile class of business in that there is no potential for large claims, there are no liability claims, and development is very “short-tailed.” As a result, DeCare Dental Insurance is not subject to the same volatility of risks as faced by other insurers in the general insurance market. DeCare dental policies include annual policy maximum amounts ranging from €500 to €2,600 per policy and contain explicit exclusions in the policy wording. DeCare vision plans include annual policy maximum amounts ranging from €250 to €425 per policy and also contain explicit exclusions in the policy wording.

Variability in the run-off of reserves mainly arises from uncertainty in relation to when dentists and policyholders submit invoices for work done for payment, therefore there is a much lower level of uncertainty than for other classes of insurance.

Given the stability of DDII's business, underwriting risk is not currently seen as a significant risk. However, as the business grows over the medium term, the underwriting risk will increase as a result.

## C.2 Market risk

Market risk is the risk of a deterioration in economic conditions or political decisions affecting the ability of customers to purchase dental insurance. It is currently seen as a minor risk for DDII.

## C.3 Credit Risk

As at the 31 December 2023 the Company’s financial assets consist of cash and cash equivalents of € 3,446,652 and deposits other than cash equivalents of € 14,376,210 which are held in fixed term euro denominated accounts ≤ 1 year within the Republic of Ireland. These financial assets are spread among 3 financial institutions.

DeCare manages this risk through placing the financial assets with regulated deposit taking institutions that have an appropriate credit rating, by ensuring that there is a sufficient portion of the financial assets available on demand.

## C.4 Liquidity Risk

Due to the potential impact on our business of not having access to sufficient funds to meet liabilities as they become due, the company has a low risk tolerance in this area. As at the 31 December 2023 cash and cash equivalents represents 18.5% of total Solvency II assets and fixed term deposits ≤ 1 year represents a further 77% of total Solvency II assets. These financial assets are spread among three financial institutions. DeCare manages this risk by ensuring that there is a sufficient portion of assets available on demand. This is reviewed at regular Board meetings.

## C.5 Operational risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, or from personnel or systems, or from external events. For DDII these would include:

- Utilisation/Inflation/Claims trend
- Competition
- Economic Conditions
- Human resources
- Information Systems (enhancements)

## C.6 Other material Risks

All material risks are identified above

## C.7 Any Other Information

The Company maintains a risk register that is updated on an ongoing basis by the DDII team and discussed by the Board on at least an annual basis. For each Key risk there is corresponding Risk Appetite Statement which reflects the articulated risk profile set by the Board through its profiling of the identified key risks

The Risk appetite for each of the Key risks identified as part of the risk management process is shown below:

| Risk | Risk appetite |
| --- | --- |
| Utilisation/Inflation/Claims trend including (Excessive) Supplier induced demand | Modest |
| Competition | Modest |
| Economic Conditions | Modest |
| Human Resources | Modest |
| Covid 19 | Modest |
| Information Systems - Enhancements | Low/Conservative |
| Information Systems -Existing | Modest |
| Underwriting and pricing | Low/Conservative |
| Distribution | Modest |
| Reputational Damage | Zero |
| Data Protection Breach | Zero |
| Regulatory Risk | Zero |

# D. Valuation for Solvency Purposes

The principal activity of the company remains the transaction of non-life insurance business in private dental care within Ireland.

DeCare priced and developed vision insurance for the corporate market in Ireland during 2020.

There has been a modest but steady development in vision membership to date and it is expected to be an area of potential growth in future years

There are no other material lines of business. Consequently, all the valuations in this section relate to Non-Life Insurance Undertaking Class 2 (sickness).

## D.1 Assets

| Reconciliation of Assets per statutory accounts to Solvency II Balance Sheet as at 31 December 2023 | Statutory accounts value € | Removal of Premium written but not earned | Solvency II value € |
|---|---|---|---|
| Property, plant & equipment held for own use | 378 | - | 378 |
| Deposits other than cash equivalents | 14,376,210 | - | 14,376,210 |
| Insurance and intermediaries receivables | 4,701,751 | (4,229,585) | 472,166 |
| Receivables (trade, not insurance) | 365,806 | - | 365,806 |
| Cash and cash equivalents | 3,446,652 | - | 3,446,652 |
| **Total assets** | **22,890,797** | **(4,229,585)** | **18,661,212** |

Assets have been invested in accordance with the prudent person principle. The above table shows a summary of assets in both the balance of assets in the statutory accounts and the Solvency II Balance Sheet. The difference in Insurance and receivables relates to Premium written but not yet earned of €4,229,585 which is included as an asset for the Statutory Accounts but is netted against the technical provisions for the Solvency II Balance Sheet.

## D.2 Technical Provisions

The technical provisions comprise the Best Estimate of the Liabilities and the Risk Margin.

Both Dental and Vision Insurance is a relatively low volatile class of business in that there is no potential for large claims, there are no liability claims, and development is very "short-tailed." As a result, DeCare Dental Insurance is not subject to the same volatility of risks as faced by other insurers in the general insurance market.

There is however still a reasonable chance that the eventual outcome could still differ from our estimate of reserves across all policy types and accident years. This is as a result of:

- The inherent uncertainty in claims development including changes in the settlement patterns and changes in the underlying claim frequency

- Future increases in fees for service providers that may affect claims payment related to business already written and bound but not allowed for in our estimate

- The tendency for claims to deteriorate over time for reasons that are not apparent from the data including :
  - External environment and economic factors including such as Dental insurance inflation and legal changes in the healthcare sector and
  - The inherent uncertainty in changing reporting and settlement channels from the individual insured to the dentist

The table below outlines the difference between the technical provisions recorded in the statutory accounts and the technical provisions recorded in the Solvency II balance sheet

| Reconciliation of technical provisons per statutory accounts to Solvency II Balance Sheet at 31 December 2023 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Technical Provisions** | **Statutory accounts value €** | **Removal of margins** | **Allowance for future profits in UPR** | **Removal of Premium written but not earned** | **Expenses** | **ENID'S** | **Allowance for Discounting** | **Risk Margin** | **Solvency II value €** |
| Technical Provisions | **5,811,553** | (13,700) | (2,223,348) | (4,229,585) | 810,830 | 85,000 | (7,820) | 152,234 | **385,164** |

The risk margin is an addition to the best estimate Liabilities to ensure that the technical provisions as a whole are equivalent to the amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations.

The technical provisions represent a realistic estimate of the company's future obligations with an allowance for some deviation for plausible changes in estimation in the form of the risk margin.

The expected profits in annual premiums already received is €36,319 on a discounted basis.

DeCare does not apply the matching adjustment or the volatility adjustment for calculating technical provisions.

DeCare does not apply the transitional interest rate risk free structure or the transitional measure on technical provisions

There are no material changes in the relevant assumptions made in the calculation of technical provisions compared to the previous reporting period

## D.3 Other Liabilities

Details of other liabilities are shown in the table below. There is no difference between the statutory balance sheet and the Solvency II balance Sheet in this category.

| Reconciliation of other liabilities per statutory accounts to Solvency II Balance Sheet at 31 December 2023 | Statutory accounts value € | Solvency II value € |
|---|---|---|
| Insurance & intermediaries payables | 61,038 | 61,038 |
| Payables (trade, not insurance) | 631,854 | 631,854 |
| **Total Other liabilities** | 692,892 | 692,892 |

## D.4 Alternative methods of valuation

No Alternative methods of Valuation have been used

## D.5 Any Other Information

### Methodology and our assumptions

The calculation of the technical provisions takes, as the starting point, the held reserves as detailed in the DeCare financial statements as at 31 December 2023

A number of adjustments are then made to the booked reserves in order to obtain the Solvency II technical provisions. Key points to note in relation to the methodology and our assumptions are as follows:

**Removal of Margin.** There is a small amount of €0.14 million above the best estimate produced as at 31 December 2023 by Willis Towers Watson which is subtracted from the DeCare undiscounted held claims reserves. This ensures the technical provisions are sufficient.

**Cash-flows and discounting.** Cash-flows have been discounted using the EUR risk free yield curve as at 31 December 2023 as published by EIOPA.

**Solvency II classes of business.** The products sold by DeCare constitute health insurance business which have been written on a similar technical basis to non-life insurance. These are known as non-SLT health obligations ("similar to non-life techniques") and have been allocated to the medical expense insurance Solvency II line of business.

**Inclusion of unearned business (or Removal of Future Profits)**. The expected claims on unearned business are calculated using an IELR of 46.0% for Employer Facilitated products, 51.0% for Employer Paid products, 51.0% for Flex products, 48.0% for Individual products and 45.0% for Vision products. These ratios have been selected with reference to the IELRs underlying the review of best estimate reserves as at 31 December 2023 and consideration of potential higher costs in 2024

**Inclusion of bound but not incepted business (BBNI policies).** Although there are groups that notified DeCare of their intention to renew or purchase policies at a future start date neither party would be bound until the insurance contract comes into place and the premium is received. i.e. there would be no contracts signed and DeCare could in theory cancel the policy before the effective date. The has not been any premium being received before the contact date. As such, no adjustments in relation to BBNI business were included.

**Removal of premium written (not overdue) payable monthly / Not Yet Paid**. The premium provision has been adjusted for monthly payable premiums which although written has not been paid by the policyholder. The premiums due have also been reduced to reflect this.

**Events not in data ("ENIDs").** Given the quick development of the claims, we have based the allowance for ENIDs on the scenario of a backlog in reported claims from a dental provider that is excluded from the data at the review date. We have used an amount of €85,000 for this purpose. This represents an increase from €50,000 at our previous review to reflect the increase in business volume (both premiums and subscribers), and subsequently claims activity, particularly during the most recent two years, as well as the expected continued impact of a high inflation economic environment.

The ENID allowance is split between the claims provision and the premium provision in proportion to held reserves. This will be reviewed on an ongoing basis with an expectation to increase the allowance for ENID to reflect an expected increase in claims activities due to DeCare's plan to further increase its business volume.

Based on the latest forecast, DeCare is planning a 52% increase in Vision membership during 2024 from 4,858 to 7,404, followed by a year-on-year increase of 15% thereafter. The forecast for Dental membership projects an 8.6% increase during 2024 from 58,364 to 63,359 followed by a 7.5% year-on-year increase thereafter. In general, however, we believe the allowance for DeCare's ENID relative to other insurance companies should continue to be lower given the nature of the business and its associated claim characteristics (magnitude of claims, low exposure to catastrophe events and a lack of risk to large losses, accumulations and moral hazard).

**Expenses.** Unallocated expenses relate entirely to the cost associated with running off the premium provision. This includes a breakdown of each expense item and the percentage assumed to relate only to meeting insurance obligations in a single year. Given the short-term nature of DeCare's liability, we believe only a single year expenses assessment is appropriate in nature. Using this assessment, a percentage of the cost associated with only the existing contracts is calculated. The unallocated expenses associated with the claims provision are sufficiently small due to the quick reporting and settlement pattern as to be covered by the total booked reserves.

A total allowance of €82,287 has been included for claims handling expenses. This cost is relatively fixed and will not vary materially with claims volume, our view is that the premium provisions is sufficiently adequate to cover the expected ULAE.

**Reinsurance and reinsurance bad debt.** Given that DeCare does not purchase any reinsurance, no allowance has been made for reinsurance recoveries and no adjustment has been made for reinsurance bad debt. Hence the gross technical provisions and the net technical provisions are identical for DeCare.

**Other adjustments.** No other adjustments have been made.

## Risk Margin

The risk margin has been calculated by approximating future Solvency Capital Requirements ("SCRs") using a proportional approach based on the ratio of the best estimate technical provisions at that future year to the best estimate at the valuation date. This is based on Method 2 as set out in Guideline 61 – Methods to calculate the risk margin contained in EIOPA's Final Report on the Guidelines on valuation of technical provisions, (EIOPA-BoS- 14/166 and EIOPA-BoS-22/217). We consider that this method is commensurate with the nature, scale and complexity of the business of DeCare.

The SCR used as at 31 December 2023 to calculate the risk margin is based on the SCR calculated for DeCare's regulatory returns but amended to only include underwriting risk and operational risk (and exclude all other risks such as market risk and non-reinsurance counterparty risk).

The annual cost of capital is taken to be 6% of the capital estimated at each future point, discounted to the valuation date using the same risk-free yield curve as that used to determine the best estimate technical provisions excluding risk margin. There is an expectation that the prescribed rate of 6% by EIPOA will be reduced to 4.75% but this is not yet enforced, we will monitor the development closely and update accordingly at future reviews when this becomes applicable.

# E. Capital Management

## E.1 Own funds

Overall, own funds have increased by €2.5 m in 2023. The increase in own funds is mainly due to profits generated from DeCares business during the year.

The Company is a single shareholder entity whose shares are fully paid up. It has no debt financing, nor does it have any plans to raise debt or issue new shares in the short or medium term.

The Company's own funds are primarily invested in cash deposits in bank accounts. While there is no intention to change the class of asset in which DeCare is investing, the company will continue to monitor the credit ratings and the returns been offered by the credit institutions with the view to switching if advantageous

DDII's ordinary shares have full voting, dividend, and capital distribution rights; they do not confer any rights of redemption.

There is a difference of €1,196,804 between DDII's equity as shown in its audited financial statements and the excess of assets over liabilities as calculated for solvency II purposes. A reconciliation of the difference is shown below:

The eligible amount of own funds to cover the Solvency Capital Requirement and the Minimum Capital Requirement is € 17,583,156. This is comprised entirely of Tier 1 Basic Own Funds

There have been no material changes in DeCares approach to managing its own funds over the reporting period

None of the Company's own funds are subject to transitional arrangements and the Company has no ancillary own funds. No deductions are applied to own funds and there are no material restrictions affecting their availability and transferability

There are no deferred tax assets on the Balance Sheet of the Company and there is no loss absorbing capacity of deferred taxes used in the SCR calculation

| As at 31 December 2023 | € |
|---|---|
| Total Equity in financial statements | 16,386,352 |
| Risk Margin | (152,234) |
| Removal of Margins | 13,700 |
| Events not in Data | (85,000) |
| Solvency II Expenses | (810,830) |
| Allowance for Future Profits in UPR | 2,223,348 |
| Allowance for Discounting | 7,820 |
| Solvency II-Basic Own Funds | 17,583,156 |

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

The table below sets out DDII's pillar 1 capital position as at 31 December 2023.

| As at 31 December 2023 | € |
|---|---|
| Own Funds | 17,583,156 |
| Solvency Capital Requirement (SCR) | 4,699,371 |
| Minimum Capital requirement (MCR) | 2,700,000 |
| Ratio of Eligible own funds to SCR | 3.74 |
| Ratio of Eligible own funds to MCR | 6.51 |

The Company uses EIOPA's Solvency II Standard Formula for the purposes of calculating the SCR. The components of the SCR are:

| Category | Before Diversification | Diversification | After Diversification |
|---|---|---|---|
| Counterparty risk | €525,596 | -€128,356 | €397,240 |
| Health Risk | €2,254,787 | -€550,644 | €1,704,143 |
| Market Risk | €2,951,045 | -€720,679 | €2,230,366 |
| Operational Risk | €367,622 | - | €367,622 |
| **Total** | **€6,099,050** | **-€1,399,679** | **€4,699,371** |

| Movements between 31 December 2022 and 2023 SCR Components | | | | |
|---|---|---|---|---|
| **Category** | **Dec-22** | **Dec-23** | **Movement €** | **Movement %** |
| Counterparty | 478,170 | 397,240 | (80,930) | -16.9% |
| Health | 1,450,718 | 1,704,143 | 253,425 | 17.5% |

| | | | | |
|---|---|---|---|---|
| Market | 1,680,627 | 2,230,366 | 549,739 | 32.7% |
| Operational | 335,364 | 367,622 | 32,258 | 9.6% |
| **Total SCR** | **3,944,879** | **4,699,371** | **754,492** | **19.1%** |

**Counterparty**

- The counterparty default risk charge has decreased due to a reduction in the cash held with AIB and Wells Fargo, and a reduction in Type 2 exposures. Cash held decreased from €4.4 million as of 31 December 2022 to €3.4 million as of 31 December 2023. Type 2 exposures have decreased from €0.7 million to €0.5 million since 31 December 2022.

**Health**

- The overall Health risk has increased due to the inclusion of Lapse risk.

**Market**

- Market risk has increased significantly due to the changes in investments held. The overall increase is due to increases in concentration risk, interest rate risk and spread risk resulting from an increase in investments. This decrease is partially offset by increases in concentration risk, interest rate risk and spread risk as a result of an increase in investments.

- Interest rate risk also increased due to both the decrease in the spot rates and higher claims provisions as at 31 December 2023. The impact is limited due to the short-term nature of the assets and liabilities

**Operational**

- Operational risk has increased significantly due to a higher level of premium earned during 2023 and estimated to be earned in 2024.

Key assumptions/points to note

- No allowance has been included for health catastrophe capital charge or other catastrophe capital charge due to the type of business and limits in place
- We have included an allowance for Lapse. Lapse risk is defined as the loss in funds that would result from the following two shocks
  - Discontinuance of 40% of the insurance policies for which discontinuance would result in an increase of technical provision; and
  - Decrease of 40% of the number of future insurance contracts used in the calculation of technical provisions.

- All non-cash assets are invested in short-term bonds, and we have assumed all future liabilities will be met within the next year. Hence the interest rate charge is limited as it measures the risk of an increase or decrease in the term structure of the interest rates used
- Counterparty default risk - All of DeCare's Type 1 default risks relate to cash at bank. Type 2 assets include all debtor amounts due but excludes unearned premium written but not yet received and are not overdue
- Undertaking Specific Parameters have not been considered.

The Linear MCR is calculated by applying the specified factor for medical expenses of 4.7% to both the net technical provisions as at 31 December 2023 and the net written premium in 2023. The final MCR is then calculated with reference to the cap (45%) and floor (25%) of the calculated SCR in addition to the minimum MCR for a non-life insurer not writing non-proportional reinsurance) of €2.7m.

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

The Company is not using the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

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

The Company uses EIOPA's Solvency II Standard Formula for the purposes of calculating the SCR. No Internal Model is used

## E.5 Non-compliance with the Minimum Capital Requirement or significant non-compliance with the Solvency Capital Requirement

The company has complied with the Minimum Capital Requirement and the Solvency Capital Requirement

## E.6 Any Other Information

There is no additional information that needs to be included in this report

# Appendix 1 QRT's

## S.02.01.02 Balance Sheet

| | | Solvency II value €000's |
|---|---|---|
| **Assets** | | **C0010** |
| Intangible assets | **R0030** | |
| Deferred tax assets | **R0040** | |
| Pension benefit surplus | **R0050** | |
| Property, plant & equipment held for own use | **R0060** | |
| Investments (other than assets held for index-linked and unit-linked contracts) | **R0070** | 14,376 |
| Property (other than for own use) | **R0080** | |
| Holdings in related undertakings, including participations | **R0090** | |
| Equities | **R0100** | |
| Equities - listed | **R0110** | |
| Equities - unlisted | **R0120** | |
| Bonds | **R0130** | |
| Government Bonds | **R0140** | |
| Corporate Bonds | **R0150** | |
| Structured notes | **R0160** | |
| Collateralised securities | **R0170** | |
| | **R0180** | |
| Derivatives | **R0190** | |
| Deposits other than cash equivalents | **R0200** | 14,376 |
| 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** | |
| Non-life and health similar to non-life | **R0280** | |
| Non-life excluding health | **R0290** | |
| 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** | 472 |
| Reinsurance receivables | **R0370** | |
| Receivables (trade, not insurance) | **R0380** | 366 |
| 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** | 3,447 |
| Any other assets, not elsewhere shown | **R0420** | |
| **Total assets** | **R0500** | 18,661 |

| Liabilities | | Solvency II value €000's<br>C0010 |
|---|---|---|
| Technical provisions – non-life | R0510 | 385 |
| Technical provisions – non-life (excluding health) | R0520 | |
| TP calculated as a whole | R0530 | |
| Best Estimate | R0540 | |
| Risk margin | R0550 | |
| Technical provisions - health (similar to non-life) | R0560 | 385 |
| TP calculated as a whole | R0570 | |
| Best Estimate | R0580 | 233 |
| Risk margin | R0590 | 152 |
| 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 | |
| Derivatives | R0790 | |
| Debts owed to credit institutions | R0800 | |
| Financial liabilities other than debts owed to credit institutions | R0810 | |
| Insurance & intermediaries payables | R0820 | 61 |
| Reinsurance payables | R0830 | |
| Payables (trade, not insurance) | R0840 | 632 |
| Subordinated liabilities | R0850 | |
| Subordinated liabilities not in BOF | R0860 | |
| Subordinated liabilities in BOF | R0870 | |
| Any other liabilities, not elsewhere shown | R0880 | |
| **Total liabilities** | R0900 | 1,078 |
| **Excess of assets over liabilities** | R1000 | 17,583 |

## S.05.01.01 Balance Sheet Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)

| | | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) €000's | | | | | | | | | | | | Line of Business for: accepted non-proportional reinsurance | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss | Health | Casualty | Marine, aviation, transport | Property | Total |
| **Premiums written** | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0200 |
| Gross - Direct Business | **R0110** | 12,506 | | | | | | | | | | | | | | | | 12,506 |
| Gross - Proportional reinsurance accepted | **R0120** | 0 | | | | | | | | | | | | | | | | 0 |
| Gross - Non-proportional reinsurance accepted | **R0130** | | | | | | | | | | | | | | | | | 0 |
| Reinsurers' share | **R0140** | 0 | | | | | | | | | | | | | | | | 0 |
| Net | **R0200** | 12,506 | | | | | | | | | | | | | | | | 12,506 |
| **Premiums earned** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0210** | 12,254 | | | | | | | | | | | | | | | | 12,254 |
| Gross - Proportional reinsurance accepted | **R0220** | 0 | | | | | | | | | | | | | | | | 0 |
| Gross - Non-proportional reinsurance accepted | **R0230** | | | | | | | | | | | | | | | | | 0 |
| Reinsurers' share | **R0240** | 0 | | | | | | | | | | | | | | | | 0 |
| Net | **R0300** | 12,254 | | | | | | | | | | | | | | | | 12,254 |
| **Claims incurred** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0310** | 5,671 | | | | | | | | | | | | | | | | 5,671 |
| Gross - Proportional reinsurance accepted | **R0320** | 0 | | | | | | | | | | | | | | | | 0 |
| Gross - Non-proportional reinsurance accepted | **R0330** | | | | | | | | | | | | | | | | | 0 |
| Reinsurers' share | **R0340** | 0 | | | | | | | | | | | | | | | | 0 |
| Net | **R0400** | 5,671 | | | | | | | | | | | | | | | | 5,671 |
| **Changes in other technical provisions** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0410** | 0 | | | | | | | | | | | | | | | | 0 |
| Gross - Proportional reinsurance accepted | **R0420** | 0 | | | | | | | | | | | | | | | | 0 |
| Gross - Non-proportional reinsurance accepted | **R0430** | | | | | | | | | | | | | | | | | 0 |

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Reinsurers' share | **R0440** | 0 | | | | | | | | | | | | | | | | 0 |
| Net | **R0500** | 0 | | | | | | | | | | | | | | | | 0 |
| **Expenses incurred** | **R0550** | 4,012 | | | | | | | | | | | | | | | | 4,012 |
| **Administrative expenses** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0610** | 599 | | | | | | | | | | | | | | | | 599 |
| Gross - Proportional reinsurance accepted | **R0620** | 0 | | | | | | | | | | | | | | | | 0 |
| Gross - Non-proportional reinsurance accepted | **R0630** | | | | | | | | | | | | | | | | | 0 |
| Reinsurers' share | **R0640** | 0 | | | | | | | | | | | | | | | | 0 |
| Net | **R0700** | 599 | | | | | | | | | | | | | | | | 599 |
| **Investment management expenses** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0710** | 0 | | | | | | | | | | | | | | | | 0 |
| Gross - Proportional reinsurance accepted | **R0720** | 0 | | | | | | | | | | | | | | | | 0 |
| Gross - Non-proportional reinsurance accepted | **R0730** | | | | | | | | | | | | | | | | | 0 |
| Reinsurers' share | **R0740** | 0 | | | | | | | | | | | | | | | | 0 |
| Net | **R0800** | 0 | | | | | | | | | | | | | | | | 0 |
| **Claims management expenses** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0810** | 326 | | | | | | | | | | | | | | | | 326 |
| Gross - Proportional reinsurance accepted | **R0820** | 0 | | | | | | | | | | | | | | | | 0 |
| Gross - Non-proportional reinsurance accepted | **R0830** | | | | | | | | | | | | | | | | | 0 |
| Reinsurers' share | **R0840** | 0 | | | | | | | | | | | | | | | | 0 |
| Net | **R0900** | 326 | | | | | | | | | | | | | | | | 326 |
| **Acquisition expenses** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0910** | 948 | | | | | | | | | | | | | | | | 948 |
| Gross - Proportional reinsurance accepted | **R0920** | 0 | | | | | | | | | | | | | | | | 0 |
| Gross - Non-proportional reinsurance accepted | **R0930** | | | | | | | | | | | | | | | | | 0 |
| Reinsurers' share | **R0940** | 0 | | | | | | | | | | | | | | | | 0 |
| Net | **R1000** | 948 | | | | | | | | | | | | | | | | 945 |
| **Overhead expenses** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | **R1010** | 2,139 | | | | | | | | | | | | | | | | 2,139 |
| Gross - Proportional reinsurance accepted | **R1020** | 0 | | | | | | | | | | | | | | | | 0 |
| Gross - Non-proportional reinsurance accepted | **R1030** | | | | | | | | | | | | | | | | | 0 |
| Reinsurers' share | **R1040** | 0 | | | | | | | | | | | | | | | | 0 |
| Net | **R1100** | 2,139 | | | | | | | | | | | | | | | | 2,139 |
| **Other expenses** | **R1200** | | | | | | | | | | | | | | | | | 157 |
| | | | | | | | | | | | | | | | | | | |
| **Total expenses** | **R1300** | | | | | | | | | | | | | | | | | 4,169 |

## S.17.01.02 Non- Life Technical Provisions

| | | Direct business and accepted proportional reinsurance €000's | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 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 |
| | | **C0020** | **C0030** | **C0040** | **C0050** | **C0060** | **C0070** | **C0080** | **C0090** | **C0100** |
| **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** | - 1,133 | | | | | | | | |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0140** | | | | | | | | | |
| Net Best Estimate of Premium Provisions | **R0150** | - 1,133 | | | | | | | | |
| **Claims provisions** | | | | | | | | | | |
| Gross | **R0160** | 1,366 | | | | | | | | |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0240** | | | | | | | | | |
| Net Best Estimate of Claims Provisions | **R0250** | 1,366 | | | | | | | | |
| **Total Best estimate - gross** | **R0260** | 233 | | | | | | | | |
| **Total Best estimate - net** | **R0270** | 233 | | | | | | | | |
| **Risk margin** | **R0280** | 152 | | | | | | | | |
| **Amount of the transitional on Technical Provisions** | | | | | | | | | | |
| Technical Provisions calculated as a whole | **R0290** | | | | | | | | | |
| Best estimate | **R0300** | | | | | | | | | |
| Risk margin | **R0310** | | | | | | | | | |

| | | Direct business and accepted proportional reinsurance €000's | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 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 |
| | | **C0020** | **C0030** | **C0040** | **C0050** | **C0060** | **C0070** | **C0080** | **C0090** | **C0100** |
| **Technical provisions - total** | | | | | | | | | | |
| Technical provisions - total | **R0320** | 385 | | | | | | | | |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | **R0330** | | | | | | | | | |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total | **R0340** | 385 | | | | | | | | |

| | | Direct business and accepted proportional reinsurance €000's | | | Accepted non-proportional reinsurance €000's | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Legal expenses insurance | Assistance | Miscellaneous financial loss | Non-proportional health reinsurance | Non-proportional casualty reinsurance | Non-proportional marine, aviation and transport reinsurance | Non-proportional property reinsurance | Total Non-Life obligation |
| | | **C0110** | **C0120** | **C0130** | **C0140** | **C0150** | **C0160** | **C0170** | **C0180** |
| **Technical provisions calculated as a whole** | **R0010** | | | | | | | | |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole | **R0050** | | | | | | | | |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | | | |
| **Best estimate** | | | | | | | | | |
| Premium provisions | | | | | | | | | |
| Gross | **R0060** | | | | | | | | - 1,133 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0140** | | | | | | | | |
| Net Best Estimate of Premium Provisions | **R0150** | | | | | | | | - 1,133 |
| **Claims provisions** | | | | | | | | | |
| Gross | **R0160** | | | | | | | | 1,366 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0240** | | | | | | | | |
| Net Best Estimate of Claims Provisions | **R0250** | | | | | | | | 1,366 |
| **Total Best estimate - gross** | **R0260** | | | | | | | | 233 |
| **Total Best estimate - net** | **R0270** | | | | | | | | 233 |
| **Risk margin** | **R0280** | | | | | | | | 152 |
| **Amount of the transitional on Technical Provisions** | | | | | | | | | |
| Technical Provisions calculated as a whole | **R0290** | | | | | | | | |

| | | Direct business and accepted proportional reinsurance €000's | | | Accepted non-proportional reinsurance €000's | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Best estimate | R0300 | | | | | | | | |
| Risk margin | R0310 | | | | | | | | |
| | | Legal expenses insurance | Assistance | Miscellaneous financial loss | Non-proportional health reinsurance | Non-proportional casualty reinsurance | Non-proportional marine, aviation and transport reinsurance | Non-proportional property reinsurance | Total Non-Life obligation |
| | | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0170 | C0180 |
| **Technical provisions - total** | | | | | | | | | |
| Technical provisions - total | R0320 | | | | | | | | 385 |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | R0330 | | | | | | | | |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total | R0340 | | | | | | | | 385 |

## 19.01.21 Non- Life Insurance Claims Information

**Total Non-Life Business**

| Accident year / Underwriting year | Z0010 | |
|---|---|---|

**Gross Claims Paid (non-cumulative) €000's**
(absolute amount)

| | | Development year | | | | | | | | | | | | In Current year | Sum of years (cumulative) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | | | |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | | C0170 | C0180 |
| Prior | R0100 | | | | | | | | | | | | R0100 | | 25,312 |
| N-9 | R0160 | 2,356 | 365 | 16 | | | | | | | | | R0160 | 0 | 2,737 |
| N-8 | R0170 | 2,484 | 592 | 20 | | | | | | | | | R0170 | 0 | 3,096 |
| N-7 | R0180 | 3,364 | 561 | 28 | | | | | | | | | R0180 | 0 | 3,953 |
| N-6 | R0190 | 2,945 | 503 | 25 | | | | | | | | | R0190 | 0 | 3,474 |
| N-5 | R0200 | 2,681 | 500 | 6 | | | | | | | | | R0200 | 0 | 3,187 |
| N-4 | R0210 | 2,986 | 482 | 75 | | | | | | | | | R0210 | 0 | 3,543 |
| N-3 | R0220 | 2,289 | 629 | 72 | | | | | | | | | R0220 | 0 | 2,990 |
| N-2 | R0230 | 3,371 | 613 | 124 | | | | | | | | | R0230 | 124 | 4,108 |
| N-1 | R0240 | 4,096 | 724 | | | | | | | | | | R0240 | 724 | 4,820 |
| N | R0250 | 4,750 | | | | | | | | | | | R0250 | 4,750 | 4,750 |
| | | | | | | | | | | | | | R0260 | 5,598 | 61,970 |

**Gross undiscounted Best Estimate Claims Provisions €000's**
(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 | | | | | | | | | | | | R0100 | |
| N-9 | R0160 | | | | | | | | | | | | R0160 | |
| N-8 | R0170 | | | | | | | | | | | | R0170 | |
| N-7 | R0180 | | | | | | | | | | | | R0180 | |
| N-6 | R0190 | | 23 | | | | | | | | | | R0190 | |
| N-5 | R0200 | 624 | 20 | | | | | | | | | | R0200 | |
| N-4 | R0210 | 666 | 21 | | | | | | | | | | R0210 | |
| N-3 | R0220 | 770 | 60 | | | | | | | | | | R0220 | |
| N-2 | R0230 | 1,010 | 88 | | | | | | | | | | R0230 | |
| N-1 | R0240 | 1,089 | 161 | | | | | | | | | | R0240 | 155 |
| N | R0250 | 1,251 | | | | | | | | | | | R0250 | 1,210 |
| | | | | | | | | | | | | | R0260 | 1,366 |

## S.23.01.01 Own Funds

| | | Total €000's | Tier 1 – unrestricted €000's | Tier 1 - restricted €000's | Tier 2 €000's | Tier 3 €000's |
|---|---|---|---|---|---|---|
| | | 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** | 635 | 635 | | 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 | | | | |
| Preference shares | **R0090** | 0 | | 0 | 0 | 0 |
| Share premium account related to preference shares | **R0110** | 0 | | 0 | 0 | 0 |
| Reconciliation reserve | **R0130** | 12,683 | 12,683 | | | |
| 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** | 4,265 | 4,265 | 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 | |
| **Total basic own funds after deductions** | **R0290** | 17,583 | 17,583 | 0 | 0 | 0 |
| **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** | 17,583 | 17,583 | 0 | 0 | |
| Total available own funds to meet the MCR | **R0510** | 17,583 | 17,583 | 0 | 0 | |
| Total eligible own funds to meet the SCR | **R0540** | 17,583 | 17,583 | 0 | 0 | |
| Total eligible own funds to meet the MCR | **R0550** | 17,583 | 17,583 | 0 | 0 | |
| **SCR** | **R0580** | 4,699 | | | | |
| **MCR** | **R0600** | 2,700 | | | | |
| **Ratio of Eligible own funds to SCR** | **R0620** | 374% | | | | |
| **Ratio of Eligible own funds to MCR** | **R0640** | 651% | | | | |

| | | C0060 | |
|---|---|---|---|
| **Reconciliation reserve** | | | |
| Excess of assets over liabilities | **R0700** | 17,583 | - |
| Own shares (held directly and indirectly) | **R0710** | 0 | - |

| | | | |
|---|---|---|---|
| Foreseeable dividends, distributions and charges | R0720 | 0 | |
| Other basic own fund items | R0730 | 4,900 | |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | R0740 | 0 | |
| **Reconciliation reserve** | R0760 | 12,683 | |
| **Expected profits** | | | |
| Expected profits included in future premiums (EPIFP) - Life business | R0770 | 0 | |
| Expected profits included in future premiums (EPIFP) - Non- life business | R0780 | 1,251 | |
| **Total Expected profits included in future premiums (EPIFP)** | R0790 | 1,251 | |

## S.25.01.21 Solvency Capital Requirement

| - | | Gross solvency capital requirement €000's | USP €000's | Simplifications €000's |
|---|---|---|---|---|
| | | C0110 | C0090 | C0100 |
| Market risk | R0010 | 2,951 | | |
| Counterparty default risk | R0020 | 526 | | |
| Life underwriting risk | R0030 | - | | |
| Health underwriting risk | R0040 | 2,255 | | |
| Non-life underwriting risk | R0050 | - | | |
| Diversification | R0060 | -1,400 | | |
| Intangible asset risk | R0070 | - | | |
| **Basic Solvency Capital Requirement** | R0100 | 4,332 | | |

| **Calculation of Solvency Capital Requirement** | | C0100 |
|---|---|---|
| Operational risk | R0130 | 367 |
| Loss-absorbing capacity of technical provisions | R0140 | |
| Loss-absorbing capacity of deferred taxes | R0150 | |
| Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC | R0160 | |
| **Solvency capital requirement excluding capital add-on** | R0200 | 4,699 |
| Capital add-on already set | R0210 | - |
| **Solvency capital requirement** | R0220 | 4,699 |
| **Other information on SCR** | | |
| Capital requirement for duration-based equity risk sub-module | R0400 | |
| Total amount of Notional Solvency Capital Requirement for remaining part | R0410 | |
| Total amount of Notional Solvency Capital Requirements for ring fenced funds | R0420 | |
| Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios | R0430 | |
| Diversification effects due to RFF nSCR aggregation for article 304 | R0440 | |

## S.28.01.01 Minimum Capital Requirement

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

| | | C0010 €000's |
|---|---|---|
| $MCR_{NL}$ Result | **R0010** | 569 |

| | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole €000's | Net (of reinsurance) written premiums in the last 12 months €000's |
|---|---|---|---|
| | | **C0020** | **C0030** |
| Medical expense insurance and proportional reinsurance | **R0020** | 233 | 12,506 |
| Income protection insurance and proportional reinsurance | **R0030** | | |
| Workers' compensation insurance and proportional reinsurance | **R0040** | | |
| Motor vehicle liability insurance and proportional reinsurance | **R0050** | | |
| Other motor insurance and proportional reinsurance | **R0060** | | |
| Marine, aviation and transport insurance and proportional reinsurance | **R0070** | | |
| Fire and other damage to property insurance and proportional reinsurance | **R0080** | | |
| General liability insurance and proportional reinsurance | **R0090** | | |
| Credit and suretyship insurance and proportional reinsurance | **R0100** | | |
| Legal expenses insurance and proportional reinsurance | **R0110** | | |
| Assistance and proportional reinsurance | **R0120** | | |
| Miscellaneous financial loss insurance and proportional reinsurance | **R0130** | | |
| Non-proportional health reinsurance | **R0140** | | |
| Non-proportional casualty reinsurance | **R0150** | | |
| Non-proportional marine, aviation and transport reinsurance | **R0160** | | |
| Non-proportional property reinsurance | **R0170** | | |

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

| | | C0040 |
|---|---|---|
| $MCR_{L}$ Result | **R0200** | |

| | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole €000's | Net (of reinsurance/SPV) total capital at risk €000's |
|---|---|---|---|
| | | **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 €000's |
|---|---|---|
| Linear MCR | **R0300** | 599 |
| SCR | **R0310** | 4,699 |
| MCR cap | **R0320** | 2,115 |
| MCR floor | **R0330** | 1,175 |
| Combined MCR | **R0340** | 1,175 |
| Absolute floor of the MCR | **R0350** | 2,700 |
| | | **C0070** |
| **Minimum Capital Requirement** | **R0400** | 2,700 |