GasanMamo
INSURANCE
we're always there

# 2021 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 single 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, 365 and Chapter XIII of the EU Commission Delegated Regulation 2015/35, Articles 256, 51,53 to 55 of the Solvency II Directive 2009/138/EC 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 has been compiled by GasanMamo Insurance Ltd. (hereafter "the Company" or "GasanMamo") and 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 2021. The Company's Board of Directors has the ultimate responsibility for all 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 professional service provided at all levels, GasanMamo is well capitalised, with a Solvency Capital Requirement (SCR) ratio of 227%.

### A. Business and Performance

There is no doubt that the turmoil witnessed in 2020 with the outbreak of a global pandemic had become a lot more familiar in 2021. Humans did what humans do best, adapt to new realities. This must also be said for the insurance sector and indeed the business community generally.

GasanMamo's initial response to the pandemic was constantly tweaked in line with regulatory guidelines and practical experience. The Company succeeded in preserving a positive customer experience, providing our products and services efficiently and effectively. Technology was a key enabler in this effort, but the excellent reaction and response from management, staff, intermediaries and clients has also contributed considerably.

The macroeconomic environment during 2021, was indeed strained. Every effort was focussed on damage limitation so as to ensure that the economy and the workforce would be well placed to bounce back once restrictive measures were eased. Various government initiatives were put in place and had achieved the desired effect, avoiding mass closures and redundancies. This said, the local economy ticked over, and while there was some slowdown in new initiatives and projects, existing projects went ahead and unemployment did not spike.

In this environment, most individuals and businesses renewed their insurance policies and customer loyalty remained extremely high. It was expected that during the year, top line growth would be modest. In fact, the Company observed a growth in Gross Written Premiums (GWP) of 10.3% at €58,206K compared to €52,784K in 2020.

This was somewhat surprising on the upside and in part is explained by the resumption of outgoing travel, which had almost completely stopped in 2020. GasanMamo Insurance introduced a Travel Insurance extension covering COVID-19 which was met by a favourable response and during the summer months travel resumed. Growth in premium also came from various other classes including operations in Cyprus.

The technical performance was also better than expected, mainly driven by an improved loss ratio in Motor. It was expected that the incidence of claims would revert to pre COVID-19 levels sooner than in fact did. On a cumulative basis, this had a positive effect on the loss ratio. In addition, the Company had a lower-than-normal incidence of large claims and weather-related claims.

The same can be said for all lines of business. The Combined Operating Ratio (COR) went from 74.3% in 2020 to 78.9% in 2021 which is 10 percentage points better than the 88.3% budget for 2021.

The Company's performance was further improved by the investment return for the period. During 2020 market movements were quite dramatic with massive corrections in March and April only to gradually recover month by month. The recovery persisted through to Q3 2021 with steady equity gains. The Company had an investment return of 6.0% amounting to €3,224K in 2021 compared to 0.3% and an investment return of €143K in 2020.

In light of the considerable uncertainties as the year progressed while ensuring that investment in resources was adequate and appropriate, the Board and Management remained cautious on expenditure, maintaining tight controls. Overheads did increase by 5.1% compared to 2020 but in effect were less than budget.

The combination of the factors referred to the above, has resulted in a stellar performance for the year, with profit before tax of €13,739K compared to €12,186M in 2020. This performance has resulted in further strengthening the balance sheet closing the year with an own funds amount of €46,233K compared to €41,860K in 2020. The SCR of the Company remains excellent at 227% compared to 246% in 2020, meaning that GasanMamo is in a sound financial position with an SCR ratio substantially higher than the minimum required by regulatory bodies. The reduction in SCR ratio during the reporting year is mainly driven by the increase in value of equities held which attract a higher solvency charge. The group solvency position remained strong with an SCR ratio of 223% as at December 2021.

The world has remained an uncertain place and we lurch out of a pandemic and into the most dangerous conflict the world has seen since 1945. While on a human level one cannot help but be moved by the incredible cost borne particularly by the innocent civilians in Ukraine, one hopes that the matter is resolved as soon as possible, and peace is restored. It is expected that the impact will be felt across the globe as scarcity of commodities will lead to inflation and in some cases deprivation.

The Company is mindful of the challenges and will watch closely, remaining prudent as the situation develops. We are confident that as we did in the pandemic crisis, the Company will come through in good shape, ready to continue its journey of steady profitable growth for the benefit of all stakeholders.

## 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, Actuarial Function and Internal Audit Function, out of which the latter two are outsourced.

## 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 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 and 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.

The second largest component of the SCR is the Non-Life (including Health) 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.

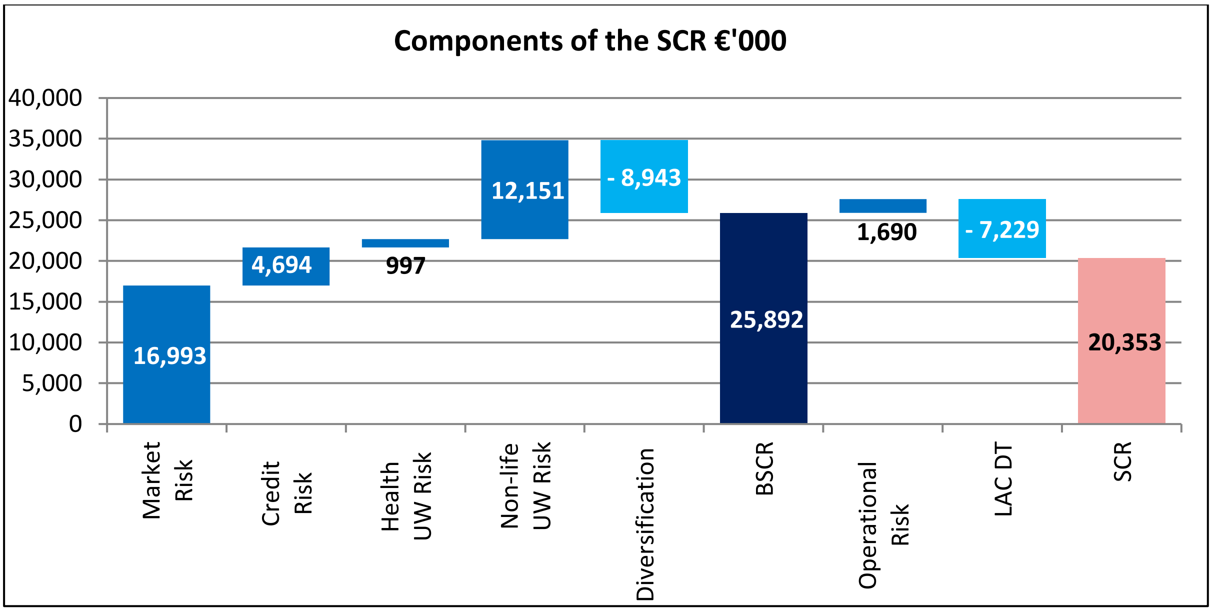



**Figure 1: Components of the SCR**

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 to. 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 Commission Delegated Regulation 2015/35, 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 due to different valuation methods.

An analysis of the valuation of assets, technical provisions, and other liabilities per Solvency II and per International Financial Reporting Standards (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.

As at December 2021, the Company closed at excess of assets over liabilities of €48,233K as per Solvency II valuation basis and a SCR ratio of 237%. In January 2022, the directors recommended the payment of a net dividend of €2,000K which was paid in February 2022. As required under the Solvency II regime, such a payment is to be considered as foreseeable dividend and are therefore deducted from the Company's Own Funds. As a result, the Company's eligible own funds, SCR ratio and Minimum Capital Requirement (MCR) ratio as at December 2021 amounted to €46,233K, 227% and 620% respectively. The group solvency position remained strong with an SCR ratio of 223% as at December 2021.

# 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 Level 4, Triq il-Merghat, Zone 1, Central Business District, Birkirkara, Malta. 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.

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 79.9% of its GWP from risks written in Malta, whilst most of the other risks are written in Greece, Cyprus, and France.

GasanMamo has a wide distribution network in Malta with a large centrally located head office and strategically located branch offices situated in Birkirkara, Mellieha, Mriehel, Mosta, Paola, Qormi, Rabat, Sliema and Valletta. The Company also has a large network of TIIs, located throughout Malta and Gozo providing a very personalised level of service to their customers. Brokers are an essential source of business and GasanMamo maintains an excellent relationship with all leading brokers and provides market-leading support.

On 24$^{th}$ December 2019, IVALIFE Insurance Limited, a life insurance company, was registered and is equally owned by four leading companies in the financial industry, namely GasanMamo Insurance Ltd., Atlas insurance PCC Ltd., APS Bank p.l.c. and MaltaPost p.l.c. IVALIFE was granted authorisation by the MFSA to carry out long-term business insurance on 1$^{st}$ February 2021 and has commenced operations on the 1$^{st}$ March 2021. The company provides both individual and group basis products. These include level and decreasing term insurance policies and regular and single premium with-profits policies.

The Company has 25% interest in the equity of IVALIFE Insurance and because of this participation, the Company forms part of an insurance group for Solvency II reporting purposes and is subject to group supervision by the regulatory authority as from Q1 2021.

### A.1.1 Regulator

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

Malta Financial Services Authority
Triq l-Imdina, Zone 1
Central Business District, B'Kara
CBD 1010 Malta

www.mfsa.com.mt
Telephone: +356 2144 1155

### A.1.2 External Auditor

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

EY (Malta)
Regional Business Center,
Achille Ferris Street,
Msida, Malta MSD1751
https://www.ey.com/en_mt
Telephone: + 356 2134 2134

### A.1.3 Shareholders

The shareholders of GasanMamo as at December 2021 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. Through his holding in J.A.G Limited, Mr. Joseph Gasan indirectly holds 17.66% share in 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.

The net dividends paid on ordinary shares during the reporting year 2021 amounted to €3,500K.

## A.2 Performance from Underwriting Activities

During the year under review, the Company achieved growth in the overall GWP of 10.3% closing at €58,206K compared to a growth of 0.4% achieved during the previous reporting year.

Underwriting activities generated a profit of €12,008K in 2021 (compared to €11,825K in 2020). The table below illustrates the profit and loss account for year-end 2021 as shown in the Company's financial statements, compared to the previous reporting year.

| **Technical Account** | **2021**<br>**€'000** | **2020**<br>**€'000** |
|---|---|---|
| Gross premiums written | 58,206 | 52,784 |
| Outward reinsurance premiums | -11,625 | -8,307 |
| **Net premiums written** | **46,580** | **44,477** |
| Change in the gross provision for unearned premiums | -1,389 | -647 |
| **Earned premiums, net of reinsurance** | **45,191** | **43,830** |
| Allocated investment return transferred from the non-technical account | 1,876 | -17 |
| **Total technical income** | **47,067** | **43,813** |
| *Claims paid* | | |
| Gross amount | 22,553 | 23,291 |
| Reinsurers' share | -5,088 | -3,100 |
| *Change in the provision for claims* | | |
| Gross amount | 1,718 | 5,741 |
| Reinsurers' share | 2,366 | -7,599 |
| **Claims incurred, net of reinsurance** | **21,550** | **18,334** |
| Net operating expenses | 13,509 | 13,655 |
| **Total technical charges** | **35,059** | **31,988** |
| **Balance on the technical account** | **12,008** | **11,825** |

**Table 1: Statement of Income Technical account**

| **Non-Technical Account** | **2021**<br>**€'000** | **2020**<br>**€'000** |
|---|---|---|
| Balance on technical account | 12,008 | 11,825 |
| Investment Income | 3,490 | 387 |
| Investment expenses and charges | -266 | -244 |
| Allocated investment return transferred to technical account | -1,876 | 17 |
| Other income | 984 | 789 |
| Administration expenses | -601 | -587 |
| Impairment of assets | - | - |
| **Profit before income tax** | **13,739** | **12,186** |
| Tax expenses | -5,235 | -4,453 |
| **Profit for the Financial Year** | **8,504** | **7,734** |

**Table 2: Statement of Non-Technical Account**

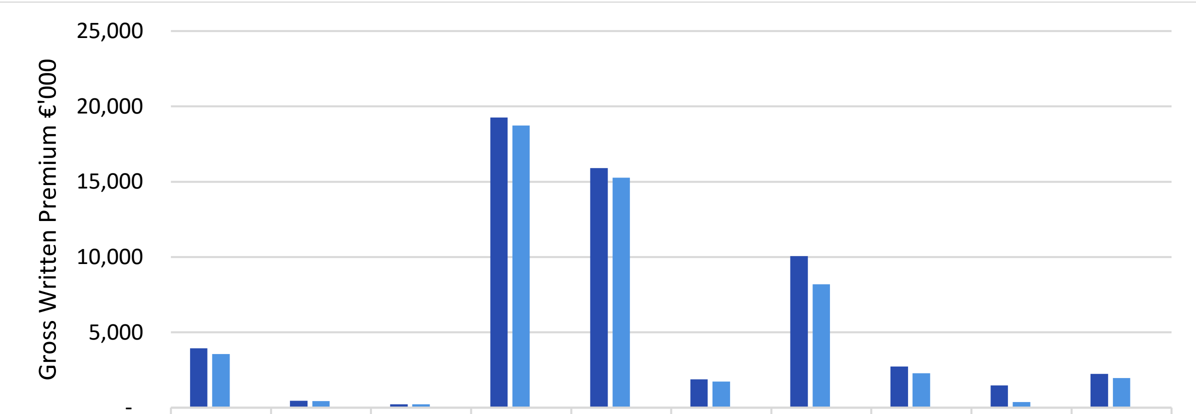
### A.2.1 Income Statement by Material Line of Business

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 2020. More details in relation to reporting year 2021 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 | 3,944 | 3,828 | 3,611 | 3,495 | 1,404 | 1,412 | 907 |
| Income protection | 464 | 449 | 458 | 444 | 89 | 89 | 136 |
| Workers' compensation | 227 | 215 | 217 | 205 | 119 | 119 | 102 |
| Motor vehicle liability | 19,270 | 15,333 | 18,803 | 15,021 | 11,659 | 8,343 | 4,669 |
| Other motor | 15,909 | 14,011 | 15,704 | 13,867 | 5,874 | 5,709 | 4,331 |
| Marine, aviation & transport | 1,887 | 1,640 | 1,830 | 1,583 | 343 | 394 | 493 |
| Fire & other prop. damage | 10,056 | 5,763 | 9,589 | 5,446 | 938 | 1,456 | 2,533 |
| General liability | 2,728 | 2,415 | 2,591 | 2,326 | 1,226 | 1,135 | 697 |
| Assistance | 1,485 | 1,182 | 1,322 | 1,046 | 419 | 209 | 349 |
| Miscellaneous | 2,235 | 1,743 | 2,209 | 1,758 | 645 | 1,129 | 780 |
| **Total for year 2021** | **58,205** | **46,579** | **56,334** | **45,191** | **22,716** | **19,995** | **14,997** |
| **Total for year 2020** | **52,784** | **44,477** | **51,953** | **43,830** | **27,480** | **16,781** | **15,090** |

**Table 3: Undertaking performance by material line of business**

During the reporting year, the Company experienced an increase of €5,422K in the GWP and a growth rate of 10.3% over the whole portfolio. During the previous reporting year 2020, GasanMamo had reported an increase of €219K in GWP and a growth rate of 0.4%. Figure 2 presents a visual and quantitative presentation of the GWP levels split by lines of business, compared to the previous reporting year.




| | Medical | Income Prot. | Workers Comp | Motor Liab. | Motor Other | Mar, Avi & Trans | Fire & Prop. Damage | General Laibility | Assist. | Misc. |
|---|---|---|---|---|---|---|---|---|---|---|
| 2021 | 3,944 | 464 | 227 | 19,270 | 15,909 | 1,887 | 10,056 | 2,728 | 1,485 | 2,235 |
| 2020 | 3,567 | 442 | 218 | 18,731 | 15,273 | 1,725 | 8,199 | 2,281 | 376 | 1,972 |
| Growth | 10.6% | 4.9% | 4.1% | 2.9% | 4.2% | 9.4% | 22.7% | 19.6% | 294.7% | 13.4% |

**Figure 2: GWP comparison by line of business**

### A.2.2 Income Statement by Material Geographical Area

The Company derives 79.9% of its premium income from risks written in its home country, Malta. Most of the other business is generated from risks in Greece, France and Cyprus, which account for 8.9%, 5.9% and 5.1% 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.

| **Underwriting Performance €'000** | **Home Country (Malta)** | **CYPRUS** | **FRANCE** | **GREECE** | **Total (Home & Top 5)** | **Total (Home & Top 5)** |
|---|---|---|---|---|---|---|
| | | | | | **2021** | **2020** |
| **Premium written** | | | | | | |
| Gross | 46,483 | 2,973 | 3,434 | 5,173 | 58,205 | 52,783 |
| Net | 41,934 | 2,599 | 1,431 | 525 | 46,580 | 44,476 |
| **Premiums earned** | | | | | | |
| Gross | 45,384 | 2,708 | 3,175 | 4,924 | 56,334 | 51,949 |
| Net | 40,861 | 2,334 | 1,404 | 500 | 45,191 | 43,826 |
| **Claims incurred** | | | | | | |
| Gross | 16,201 | 2,207 | 671 | 3,649 | 22,716 | 27,486 |
| Net | 16,894 | 2,207 | 502 | 403 | 19,994 | 16,787 |
| **Expenses incurred** | **12,889** | **1,285** | **629** | **155** | **14,997** | **15,090** |

**Table 4: Underwriting performance by geographical area**

## A.3 Performance from Investments

The net investment return for 2021 was €3,224K representing a return of 6.0% compared to the previous year's statistic of 0.3%. The investment expenses amounted to €266K in 2021 (2020: €244K).

### A.3.1 Bonds

The total exposure to this asset class as at December 2021 was €24,599K (2020: €23,897K). Total interest generated during the year amounted to €417K (2020: €442K) whereas a loss of €428K in 2021 (2020: a loss of €19K) was registered on market price movement.

### A.3.2 Equities

The total exposure to equities as at December 2021 was €11,653K (2020: €8,049K). Total dividends received during the year amounted to €296K (2020: €145K), whereas gain of €1,698K (2020: losses of €92K) were registered on market price movement.

### A.3.3 Collective Investment Funds

The total exposure to this asset class as at December 2021 was €14,629K (2020: €8,826K). Total income received during the year amounted to €122K (2020: €67K), whereas gains of €1,206K (2020: loss of €3K) were registered on market price movement.

### A.3.4 Cash and Cash Equivalents

The total allocation to cash exposures as at December 2021 was €12,204K (2020: €14,045K). The total interest received during the year amounted to €50K (2020: €42K).

### A.3.5 Property

The total exposure to investment property as at December 2021 was €11,018K (2020: €10,752K). Rental income generated during the year amounted to €334K (2020: €319K). Investment property was revalued during the year – a €2K loss as at December 2021 (2020: total investment property loss of €105K).

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 2021 was €180K (2020: €171K). Rental income from investment property amounted to €334K (2020: €319K).

## A.5 Any Other Disclosures

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 Defence 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

As at 31 December 2021, 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 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.

During 2021 Board members were 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 |
| Nicholas Bell | Independent Non-Executive Director |

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

During the Board Meeting held in November 2021, Mr Albert P. Mamo announced his intentions to retire from his role as a member of the Board, effective 31st March 2022. Mr. Mark Mamo, who is also a member of the Senior Management team within GasanMamo, will be joining the GMI Board of Directors and forms part of the succession plan of Mr Albert Mamo's imminent retirement from the Board. Mr Mamo's academic qualification in Insurance and Financial Services as well as his experience working in the sector position him well to contribute as an executive director of the Company.

As the new normality of the COVID-19 pandemic sets in, the Board meetings have returned to their normal frequency and were held on a quarterly basis. As per the previous reporting year, almost all meetings were held online to reduce physical contact and limiting the spread of the infectious virus. Since the meetings are frequently held online, the members of the Board are also invited to attend the monthly Executive and Investment Committee meetings.

During 2021, the Company has maintained its adaptable strategies of remote working and workforce bubbles in accordance with the work exigencies. These were implemented with the objective of minimising the impact on efficiency and service standards while also taking consideration of the health and safety of both clients and employees.

### B.1.2 Board Committees

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

Annually, each Board Committee evaluates its effectiveness in carrying out its duties as specified in the Company's Governance Policy and considers whether any changes need to be implemented. The assessment is carried out through a questionnaire, which is escalated to the Board for discussion and assessment.

**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. The entire Board is invited to attend all Executive Committee meetings.

**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 Investment Committee has appointed the *Property-Investment sub-committee* to consider and propose investments in immovable property and to subsequently manage any rental property the Company may own.

**Governance Risk and Compliance Committee**

The Governance, Risk and Compliance (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. It oversees 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, Compliance Function and RMF.

The GRC Committee has appointed a *Product Oversight and Governance (POG) sub-committee* which is responsible to carry out the product oversight and governance functions in accordance with the Conduct of Business Rulebook. As an advisory committee to the GRC Committee, the POG Committee shall maintain, operate, and review a product approval process for each newly developed product and for significant changes to an existing product and make its recommendations to the GRC. The sub-committee shall ensure that the process shall contain measures and procedures for designing, monitoring, reviewing, and distributing products.

**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 (refer to Section B.1.4) for defining remuneration practices. 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 above-mentioned Board Committees, GasanMamo has also established the following Management Committees to achieve a more effective management of its operations:

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

### B.1.3 Key Functions and Governance Framework

In line with Solvency II regulations and guidelines, GasanMamo recognises the RMF, Compliance Function, Actuarial Function and Internal Audit Function to be key functions. The main roles and responsibilities for each key function are further explained in Sections B.6, B.7, **Error! Reference source not found.** and B.8 of this report.

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.

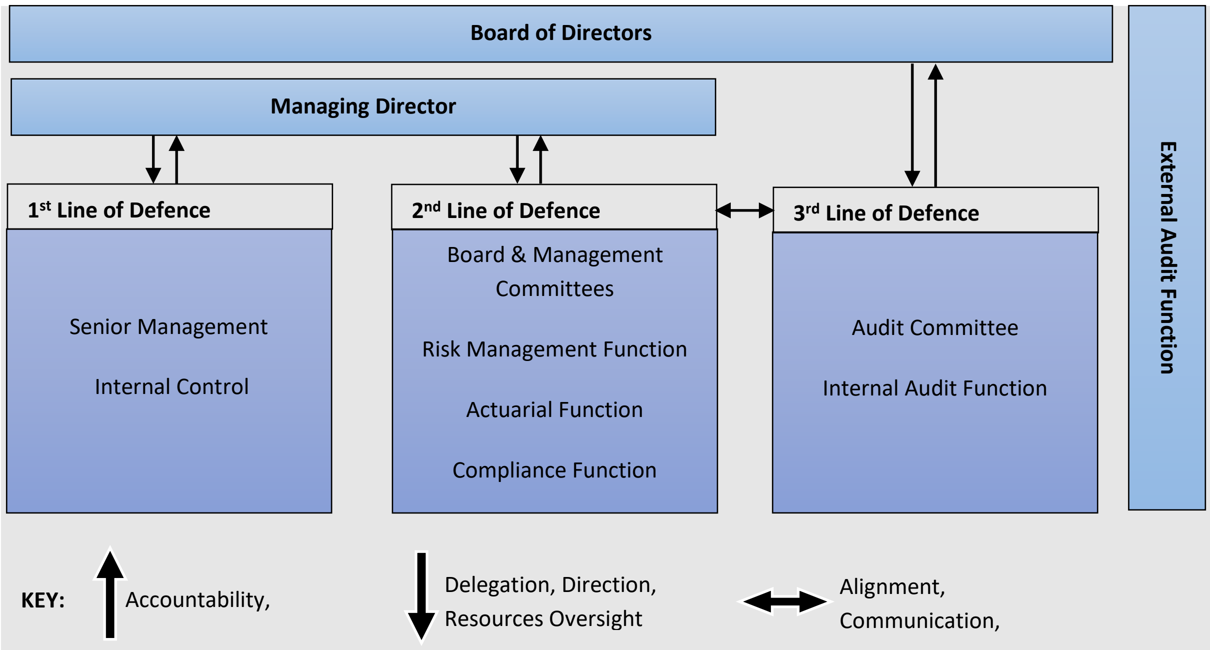



**Figure 3: Three Lines of Defence Model**

All risk management activities are undertaken by the *First Line of Defence* functions, which is composed of the business units and Senior Management. An internal control framework is set up by business line management, and includes controls specific for risk-taking functions, Human Resources, IT etc. These controls are documented and embedded in the Company's systems and policies and procedures of the specific business unit.

These activities are overseen and challenged by the *Second Line of Defence* functions consisting of the RMF, Compliance Function and Actuarial Function. The performance and effectiveness of these functions is supervised by the GRC Committee, which is also accompanied by other Management and BoD Committees in place, each of which have specific BoD's delegated roles for oversight, challenge, and risk control.

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.

The *Governing Body* refers to the Board, who bears the ultimate responsibility for ensuring the corporate governance arrangements within the Company are sufficient and appropriate for the size, nature, and complexity of its business. 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, and the escalation of any issues identified.

The *External Assurance providers* refers to the external audit function which provides additional assurance of compliance to legislative and regulatory expectations that serve to protect the interests of stakeholders and the implementation of the internal controls and the management and governing's body strategies and objectives.

### B.1.4 Remuneration Policy

As described in Section B.1.2, the Remuneration Committee is responsible for 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 needs 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 averse to the risk management strategy. During the reporting period the strategy did not include variable components of remuneration in such a proportion that the employees are overly dependent on such variable 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 execution of staff salaries will be through the payroll function with the oversight of the Financial Controller.

The Remuneration Policy has limited individual and collective performance criteria on which any variable components of remuneration are based as a high proportion of variable remuneration could encourage behaviours that are not in line with the undertakings' business and risk management strategy, endanger sound and prudent management, and encourage risk taking in order to maximise remuneration. 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 persons who effectively run the Company, perform the key functions as identified within the Governance policy as well as TIIs, are also subject to Fit and Proper requirements as per Article 42 of the Solvency II Directive 2009/138/EC.

The policy defines the procedures of how the fitness and propriety will be assessed for both newly appointed persons and on an on-going basis.

Individuals in scope of the requirement are required to self-certify their continuing fitness and propriety through an annual questionnaire which is submitted to the Compliance Function, ensuring that these individuals are competent, act with integrity and are financially sound on continuous basis. The Fit and Proper 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 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; and
- Ensure that the individuals adhere to the Company's Code of Ethics and Conduct and any relevant policies.

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

GasanMamo also documents the Code of Ethics and Conduct, which establishes the Company's core values and principles and sets the standards for behaviour in the Company. The Code equally applies to all individuals, including Board members, Senior Management, and staff. These principles seek to ensure that a culture of integrity is maintained throughout the organisation and promotes standards of ethical behaviour. All individuals are encouraged to promptly report any suspected irregularities or dishonesty.

All individuals within scope of the requirements mentioned above, must promptly inform the Compliance Function if they think their fitness and propriety (as applicable) has changed adversely or if it is possible, they have breached or will breach the Code of Ethics and Conduct.

## 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 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. The final approval of the updated risk register is given by the Board. Risk owners are responsible for the implementation of any remedial actions required as well as any agreed actions recommended by the Internal Audit Function. The RMF shall follow up to ensure that adequate controls have been implemented in a timely manner.

The GRC Committee oversees 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 Committee 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 Policy, Liquidity Risk Policy, Concentration Risk Policy, Operational Risk Policy, Reinsurance Policy, Capital Management Policy, ORSA Policy, Disclosure and Reporting Policy, POG Policy, and a Business Continuity Plan.

## B.4 Own Risk and Solvency Assessment (ORSA) 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 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 exercise is carried out through extensive discussion with senior management and the Actuarial Function, to ensure that drawn-up stress scenarios are adequately reflecting a realistic picture of business performance.
- 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 Board for their comments, review, and approval.

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 or the introduction of new products, amongst others, to be assessed and evaluated in the light of their effect on the Company's risk profile 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.

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


**Figure 4: The ORSA Process**

## 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 and makes adequate recommendations for improvement.

GasanMamo's internal control is based on a standardised framework having the following five interrelated components of effective internal control:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring Activities

The Internal Control System is documented through various Company policies namely; the Governance Policy, Internal Control Policy, Compliance Function Policy, Actuarial Function Policy, Risk Management Function Policy, Internal Audit Function Policy and Outsourcing Policy.

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

## B.6 Risk Management Function

The RMF is responsible for the implementation of an effective Risk Management System for the identification, management, monitoring and reporting of the key risks that the Company is exposed to and oversees the establishment of an effective internal control framework as described in 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, Risk & Compliance and 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, with the support of the Actuarial Function and Senior Management, carries out the abovementioned annual ORSA process. The ORSA results and projections are a 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 Actuarial Function

The Actuarial Function is outsourced to Deloitte Actuarial Services Limited (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 the Solvency II 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.9 Internal Audit Function

The Internal Audit Function is outsourced to KPMG (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, which is set up in adherence to Solvency II regulations and guidelines.

## B.10 Outsourcing

GasanMamo has in place an Outsourcing Policy, which documents the outsourcing procedures of the Company to ensure the ongoing 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 establishes the responsibilities of all parties in the Company with respect to outsourcing and 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 Limited (Cyprus) and the Internal Audit Function to KPMG (Malta). As per Company policy, a Board member is responsible for the oversight of outsourced key functions. During 2021, 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

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.

## 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. Figure 5 includes a comparison of the Standard Formula's SCR risk components of 2021 when compared to 2020. 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.

GasanMamo's also maintains a Risk Register to record any additional risk exposures which have been identified and are not included within the Solvency II Standard Formula calculation. Section C.6 describes the material risk exposures identified within the Risk Register.

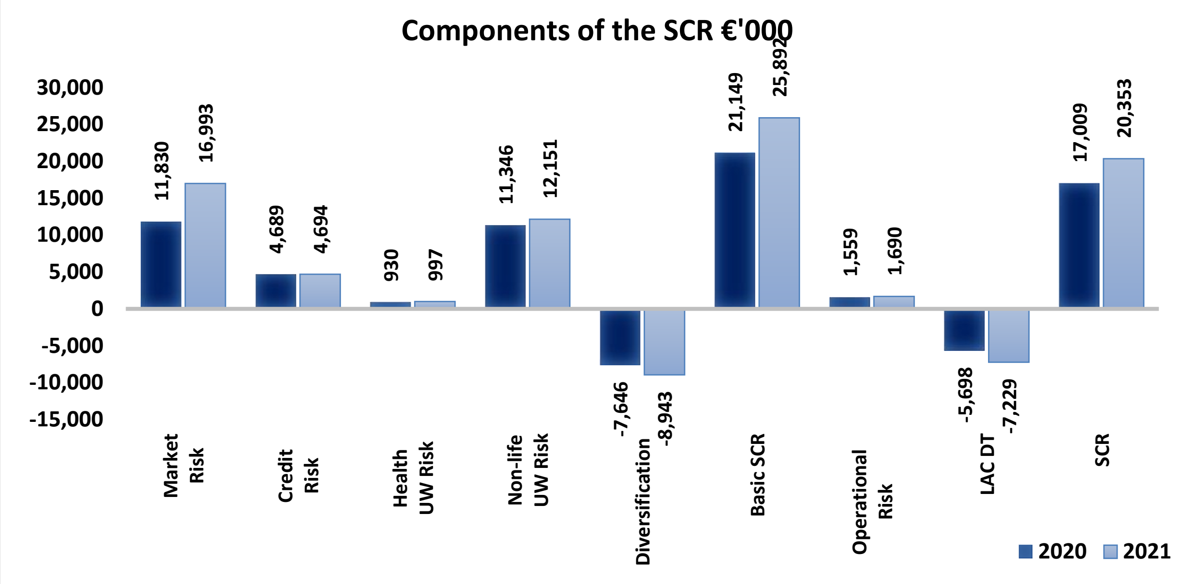



**Figure 5: SCR Components Comparison**

Figure 6 below shows the percentage Basic SCR capital allocation for each risk component as calculated by the Solvency II Standard Formula (after diversification).

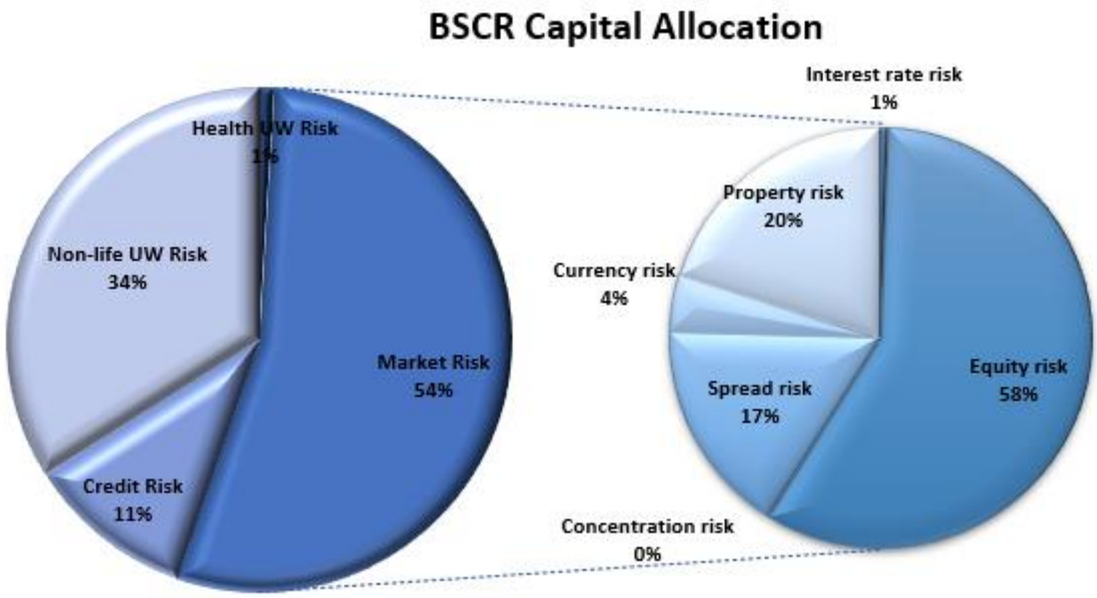



**Figure 6: Basic SCR Capital Allocation**

## 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.

The Company underwrites mainly annual policies (with the exception of Contractors all Risks and Erection all Risks contract term covers, Travel and Marine cargo short-term covers), 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.

Due to the strong reinsurance programme in place for all lines of business, GasanMamo remains in a robust financial position and can comfortably meet all its obligations, including those arising from COVID-19. The situation is being continuously monitored and reviewed in addition to the solvency assessment which is calculated every quarter. Throughout 2021, GasanMamo has maintained a solvency position well above the regulatory solvency level of 100%.

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.

GasanMamo undertakes an actuarial evaluation of technical provisions and regular pricing analysis is performed by analysing the data and identifying the major drivers of risk. Multivariate analysis is applied where possible, depending on the volume and credibility of the underlying claims data.

### C.1.3 Risk Sensitivity

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 2021, the Company has also carried out several stress scenarios involving CAT events, prolonged COVID-19 impact, large claims, RI default and financial crisis, increase in equity exposure and increase in COR. 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 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

On a monthly basis, the Investment Committee meets to monitor and review the position of the Company's investment portfolio and to plan its investment strategy as reflected within the Company's Asset Allocation Policy.

The Asset Allocation Policy includes benchmarks and guidelines on various aspects of portfolio management; including currency, instruments, rating, localisation, concentration, and maturity. The 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.

To diversify investment techniques and concentrations, the Company operates various investment portfolios, each of which is handled by a different investment manager. Each portfolio manager is required to adhere to the Asset Allocation Policy on a continuous basis.

The diagram below presents an overview of the composition of GasanMamo's asset portfolio as at year end 2021.

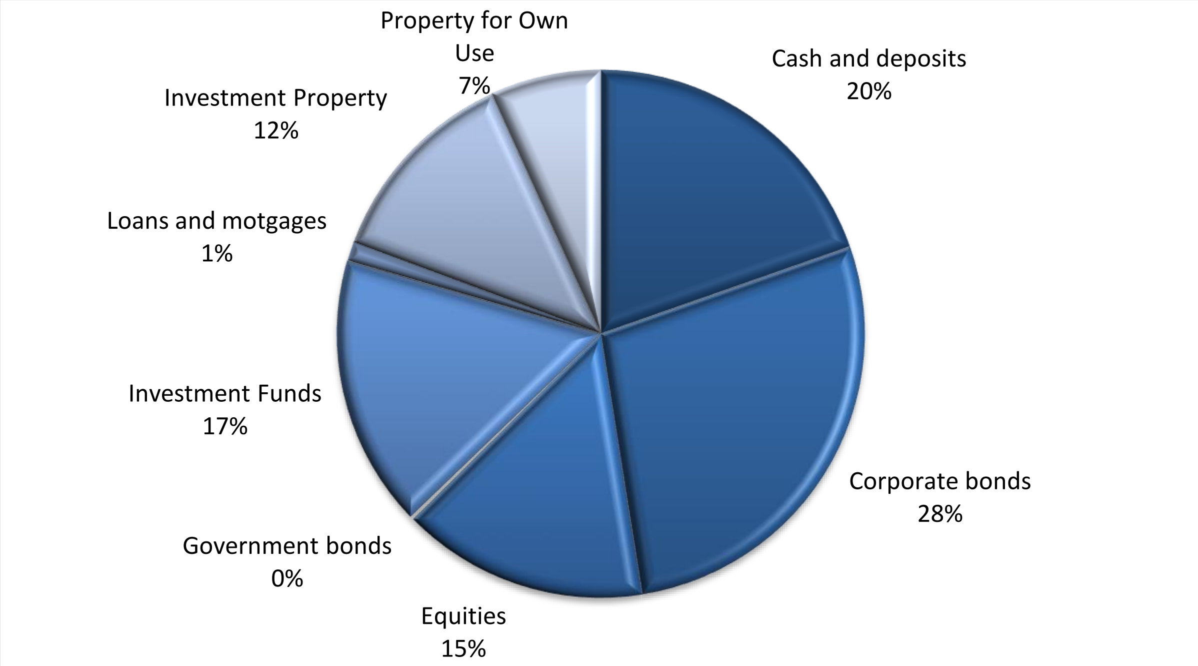



**Figure 7: Composition of Asset Portfolio**

As discussed in the following paragraphs, various investment risks arise from the assets held by the Company, dependent on the nature and characteristics of the assets.

**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 defines limits on the credit rating band, concentration to the fund and issuer etc.

**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 or the Organisation for Economic Co-operation and Development 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 in accordance with the limits within the Asset Allocation Policy.

**Currency Risk**

The Company's exposure to foreign exchange risk arises primarily from investments that are denominated in currencies other than Euro, which are therefore susceptible to sensitivity to the level and volatility of exchange rates to foreign currencies.

At year-end 2021, the Company held investments valued in US Dollars, Great Britain Pound, Swiss Franc, Swedish Krona and Danish Krone, while the remaining 91.4% of the Company's investments were denominated in Euro. Therefore, most 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 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

Every month investments are valued at their market values in accordance with the IFRS standard. Every month, the Investment Committee meets 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 as 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 different stress scenarios to assess its resilience to a financial crisis together with the incurrence of large claims and reinsurance default. A third stress scenario was carried out to test an extended impact of COVID-19 in future years. In all instances, 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

Credit risk is the risk of loss or adverse change in the financial situation, resulting from fluctuation in the credit standing of issuers of securities, counterparties, and any debtors to which GasanMamo is exposed. Sources of Credit risk can be categorised as follows, listed by highest order of exposure:

- Cash at bank.
- Reinsurance recoverables where claims paid are not immediately reimbursed by the reinsurer.
- Receivables from brokers, intermediaries, agents, or policy holders, which have not yet been collected.
- Prepayments of substantial amounts to third parties, in exchange of services or products that shall be provided to the Company in the future.

### C.3.2 Risk Mitigation Practices

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

The Company manages its credit risk related to the amounts due from insurance intermediaries and contract holders, through the work of its Debtors Review Committee. This Committee meets every two months 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. The default credit period is set to three months for brokers and to one month for TIIs and agents. Any credit periods longer than the default period are to be approved by Senior Management.

The creditworthiness of reinsurers is considered on an annual basis by the Board. The Company's policy is to only enter 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 through its cash at bank, which is limited through the Asset Allocation Policy.

### 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 during financial crisis, on the prudent and solvent operation of the Company. In all 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:

**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.

**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.

**Concentration**

- Reliance on specific counterparties for the Company's operational cashflows.
- Term structure of liabilities.
- Concentration among policyholders or related groups of policyholders.
- Reliance on particular instruments or products.
- Concentration of individual or group counterparties.
- Investment types.
- Economic sectors of investments.

**Intra-day**

- Lack of monitoring of intra-day liquidity positions and cash needs.
- Not taking appropriate steps to ensure sufficient funds are held to cover intra-day risk in cash accounts.

**Off-balance sheet**

Off-balance sheet activities, such as a downgrade in the Company's solvency position and capital strength, affect cash flows and liquidity risk profile under both normal and stressed conditions.

**Reputation**

Whilst the Company may contractually be able to manage liquidity outflows by delaying or deferring payments, it should consider the impact on market perceptions without significantly damaging its core business reputation.

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 through regular bank reconciliations and cashflow forecasting. This ensures that unexpected large claims can be adequately managed and processed. Moreover, the Company has in place a number of reinsurance treaties which could be called upon depending on the severity of claims, and if necessary, it may also resort to banking facilities as a means of finance.

### C.4.3 Risk Sensitivity

GasanMamo undertakes regular stress testing for the measurement of the impact of the Company's capital in through sensitivity analysis i.e. by applying one or more stresses to a single risk factor (e.g. impact of a large claim pay-out) and also through constructing scenarios that consider the impact of several risk factors crystallizing at the same time.

During 2021, the Company has also carried out several stress scenarios considering the events of catastrophe, the default of reinsurers, financial crisis and adverse claim experience. In all instances, the Company has remained above the regulatory solvency level of 100%, suggesting that GasanMamo has adequate liquidity management to financially withstand stressed conditions.

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** include inter alia operational failure of suppliers or outsourced services, disasters, terrorism, vandalism, theft, robbery, weather.

During the past two years, exposure to Operational risk has increased through the long-term changes in the working environment and the precautionary health measures due to the outbreak of the COVID-19.

### C.5.2 Risk Mitigation Practices

To minimise the loss arising from Operational risk, segregation of duties and knowledge-sharing 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.

The Company has internal processes in place to reduce the risk of business interruption, that could arise from major internal and/or external events. This includes the setting up of a robust BCP along with an IT disaster recovery plan, as well as the implementation and enhancement of an Information Security Framework.

As the COVID-19 pandemic developed globally, GasanMamo has reviewed its Pandemic Plan to ensure continuity of operations despite the outbreak. A Pandemic Planning Team, composed of representatives from all Company departments, was formed with the role of activating, communicating, and eventually terminating the Company's emergency response plan. The team ensured the effective communication throughout the Company and that applicable guidelines and recommendations from the local health authorities were also implemented in a timely manner.

The Pandemic Plan is constantly reviewed and amended as necessary as the situation develops across the nation and the world. The plan has been developed with the objectives of:

- Protecting the health and safety of its employees, clients and all those who visit its offices.
- Ensuring the continuous and efficient functioning of its business activities during and after the outbreak of the disease in Malta.

### 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.

As mentioned within previous sections, during the reporting year GasanMamo performed several scenario analyses which could result in significant operational cost, in addition to the scenario of the prolonged effects of the COVID-19 pandemic over the business planning period.

In all cases the Company's SCR which has remained above the 100% regulatory level.

### 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 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 Financial Instability

The year under review was particular, it was one where the world was still grappling with the global pandemic. The strain on the economy was visible for all to see, yet countries and their citizens adapted to the new reality, finding ways to keep moving forward. The efficient rollout of the vaccine in most of the Western world brought the severity and consequences of becoming COVID-19 positive down drastically, thus reducing the number of COVID-19 related deaths. Economies have gradually opened as they lift restrictions. The Maltese economy was supported to a considerable degree by government schemes aimed at averting mass closures and redundancies. To a large extent these programmes have been successful, and the domestic economy has continued to perform albeit at a much calmer pace that in the years prior to the pandemic. This said, the local economy ticked over, and while there was some slowdown in new initiatives and projects, existing projects went ahead, and unemployment did not spike.

The world has remained an uncertain place and we lurch out of a pandemic and into the most dangerous conflict the world has seen since 1945. The new uncertainty caused by the Russian invasion of Ukraine is having a devastating effect on Ukraine and its people, but it is also causing major market uncertainty around the globe. Historically, similar geopolitical events have a temporary effect on markets, however, the extent and depth of this conflict is far from clear. We are confident that all is in place to mitigate the impact of market volatility as well as drawing comfort from the strong financial position of the Company.

The outbreak of war in Ukraine is a significant event that has impacted markets and may also result in further inflationary pressures which will directly impact economic performance. As a Company, we are mindful of the challenges and will watch closely, doing all we can to protect the company since once again we are faced with a global crisis that creates enormous uncertainty and apprehension.

### C.6.2 Information Technology & Security 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, phishing mail, and ransomware 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 an IT Disaster Recovery plan and BCP. The Company has identified that its largest vulnerability to cyber-attacks is through its employees and human error. Several hackers have spotted a window of opportunity in method of outreach via phishing emails with COVID-19 specific messaging. Additionally, while the world is focused on health and economic threats, which have led to an increased use of teleworking, an increase in phishing attacks, malspams and ransomware attacks were observed. This is expected to persist and increase following the current crisis between Russia and Ukraine.

Throughout the reporting year, the Information Security Officer has continued to raise employee awareness of cyber security, through the notification of spam emails being circulated and increase employee knowledge of how to identify such emails through structured training.

### 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 constantly monitors the emergence of new risks and the evolvement of existent ones within both the local and foreign markets e.g. electric cars, driverless cars, high-rise buildings and towers, artificial intelligence technology and other possible disruptors. The objective is to provide superior product and services which are improved on a continuous basis to reflect customers' needs. Significant strategic moves are also carefully analysed through an ORSA process, to avoid any breaches of the SCR, MCR and to ensure that the Company maintains a strong capital position.

### C.6.4 Human Resources Risk

The risk that the Company may be unable to meet its strategic and operating objectives due to loss of personnel, deterioration of morale, inadequate competence and development of human resources, inappropriate working schedule, inappropriate working and safety environment or inequality amongst others.

GasanMamo ensures that newly recruited and current employees have adequate knowledge to perform to high standards and to provide excellent services. This is done by constantly investing in technical and soft skills training and investment in trainee and apprenticeship schemes. A Continued Professional Development programme is also organised for those employees within the scope of the applicable legislation.

Human Resources professionals are constantly facing new challenges mainly related to attracting and retaining talent. Managing remote working, having the right strategies that promote and supporting employee's mental health and change management are additional relatively new areas of focus.

### C.6.5 Reinsurance Risk

Reinsurance risk refers to the inability to obtain reinsurance from a suitable reinsurer at the right time and at the appropriate cost or the default of a reinsurer when claiming under a treaty. This could emanate from adverse market conditions, among other reasons.

All the Company's largest risk exposures are covered by annually reviewed reinsurance treaties. Reinsurance cover is secured with multiple reputable and professional reinsurers to avoid risk concentration. As documented in the Company's risk appetite, reinsurers should have a long-term credit rating of at least A- from S&P rating or equivalent. Annual stress scenarios are carried out in the ORSA report to assess the adequacy of the reinsurance strategy in place.

### C.6.6 Reputational Risk

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

The Company's reputation is constantly being monitored through public relations and social media. Service surveys are carried out circa every two years during which extensive interviews are undertaken to assess the overall public perception of GasanMamo.

Customer satisfaction is also given high importance within GasanMamo. The Company seeks to maintain its reputation at delivering the highest quality, good value service, thus it understands that effective complaints management is fundamental to understand its business shortcomings, obtain customer feedback, increase customer satisfaction, and provide differential products according to customers' needs.

As the world around us changes, so do our client needs - for instance the increasing availability and introduction of incentives for electric/hybrid vehicles, the additional cover considerations for COVID-19 etc. Management is always on the lookout for such changes in consumer behaviour and needs, to ensure that timely and adequate analysis is carried out beforehand. In line with current legislation, any new products or any significant changes to existing ones need to go through a POG process.

### C.6.7 Regulatory and Compliance Risk

The risk of legal or regulatory sanctions, material financial loss or loss to reputation an undertaking may suffer because of not complying with laws, regulations, and administrative provisions as applicable to its activities.

The RMF and Compliance Function, with the oversight of the GRC Committee, are responsible for ensuring that the requirements set out by the Solvency II Directive and other applicable laws and regulations including Conduct of Business and GDPR are adhered to, at all times. Control in the form of checklists and the implementation of a compliance monitoring programme whilst utilising the four-eye principle are in place to facilitate compliance, reviews, and follow-up of any issues.

The RMF and Compliance functions are also keeping abreast of the potential changes to the Solvency II regime as proposed by the European Commission to the European Parliament and Council, published during September 2021 as well as other new prospective legislation and regulation under discussion.

## 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 the Solvency II 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 | 4,599 | |
| Property, plant and equipment held for own use | 5,951 | 5,951 |
| Property (other than for own use) | 11,018 | 11,018 |
| Holdings in related undertakings, including participations | 1,620 | 1,620 |
| Equities | 11,653 | 11,653 |
| Bonds | 24,373 | 24,599 |
| Collective Investment Undertakings | 14,629 | 14,629 |
| Deposits other than cash equivalents | 4,999 | 5,023 |
| Reinsurance recoverables | 11,344 | 10,939 |
| Insurance and intermediaries receivables | 8,220 | 8,220 |
| Receivables (trade, not insurance) | 42 | 42 |
| Loans and mortgages | 1,000 | 1,025 |
| Cash and cash equivalents | 12,204 | 12,204 |
| Any other assets, not elsewhere shown | 3,491 | 3,215 |
| **Total Assets** | **115,144** | **110,140** |

**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. This amount also includes a right of use asset for properties leased by the Company. The right of use asset is valued at the present value of lease payments payable over the term of the contract and is subsequently amortised over the lease term.

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 2021. 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 investments in entities, which are not measured at cost under IFRS. Instead, the Company reports a proportionate share of the entity's equity as an investment. Profit or loss from the arrangement increases or decreases the investment account by an amount proportionate to the Company's shares in the entity. Dividends paid out are deducted from this amount. There were no significant estimates and judgements used in valuing the participations 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 2021 is €11,653K, 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 €24,599K in government and corporate bonds. Government and corporate bonds are debt securities which have a fixed rate of interest. The difference of €226K as reported under Solvency II compared to IFRS represents the accrued interest as at 31 December 2021. 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 €14,629K. There are no significant estimates or judgements used in valuing the collective investment undertakings due to the nature of the asset. These are valued at fair value through profit and loss and are denoted by current market prices. 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 €5,023K. 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 €24K. The difference represents the accrued interest earned as at 31 December 2021. No significant estimates and judgements are used in valuing the accrued interest due to the nature of the asset.

### D.1.8 Reinsurance Recoverables

Reinsurance recoverables as at year end amounted to €10,939K 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 non-proportional reinsurance arrangements. For proportional reinsurance arrangements, the share of the reinsurer has been considered when calculating the claims and premium provision.

Reduction of reinsurance recoverables to allow for expected losses due to a counterparty default is also applied.

### D.1.9 Insurance and intermediaries' receivables

As at the reporting date, the Company had insurance and intermediaries' receivables amounting to €8,220K. 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.1.10 Cash and Cash Equivalents

As at the reporting date, the Company had cash amounting to €12,204K held with local and foreign banks. This amount is invested in savings accounts and current accounts. The cash denominated in Euro represents 98% 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.1.11 Any other assets, not elsewhere shown

This balance, amounting to €3,215K as at December 2021, relates to two items, one of which is prepayments. The remaining €2,970K relates to an agreement entered into in January 2019 to acquire property which is currently under construction.

The Solvency II valuation does not differ from the IFRS valuation in this respect. However, the IFRS valuation also includes €275K 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 | 820 | - | 1,302 | - | 69 |
| Income protection | 113 | - | 63 | - | 10 |
| Workers' compensation | 94 | - | 89 | - | 8 |
| Motor vehicle liability | 16,834 | 5,792 | 6,601 | 562 | 933 |
| Other motor insurance | 2,429 | 411 | 5,298 | 204 | 171 |
| Marine and transport | 212 | -18 | 298 | - | 19 |
| Fire & other property damage | 3,224 | 637 | 4,070 | 150 | 219 |
| General liability | 2,949 | 151 | 496 | 20 | 236 |
| Assistance | 476 | 210 | 160 | 10 | 22 |
| Miscellaneous | 3,361 | 2,772 | 707 | 37 | 50 |
| **Total** | **30,513** | **9,955** | **19,085** | **984** | **1,737** |

**Table 6: Value Best Estimate and Risk Margin as at December 2021**

### 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, 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 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

- Claims experience of 2022, if the measures implemented by the authorities to limit the spread of COVID-19 are extended into 2022 for a significant duration.

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 | 820 | 1,302 | 69 | 2,191 | 816 | 2,235 | 3,050 |
| Income protection | 113 | 63 | 10 | 186 | 112 | 202 | 314 |
| Workers compensation | 94 | 89 | 8 | 191 | 94 | 145 | 239 |
| Motor vehicle liability | 11,042 | 6,040 | 933 | 18,015 | 10,978 | 8,015 | 18,992 |
| Other motor insurance | 2,018 | 5,094 | 171 | 7,282 | 2,009 | 7,361 | 9,370 |
| Marine and transport | 230 | 298 | 19 | 548 | 229 | 504 | 733 |
| Fire & other property damage | 2,588 | 3,920 | 219 | 6,727 | 2,575 | 4,075 | 6,650 |
| General liability | 2,797 | 476 | 236 | 3,510 | 2,779 | 1,059 | 3,838 |
| Assistance | 266 | 150 | 22 | 439 | 264 | 181 | 445 |
| Misc. financial loss | 589 | 670 | 50 | 1,308 | 585 | 926 | 1,511 |
| **Total** | **20,557** | **18,101** | **1,737** | **40,396** | **20,441** | **24,702** | **45,143** |

**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:

- 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;
- Consideration of ENID 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 Unearned Premium Reserve (UPR) may not be recognised until the expiry of these contracts. An Additional Unexpired Risk Reserve (URR) 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 2020.

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 any simplifications in the calculation of the SCR and technical provisions. Furthermore, 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 | - | 19 |
| Deferred tax liabilities | 1,512 | 1,557 |
| Insurance & intermediaries payables | 1,591 | 1,591 |
| Reinsurance Payables | 2,363 | 2,363 |
| Payables (trade, not insurance) | 3,935 | 3,935 |
| Any other liabilities, not elsewhere shown | 1,107 | 1,107 |
| **Total** | **10,508** | **10,572** |

**Table 8: Valuation of Other Liabilities**

### D.3.1 Contingent liability

Contingent liability at year ending 2021 was €19K. This relates to a guarantee made in favour of Planning Authority and to amounts withheld by the court as a result of a garnishee order.

### D.3.2 Deferred tax liabilities

Deferred taxes are calculated under the liability method on all 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 property. As at the end of December 2021, the Company had a deferred tax liability of €1,512K under IFRS and €1,557K 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 €1,591K. 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 €2,363K. 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 €1,096K. The remaining balance relates to income tax and to trade creditors in respect of services provided to the Company. The total payables (trade, not insurance) as at December 2021 was €3,935K. 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, deferred income, and the property lease liability. The property lease liability is valued at the present value of lease payments payable over the term of the contract. The liability is subsequently increased with the unwinding of the discount and decreases with any lease payments made. The balance due in respect of these liabilities amounted to €716K. 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

**COVID-19**

The pandemic had an initially devastating impact on financial markets across the world, especially during the first year of the outbreak. However, the Company's prudent investment's policies mitigated the impact of the market collapse and the gradual recovery enabled GasanMamo to end the reporting year with a positive net investment return of 6.0% amounting to a profit of €3,224K. This compares to a return of 0.3% and a contribution of €143K in 2020.

The impact of the global pandemic COVID-19 is well known and individuals, business and governments, not to mention health service providers have been navigating this challenging environment. The economic fallout has been severe and has not been fully played out. It is widely acknowledged that, thanks to the vaccines and boosters, there is an end in sight for the havoc that has been caused and the road to economic recovery has commenced. Insurance losses have been quantified and absorbed in respective balance sheets with the vast majority of the COVID-19 related claims having been settled. It is clear, that while COVID-19 is a significant CAT event from an insurance perspective, it is one that the insurance sector took in its stride. The Company is confident to be in a good position to meet all its obligations due to the strong balance sheet position and solvency cover that it had coming into this situation and the strength of the reinsurance programme that is in place.

**Any Other Disclosures**

IFRS 17 was issued in May 2017 and sets out the requirements that an entity should apply in accounting for insurance contracts it issues and reinsurance contracts it holds. IFRS 17 had an effective date of 1 January 2021, delayed to 1 January 2022 on 14 November 2018. On 17 March 2020, the IASB took the decision to defer IFRS 17 implementation by a year, with a new effective date of 1 January 2023.

In 2020, the company carried out a gap analysis to determine the tasks necessary for a smooth implementation of IFRS 17. Pursuant to an industry-wide thematic review carried out by the Malta Financial Services Authority, the company had also prepared an impact assessment based on the latest available financial statements at that point, comparing the financial results under the present accounting framework with the financial results had IFRS 17 been effective. The impact assessment also considered the effect that IFRS 17 will have on current business practices, such as risk management, pricing and purchase of reinsurance. The impact assessment has not been audited by the external auditors of the company. Following the gap analysis and the impact assessment, the Company started addressing any identified gaps. The company has continued its IFRS 17 implementation in 2021 and expects this to continue in the coming financial period as the effective date is 1 January 2023. The statement of comprehensive income, as well as total equity are not expected to be impacted substantially by the application of IFRS 17.

# E – Capital Management

## E.1 Own Funds

GasanMamo's objectives when managing capital are to comply with the insurance capital requirements required by the regulatory authorities 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 in place with respect to capital planning, issuance of capital and distribution of dividends. 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 the 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.

During the reporting year 2021, a total dividend of €3,500K was distributed to shareholders, compared to €1,500K distributed in the previous year. The reason for the reduction in the amount of distributed dividend in 2020 is that no additional dividend distributions were made during 2020 following EIOPA's recommendation that during the current crisis (re)insurers temporarily suspend all discretionary dividend distributions and share buy backs aimed at remunerating shareholders and the subsequent MFSA restriction on licence holders during the same year.

As at 31 December 2021, the Company closed at excess of assets over liabilities of €48,233K as per Solvency II valuation basis and an SCR ratio of 237%. In January 2022, the directors recommended the payment of a dividend of €2,000K to be paid in the first quarter of 2022. As required under the Solvency II regime, such a payment is to be considered as foreseeable dividend and are deducted from the Company's Own Funds. As a result, the Company eligible own funds, SCR ratio and MCR ratio as at December 2021 amounted to €46,233K, 227% and 620% 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 Commission Delegated Regulation 2015/35. 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 the 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 2021, compared with the previous reporting year. At financial year end, the Company did not have any items that were deducted from own funds.

| Own Funds | Dec 2021 | | Dec 2020 | | Movement |
|---|---|---|---|---|---|
| **€'000** | **Total** | **Tier 1 (unrestricted)** | **Total** | **Tier 1 (unrestricted)** | |
| Ordinary share capital | 12,000 | 12,000 | 12,000 | 12,000 | - |
| Retained Earnings and Reconciliation Reserve | 34,233 | 34,233 | 29,860 | 29,860 | 4,373 |
| **Total** | **46,233** | **46,233** | **41,860** | **41,860** | **4,373** |

**Table 9: Comparison of own funds as at December 2021 and December 2020**

During the reporting year the Company experienced an increase of €4,373K in reconciliation reserve mainly emanating from the increase in retained profit from the previous year. Due to its strong capital position, the Company distributed an amount of €2,000K in dividends during February 2022.

| Reconciliation reserve | Dec 2021 | Dec 2020 | Movement |
|---|---|---|---|
| Excess of assets over liabilities | 48,233 | 43,360 | 4,873 |
| Foreseeable dividends, distributions and charges | 2,000 | 1,500 | 500 |
| Other basic own fund items | 12,000 | 12,000 | - |
| **Reconciliation reserve** | **34,233** | **29,860** | **4,373** |

**Table 10: Reconciliation Reserve**

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 | Movement |
|---|---|---|---|
| Total Assets | 115,144 | 110,140 | 5,005 |
| Total Liabilities | 66,995 | 61,907 | 5,088 |
| Foreseeable Dividend | - | 2,000 | -2,000 |
| **Total Own Funds** | **48,149** | **46,233** | **1,916** |
| Ordinary Share Capital | 12,000 | 12,000 | - |
| Retained Earnings | 36,149 | 34,233 | 1,916 |

**Table 11: Comparison between IFRS and Solvency II valuation**

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

- 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

GasanMamo's total SCR as at December 2021 was €20,353K, which includes the adjustment for the Loss Absorbing Capacity of Deferred Taxes (LACDT) which amounts to €7,229K. As per the Maltese legislation, tax benefit can be carried forward indefinitely.

A detailed modelling exercise was undertaken as part of the ORSA, which demonstrates that adequate profits are expected to be generated in a 3-year horizon, that will allow GasanMamo to utilise the Deferred Tax Asset which will be generated under the LACDT stress scenario. Additional stresses have been implemented to demonstrate the resilience of the Company and future profitability under several adverse scenarios. Various assumptions were made for all sources of income and outgo of the Company for the forward-looking business plan within the ORSA process. The forward-looking plan reflects anticipated sales volumes, product mix, expenses, investments and dividend and capital policy. The Company does not expect significant changes in its ORSA that could affect the above assessment.

GasanMamo's strong solvency position ensures that the Company remains solvent and operational even if a stress in the magnitude of the SCR is considered. These safeguards ensure the Company's viability under the SCR scenario and the business continuation that will generate the required profits for the utilisation of the Deferred Tax Asset that will be created under the LACDT scenario.

For the calculation of the LACDT adjustment, the tax effect of each submodule of the SCR has been considered in isolation, as well as after appropriate diversification per module. Specifically, for the Market risk, due to the different tax treatment of particular assets, the calculation was performed on an asset-by-asset basis, in order to ensure that the appropriate tax rate is applied on all assets considered under market risk.

Table 12 summarises the SCR results for the Company as at December 2021 compared to the previous reporting year.

| **Regulatory Capital Requirement** | **Dec 2021 €'000** | **Dec 2020 €'000** |
|---|---:|---:|
| Market Risk | 16,993 | 11,830 |
| Counterparty Default Risk | 4,694 | 4,689 |
| Health Underwriting Risk | 997 | 930 |
| Non-Life Underwriting Risk | 12,151 | 11,346 |
| *Diversification effects* | *-8,943* | *-7,646* |
| **Basic SCR** | **25,892** | **21,149** |
| Operational Risk | 1,690 | 1,559 |
| Loss absorbing capacity of deferred taxes | -7,229 | -5,698 |
| **SCR** | **20,353** | **17,009** |
| Total eligible own funds to meet the SCR | 46,233 | 41,860 |
| **SCR Ratio** | **227%** | **246%** |

**Table 12: Regulatory Capital Requirement**

Table 13 below presents a comparison of the main components of the MCR, which stood at €7,460K as at December 2021.

| **Overall MCR** | **Dec 2021 €'000** | **Dec 2020 €'000** |
|---|---|---|
| Linear MCR | 7,460 | 6,764 |
| SCR | 20,353 | 17,009 |
| MCR cap | 9,159 | 7,654 |
| MCR floor | 5,088 | 4,252 |
| Combined MCR | 7,460 | 6,764 |
| Absolute floor of the MCR | 3,700 | 3,700 |
| **MCR** | **7,460** | **6,764** |
| Total eligible own funds to meet the MCR | 46,233 | 41,860 |
| **MCR ratio** | **620%** | **619%** |

**Table 13: Overall Minimum Capital Requirement**

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 the Solvency II Directive 2009/138/EC.

### E.2.1 Group Capital Position

On 24th December 2019, GasanMamo has integrated a 25% share in a life insurance undertaking licenced as IVALIFE Insurance Limited. The new company attained its licence and commenced underwriting life insurance business in Q1 2021. As a result of this participation, GasanMamo is now subject to group reporting requirements and uses the Deduction & Aggregation method for the purpose of group solvency reporting. More specifically, the group own funds shall be equivalent to the sum of GasanMamo's own funds (excluding IVALIFE) and 25% of IVALIFE's own funds. The group SCR is calculated in a similar manner.

The table below displays the group's own funds, SCR and SCR ratio as at December 2021.

| **Group Solvency Calculation** | **Own Funds €'000** | **SCR €'000** | **SCR Ratio** |
|---|---|---|---|
| IVALIFE Solo | 6,089 | 2,587 | 235% |
| **Group** | **46,279** | **20,740** | **223%** |

**Table 14: Group Own Funds and SCR as at December 2021**

## 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 with 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.

Stress scenario analyses have been carried out as part of the ORSA process, including the testing of COVID-19's prolonged impact in the coming years. The results have further emphasised the sound financial position of GasanMamo, which during the projected years, remains with an SCR ratio which is substantially higher than the minimums required by the regulatory bodies.

Additionally, a Capital Contingency Plan is set up by GasanMamo, documenting possible actions to be affected if 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

| | |
|---|---|
| BCP | Business Continuity Plan |
| COR | Combined Operating Ratio |
| EIOPA | European Insurance and Occupational Pensions Authority |
| ENID | Events Not In Data |
| EPIFP | Expected Profit Included in Future Premiums |
| EY | Ernst & Young |
| GRC | Governance Risk and Compliance |
| GWP | Gross Written Premium |
| IBNER | Incurred But Not Enough Reported |
| IBNR | Incurred But Not Reported |
| IFRS | International Financial Reporting Standards |
| IT | Information Technology |
| LACDT | Loss Absorbing Capacity of Deferred Taxes |
| MCR | Minimum Capital Requirement |
| MFSA | Malta Financial Services Authority |
| ORSA | Own Risk and Solvency Assessment |
| POG | Product Oversight and Governance |
| 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

## SE.02.01 – Balance Sheet

| | | Solvency II value |
|---|---|---|
| | | **C0010** |
| **Assets** | | |
| 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** | 5,951 |
| Investments (other than assets held for index-linked and unit-linked contracts) | **R0070** | 68,543 |
| Property (other than for own use) | **R0080** | 11,018 |
| Holdings in related undertakings, including participations | **R0090** | 1,620 |
| Equities | **R0100** | 11,653 |
| Equities - listed | **R0110** | 11,653 |
| Equities - unlisted | **R0120** | - |
| Bonds | **R0130** | 24,599 |
| Government Bonds | **R0140** | 177 |
| Corporate Bonds | **R0150** | 24,423 |
| Structured notes | **R0160** | - |
| Collateralised securities | **R0170** | - |
| Collective Investments Undertakings | **R0180** | 14,629 |
| Derivatives | **R0190** | - |
| Deposits other than cash equivalents | **R0200** | 5,023 |
| Other investments | **R0210** | - |
| Assets held for index-linked and unit-linked contracts | **R0220** | - |
| Loans and mortgages | **R0230** | 1,025 |
| Loans on policies | **R0240** | - |
| Loans and mortgages to individuals | **R0250** | - |
| Other loans and mortgages | **R0260** | 1,025 |
| Reinsurance recoverables from: | **R0270** | 10,939 |
| Non-life and health similar to non-life | **R0280** | 10,939 |
| Non-life excluding health | **R0290** | 10,939 |
| Health similar to non-life | **R0300** | - |
| Life and health similar to life, excluding health and index-linked and unit-linked | **R0310** | - |
| Health similar to life | **R0320** | - |
| Life excluding health and index-linked and unit-linked | **R0330** | - |
| Life index-linked and unit-linked | **R0340** | - |
| Deposits to cedants | **R0350** | - |
| Insurance and intermediaries receivables | **R0360** | 8,220 |
| Reinsurance receivables | **R0370** | - |
| Receivables (trade, not insurance) | **R0380** | 42 |
| 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** | 12,204 |
| Any other assets, not elsewhere shown | **R0420** | 3,215 |
| **Total assets** | **R0500** | 110,140 |

| | | Solvency II value |
|---|---|---|
| | | **C0010** |
| **Liabilities** | | |
| Technical provisions - non-life | **R0510** | 51,335 |
| Technical provisions - non-life (excluding health) | **R0520** | 48,768 |
| Technical provisions calculated as a whole | **R0530** | - |
| Best Estimate | **R0540** | 47,117 |
| Risk margin | **R0550** | 1,651 |
| Technical provisions - health (similar to non-life) | **R0560** | 2,567 |
| Technical provisions calculated as a whole | **R0570** | - |
| Best Estimate | **R0580** | 2,481 |
| Risk margin | **R0590** | 87 |
| 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** | 19 |
| Provisions other than technical provisions | **R0750** | - |
| Pension benefit obligations | **R0760** | - |
| Deposits from reinsurers | **R0770** | - |
| Deferred tax liabilities | **R0780** | 1,557 |
| Derivatives | **R0790** | - |
| Debts owed to credit institutions | **R0800** | - |
| Financial liabilities other than debts owed to credit institutions | **R0810** | - |
| Insurance & intermediaries payables | **R0820** | 1,591 |
| Reinsurance payables | **R0830** | 2,363 |
| Payables (trade, not insurance) | **R0840** | 3,935 |
| Subordinated liabilities | **R0850** | - |
| Subordinated liabilities not in Basic Own Funds | **R0860** | - |
| Subordinated liabilities in Basic Own Funds | **R0870** | - |
| Any other liabilities, not elsewhere shown | **R0880** | 1,107 |
| **Total liabilities** | **R0900** | 61,907 |
| **Excess of assets over liabilities** | **R1000** | 48,233 |

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

| | | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | | | | | | | | | | | | Line of business for: accepted non-proportional reinsurance | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss | Health | Casualty | Marine, aviation, transport | Property | |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0200 |
| **Premiums written** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | R0110 | 3,944 | 464 | 227 | 19,261 | 15,908 | 1,887 | 9,883 | 2,723 | - | - | 1,485 | 2,222 | | | | | 58,005 |
| Gross - Proportional reinsurance accepted | R0120 | - | - | - | 9 | 1 | - | 173 | 5 | - | - | - | 14 | | | | | 201 |
| Gross - Non-proportional reinsurance accepted | R0130 | | | | | | | | | | | | | - | - | - | - | - |
| Reinsurers' share | R0140 | 116 | 14 | 12 | 3,937 | 1,899 | 247 | 4,293 | 313 | - | - | 302 | 492 | - | - | - | - | 11,625 |
| Net | R0200 | 3,828 | 449 | 215 | 15,333 | 14,011 | 1,640 | 5,763 | 2,415 | - | - | 1,182 | 1,743 | - | - | - | - | 46,580 |
| **Premiums earned** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | R0210 | 3,611 | 458 | 217 | 18,794 | 15,703 | 1,830 | 9,417 | 2,587 | - | - | 1,322 | 2,194 | | | | | 56,135 |
| Gross - Proportional reinsurance accepted | R0220 | - | - | - | 9 | 1 | - | 172 | 4 | - | - | - | 15 | | | | | 200 |
| Gross - Non-proportional reinsurance accepted | R0230 | | | | | | | | | | | | | - | - | - | - | - |
| Reinsurers' share | R0240 | 116 | 14 | 12 | 3,782 | 1,837 | 247 | 4,143 | 266 | - | - | 277 | 451 | - | - | - | - | 11,144 |
| Net | R0300 | 3,495 | 444 | 205 | 15,021 | 13,867 | 1,583 | 5,446 | 2,326 | - | - | 1,046 | 1,758 | - | - | - | - | 45,191 |
| **Claims incurred** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | R0310 | 1,404 | 89 | 119 | 11,659 | 5,874 | 343 | 955 | 1,226 | - | - | 419 | 657 | | | | | 22,745 |
| Gross - Proportional reinsurance accepted | R0320 | - | - | - | - | - | - | -17 | - | - | - | - | -12 | | | | | -28 |
| Gross - Non-proportional reinsurance accepted | R0330 | | | | | | | | | | | | | - | - | - | - | - |
| Reinsurers' share | R0340 | -8 | - | - | 3,316 | 165 | -51 | -518 | 91 | - | - | 210 | -484 | - | - | - | - | 2,722 |
| Net | R0400 | 1,412 | 89 | 119 | 8,343 | 5,709 | 394 | 1,456 | 1,135 | - | - | 209 | 1,129 | - | - | - | - | 19,995 |
| **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 | 907 | 136 | 102 | 4,669 | 4,331 | 493 | 2,533 | 697 | - | - | 349 | 780 | - | - | - | - | 14,997 |
| **Other expenses** | R1200 | | | | | | | | | | | | | | | | | 296 |
| **Total expenses** | R1300 | | | | | | | | | | | | | | | | | 15,293 |

## S.05.02 – Premiums, Claims and Expenses by Country

| | | Home country | Total Top 5 and home country | Country (by amount of gross premiums written) - non-life obligations | Country (by amount of gross premiums written) - non-life obligations | Country (by amount of gross premiums written) - non-life obligations | Country (by amount of gross premiums written) - non-life obligations | Country (by amount of gross premiums written) - non-life obligations |
|---|---|---|---|---|---|---|---|---|
| | | **C0080** | **C0140** | **C0090** | **C0090** | **C0090** | **C0090** | **C0090** |
| Country | **R0010** | | | CYPRUS | FRANCE | LIBYA | GREECE | ITALY |
| **Premiums written** | | | | | | | | |
| Gross - Direct Business | **R0110** | 46,480 | 58,004 | 2,942 | 3,434 | - | 5,140 | 7 |
| Gross - Proportional reinsurance accepted | **R0120** | 4 | 201 | 31 | - | 134 | 32 | - |
| Gross - Non-proportional reinsurance accepted | **R0130** | - | - | - | - | - | - | - |
| Reinsurers' share | **R0140** | 4,549 | 11,625 | 374 | 2,003 | 49 | 4,648 | 3 |
| Net | **R0200** | 41,934 | 46,580 | 2,599 | 1,431 | 86 | 525 | 5 |
| **Premiums earned** | | | | | | | | |
| Gross - Direct Business | **R0210** | 45,380 | 56,134 | 2,680 | 3,175 | 0 | 4,891 | 7 |
| Gross - Proportional reinsurance accepted | **R0220** | 4 | 200 | 28 | - | 135 | 33 | - |
| Gross - Non-proportional reinsurance accepted | **R0230** | - | - | - | - | - | - | - |
| Reinsurers' share | **R0240** | 4,523 | 11,143 | 374 | 1,771 | 49 | 4,424 | 3 |
| Net | **R0300** | 40,861 | 45,191 | 2,334 | 1,404 | 87 | 500 | 5 |
| **Claims incurred** | | | | | | | | |
| Gross - Direct Business | **R0310** | 16,201 | 22,744 | 2,209 | 671 | - | 3,664 | - |
| Gross - Proportional reinsurance accepted | **R0320** | - | -28 | -2 | - | -12 | - 15 | - |
| Gross - Non-proportional reinsurance accepted | **R0330** | - | - | - | - | - | - | - |
| Reinsurers' share | **R0340** | -693 | 2,722 | - | 168 | - | 3,246 | - |
| Net | **R0400** | 16,894 | 19,994 | 2,207 | 502 | -12 | 403 | - |

| | | Home country | Total Top 5 and home country | Country (by amount of gross premiums written) - non-life obligations | Country (by amount of gross premiums written) - non-life obligations | Country (by amount of gross premiums written) - non-life obligations | Country (by amount of gross premiums written) - non-life obligations | Country (by amount of gross premiums written) - non-life obligations |
|---|---|---|---|---|---|---|---|---|
| | | **C0080** | **C0140** | **C0090** | **C0090** | **C0090** | **C0090** | **C0090** |
| Country | **R0010** | | | CYPRUS | FRANCE | LIBYA | GREECE | ITALY |
| **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** | 12,889 | 14,997 | 1,285 | 629 | 37 | 155 | 2 |
| **Other expenses** | **R1200** | | 296 | | | | | |
| **Total expenses** | **R1300** | | 15,293 | | | | | |

## S.17.01 – Non-Life Technical Provisions

| | | 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 calculated as a whole | **R0050** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | | | | | | | | | | | | |
| **Best estimate** | | | | | | | | | | | | | | | | | | |
| *Premium provisions* | | | | | | | | | | | | | | | | | | |
| Gross | **R0060** | 1,302 | 63 | 89 | 6,601 | 5,298 | 298 | 4,070 | 496 | - | - | 160 | 707 | - | - | - | - | 19,085 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0140** | - | - | - | 562 | 204 | - | 150 | 20 | - | - | 10 | 37 | - | - | - | - | 984 |
| Net Best Estimate of Premium Provisions | **R0150** | 1,302 | 63 | 89 | 6,040 | 5,094 | 298 | 3,920 | 476 | - | - | 150 | 670 | - | - | - | - | 18,101 |
| *Claims provisions* | | | | | | | | | | | | | | | | | | |
| Gross | **R0160** | 820 | 113 | 94 | 16,834 | 2,429 | 212 | 3,224 | 2,949 | - | - | 476 | 3,361 | - | - | - | - | 30,513 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0240** | - | - | - | 5,792 | 411 | - 18 | 637 | 151 | - | - | 210 | 2,772 | - | - | - | - | 9,955 |
| Net Best Estimate of Claims Provisions | **R0250** | 820 | 113 | 94 | 11,042 | 2,018 | 230 | 2,588 | 2,797 | - | - | 266 | 589 | - | - | - | - | 20,557 |
| **Total Best estimate - gross** | **R0260** | 2,121 | 176 | 183 | 23,436 | 7,727 | 511 | 7,295 | 3,445 | - | - | 636 | 4,067 | - | - | - | - | 49,598 |
| **Total Best estimate - net** | **R0270** | 2,121 | 176 | 183 | 17,082 | 7,112 | 529 | 6,508 | 3,273 | - | - | 416 | 1,258 | - | - | - | - | 38,659 |
| **Risk margin** | **R0280** | 69 | 10 | 8 | 933 | 171 | 19 | 219 | 236 | - | - | 22 | 50 | - | - | - | - | 1,737 |
| **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** | 2,191 | 186 | 191 | 24,369 | 7,898 | 530 | 7,513 | 3,681 | - | - | 659 | 4,117 | - | - | - | - | 51,335 |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | **R0330** | - | - | - | 6,354 | 616 | -18 | 787 | 172 | - | - | 220 | 2,809 | - | - | - | - | 10,939 |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total | **R0340** | 2,191 | 186 | 191 | 18,015 | 7,282 | 548 | 6,727 | 3,510 | - | - | 439 | 1,308 | - | - | - | - | 40,396 |

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

| | | **Gross Claims Paid (non-cumulative) - Development year (absolute amount). Total Non-Life Business** | | | | | | | | | | | **Gross Claims Paid (non-cumulative) - Current year, sum of years (cumulative). Total Non-Life Business** | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | In Current year | Sum of years (cumulative) |
| | | **C0010** | **C0020** | **C0030** | **C0040** | **C0050** | **C0060** | **C0070** | **C0080** | **C0090** | **C0100** | **C0110** | **C0170** | **C0180** |
| Prior | **R0100** | | | | | | | | | | | -315 | -315 | 113,907 |
| N-9 | **R0160** | 8,157 | 3,991 | 356 | 102 | 42 | 39 | 2 | 62 | 4 | 6 | | 6 | 12,764 |
| N-8 | **R0170** | 9,113 | 4,023 | 327 | 150 | 122 | 32 | -35 | 26 | 2 | | | 2 | 13,760 |
| N-7 | **R0180** | 8,971 | 3,698 | 581 | 139 | 397 | 32 | 71 | 8 | | | | 8 | 13,897 |
| N-6 | **R0190** | 10,192 | 5,621 | 663 | 157 | 361 | 374 | 172 | | | | | 172 | 17,539 |
| N-5 | **R0200** | 8,670 | 3,854 | 935 | 138 | 131 | 30 | | | | | | 30 | 13,758 |
| N-4 | **R0210** | 9,665 | 4,657 | 977 | 143 | 46 | | | | | | | 46 | 15,488 |
| N-3 | **R0220** | 11,289 | 6,868 | 905 | 479 | | | | | | | | 479 | 19,542 |
| N-2 | **R0230** | 12,741 | 8,651 | 579 | | | | | | | | | 579 | 21,971 |
| N-1 | **R0240** | 11,374 | 9,291 | | | | | | | | | | 9,291 | 20,665 |
| N | **R0250** | 10,700 | | | | | | | | | | | 10,700 | 10,700 |
| Total | **R0260** | | | | | | | | | | | | 20,998 | 273,946 |

| | | **Gross undiscounted Best Estimate Claims Provisions - Development year (absolute amount). Total Non-Life Business** | | | | | | | | | | | **Gross discounted Best Estimate Claims Provisions - Current year, sum of years (cumulative). Total Non-Life Business** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | Year end (discounted data) |
| | | **C0200** | **C0210** | **C0220** | **C0230** | **C0240** | **C0250** | **C0260** | **C0270** | **C0280** | **C0290** | **C0300** | **C0360** |
| Prior | **R0100** | | | | | | | | | | | 815 | 818 |
| N-9 | **R0160** | - | - | - | - | 561 | 452 | 324 | 89 | 76 | 48 | | 49 |
| N-8 | **R0170** | - | - | - | 756 | 503 | 386 | 478 | 509 | 786 | | | 789 |
| N-7 | **R0180** | - | - | 987 | 825 | 433 | 243 | 112 | 176 | | | | 176 |
| N-6 | **R0190** | - | 3,104 | 2,410 | 1,859 | 1,958 | 1,599 | 1,544 | | | | | 1,549 |
| N-5 | **R0200** | 6,394 | 1,808 | 1,251 | 958 | 746 | 713 | | | | | | 716 |
| N-4 | **R0210** | 8,328 | 2,538 | 1,183 | 922 | 856 | | | | | | | 859 |
| N-3 | **R0220** | 10,761 | 3,385 | 2,101 | 2,064 | | | | | | | | 2,071 |
| N-2 | **R0230** | 13,685 | 5,449 | 3,595 | | | | | | | | | 3,606 |
| N-1 | **R0240** | 16,480 | 6,777 | | | | | | | | | | 6,797 |
| N | **R0250** | 13,039 | | | | | | | | | | | 13,082 |
| Total | **R0260** | | | | | | | | | | | | 30,513 |

## S.23.01 – Own Funds (Solo)

| | | 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 2015/35** | | | | | | |
| Ordinary share capital (gross of own shares) | **R0010** | 12,000 | 12,000 | | - | |
| Share premium account related to ordinary share capital | **R0030** | - | - | | - | |
| Initial 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** | 34,233 | 34,233 | | | |
| 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** | 46,233 | 46,233 | - | - | - |
| **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** | 46,233 | 46,233 | - | - | - |
| Total available own funds to meet the MCR | **R0510** | 46,233 | 46,233 | - | - | |
| Total eligible own funds to meet the SCR | **R0540** | 46,233 | 46,233 | - | - | - |
| Total eligible own funds to meet the MCR | **R0550** | 46,233 | 46,233 | - | - | |
| **SCR** | **R0580** | 20,353 | | | | |
| **MCR** | **R0600** | 7,460 | | | | |
| **Ratio of Eligible own funds to SCR** | **R0620** | 227% | | | | |
| **Ratio of Eligible own funds to MCR** | **R0640** | 620% | | | | |

| | | **C0060** |
|---|---|---|
| **Reconciliation reserve** | | |
| Excess of assets over liabilities | **R0700** | 48,233 |
| Own shares (held directly and indirectly) | **R0710** | - |
| Foreseeable dividends, distributions and charges | **R0720** | 2,000 |
| 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** | 34,233 |
| **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.23.01 – Own Funds (Group)

| | | 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** | | | | | | |
| Ordinary share capital (gross of own shares) | **R0010** | | | | | |
| Non-available called but not paid in ordinary share capital at group level | **R0020** | | | | | |
| Share premium account related to ordinary share capital | **R0030** | | | | | |
| Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings | **R0040** | | | | | |
| Subordinated mutual member accounts | **R0050** | | | | | |
| Non-available subordinated mutual member accounts at group level | **R0060** | | | | | |
| Surplus funds | **R0070** | | | | | |
| Non-available surplus funds at group level | **R0080** | | | | | |
| Preference shares | **R0090** | | | | | |
| Non-available preference shares at group level | **R0100** | | | | | |
| Share premium account related to preference shares | **R0110** | | | | | |
| Non-available share premium account related to preference shares at group level | **R0120** | | | | | |
| Reconciliation reserve | **R0130** | | | | | |
| Subordinated liabilities | **R0140** | | | | | |
| Non-available subordinated liabilities at group level | **R0150** | | | | | |
| An amount equal to the value of net deferred tax assets | **R0160** | | | | | |
| The amount equal to the value of net deferred tax assets not available at the group level | **R0170** | | | | | |
| Other items approved by supervisory authority as basic own funds not specified above | **R0180** | | | | | |
| Non available own funds related to other own funds items approved by supervisory authority | **R0190** | | | | | |
| Minority interests (if not reported as part of a specific own fund item) | **R0200** | | | | | |
| Non-available minority interests at group level | **R0210** | | | | | |
| **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 other financial undertakings, including non-regulated undertakings carrying out financial activities | **R0230** | | | | | |
| whereof deducted according to art 228 of the Directive 2009/138/EC | **R0240** | | | | | |
| Deductions for participations where there is non-availability of information (Article 229) | **R0250** | | | | | |
| Deduction for participations included by using D&A when a combination of methods is used | **R0260** | | | | | |
| Total of non-available own fund items | **R0270** | | | | | |
| **Total deductions** | **R0280** | | | | | |
| **Total basic own funds after deductions** | **R0290** | | | | | |
| **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** | | | | | |
| Non available ancillary own funds at group level | **R0380** | | | | | |
| Other ancillary own funds | **R0390** | | | | | |
| **Total ancillary own funds** | **R0400** | | | | | |
| **Own funds of other financial sectors** | | | | | | |
| Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies - total | **R0410** | | | | | |
| Institutions for occupational retirement provision | **R0420** | | | | | |
| Non regulated entities carrying out financial activities | **R0430** | | | | | |
| Total own funds of other financial sectors | **R0440** | | | | | |
| **Own funds when using the D&A, exclusively or in combination of method 1** | | | | | | |

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | **C0010** | **C0020** | **C0030** | **C0040** | **C0050** |
| Own funds aggregated when using the D&A and combination of method | **R0450** | 46,279 | 46,182 | - | - | 97 |
| Own funds aggregated when using the D&A and combination of method net of IGT | **R0460** | 46,279 | 46,182 | - | - | 97 |
| Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A ) | **R0520** | | | | | |
| Total available own funds to meet the minimum consolidated group SCR | **R0530** | | | | | |
| Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A ) | **R0560** | | | | | |
| Total eligible own funds to meet the minimum consolidated group SCR | **R0570** | | | | | |
| **Minimum consolidated Group SCR** | **R0610** | | | | | |
| **Ratio of Eligible own funds to Minimum Consolidated Group SCR** | **R0650** | | | | | |
| **Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)** | **R0660** | 46,279 | 46,182 | - | - | 97 |
| **Group SCR** | **R0680** | 20,740 | | | | |
| **Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A** | **R0690** | 223% | | | | |

| | | **C0060** |
|---|---|---|
| **Reconciliation reserve** | | |
| Excess of assets over liabilities | **R0700** | |
| Own shares (held directly and indirectly) | **R0710** | |
| Foreseeable dividends, distributions and charges | **R0720** | |
| Other basic own fund items | **R0730** | |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | **R0740** | |
| Other non available own funds | **R0750** | |
| **Reconciliation reserve** | **R0760** | |
| **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 | Simplifications |
|---|---|---|---|
| | | **C0110** | **C0120** |
| Market risk | **R0010** | 16,993 | |
| Counterparty default risk | **R0020** | 4,694 | |
| Life underwriting risk | **R0030** | - | |
| Health underwriting risk | **R0040** | 997 | |
| Non-life underwriting risk | **R0050** | 12,151 | |
| Diversification | **R0060** | -8,943 | |
| Intangible asset risk | **R0070** | - | |
| **Basic Solvency Capital Requirement** | **R0100** | 25,892 | |

| | | Value |
|---|---|---|
| | | **C0100** |
| Operational risk | **R0130** | 1,690 |
| Loss-absorbing capacity of technical provisions | **R0140** | - |
| Loss-absorbing capacity of deferred taxes | **R0150** | -7,229 |
| Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC | **R0160** | - |
| **Solvency Capital Requirement excluding capital add-on** | **R0200** | 20,353 |
| Capital add-on already set | **R0210** | - |
| Solvency capital requirement | **R0220** | 20,353 |
| **Other information on SCR** | | |
| Capital requirement for duration-based equity risk sub-module | **R0400** | - |
| Total amount of Notional Solvency Capital Requirements for remaining part | **R0410** | - |
| Total amount of Notional Solvency Capital Requirements for ring fenced funds | **R0420** | - |
| Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios | **R0430** | - |
| Diversification effects due to RFF nSCR aggregation for article 304 | **R0440** | - |

| | | USP |
|---|---|---|
| | | **C0090** |
| Life underwriting risk | **R0030** | - |
| Health underwriting risk | **R0040** | - |
| Non-life underwriting risk | **R0050** | - |

| | | Yes/No |
|---|---|---|
| | | **C0109** |
| Approach based on average tax rate | **R0590** | 2 - No |

| | | LAC DT |
|---|---|---|
| | | **C0130** |
| LAC DT | **R0640** | -7,229 |
| LAC DT justified by reversion of deferred tax liabilities | **R0650** | - |
| LAC DT justified by reference to probable future taxable economic profit | **R0660** | -7,229 |
| LAC DT justified by carry back, current year | **R0670** | - |
| LAC DT justified by carry back, future years | **R0680** | - |
| Maximum LAC DT | **R0690** | -10,911 |

## S.28.01 – MCR for Only Life or only Non-Life

| | | C0010 |
|---|---|---|
| $MCR_{NL}$ Result | **R0010** | 7,460 |

| | | 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** | 2,121 | 3,828 |
| Income protection insurance and proportional reinsurance | **R0030** | 176 | 449 |
| Workers' compensation insurance and proportional reinsurance | **R0040** | 183 | 215 |
| Motor vehicle liability insurance and proportional reinsurance | **R0050** | 17,082 | 15,333 |
| Other motor insurance and proportional reinsurance | **R0060** | 7,112 | 14,011 |
| Marine, aviation and transport insurance and proportional reinsurance | **R0070** | 529 | 1,640 |
| Fire and other damage to property insurance and proportional reinsurance | **R0080** | 6,508 | 5,763 |
| General liability insurance and proportional reinsurance | **R0090** | 3,273 | 2,415 |
| Credit and suretyship insurance and proportional reinsurance | **R0100** | - | - |
| Legal expenses insurance and proportional reinsurance | **R0110** | - | - |
| Assistance and proportional reinsurance | **R0120** | 416 | 1,182 |
| Miscellaneous financial loss insurance and proportional reinsurance | **R0130** | 1,258 | 1,743 |
| Non-proportional health reinsurance | **R0140** | - | - |
| Non-proportional casualty reinsurance | **R0150** | - | - |
| Non-proportional marine, aviation and transport reinsurance | **R0160** | - | - |
| Non-proportional property reinsurance | **R0170** | - | - |

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

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

| | | C0070 |
|---|---|---|
| Linear MCR | **R0300** | 7,460 |
| SCR | **R0310** | 20,353 |
| MCR cap | **R0320** | 9,159 |
| MCR floor | **R0330** | 5,088 |
| Combined MCR | **R0340** | 7,460 |
| Absolute floor of the MCR | **R0350** | 3,700 |
| **Minimum Capital Requirement** | **R0400** | 7,460 |