GasanMamo
INSURANCE
We're always there

2018 SOLVENCY and FINANCIAL CONDITION REPORT

Table of Contents

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), Article 304 and Chapter XIII of the EU Commission Delegated Regulation 2015/35 (CDR), Articles 51 and 53 to 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 third 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 December 2018. 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 231%.

A. Business and Performance

During the year under review, the Maltese economy has maintained the positive trajectory for growth seen over the recent few years. This has translated into a 2018 forecast GDP growth of 6.6% and an improvement of Malta’s credit rating. The economic growth has been spread throughout the main economic sectors. Construction and foreign direct investment continue to be strong drivers. The labour market is tight with almost full employment and increasing disposable income as a consequence of salary increase. The labour force that is growing through immigration and 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 remains an area of focus. We are pleased to report that the company has performed well in this economic environment, registering significant profitable growth with Gross Written Premiums up by 14.6% (2017: 13.6%) compared to the previous year. Global markets and investor sentiment took its toll on the investment returns as most asset classes performed badly. Consequently, the Company registered an investment loss of -1.4% (2017: 6.1%) The negative investment return has impacted the profit before tax causing a dip in profitability for the period. The 2018 profit before tax stood at €7,322K compared to €9,018K in 2017.

The solvency position of the Company remains strong with a Solvency Capital Requirement (SCR) of €12,874K and Own Funds of €29,775K, as at December 2018, thus having an SCR ratio of 231% and a Minimum Capital Requirement (MCR) ratio of 514%.

The Company is well positioned to proceed on its journey seeking out profitable growth in line with its strategy. In addition to organic growth in markets where it currently operates, prudent growth that is in line with predetermined objectives is being sought in other EU jurisdictions. During 2018, the

Company started operations in Greece under the Freedom of Service (FOS) and after nine months of activity in the Greek motor market, we are confident that this will develop into an important element of GasanMamo Insurance.

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 skills, 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, evaluate, analyse, manage, report, monitor and review 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 (RMF), Compliance Function, Internal Audit Function and Actuarial Function, out of which the latter two are outsourced.

During the period under review, Mr. Paul G. Matthews resigned from his post as non-executive independent director on the 30th June 2018, due to retirement and Mr. Robert Rogers was jointly appointed by the shareholders, non-executive independent director with effect from the 1st July 2018.

A landmark decision was taken during 2018 on the acquisition of a new head office. Due to changes in workspace trends, coupled with the fact that staff complement has almost outgrown the current office space, it was decided to plan ahead. The Company has entered into a Promise of Sale for the acquisition of prime office space that will meet the needs of the Company for the foreseeable future. This decision followed a thorough process of scouring the market and weighing up options.

C. Risk Profile

The 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.

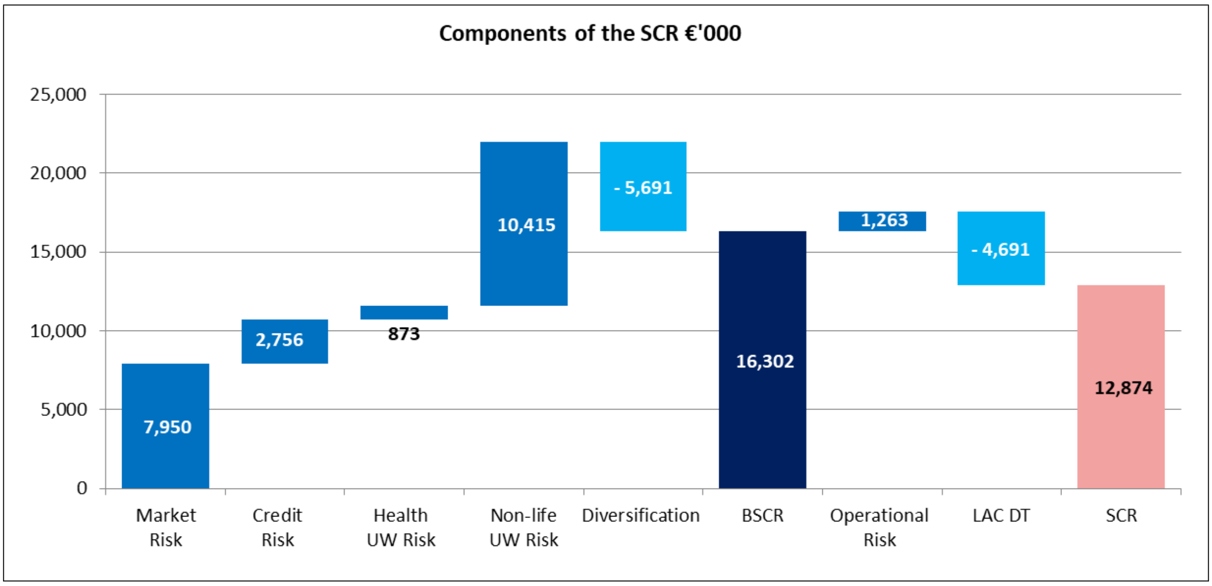


Figure 1: Components of the SCR

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 business plan.

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 closed the reporting year with a total amount of own funds of €29,775K. The solvency position of the Company remains strong at the reporting date with a SCR of €12,874K and SCR ratio of 231%. The MCR was €5,793K with eligible own funds of €29,775K and MCR ratio of 514%.

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 87.8% of its premium income from risks written in Malta, whilst most of the other risks are written in Cyprus and France. During 2018, the Company passported under freedom of services regime into Greece, entering into an agency agreement and underwriting motor insurance business in Greece. The business is a standalone operation being written with strict controls in place.

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.

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.

During the year under review, the Insurance Distribution Directive (IDD) came into effect bringing with it the repeal of the Insurance Intermediaries Act which was replaced by the Insurance Distribution Act as well as changes to a number of Insurance Distribution Rules transposing the IDD and which came into effect on the 1st October 2018. The Insurance Distribution Rules shall be read in conjunction with the requirements of the Conduct of Business Rulebook which prescribes the conduct of business requirements for authorised insurance undertakings and insurance intermediaries including TIIs and ancillary insurance intermediaries.

A.1.1 Regulator

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

Malta Financial Services Authority (MFSA)
Notabile Road, Attard
BKR3000
Malta
www.mfsa.com.mt
Telephone: +356 2144 1155

A.1.2 External Auditor

PricewaterhouseCoopers Malta (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
Telephone: +356 2124 7000

A.1.3 Shareholders

The shareholders of GasanMamo as at December 2018 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 their holding in M.I.L. Limited, Dr Vanessa Portelli and Mr Mark Mamo indirectly hold 10.94% each.
- 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 2018, the net dividends paid on ordinary shares amounted to €2,500K. During 2019, the directors recommended the payment of a final net dividend of €1,000K which was paid in February 2019.

A.2 Performance from Underwriting Activities

During the year under review, the Company achieved growth in the GWP of 14.6% overall closing at €44,604K compared to €38,938K achieved last year.

Underwriting activities generated a profit of €6,380K in 2018 (compared to €7,123K in 2017). The table below illustrates the profit and loss account for year end 2018 as shown in the Company's financial statements, compared to the previous reporting year.

Technical Account €'000	**2018 €'000**	**2017 €'000**
Gross premiums written	44,604	38,938
Outward reinsurance premiums	- 3,889	- 2,913
Net premiums written	40,715	36,025
Change in the gross provision for unearned premiums	- 1,979	- 2,223
Earned premiums, net of reinsurance	**38,736**	**33,802**
Allocated investment return transferred from the non-technical account	- 1,434	987
Total technical income	**37,302**	**34,789**
Claims paid		
Gross amount	18,641	16,214
Reinsurers' share	- 520	- 245
Change in the provision for claims		
Gross amount	2,306	1,967
Reinsurers' share	- 987	- 264
Claims incurred, net of reinsurance	19,440	17,672
Net operating expenses	11,482	9,995
Total technical charges	**30,922**	**27,667**
Balance on the technical account	**6,380**	**7,122**

Table 1: Statement of Income Technical account

Non-Technical Account €'000	**2018 €'000**	**2017 €'000**
Balance on technical account	6,380	7,123
Investment Income	- 476	2,983
Investment expenses and charges	- 224	- 288
Allocated investment return transferred to technical account	1,434	- 987
Other income	615	581
Administration expenses	- 406	- 394
Tax expenses	- 2,607	- 2,780
Profit for the Financial Year	**4,716**	**6,238**

Table 2: Statement of Non-Technical Account

A.2.1 Income Statement by Material Line of Business

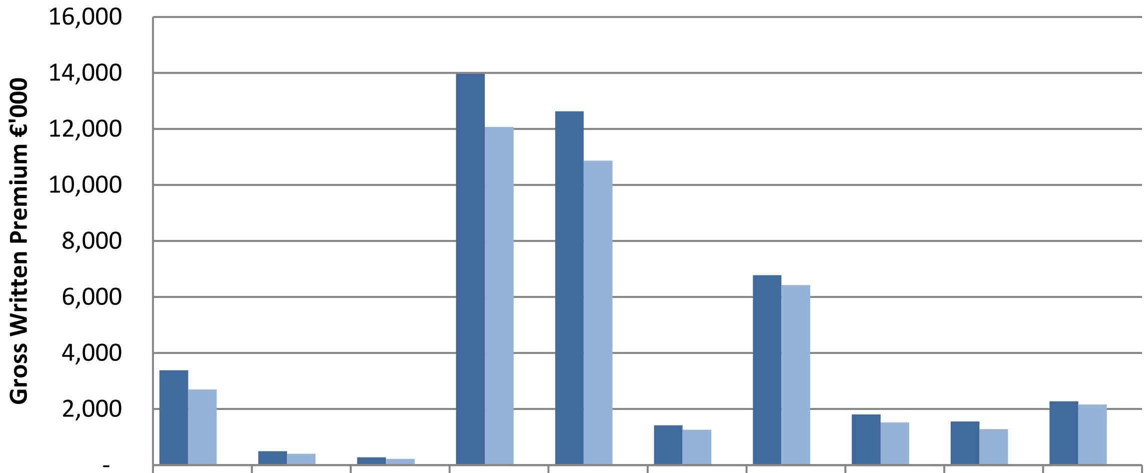
A breakdown of GasanMamo's underwriting performance by material line of business is presented in Table 3 below. The values are compared to the aggregate information of the reporting year 2017. More details in relation to reporting year 2018 can be found in template S.05.01 within the Annex II.

Underwriting Performance	Premiums Written		Premiums Earned		Claims Incurred		Expenses Incurred
€'000	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**	
Medical expense	3,386	3,288	3,070	2,972	1,307	1,307	749
Income protection	499	388	450	339	61	61	145
Workers' compensation	284	274	259	250	60	60	87
Motor vehicle liability	13,965	12,732	13,071	12,273	7,307	7,018	3,924
Other motor insurance	12,627	12,009	11,855	11,320	6,105	6,099	3,604
Marine, aviation & transport	1,420	1,254	1,404	1,238	546	453	381
Fire & other property damage	6,781	5,363	6,560	5,142	3,084	1,751	1,979
General liability	1,807	1,741	1,697	1,630	383	358	500
Assistance	1,554	1,505	1,516	1,467	530	530	437
Miscellaneous	2,281	2,161	2,224	2,104	285	525	748
Total for year 2018	**44,604**	**40,715**	**42,106**	**38,735**	**19,668**	**18,162**	**12,554**
Total for year 2017	**38,938**	**36,025**	**36,715**	**33,802**	**17,003**	**16,494**	**10,993**

Table 3: Undertaking performance by material line of business

During the reporting year, the Company has experienced an increase of €5,666K in the GWP over the whole portfolio.

As displayed in the data section of Figure 2 below, the Company has once again experienced a significant growth rate of 25% in medical insurance, compared to 24% for the previous reporting year.



	ME	IP	WC	MVL	OM	MAT	F&PD	GL	Ass.	Misc.
2018	3,386	499	284	13,965	12,627	1,420	6,781	1,807	1,554	2,281
2017	2,707	402	225	12,072	10,875	1,258	6,423	1,523	1,285	2,168
Growth	25.1%	24.2%	25.9%	15.7%	16.1%	12.8%	5.6%	18.6%	20.9%	5.2%

Figure 2: GWP comparison by line of business

A.2.2 Income Statement by Material Geographical Area

The Company derives 87.8% of its premium income from risks written in its home country, Malta. Most of the other business is generated from risks in Cyprus, France and Greece, which account for 5.7%, 3.9% and 2.3% of the GWP respectively.

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

	Home Country (Malta)	Cyprus	France	Greece	Total (Home & Top 5) 2018	Total (Home & Top 5) 2017
Premium written						
Gross	39,145	2,527	1,747	1,017	44,595	38,929
Net	36,363	2,338	1,747	134	40,708	36,018
Premiums earned						
Gross	37,395	2,393	1,697	456	42,096	36,704
Net	34,614	2,203	1,697	92	38,729	33,792
Claims incurred						
Gross	15,394	1,759	651	1,854	19,669	17,003
Net	15,996	1,734	651	- 230	18,162	16,494
Expenses incurred	**10,755**	**1,049**	**591**	**112**	**12,552**	**10,991**

Table 4: Underwriting performance by geographical area

A.3 Performance from Investments

The net investment return for 2018 was - €701K representing a return of -1.4% compared to the previous year's statistic of 6.1%. The investment expenses amounted to €224K in 2018 (2017: €288K).

Financial year 2018 proved to be an extremely challenging year, not only for GasanMamo, but for all investors, with nearly all asset classes delivering close to 0% or negative returns - a rare event by all accounts. Market downturn was attributed to fears over rising interest rates, deteriorating credit conditions and global economic slowdown. Bonds, equities and collective investment funds all suffered negative returns.

A.3.1 Bonds

The total exposure to this asset class as at December 2018 was €19,689K (2017: €18,349K). Total interest generated during the year amounted to €508K (2017: €473K) whereas a loss of -€735K in 2018 (2017: -€49K) was registered on market price movement.

A.3.2 Equities

The total exposure to equities as at December 2018 was €6,208K (2017: €7,583K). Total dividends received during the year amounted to €214K (2017: €178K), whereas losses/gains of -€1,208K (2017: €720K) were registered on market price movement.

A.3.3 Collective Investment Funds

The total exposure to this asset class as at December 2018 was €3,726K (2017: €5,161K). Total income received during the year amounted to €99K (2017: €114K), whereas losses/gains of -€501K (2017: €289K) were registered on market price movement.

A.3.4 Cash and Cash Equivalents

The total allocation to Cash exposures as at December 2018 was €10,365K (2017: 4,605K). The total interest received during the year amounted to €103K (2017: €112K).

A.3.5 Property

The total exposure to Investment Property as at December 2018 was €11,854K (2017: €10,517K). Rental income generated during the year amounted to €350K (2017: €321K). Investment property was revalued during the year. This resulted in fair value gains of €715K.

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 2018 was €123K (2017: €115K). Rental income from investment property amounted to €350K (2017: €321K).

A.5 Any Other Disclosures

Apart from the new motor underwriting business in Greece as disclosed above, there have been no other significant businesses or events that had a material impact on the Company during the reporting year 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.

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 skills, 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 position. 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 and challenges regulatory reporting and results which include, among others, the quantitative reporting templates and the annual ORSA report. Such reports must be given the final approval by the Board prior to their submission to the MFSA.

Board meetings are held in Malta on at least a quarterly basis, however each member keeps frequent, active and open communication with various key officers within the Company.

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
Robert Rogers	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

Mr. Paul G. Matthews retired from his position on the Board with effect from the 30th June 2018. His retirement was due to personal reasons and there were no related regulatory or disciplinary implications.

Mr. Robert Rogers was appointed as an independent Non-Executive Director with effect from the 1st July 2018, enriching the Board with his knowledge and experience of the international reinsurance business. As per standard regulations, he has undertaken the fit and proper assessment and has been authorised by the supervisory authority to hold this position. This process is further explained in Section B.2 of this report.

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, business performance, key performance indicators and discuss any operational business issues or potential business prospects.

Audit Committee

The Audit Committee meets on a regular basis to review processes connected with internal controls, review audit reports and findings, coordinate the work of the external and the internal auditors 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. The Committee provides advice to 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 the overall risk strategies and polices for managing significant business risks and is responsible for designing and implementing the Risk Management Framework. It ensures that the internal control system operates effectively and monitors risk exposures and breaches. In addition, the GRC Committee reviews the reports submitted by the Actuarial Function and the Compliance and RMF.

Remuneration Committee

The Committee meets on at least an annual basis and, as an advisory committee to the Board, assists with the formulation of GasanMamo's overall Remuneration Policy for defining remuneration practices (refer to Section B.1.3). In addition, the Committee ensures that these policies promote an effective internal control system and escalates any recommendations to the Board.

In addition to the abovementioned Board Committees, GasanMamo has also established the following Management Committees in order to achieve a more effective management of its operations:

- Reinsurance Committee
- Health & Safety Committee
- Debtors' Review Committee

B.1.2 Key Functions and Governance Framework

In line with Solvency II regulations and guidelines, GasanMamo recognises the 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.6, B.7, B.8 and B.9.

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 as depicted in Figure 3 below.

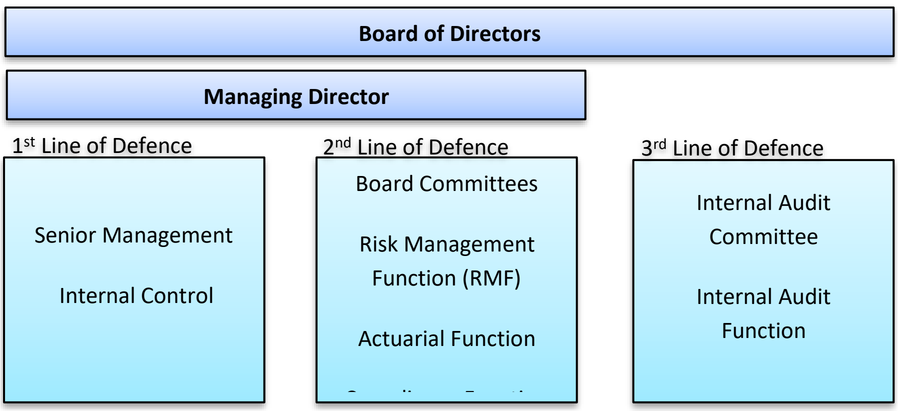


Figure 3: Three Lines of Defence Model

All risk management activities are undertaken by the First Line of Defence functions, which is composed of the business units and Senior Management. This refers to controls controlled by business line management which include controls within risk-taking functions, Human Resources, IT etc. These controls are built in the Company's systems and policies and procedures of the specific business unit.

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 Internal Control System established by the first and second lines of defence.

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.

B.1.3 Remuneration Policy

As described in Section B.1.1, the Remuneration Committee is responsible of the overall Remuneration Policy defining the remuneration practices within GasanMamo. 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 skills, 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 their continuing fitness and propriety through an annual questionnaire which is submitted to the Compliance Function.

The Governance Policy 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.

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, manages, reports and monitors 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 as 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.

On an annual basis, 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 informed on updates and changes in the exposure to risks faced by the business.

As outlined in Section B.4, an annual ORSA process is also carried out. This forms a core component of the Risk Management System of the Company. In addition, 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.4 Own Risk and Solvency Assessment Process

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 i.e. size and complexity, internal governance issues, supervisory expectations in relation to the ORSA etc. before the ORSA planning process commences.

- Determining the overall solvency needs, taking into consideration 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 stress 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 four years based on its strategic plans and objectives.

- The approved stress scenarios are performed on the forward-looking capital plan and management actions are 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

An additional ad-hoc ORSA is also 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 are assessed and evaluated in light of their consequence on the Company's 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.

Internal control is designed to provide reasonable assurance regarding the achievement of objectives through effective and efficient operations, reliability of financial reporting and compliance with applicable laws and regulations. It also reduces the possibility of significant errors and irregularities and assists in their timely detection when they do occur. Effective internal controls help the Company protect and enhance shareholders' value and reduce the possibility of unexpected losses or damage to its reputation.

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.

The Internal Control System is documented through various Company policies, which are reviewed and approved by the Board on an annual basis. This set of policies includes the Governance Policy, Internal Control Policy, Compliance Function, Actuarial Function Policy, Risk Management Function Policy, Internal Audit Function Policy and Outsourcing Policy.

The Company's data are appropriately mitigated and maintained for business continuity purposes as per policies and procedures which are documented formally in the Business Continuity Plan (BCP).

B.6 Risk Management Function

The RMF is responsible for the implementation of an effective Risk Management System for the identification, management and reporting of the key risks that the Company is exposed to (refer to Section B.3); and oversees the establishment of an effective internal control framework within GasanMamo (refer to Section B.5).

To ensure the effective operation and objectivity of the Risk Management System, the RMF is independent of all the risk-taking functions. The RMF 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 also subject to internal audit to assess the adequacy and effectiveness of its control procedures.

In addition to the quarterly monitoring of the Company's solvency position, the RMF carries out an annual ORSA process as discussed in Section B.4. The ORSA results and projections are significant contribution to the decision-making process within GasanMamo.

B.7 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. The Function is also subject to internal audit to ensure the adequacy and effectiveness of its control procedures.

B.8 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 through 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.

The policies and procedures of the function are governed by the Company's Internal Audit Function Policy.

B.9 Actuarial Function

The Actuarial Function is outsourced to Deloitte Actuarial Services 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. Based on 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.
- Annual reporting to the Board documenting all material tasks undertaken by the Actuarial Function, their results and identification and recommendation for deficiencies.

B.10 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 regulatory requirements and Solvency II regulations with respect to the effective control and management of risks associated with outsourced services. The policy outlines the outsourcing procedures 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 previous sections, the Company has outsourced the Actuarial Function to Deloitte Actuarial Services (Cyprus) Limited and the Internal Audit Function to KPMG in Malta. As per Company policy, a Board member is responsible for the oversight of outsourced key functions. During 2018, Julian J Mamo was responsible for the oversight of the Actuarial Function while Baudouin Deschamps was responsible for the oversight of the Internal Audit Function.

B.11 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 members 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 light of the independence of its key functions, audit monitoring and controls over fitness and propriety ensuring culture integrity, 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.

During the year under review, following a request by the supervisory authority, Julian J Mamo was appointed as the member of the Board to be responsible for the oversight of distribution activities of the Company and Dr Vanessa Portelli as the person within the management structure designated to be responsible for the distribution in respect of insurance and reinsurance products.

C – Risk Profile

The risk profile of the Company is described in 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).

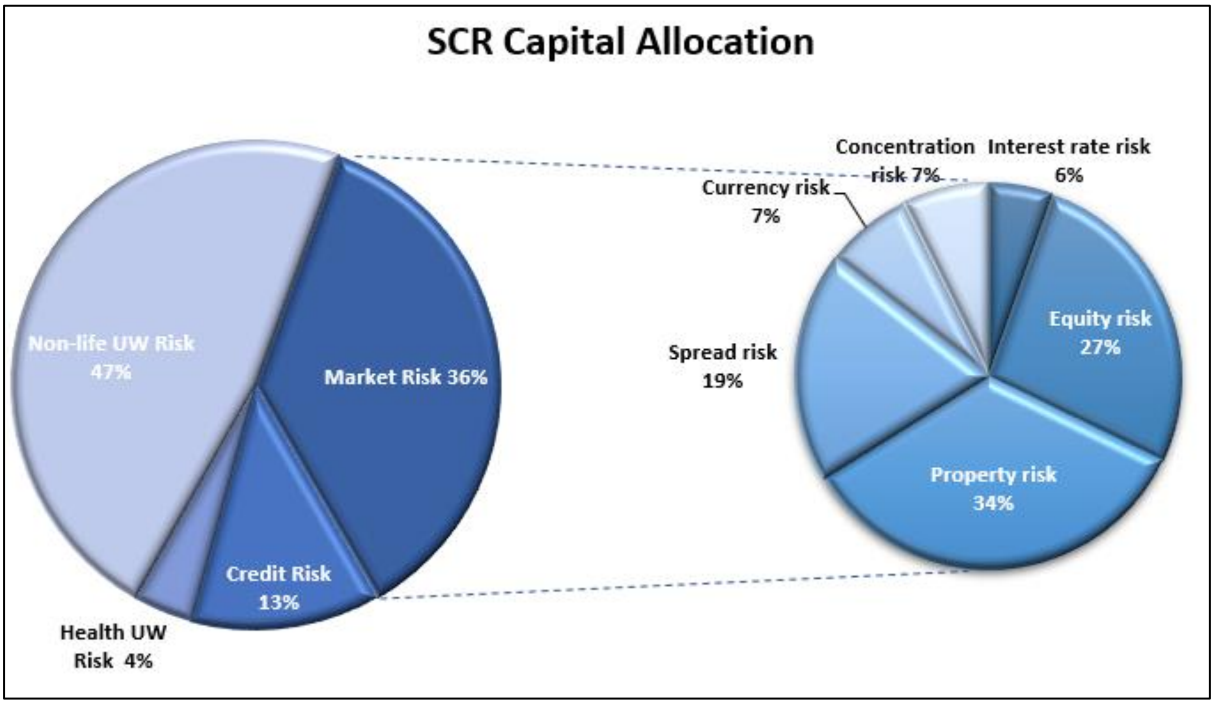


Figure 5: SCR Capital Allocation

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 and Erection all Risks contract term covers, 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 2018, the Company has also carried out stress scenarios including significant loss ratio increases, catastrophe events and adverse claim experience. These tests help management assess the effectiveness of the current reinsurance programme, and the strength of the Company's financial position to withstand such events. 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, which includes benchmarks and guidelines on various aspects of portfolio management, including currency, instruments, rating, localisation, concentration and maturity.

The Asset Allocation 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. During 2018, following an extensive analysis by the Company's investment consultants, GasanMamo carried out a thorough review of the investment strategy established within the Asset Allocation Policy. The diagram below gives an overview of the composition of GasanMamo's asset portfolio.

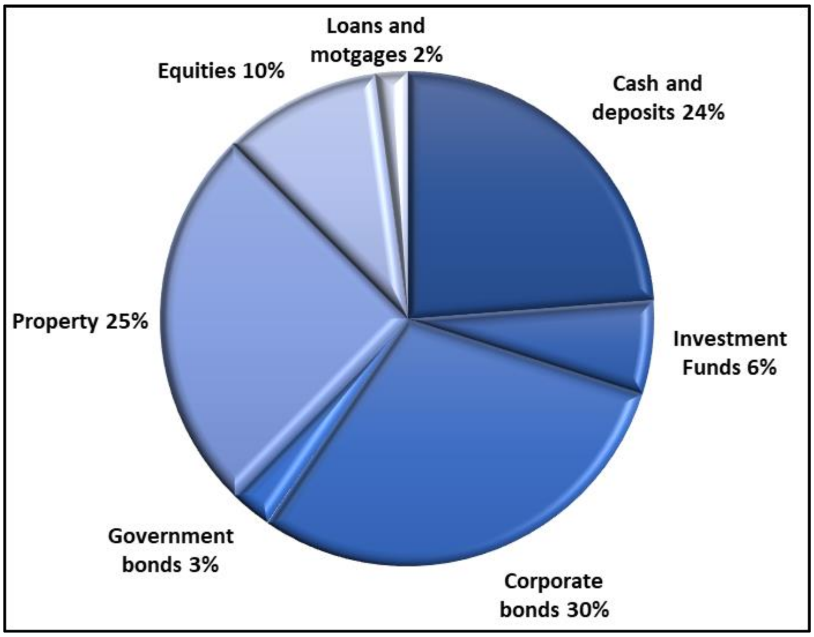


Figure 6: Composition of Asset Portfolio

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 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 2018, the Company held investments valued in US Dollars, Australian Dollars, Great Britain Pound, Swiss Franc, Danish Krone, Russian Ruble 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 2018, 95% 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 resilience to a financial crisis leading to a drop-in asset prices, bond yields. In this instance, the Company remains in a strong capital position with a ratio well above the regulatory level of 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 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. Credit period is limited to a maximum of six months and requires the prior approval of management. The approval of longer credit periods requires the prior approval of the Debtors Review Committee.

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, which are limited through the Asset Allocation Policy. Significant prepayments to suppliers or other third parties are subject to the prior approval by the Managing Director.

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 and 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. 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 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. Processes are in place to reduce the risk of business interruption that could arise from major events. The Company also has in place a disaster recovery plan and BCP. Employees are continuously made aware of any threats emerging from IT risks.

C.6.2 Human Resources Risk

The risk arises from the inability to meet Company's strategic and operating objectives due to loss of personnel, deterioration of morale, inadequate competence and development, inappropriate working schedule, inequality or inappropriate working and safety environment, amongst others. GasanMamo invests in employees that have adequate knowledge to perform high standards and provide excellent services. The Company constantly invests in training of staff.

C.6.3 Strategic Risk

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. The Company's strategy is to provide superior product and services which are improved on a continuous basis to reflect customers' needs. The performance of the Company is monitored continuously.

C.6.4 Reinsurance Risk

Reinsurance 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 reinsurance treaties. reinsurance 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 Special Purpose Vehicles.

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 enable payments as they fall due.

On a quarterly basis, the Company's investment consultants perform a detailed analysis of the investment portfolio's performance in addition to stress testing on the investment portfolio.

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	3,765	
Property, plant and equipment held for own use	3,477	3,477
Property (other than for own use)	11,854	11,854
Holdings in related undertakings, including participations	97	97
Equities	6,208	6,208
Bonds	19,447	19,689
Collective Investment Undertakings	3,726	3,726
Deposits other than cash equivalents	4,066	4,079
Loans and mortgages	1,250	1,258
Reinsurance recoverables	2,867	2,682
Insurance and intermediaries receivables	6,235	6,235
Receivables (trade not insurance)	421	421
Cash and cash equivalents	10,365	10,365
Any other assets, not elsewhere shown	489	226
Total Assets	**74,267**	**70,317**

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 the 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. Each year, an internal revaluation exercise is carried out and additionally a periodic external valuation is obtained. 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 ended 2018. This resulted in fair value gains of €715K. 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 increases or decreases 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 2018 is €6,208K, 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 €19,689K in government and corporate bonds. Government and corporate bonds are debt securities which have a fixed rate of interest. The difference of €242K as reported under Solvency II compared to IFRS represents the accrued interest as at 31 December 2018. 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 €3,726K. 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 under IFRS.

D.1.7 Deposits other than cash equivalents

As at the reporting date, the Company had term deposits amounting to €4,079K. 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 under IFRS by €13K. The difference represents the accrued interest earned as at 31 December 2018. 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 a related party loan asset with a shareholder. This is measured at the value of the amount which was lent out under IFRS. The loan bears a weighted average interest rate of 2.50%. The €8K difference between the Solvency II valuation and IFRS valuation is the accrued interest on the loan.

D.1.9 Reinsurance Recoverables

Reinsurance recoverables as at year end was €2,682K 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. For proportional reinsurance arrangements, the share of the reinsurer has been considered when calculating the claims and premium provision. Section D.2 contains further information.

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 €6,235K. 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 under IFRS.

D.1.11 Receivables (trade not insurance)

This balance amounts to €421K as at 31 December 2018 and relates to a number of miscellaneous debtor accounts. There are no significant estimates or judgements used in valuing the receivable balance. The value reported under Solvency II does not differ from the amount reported under IFRS.

D.1.12 Cash and Cash Equivalents

As at the reporting date, the Company had cash amounting to €10,365K held with local and foreign banks. This amount is invested in savings accounts and current accounts. The cash denominated in Euro represents 99% 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 and accrued interest due to the nature of the asset.

D.1.13 Any other assets, not elsewhere shown

This balance, amounting to €226K as at December 2018, relates to prepayments. The Solvency II valuation does not differ from the IFRS valuation in this respect. However, the IFRS valuation also includes €263K which relates to accrued income on investments. For Solvency II purposes, this is included in the investments' valuation and thus it Is excluded from this item.

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	935	25	1,171	-	75
Income protection	122	-	88	-	10
Workers' compensation	85	-	60	-	7
Motor vehicle liability	9,625	709	5,555	253	735
Other motor insurance	1,279	100	4,843	47	97
Marine and transport	198	-	220	-	16
Fire & other property damage	3,161	1,522	2,453	-	135
General liability	2,178	25	452	-	177
Assistance	201	-	106	-	17
Miscellaneous	1,200	-	830	-	99
Total	**18,984**	**2,381**	**15,778**	**300**	**1,368**

Table 6: Value Best Estimate and Risk Margin as at Dec 2018

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	909	1,171	75	2,155	693	1,739	2,432
Income protection	122	88	10	220	112	219	331
Workers' compensation	85	60	7	152	67	117	184
Motor vehicle liability	8,916	5,302	735	14,953	7,428	6,685	14,111
Other motor insurance	1,178	4,796	97	6,071	3,159	6,297	9,458
Marine and transport	198	220	16	434	234	370	604
Fire & other property damage	1,639	2,453	135	4,227	1,704	3,272	4,976
General liability	2,153	452	177	2,782	1,819	803	2,622
Assistance	201	106	17	324	339	162	501
Misc. financial loss	1,200	830	99	2,129	1,148	1,117	2,265
Total	**16,601**	**15,478**	**1,368**	**33,447**	**16,703**	**20,781**	**37,484**

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 Additional URR 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 2017.

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 and how these were valued for Solvency II purposes.

Other Liabilities	IFRS €'000	Solvency II €'000
Contingent liabilities	-	125
Deferred tax liabilities	257	308
Insurance & intermediaries payables	966	966
Reinsurance Payables	710	710
Payables (trade, not insurance)	2,119	2,119
Any other liabilities, not elsewhere shown	183	183
Total	**4,235**	**4,411**

Table 8: Valuation of Other Liabilities

D.3.1 Contingent liability

Contingent liability at year ending 2018 was €125K. This relates to a guarantee made in favour of Malta Insurance Association.

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 unrealised foreign exchange differences, unrealised capital gains, impairment of receivables, and the provision of a final tax on the value of investment property. As at the end December 2018, the Company had a deferred tax liability of €257K under IFRS and €,308K 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 Solvency II excess of assets over liabilities.

D.3.3 Insurance & Intermediaries' payables

These payables are related to the commissions due by the Company, but which were not paid as at the end of the year. The balance due in respect of these payables amounted to €966K. No estimation methods, adjustment for future value or valuation judgements are required for these balances.

D.3.4 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 €710K. No estimation methods, adjustment for future value or valuation judgements are required for these balances.

D.3.5 Payables (trade not insurance)

The first part of the balance relates to document duty payable to the Commissioner for Revenue. The balance due in this respect is €911K. The remaining relates to balances owed to trade creditors in respect of services provided to the Company 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 total payables (trade, not insurance) as at December 2018 was €2,119K. 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. No estimation methods, adjustment for future value or valuation judgements are required for these balances.

D.3.6 Any other liabilities, not elsewhere shown

These include amounts related to accruals and deferred income. The balance due in respect of these liabilities amounted to €183K. 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 2018 are €29,775K providing a full coverage of the SCR and an additional buffer of €16,901K. This means the Company can absorb a net loss of €16,901K and remain above the 100% solvency ratio. In fact, GasanMamo's solvency ratio under Solvency II as at December 2018 was 231%. The Minimum Capital Requirement (MCR) was €5,793K with eligible own funds of €29,775K and a ratio of 514%.

During 2019, the directors recommended the payment of a final net dividend of €1,000K which was paid in February 2019. Had this amount been removed from the figures above, the own funds, SCR ratio and MCR ratio as at December 2018 would have amounted to €28,775K, 224% and 497%, respectively.

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 2018 Total	Dec 2018 - Tier 1 (unrestricted)	Dec 2017	Dec 2017 - Tier 1 (unrestricted)	Movement
Ordinary share capital	12,000	12,000	12,000	12,000	-
Retained Earnings and Reconciliation Reserve	17,775	17,775	15,623	15,623	2,152
Net Deferred Tax Assets	-	-	-	-	
Total	**29,775**	**29,775**	**27,623**	**27,623**	**2,152**

Table 9: Comparison of own funds as at December 2018 and December 2017

Due to the hardening of the financial market, the Company experienced a decrease of €1,523K in profit for the financial year and also a loss in the investment return. Nevertheless, the own funds have increased by €2,152K over the reporting year, the main reason being the net effect of the profit for the 2018 of €4,715K, less the dividend distribution during 2018 of €2,500K.

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

Reconciliation to Financial Statements	IFRS €'000	Solvency II €'000	Difference
Total Assets	74,267	70,317	3,950
Total Liabilities	44,587	40,542	4,045
Total Own Funds	**29,680**	**29,775**	**- 95**
Ordinary Share Capital	12,000	12,000	-
Retained Earnings	17,680	17,680	-
Adjustments to assets and liabilities	-	95	- 95

Table 10: Comparison between IFRS and Solvency II valuation

The reconciliation reserve comprises 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 summarised 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 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 2018 was €12,874K while the MCR level was €5,793K. Table 11 below summarises SCR results for the Company as at December 2018 compared to the previous reporting year.

Regulatory Capital Requirement	**Dec 2018 €'000**	**Dec 2017 €'000**
Market Risk	7,950	8,977
Counterparty Default Risk	2,756	2,251
Health Underwriting Risk	873	699
Non-Life Underwriting Risk	10,415	9,487
Diversification effects	*-5,691*	*-5,473*
Basic SCR	**16,303**	**15,941**
Operational Risk	1,263	1,101
Loss absorbing capacity of deferred taxes	-4,691	-5,249
SCR	**12,875**	**11,793**
Total eligible own funds to meet the SCR	29,775	27,623
SCR Ratio	**231%**	**234%**

Table 11: Regulatory Capital Requirement

Table 12 below summarises the main components of the MCR as at December 2018 compared to the previous reporting year.

Overall MCR	**Dec 2018 €'000**	**Dec 2017 €'000**
Linear MCR	6,431	5, 859
SCR	12,874	11,793
MCR cap	5,793	5,307
MCR floor	3,219	2,948
Combined MCR	5,793	5,307
Absolute floor of the MCR	3,700	3,700
MCR	**5,793**	**5,307**
Total eligible own funds to meet the MCR	29,775	27,623
MCR ratio	**514%**	**521%**

Table 12: Overall Minimum Capital Requirement

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 reasonably 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 – Abbreviations

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
URR	Unexpired Risk 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**	3,477
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	45,654
Property (other than for own use)	**R0080**	11,854
Holdings in related undertakings, including participations	**R0090**	97
Equities	**R0100**	6,208
Equities - listed	**R0110**	6,208
Equities - unlisted	**R0120**	-
Bonds	**R0130**	19,689
Government Bonds	**R0140**	1,674
Corporate Bonds	**R0150**	18,015
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	3,726
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	4,079
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	-
Loans and mortgages	**R0230**	1,258
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	1,258
Reinsurance recoverables from:	**R0270**	2,682
Non-life and health similar to non-life	**R0280**	2,682
Non-life excluding health	**R0290**	2,656
Health similar to non-life	**R0300**	25
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**	6,235
Reinsurance receivables	**R0370**	-
Receivables (trade, not insurance)	**R0380**	421
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**	10,365
Any other assets, not elsewhere shown	**R0420**	226
Total assets	**R0500**	70,317

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	36,130
Technical provisions – non-life (excluding health)	**R0520**	33,577
Technical provisions calculated as a whole	**R0530**	-
Best Estimate	**R0540**	32,301
Risk margin	**R0550**	1,277
Technical provisions - health (similar to non-life)	**R0560**	2,553
Technical provisions calculated as a whole	**R0570**	-
Best Estimate	**R0580**	2,461
Risk margin	**R0590**	92
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**	125
Provisions other than technical provisions	**R0750**	-
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	308
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Debts owed to credit institutions resident domestically	**ER0801**	-
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**	966
Reinsurance payables	**R0830**	710
Payables (trade, not insurance)	**R0840**	2,119
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**	183
Total liabilities	**R0900**	**40,542**
Excess of assets over liabilities	**R1000**	**29,775**

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 reinsurance obligations (direct business and accepted proportional reinsurance)			Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legalexpenses 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**	3,386	499	284	13,956	12,626	1,420	6,554	1,804	-	-	1,554	2,264					44,346
Gross - Proportional reinsurance accepted	**R0120**	-	0	-	9	1	-	227	4	-	-	-	17					259
Gross - Non-proportional reinsurance accepted	**R0130**													-	-	-	-	-
Reinsurers' share	**R0140**	98	111	10	1,233	618	166	1,418	66	-	-	49	120	-	-	-	-	3,889
Net	**R0200**	3,288	388	274	12,732	12,009	1,254	5,363	1,741	-	-	1,505	2,161	-	-	-	-	40,715
Premiums earned																		
Gross - Direct Business	**R0210**	3,070	450	259	13,063	11,851	1,404	6,320	1,693	-	-	1,516	2,206					41,833
Gross - Proportional reinsurance accepted	**R0220**	-	0	-	8	3	-	240	3	-	-	-	18					272
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**	98	111	10	798	534	166	1,418	66	-	-	49	120	-	-	-	-	3,369
Net	**R0300**	2,972	339	250	12,273	11,320	1,238	5,142	1,630	-	-	1,467	2,104	-	-	-	-	38,736
Claims incurred																		
Gross - Direct Business	**R0310**	1,307	61	60	7,294	6,104	546	1,503	383	-	-	530	285					18,074
Gross - Proportional reinsurance accepted	**R0320**	-	-	-	13	1	-	1,581	-	-	-	-	-					1,595
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**	-	-	-	289	6	93	1,333	25	-	-	-	- 240	-	-	-	-	1,507
Net	**R0400**	1,307	61	60	7,018	6,099	453	1,751	358	-	-	530	525	-	-	-	-	18,162
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**	749	145	87	3,924	3,604	381	1,979	500	-	-	437	748	-	-	-	-	12,555
Other expenses	**R1200**																	391
Total expenses	**R1300**																	12,946

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	GREECE	LIBYA	PORTUGAL	
		C0080	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**
Premiums written								
Gross - Direct Business	**R0110**	39,142	2,474	1,747	956	0	17	44,336
Gross - Proportional reinsurance accepted	**R0120**	2	53	-	62	141	-	259
Gross - Non-proportional reinsurance accepted	**R0130**	-	-	-	-	-	-	-
Reinsurers' share	**R0140**	2,782	189	-	883	30	4	3,887
Net	**R0200**	36,363	2,338	1,747	134	111	13	40,708
Premiums earned								
Gross - Direct Business	**R0210**	37,393	2,340	1,697	378	0	16	41,824
Gross - Proportional reinsurance accepted	**R0220**	2	53	-	77	140	-	272
Gross - Non-proportional reinsurance accepted	**R0230**	-	-	-	-	-	-	-
Reinsurers' share	**R0240**	2,782	189	-	363	30	4	3,368
Net	**R0300**	34,614	2,203	1,697	92	111	13	38,729
Claims incurred								
Gross - Direct Business	**R0310**	15,394	1,743	651	273	-	12	18,074
Gross - Proportional reinsurance accepted	**R0320**	-	16	-	1,581	- 2	-	1,595
Gross - Non-proportional reinsurance accepted	**R0330**	-	-	-	-	-	-	-
Reinsurers' share	**R0340**	- 602	25	-	2,084	-	-	1,507
Net	**R0400**	15,996	1,734	651	- 230	- 2	12	18,162
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**	10,755	1,049	591	112	39	5	12,552
Other expenses	**R1200**							391
Total expenses	**R1300**							12,943

S.17.01 – Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance									Direct business and accepted proportional reinsurance			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**	1,171	88	60	5,555	4,843	220	2,453	452	-	-	106	830	-	-	-	-	15,778
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-	-	-	253	47	-	-	-	-	-	-	-	-	-	-	-	300
Net Best Estimate of Premium Provisions	**R0150**	1,171	88	60	5,302	4,796	220	2,453	452	-	-	106	830	-	-	-	-	15,478
Claims provisions																		
Gross	**R0160**	935	122	85	9,625	1,279	198	3,161	2,178	-	-	201	1,200	-	-	-	-	18,984
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	25	-	-	709	100	-	1,522	25	-	-	-	-	-	-	-	-	2,382
Net Best Estimate of Claims Provisions	**R0250**	909	122	85	8,916	1,178	198	1,639	2,153	-	-	201	1,200	-	-	-	-	16,602
Total Best estimate - gross	**R0260**	2,106	210	145	15,180	6,121	418	5,614	2,630	-	-	307	2,030	-	-	-	-	34,762
Total Best estimate - net	**R0270**	2,081	210	145	14,218	5,974	418	4,092	2,605	-	-	307	2,030	-	-	-	-	32,080
Risk margin	**R0280**	75	10	7	735	97	16	135	177	-	-	17	99	-	-	-	-	1,369
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**	2,181	220	152	15,915	6,218	434	5,749	2,807	-	-	324	2,129	-	-	-	-	36,131
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	25	-	-	962	147	-	1,522	25	-	-	-	-	-	-	-	-	2,682
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	2,156	220	152	14,953	6,071	434	4,227	2,782	-	-	324	2,129	-	-	-	-	33,449

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

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

		Development year										
	Year	**-**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											47,526
N-9	**R0160**	7,007	2,867	315	118	53	89	- 8	- 6	225	- 97	
N-8	**R0170**	7,684	3,697	919	173	27	133	- 13	5	1		
N-7	**R0180**	7,409	3,665	458	270	177	- 8	6	22			
N-6	**R0190**	8,157	3,991	356	102	42	39	2				
N-5	**R0200**	9,113	4,023	327	150	122	32					
N-4	**R0210**	8,971	3,698	581	139	397						
N-3	**R0220**	10,192	5,621	663	157							
N-2	**R0230**	8,670	3,854	935								
N-1	**R0240**	9,665	4,657									
N	**R0250**	11,289										

		In Current year	**Sum of years (cumulative)**
		C0170	**C0180**
	R0100	- 32	82,813
	R0160	- 97	10,563
	R0170	1	12,626
	R0180	22	12,000
	R0190	2	12,691
	R0200	32	13,767
	R0210	397	13,786
	R0220	157	16,632
	R0230	935	13,459
	R0240	4,657	14,322
	R0250	11,289	11,289
Total	**R0260**	17,363	213,948

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year										
	Year	**-**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											2,763
N-9	**R0160**	-	-	-	-	-	-	-	613	221	94	
N-8	**R0170**	-	-	-	-	-	-	144	180	177		
N-7	**R0180**	-	-	-	-	-	461	427	386			
N-6	**R0190**	-	-	-	-	561	452	324				
N-5	**R0200**	-	-	-	762	505	389					
N-4	**R0210**	-	-	991	821	434						
N-3	**R0220**	-	3,100	2,414	1,856							
N-2	**R0230**	6,603	1,880	1,283								
N-1	**R0240**	8,326	2,479									
N	**R0250**	10,700										

		Year end (discounted data)
		C0360
	R0100	849
	R0160	94
	R0170	177
	R0180	386
	R0190	324
	R0200	389
	R0210	434
	R0220	1,857
	R0230	1,284
	R0240	2,477
	R0250	10,714
Total	**R0260**	18,984

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	12,000		-	
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 undertakings	**R0040**	-	-		-	
Subordinated mutual member accounts	**R0050**	-		-	-	-
Surplus funds	**R0070**	-	-			
Preference shares	**R0090**	-		-	-	-
Share premium account related to preference shares	**R0110**	-		-	-	-
Reconciliation reserve	**R0130**	17,775	17,775			
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**	29,775	29,775	-	-	-
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**	29,775	29,775	-	-	-
Total available own funds to meet the MCR	**R0510**	29,775	29,775	-	-	-
Total eligible own funds to meet the SCR	**R0540**	29,775	29,775	-	-	-
Total eligible own funds to meet the MCR	**R0550**	29,775	29,775	-	-	-
SCR	**R0580**	12,874				
MCR	**R0600**	5,793				
Ratio of Eligible own funds to SCR	**R0620**	231%				
Ratio of Eligible own funds to MCR	**R0640**	514%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	29,775	
Own shares (held directly and indirectly)	**R0710**	-	
Foreseeable dividends, distributions and charges	**R0720**	-	
Other basic own fund items	**R0730**	12,000	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-	
Reconciliation reserve	**R0760**	17,775	
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**	7,950		-
Counterparty default risk	**R0020**	2,756		
Life underwriting risk	**R0030**	-	-	-
Health underwriting risk	**R0040**	873	-	-
Non-life underwriting risk	**R0050**	10,415	-	-
Diversification	**R0060**	- 5,691		
Intangible asset risk	**R0070**	-		
Basic Solvency Capital Requirement	**R0100**	16,302		

Calculation of Solvency Capital Requirement		**C0100**
Operational risk	**R0130**	1,263
Loss-absorbing capacity of technical provisions	**R0140**	-
Loss-absorbing capacity of deferred taxes	**R0150**	- 4,691
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	-
Solvency capital requirement excluding capital add-on	**R0200**	12,874
Capital add-on already set	**R0210**	-
Solvency capital requirement	**R0220**	12,874
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**	6,431

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**	2,081	3,288
Income protection insurance and proportional reinsurance	**R0030**	210	388
Workers' compensation insurance and proportional reinsurance	**R0040**	145	274
Motor vehicle liability insurance and proportional reinsurance	**R0050**	14,218	12,732
Other motor insurance and proportional reinsurance	**R0060**	5,974	12,009
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	418	1,254
Fire and other damage to property insurance and proportional reinsurance	**R0080**	4,092	5,363
General liability insurance and proportional reinsurance	**R0090**	2,605	1,741
Credit and suretyship insurance and proportional reinsurance	**R0100**	-	-
Legal expenses insurance and proportional reinsurance	**R0110**	-	-
Assistance and proportional reinsurance	**R0120**	307	1,505
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	2,030	2,161
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**	6,431
SCR	**R0310**	12,874
MCR cap	**R0320**	5,793
MCR floor	**R0330**	3,219
Combined MCR	**R0340**	5,793
Absolute floor of the MCR	**R0350**	3,700
Minimum Capital Requirement	**R0400**	5,793