Solvency and Financial Condition Report 2017

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Statement of Directors' Responsibilities

The Board of Directors (hereafter "the Board") of GasanMamo Insurance Ltd. acknowledges its responsibility for preparing the Solvency and Financial Condition Report (SFCR) in all material respects in accordance with Chapter 8 of the Insurance Rules issued by the Malta Financial Services Authority (MFSA), Articles 304 and Chapter XIII of the EU Commission Delegated Regulation 2015/35 (CDR), Articles 51 & 53-55 of the Solvency II Directive 2009/138/EC (Solvency II Directive) and the Guidelines on Reporting and Public Disclosure issued by the European Insurance and Occupational Pensions Authority (EIOPA).

The Board is satisfied that:

- Throughout the financial year, GasanMamo Insurance Ltd. has complied in all material respects with the requirements of the MFSA rules and Solvency II Regulations as applicable to the Company.
- It is reasonable to believe that, at the date of the publication of the SFCR, the Company complies and will continue to comply in the future with the applicable Solvency II requirements.

Executive Summary

This document is the second SFCR that is published by GasanMamo Insurance Ltd. (hereafter "the Company" or "GasanMamo"), which is publicly disclosed on the Company's website in accordance with the Solvency II regulatory regime for EU insurance companies. Solvency II aims to unify the European insurance market and enhance consumers' protection by primarily addressing the amount of capital that companies must hold to reduce their insolvency risk.

This report covers the Business and Performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management for the year ended 31 December 2017. The Company's Board of Directors has the ultimate responsibility for all of these matters, supported by governance and control functions in place.

This document aims to assist interested parties in understanding how the Company has taken the Solvency II regime in its stride and the capital position of GasanMamo. Through its prudent and steady approach to business, the continuous investment in infrastructure (including Information Technology (IT), Tied Insurance Intermediaries (TIIs) and Branch network) and the friendly, professional service provided at all levels, GasanMamo is well capitalised, with a solvency ratio of 234%.

A. Business and Performance

During the year under review GasanMamo have continued to witness strong economic performance in all areas locally. This has translated into a GDP growth of 7.2% and an improvement in the Malta's credit rating. The economic growth has been spread throughout the main economic sectors with tourism leading the charge setting new records month on month. Construction and foreign direct investment continue to be strong. The demographic in Malta is rapidly changing as more foreign nationals choose Malta as a place to work and live, and the trickle-down effect on the economy is self-evident.

The team at GasanMamo has remained focused on the key deliverables, providing excellent service to customers and mindful of all stakeholders' needs. Adequate pricing in a challenging environment in terms of both claims and operational costs has been an area of particular attention. GasanMamo are pleased to report that the Company has performed well in the economic environment, registering significant profitable growth with Gross Written Premium (GWP) up by 13.6% (2016: 10.3%). Investment returns were also significantly improved at 6.1% (2016: 2.8%). The profit before tax shows a marked improvement on 2016 which was also considered to be a particularly good year. The 2017 profit before tax stood at €9,018K compared to €6,609K.

The Company derives 89.2% of its premium income from risks written in Malta, whilst most of the other risks are written in Cyprus and France. Activity in Cyprus has continued to develop well with significant top line growth being registered, while at the same time maintaining a positive technical result. Cyprus accounts for 5.9% of total GWP and remains an important area which we feel has potential for continued profitable growth. During 2018, GasanMamo will be developing a new motor portfolio in Greece. This is in partnership with local expertise and on the ground management.

The solvency position of the Company remains strong closing the year with an SCR of €11,793K and own funds of €27,623K thus having an SCR ratio of 234% and MCR ratio of 521%.

The main risk that affects the Company is insurance risk. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The Company manages this risk through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. Management also makes use of statistical models to help assess the Company's levels of incurred but not reported (IBNR) claims and claim reserves, and ensure they are appropriate.

B. System of Governance

GasanMamo is ultimately governed by the Board which is composed of both executive and non-executive directors such that it reflects the range of skill, knowledge and experience necessary for its effectiveness. The Board is responsible for providing advice, oversight, challenge and guidance of the Company's performance. For more effective operation, the Board has established Board Committees with oversight responsibilities over the Company's key functions.

The system of governance is based on the Three Lines of Defence model, and provides a framework with a clear organisation structure, clear reporting lines and responsibilities and effective processes to identify, manage, monitor and report risks to which it might be exposed. Adequate internal control mechanisms and remuneration policies which promote effective risk management are in place.

In line with Solvency II requirements the Company has in place a Risk Management Function, Compliance Function, Internal Audit Function and Actuarial Function, out of which the latter two are outsourced.

During the year under review, there were no material changes in the Company's governance structure.

C. Risk Profile

The Solvency Capital Requirement (SCR) metric is used to assess the Company's ability to meet all its regulatory capital obligations under both normal and stressed conditions. The Company has determined the Solvency II Standard Formula as defined by EIOPA to be suitable for its business and implements it for the calculation of the SCR.

The largest component of the SCR is the Non-Life Underwriting Risk module, which includes the risk of loss to the Company due to inappropriate and ineffective underwriting and reserving process, lapse risk and the risk of loss due to catastrophic events. The Company manages this risk through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The second largest component is the Market risk that is the risk of loss arising from fluctuations in the values or income from its assets. These changes could arise through interest rates, exchange rates, market prices' fluctuations among others. GasanMamo invests its assets in accordance with the 'Prudent Person Principle' which does not allow engagement in speculative or high-risk investment activities and does not capitalize in complex instruments or markets where the risks cannot be sufficiently understood and measured. This approach is documented in the Company's Asset Allocation Policy.

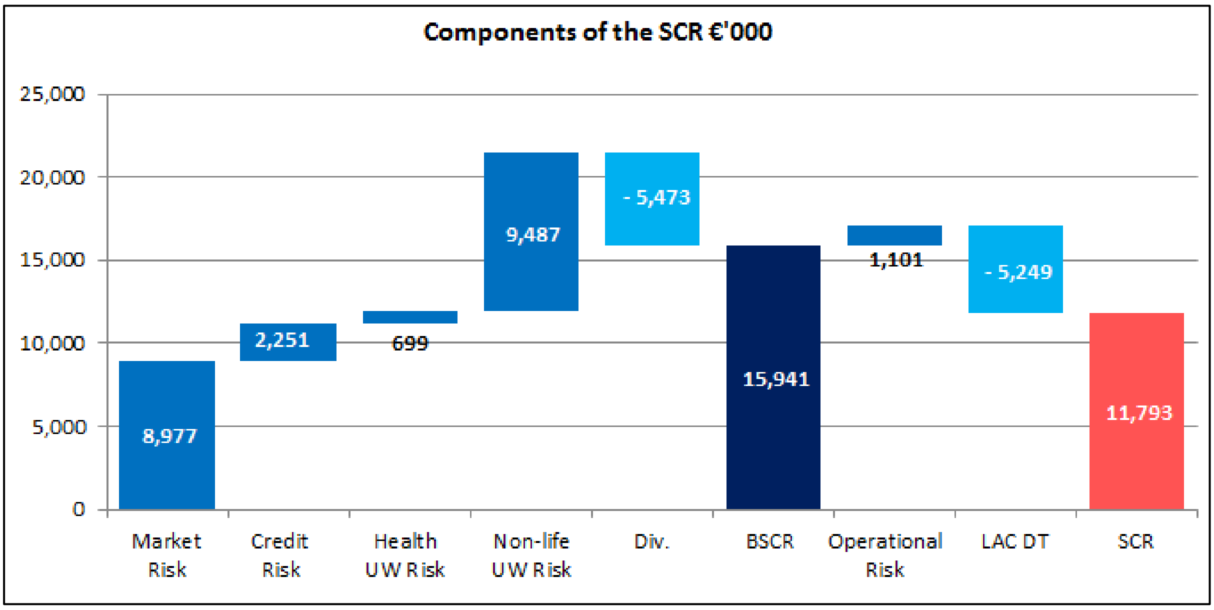

Figure 1: Components of the SCR

The Company carries out an annual Own Risk and Solvency Assessment (ORSA) Report within which extensive stress testing is undertaken for events which the Company considers itself most vulnerable for. The results show that the Company is in a strong capital position, and it remains solvent and can withstand both plausible and extreme shocks over its planning horizon.

D. Valuation for Solvency Purposes

The SFCR was prepared in line with the annual quantitative templates referred to in Article 304 of the CDR, and the values disclosed within this document are according to the Solvency II regime. As a result, values may differ from those reported in the Audited Financial Statements (AFS) due to different valuation methods.

An analysis of the valuation of assets, technical provisions and other liabilities per Solvency II and per IFRS valuation is given in section D.1, D.2 and D.3 respectively. These sections provide detail on the difference between the two valuations, any judgements and assumptions made.

E. Capital Management

This chapter provides an analysis of the Company's own funds items held as at the reporting date. The Company's own funds are fully made up of Tier 1 capital which are highly liquid and is readily available to fully absorb any losses that should arise and are free of encumbrances.

GasanMamo's closed the reporting year with a total amount of own funds of €27,623K. The solvency position of the Company remains strong at the reporting date with a SCR of €11,793K and SCR ratio of 234%. The Minimum Capital Requirement (MCR) was €5,307K with eligible own funds of €27,623K and a MCR ratio of 521%.

The Company has sufficient capital to meet both the SCR and MCR throughout the financial year and there is no foreseeable risk of non-compliance in the business planning period ahead.

A – Business and Performance

A.1 Business Environment

GasanMamo Insurance Limited is a limited liability company incorporated in Malta. The Company was formed in 1999 after a merger between two leading insurance providers – Gasan Insurance Agency Ltd. and Galdes & Mamo Ltd. In 2003, the Company was transformed from an agency into an insurance company, and was licensed by the MFSA to write general insurance business in Malta in terms of section 7 of the Insurance Business Act 1998. The Company was also granted rights to provide services under the Freedom of Services Legislation in terms of the European Passporting Rights in several European Countries.

The parent Company of GasanMamo Insurance Limited is Gasan Group Limited, a Company registered in Malta, with its registered address at Gasan Centre, Mriehel By-Pass, Mriehel. The ultimate parent Company of GasanMamo is J.A.G. Limited. The ultimate controlling party of GasanMamo Insurance Limited and J.A.G. Limited is Mr J. A. Gasan.

As the Company does not form part of an insurance group, it is treated as a solo legal entity for Solvency II reporting purposes. Therefore, insurance group supervision is not applicable.

Personal Lines is an area where the Company is particularly strong, having one of the largest motor portfolios and significant business in home, boat and travel insurance. GasanMamo also has substantial business on the commercial front participating on a cross section of risks and featuring as a participant on many of the country's largest risks. The Company derives 89.2% of its premium income from risks written in Malta, whilst most of the other risks are written in Cyprus and France. During 2018, GasanMamo will be developing a new motor portfolio in Greece. This is in partnership with local expertise and on the ground management. This will be a standalone operation being written on a quota share basis with the Company retaining a share that is in line with its prudent philosophy.

GasanMamo has a wide distribution network in Malta with a large centrally located head office and strategically located branch offices situated in the following locations: Birkirkara, Hamrun, Mellieha, Mriehel, Naxxar, Mosta, Paola, Qormi, Rabat, Sliema and Valletta.

In general insurance, GasanMamo has a large network of TIIs. These are located throughout Malta and Gozo and provide a very personalised level of service to their customers. Brokers are seen as an essential source of business and GasanMamo has an excellent relationship with all leading brokers and provides market-leading support.

The economic environment in Malta in 2017 was robust, marking a trend of several years of sustained GDP Growth well above the EU average. 2017 closed at a remarkable 7.2% GDP growth even improving on the 2016 statistic by 5%. The bustling economic activity is there for all to see and is palpable as one move around the Islands. The insurance sector has also benefited from this positive economic thrust as Written Premium grew. Most players were able to introduce and maintain the much-needed rate adjustments that had driven the motor market to the edge of a cliff in 2015 and 2016.

A.1.1 Regulator

The Company is authorised by the MFSA. The registered offices are as follows:

Malta Financial Services Authority (MFSA)
Notabile Road, Attard
BKR3000
Malta
www.mfsa.com.mt/

Telephone:	+356 2144 1155
Fax:	+356 2144 1188

A.1.2 External Auditor

PricewaterhouseCoopers (PwC) is the Company's external auditor. The auditor's contact details are as follows:

PricewaterhouseCoopers (PwC)
78 Mill Street, Qormi
QRM3101
Malta
www.pwc.com/mt/en/

Telephone:	+356 2124 7000
Fax:	+356 2124 4768

A.1.3 Shareholders

The shareholders of GasanMamo as at December 2017 are as per the below:

- Galdes & Mamo (Holdings) Limited has 43.75% holding in GasanMamo Insurance Limited. Shares in Galdes & Mamo (Holdings) Limited are split equally between Lansdowne Properties Limited and M.I.L. Limited. In view of his holding in M.I.L. Limited, Mr Albert P Mamo indirectly holds 11.26% of GasanMamo Insurance Limited.
- Gasan Group Limited has 56.25% holding in GasanMamo Insurance Limited. J.A.G Holdings Limited owns 54.25% of Gasan Group Limited and Troy Limited owns 14.71%. The remaining shares are held by various shareholders holding less than 10% ownership of Gasan Group Limited. In view of his holdings, Mr Joseph A Gasan indirectly holds 20.34% of GasanMamo Insurance Limited

An ordinary resolution shall be passed by a member or members having the right to attend and vote holding in the aggregate sixty per cent (60%) or more in nominal value of the ordinary shares represented and entitled to vote at the meeting.

During the reporting year 2017, the net dividends paid on ordinary shares amounted to €3,250K.

A.2 Performance from Underwriting Activities

During the year under review, the Company achieved growth in the GWP of 13.6% overall closing at €38,938K. This is €1,195K (3.2%) more than the projected amount and €4,657K (13.6%) more than last year.

Underwriting activities generated a profit of €7,123K in 2017 (2016: €6,096K). The table below illustrates the profit and loss account for year end 2017 as shown in the Company's financial statements, compared to the previous reporting year.

Technical Account €'000	**2017**	**2016**
Earned Premium, net of reinsurance		
Gross premiums written	38,938	34,282
Outward reinsurance premiums	-2,913	-2,889
Net premiums written	**36,025**	**31,393**
Change in the gross provision for unearned premiums	-2,223	-1,547
Earned premiums, net of reinsurance	33,802	29,846
Allocated investment return transferred from the non-technical account	987	743
Total technical income	**34,789**	**30,589**
Claims paid		
Gross amount	16,214	16,356
Reinsurers' share	-245	-738
Change in the provision for claims		
Gross amount	1,967	-1,124
Reinsurers' share	-264	806
Claims incurred, net of reinsurance	17,672	15,300
Net operating expenses	9,995	9,193
Total technical charges	**27,667**	**24,492**
Balance on the technical account	**7,122**	**6,096**

Table 1: Statement of Income Technical account

A.2.1 Income Statement by Material Line of Business

A breakdown of GasanMamo's underwriting performance by material line of business is presented in Table 2 below. The values are compared to the aggregate information of the reporting year 201. More details in relation to reporting year 2017 can be found in template S.05.01 within the Appendix.

Underwriting Performance €'000	Premiums Written		Premiums Earned		Claims Incurred		Expenses Incurred
	Gross	Net	Gross	Net	Gross	Net	
Medical expense	2,707	2,620	2,446	2,359	1,031	1,031	635
Income protection	401	298	404	301	25	25	118
Workers' compensation	225	217	220	212	72	72	78
Motor vehicle liability	12,072	11,598	11,424	10,951	6,580	6,494	3,623
Other motor	10,875	10,449	9,986	9,560	4,843	4,840	3,267
Marine, aviation & transport	1,258	1,117	1,239	1,098	383	383	344
Fire & other prop. damage	6,423	4,982	6,174	4,734	1,501	1,194	1,897
General liability	1,523	1,466	1,471	1,414	178	178	436
Assistance	1,285	1,244	1,275	1,234	694	694	373
Miscellaneous	2,168	2,032	2,076	1,940	1,697	1,583	222
Total for year 2017	**38,937**	**36,023**	**36,715**	**33,803**	**17,004**	**16,494**	**10,993**
Total for year 2016	**34,282**	**31,393**	**32,735**	**29,846**	**14,111**	**14,179**	**10,155**

Table 2: Undertaking performance by material line of business

Per Financial Statement	**2017 €'000**	**2016 €'000**
Balance on technical account	7,123	6,096
Gross Investment Income	2,983	1,320
Investment expenses	- 288	- 230
Allocated investment return transferred to technical account	- 987	- 743
Other income	581	521
Administration expenses	- 394	- 355
Tax on ordinary activities	- 2,780	- 2,475
Profit for the Financial Year	**6,238**	**4,134**

Table 3: Non-Technical Account

During the reporting year, the Company has experienced an increase of €4,655K in the GWP over the whole portfolio.

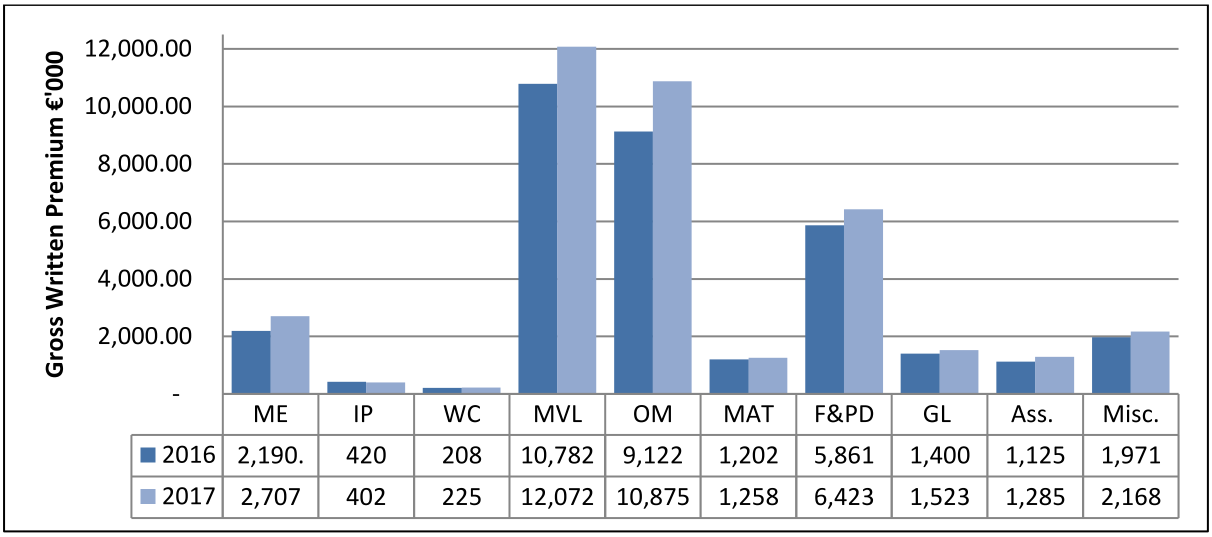

Figure 2: GWP comparison by line of business

As shown in Figure 2 above, the largest increase in the GWP was observed in the motor portfolio where a growth of 12% and 19% was attained in the Motor vehicle liability insurance and Other motor insurance respectively.

During the reporting year the Company observed a decrease solely in the Income Protection Insurance line of business, for which there was a decrease of €18K in GWP compared to 2016.

A.2.2 Income Statement by Material Geographical Area

The Company derives 89.2% of its premium income from risks written in its home country Malta. Most of the other business is obtained from risks Cyprus and France, which account for 5.9% and 4.3% of the GWP respectively.

The following table shows the premiums written, premiums earned and claims incurred for the Malta, Cyprus and France. A more detailed table can be found in template S.05.02 attached to the Appendix.

	Home Country Malta	Cyprus	France	Total 2017	Total 2016
Premium written					
Gross	34,718	2,298	1,661	38,929	34,257
Net	32,036	2,126	1,661	36,018	31,374
Premiums earned					
Gross	32,864	2,031	1,573	36,704	32,715
Net	30,182	1,859	1,573	33,792	29,831
Claims incurred					
Gross	14,470	934	1,421	17,003	14,526

	Home Country Malta	Cyprus	France	Total 2017	Total 2016
Net	14,057	934	1,421	16,494	14,179
Expenses incurred	**9,896**	**957**	**67**	**10,991**	**10,148**

Table 4: Underwriting performance by geographical area

A.3 Performance from Investments

The net investment return for 2017 was €2,695K representing a return of 6.1% compared to the previous year's statistic of 2.77%. The investment expenses amounted to €288K in 2017 (2016: €230K).

A.3.1 Bonds

The total exposure to this asset class as at December 2017 was €18,349K (2016: €16,841K). Total interest generated during the year amounted to €473K (2016: €475K) whereas a loss of €49K in 2017 (2016: gain of €120K) was registered on market price movement.

A.3.2 Equities

The total exposure to Equities as at December 2017 was €7,583K (2016: €5,183K). Total dividends received during the year amounted to €178K (2016: €113K), whereas gains of €720K (2016: €206K) were registered on market price movement.

A.3.3 Collective Investment Funds

The total exposure to this asset class as at December 2017 was €5,161K (2016: €3,643K). Total income received during the year amounted to €114K (2016: €98K), whereas gains of €249K (2016: €127K) were registered on market price movement.

A.3.4 Cash and Cash Equivalents

The total allocation to Cash exposures as at December 2017 was €4,605K. The total interest received during the year amounted to €112K (2016: €101K) .

A.3.5 Property

The total exposure to Investment Property as at December 2017 was €10,517K (2016: €7,816K). Rental income generated during the year amounted to €321K (2016: € 173K). Investment property was revalued during the year. This resulted in fair value gains of €1,290K.

The Company invests in the above asset classes according to the parameters as set in the Asset Allocation Policy.

A.4 Performance from operating and leasing activities

GasanMamo has leasing arrangements in place in respect of investment property as reported under investment activities. The Company also has lease agreements on some of its property for own use and the amount spent in this respect during 2017 was €118K (2016: €112K). Rental income from investment property amounted to €321K (2016: €173K).

A.5 Any Other Disclosures

During the reporting year 2017, there have not been any significant business or other events that have had a material impact on the Company, however GasanMamo has engaged in a new business in Greece which is expected to be developed during 2018.

The Company does not hold any investments in securitisations and does not have any other material information regarding the business and performance of the Company, which has not already been disclosed in the sections above.

B – System of Governance

B.1 General Governance Arrangements

The Board is composed of both executive and non-executive directors and holds the ultimate responsibility for the prudent management and governance of the Company. For a more effective operation, the Board has delegated some of its responsibilities to Board Committees; whose roles and responsibilities are described in Section B.1.1.

GasanMamo has in place key functions and a governance framework based on the “Three Lines of Defense” model. Section B.1.2 describes in more detail the overall hierarchical framework and internal control structure of GasanMamo.

There were no material changes in the System of Governance during the year under review.

B.1.1 The Board of Directors

GasanMamo is ultimately governed by the Board comprising of a Non-Executive Chairman and Deputy Chairman, another four Non-Executive Directors and the Executive Director, who is also the Managing Director of the Company. The composition of the Board is such that it reflects the range of skill, knowledge and experience necessary for its effectiveness. The members of the Board act as advisors to the Managing Director and Senior Management and oversee the Company’s performance on behalf of the shareholders. Three of the Non-Executive Directors are independent of GasanMamo and are appointed to provide their informed and independent external challenge and guidance.

The Board is responsible for the prudent management of the Company, which organises and directs its affairs in a manner that seeks to protect its policyholders’ funds and maximise the value of GasanMamo for the benefit of its shareholders. In performing its overall oversight function, the Board reviews and assesses GasanMamo’s strategic and business planning and solvency. The Board challenges Senior Management and key functions, including outsourced functions in their approach to addressing significant risks and challenges facing the business. As part of this function, the Board reviews and discusses reports regularly submitted by Senior Management with respect to the financial and non-financial performance of the Company. The Board reviews and challenges regulatory reporting and results which include, among others, the quantitative reporting templates and the annual ORSA report. Such reports are given the final approval by the Board prior to their submission to the MFSA.

The Board maintains a frequent, active and open communication and discussions with the Managing Director and the Executive Committee. Moreover, Board meetings are held in Malta on at least a quarterly basis.

No business shall be transacted at any Board meeting unless the quorum is present throughout the meeting. The quorum necessary is the first whole number exceeding fifty percent of the directors in the office. At least one of the directors forming the quorum shall be a director appointed by the holders of the "A" ordinary shares, whilst another shall be a director appointed by holders of the "B" ordinary shares.

The current members of the Board are the following:

Joseph A. Gasan	Chairman (Non-Executive)
Albert P. Mamo	Deputy Chairman (Non-Executive)
Julian J. Mamo	Managing Director
Mark Gasan	Non-Executive Director
Paul G. Matthews	Independent Non-Executive Director
Baudouin Deschamps	Independent Non-Executive Director
Martin Wonfor	Independent Non-Executive Director

The Company Secretary is Vanessa Portelli B.A., LL.D, Dip. CII

For more effective operation, the Board has established the following Committees with oversight responsibilities over the Company's key functions.

Executive Committee

The Executive Committee of the Board consists of all the local directors together with five members from Senior Management. Meetings are held monthly to review the management accounts of the previous month.

The Executive Committee is made up of:

Joseph A. Gasan	Chairman
Albert P. Mamo	Deputy Chairman (Non-Executive)
Julian J. Mamo	Managing Director
Mark Gasan	Non-Executive Director
Leslie Causon	General Manager
Michael Farrugia	Financial Controller
Mark Mamo	General Manager
Vanessa Portelli	General Manager
Francis Valletta	General Manager

Audit Committee

The Audit Committee meets on a regular basis to review processes connected with internal controls, review reports prepared by the internal auditor, coordinate the work of the external auditors and the internal auditor and make any recommendations for better performance and governance of the Company.

Investment Committee

The Investment Committee has the responsibility of updating the Asset Allocation Policy and monitoring the performance of portfolio managers. Moreover, the committee has appointed the Property Investment sub-committee (a sub-committee to the Investment Committee) to consider and propose investments in immovable property and to subsequently manage any rental property the Company may own.

Governance Risk and Compliance (GRC) Committee

The GRC Committee has been developed to provide a combined focus within the organisation because of interdependencies between the three components namely Governance, Risk and Compliance.

The Committee is responsible for defining and revising the corporate governance as well as overseeing the processes and procedures of GasanMamo to ensure the sound and prudent management of the business. As an advisory committee to the Board, this committee assists the Board to actively promote ethical and responsible decision-making and ensure that the Company recognises legal and other obligations to all legitimate stakeholders. Moreover, the GRC Committee contributes to the formulation of GasanMamo's overall risk strategies and polices for managing significant business risks, and is responsible for designing and implementing GasanMamo's risk management framework. It ensures that GasanMamo's overall system of internal control operates effectively, monitors risk exposures and breaches. In addition, the GRC Committee reviews the reports submitted by the Actuarial Function.

Remuneration Committee

The Committee, as an advisory Committee to the Board, assists with the formulation of GasanMamo's overall Remuneration Policy for defining remuneration practices. In addition the committee ensures that these policies promote an effective system of internal control and makes recommendations to the Board for improvements.

B.1.2 Key Functions and Governance Framework

In line with Solvency II regulations and guidelines, GasanMamo recognises the Risk Management Function (RMF), Compliance Function, Internal Audit Function and the Actuarial Function to be key functions. The main roles and responsibilities for each of the key functions are further explained in Sections B.3.1, B.6, B.7 and B.8.

The key functions are essential for the corporate governance framework for the management of risks within the Company. The governance framework is based on the "Three Lines of Defence" model.

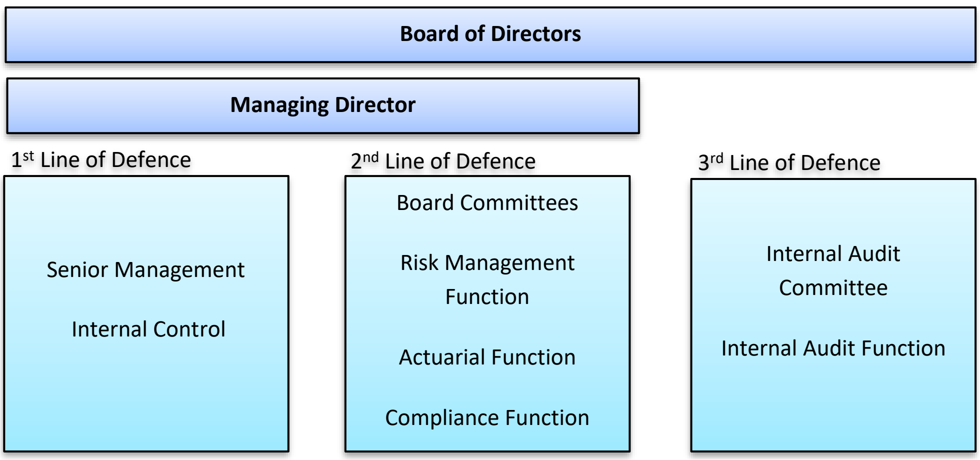

Figure 3: Three Lines of Defence Model

All risk management activities are undertaken by the "First Line of Defence" functions, which is composed of the business units and Senior Management.

These activities then fall under the monitoring and control of the "Second Line of Defence" consisting of the RMF, Compliance Function and Actuarial Function. The work of these key functions is supervised by the GRC Committee.

The "Third Line of Defence" is made up of the Internal Audit Function, whose role is to act as independent control function with the purpose of securing the effectiveness of risk management framework and the Company's Internal Control System established by the first and second lines of defences of the Company.

All the key functions have a direct reporting line to the Board through their respective committees thus ensuring their independence from the other operational functions in GasanMamo.

B.1.3 Remuneration Policy

GasanMamo has in place a Remuneration Committee, which acts as an advisory committee to the Board. It assists with the preparation of GasanMamo's overall Remuneration Policy for defining the remuneration practices of the Company. The Committee meets on at least an annual basis to ensure that these policies promote an effective system of internal control and makes recommendations to the Board for improvements. The Remuneration Policy in place states the following:

- Any remuneration agreement with service providers of outsourced functions need to be approved by the General Manager of the concerned function and the Managing Director. Moreover, remunerations should be set at market rates and ensure that the Company is achieving good value.
- Arrangements are made such that they do not encourage risk taking that is adverse to the risk management strategy. During the reporting period the strategy did not include variable components of remuneration.
- The Remuneration Committee in consultation with the Managing Director determines the remuneration of staff and Senior Management. These are both reviewed and approved on an annual basis. The Committee also determines the remuneration of the locally based directors and the independent directors.

The Remuneration Policy has no individual and collective performance criteria on which any entitlement, shares or variable components of remuneration are based. The policy does not define any supplementary pension or early retirement schemes for the members of the Board and other key function holders.

B.2 Fit and Proper

The Governance Policy establishes the Fit and Proper requirements for the persons who effectively run the Company and perform the key functions. The policy classifies the persons who fall within the scope of the requirements and how fitness and propriety will be assessed for both newly appointed persons and on an on-going basis. This ensures that the persons are competent, act with integrity and are financially sound.

Through the annual assessments of the fitness and propriety of the persons who run the Company and perform the key functions, GasanMamo ensures that they adhere to the Company's Code of Ethics and Conduct. This assessment addresses the following details:

- Background checks to ensure honesty, integrity, reputation and financial soundness of the individual, taking into consideration any convictions for criminal offences, adverse findings in civil proceedings, or disciplinary actions by the MFSA or the regulators abroad.
- Professional competence of Senior Management in terms of skill, care, diligence and compliance with the relevant standards for the sector they are currently working in.
- Technical competence with regards to the appointed role. This is based on the person's previous experience, knowledge and professional qualifications.
- The MFSA's approval that the individual is fit and proper for the designated role.
- Ensure that the individuals adhere to the Company's Code of Ethics and Conduct and policies.

The Board must always have the collective knowledge of the financial and insurance market, business strategy, system of governance, financial and actuarial analysis and the regulatory framework and requirements.

All individuals under the scope of the Fit and Proper requirement must comply with regulatory requirements, as well as GasanMamo's requirements and policies. Individuals in scope of the fit and proper requirement are required to self-certify to Compliance on an annual basis their continuing fitness and propriety.

B.3 Risk Management System

The risk governance of the Company forms an integral part of the risk management framework and is organised in a way that ensures the establishment of clear responsibility boundaries, the proper segregation of duties and the avoidance of conflicts of interest at all levels of the Company, including the Board, Senior Management, key functions and business units.

The Company's risk management strategy is to operate an effective and efficient Risk Management System that continuously identifies, measures, monitors, manages and reports any current and potential risks to which the Company is or may be exposed to. Annually the Board reviews and sets the risk appetite for GasanMamo which is supported by the key risk indicators and tolerance limits documented in the Company's policies. These are monitored on a quarterly basis and seek to be a measure on whether the Company remains within the approved risk appetite.

Moreover, each year the RMF with the support from other departments reviews and updates the Risk Register which tabulates all the risks to which the Company is exposed to as well as any emerging risks. For each risk, a qualitative estimate of their impact on the business and likelihood are assessed. Once reviewed, the Risk Register is analysed by the GRC Committee and any feedback on the adequacy of the controls in place is noted by the RMF. Risk owners are responsible for the implementation of any remedial actions required. The RMF shall follow up in order to ensure that adequate controls have been put in place. The final approval of the updated Risk Register is given by the Board.

The GRC Committee contributes to the preparation of the Company's overall risk strategies and policies for managing significant business risks and is responsible for the effective implementation of GasanMamo's Risk Management Framework. Moreover, the GRC with the support of the RMF has responsibility for overseeing the implementation of any additional controls that might be deemed necessary. Through regular communication, the GRC Committee keeps the Board members informed on updates and changes in the exposure to risks faced by the business.

As outlined in the sections that follow, an annual Own Risk and Solvency Assessment (ORSA) report is also prepared by the RMF. This forms a core component of the Risk Management System of the Company. More details regarding this risk report shall be presented in the next section.

In addition to this, the Company has a fully documented risk management strategy which comprises of the Underwriting & Reserving Risk Policy, Investment and Asset Liability Risk Policy, Credit Risk Management Policy, Liquidity Risk Policy, Concentration Risk Policy, Operational Risk Policy, Reinsurance Policy, Capital Management Policy and the Disclosure and Reporting Policy.

B.3.1 Risk Management Function

The RMF is responsible for the identification, management and reporting of the key risks that the Company is exposed to. It also oversees the establishment of an effective internal control framework within GasanMamo.

The RMF is independent of the risk-taking functions, to ensure the effective operation and objectivity of the Risk Management System. The function reports to the General Manager – Operations, Legal & Compliance and also has a direct reporting line to the Board through the GRC Committee. The RMF is subject to internal audit to assess the adequacy and effectiveness of its control procedures.

As discussed in the previous two sections, the RMF assesses the solvency position of the Company and produces an annual ORSA report which contribute to the decision-making process of GasanMamo.

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

The ORSA is a component of the overall control system of GasanMamo. The objective of the ORSA is to allow the Board to assess its capital adequacy considering all the risks associated with the Company's business strategies and the required level of capital that the Company needs to cover such risks.

In line with this, the ORSA is based on adequate measurement and assessment processes and forms an integral part of the management process and decision-making framework of the Company. In addition, the ORSA enhances the risk awareness embedded in the Company's culture.

GasanMamo has determined that the Solvency II Standard Formula is suitable for the calculation of the Solvency Capital Requirement (SCR) and to assess the overall own solvency needs of the Company.

The ORSA process is highlighted below:

- Defining the driving factors (size and complexity, internal governance issues, supervisory expectations in relation to the ORSA) before the ORSA planning process commences.

- Determining the overall solvency needs, taking into the Company's risk profile and business plan. Identifying and assessing the risks faced over the short, medium and long term.

- The Board approves the proposed test scenarios to be carried out by the RMF and Actuarial Function as an assessment and measurement of material risks through stress testing.

- According to the risk profile, the Company determines the necessary additional capital over and above the SCR and carries out its capital planning for the next 4 years based on its strategic objectives.

- Additional stress tests are performed on the forward looking capital plan and development of actions to be taken in unforeseen circumstances in the future.

- The RMF presents the results to the Board and prepares the ORSA report.

- The final ORSA report is presented to the GRC Committee for their comments and review before it is finally circulated to the Board for their approval and consideration in the following business plan.

Figure 4 below illustrates the ORSA process and how this is linked to the business strategy of GasanMamo:

Figure 4: The ORSA process

The RMF is responsible for the compilation and preparation of the annual ORSA report, with the support from Senior Management and key functions within GasanMamo. The ORSA is then approved by the Board prior to its submission to the supervisor.

An additional ad-hoc ORSA may also be carried out prior to embarking on a new material project or immediately following any significant changes. These include but are not limited to, significant changes in the Company's risk profile; significant changes to the financial and political environment in which the Company operates; significant operational loss; and mergers and acquisitions.

This allows for strategic decisions such as the expansion into new markets, the introduction of new products, amongst others to be assessed and evaluated in the light of their effect on the Company's risk situation and risk-bearing capacity. The impact of these significant business changes and strategic decisions to be assessed and evaluated in the light of their effect on the Company capital and risk situation and its risk-bearing capacity.

B.5 Internal Control System

The Internal Control System is an important aspect of corporate governance since a system of effective internal controls is fundamental to the safe and sound management of the Company. Effective internal controls help the Company protect and enhance shareholders' value and reduce the possibility of unexpected losses or damage to its reputation. It also reduces the possibility of significant errors and irregularities and assists in their timely detection when they do occur.

Every member of the Company has a role in the Internal Control System. This system depends on the Company's culture towards internal control and their attention to it:

- The Board is responsible for setting the strategy, tone, culture and values of the Company.
- Senior Management, the RMF, the Compliance and Actuarial Function design policies and procedures to ensure that an effective Internal Control System is established within the Company.
- The Internal Audit Function monitors the effectiveness of the Internal Control System.

GasanMamo has in place appropriate documented policies, procedures, techniques and mechanisms for each of its business areas and control functions.

The Company's key data and programs are appropriately backed up and maintained for business continuity purposes. GasanMamo also employs physical controls to secure and safeguard its vulnerable assets and access to data, information, records, assets, equipment and property is restricted only to authorised personnel.

In addition, the Company has a formal Business Continuity Plan (BCP) in place that describes the procedures to be carried out in the event of major incident affecting the operations of GasanMamo.

B.6 Compliance Function

The Compliance Function is an integral part of the Company's Internal Control System as it is responsible for protecting the Company from material financial or reputational loss and from non-compliance with internal policies and applicable external rules and regulations.

Compliance interacts with regulatory bodies to monitor trends and changes in regulations. It also works closely with the RMF to establish and maintain a focused, risk-based environment.

As stated in the Company's Compliance Policy, the function is assigned to persons who are independent from other significant and key functions of the Company to avoid any conflicts of interest. The function reports to the Managing Director and has a direct reporting line to the Board through the GRC Committee, to ensure its operational independence and to safeguard its ability to escalate important issues.

B.7 Internal Audit Function

The Internal Audit Function is outsourced to KPMG in Malta, thus ensuring the independence and objectivity from the processes it reviews. Through quarterly audits, the Internal Audit Function provides assurance and advice on the adequacy and effectiveness of GasanMamo's Internal Control System, operational functions and any matters which would require their review.

The Internal Audit Function reports to the Board though the Audit Committee. It does not subordinate to any other operational functions of GasanMamo however, all its reports are communicated to GasanMamo's Senior Management, as applicable. The function together with the Audit Committee, takes the necessary steps to ensure that the scope and frequency of separate evaluations of internal control are appropriate for the Company and establishes a formal methodology for evaluating internal control, which is logical and appropriate to the operations of the Company.

B.8 Actuarial Function

The Actuarial Function is outsourced to Lux Actuaries and Consultants Limited in Cyprus. The Actuarial Function reports to the Managing Director and to the Board through the GRC Committee. The Actuarial Function is subject to the audit of the Internal Audit Function regarding the adequacy and effectiveness of its procedures. On the basis of the information provided by GasanMamo, the Actuarial Function is responsible for the following processes:

- Assessing the adequacy and quality of data provided.
- Ensures that homogeneous risk groups of insurance and reinsurance obligations are identified for an appropriate assessment of underlying risks.
- Ensure the most appropriate approximations for the purposes of calculating the best estimate are used in cases referred to in Article 82 of Directive 2009/138/EC
- The calculation of technical provisions, whilst ensuring its appropriateness of the methodologies, models and assumptions.
- Assess the uncertainty associated with the estimates made in the calculation of the technical provisions.
- Analysing the movement in technical provisions, including the comparison of best estimates against experience.
- Consider relevant information provided by financial markets on underwriting risks and ensure that it is integrated in the assessment of technical provisions.
- Review of the loss portfolios and providing advice on the current Underwriting Policy and the adequacy of the pricing and reinsurance arrangements of the Company.
- Contributing to the effective implementation of the Risk Management System, particularly in the compilation of the ORSA report and performing the SCR calculations.

B.9 Outsourcing

GasanMamo has in place an Outsourcing Policy, which has been approved by the Board. The document outlines the outsourcing procedures of the Company in order to ensure the on-going compliance with the requirements of Solvency II regulations with respect to the effective control and management of risks associated with outsourced services. The policy outlines the outsourcing procedure based on the outsourcing requirements and establishes the responsibilities of all parties in the Company with respect to outsourcing. The policy also includes the information that should be included in written agreements with providers.

As disclosed in the sections above, the Company has outsourced the Actuarial Function to Lux Actuaries and Consultants (Cyprus) Limited and the Internal Audit Function to KPMG in Malta. The Managing Director has the responsibility for the oversight of the Actuarial function whilst the Audit Committee is responsible for the oversight of the Internal Audit function as required under Solvency II.

B.10 Any Other Disclosures

The Board members are required to conduct an annual evaluation of the performance and effectiveness of the Board in light of its responsibilities. In this process, the Board provide their views on whether the Board is functioning effectively and consider whether changes to their processes, composition or committee structure are appropriate. These changes are followed up by GRC Committee to ensure their implementation.

Similarly, each Board Committee annually evaluates its effectiveness in carrying out its duties specified in the Company's Governance Policy and considers whether any changes need to be implemented.

In order to ensure the effectiveness and independence of GasanMamo's key functions, the RMF, Compliance and Actuarial Functions are subject to an assessment of the Internal Audit Function. The Solvency II regime also ensures that all key function holders of the Company and those individuals that fall under the Fit and Proper Requirements are to self-certify to Compliance, on annual basis to ensure their continuous fitness and propriety.

The Governance Policy also establishes GasanMamo's Code of Standards that fall under the Fit and Proper Requirements. The code seeks to ensure that a culture of integrity is maintained throughout the organisation and promotes standards of ethical behavior that applies to the Board, Senior Management and employees. All employees are encouraged to promptly report any suspected irregularities or dishonesty.

GasanMamo considers itself to have a sound corporate governance system and has concluded that it effectively provides for the sound and prudent management of its business, which is proportionate to the nature, scale and complexity of the operations carried out within the Company.

There have been no material changes in the System of Governance, during the year under review.

C – Risk Profile

The risk profile of the Company is described the following sections. GasanMamo uses the Standard Formula to measure the regulatory capital obligations. For each risk component of the SCR, the following sections shall describe the risk exposure, the risk mitigation process used and results of the sensitivity analysis and stress scenarios carried out. The Company has also identified additional risk exposures which are not included within the Solvency II Standard Formula. These are listed in the Company's Risk Register. The material risk exposures identified are also described in Section C.6.

Figure 5 below shows the percentage SCR capital allocation for each risk component as calculated by the Solvency II Standard Formula (before diversification).

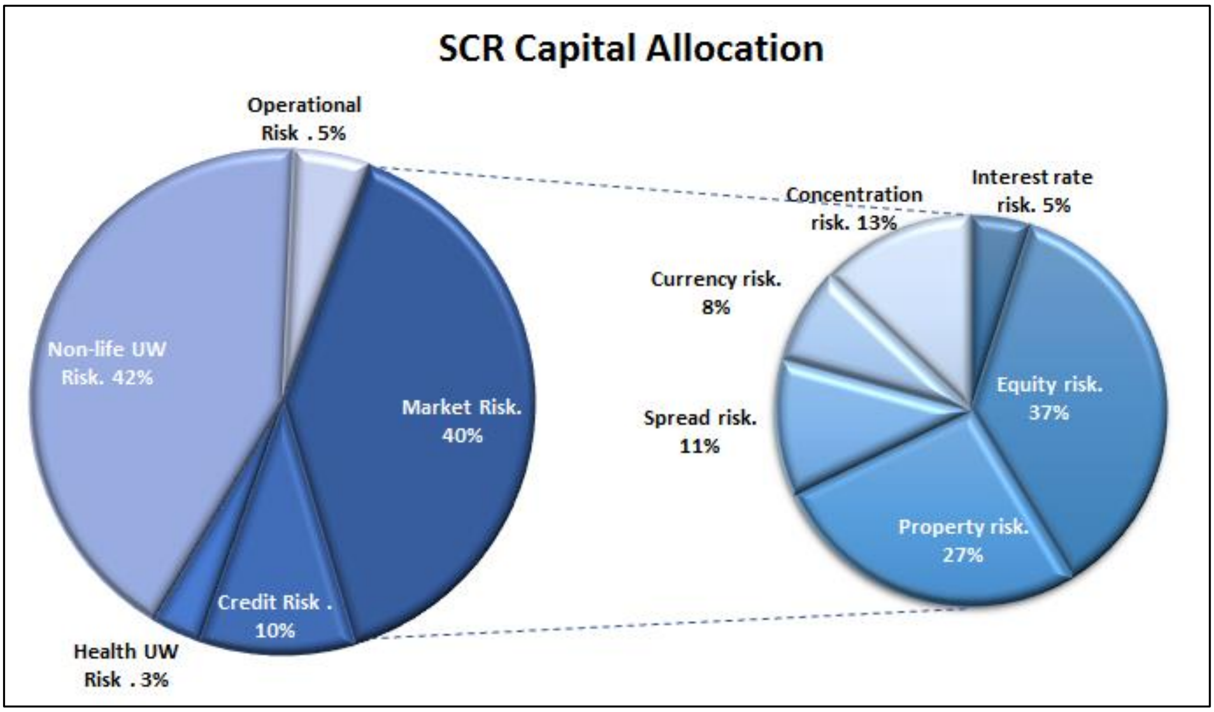

Figure 5: SCR Capital Allocation

C.1 Underwriting Risk

C.1.1 Risk Exposure

Underwriting Risk is the risk of loss, or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions. Underwriting and Reserving Risk includes the fluctuations in the timing, frequency and severity of insured events, with relation to the Company's expectations at the time of underwriting. This risk can also refer to fluctuations in the timing and amount of claims settlements.

Being an insurance company specializing in Non-Life and Health lines of business, GasanMamo's largest risk exposure is in Premium, Reserving and Catastrophe Risk. The Company underwrites mainly annual policies (with the exception of Contractors All Risks contract term cover, Travel and Marine short-term policies), and therefore has the ability to rate risks individually and to impose conditions in accordance with the risk under consideration. The underwriting strategy is to diversify the type of insurance risk accepted; and to obtain a sufficiently large population of risk to reduce the variability of the expected outcome, within each line of business.

C.1.2 Risk Mitigation Practices

Risks arising from underwriting activities are managed through its underwriting strategy, internal risk limits and underwriting guidelines that are in place to enforce appropriate risk selection criteria and are also reinforced by internal controls.

The Company has reinsurance protection in place substantially for all lines of business. The reinsurance arrangements consist of a non-proportional program, with a deductible that is commensurate with the Company's financial standing. Product approval process, premium rate reviews and internal underwriting authority and limits are also in place to further mitigate the Underwriting Risk exposures. GasanMamo does not allow, under any circumstances, the underwriting of high-risk or complex products, of which risks cannot be fully understood, measured and/or managed.

To further mitigate the Underwriting Risk of the Company, GasanMamo also undertakes an actuarial evaluation of technical provisions and regular pricing analysis is performed using Multivariate Analysis (MVA) and General Linear Model (GLM) to evaluate the adequacy of premium pricing rates.

C.1.3 Risk Sensitivity

In order to assess the material risks of the Company in a comprehensive, integrated and forward-looking manner, the RMF carries out sensitivity analysis and stress scenarios.

Sensitivity analysis is usually based on a less complex methodology and illustrates how GasanMamo's position would change in case a single relevant risk factor is modified but all other circumstances remain unchanged. On the other hand, a stress scenario is based on a hypothetical or historic scenario and assumes the simultaneous change of several risk factors. This way the Company quantifies their combined impact on the Company's position, suitably taking into consideration the impact of all underwriting and reserve risk factors which may have an impact on the prudent and solvent operation of the Company.

During 2017, the Company has also carried out stress tests with regards to underwriting risk including loss ratio & extreme events increases. Moreover, tests were also carried out to assess the effectiveness of the current RI programme. These modelled scenarios resulted in an Own Funds deterioration but in all instances, the Company has remained comfortably above the regulatory solvency level of 100%.

C.1.4 Any Other Disclosures

No additional disclosures need to be reported.

C.2 Market Risk

C.2.1 Risk Exposure

The Company's investment portfolio is monitored by the Investment Committee that meets monthly to review the position of its investments and to plan its investment strategy in accordance with established guidelines. Investment decisions are taken on the basis of the Asset Allocation Policy that has been approved by the Board. The Asset Allocation Policy includes benchmarks and guideline on various aspects of portfolio management, including currency, instruments, rating, localisation, concentration and maturity. This Policy is periodically reviewed by the Investment Committee and amended as necessary to reflect the Company's overall investment objective which is principally the preservation of capital and liabilities.

The diagram below gives an overview of the composition of GasanMamo's asset portfolio.

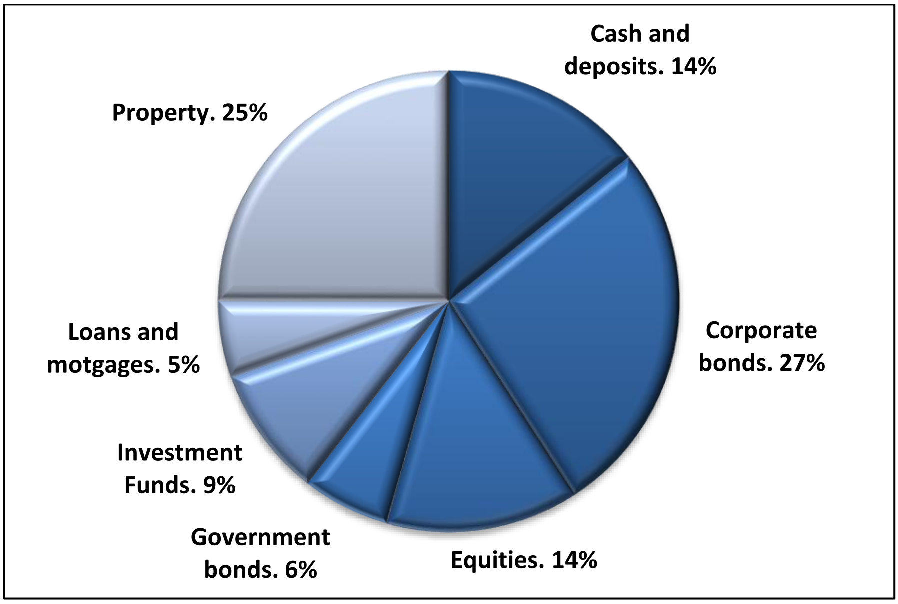

Figure 6: Composition of Asset Portfolio

GasanMamo is exposed to various risks that arise from its investments of assets and other securities. The main market risks to which the Company is exposed are detailed in the sections below.

Interest Rate Risk

Interest Rate Risk arises from the sensitivity of the values of liabilities and assets to changes in the term structure of interest rates, or in the volatility of interest rates. The Company's assets which are subject to this risk include government and corporate bonds, debt funds, structured notes, short term deposits (less than one year) and intra-group loans.

This risk is mitigated through the distribution of fixed interest investments over a range of maturity dates. Moreover, the Company's Asset Allocation Policy limits the amount of investment in any one asset.

Equity Risk

Equity Risk arises from the sensitivity of asset values to fluctuations in the level or volatility of market prices for equities. In line with the quantification of Equity Risk using the Standard Formula, the mentioned assets are classified as:

- Type 1: equities listed in regulated markets in the countries that are members of the European Economic Area (EEA) or Organisation for Economic Co-operation and Development (OECD) or traded on multilateral trading facilities whose registered head office is in a Member State.
- Type 2: equities other than the above which are listed in emerging markets and as a result carry more risk. It also includes commodities, other alternative investments and any other assets that are not explicitly treated elsewhere under the Market Risk module.

The Company reduces this risk by diversifying its investments in different countries and in different sectors. The Company also operates a number of investment portfolios in order to spread the risk. These investment portfolios are administered by different investment managers who are required to adhere to the Company's Asset Allocation Policy.

Currency Risk

Currency Risk arises from the values of assets invested in currencies other than Euro; due to their sensitivity to the level and volatility of exchange rates to foreign currencies. As at December 2017, the Company held investments valued in US Dollars, Australian Dollars, Great Britain Pound, Swiss Franc, Danish Krone, Swedish Krona and Norwegian Krone

The Company's exposure to foreign exchange risk arises primarily from investments that are denominated in currencies other than Euro. As at December 2017, more than 92% of the Company's assets were denominated in Euro and thus the majority of the portfolio is not exposed to Currency Risk.

The Company's Investment Committee establishes allowable thresholds with regards to the Company's exposure to foreign exchange risk. As a result of the above factors, the Board does not consider the Company's exposure to Currency Risk to be significant.

Property Risk

Property Risk arises from the sensitivity of the values of assets and liabilities to changes in the level or in the volatility of market prices of real estate.

Property represents a major asset class in the Company's investment portfolio, most of which are invested in residential properties.

The Investment Committee has appointed a Property Investment Sub-Committee to consider and propose investments in immovable property and to manage any rental property of GasanMamo. To mitigate risk exposure, property valuations are carried out by qualified professionals regularly and the Company's property portfolio is maintained to adhere by the Company's Asset Allocation Policy.

Spread Risk

Spread Risk arises from the sensitivity of the values of assets, and financial instruments, to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure. This is applicable for fixed income investments and is particularly sensitive to the duration of each security and the credit rating of the issuer.

The Company's exposure to Spread Risk can be potentially reduced by investing in higher grade instruments or other assets which are not subject to Spread Risk.

Concentration Risk

This comprises of additional risks stemming either from lack of diversification in the asset portfolio or from large exposure to default risk by a single issuer or a group or related issuers.

C.2.2 Risk Mitigation Practices

Monthly, investments are valued at their market values in accordance with the IFRS standard. As mentioned in Section C.2.1, the Investment Committee meets monthly to review the position of its investments and plan its investment strategy in line with GasanMamo's Asset Allocation Policy.

The Company's overall investment objective is to adequately fund the Company's technical reserves and solvency margin, and to contribute to the growth of surplus for the benefit of the shareholders. The Board and Investment Committee define and review the investment strategy of the Company by considering the financial environment and macroeconomic factors, the Company's solvency position and the Company's exposure to material risks. The investment strategy forms part of the Company's business strategy documentation and considers multiple investment horizons; both short and long term.

C.2.3 Risk Sensitivity

Considering the liabilities of the Company, in terms of nature, currency, duration, and amount, no significant sensitivity from the volatility in the market parameters can be observed. Movement in the interest rates is the only factor affecting the amount of liabilities, in terms of Market Risk, however the impact is not considered material as it is fully offset from the corresponding movement in the amount of the backing assets.

The Company's investment portfolio comprises of a large number of high grade financial instruments whose behaviour is not materially different from general market trends. The investment portfolio currently held by the Company together with the assets held for own use can be considered to be well diversified.

As part of the business and capital planning processes, the RMF carries out stress tests as well as sensitivity and scenario analyses. These tests or analysis measure the impact of any change in the risks including establishing a proper management of any change that happens, monitoring and measuring prospective changes in the risk situation, and determining any consequences.

GasanMamo has performed stress scenarios to assess its resistance to a financial crisis. Although this would result in a deterioration of the solvency ratio, the Company remains in a strong capital position with a ratio well above 100%.

C.2.4 Any Other Disclosures

No additional disclosures need to be reported.

C.3 Credit Risk

C.3.1 Risk Exposure

This section considers the risk that counterparties may not live up to their contractual obligation; which is inherent in the Company's insurance business, investments and other operations. The key areas where the Company is exposed to Credit Risk are:

- Reinsurance recoverables: exposure to Credit Risk is generated when reinsurance coverage is purchased as an insurance risk management tool for GasanMamo. Exposure arises, for example, where claims paid are not immediately reimbursed by the reinsurer.
- Receivables from insurance intermediaries
- Deposits with ceding institutions
- Other debtors
- Cash at bank
- Guarantees or, letters of credit which are provided by the Company as well as any other commitments which the Company has provided and which depend on the credit standing of a counterparty
- The extension of credit to corporate customers and/or policyholders.
- Intra- group debt balances
- Potential payment of substantial amounts of funds to third parties (Pre-payments) in exchange of services or products that will be offered to the Company at some point in the future or future financial obligations to the Company. The Credit Risk arises if the counterparty fails to meet their obligations towards the Company
- Listed fixed income exposures

C.3.2 Risk Mitigation Practices

The Company has in place a Credit Risk Management Policy to provide a framework and principles for the effective management of Credit Risk. It defines the internal control processes to assess and monitor credit exposures and internal risk thresholds.

For the amounts due from insurance intermediaries and contract holders, the Company manages its Credit Risk through the work of its Debtors Review Committee. This Committee meets monthly and ensures that the credit is controlled with pre-agreed payment schedules on a case-by-case basis.

Credit Risk relating to debtors is identified, assessed and monitored through the Risk Register on which key market risks are recorded. In addition, where credit is granted this is limited to a maximum of 6 months.

The creditworthiness of reinsurers is considered on an annual basis by the Board. The Company's policy is to only enter into contracts with reinsurers having a minimum Standard & Poor's rating (or equivalent when not available) of A minus.

The Company is also exposed to Credit Risk for its cash at bank and investments. The Asset Allocation Policy includes guidelines and limits on the creditworthiness for investments.

C.3.3 Risk Sensitivity

As part of the business and capital planning processes, the Company carried out stress scenarios to assess the effect of material credit risks on the prudent and solvent operation of the Company. In these cases, the Company has remained comfortably above the regulatory solvency level of 100%.

C.3.4 Any Other Disclosures

No additional disclosures need to be reported.

C.4 Liquidity Risk

C.4.1 Risk Exposure

The Company's Liquidity Risk arises from the eventuality that the frequency or severity of claims are greater than estimated and/or the inability to liquidate assets, thus leading to significant asset/liability mismatches in relation to duration, currency, and timing. The following is a list of GasanMamo's potential sources of Liquidity Risk exposure:

Liabilities
- Unexpected large outflows due to large claims or catastrophe claims
- Unexpected large outflows due to non-claim related liabilities
- Inability to secure external funding from banks due to systemic (e.g. wider financial crisis) or idiosyncratic (e.g. Reputation Risk due to fraud, or non-compliance) reasons

Assets
- Lower than expected income from new business
- Inability or delay in collecting policyholder premium receivables and other receivables
- Failure or delay in receiving reinsurance recoverable
- Impairment of assets and or inability to liquidate investments due to deterioration of the wider market environment and the deterioration in the credit standing of specific counterparties

GasanMamo calculates Expected Profit Included in Future Premiums (EPIFP) by projecting the expected cash-flows resulting from premium receivables in relation to existing contracts or to any bound but not yet incepted contracts. As at valuation date, there are no future premiums cash-flows within the contract boundaries of unexpired policies and therefore there is no expected profit included in future premiums.

C.4.2 Risk Mitigation Practices

Liquidity Risk is currently classified as Low since the Board does not consider this risk as significant given the nature of the Company's financial assets and liability. The Company's financial assets are in their greater part readily realised as they consist of local and foreign securities listed on recognised stock markets and deposits held with well rated credit institutions. Moreover, the Company ensures that a reasonable level of funds is available at any point in time for unexpected large claims and the

Company may also resort to banking facilities as a means of finance. Moreover, the Company has in place a number of Reinsurance treaties which could be called upon depending on the severity of claims.

C.4.3 Risk Sensitivity

GasanMamo undertakes regular stress testing for the measurement of the impact of the Company's capital in the following two ways:

- By applying one or more stresses to a single risk factor (e.g. impact of a large claim pay-out) or
- By constructing scenarios that consider the impact of several risk factors crystallizing at the same time

The outcome of the stress testing is monitored against GasanMamo's risk appetite and reported to the Board / GRC Committee. The Company uses the output of the stress testing to develop appropriate contingency plans that can be unfolded in the event of an actual stress. In addition, GasanMamo uses the outcome of the stress and scenario analysis, to inform decision making and to develop and enhance its risk appetite and risk limits.

C.4.4 Any Other Disclosures

No additional disclosures need to be reported.

C.5 Operational Risk

C.5.1 Risk Exposure

Operational Risk refers to the risk of loss arising from inadequate or failed internal processes, or from personnel and systems or other external events. GasanMamo has identified the following as potential sources of Operational Risk:

- **Processes** – includes inter alia breach of mandate, transaction error, loss of client assets, under-reserving, compliance issues, corporate action errors, accounting or taxation errors, inadequate record-keeping.
- **People** – includes inter alia fraud, employee illness or injury, discrimination claims, compensation/ benefit / termination issues, recruitment and staff retaining issues.
- **Systems –** includes inter alia hardware/ software failure, unavailability and integrity issues of the data, unauthorised access to information and systems security, telecommunications failure, utility outage, computer hacking or viruses.
- **External events** – includes inter alia operational failure of suppliers or outsourced services, disasters, terrorism, vandalism, theft, robbery, weather.

C.5.2 Risk Mitigation Practices

To minimise the loss arising from Operational Risk, segregation of duties is practiced by the Company with the main objective being the prevention of fraud and errors. Internal and external auditors have annual plans to review processes connected with internal controls of the operations of the Company and to make recommendations that are necessary for better performance and governance of the Company.

C.5.3 Risk Sensitivity

GasanMamo implements a rigorous risk management and internal control framework giving satisfactory mitigation against Operational Risks. Over the history of the Company there have been no losses due to Operational Risk exposure of the magnitude implied by the SCR calculation. GasanMamo continues to monitor and control Operational Risk exposures as prescribed in its Risk Management Framework.

C.5.4 Any Other Disclosures

No additional disclosures need to be reported.

C.6 Other Material Risks

The Company has also identified additional risk exposures, which are split into sub-risks and are also documented in GasanMamo's Risk Register. Each of these risks is managed by the respective risk owners, who assign a residual impact considering the risk mitigation processes in place.

The following paragraphs disclose additional material risks to which the Company is exposed.

C.6.1 Reputational Risk

The risk of potential loss through the deterioration of its reputation or standing due to a negative perception of the Company's image among customers, counterparties, shareholders and/or supervisory authorities.

C.6.2 Corporate/ Strategic Risk

Corporate/ Strategic risk arises from the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. As a result, the Company could be unable to implement appropriate business plans and strategies, make decisions, allocate resources, comply with laws, regulations, and obligations or adapt to the changes in the business environment etc.

To minimize these risks, the performance of the Company is reviewed on a monthly basis by Senior Management and the Board. It is also ensured that the Board's strategy is adhered to through the implementation of Company policies.

C.6.3 IT Risk

The risk that the Company suffers from a service disruption to its customers or that it incurs losses due to system defects such as failures, faults, inadequate security considerations, cyber-attacks and phishing mail amongst others.

The Company mitigates these risk through both physical infrastructure and hardware systems, and through software and data backup procedures. To reduce the risk of a cyber-attack, employees are constantly warned of any phishing emails and awareness on their identification is made.

The Company also has in place a Disaster Recovery plan which is part of the annually reviewed Company's Business Continuity Plan.

C.6.4 Reinsurance Risk

RI risk refers to the inability to obtain insurance from a reinsurer at the right time and at the appropriate cost. This could emanate from unfavourable market conditions such as default of reinsurer or adverse market conditions.

All the Company's largest risk exposures are covered by annually reviewed RI treaties. RI cover is split against multiple reputable and professional reinsurers to avoid risk concentration. The stress scenarios carried out in the ORSA report also aid in assessing the adequacy of the Reinsurance strategy in place.

C.7 The Nature of Material Risk Exposures

The Company has no further information to disclose regarding its risk exposure; including exposures arising from off-balance sheet positions and the transfer of risk to SPV.

C.8 The Prudent Person Principle

GasanMamo invests its assets in accordance with the 'Prudent Person Principle' set out in article 132 of Directive 2009/138/EC which states that assets must be invested in a manner that a prudent person would. In accordance with the Prudent Person Principle the Board has set out high-level investment principles that should be followed by the Company's Investment Committee.

The Company does not engage in speculative or high-risk investment activities and does not capitalize in complex instruments or markets where the risks cannot be sufficiently understood and measured. The investment activities are appropriate so that shareholders and policyholders are not exposed to undue risk. GasanMamo's assets must also meet the criteria of EIOPA and MFSA insurance regulations.

The investment strategy is constantly aligned with the Company's internal policies thus ensuring that the Company holds sufficient assets with enough liquidity to meet all liabilities and meet all liabilities and enable payments as they fall due.

C.9 Any Other Disclosures

The Company does not have any additional material information to disclose regarding the risk profile of the Company.

D – Valuation for Solvency purposes

D.1 Assets

Assets	IFRS €'000	Solvency II €'000
Deferred acquisition costs	3,401	
Property, plant and equipment held for own use	3,492	3,492
Property (other than for own use)	10,517	10,517
Holdings in related undertakings, including participations	38	38
Equities	7,583	7,583
Bonds	18,101	18,349
Collective Investment Undertakings	5,161	5,161
Deposits other than cash equivalents	3,839	3,858
Loans and mortgages	2,989	3,011
Reinsurance recoverables	1,361	1,363
Insurance and intermediaries receivables	5,816	5,816
Reinsurance Receivables	0	0
Cash and cash equivalents	4,605	4,605
Any other assets, not elsewhere shown	503	214
Total Assets	**67,406**	**64,007**

Table 5: Valuation of Assets

D.1.1 Property, plant & equipment held for own use

Property held for own use is recorded at historical cost less depreciation and subsequently adjusted to reflect fair value changes, if there are any. Historical cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. There were no significant estimates and judgements used in valuing the property held for own use.

There are no differences between the Solvency II valuation and IFRS valuation of the properties.

D.1.2 Property (other than for own use)

Investment property is initially recorded at the acquisition cost and subsequently adjusted to reflect fair value. Historical cost includes expenditure that is directly attributable to the acquisition of the property. Every two years a revaluation exercise is carried out and an architect's valuation is obtained for each property. A number of factors are taken into consideration including the rental yield, the quality of the property, values of surrounding properties, and market conditions in the area. Investment property was revalued during the financial year end 2017. This resulted in fair value gains of €1,213K. The Company is earning a return through rental income and this is generated from leases to both residential and commercial clients. The main assumptions used in valuing the investment property are the rental yields and the capitalisation rate.

There are no differences between the Solvency II valuation and IFRS valuation of the properties.

D.1.3 Holdings in related undertakings, including participations

The Company holds an investment in a joint venture, which is not measured at cost under IFRS. Instead, the Company reports a proportionate share of the joint venture's equity as an investment. Profit or loss from the joint venture increase or decrease the investment account by an amount proportionate to the Company's shares in the joint venture. Dividends paid out by the joint venture are deducted from this amount. There were no significant estimates and judgements used in valuing the participation due to the nature of the asset. There are no differences between the Solvency II valuation and IFRS valuation of the participation.

D.1.4 Equities

The amount invested in equities at the financial year end 2017 is €7,583K, and this same amount is reported under IFRS and Solvency II. These are also valued at fair value through profit and loss and are denoted by current market prices. The market prices are readily available and the stocks are actively traded – details of which are provided in a statement produced by the portfolio managers. There were no significant estimates and judgements used in valuing the asset due to the nature of the asset.

D.1.5 Bonds

As at the reporting date, the Company invested €18,349K in government and corporate bonds. Government and corporate bonds are debt securities which have a fixed rate of interest. The difference of €248K as reported under Solvency II compared to IFRS represents the accrued interest as at 31 December 2017. There were no significant estimates and judgements used in valuing the asset due to the nature of the asset. The investments are valued at fair value through profit and loss, which is based on the prices quoted on active markets. These investments are held with portfolio managers who provide monthly reports detailing current market prices, credit ratings, duration and any accrued interest.

D.1.6 Collective investment undertakings

As at the reporting date, the Company had collective investment undertakings amounting to €5,161K. There are no significant estimates or judgements used in valuing the collective investment undertakings due to the nature of the asset. The value reported under Solvency II does not differ from the amount reported in the AFS.

D.1.7 Deposits other than cash equivalents

As at the reporting date, the Company had term deposits amounting to €3,858K. The investment denominated in Euro represents 100% of the total amount. There are no significant estimates or judgements used in valuing the term deposits due to the nature of the asset. The value reported under Solvency II differs from the amount reported in the AFS by €19K. The difference represents the accrued interest earned as at 31 December 2017. No significant estimates and judgements are used in valuing the accrued interest due to the nature of the asset.

D.1.8 Loans and mortgages

The Company has two related party loan assets, one with a group undertaking and one with a shareholder. These are measured at the value of the amount which was lent out under IFRS. Both loans bear a weighted average interest rate of 3%. The €22K difference between the Solvency II valuation and IFRS valuation is the accrued interest on the loans.

D.1.9 Reinsurance Recoverables

Reinsurance recoverables as at year end was €1,363K and represent the difference between Gross and Net provisions. Due to the nature of the Reinsurance arrangements (non-proportional reinsurance), for the Claim Provision the reinsurance recoverable was determined as the reinsurers' share of current outstanding case by case reserve. For the Premium Provision, we have assumed zero reinsurance recoverable. Reduction of reinsurance recoverables to allow for expected losses due to a counterparty default is also applied.

D.1.10 Insurance and intermediaries' receivables

As at the reporting date, the Company had insurance and intermediaries' receivables amounting to €5,816K. There are no significant estimates or judgements used in valuing the insurance and intermediaries' receivables due to the nature of the asset. The value reported under Solvency II does not differ from the amount reported in the AFS.

D.1.11 Cash and Cash Equivalents

As at the reporting date, the Company had cash amounting to €4,605K held with local and foreign banks. This amount is invested in savings accounts and current accounts. The cash denominated in Euro represents 80% of the total amount. The value of cash and cash equivalents is confirmed through the statement sent by the respective financial institutions and the Company reconciles these balances with its own records. There are no significant estimates or judgements used in valuing the cash holdings due to the nature of the asset. No significant estimates and judgements are used in valuing the accrued interest due to the nature of the asset.

D.2 Technical Provisions

The technical provisions are defined as the probability-weighted average of future cashflows, discounted to take into account the time value of money considering all possible future scenarios. Technical provisions are grouped into the following key components:

- Claims Provisions: Best Estimate of provisions relating to the earned exposure
- Premium Provisions: Best Estimate of provisions that relate to the unearned exposure
- Risk Margin: Additional provision to bring the best estimate to the level required to transfer the insurance obligations to a third party

The results are summarised in the table below.

Technical Provisions €'000	Claims Provision		Premium Provision		Risk Margin
	Gross Best Estimate	Reinsurance Recoverable	Gross Best Estimate	Reinsurance Recoverable	
Medical expense	736	25	1,035	-	57
Income protection	99	-	70	-	8
Workers' compensation	141	-	50	-	11
Motor vehicle liability	8,218	438	4,796	-	625
Other motor	955	99	4,473	-	69
Marine and transport	257	-	201	-	21
Fire and other prop. damage	1,949	560	2,109	-	112
General liability	2,062	-	377	-	166
Assistance	290	-	85	-	23
Miscellaneous	1,711	240	971	-	118
Total	**16,418**	**1,362**	**14,167**	**-**	**1,210**

Table 6: Value Best Estimate and Risk Margin as at Dec 2017

D.2.1 Claims Provision

The provision for claims outstanding relates to claim events that have already occurred, regardless of whether the claims arising from those events have been reported or not. The components of the claims provision under IFRS are the Case by Case Estimates (OSLR), the Incurred But Not Reported (IBNR), the Incurred But Not Enough Reported (IBNER) and the reserve for Claims Handling Expenses.

The company calculates its claims provisions applying generally accepted actuarial methodologies namely the Chain Ladder on Paid and Incurred claims, the Loss Ratio method and the Bornhuetter Ferguson method.

Expert actuarial judgement is applied in the choice of methodology and the choice of underlying valuation assumptions.

The outcome of the above methods is then adjusted to allow for the following:

- Expenses
- Events Not In Data (ENID) such as Binary and Extreme events
- Discounting effect
- Reinsurance recoveries (less expected default impact)

D.2.2 Premium Provision

The calculation of the premium provision relates to all potential future claim payments arising from future events, post the valuation date, that have not yet expired and to all administrative expenses associated with these policies.

The premium provision is determined on a prospective basis taking into account the expected cash-in and cash-out flows and the time value of money. The expected cash flows were determined by applying an appropriate prospective combined ratio and payment pattern to the unearned premium reserve.

On the basis of the data analysis, this methodology and its underlying model and assumptions are deemed to be realistic for each line of business. The conditions rendering this method valid are met, namely:

- It can be expected that the combined ratio, explained below, remains stable over the run-off period of the premium provision;
- A reliable estimate of the combined ratio can be made;
- The unearned premium provision is an adequate exposure measure for estimating future claims during the unexpired risk period.

For the purpose of this valuation it is assumed that "Expenses", under the Premium Provision, include all expense items, except acquisition costs (as these have already been incurred) as allocated to each line of business by the company.

D.2.3 Risk Margin

The risk margin is equivalent to the amount that would be paid to another insurance or reinsurance company in addition to the amount of best estimates to take over the Company's insurance obligations. The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the Company's insurance obligations over the lifetime thereof. This rate, called the Cost-of-Capital, is prescribed by EIOPA and currently stands at 6%.

The Company does not use any special purpose vehicles.

D.2.4 Level of Uncertainty

Future claims experience is dependent on the external environment and its random behaviour gives rise to uncertainty.

The main sources of uncertainty are outlined below:

- Ultimate claim cost for long-tail classes
- Litigation changes
- Model error
- Uncertainty in payment pattern of future claims
- Future expense inflation

The impact of uncertainty is considered throughout the reserving process and a range of possible outcomes within a 90% confidence interval is provided through the use of statistical approaches.

The impact of uncertainty is considered throughout the reserving process and a range of possible outcomes within a 90% confidence interval is provided through the use of statistical approaches.

D.2.5 Differences between Solvency Valuation and IFRS Valuation

	Solvency II Valuation €'000				IFRS Valuation €'000		
	Net Claim Provision	Net Premium Provision	Risk Margin	Technical Provisions	Net Claims Reserve	Net UPR	Technical Provisions
Medical expense	711	1,035	57	1,803	538	1,423	1,961
Income protection	99	70	8	177	90	170	260
Workers' compensation	141	50	11	202	110	92	202
Motor vehicle liability	7,780	4,796	625	13,201	6,853	6,226	13,079
Other motor	856	4,473	69	5,398	2,535	5,609	8,144
Marine and transport	257	201	21	479	280	354	634
Fire & other prop. damage	1,390	2,109	112	3,611	1,461	3,052	4,513
General liability	2,062	377	166	2,605	1,728	692	2,420
Assistance	290	85	23	398	396	124	520
Misc. financial loss	1,471	971	118	2,560	1,393	1,059	2,452
Total (Dec 2017)	**15,057**	**14,167**	**1,210**	**30,434**	**15,384**	**18,801**	**34,185**

Table 7: Comparison of technical provisions under Solvency II and IFRS valuation

The main valuation principles of Solvency II leading to differences from reserves shown in the Financial Statements are:

- Removal of any implicit or explicit margin for prudence
- Allowance for time value of money through discounting of future cash flows. For the discounting purposes the Euro risk free curve as at valuation date and without volatility adjustment has been used.
- Allowance is possible for negative IBNER where it is expected that there will be a favourable development of case-by-case reserves
- Consideration of ENID (Events Not In Data) such as Binary and Extreme events
- In the calculation of the premium provision under Solvency II, an insurer may take credit for profits embedded in unexpired policies. Under IFRS this is disallowed and any profits embedded in the UPR may not be recognised until the expiry of these contracts. An Additional Unexpired Risk Reserve is mandatory only where it is positive but not when it is negative.
- The UPR/URR only allows for policies in force at the valuation date. The premium provision needs to include all policies that the (re)insurer is obligated to, at the valuation date, including policies that have not yet incepted.
- There is no explicit allowance in the UPR/URR for ENID. Where an AURR is needed, it is sufficient for the URR calculation to allow for reasonably foreseeable events only.
- There is no concept of Deferred Acquisition Costs in Solvency II
- There is no concept of risk margin in the Financial Statements

In addition to differences streaming from requirements to value in line with gross liabilities, there are also differences in requirements specific to the valuation of reinsurance. These include the requirement to allow for expected non-payment due to default or dispute.

D.2.6 Additional Disclosures

There were no material changes in the methodology used when compared to year 2016.

The technical provisions of the Company are not sensitive to changes in the lapse rates. Nevertheless, there were no material changes in the lapse rates assumption compared to previous valuations dates.

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

D.3 Other Liabilities

The following section presents the other liabilities which amounted to €4,590K and how these were valued for Solvency II purposes.

Other Liabilities	IFRS €'000	Solvency II €'000
Contingent liabilities	-	109
Deferred tax liabilities	999	1,084
Debts owed to credit institutions	796	796
Insurance and intermediaries' payables	26	26
Reinsurance payables	298	298
Payables (trade, not insurance)	1,158	1,158
Any other liabilities, not elsewhere shown	1,120	1,120
Total	**4,397**	**4,591**

Table 8: Valuation of Other Liabilities

D.3.1 Contingent liability

Contingent liability at year ending 2017 was €109K and the amount of €87K was reported in 2016. This relates to a guarantee made in favour of Malta Insurance Association for the MIRE project. No estimation methods or adjustment for future value is required for this balance.

D.3.2 Deferred tax liabilities

Deferred taxes are calculated on all temporary differences under the liability method on temporary differences. The main components of deferred tax under IFRS include temporary differences attributable to unrealized foreign exchange differences, unrealized capital gains, impairment of receivables, and the provision of a final tax on the value of investment property. As at the end December 2017 the Company had a deferred tax liability of €999K under IFRS and €1,084K under Solvency II.

The deferred taxation under Solvency II is updated as compared to that under IFRS to take into account the difference between the IFRS net assets and the excess of assets over liabilities.

D.3.3 Debts owed to credit institutions

The amount represents bank overdrafts which were present on current accounts as at December 2017. These amounted to €796K at financial year end. No estimation methods, adjustment for future value or valuation judgements are required for these balances.

D.3.4 Insurance and intermediaries Payables

These include credit balances due to clients who have cancelled policies out of direct insurance operations as at the end of the year. The balance due in respect of these payables amounted to €26K. No estimation methods, adjustment for future value or valuation judgements are required for these balances.

D.3.5 Reinsurance Payables

These include payables related to the outward reinsurance premium as at the end of the year. The balance due in respect of these payables amounted to €298K. No estimation methods, adjustment for future value or valuation judgements are required for these balances.

D.3.6 Payables (trade not insurance)

These relate to balances owed to trade creditors in respect of services provided to the Company. No estimation methods, adjustment for future value or valuation judgements are required for these balances. The total payables (trade, not insurance) as at December 2017 was €1,158K. There are no differences between the Solvency II valuation and IFRS valuation of payables (trade, not insurance) and no change in the valuation approach during the reporting period.

D.3.7 Any other liabilities, not elsewhere shown

These include amounts related to accruals, deferred income and the amount due to the Inland Revenue Department in respect of income tax payable. The latter arises as a result of the difference between the tax charge for the year and the provisional tax payments made. The balance due in respect of these liabilities amounted to €1,120K. There are no differences between the Solvency II valuation and IFRS valuation.

D.4 Alternative Methods of Valuation

The Company does not use any alternative valuation methods.

D.5 Any other information

The Company does not have any additional disclosures.

E – Capital Management

E.1 Own Funds

GasanMamo's objectives when managing capital are to comply with the insurance capital requirements required by the MFSA and safeguard the Company's ability to provide adequate return to shareholders and benefits to other stakeholders by pricing insurance contracts commensurate with the level of risk.

The Company's Capital Management Policy establishes the processes which GasanMamo has to have in place with respect to capital planning, issuance of capital, and distribution of dividends. It contains detail on the capital allocation process and on the assessment, monitoring and control processes in place.

The main objective of this policy is to ensure that, through its capital management, the Company maintains sufficient capital to cover regulatory capital requirements at all times. This is attained through yearly development of a business plan, summarising the Company's goals and objectives for the following three years. As part of the strategic plan, the Board and Senior Management set financial targets and plans with respect to capital management.

The Company's available own funds as at December 2017 are €27,623K providing a full coverage of the SCR and an additional buffer of €15,830K. This means the Company can absorb a net loss of €15,830K and remain above the 100% solvency ratio. In fact, GasanMamo's solvency ratio under Solvency II as at December 2017 was 234%. The Minimum Capital Requirement (MCR) was €5,307K with eligible own funds of €27,623K and a ratio of 521%.

The own funds of the Company are made up of fully paid-up ordinary share capital and retained earnings which are both classified as unrestricted Tier 1 capital. These have been assessed in line with Article 71 of the CDR. As a result, the full amount of own funds is readily available to fully absorb any losses that should arise and are free of encumbrances. The Company does not have any transitional arrangements and does not currently have any ancillary own funds.

The Company has no intention of changing the current structure of own funds. As established in GasanMamo's Capital Management Policy, should need to change the composition of own funds arise, it shall be discussed between Senior Management and the Board at that time. The following table provides a tier by tier analysis of the own funds at the end of the reporting period and as at the end of the previous reporting period. At financial year end, the Company did not have any items that were deducted from own funds.

Own Funds €'000	**Dec 2017 Total**	**Dec 2017 Tier 1 (unrestricted)**	**Dec 2016**	**Dec 2016 Tier 1 (unrestricted)**	**Movement**
Ordinary share capital	12,000	12,000	12,000	12,000	-
Reconciliation Reserve	15,623	15,623	11,952	11,952	3,671
Net Deferred Tax Assets	-	-	-	-	-
Total	**27,623**	**27,623**	**23,952**	**23,952**	**3,671**

Table 9: Comparison of own funds as at December 2017 and December 2016

During the reporting year, the Company's own funds increased by €3,671K as a result of the increase in profit before tax for 2017. The main reasons for this movement were the increase in underwriting results and increased investments return when compared to 2016 results.

The following summary table shows the comparisons and movement in the IFRS and Solvency II valuation of assets, liabilities and own funds.

Reconciliation to Financial Statements	**IFRS €'000**	**Solvency II €'000**	**Movement**
Total Assets	67,407	64,007	3,400
Total Liabilities	39,942	36,385	3,557
Total Own Funds	**27,465**	**27,622**	**- 157**
Ordinary Share Capital	12,000	12,000	-
Retained Earnings	15,465	15,465	-
Adjustments to assets and liabilities	-	157	- 157

Table 10: Comparison between IFRS and Solvency II valuation

The reconciliation reserve comprises of retained earnings and the adjustment to assets and liabilities. The adjustment results from differences in the valuation of assets and liabilities, as explained in Section D above, between the IFRS and Solvency II principles as explained below:

- Deferred Acquisition Costs is only included under IFRS;
- Technical provision including risk margin making allowance of the time value of money; and
- Difference in requirements specific to the valuation of reinsurance, contingent liabilities and net of deferred tax.

E.2 Capital Position

The Company does not make use of an internal model and calculates the SCR in accordance with the Standard Formula. GasanMamo does not make use of any simplified calculations when determining the SCR using the Standard Formula. The Company does not use undertaking specific parameters pursuant to Article 104(7) of Directive 2009/138/EC.

GasanMamo's total SCR as at December 2017 was €11,793K while the MCR level was €5,307K. Table 11 below provides a breakdown of the eligible own funds, classified by tiers. In addition the table includes the values of the SCR and MCR as at December 2017, along with their respective ratios.

Eligible Own Funds €'000	**Total**	**Tier 1**		**Tier 2**	**Tier 3**
		Unrestricted	**Restricted**		
Total eligible own funds to meet the SCR	27,622	27,622	-	-	-
Total eligible own funds to meet the MCR	27,622	27,622	-	-	-
SCR	11,793				
MCR	5,307				
Ratio of eligible own funds to the SCR	234%				
Ratio of eligible own funds to the MCR	521%				

Table 11: Eligible Own Funds

The table below summarises SCR results for the Company as at December 2017.

Regulatory Capital Requirement	**Dec 2017 €'000**
Market Risk	8,977
Counterparty Default Risk	2,251
Health Underwriting Risk	699
Non-Life Underwriting Risk	9,487
Diversification effects	*-5,473*
Basic SCR	**15,941**
SCR	**11,793**
MCR	**5,307**

Table 12: Regulatory Capital Requirement

The SCR ratio as at December 2017 was as 234% compared to 267% for 2016, while the MCR ratio as at the reporting date was at 521% compared to 594% as at 2016.

The following table summarises the main components of the MCR.

Overall MCR	**Value €'000**
Linear MCR	5, 859
SCR	11,793
MCR cap	5,307
MCR floor	2,948
Combined MCR	5,307
Absolute floor of the MCR	3,700
Minimum Capital Requirement	5,307

Table 13: Inputs for the calculation of the MCR

E.3 Duration-based Equity Risk

The duration-based equity sub-module in the calculation of the SCR is not applicable for the business written by GasanMamo.

E.4 Difference between Standard Formula and Internal Model

GasanMamo carries out its SCR calculation in accordance to the Standard Formula, and does not make use of any internal model. As a result, the Company has no information to disclose regarding:

- Structure of the internal model;
- Aggregation methodologies and diversification effects; and
- Risks not covered by the Standard Formula but covered by the internal model.

E.5 Non-compliance with the MCR and significant non-compliance with the SCR

GasanMamo monitors the Company's compliance with the MCR and SCR on a quarterly basis. The Company had sufficient capital to meet both the SCR and MCR throughout the financial year and there is no reasonable foreseeable risk of non-compliance with the regulatory requirements in the business planning period ahead.

GasanMamo has also in place a Capital Management Policy which establishes a Capital Contingency Plan in the event that the capital position falls below the internal capital targets or the regulatory requirements.

E.6 Any Other Disclosures

There is no other material information regarding the capital management which has not already been disclosed in the sections above.

Annex I – Index

AFS	Audited Financial Statements
BCP	Business Continuity Plan
BIA	Business Impact Analysis
CDR	Commission Delegated Regulation 2015/35
EEA	European Economic Area
ENID	Events Not In Data
EPIFP	Expected Profit Included in Future Premiums
EU	European Union
GLM	General Linear Model
GRC Committee	Governance Risk and Compliance Committee
GWP	Gross Written Premium
IBNER	Incurred But Not Enough Reported
IBNR	Incurred But Not Reported
IFRS	International Financial Reporting Standards
IT	Information Technology
LAC DT	Loss Absorbing Capacity of Deferred Taxes
MCR	Minimum Capital Requirement
MFSA	Malta Financial Services Authority
MVA	Multivariate Analysis
OECD	Organisation for Economic Co-operation Development
ORSA	Own Risk and Solvency Assessment
PwC	PricewaterhouseCoopers
QRT	Quantitative Reporting Templates
RMF	Risk Management Function
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
TII	Tied Insurance Intermediary
UPR	Unearned Premium Reserve

Annex II – Quantitative Reporting Templates (QRTs)

SE.02.01 – Balance Sheet

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	-
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	3,491,774
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	45,506,842
Property (other than for own use)	**R0080**	10,517,199
Holdings in related undertakings, including participations	**R0090**	38,476
Equities	**R0100**	7,583,165
Equities - listed	**R0110**	7,583,165
Equities - unlisted	**R0120**	-
Bonds	**R0130**	18,349,088
Government Bonds	**R0140**	3,252,409
Corporate Bonds	**R0150**	15,096,679
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	5,161,465
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	3,857,449
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	-
Loans and mortgages	**R0230**	3,011,260
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	3,011,260
Reinsurance recoverables from:	**R0270**	1,362,578
Non-life and health similar to non-life	**R0280**	1,362,578
Non-life excluding health	**R0290**	1,337,348
Health similar to non-life	**R0300**	25,230
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**	5,816,343
Reinsurance receivables	**R0370**	-
Receivables (trade, not insurance)	**R0380**	-
Own shares (held directly)	**R0390**	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	-
Cash and cash equivalents	**R0410**	4,604,684
Any other assets, not elsewhere shown	**R0420**	213,983
Total assets	**R0500**	**64,007,464**

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	R0510	31,794,470
Technical provisions – non-life (excluding health)	R0520	29,586,365
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	28,453,746
Risk margin	R0550	1,132,619
Technical provisions - health (similar to non-life)	R0560	2,208,105
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	2,131,737
Risk margin	R0590	76,367
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	-
Risk margin	R0680	-
Technical provisions – index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Other technical provisions	R0730	
Contingent liabilities	R0740	108,970
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	1,083,550
Derivatives	R0790	-
Debts owed to credit institutions	R0800	795,981
Debts owed to credit institutions resident domestically	ER0801	795,981
Debts owed to credit institutions resident in the euro area other than domestic	ER0802	-
Debts owed to credit institutions resident in rest of the world	ER0803	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Debts owed to non-credit institutions	ER0811	-
Debts owed to non-credit institutions resident domestically	ER0812	-
Debts owed to non-credit institutions resident in the euro area other than domestic	ER0813	-
Debts owed to non-credit institutions resident in rest of the world	ER0814	-
Other financial liabilities (debt securities issued)	ER0815	-
Insurance & intermediaries payables	R0820	25,600
Reinsurance payables	R0830	298,137
Payables (trade, not insurance)	R0840	1,157,759
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	1,120,167
Total liabilities	**R0900**	**36,384,633**
Excess of assets over liabilities	**R1000**	**27,622,830**

S.05.01 – Premiums, Claims and Expenses by Line of Business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)									Line of Business for: non-life insurance and			Line of business for:				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	**R0110**	2,706,702	401,773	225,372	12,065,488	10,869,924	1,258,441	6,162,594	1,520,530	-	-	1,284,649	2,149,872					38,645,346
Gross - Proportional reinsurance	**R0120**	-	127	-	6,259	5,314	-	260,077	2,968	-	-	-	18,227					292,972
Gross - Non-proportional reinsurance	**R0130**													-	-	-	-	-
Reinsurers' share	**R0140**	86,669	103,138	8,046	473,252	426,345	141,104	1,440,353	57,334	-	-	40,788	136,336	-	-	-	-	2,913,365
Net	**R0200**	2,620,033	298,762	217,326	11,598,496	10,448,893	1,117,337	4,982,318	1,466,164	-	-	1,243,861	2,031,763	-	-	-	-	36,024,953
Premiums earned																		
Gross - Direct Business	**R0210**	2,445,890	404,606	219,998	11,414,327	9,981,719	1,239,307	5,929,293	1,463,640	-	-	1,275,129	2,056,854					36,430,763
Gross - Proportional reinsurance	**R0220**	-	68	-	9,457	4,204	-	244,865	7,257	-	-	-	19,073					284,925
Gross - Non-proportional reinsurance	**R0230**													-	-	-	-	-
Reinsurers' share	**R0240**	86,669	103,138	8,046	473,252	426,345	141,104	1,440,353	57,334	-	-	40,788	136,336	-	-	-	-	2,913,365
Net	**R0300**	2,359,221	301,536	211,952	10,950,533	9,559,578	1,098,202	4,733,805	1,413,563	-	-	1,234,341	1,939,591	-	-	-	-	33,802,323
Claims incurred																		
Gross - Direct Business	**R0310**	1,031,198	24,741	72,203	6,575,009	4,837,504	383,260	1,303,123	177,947	-	-	694,074	1,697,041					16,796,099
Gross - Proportional reinsurance	**R0320**	-	-	-	4,749	5,126	-	197,524	-	-	-	-	-					207,399
Gross - Non-proportional reinsurance	**R0330**													-	-	-	-	-
Reinsurers' share	**R0340**	-	-	-	85,927	2,948	-	306,918	-	-	-	-	113,781	-	-	-	-	509,574
Net	**R0400**	1,031,198	24,741	72,203	6,493,831	4,839,681	383,260	1,193,730	177,947	-	-	694,074	1,583,260	-	-	-	-	16,493,925
Changes in other technical provisions																		
Gross - Direct Business	**R0410**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Proportional reinsurance	**R0420**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non- proportional reinsurance	**R0430**													-	-	-	-	-
Reinsurers'share	**R0440**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net	**R0500**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses incurred	**R0550**	634,286	118,282	77,846	3,623,121	3,267,434	344,461	1,896,560	436,178	-	-	373,296	221,591	-	-	-	-	10,993,056
Other expenses	**R1200**																	391,561
Total expenses	**R1300**																	11,384,617

S.05.02 – Premiums, Claims and Expenses by Country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**
	R0010		CYPRUS	FRANCE	LIBYA	GREECE	PORTUGAL	
		C0080	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**
Premiums written								
Gross - Direct Business	**R0110**	34,716,234	2,243,548	1,661,440	104	-	14,892	38,636,218
Gross - Proportional reinsurance accepted	**R0120**	2,017	54,371	-	141,116	95,469	-	292,972
Gross - Non-proportional reinsurance accepted	**R0130**	-	-	-	-	-	-	-
Reinsurers' share	**R0140**	2,682,528	171,515	-	32,122	21,757	3,486	2,911,409
Net	**R0200**	32,035,722	2,126,404	1,661,440	109,098	73,712	11,406	36,017,782
Premiums earned								
Gross - Direct Business	**R0210**	32,863,178	1,971,826	1,572,703	104	-	11,095	36,418,906
Gross - Proportional reinsurance accepted	**R0220**	1,062	59,159	-	144,930	79,775	-	284,926
Gross - Non-proportional reinsurance accepted	**R0230**	-	-	-	-	-	-	-
Reinsurers' share	**R0240**	2,682,528	171,515	-	32,122	21,757	3,486	2,911,409
Net	**R0300**	30,181,711	1,859,470	1,572,703	112,912	58,018	7,609	33,792,422
Claims incurred								
Gross - Direct Business	**R0310**	14,469,976	905,029	1,421,094	-	-	-	16,796,099
Gross - Proportional reinsurance accepted	**R0320**	-	28,696	-	12,300	166,403	-	207,399
Gross - Non-proportional reinsurance accepted	**R0330**	-	-	-	-	-	-	-
Reinsurers' share	**R0340**	412,523	-	-	-	97,051	-	509,574
Net	**R0400**	14,057,454	933,725	1,421,094	12,300	69,352	-	16,493,925
Changes in other technical provisions								
Gross - Direct Business	**R0410**	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	**R0420**	-	-	-	-	-	-	-
Gross - Non- proportional reinsurance accepted	**R0430**	-	-	-	-	-	-	-
Reinsurers'share	**R0440**	-	-	-	-	-	-	-
Net	**R0500**	-	-	-	-	-	-	-
Expenses incurred	**R0550**	9,896,128	956,872	67,104	39,501	26,720	4,201	10,990,525
Other expenses	**R1200**							391,469
Total expenses	**R1300**							11,381,994

S.17.01 – Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance									Direct business and accepted proportional			Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	R0060	1,035,495	70,219	49,704	4,795,964	4,472,652	200,536	2,109,300	376,516	-	-	85,038	970,627	-	-	-	-	14,166,050
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	1,035,495	70,219	49,704	4,795,964	4,472,652	200,536	2,109,300	376,516	-	-	85,038	970,627	-	-	-	-	14,166,050
Claims provisions																		
Gross	R0160	735,820	99,059	141,441	8,218,426	955,127	256,955	1,949,409	2,062,357	-	-	289,573	1,711,265	-	-	-	-	16,419,433
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	25,230	-	-	438,428	98,686	-	559,902	-	-	-	-	240,332	-	-	-	-	1,362,578
Net Best Estimate of Claims Provisions	R0250	710,590	99,059	141,441	7,779,998	856,441	256,955	1,389,507	2,062,357	-	-	289,573	1,470,934	-	-	-	-	15,056,855
Total Best estimate - gross	R0260	1,771,315	169,278	191,144	13,014,390	5,427,779	457,491	4,058,709	2,438,874	-	-	374,611	2,681,892	-	-	-	-	30,585,483
Total Best estimate - net	R0270	1,746,084	169,278	191,144	12,575,962	5,329,093	457,491	3,498,808	2,438,874	-	-	374,611	2,441,561	-	-	-	-	29,222,905
Risk margin	R0280	57,057	7,954	11,357	624,693	68,768	20,632	111,570	165,596	-	-	23,251	118,108	-	-	-	-	1,208,986
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions - total																		
Technical provisions - total	R0320	1,828,371	177,232	202,501	13,639,083	5,496,547	478,124	4,170,279	2,604,470	-	-	397,862	2,800,000	-	-	-	-	31,794,470
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	25,230	-	-	438,428	98,686	-	559,902	-	-	-	-	240,332	-	-	-	-	1,362,578
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	1,803,141	177,232	202,501	13,200,654	5,397,860	478,124	3,610,378	2,604,470	-	-	397,862	2,559,669	-	-	-	-	30,431,891

S.19.01 – Non-Life Insurance Claims Information (Total by Accident Year)

Accident year / Underwriting year	Z0020	Accident year [AY]

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

		Development year													In Current	Sum of years
	Year	-	1	2	3	4	5	6	7	8	9	10 & +			year	(cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110			C0170	C0180
Prior	R0100											48,393,493		R0100	319,213	48,393,493
N-9	R0160	6,371,193	2,694,029	243,663	158,986	111,450	- 2,864	8,661	6,634	904	- 1,898			R0160	- 1,898	9,590,758
N-8	R0170	7,007,487	2,866,771	314,818	118,221	53,048	88,920	- 8,495	- 6,271	225,357				R0170	225,357	10,659,856
N-7	R0180	7,683,739	3,696,767	918,615	172,656	27,274	133,137	- 12,523	5,302					R0180	5,302	12,624,967
N-6	R0190	7,408,869	3,665,414	457,953	270,489	176,826	- 7,640	6,385						R0190	6,385	11,978,296
N-5	R0200	8,157,482	3,991,410	356,342	101,546	42,268	39,335							R0200	39,335	12,688,383
N-4	R0210	9,112,694	4,023,318	326,986	149,747	122,321								R0210	122,321	13,735,066
N-3	R0220	8,970,943	3,698,118	580,967	138,707									R0220	138,707	13,388,735
N-2	R0230	10,191,670	5,621,327	662,511										R0230	662,511	16,475,508
N-1	R0240	8,670,232	3,853,888											R0240	3,853,888	12,524,120
N	R0250	9,665,162												R0250	9,665,162	9,665,162
													Total	R0260	15,036,283	171,724,345

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year													Year end
	Year	-	1	2	3	4	5	6	7	8	9	10 & +			(discounted
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300			C0360
Prior	R0100											2,135,251		R0100	1,059,230
N-9	R0160									112,964	112,341			R0160	112,470
N-8	R0170								613,178	221,123				R0170	221,376
N-7	R0180							143,644	180,120					R0180	180,344
N-6	R0190						460,679	427,364						R0190	427,786
N-5	R0200					560,702	451,844							R0200	452,393
N-4	R0210				761,901	505,463								R0210	506,042
N-3	R0220			990,905	821,423									R0220	822,362
N-2	R0230		3,100,438	2,414,074										R0230	2,417,232
N-1	R0240	6,602,951	1,879,768											R0240	1,882,185
N	R0250	8,325,547												R0250	8,338,014
													Total	R0260	16,419,433

S.23.01 – Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	12,000,000	12,000,000		-	
Share premium account related to ordinary share capital	R0030	-	-		-	
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type und	R0040	-	-		-	
Subordinated mutual member accounts	R0050	-		-	-	-
Surplus funds	R0070	-	-			
Preference shares	R0090	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Reconciliation reserve	R0130	15,622,830	15,622,830			
Subordinated liabilities	R0140	-		-	-	-
An amount equal to the value of net deferred tax assets	R0160	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	-
Total basic own funds after deductions	R0290	27,622,830	27,622,830	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-			-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	-			-	-
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	27,622,830	27,622,830	-	-	-
Total available own funds to meet the MCR	R0510	27,622,830	27,622,830	-	-	
Total eligible own funds to meet the SCR	R0540	27,622,830	27,622,830	-	-	-
Total eligible own funds to meet the MCR	R0550	27,622,830	27,622,830	-	-	
SCR	R0580	11,793,191				
MCR	R0600	5,306,936				
Ratio of Eligible own funds to SCR	R0620	234%				
Ratio of Eligible own funds to MCR	R0640	521%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	27,622,830	
Own shares (held directly and indirectly)	R0710	-	
Foreseeable dividends, distributions and charges	R0720	-	
Other basic own fund items	R0730	12,000,000	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-	
Reconciliation reserve	R0760	15,622,830	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770	-	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	-	
Total Expected profits included in future premiums (EPIFP)	R0790	-	

S.25.01 – SCR for undertakings using the Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	8,976,776		
Counterparty default risk	R0020	2,250,802		
Life underwriting risk	R0030	-		
Health underwriting risk	R0040	699,145		
Non-life underwriting risk	R0050	9,487,144		
Diversification	R0060	- 5,473,154		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	15,940,712		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	1,101,471
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	- 5,248,992
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement excluding capital add-on	R0200	11,793,191
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	11,793,191
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 – MCR for Only Life or only Non-Life

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	5,858,887

Background information		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	1,746,084	2,620,033
Income protection insurance and proportional reinsurance	R0030	169,278	298,762
Workers' compensation insurance and proportional reinsurance	R0040	191,144	217,326
Motor vehicle liability insurance and proportional reinsurance	R0050	12,575,962	11,598,497
Other motor insurance and proportional reinsurance	R0060	5,329,093	10,448,893
Marine, aviation and transport insurance and proportional reinsurance	R0070	457,491	1,117,337
Fire and other damage to property insurance and proportional reinsurance	R0080	3,498,808	4,982,318
General liability insurance and proportional reinsurance	R0090	2,438,874	1,466,164
Credit and suretyship insurance and proportional reinsurance	R0100	-	-
Legal expenses insurance and proportional reinsurance	R0110	-	-
Assistance and proportional reinsurance	R0120	374,611	1,243,861
Miscellaneous financial loss insurance and proportional reinsurance	R0130	2,441,561	2,031,763
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
MCRL Result	R0200	-

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

Overall MCR calculation		C0070
Linear MCR	R0300	5,858,887
SCR	R0310	11,793,191
MCR cap	R0320	5,306,936
MCR floor	R0330	2,948,298
Combined MCR	R0340	5,306,936
Absolute floor of the MCR	R0350	3,700,000
Minimum Capital Requirement	R0400	5,306,936