PRIME INSURANCE COMPANY LTD

SOLVENCY AND FINANCIAL CONDITION REPORT

Executive Summary

This Solvency and Financial Condition Report has been prepared for Prime Insurance Company Ltd (hereinafter "Prime" or "Company") in accordance with all applicable laws and regulations. It refers to the financial year ended 31 December 2016.

The Company is licensed by the Cyprus Insurance Companies Control Service to underwrite the following insurance classes:

Life Business	**Non-Life Business**
Classes 1, 3 and 4	Classes 1, 3, 5, 6, 7, 8, 10, 11, 12, 13, 15, 16, 17,18

The Company is registered and operates in Cyprus. It also maintains a Branch in Greece, under the Freedom of Establishment Act.

€ '000s	YE2016	YE2015	%
Gross written premiums	**€69,649**	**€60,795**	**+15%**
Net premium earned	**€52,621**	**€46,171**	**+14%**
Other Income (Reinsurance commission and Investment gain)	**€5,187**	**€6,259**	**-17%**
Insurance Benefits (Life)	**-€9,229**	**-€11,410**	**-19%**
Net insurance claims incurred (including reserves)	**-€18,719**	**-€15,664**	**+20%**
Total expenses	**-€28,960**	**-€25,596**	**+13%**
UNDERWRITING RESULT	€900	-€240	

The Company maintains a solid capital position. Its Solvency Capital Requirement amounted to **€23,528** million and the eligible own funds available to cover this requirement amounted to **€25,406** million, demonstrating a margin of **€1,878** million above requirements. In addition to the above, the Company plans to further strengthen its solvency position in 2017 by an additional **€5,0** million, following approval by the superintendent of Insurance, as part of its strategic expansion plans in Greece. This will drive the margin to a level exceeding **€7,0** million above the Required Levels of Solvency.

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1 Business Performance

1.1 Business

1.1.1 Name and legal form of undertaking

Prime Insurance Company Ltd

Corner of 55 Dighenis Akritas & 1 Olympias

1070 Nicosia

Cyprus

Telephone: 0035722896000

Fax: 003572289601

Email: info@primeinsurance.eu

Private Company Limited by Shares

The Company's registration number is 70923

1.1.2 Name and contact details of the supervisory authority

Prime Insurance Company Ltd is a Cyprus regulated entity. The contact details of its regulators are:

Superintendent of Insurance

Cyprus Insurance Companies Control Service

Ministry of Finance

P.O. Box 23364, 1682 Nicosia

Cyprus

Telephone: 0035722602990

Fax: 0035722302938

Email: insurance@mof.gov.cy

1.1.3 Name and contact details of the external auditor

KPMG Ltd

Esperidon 14, 1087, Nicosia

1.1.4 Description of the holders of qualifying holdings

The major shareholders of the Company are:

Rodardo Ltd: 97.48% (Golvenveil Ltd 85% and Michael Michaelides 15%)

Intervista AE: 1.34%

Michael Michaelides: 1.18%

1.1.5 Material lines of business and material geographical areas where the undertaking carries out business

Prime Insurance writes business in Cyprus and in Greece under both Life and Non-Life classes as listed below:

Life Insurance

- Unit-linked insurance
- Other life insurance
- Health Insurance

Non-Life

- Accident and Health 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

1.1.6 Any significant business or other events that have occurred over the reporting period that have had a material impact on the undertaking

In 2016, the Company proceeded with restructuring its shareholder fund assets, for complying with Solvency II Legislation.

1.2 Underwriting performance

1.2.1 Qualitative and quantitative information on the undertaking's underwriting performance, at an aggregate level

The following table presents quantitative information on the underwriting performance of the Company for the current and for the previous reporting period as per the financial statements.

€ '000s	YE2016	YE2015
Net premium earned	**€52,621**	**€46,171**
Other Income (Reinsurance commission and Investment gain)	**€5,187**	**€6,259**
Insurance Benefits (Life)	**-€9,229**	**-€11,410**
Net insurance claims incurred (including reserves)	**-€18,719**	**-€15,664**
Total expenses	**-€28,960**	**-€25,596**
UNDERWRITING RESULT	€900	-€240

1.2.2 *Qualitative and quantitative information on the undertaking's underwriting performance by material line of business*

€ '000s	YE2016	YE2016	YE2015	YE2015
	GENERAL BUSINESS	LIFE BUSINESS	GENERAL BUSINESS	LIFE BUSINESS
Net premium earned	€31,026	€21,596	€25,714	€20,458
Other Income (Reinsurance commission and Investment gain)	€3,474	€1,713	€4,014	€2,245
Insurance Benefits (Life)		-€9,229		-€11,410
Net insurance claims incurred (including reserves)	-€15,059	-€3,661	-€12,661	-€3,003
Total expenses	-€21,496	-€7,464	-€18,705	-€6,892
UNDERWRITING RESULT	-€2,055	€2,955	-€1,638	€1,398

1.2.3 *Qualitative and quantitative information on the undertaking's underwriting performance by material geographical area*

€ '000s	YE2016	YE2016	YE2015	YE2015
	CYPRUS	GREECE	CYPRUS	GREECE
Net premium earned	€36,281	€16,340	€34,507	€11,664
Other Income (Reinsurance commission and Investment gain)	€1,350	€3,837	€3,186	€3,073
Insurance Benefits (Life)	-€9,229		-€11,410	
Net insurance claims incurred (including reserves)	-€12,306	-€6,413	-€11,311	-€4,353
Total expenses	-€15,413	-€13,547	-€14,455	-€11,141
UNDERWRITING RESULT	€683	€217	€517	-€757

1.3 Investment Performance

Investment performance remains key to our overall profitability. Our strategic asset allocation is determined following thorough investigations and asset liability modelling and aims to maximise returns subject to predefined risk tolerance limits safeguarding that no unwanted investment risk is taken on.

The Company's investment portfolio is managed by experienced investment managers and their performance is reviewed monthly by the Company's investment Committee.

The current prolonged low interest rate environment introduces an additional challenge to the Company and investment manager as the prices of fixed income securities are relatively expensive and secured yields are at historically low levels in the Eurozone. Inevitably in order to achieve sensible yields the investment manager is looking into lower rates issues to get the pick up through the credit spread but always within the investment grade corporate space and sovereign bonds. Each recommendation of the investment manager is investigated separately and the marginal increase in capital requirement is assessed by the Company prior to concluding any placement.

The composition of the investment portfolio as at 31.12.2016 was as follows:

Type - € '000s	Total	Life Business	General Business
Bonds	25.755	16.688	9.067
Equities	11.615	8.703	2.912
Collective Investments Undertakings	15.858	1.095	14.763
Cash and Deposits	33.540	26.234	7.306
Mortgages and Loans	1.796	1.796	-
Property, Plant & Equipment	10.517	2.900	7.617
Total	**99.081**	**57.416**	**41.665**

1.3.1 Income and expenses arising from investments by asset class,

Type - € '000s	Total	Life	General
Interest income	1.183	745	438
Dividend income	136	136	-
Rental income	29	29	-
Fair value losses on investment properties	-120	-45	-75
Gain from investments at fair value through profit or loss	1.427	1.427	-
Loss on disposal of investments	-2.283	-1.427	-856
Impairment of subsidiary	-140	-	-140
Exchange differences	91	91	-
Total	**322**	**955**	**-633**

Income arising is composed of dividends, interest, fair value changes, losses / gains on disposal of investments, rental income received and foreign exchange differences.

1.3.2 Any gains and losses recognised directly in equity

1.4 Performance of other activities

There have been no other significant activities undertaken by the Company other than its insurance and related activities. Hence, there were no other material income or expenses incurred during the year 2016.

1.5 Any other information

There is no other material information regarding the business and performance of the Company which has not already been disclosed in the sections above.

2 System of Governance

2.1 General information on the system of governance

Prime is committed to implementing a sound governance framework that provides for the sound and prudent management of the business based on the following principles:

- Transparent organisational structure
- Strategic objectives and corporate values communicated throughout Prime
- Clear lines of responsibility and accountability throughout Prime
- BOD members and Senior Management are qualified for their positions, have a clear understanding of their role in corporate governance and are able to exercise sound independent judgment about the affairs of Prime and that fit and proper requirements are met
- There is appropriate oversight of Prime's activities through the three lines of defence model
- Effective utilisation of the work conducted by internal and external auditors, as well as other control functions, given their critical contribution to sound corporate governance
- Compensation policies and practices are consistent with Prime's ethical values, objectives, strategy and control environment

2.1.1 The structure of the Board of Directors (BoD)

The current membership of the Board is presented below:

Mr Dimitri Contominas, Chairman, Non-Executive

Mr Michael Michaelides, Vice Chairman, Executive CEO

Mr Panayiotis Panayiotou, Member, Executive

Mr Andreas Rouvas, Member, Executive

Mrs Eleni Xintarakou, Member, Non-Executive

Mrs Mantha Varela, Member, Non-Executive

The Company is ultimately governed by the BoD comprising of a non-executive chairman, two non-executive directors and three executive directors including the Managing Director of the Company.

The BoD maintains responsibility for the prudent management of the Company. It reviews and assesses the Company's strategic and business planning, solvency, as well as the Senior Management's approach to addressing risks and challenges. It reviews reports submitted by Senior Management and maintains frequent and open communication with the General Manager and Executive and Risk Committees.

For a more effective organisation of Prime, the Board has established the below-mentioned Committees.

Committee	Brief Terms of Reference	Composition
Audit Committee	Ensures the operation of an effective system of internal controls within Prime and oversees the selection and remuneration of external auditor	Mrs Eleni Xintarakou Mrs Mantha Varela
Risk	Monitors compliance initiatives including regulatory as well as voluntary and ensures codification of processes of the Company. It also considers the exposure of the Company to significant risk and ensures the overall risk profile of the Company is sound and proficient	Mrs Mantha Varela Mrs Eleni Xintarakou

Investment Committee	Reviews and challenges the investment policy of Prime and its implementation in the business	Mr Michael Michaelides Mr Panayiotis Panayiotou Mr Andreas Rouvas
Remuneration Committee	Monitors the formation of policies related to benefits and appointments and ensures that these policies drive for an effective internal control system	Mr Dimitri Contominas Mr Michael Michaelides

2.1.2 Description of the main roles and responsibilities of key functions

– ***Internal Audit***

The Internal Audit function of the Company is administratively independent of any functions which have operational responsibilities in line with Solvency II Delegated Acts and local legislation.

Through annual audits and consultations, the Internal Audit function provides assurance and advice on the adequacy and effectiveness of the Company's Internal Control System, operational functions and any matters which would require their review.

The Internal Audit function reports to the Board though the Audit Committee.

– ***Compliance***

The Compliance Function reports to the General Manager and has a direct reporting line to the Board. It is independent of risk taking functions e.g. underwriting and claims. The function is subject to audit by the Internal Audit function.

– ***Actuarial Function***

The Actuarial function advises the Senior Management and the BoD of the Company on the valuation of the technical provisions, the overall underwriting policy and the reinsurance arrangements and contributes to the effective implementation of the risk-management system. Additionally, it is responsible to assist where requested in the pricing adequacy. This function is also responsible for the technical pricing of products within the scope defined by the Board of Directors.

The Actuarial function is a measure of quality assurance with a view to safeguarding that certain control tasks of the Company are based on expert technical actuarial advice.

– ***Risk Management Function (RMF)***

The RMF aims at facilitating the implementation of the Risk Management System of the Company. The mission of the RMF is the efficient and effective management of risks in accordance with the risk appetite of the Company, as stipulated in its Risk Appetite and Tolerance Statement.

In order to achieve its mission, the RMF designs and implements strategies, processes and reporting procedures necessary to identify, measure, monitor and report the risks on an individual and on an aggregate level. This function is also responsible for the preparation of the Own Risk and Solvency Assessment (ORSA) report which is submitted to the Board for approval and submission to the Regulator at least once a year.

2.1.3 Material changes in the system of governance over the reporting period

There were no material changes in the system of governance over the reporting period.

2.1.4 Remuneration policy and practices for the BoD and employees

The Company has in place a remuneration policy which ensures that any remuneration is in line with the market norms in order to enable the Company to attract competent and experienced resources and ensure that any resources that it engages do not take excessive risks that could be detrimental to the Company. With regards to the awarding of any performance bonuses, at the end of each financial year the Managing Director together with the executive management propose what global amount of the Company's profits is to be distributed by way of performance bonus to the employees. The proposed amount is forwarded to the remuneration committee and the Board of Directors for final approval, and once this is approved the total amount is distributed to employees depending on their individual performance in the preceding year.

With regards to any commission based remuneration, the Company ensures that all commission rates are in line with market rates and that these rates do not expose the Company to any potential risks, primarily misspelling and policy churning.

The remuneration policy is reviewed and maintained by the Remuneration Committee and is approved by the BoD. The BoD are responsible for the implementation of the Remuneration Policy in Prime and specifically its application to BoD.

2.1.5 Information about material transactions during the reporting period

During 2016, there were no material transactions between the Company and its shareholders or members of the BoD.

2.2 Fit and proper requirements

The following which are applicable to the persons who effectively run the undertaking or have other key functions:

2.2.1 Description of the specific requirements concerning skills, knowledge and expertise

The Company ensures that all persons who effectively run the Company or have other key functions are fit to provide sound and prudent management through their professional qualifications, knowledge and experience and are proper by being of good repute and integrity.

Moreover, the BoD collectively possesses professional qualifications, experience and knowledge about at least:

- Insurance and financial markets
- Business strategy and business model
- System of governance
- Financial and actuarial analysis
- Regulatory framework and requirements.

2.2.2 Description of the undertaking's process for assessing the fitness and the propriety

In order to ensure that Senior Managers / Company Directors are fit, they are recruited giving due regard to interview requirements, referencing, relevant skills, personal and professional background and other checks as required and relevant to the role to be undertaken. Some of the general checks conducted include:

- Educational Background Check
- Professional Qualifications / Membership Check.

In order to ensure that Senior Managers / Company Directors are proper, they are subjected to a variety of checks at the commencement of their assessment, including:

- Credit checks
- Identity checks
- Employment History
- Criminal History checks.

2.3 Risk management system including the own risk and solvency assessment

2.3.1 Description of the undertaking's risk management system

Prime has implemented an effective risk management system which is designed to ensure timely identification and assessment of existing and emerging risk exposures as well their effective management. The risk management system is comprehensively addressed in the Company's risk management policy which provides for the **risk governance**, a **risk appetite** statement and the **risk management framework**.

The risk management policy suite comprises of individual risk policies for all main categories of risk namely: Underwriting Risk, Investment and Asset Liability Risk, Credit Risk, Liquidity Risk, Concentration Risk, Operational Risk and Reinsurance. It is approved by the BoD and is reviewed at least once a year.

2.3.1.1 *Risk Appetite Statement*

Prime's vision is to create relations of mutual trust with its customers and associates and to offer products that undoubtedly provide quality of life and security.

The risk appetite statement lays down the level and nature of risks that are considered acceptable for the Company and the constraints within which it should operate in pursuing its vision.

Prime manages its risk appetite through a set of limits. The limits are set, not such that they are likely to be fully used, but rather so that limited exceptions are reported. The aggregate risk limits and the risk category limits are to be used by the RMF for the monitoring and reporting of overall risk exposure and by the BoD and Risk Committee for making decisions on the Company's risk profile.

Overall Prime sees itself as a low risk entity and risk tolerance limits have been set to reflect that.

The Company has a target of maintaining a solvency coverage ratio at all times in excess of 115%.

In this context, tolerance limits are set for all risk categories to ensure that on a worst-case scenario basis, risk exposures will not lead to losses threatening this target solvency ratio.

2.3.1.2 *Risk Governance*

The risk governance of the Company forms an integral part by defining the role of each function of the Company in the Risk Management Framework. It 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.

As mentioned in previous sub-sections, the system of governance is based on the "three lines of defence model" safeguarding that risk management is embedded into the organisational structure and decision-making processes of the Company and that the risk management system is supported by appropriate internal controls and by information systems that provide relevant, accurate and reliable information.

The roles of the key functions in the Risk Management System are outlined below:

Body / Function	Roles in the risk management framework
BoD	• The responsibility for the approval and periodic review of the risk profile and risk appetite, as well as the risk strategy and the policies for managing risks, lies with the BoD, so as to ensure that the BoD takes all measures necessary for the monitoring and control of risks, in accordance with the approved risk strategy and policies. This information reaches the BoD through the Risk Committee
Risk Committee	• Responsibility for the supervision of the risk management framework is assumed by the Risk Committee • The Risk Committee reviews on an annual basis the suite of Risk Policies of the Company and pre-approves any required changes, and subsequently forwards the updated Policy to the BoD for final approval • The Risk Committee receives frequent information on the levels of risks to which the Company is exposed, with the purpose of ensuring that the Company's risk profile remains within the established risk tolerance limits. Risk appetite and risk limits are set at a level which is commensurate with the sound operation of the Company and its strategic goals
Risk Management Function	• Supports the BoD in the determination and implementation of the risk strategy and capital planning • Coordinates the implementation of the risk management framework and is the main unit for risk management responsibilities. • Regular reporting to the Senior Management and Risk Committee • Risk management training to the BoD, Committees, Senior Management and Risk taking functions directly involved in the management and oversight of risk, on the contents of the current and other risk-specific policies, and for providing guidance on their application • Moreover, the RMF continuously reviews the compliance of the Risk Management Policy with Solvency II requirements and the appropriateness of risk strategy with Company objectives, appetite and limits, and informs the Risk Committees of any changes that may be required • Monitors the risk profile of the Company against the BoD's risk appetite • Develops internal risk methodologies and models • The RMF also brings to the attention of the Risk Committee any breaches of the Risk Management Policy • The full responsibilities of the RMF are documented in the RMF Policy
Managing Director and Senior Management with risk taking capacity	• The Company's Senior Management is responsible for the implementation of the risk strategy, as this has been approved by the BoD, and for the development of the policies, methodologies and procedures required to identify, measure, monitor and control every type of risk, in accordance with the nature and complexity of the Company's operations • They also have the responsibility to apply the framework in their day to day activities
Business Units	• The individual business units under the direction of their Heads have the responsibility to know and apply the requirements of the risk strategy and Policies in their area of business
Actuarial Function	• The Actuarial function is a specialist function that advises the Senior Management of the Company on the calculation of technical provisions and

Body / Function	Roles in the risk management framework
	capital requirements, as well as on the technical aspects of risk management and modelling.
Compliance Function	• The Compliance Function applies suitable procedures for the purpose of achieving a timely and on-going compliance of the Company's risk management framework with existing and new laws and regulations.
Internal Audit	• The Internal Audit Function undertakes independent reviews and testing of the risk management framework or of specific components of the framework and reports the results to the Audit Committee. The responsibilities of Internal Audit are governed by the Internal Audit Policy

2.3.1.3 *Risk management Processes*

The Company's Risk Management System encompasses a number of key processes and procedures which address the Company's key risks. These steps are summarised below:

a. ***Risk identification -*** Risks are identified and documented in the Risk Register. Risk and control owners are assigned to each risk to ensure accountability for managing all material risks and the related controls.

b. ***Risk assessment -*** The risk exposures are then assessed qualitatively on a gross basis (inherent risk) and on a net basis (residual risk) on established criteria for frequency and severity for risk not covered by capital and using the Value at Risk (VaR) measure for risks covered by capital. Stress testing is conducted regularly by the RMF as a risk assessment tool in order to assess the Company's vulnerability to possible events or future changes in economic conditions which have unfavourable effects on its performance, solvency, liquidity or reputation and its ability to withstand such changes.

c. ***Risk control and mitigation -*** The Company designs and implements controls to prevent or detect the occurrence of an identified risk event or to mitigate its severity. The Company's control activities are documented in the Risk Register.

d. ***Risk monitoring -*** The RMF has the responsibility to ensure that all material risk exposures are monitored on an on-going basis and that any risks that fall outside the approved risk appetite of the Company are identified and appropriately escalated to the Risk Committee. At least once a year, the Risk Register is formally reviewed by the RMF and any actions deemed necessary following such review are brought to the attention of the Board.

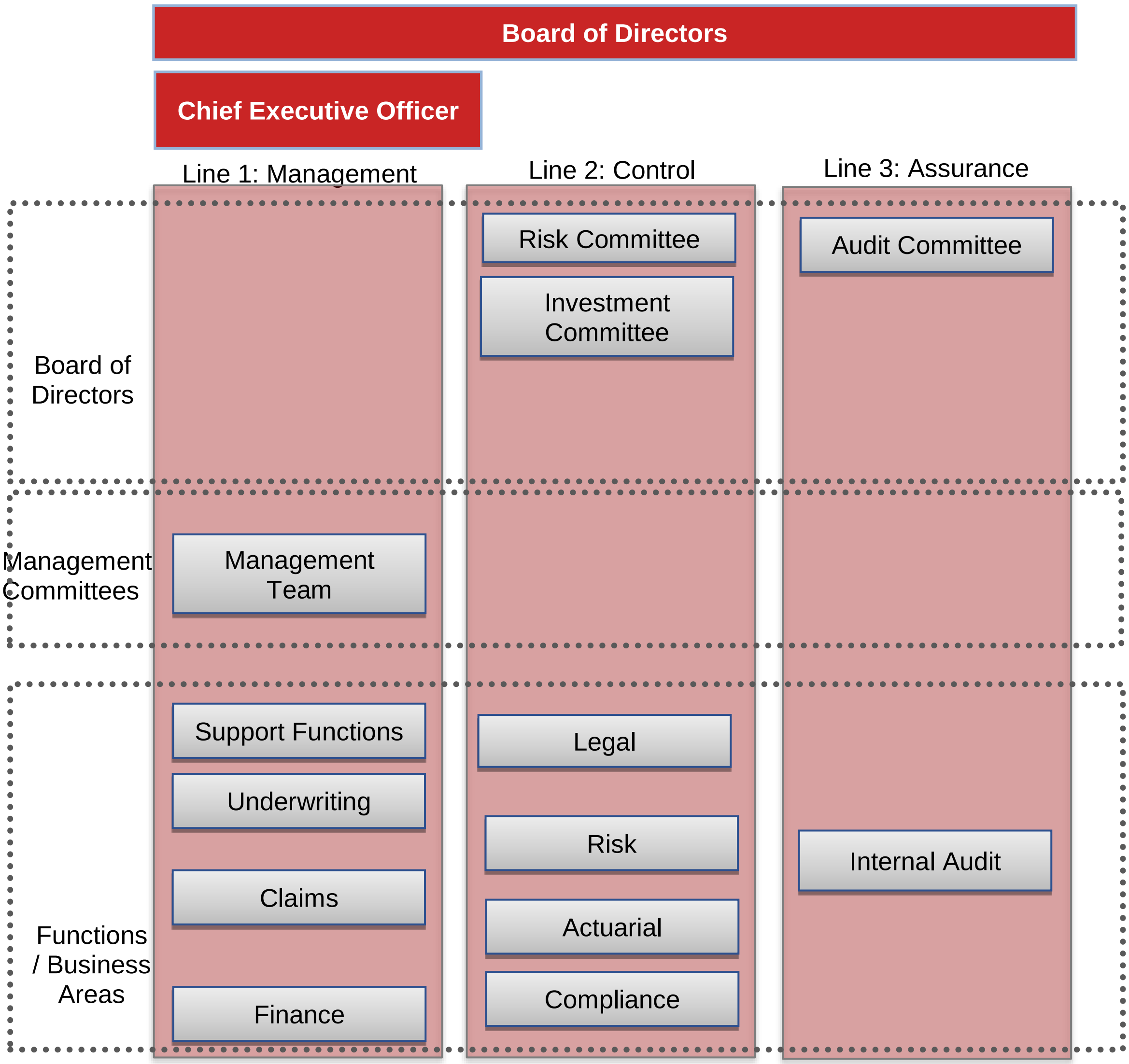
2.3.1.4 *Risk Reporting*

The Risk Management Function reports to the BoD, through the Risk Committee at least annually on its assessment of material risks and the management thereof, in particular the actions being taken to mitigate or control key risk exposures. It is also obliged to report the following to the BoD, without delay:

- Any significant changes to the overall risk profile of the Company
- Any deviations from the risk management strategy or risk appetite
- Any risk management matters in relation to strategic affairs, such as major projects and investments

2.3.2 *Description of how the risk management system (including the risk management function) are implemented and integrated into the organisational structure and decision-making processes of the undertaking*

In implementing its risk management strategy, the Company operates the 'Three Line of Defence Model' to manage its risk and control its activities. This ensures the establishment of clear responsibility boundaries, the proper segregation of duties and the avoidance of conflicts of interest at all levels, including the BoD, Senior Management, RMF and Business Units.



The **First Line of Defence** relates to the management of risks at the points where they arise. These activities are carried out by persons who take on risks on behalf of the Company. Risk management at this level consists of appropriate checks and controls, incorporated in the relevant procedures and the guidelines that are set by the Executive and Risk Committee with the assistance of the RMF.

The **Second Line of Defence** concerns the risk management activities that are carried out by the RMF and the important supporting operations. It also refers to the risk management activities performed by the Risk Committee and includes the approval and oversight of the implementation of risk policies and the establishment of systems and controls so that the overall level of risks and the relationship between risk and reward remain within acceptable levels.

The **Third line of Defence** concerns the activities of the Internal Audit Function that through its work provides an independent assurance to the BoD, on the performance and effectiveness of the risk management systems within the Company.

The Company embeds the risk management system into the organisational structure and supports it by appropriate internal controls and by information systems that provide relevant, accurate and reliable information. The risk management system then provides information that are fed into the decision-making processes by assessing the risk exposure of alternative strategies the Company is considering with respect to risk mitigation, business volumes and investments.

2.3.3 Process adopted to fulfil the obligation to conduct an ORSA

2.3.3.1 Description of the process undertaken by the undertaking to fulfil its obligation to conduct an ORSA as part of its risk management system

In line with the Company's ORSA policy, ORSA can be defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short and long term risks the Company faces or may face and to determine the own funds necessary to ensure that the Company's overall solvency needs are met at all times.

The Company follows the steps below to implement its ORSA:

a. ***Identify and classify risks*** - The Company identifies the material risks it faces at a particular point in time. This includes risks considered in the SCR standard formula, as well as risks not included in the standard formula such as liquidity, strategic and business risks.

b. ***Assessment and measurement of risks through different approaches including stress testing*** - the Company collects data, quantifies and aggregates risks using different approaches such as Value at Risk and stress testing. The assessment is done using predefined risk metrics.

c. ***Capital Allocation*** – According to its risk profile, the Company determines the necessary additional capital over and above the regulatory minimum SCR.

d. ***Capital planning*** – Based on the capital allocation projections, the Company prepares a capital plan for the following 3 years. Such plans depend on the Company's strategic objectives and financial projections and assumptions on future economic conditions.

e. ***Stress testing*** - The Company applies stress and scenario testing to the forward-looking capital plan and develops actions that can be taken in unforeseen circumstances in the future.

f. ***Communicate and document the results*** – The Company presents the results of the process to senior management and the Board of Directors and prepares the ORSA report.

2.3.3.2 How the ORSA is integrated into the organisational structure and decision making processes of the undertaking

ORSA covers all the operations of the organisation and all business units of the Company.

The ORSA considers the Company as whole; Cyprus and Greece. The BoD is the body that bears the ultimate responsibility for the ORSA, its application and embedment within the Company's day to day procedures.

The roles and responsibilities for the ORSA for each body and function of the Company (BoD, Senior Management, RMF, Actuarial function, Compliance function, Finance function, Internal Audit function, Risk taking departments) are defined in the ORSA policy of the Company.

The ORSA process is not independent from the “business as usual’ process of the Company. As a result, the RMF reports the Company’s risks and stress tests and the BoD and Management make decisions upon the results of these procedures. In addition, the Company considers the impact on its capital in its financial projections. Strategic decisions are assessed and evaluated in the light of their effect on the Company’s risk situation and risk-bearing capacity over the business planning horizon. Such strategic decisions include but are not limited to:

- Target business volumes
- Reinsurance arrangements
- Investment decisions
- Introduction of new products
- Utilisation of additional distribution channels or direct sales

2.3.3.3 ***A statement detailing how often the ORSA is reviewed and approved by the BoD***

The Company currently intends to perform the ORSA annually. Furthermore, the assessment will be performed immediately following any significant changes to the environment that the Company operates.

These changes include, but are not limited to:

- Significant changes to the financial and political environment in which the Company operates
- Significant operational losses
- Material changes to the new business volumes
- Planned changes to the operating model of the Company
- Significant changes in the Company’s risk profile

2.3.3.4 *A statement explaining how the undertaking has determined its own solvency needs given its risk profile and how its capital management activities and its risk management system interact with each other*

In 2016, the Company undertook a detailed risk and solvency assessment as well as a forward-looking assessment of capital requirements comprising of the year 2016-2020. These assessments encompass all material risks that the Company faces or could expect to face over its planning period.

The assessment provided confidence that the capital requirements address the material risk exposures and the available own funds provide a satisfactory buffer in safeguarding business continuity beyond the 99.5% confidence threshold.

Any risks not covered by capital are believed to be adequately mitigated through the control measures applied internal and no additional capital beyond the SCR was deemed necessary.

The BoD confirms that it has adequate capital availability for implementing its strategy.

2.4 Internal control system

2.4.1 Description of the undertaking's internal control system

Internal control is a process effected by Prime's Board of Directors, management, and other personnel and is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

Every member of Prime has a role in the system of internal control. Internal control is people-dependent and its strength depends on people's attitude toward internal control and their attention to it:

- The Board is responsible for setting the strategy, tone, culture and values of the Company
- Management, Risk Management, 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

There are five interrelated components of effective internal control, which are discussed in the following sections:

- Control Environment
- Risk Management
- Control Activities
- Reporting
- Monitoring

Each of these are outlined below:

2.4.1.1 *Control environment*

The control environment sets the tone of the Company, influencing the control consciousness of its people. It is the foundation for all other components of the Company's internal control system, providing discipline and structure. Control environment factors include:

- Integrity and ethical values
- Commitment to competence
- Management's philosophy and operating style
- Organisational structure
- Assignment of authority and responsibility
- HR policies and practices

2.4.1.2 *Risk Management*

The risk management system entails the identification and analysis of relevant risks which threaten the achievement of the Company's objectives, forming a basis for determining how the risks should be managed. As an integral part of its Risk Management system, the Company identifies all reasonably foreseeable material risks and assesses the frequency and severity of such risks, recording such identification and assessment in the Risk Register.

The process is overseen by the Board and Risk Management function. The risk management process is described in detailed in the Company's Risk Management Policy.

2.4.1.3 *Control Activities*

Control activities are the policies and procedures that are designed to ensure that management directives are carried out, strategies are properly implemented and the necessary actions are taken to address material risks to the achievement of the Company's objectives. Control activities occur throughout the entire Company, at all levels and in all functions. They include a range of activities as diverse as:

- approval and authorization requirements, as required by the Company's procedure manual;
- segregation of duties, as reflected in the Company's organisational structure and in other controls outlined in the procedure manual;
- controls required by the Company's various policies, such as the Outsourcing Policy;
- verifications, reconciliations, reviews, controls over assets and other controls as identified in the procedure manual and which are primarily aimed at implementing the four-eyes principle.

The Company has appropriate documented policies, procedures, techniques, and mechanisms in place for each of its business areas (e.g. Underwriting, Claims) and control functions (Risk and Compliance). All relevant objectives and associated risks for each significant activity are identified in conjunction with conducting the risk identification process.

Up to date Company policies and procedures are distributed to all relevant personnel, who read and understand them. Management oversees the implementation of the Company's policies and procedures and ensure that control activities are properly applied. Monitoring personnel review the functioning of established control activities and remain alert for instances in which excessive control activities should be streamlined. They act timely on exceptions, implementation problems, or information that requires follow-up.

Control activities are regularly evaluated to ensure that they are still appropriate and working as intended.

2.4.1.4 *Reporting*

Financial and other information must be identified, captured and communicated in a form and timeframe that enables the management and the BoD to carry out their responsibilities. Management accounts, solvency assessments and risk reports are submitted to the BoD on a quarterly basis. Moreover, all key functions report to the Board at least once a year on their activities, the adherence to their respective Company policies together with any proposals for changes to the policy as considered necessary by the relevant function.

2.4.1.5 *Monitoring of internal controls*

The Company has established the necessary monitoring mechanisms that facilitate the understanding of the Company's situation and provide the Board with relevant information for the decision-making process. Management and monitoring personnel know their responsibilities for internal control and make control and control monitoring part of their regular operating processes.

Regular monitoring occurs during normal operations and includes on-going Management activities and actions taken by all personnel when performing their duties. It is performed continually and on a real-time basis, reacts dynamically to changing conditions and is ingrained in the Company's operations.

The effectiveness of the internal control system is monitored on a continuous basis by business areas and control owners, any deficiencies of the system are identified and rectified in a timely manner. As part of the internal control monitoring, the quality of performance over time is assessed and the findings of audits and other reviews are promptly resolved.

2.4.2 Description of how the Compliance function is implemented

The Compliance function ensures that compliance awareness is promoted internally and externally and that compliance is an integral part of the corporate culture of Prime Insurance. Employees within the organisation receive adequate training on compliance and Anti-Money Laundering issues on a set periodic basis and are encouraged to identify and report all breaches as necessary so that corrective action can be immediately taken and risks mitigated.

The role of the Compliance function includes:

a. advising the Board of Directors on compliance with any legislation, regulations and any other applicable laws, in so far as they apply to the Company,

b. the assessment of possible impact as regards changes in the legal environment on the Company,

c. the identification and assessment of any compliance/regulatory risks.

d. providing the Board of Directors with regular reports on the progress of the Compliance plan, and any other matters which need to be brought to the attention of the Board of Directors.

Prime has a compliance plan and a compliance policy in place. The compliance policy delineates the responsibilities of the Board of Directors together with the delegated responsibilities of the resources within the Compliance Department and more specifically the responsibilities of the Compliance function. The compliance policy is reviewed every year by the Board of Directors, and if required, it is updated to ensure that it remains relevant to the Company and in line with the regulation. On the other hand, the annual compliance plan is drawn up every year by the Compliance function and is approved by the Board of Directors.

2.5 Internal audit function

The Company's Internal Audit Policy establishes and maintains an Internal Audit function, the objectives of which are:

a. to independently examine and evaluate the functioning and effectiveness of the internal controls and all other elements of the system of governance;

b. to assess compliance with internal strategies, policies, processes and reporting procedures.

The Internal Audit function reports to the Board through the Audit Committee. The Internal Audit function has an unrestricted right to obtain information relevant to the discharge of its responsibilities. This entails the prompt provision of all necessary information, the availability of all essential documentation and the ability to look into all activities and processes of the Company. To this effect, the Internal Audit function has full, free and unrestricted access to all the personnel of the Company who shall, in turn, ensure that the Internal Audit function obtains the necessary information about, and has the necessary access to, the Company's outsourced functions.

2.6 Actuarial function

The Actuarial function is a critical function for Prime given the nature of its product suite and its operations. It is subject to the fit and proper criteria and according to the relevant legislation it should at all times be carried out by persons who are fit and proper to carry out the duties outlined below, in an objective manner and free from any undue influences. The Actuarial function is executed by a Fellow of the Institute of Actuaries who fulfils all above criteria.

The Actuarial function reports to the Chief Executive Officer and to the BoD and is subject to the audit of the Internal Audit function regarding the adequacy and effectiveness of its procedures. The operating procedures of the function are described in detail in the Actuarial Function Manual.

The role of the Actuarial function is to establish and maintain appropriate procedures, processes and systems sufficient to allow the Company to reasonably estimate its insurance obligations and exposures and the related capital requirements, in line with applicable laws and recognised professional standards. In this context, the Actuarial function coordinates the assessment and validation of internal data to determine the level of compliance with recognised standards for data quality and, if necessary, recommends improvements.

Furthermore, the Actuarial function is involved in the profit testing process of new products assessing them for profitability, capital intensiveness, risk profile, system compatibility and marketability. It also contributes to financial modelling in relation to risk management activities and the ORSA in particular.

The activities of the Actuarial function during 2016 were as follows:

- Carried out the calculation of technical provisions on a quarterly basis in accordance with all relevant regulatory requirements
- Submitted reports in relation to the above calculations to the BoD
- Provided modelling assistance for the calculation of Solvency Capital Requirements on a quarterly basis
- Assessment of data quality
- Expressed opinion on adequacy of Reinsurance Arrangements and participated in the discussions with the Reinsurers for the renewal of treaties.
- Expressed opinion on the Company's underwriting policy
- Worked closely with the management and addressed areas of its expertise in relation to the Company's ongoing operations
- Provided the modelling for carrying out the financial and solvency projections of the ORSA
- Attended four meetings of the BoD and actively participated in discussions around the Company's restructuring plan and its strategy going forward.
- Carried out investigations to the Company's experience in terms of claims, lapses, expenses and new business volumes

2.7 Outsourcing

The criteria for the selection of service providers and the process for their appointment is laid down in the Company's outsourcing policy which is approved by the BoD and reviewed once a year. In particular, the outsourcing policy states that when choosing a service provider for any critical or important functions or activities Prime ensures that:

- The potential service provider has the ability and capacity and any authorisation required by law to deliver the required functions or activities satisfactorily, taking into account the undertaking's objectives and needs
- The service provider has adopted all means to ensure that no explicit or potential conflict of interests with Prime impairs the needs of the outsourcing undertaking
- It enters into a written agreement with the service provider which clearly allocates the respective rights and obligations of the undertaking and the service provider
- The general terms and conditions of the outsourcing agreement are authorised and understood by the Managing Director. The outsourcing does not represent a breach of any data protection regulation or any other laws
- The service provider is subject to provisions on the safety and confidentiality of information relating to Prime or to its policyholders or beneficiaries

In order to ensure against an undue increase in Operational Risk, when outsourcing critical or important functions or activities the Company shall:

- Verify that the service provider has adequate financial resources to take on the additional tasks Prime plans to transfer and to properly and reliably discharge its duties towards Prime and that the staff of the service provider is chosen on the basis of criteria that give reasonable assurance that they are sufficiently qualified and reliable

- Make sure the service provider has adequate contingency plans in place to deal with emergency situations or business disruptions and has periodic testing of backup facilities where that is necessary having regard to the function, service or activity outsourced

Furthermore, the Policy lays down the minimum required contents of an outsourcing agreement safeguarding the quality of service provided, protecting the interests of Prime, ensuring that conflicts of interest are avoided and that the service provider cooperates with internal or external auditors as well as the Cyprus Superintendent of Insurance.

During 2016 the Company did not outsource any of its key functions. External consultants have been engaged for various projects particularly in relation to the implementation of Solvency II and on Investment management but none of these fall under the scope of outsourcing.

2.8 Adequacy of the system of governance

The system of governance has been designed to ensure that the management are able to provide the appropriate levels of oversight whilst allowing decisions to be made more quickly and ensuring that the Company's employees are empowered to make decisions at the right levels of the Company.

The Company continues to align its management and governance structure to proactively respond to the business and regulatory needs.

The BoD has the overall responsibility for setting the Company's strategy and to safeguard that the strategy does not expose the Company to any unwanted levels of risk as defines in its risk appetite statement.

The Committees at BoD level have clearly defined terms of reference are empowered to make decisions within their limits of authority thereby allowing the Company to adapt to changes in an agile and flexible manner.

Once the strategy and the business plan are agreed the executive management are delegated with the responsibility to implement it and to operate within these constraints. The organisation of Prime is such that enables the implementation of the BoD strategy in an effective manner whilst adequate oversight is taking place through the second line of defence functions.

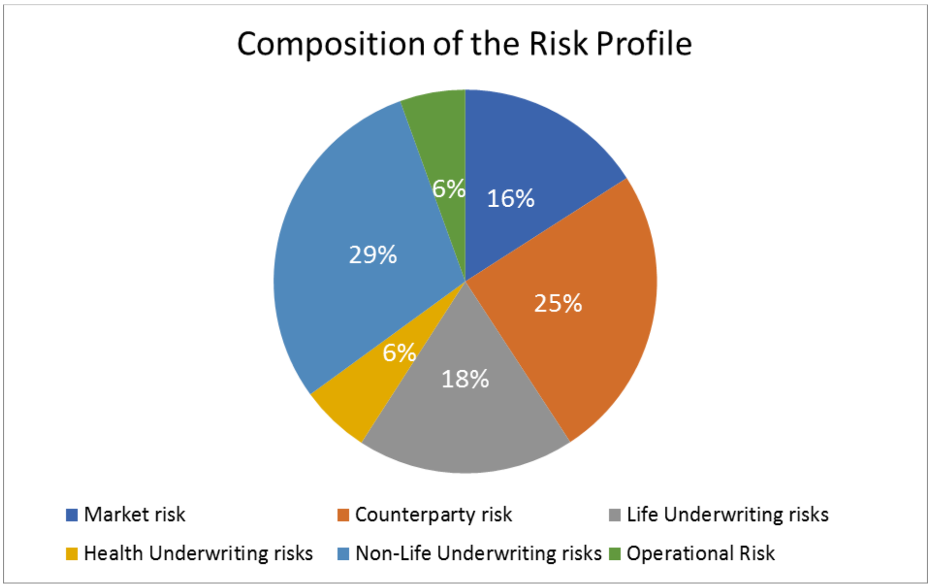
The risk management system is integrated into the strategy and the business planning process and is generally embedded in the decision-making processes of the Company. This ensures that the strategy results in an acceptable risk profile. It also facilitates awareness of the risk exposures of the Company and provides early warning signals for the management to take corrective action and ensure sufficient and smooth emergence of profits.

Nonetheless, the Company aims to continuously improve its governance system by ensuring that it is regularly reviewed, evaluated and enhanced.

3 Risk Profile

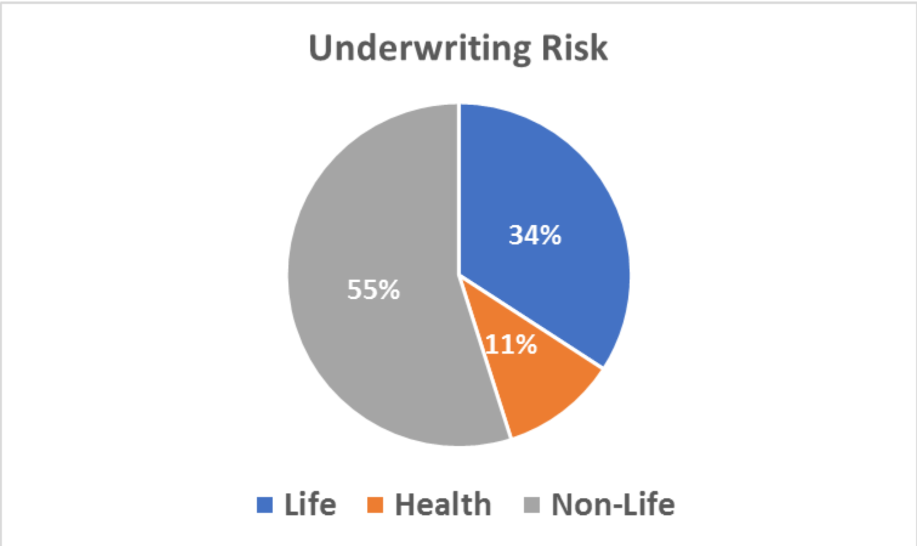
Prime measures quantifiable risks through the 99.5% Value at risk using the Solvency II standard formula (SCR). The Company aims to hold sufficient capital at all times to protect itself from losses occurring due to such risks. Non-quantifiable risks are measured through qualitative analyses and a frequency/severity approach.

In addition to capital, the Company manages all risks through its processes and procedures and its internal control framework and by monitoring exposures and benchmarking those against its risk appetite.



The Company's risk profile is mainly driven by its insurance operations. Underwriting risk forms around 55% of the total risk portfolio of Prime. The rest of the risk exposure arises from credit risk (in relation to premium receivables from brokers, reinsurance recoverables and cash at bank) and market risk (in relation to the investments of the Company). Finally, the exposure to operational risk is also assessed through qualitative analyses mentioned in subsequent sections.

3.1 Underwriting Risk



3.1.1 Description of the risk

Prime currently ranks its overall residual exposure to underwriting risk as a medium risk exposure.

The underwriting risk of Prime has three main categories which are listed below in order of magnitude:

- Non-life underwriting risk
- Life underwriting risk
- Health underwriting risk

The mix of business written remains broadly similar to previous years, both in terms of lines of business written, underwriting profile and geographical location. As such, no material changes have been noted in respect of the underwriting profile,

Over 2016, the calculation of underwriting risk has been enhanced which led to an increase since YE2015 by around 20% arising primarily from life lapse risk.

The components of the underwriting risk of Prime by risk category are shown in the table below.

Non-Life Underwriting risk	
Premium and Reserve risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements*
Catastrophe risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events*
Lapse Risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals and surrenders*
Life underwriting risk	
Lapse risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals and surrenders*
Life expense risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of the expenses incurred in servicing insurance or reinsurance contracts*
Mortality risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance liabilities*
Life catastrophe	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from the significant uncertainty of pricing and provisioning assumptions related to extreme or irregular events*
Disability-morbidity risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of disability, sickness and morbidity rates*
Health underwriting risk	

Premium and Reserve risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements*
catastrophe risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events*
Lapse Risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals and surrenders*

3.1.2 Description of the measures used to assess the risk

The main risk assessment tools used by the Company are the standard formula solvency capital requirement calculation, stress and scenario testing, the risk register and other quantitative and qualitative assessments. There has been no material change in the tools, parameters or assumptions used since the previous year.

3.1.3 Risk Concentration

No material underwriting risk concentrations have been identified. This is because of:

- The Company writes both life and non-life insurance business. This enables Prime to diversify between different sources of insurance risk.
- The life insurance portfolio enjoys high levels of diversification with respect to age, gender, smoker status, socio- economic class, level of life insurance cover, type of insurance cover and degree of underwriting applied at inception of the cover.
- With respect to the non-life insurance portfolio, the Company underwrites mainly annual policies, and therefore has the ability to rate risks individually and to impose conditions in accordance with the risk under consideration. The underwriting strategy is to diversify the type of insurance risk accepted and within each line of business to obtain a sufficiently large population of risk to reduce the variability of the expected outcome.
- Reinsurance: The Company manages its exposure to any one risk and to catastrophic events using reinsurance. Thus, the loss to the Company is generally limited to its retention.
- Underwriting business both in Cyprus and in Greece, enables geographical diversification within the underwriting risk.

3.1.4 Risk Mitigation

The main risk mitigation technique that Prime employs is reinsurance. Reinsurance protection is in place substantially for the lines of business deemed necessary.

Risks arising from underwriting activities are managed through Prime’s 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.

Product approval process, premium rate reviews and internal underwriting authority and limits are also in place to further mitigate Underwriting Risk exposures.

Prime 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.

Finally, to further mitigate Underwriting Risk, the Company also undertakes an actuarial evaluation of Technical Provisions and the adequacy of premium pricing rates.

3.1.5 Risk Sensitivity

As part of the business and capital planning processes, the risk management function carries out stress tests to feed into the ORSA. This ensures that potential adverse scenarios are considered and negative outcomes can be adequately mitigated either through controls implemented, through timely remedial actions or through the commitment of additional capital.

The following table summarises the stress test performed in relation to underwriting risk as reported in the 2016 ORSA Report.

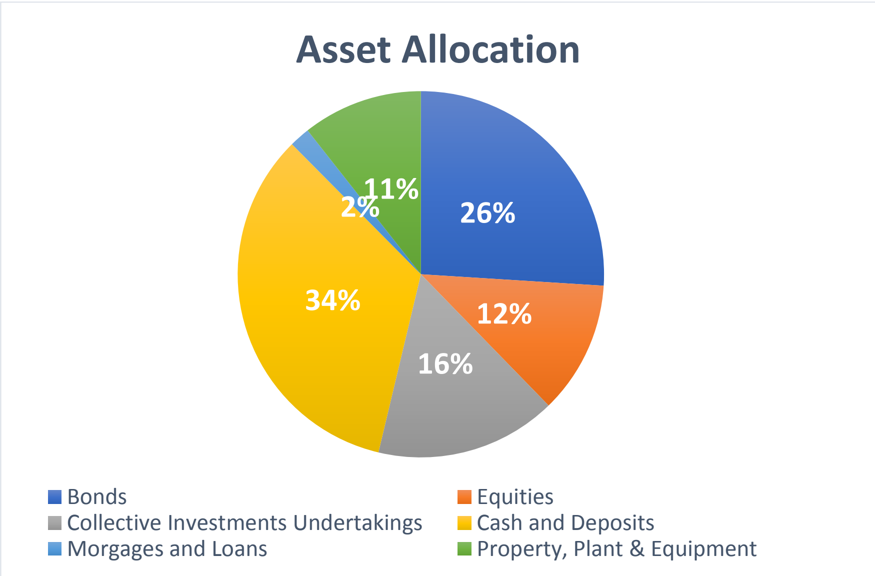
Stress 1:	10% reduction of life insurance portfolio
Stress 2:	10% reduction in New Business of non-life insurance for Cyprus
Stress 3:	10% reduction in New Business of non-life insurance for Greece
Stress 4:	10% increase in the loss ratio of non-life insurance Cyprus
Stress 5:	10% increase in the loss ratio of non-life insurance Cyprus
Stress 6:	10% higher mortality/morbidity of in the life insurance portfolio

The most material stress of the above was Stress 1 which was the only stress under which the solvency position was marginally breached. The Company demonstrated resilience to the rest of the scenarios.

3.2 Market risk

3.2.1 Description of the risk

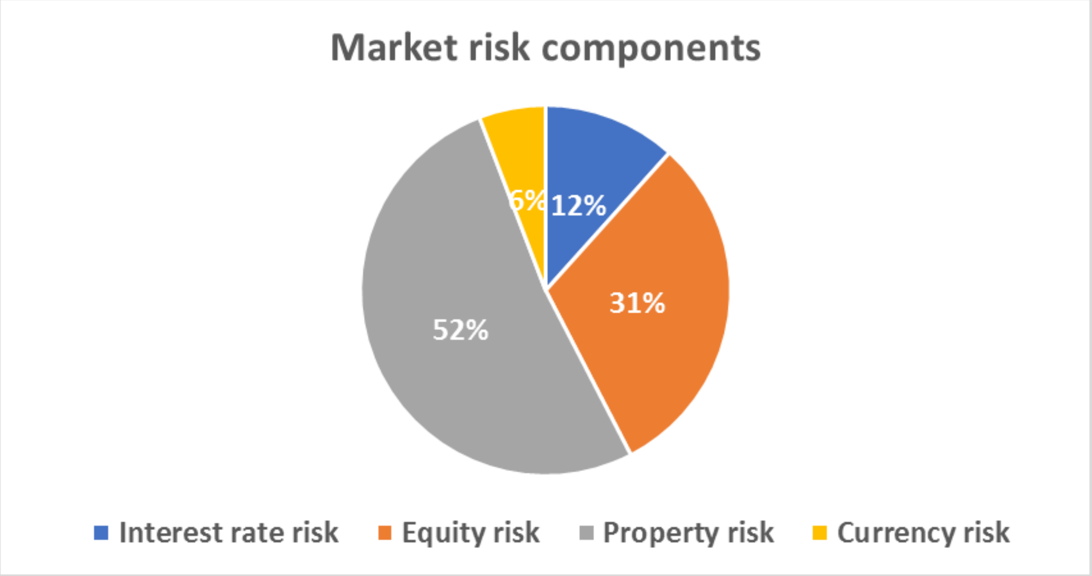
The Company is exposed to market (Investment) risk through its asset portfolio and in particular from the level or volatility of market prices of financial instruments which have an impact upon the value of the assets and liabilities of the Company.



As at 31 December 2016, Prime's investment assets include property, equity, bonds, cash and deposits. Investments are subject to credit risk (including counterparty default risk, spread risk and concentration risk) and liquidity risk which are dealt with in the respective sections below. Market risk arises in the following forms both on the asset and on the liability side as the value of technical provisions depends on market conditions:

- Interest rate risk: *the sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates*

- Equity risk: *the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities*
- Property risk: *the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of real estate*
- Currency risk: *the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates*



The primary sources of market risk are equity risk and property risks arising from exposure to the respective asset classes. The overall current market risk exposure is considered to be medium.

3.2.2 Description of the measures used to assess the risk

Prime measures its market risk using the standard formula for the calculation of SCR. The measurement is done separately for the sub-categories mentioned above. Then the aggregate market risk measure allows for diversification between its components.

3.2.3 Risk Concentration

A significant portion of Prime's assets are held through collective investment vehicles. These enable higher levels of diversification which may not have been possible with direct holdings.

The investment portfolio of Prime is well diversified with no single name exposure holding more than 5% of the total asset portfolio with the only exception being a strategic equity participation of the Company which as at 31.12.2016 formed 8% of the total investment portfolio.

3.2.4 Risk Mitigation

Market risk is mitigated through the investment policy adopted by Prime which safeguards limited exposure to risky asset classes and minimum diversification limits.

The Investment Committee reviews investment related information regularly to ensure that the portfolio is invested in line with the investment guidelines and the risk appetite of the Company.

3.2.5 Risk Sensitivity

As part of the business and capital planning processes, the risk management function carries out stress tests to feed into the ORSA. This ensures that potential adverse scenarios are considered and negative outcomes can be adequately mitigated either through controls implemented, through timely remedial actions or through the commitment of additional capital.

With regards to market risk, Prime assessed the potential scenario of a 10% fall in the market value of Greek government bonds. The Company's solvency position was not breached under this position.

3.2.6 Prudent Person Principle

The Solvency II regulations require investment of assets in accordance to the "Prudent Person Principle". In light of this, the Company has aligned its investment policy with this principle.

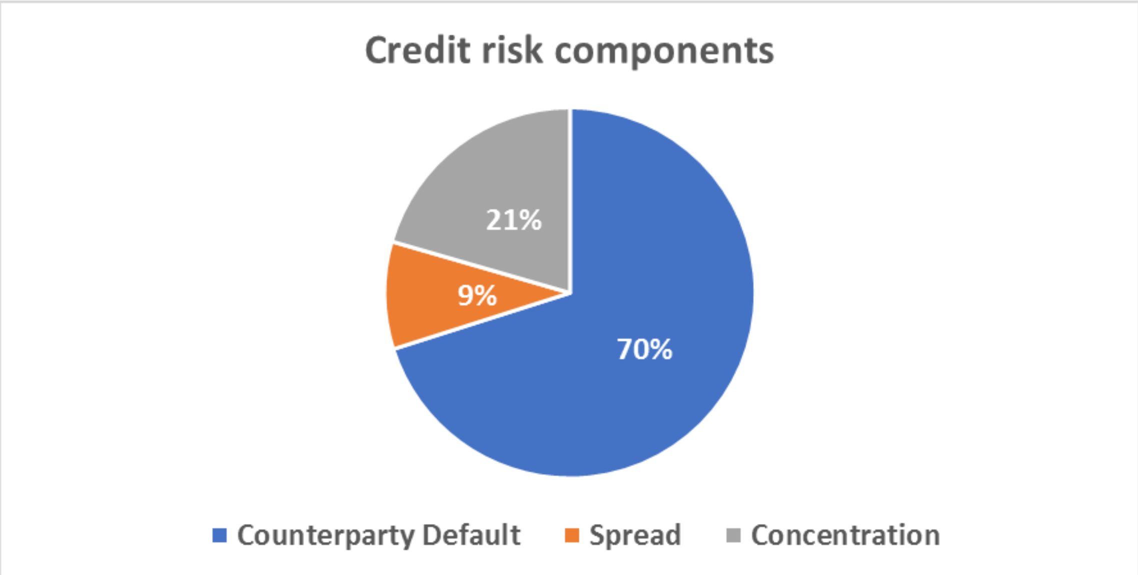
The Company regularly reviews the financial condition of its investment counterparties and ensures that the currency, nature and duration of assets is appropriate to the characteristics of its liabilities, avoiding excessive reliance on any one counterparty or asset class or geographical location. The Company has not invested in derivatives or inadmissible financial instruments.

3.3 Credit risk

3.3.1 Description of the risk

Credit risk refers to the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of counterparties. Prime is exposed to credit risk rising from the following exposures:

- Cash at bank
- Bonds and deposits
- Reinsurance recoverables
- Premium receivables



Credit risk as measured through the SCR is composed of counterparty default risk by **70%**, concentration **21%** and spread risk by **9%**. Credit risk forms almost 40% of the total undiversified SCR.

The overall credit risk exposure is considered to be high. The main driver of credit risk are the overdue balances from intermediaries and policyholders.

3.3.2 Description of the measures used to assess the risk

Prime measures its credit risk using the standard formula for the calculation of SCR. The measurement is done separately for the sub-categories mentioned above.

3.3.3 Risk Concentration

Prime has exposure to a number of different local and Greek banks. Nonetheless there is some concentration as the balances are not evenly spread across the different banks. Concentration also arises from 2 single name exposure which are unrated and hence there is greater uncertainty as to their creditworthiness.

3.3.4 Risk Mitigation

Credit risk is mitigated by closely monitoring the credit rating and the financial condition of all key counterparties. These are reviewed at least quarterly and management is ready to take action in the event of a deterioration in the credit quality.

Furthermore, the Company has implemented a process for the timely collection of premiums as they fall due thus mitigating the risk of accumulating overdue balances. In addition, the Company has intensified efforts to collect overdue balances and has secured collaterals in several cases which help minimise the risk of default of debtors.

3.3.5 Risk Sensitivity

The Company has not performed any risk sensitivity tests for credit risk as its current exposures are subject to the highest possible shocks under the standard formula since:

1. Bank exposures are of the credit quality CCC. Any further deterioration would not lead to higher capital requirement.
2. Premium receivables which are more than 3-months overdue obtain under the standard formula a capital charge is 90% of their value.

Furthermore, the provisions set aside for bad debtors are considered very prudent and unlikely to fall short of any defaults in the future.

3.4 Liquidity risk

3.4.1 Description of the risk

Liquidity risk refers to the risk that Prime will be unable to realise investments and other assets in order to settle their financial obligations when they fall due. Given that a significant proportion (60%) of the investment assets of Prime are highly realisable due to either being liquid (cash at bank) or due to being highly tradable (listed securities), the Company’s exposure to liquidity risk is considered very low.

3.4.2 Description of the measures used to assess the risk

Prime’s liquidity requirements are assessed monthly in order to meet the Company’s stated liquidity objectives. A projection is performed each month from the accounts department to assess whether all obligations due will be met by the expected cash inflows mainly from premiums due.

3.4.3 Risk Concentration

Sources of cash in and cash out flows (premium receivables, claims, expenses etc.) are diversified and to a certain extent independent.

3.4.4 Risk Mitigation

The Company maintains a pool of liquid assets which exceed its short-term liquidity demands. Moreover, Prime has in place a contingency liquidity plan to manage and co-ordinate the actions required to mitigate the effects of a liquidity problem across Prime.

3.4.5 Risk Sensitivity

Given that liquidity is not a material risk for the Company, no specific risk sensitivity is performed.

3.4.6 Expected profit in future premiums

With respect to non-life insurance, no allowance is made in the best estimate liabilities for expected profit in future premiums as these are outside contract boundaries.

Regarding the life portfolio, the total amount of the expected profit included in future premiums as calculated in accordance with Article 260(2) is € 7,465. The methodology used in the derivation of this figure is in line with the relevant guidance issued by EIOPA.

3.5 Operational risk

3.5.1 Description of the risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, people, systems, or from external events. This risk encompasses all exposures faced by the Company's functions in the course of conducting the Company's business, including but not limited to, accounting and financial reporting, business continuity, claims management, information technology and data processing, legal and regulatory compliance, outsourcing and reinsurance. The Company has the exposure to the following types of operational risk:

Business Disruption & Systems Failure	Interruption of business activity due to system or communication failures
Financial Integrity & Reporting	Disclosure of materially incorrect or untimely information
External Fraud	Acts intended to defraud, misappropriate property or circumvent the law by an external party
Internal Fraud	Acts intended to defraud, misappropriate property or circumvent the law by an internal party
Process Risks	Failure to execute or process transactions timely and accurately with clients and other counterparties
Clients, Products and Business Practices	Lack of productivity and poor customer service

The overall exposure to operational risk is classified as low.

3.5.2 Description of the measures used to assess the risk

The main risk assessment tools used by the Company are the standard formula solvency capital requirement calculations and qualitative assessments. Qualitative assessments are undertaken to track the developments within the risk profile and review the design and operational effectiveness of the control environment across the key processes.

There have been no material changes in the tools, parameters or assumptions used since the previous year.

3.5.3 Risk Concentration

Currently there are no material operational risk concentrations.

3.5.4 Risk Mitigation

The Company addresses its operational risk through:

- The Company's business continuity plan which ensures continuity and regularity in the performance of activities
- The Regular Internal Audit
- Its internal control system
- The peer review of material work

- The enforcement of appropriate underwriting, claims and other authority limits
- Insurance against property damage that could cause business disruption

3.5.5 Risk Sensitivity

Due to the complexity of the operational risk, no explicit sensitivities have been performed for the particular risk. Nonetheless, even if the operational risk as at 31.12.2016 increases by 50%, the solvency position of the Company will not be breached.

4 Valuation for solvency purposes

All assets and liabilities, listed in the table below are valued in accordance with the Solvency II Principle and are compared to their IFRS valuation. Assets and liabilities are valued on the assumption that the Company will pursue the business as a going concern. No changes in the valuations methods occurred during the year under review.

The Company does not have any off-balance sheet assets or liabilities.

4.1 Assets

4.1.1 Value of assets

Assets	Solvency II 2016	IFRS Valuation 2016
Deferred acquisition costs	-	3.579
Other intangible assets	-	102
Deferred tax assets	331	331
Property, plant & equipment held for own use	1.615	3.181
Investments (other than assets held for unit-linked funds)	39.617	36.686
Assets held for unit-linked funds	49.801	49.801
Reinsurance recoverables	9.970	15.991
Insurance & intermediaries receivables	13.417	14.044
Receivables (trade, not insurance)	2.422	2.302
Cash and cash equivalents	6.344	9.253
Total Assets	**123.517**	**135.270**

4.1.2 Description of bases, methods and main assumption used for valuation for solvency purposes

Investments
The fair value of quoted financial assets is based on quoted market prices at the end of the reporting period. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

Reinsurance Assets

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurers' share of technical provisions or receivables from reinsurers (unless netted off against amounts payable to reinsurers). These assets consist of short term balances due from reinsurers (classified within receivables), as well as receivables (classified as reinsurers' share of technical provisions) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Properties

Investment properties are initially measured at cost including related transaction costs. Investment properties are subsequently carried at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

4.1.3 IFRS vs Solvency II

Differences exist for Reinsurance Recoverables and for Deferred Acquisition Cost assets described in detail below:

Reinsurance recoverables

Reinsurance Recoverables represent the difference between Gross and Net provisions. On a Solvency II valuation these are valued on a best estimate basis.

Deferred Acquisition Cost (DAC)

There is no concept of Deferred Acquisition Costs in Solvency II. The premium provision only allows for future expense cash flows. For the in-force policies, initial expenses such as up-front commission have occurred in the past and thus they are not to be allowed in the premium provision.

4.2 Technical Provisions

4.2.1 Value of Technical Provisions

4.2.1.1 *Non-Life 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 above figures are shown both gross of reinsurance (RI) and also the share of the reinsurer.

€'000	CLAIMS PROVISION		PREMIUM PROVISION		RISK MARGIN
LINE OF BUSINESS	GROSS BE	RI RECOVERABLE	GROSS BE	RI RECOVERABLE	
Medical expense	1.484	548	1.811	551	102
Income protection	0	0	0	0	0
Workers' compensation	1.056	0	177	-8	38
MTPL	22.932	7.911	6.142	974	1.087
Other motor	702	171	1.183	261	71
Marine and transport	46	39	47	30	3
Fire and Other PD	632	372	730	207	51
General liability	372	193	224	92	22
Credit and Suretyship	0	0	0	0	0
Legal expenses	0	0	0	0	0
Assistance	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Total	27.224	9.234	10.314	2.107	1.374

4.2.1.2 *Life and Unit-Linked Technical Provisions*

The value of the Company's technical provisions is equal to the sum of the best estimate and the risk margin, which are calculated separately. The table below shows the value of technical provisions as at 31 December 2016 both gross and net of reinsurance recoverables by line of business.

€'000 LINE OF BUSINESS	GROSS BEST ESTIMATE	REINSURANCE RECOVERABLE	RISK MARGIN
Unit-linked insurance	42.721	-1.641	2.613
Other life insurance	-4.977	269	389
Total	**37.744**	**-1.372**	**3.002**

4.2.2 *Description of the bases, methods and main assumptions used*

4.2.2.1 *Non-Life Insurance*

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. Thus, the components of the Claims Provision are the outstanding case estimates, the Incurred But Not Reported (IBNR), the Incurred But Not Enough Reported (IBNER) and the Unallocated Loss Adjustment Expenses (ULAE). Under Solvency II, the reserves are discounted to allow for the time value of money using the EUR risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA.

The payment pattern of the reserves, for each LoB, has been derived using the historical payment pattern, as observed in the Paid Claims triangles.

The expense ratio for claims handling was estimated at 2% and 5% of claims for Greece and Cyprus respectively.

Premium provision

The calculation of the best estimate of the premium provision relates to all future cashflows arising from future events, over the remaining duration of unexpired policies. Such cashflows mostly relate to future claims, administration expenses and reinsurance cost.

The expected claims ratio was set at 5-80% depending on the product and the expense ratio at 10% and 12% for Greece and Cyprus respectively.

4.2.2.2 *Unit-Linked Insurance*

For the Unit-Linked Business the best estimate liability (BEL) set up has been derived from the value of the units allocated to the policies that were in force on the valuation date and the present value of the expected future cashflows related to these policies. The cash flow projections are performed on a best estimate basis (i.e. without any prudence margins) and discounting is performed using the EUR risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA.

4.2.2.3 *Other Life Insurance*

The BEL for Other Life Insurance is calculated as the expected present value of all future cashflows arising in relation to other life insurance policies (premiums, expenses, claims etc.). The cash flow projections are performed on a best estimate basis (i.e. without any prudence margins) and discounting is performed using the EUR risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA.

4.2.2.4 *Risk Margin*

The Risk Margin is designed to ensure that the value of technical provisions is equivalent to the amount that a third undertaking would be expected to require in order to take over and meet 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 reinsurance obligations over their lifetime thereof. This rate, called the Cost-of-Capital, is prescribed at 6%, as published by EIOPA.

4.2.2.5 *Reinsurance Recoverables*

Reinsurance Recoverables represent the difference between Gross and Net provisions.

- For the Claim Provision, the reinsurance recoverables were determined as the reinsurers' share on the current outstanding case by case reserves.
- For the Premium Provision, we have assumed zero reinsurance recoverables for classes with non-proportional reinsurance.
- For the Other Life BEL, all cashflows related to the current reinsurance treaties have been projected over the lifetime of the insurance policies. Their net present value represents the reinsurance recoverables.

Reduction of the reinsurance recoverables to allow for expected losses due to the default of counterparty has been also applied.

4.2.2.6 *Discounting*

The euro risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA, has been used for discounting. As expected, the impact of discounting was very small due to the short-term nature of the business and the prevailing low interest rates.

4.2.3 Description of the level of uncertainty associated with the value of technical provisions

Uncertainty relates primarily to how future actual experience will differ from the best estimate assumptions used to calculate the technical provisions. Additional comfort on the appropriateness of the Technical provisions is provided through the use of independent external advisors who perform reviews of the results via a parallel valuation.

4.2.4 Quantitative and qualitative explanation of any material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS.

The following table shows how the value of the IFRS Technical Provisions (Reserves) change under the valuation for solvency purposes on a net of reinsurance basis.

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

NET TECHNICAL Provisions (€'000s)		
Line Of Business	Solvency II	IFRS
Non-life excl health	22.759	26.347
Health	3.437	1.017
Life excl UL	-5.245	8.698
Life other	44.361	49.799

- Prudence margins are removed from the assumption basis and there is a shift to a best estimate approach and replaced by risk margin provisions for Solvency II purposes
- Allowance for time value of money through the discounting of future cash flows (which under IFRS is not applied to non-life reserves)
- Allowance is possible for negative IBNER where it is expected that there will be a favourable development of case-by-case reserves
- In the calculation of the Premium Provision under Solvency II, an insurer may take credit for profits embedded in unexpired policies. Under Solvency I this is disallowed and any profits embedded in the UPR may not be recognised until the expiry of these contracts. An Additional Unexpired Risk Reserve (AURR) is mandatory only where it is positive but not when it is negative.
- There is no concept of risk margin under the current IFRS valuation
- Allowance is made in the reinsurance recoverables for the for expected non-payment due to default or dispute.
- Removal of zeroization of negative reserves and allowance of future profits, result in further reduction of the net technical provisions.

4.2.5 Statement on whether the volatility adjustment referred to in Article 77d of Directive 2009/138/EC is used

4.2.6 Statement on whether the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC is applied

4.2.7 Statement on whether the transitional deduction referred to in Article 308d of Directive 2009/138/EC is applied

The Company has not used any of the following:

- Volatility adjustment referred to in Article 77d of Directive 2009/138/EC
- transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC
- transitional deduction referred to in Article 308d of Directive 2009/138/EC

4.3 Valuation of other liabilities

4.3.1 Value of other liabilities

Liabilities	Solvency II 2016	IFRS Valuation 2016
Provisions other than technical provisions	220	220
Reinsurance payables	12.916	12.916
Payables (trade, not insurance)	3.268	3.607
Any other liabilities, not elsewhere shown	2.049	2.049
Total Liabilities	**18.453**	**18.792**

4.3.2 Description of the bases, methods and main assumptions used for their valuation for solvency purposes

Insurance payables

This balance is calculated in accordance with the terms and conditions of the contract with the intermediary/policyholder – no adjustments or judgements are made for valuation purposes. There is a high degree of certainty over the economic outflow due to the relatively short timeframe between the commission liabilities arising and the intermediary receiving payment from the Company.

Reinsurance payables

As at 31 December 2016, the balance owed to reinsurers was €12,9m. This balance is in respect of reinsurance agreements that were in force at the reporting date, aggregated based on their comparable nature, function, risk and materiality.

Payables (trade, not insurance)

Payables (trade, not insurance) relate to balances owed in respect of other services received by the Company; no estimation methods, adjustments for future value or valuation judgements are required for these balances.

Deferred Tax Liability

As at 31 December 2016, the balance was €331k.

Any other liabilities, not elsewhere shown

Any other liabilities not elsewhere shown relate to current tax liabilities of €1,5m; no estimation methods, adjustments for future value or valuation judgements are required for these balances.

4.3.3 Quantitative and qualitative explanation of any material differences with the valuation bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS

As shown in section 4.3.1 there are no differences on the liability side apart from the technical provisions which are explain in detail in section 4.2.

5 Capital Management

5.1 Own Funds

5.1.1 Objectives, policies and processes employed for managing its own funds

The objective of capital management is to maintain, at all times, sufficient own funds to cover the SCR and MCR with an appropriate buffer. These should be of sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation. The Company holds regular meetings of senior management and BoD, which are at least quarterly, in which the ratio of eligible own funds over SCR and MCR are reviewed. As part of own funds management, the Company prepares annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the base of the ORSA, contains a three-year projection of funding requirements and this helps focus actions for future funding.

5.1.2 Information on the structure, amount and quality of own funds at the end of the reporting period and at the end of the previous reporting period

The following table shows the structure of own funds as at 31 December 2016 as well as at 31 December 2015.

OWN FUNDS € '000S	DEC-16	DEC-15
Ordinary share capital (gross of own shares)	21.951	21.951
Share premium account related to ordinary share capital	3.157	3.157
Reconciliation reserve	298	-4.830
Total Basic Own Funds	**25.406**	**20.278**

The current structure of own funds as shown above is composed only of capital classified as Tier 1 - Unrestricted.

5.1.3 Eligible amount of own funds to cover SCR (by tier)

The Company's own funds are all Tier 1 unrestricted and available to cover the SCR.

5.1.4 Eligible amount of own funds to cover MCR (by tier)

The Company's own funds are all Tier 1 unrestricted and available to cover the MCR.

5.1.5 IFRS Equity vs Own Funds

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

	Solvency II €'000s	IFRS €'000s	Movement €'000s
Total Assets	123.517	135.270	-11.753
Total Liabilities	98.111	120.644	-22.533
Total Own Funds	25.406	14.626	10.780

The movement in the valuation of assets and liabilities arises from the differences in the valuation of IFRS and Solvency II standards, below:

- Deferred Acquisition Cost (DAC) is not included under Solvency II
- Differences in gross technical provisions and reinsurance recoverables (as explained in the previous section)

5.1.6 Ancillary own funds

The Company had no ancillary own funds as at 31.12.2016.

5.1.7 Description of any item deducted from own funds

5.1.8 Brief description of any significant restriction affecting the availability and transferability of own funds within the undertaking

5.2 Solvency Capital Requirement and Minimum Capital Requirement

5.2.1 Amounts of SCR and MCR

As at 31 December 2016 the **SCR** of the Company was calculated at **€23,528K** and the **MCR** at **€8,346K**.

5.2.2 Amount of SCR split by risk modules

The following table shows the SCR split by risk modules:

SOLVENCY CAPITAL REQUIREMENT	€'000s
Market risk	5.567
Counterparty default risk	8.675
Life Underwriting risks	6.408
Health underwriting risk	2.049
Non-Life underwriting risk	10.299
Sum of risk components	**32.998**
Diversification effects	-11.399
Diversified risk	**21.599**
Intangible asset risk	0
Basic SCR	21.599
Operational risk	1.928
Adjustments	0
SCR	**23.527**

5.2.3 Simplifications

Simplifications have been used for the

- calculation of catastrophe risk for life insurance
- calculation of risk margin

5.2.4 Undertaking-specific parameters

The Company has not used undertaking-specific parameters for any of the parameters of the standard formula.

5.2.5 Information on the inputs used to calculate the MCR

The inputs used in the calculation of the MCR are presented in the table below:

€'000s	non-life activities	life activities
Notional linear MCR	4.937	706
Notional SCR excluding add-on (annual or latest calculation)	20.584	2.944
Notional MCR cap	9.263	1.325
Notional MCR floor	5.146	736
Notional Combined MCR	5.146	736
Absolute floor of the notional MCR	2.200	3.200
Notional MCR	5.146	3.200

The total MCR for both activities (Life + Non-Life) is equal to **€8,346K**.

5.2.6 Any material change to the SCR and to the MCR over the reporting period, and the reasons for any such change

In general, the SCR as at YE2015 was lower than YE2016 across all risk categories.

The most material increase can be observed in the lapse sub module of life underwriting risk. As mentioned also above, this increase has arisen as a result of modelling enhancements which led to a more accurate representation of the lapse risk.

There has also been a material increase in market risk stemming from higher exposures in equity type securities.

5.3 Non-compliance with the MCR and non-compliance with the SCR

5.3.1 Non-compliance with the MCR

The Company has always been compliant with the MCR.

5.3.2 Non-compliance with SCR

In 2016, the Company proceeded with restructuring its shareholder fund assets, for complying with Solvency II Legislation.

Appendices

Appendix A: Quantitative Reporting Templates

Annex I		
S.02.01.02		
Balance sheet		
		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	330.841
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	1.614.885
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	39.617.497
Property (other than for own use)	**R0080**	4.813.000
Holdings in related undertakings, including participations	**R0090**	0
Equities	**R0100**	8.415.596
Equities - listed	**R0110**	3.055.596
Equities - unlisted	**R0120**	5.360.000
Bonds	**R0130**	13.927.531
Government Bonds	**R0140**	9.372.540
Corporate Bonds	**R0150**	4.554.991
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	9.403.408
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	3.057.962
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	49.800.693
Loans and mortgages	**R0230**	0
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	0
Reinsurance recoverables from:	**R0270**	9.970.188
Non-life and health similar to non-life	**R0280**	11.342.353
Non-life excluding health	**R0290**	10.250.937
Health similar to non-life	**R0300**	1.091.416
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	268.544
Health similar to life	**R0320**	0
Life excluding health and index-linked and unit-linked	**R0330**	268.544
Life index-linked and unit-linked	**R0340**	-1.640.709
Deposits to cedants	**R0350**	0
Insurance and intermediaries receivables	**R0360**	13.416.950
Reinsurance receivables	**R0370**	0
Receivables (trade, not insurance)	**R0380**	2.421.660
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0
Cash and cash equivalents	**R0410**	6.344.301
Any other assets, not elsewhere shown	**R0420**	0
Total assets	**R0500**	123.517.015

Annex I		
S.02.01.02		
Balance sheet		
		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	38.911.558
Technical provisions – non-life (excluding health)	**R0520**	34.244.007
Technical provisions calculated as a whole	**R0530**	0
Best Estimate	**R0540**	33.009.484
Risk margin	**R0550**	1.234.523
Technical provisions - health (similar to non-life)	**R0560**	4.667.551
Technical provisions calculated as a whole	**R0570**	0
Best Estimate	**R0580**	4.528.188
Risk margin	**R0590**	139.363
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	-4.587.596
Technical provisions - health (similar to life)	**R0610**	0
Technical provisions calculated as a whole	**R0620**	0
Best Estimate	**R0630**	0
Risk margin	**R0640**	0
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-4.587.596
Technical provisions calculated as a whole	**R0660**	0
Best Estimate	**R0670**	-4.976.649
Risk margin	**R0680**	389.053
Technical provisions – index-linked and unit-linked	**R0690**	45.333.649
Technical provisions calculated as a whole	**R0700**	0
Best Estimate	**R0710**	42.720.531
Risk margin	**R0720**	2.613.119
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	219.537
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	0
Deferred tax liabilities	**R0780**	0
Derivatives	**R0790**	0
Debts owed to credit institutions	**R0800**	0
Financial liabilities other than debts owed to credit institutions	**R0810**	0
Insurance & intermediaries payables	**R0820**	0
Reinsurance payables	**R0830**	12.916.363
Payables (trade, not insurance)	**R0840**	3.268.457
Subordinated liabilities	**R0850**	0
Subordinated liabilities not in Basic Own Funds	**R0860**	0
Subordinated liabilities in Basic Own Funds	**R0870**	0
Any other liabilities, not elsewhere shown	**R0880**	2.049.054
Total liabilities	**R0900**	98.111.022
Excess of assets over liabilities	**R1000**	25.405.992

Annex I

S.05.01.02

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**				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**	11.258.653	0	629.277	25.170.765	10.135.825	315.141	3.999.004	649.272	0	0	0	0					52.157.937
Gross - Proportional reinsurance accepted	**R0120**																	
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**	2.489.906	0	16.207	8.945.022	1.991.649	251.416	2.277.102	376.173	0	0	0	0	0	0	0	0	16.347.475
Net	**R0200**	8.768.747	0	613.070	16.225.743	8.144.176	63.725	1.721.902	273.099	0	0	0	0	0	0	0	0	35.810.462
Premiums earned																		
Gross - Direct Business	**R0210**	10.566.292	0	653.240	25.787.218	10.329.987	306.712	3.949.925	741.595	0	0	0	0					52.334.969
Gross - Proportional reinsurance accepted	**R0220**																	
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**	2.220.400	0	16.207	9.025.229	1.979.723	238.383	2.251.211	463.623	0	0	0	0	0	0	0	0	16.194.776
Net	**R0300**	8.345.892	0	637.033	16.761.989	8.350.264	68.329	1.698.714	277.972	0	0	0	0	0	0	0	0	36.140.193
Claims incurred																		
Gross - Direct Business	**R0310**	5.800.590	0	509.114	17.649.339	0	87.351	1.201.822	125.135	0	0	0	0					25.373.351
Gross - Proportional reinsurance accepted	**R0320**																	
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**	1.777.122	0	2.200	4.807.775	0	76.014	675.988	65.970	0	0	0	0	0	0	0	0	7.405.069
Net	**R0400**	4.023.468	0	506.914	12.841.564	0	11.337	525.834	59.165	0	0	0	0	0	0	0	0	17.968.282
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**	4.164.560	0	313.367	16.447.033	0	98.527	1.847.959	336.421	0	0	0	0	0	0	0	0	23.207.867
Other expenses	**R1200**																	
Total expenses	**R1300**																	23.207.867

Annex I

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**			16.405.221	768.018					17.173.239
Reinsurers' share	**R1420**			515.022	680.889					1.195.911
Net	**R1500**			15.890.199	87.129					15.977.328
Premiums earned										
Gross	**R1510**			16.405.221	766.640					17.171.861
Reinsurers' share	**R1520**			515.022	680.889					1.195.911
Net	**R1600**			15.890.199	85.751					15.975.950
Claims incurred										
Gross	**R1610**			504.698	493.472					998.170
Reinsurers' share	**R1620**			171.710	59.171					230.881
Net	**R1700**			332.988	434.301					767.289
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**									
Expenses incurred	**R1900**			3.272.301	2.181.573					5.453.874
Other expenses	**R2500**									
Total expenses	**R2600**									5.453.874

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written)					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		GR					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	22.928.180	29.229.758					52.157.938
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	3.589.447	12.758.028					16.347.475
Net	R0200	19.338.733	16.471.730					35.810.463
Premiums earned								
Gross - Direct Business	R0210	23.344.204	28.990.765					52.334.969
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	3.544.122	12.650.655					16.194.777
Net	R0300	19.800.082	16.340.110					36.140.192
Claims incurred								
Gross - Direct Business	R0310	13.087.557	12.285.795					25.373.352
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	1.567.108	5.837.960					7.405.068
Net	R0400	11.520.449	6.447.835					17.968.284
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500							
Expenses incurred	R0550	9.756.869	13.451.000					23.207.869
Other expenses	R1200							
Total expenses	R1300	9.756.869	13.451.000					23.207.869

		Home Country	Top 5 countries (by amount of gross premiums written)					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400							
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	17.173.239						17.173.239
Reinsurers' share	R1420	1.195.911						1.195.911
Net	R1500	15.977.328						15.977.328
Premiums earned								
Gross	R1510	17.171.861						17.171.861
Reinsurers' share	R1520	1.195.911						1.195.911
Net	R1600	15.975.950						15.975.950
Claims incurred								
Gross	R1610	998.170						998.170
Reinsurers' share	R1620	230.881						230.881
Net	R1700	767.289						767.289
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900	5.453.874						5.453.874
Other expenses	R2500							
Total expenses	R2600							5.453.874

Annex I

S.12.01.02

Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**	**C0160**	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
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	**R0020**																
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	**R0030**			29.844.243	15.489.406		-4.587.596				40.746.053						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**			-1.080.119	-560.590		268.544				-1.372.165						
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**			30.924.362	16.049.996		-4.856.140				42.118.218						
Risk Margin	**R0100**		2.613.119			389.053					3.002.172						
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	**R0110**																
Best estimate	**R0120**																
Risk margin	**R0130**																
Technical provisions - total	**R0200**		47.946.768			-4.198.543					43.748.225						

Annex I

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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**	1.810.783		177.396	6.141.731	1.182.582	46.561	730.270	224.114									10.313.437
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	551.167		-8.236	974.190	261.187	29.928	207.430	92.454									2.108.120
Net Best Estimate of Premium Provisions	**R0150**	1.259.616		185.632	5.167.541	921.395	16.633	522.840	131.660									8.205.317
Claims provisions																		
Gross	**R0160**	1.484.367		1.055.642	22.931.875	702.130	45.991	632.478	371.752									27.224.235
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	548.485		0	7.911.340	170.744	39.203	371.847	192.614									9.234.233
Net Best Estimate of Claims Provisions	**R0250**	935.882		1.055.642	15.020.535	531.386	6.788	260.631	179.138									17.990.002
Total Best estimate - gross	**R0260**	3.295.150		1.233.038	29.073.606	1.884.712	92.552	1.362.748	595.866									37.537.672
Total Best estimate - net	**R0270**	2.195.498		1.241.274	20.188.076	1.452.781	23.421	783.471	310.798									26.195.319
Risk margin	**R0280**	101.414		37.949	1.087.325	70.486	3.462	50.965	22.285									1.373.886
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**	3.396.564		1.270.987	30.160.931	1.955.198	96.013	1.413.713	618.151									38.911.556
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	1.099.652		-8.236	8.885.530	431.931	69.131	579.277	285.068									11.342.353
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	2.296.912		1.279.223	21.275.401	1.523.267	26.882	834.436	333.083									27.569.204

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Non-life insurance claims

Total Non-Life Business

Accident year / Underwriting year	**Z0010**	1

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

		Development year													
Year		**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**											16.990.727	**R0100**	115.531	16.990.727
N-9	**R0160**	1.814.335	500.610	70.394	128.067	460.058	72.641	73.588	53.977	42.241	26.065		**R0160**	26.065	3.241.976
N-8	**R0170**	2.794.817	974.341	192.243	61.646	239.650	115.767	71.795	355.409	27.826			**R0170**	27.826	4.833.494
N-7	**R0180**	3.260.969	1.317.900	131.254	110.416	92.180	65.256	7.388	43.843				**R0180**	43.843	5.029.206
N-6	**R0190**	6.087.638	2.441.452	524.070	1.418.837	294.762	501.647	274.826					**R0190**	274.826	11.543.232
N-5	**R0200**	7.348.619	2.970.982	494.870	673.359	352.408	170.909						**R0200**	170.909	12.011.147
N-4	**R0210**	6.222.806	2.923.143	982.051	475.700	363.832							**R0210**	363.832	10.967.532
N-3	**R0220**	6.974.685	2.317.324	482.492	478.782								**R0220**	478.782	10.253.283
N-2	**R0230**	7.399.678	3.568.061	701.368									**R0230**	701.368	11.669.107
N-1	**R0240**	8.231.292	3.156.732										**R0240**	3.156.732	11.388.024
N	**R0250**	10.210.819											**R0250**	10.210.819	10.210.819
												Total	**R0260**	15.570.533	108.138.547

Annex I
S.19.01.21
Non-life insurance claims

Total Non-Life Business

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year												
Year		**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**												**R0100**	
N-9	**R0160**												**R0160**	
N-8	**R0170**												**R0170**	
N-7	**R0180**												**R0180**	
N-6	**R0190**												**R0190**	
N-5	**R0200**												**R0200**	
N-4	**R0210**												**R0210**	
N-3	**R0220**												**R0220**	
N-2	**R0230**												**R0230**	
N-1	**R0240**												**R0240**	
N	**R0250**												**R0250**	
												Total	**R0260**	

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Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	21.950.750	21.950.750			
Share premium account related to ordinary share capital	**R0030**	3.156.750	3.156.750			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	-				
Subordinated mutual member accounts	**R0050**	-				
Surplus funds	**R0070**	-				
Preference shares	**R0090**	-				
Share premium account related to preference shares	**R0110**	-				
Reconciliation reserve	**R0130**	298.492	298.492			
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**	25.405.992	25.405.992			
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**	25.405.992	25.405.992			
Total available own funds to meet the MCR	**R0510**	25.405.992	25.405.992			
Total eligible own funds to meet the SCR	**R0540**	25.405.992	25.405.992			
Total eligible own funds to meet the MCR	**R0550**	25.405.992	25.405.992			
SCR	**R0580**	23.527.775				
MCR	**R0600**	8.345.976				
Ratio of Eligible own funds to SCR	**R0620**	107,98%				
Ratio of Eligible own funds to MCR	**R0640**	304,41%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	25.405.992
Own shares (held directly and indirectly)	**R0710**	-
Foreseeable dividends, distributions and charges	**R0720**	-
Other basic own fund items	**R0730**	25.107.500
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-
Reconciliation reserve	**R0760**	298.492
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	7.464.689
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	-
Total Expected profits included in future premiums (EPIFP)	**R0790**	7.464.689

Annex I
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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	5.566.597		
Counterparty default risk	R0020	8.675.271		
Life underwriting risk	R0030	6.408.029		
Health underwriting risk	R0040	2.048.891		
Non-life underwriting risk	R0050	10.299.385		
Diversification	R0060	(11.398.789)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	21.599.384		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	1.928.391
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	23.527.775
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	23.527.775
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	

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Minimum Capital Requirement - Both life and non-life insurance activity

		Non-life activities	Life activities
		$MCR_{(NL,NL)}$ Result	$MCR_{(NL,L)}$ Result
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010	4.937.005	-

		Non-life activities		Life activities	
		Net (of reinsurance / SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance / SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020	2.195.498	8.768.747	-	-
Income protection insurance and proportional reinsurance	R0030	-	-	-	-
Workers' compensation insurance and proportional reinsurance	R0040	1.241.274	613.070	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	20.188.076	16.225.743	-	-
Other motor insurance and proportional reinsurance	R0060	1.452.781	8.144.176	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	23.421	63.725	-	-
Fire and other damage to property insurance and proportional reinsurance	R0080	783.471	1.721.902	-	-
General liability insurance and proportional reinsurance	R0090	310.798	273.100	-	-
Credit and suretyship insurance and proportional reinsurance	R0100	-	-	-	-
Legal expenses insurance and proportional reinsurance	R0110	-	-	-	-
Assistance and proportional reinsurance	R0120	-	-	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	-	-	-	-
Non-proportional health reinsurance	R0140	-	-	-	-
Non-proportional casualty reinsurance	R0150	-	-	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-	-	-
Non-proportional property reinsurance	R0170	-	-	-	-

		Non-life activities	Life activities
		$MCR_{(L,NL)}$ Result	$MCR_{(L,L)}$ Result
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200	-	706.081

		Non-life activities		Life activities	
		Net (of reinsurance / SPV) best estimate and TP calculated as a whole	Net (of reinsurance / SPV) total capital at risk	Net (of reinsurance / SPV) best estimate and TP calculated as a whole	Net (of reinsurance / SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit participation - guaranteed benefits	R0210	-		-	
Obligations with profit participation - future discretionary benefits	R0220	-		-	
Index-linked and unit-linked insurance obligations	R0230	-		46.974.358	
Other life (re)insurance and health (re)insurance obligations	R0240	-		-	
Total capital at risk for all life (re)insurance obligations	R0250				538.944.185

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Minimum Capital Requirement - Both life and non-life insurance activity			
Overall MCR calculation			
		C0130	
Linear MCR	**R0300**	8.345.976	
SCR	**R0310**	23.527.775	
MCR cap	**R0320**	10.587.499	
MCR floor	**R0330**	5.881.944	
Combined MCR	**R0340**	8.345.976	
Absolute floor of the MCR	**R0350**	5.400.000	
		C0130	
Minimum Capital Requirement	**R0400**	8.345.976	
Notional non-life and life MCR calculation		**Non-life activities**	**Life activities**
		C0140	**C0150**
Notional linear MCR	**R0500**	4.937.005	706.081
Notional SCR excluding add-on (annual or latest calculation)	**R0510**	20.583.903	2.943.872
Notional MCR cap	**R0520**	9.262.756	1.324.742
Notional MCR floor	**R0530**	5.145.976	735.968
Notional Combined MCR	**R0540**	5.145.976	735.968
Absolute floor of the notional MCR	**R0550**	2.200.000	3.200.000
Notional MCR	**R0560**	5.145.976	3.200.000