Berkshire Hathaway European Insurance DAC

Solvency and Financial Condition Report

Year ended 31 December 2022

Legal Entity Identifier: 635400OT4VIDMAADLQ13

Contents

Executive Summary

This is the Solvency and Financial Condition Report (SFCR) for Berkshire Hathaway European Insurance DAC (BHEI or the Company), based on the financial position as at 31 December 2022. This report discusses the Company's Business and Performance; System of Governance; Risk Profile; Valuation of Assets & Liabilities; and, Capital Management, which are summarised below.

Business and Performance

BHEI obtained its regulatory approval from the Central Bank of Ireland (CBI) on 4 March 2019 and commenced trading on 28 March 2019. The Company's principal activity is underwriting general insurance business and its operations are administered by the Company, with additional administrative services being provided by related group companies. The Company's operations are directed from Dublin, but it also operates from branch offices in Germany, Spain, France, Italy, Belgium, and the United Kingdom.

BHEI is a wholly owned subsidiary of National Indemnity Company (NICO) since December 2021. NICO is an insurance company and a subsidiary of Berkshire Hathaway Inc. (BHI) a multinational conglomerate holding company quoted on the New York Stock Exchange. Both NICO and BHI are headquartered in Omaha, Nebraska.

BHEI writes non-life insurance and reinsurance business, across most major classes of business. The underwriting activities of BHEI are managed in the following underwriting divisions; BHSI division, MedPro division and BHRG division.

BHEI's gross premiums written for year ended 31 December 2022 were €888.1m (2021: €802.2m).

Personnel in Ireland and the United Kingdom are employed by a group services company, headquartered in the UK with an Irish branch, who, working under the direction of BHEI provide a broad range of insurance and insurance support expertise. Across its branches in Continental Europe, the Company employs personnel directly. The average number of persons employed by the Company, including directors is 102 (2021: 82) for the year ended 31 December 2022.

System and Governance

The Company has a clearly defined governance framework. BHEI is governed by its Board of Directors and three sub-committees of the Board; the Risk Committee, Audit Committee, and the Nomination and Remuneration Committee. The Board has ultimate responsibility for the oversight and governance of the Company.

BHEI has established a Risk Management Framework (RMF) which is a key component of the governance framework. The RMF is a collection of processes and tools that have been put in place to ensure that the risks to which it is exposed are identified, measured, managed, monitored, and reported on a continuous basis.

The Company also operates an Internal Control Framework. The purpose of the internal control system is to provide reasonable assurance to senior management and the Board regarding the achievement of objectives relating to the effectiveness and efficiency of operations and robustness of control framework, reliable financial and non-financial reporting and compliance with applicable laws and policies.

In 2022 BHEI reviewed and updated the Governance Framework to ensure it was appropriate for the size and scale of BHEI. This included a review of policies, roles and responsibilities, committee structures and terms of reference.

Risk Profile

The BHEI risk universe has been considered in accordance with Article 295 as outlined in section C. These risks are considered through the BHEI risk management framework (RMF). The RMF is a key component of the wider BHEI Governance Framework.

Valuation of Assets & Liabilities

The assets and liabilities in the Solvency II balance sheet have been valued using Solvency II valuation rules. Solvency II valuation rules are different, in some areas as compared with those used in the Company's Irish GAAP financial statements, with the valuation of technical provisions being the major area of difference. Section D provides greater detail on the valuation methods of assets and liabilities in the Solvency II balance sheet as well as a comparison to Irish GAAP.

Capital Management

BHEI uses the Standard Formula as the basis for calculating capital requirements. The Company does not use an internal model to calculate its Solvency Capital Requirement (SCR). The calculations of the capital requirements are defined by the Solvency II Regulations. The key solvency ratios are disclosed below.

Key Capital Performance Indicators

	2022	**2021**
	€000	**€000**
Available and Eligible Own Funds	362,244	255,028
Standard Formula Solvency Capital Requirement (SCR)	136,999	119,119
Surplus over SCR	225,245	135,909
Ratio of Eligible Funds to SCR	**264%**	**214%**
Minimum Capital Requirement (MCR)	38,561	29,780
Surplus over MCR	323,683	225,248
Ratio of Eligible Funds to MCR	939%	856%

As at 31 December 2022 BHEI had a Standard Formula SCR of €137m (2021: €119.1m).

This is covered by €362.2m (2021: €255m) of eligible own funds resulting in a surplus over SCR of €225.2m (2021: €135.9m) and a coverage ratio of 264% (2021: 214%).

It is forecast that the Company will continue to maintain a surplus over both the Standard Formula SCR and the Standard Formula MCR over the current planning horizon. There are no current indicators that suggest that this is likely to change over the longer term.

A. Business and Performance

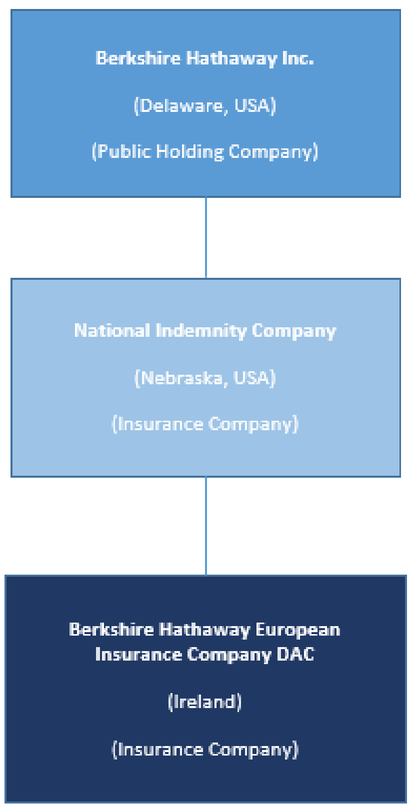
A.1 Business

Berkshire Hathaway European Insurance Designated Activity Company (Berkshire Hathaway European Insurance DAC or BHEI or the Company) is one of the primary general insurance entities within the Berkshire Hathaway group for writing EU / EEA business and is regulated by the Central Bank of Ireland. The Company's principal activity is underwriting general insurance business and while operations are directed from its head office in Dublin, it also operates from branch offices in the UK, Germany, Spain, France, Italy and more recently Belgium. This year has continued to be one of company and branch development, creating capability and establishing disciplined underwriting and claims offerings, together with high-quality support services.

Berkshire Hathaway Group

BHEI is a wholly owned subsidiary of National Indemnity Company (NICO), an insurance company and a subsidiary of Berkshire Hathaway Inc. (BHI) a multinational conglomerate holding company quoted on the New York Stock Exchange. Both NICO and BHI are headquartered in Omaha, Nebraska. BHEI operates as an independent corporate subsidiary with minimal involvement by corporate headquarters in the day-to-day operational activities of the business. A simplified group structure for Berkshire Hathaway Inc. Insurance group pertaining to BHEI is shown in Figure 1.

Figure 1 - Berkshire Hathaway Inc. Corporate Structure



Name and contact details of the supervisory authority for the Company

BHEI is authorised and regulated by the Central Bank of Ireland (CBI).
Address New Wapping Street, North Wall Quay, Dublin 1, D01 F7X3

Name and contact details of the supervisory authority for the Group

State of Nebraska Department of Insurance
Address 156 K Street, Suite 200, PO Box 95087, Lincoln, Nebraska NE 68509 - 5087 USA

Name and contact details of the external auditor for the Company

The company's external auditor for the year ended 31 December 2022 is Deloitte Ireland LLP.
Address 29 Earlsfort Terrace, Dublin 2, D02 AY28

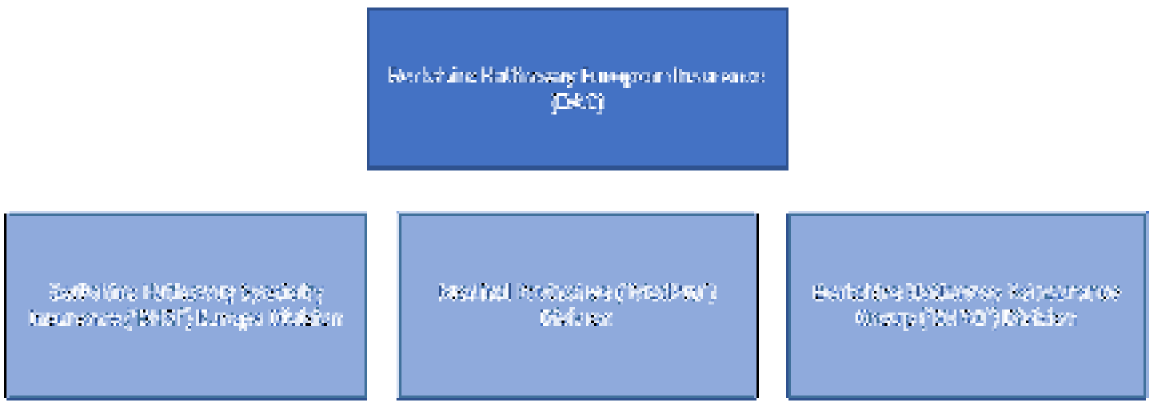
Company's registered office and principal place of business

Address 2nd Floor, 7 Grand Canal Street Lower, Dublin 2, D02 KW81

Material lines of business and geographical areas

BHEI writes non-life insurance and reinsurance business, across most major classes of business. All classes of non-life insurance business are within the Company's appetite. The underwriting activities of BHEI are managed in the following underwriting divisions; BHSI division, MedPro division and BHRG division. Each underwriting division has its own target market, routes to market and expertise. The majority of the business is written via brokers and a limited amount of business written via outsourced service providers (OSP) with delegated underwriting authority.

Figure 2 – BHEI Underwriting Division Structure



Berkshire Hathaway Speciality Insurance (BHSI) Division

BHSI writes Casualty, Property, Executive & Professional and Marine Lines under the BHSI brand. The BHSI brand began in 2013, when Berkshire Hathaway Inc. CEO Warren Buffett announced that Berkshire Hathaway was moving into commercial insurance in a substantial and everlasting way. The BHSI operation in Europe was formed in 2016 and is in a growth phase targeting appropriate commercial insurance using the financial strength of Berkshire Hathaway to provide the ability for outsized capacity and creative, flexible solutions customers can count on year after year. A core element in this is building the capability for claims excellence, a key element of the BHSI brand. The division has continued to grow in capability and product offering through the year as planned.

MedPro Division

MedPro specialises in the provision of medical malpractice cover for medical practitioners, with associated ancillary lines. The division currently has one MGA arrangement in place operating in France. In 2021 the division entered a new partnership with Medisec (an Irish company owned by its medical practitioner members, committed to arranging professional medical indemnity insurance and providing assistance) through which it will insure Irish General Practitioners and Consultants.

BHRG Division

BHRG has an appetite to write all classes of non-life insurance on both an insurance and reinsurance basis. The BHRG business can be broadly split into two groups: large risks underwritten directly by BHRG and smaller risks underwritten via delegated underwriting arrangements with MGAs. The BHRG division within the parent company has a long-standing participation on the Global Aerospace Underwriting Managers (GAUM) aviation pools. This participation allows the Company to write general insurance policies for Airline, Products, General Aviation and Space insurance to the aviation and space industries.

Figure 3 – BHEI branches

BHEI branches

The Company's operations are directed from Ireland, but it also operates from branch offices in Germany, Spain, France, Italy, Belgium, and the United Kingdom.

During the year the Company obtained approval from the Bank of England's Prudential Regulation Authority to convert its UK branch into a 3rd country branch in order to continue operating in the UK prior to the expiry of the UK's Temporary Permissions Regime (TPR) at the end of 2023. The Company also established a branch in Belgium during the year and received authorisation to commence writing insurance business on a freedom of establishment basis in January 2023.

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

BHEI received additional capital injections from its Parent in Q1 2022 to support the growth of the business over 2022.

Inflation increased over the period, this was discussed at the Actuarial Committee, Underwriting Committee and Board throughout the year. As part of our annual reserve review an additional loading to allow for inflation in our best estimate reserves has now been included which was approved by the Board.

The Company provides very limited war coverage but is potentially exposed to secondary effects through the policies it writes. The main areas of focus have been the aviation, marine, directors and officers and cyber portfolios. Management's ongoing assessment is that the Company's exposure, net of reinsurance, and the changes in the sanction's regime do not significantly impact the Company. The operational impacts on service providers and exposures continues to be monitored.

Globally there has been an increase in cyber-attacks. BHEI has strengthened its IT framework to ensure to remains robust and mitigate against any attacks.

Material changes in the system of governance are outlined in section B1 below.

A.2 Underwriting Performance

BHEI's underwriting strategy is driven by the key objective as set by the Board, and agreed with the Company's parent NICO, to maximise bottom line profit over the long term and protect or enhance the reputation of the Company and Berkshire Hathaway Inc. At 31 December 2022 BHEI had an excess of assets over liabilities (eligible own funds) of €362.2m (2021: €255m) as against an SCR of €137m (2021: €119.1m) resulting in a surplus in excess of SCR of €225.2m (2021: €135.9m) – a coverage ratio of 264% (2021: 214%).

BHEI has a comprehensive outwards reinsurance agreement in place with NICO. The reinsurance agreement is fundamental to the business strategy of BHEI as the primary risk mitigation and capital management tool. However, the reinsurance coverage does not factor into the day-to-day underwriting or pricing of risks; all risks are assessed on a gross basis which encourages more disciplined underwriting. At year-end 31 December 2022, NICO reported surplus assets of USD 207bn (2021: USD239bn) and total assets of USD 348bn (2021: USD383bn).

The tables below provide the details of the Company's underwriting performance for the reporting period, together with the prior period comparatives, by Solvency II line of business. Full details of the Company's premiums, claims and expenses for the period are disclosed in template S.05.01 which is included within the appendix. Business in the current and prior reporting period is underwritten by the Company within the EEA and UK. A country analysis is provided in template S.05.02 which is also included within the appendix.

Period ended 31 December 2022	Marine, Aviation & Transport	Fire & Other Damage to Property	General Liability	Credit and Surety Insurance	Total
	€000	€000	€000	€000	€000
Net Premium Written	8,764	36,858	111,325	310	157,256
Net Premium Earned	7,382	33,895	108,184	90	149,550
Claims incurred	(5,519)	(21,928)	(103,554)	(62)	(131,063)
Changes in other technical provisions	(675)	(810)	(3,716)	-	(5,201)
Expenses incurred	(1,313)	(5,953)	(16,422)	(42)	(23,729)
Underwriting performance	**(125)**	**5,204**	**(15,508)**	**(14)**	**(10,443)**

Period ended 31 December 2021	Marine, Aviation & Transport	Fire & Other Damage to Property	General Liability	Credit and Surety Insurance	Total
	€000	€000	€000	€000	€000
Net Premium Written	6,223	28,037	104,025	38	138,323
Net Premium Earned	5,480	21,968	70,030	3	97,481
Claims incurred	(4,147)	(22,258)	(81,408)	(3)	(107,815)
Changes in other technical provisions	272	(88)	119	0	302
Expenses incurred	(1,114)	(3,507)	(11,513)	(3)	(16,137)
Underwriting performance	**491**	**(3,885)**	**(22,772)**	**(3)**	**(26,169)**

Net premium written was €157.3 million in 2022 (2021: €138.3 million) across all geographical locations. The main driver for the growth in 2022 was the continued top line growth at BHSI. The underwriting performance reflects the Company’s prudent reserving approach.

Marine, aviation, and transport, this class of business is inclusive of the Company’s aviation, aerospace, and marine lines. The increase in gross premiums written was driven by improved rating environment across all marine and aviation lines of business. The increases in net premiums written and earned were reflective of the additional volumes during 2022.

Fire and other damage to property, this class of business includes the Company’s property and energy lines of business. The increase in gross premiums written was mainly driven by the property book, primarily written on a direct basis, reflecting a significant improvement in rates across certain types of property risks and in certain territories.

General liability, this class of business is inclusive of the company’s Casualty, Executive & Professional business (including D&O) and Medical Malpractice business. The growth is modest and reflects the Underwriting discipline in the changing market conditions.

A total of €131.1 million (2021: €107.8m) of net claims were incurred during the year. The BHEI Board of Directors are satisfied with the underwriting performance of the Company for 2022 given the development of the Company's operations and prudent reserving.

Underwriting performance by geographic location

Analysis of gross premiums written:	2022	2021
Contracts written by the Company in:	€000	€000
Europe – EEA	575,619	478,384
Europe – Non EEA	312,480	323,861
	888,099	**802,245**

A.3 Investment Performance

	2022			**2021**		
	Investment income	Realised gain/loss	Unrealised gain/(loss)	Investment income	Realised gain/loss	Unrealised Gain/(loss)
	€000	€000	€000	€000	€000	€000
Government bonds	2,906	(1,577)	(9,723)	888	(217)	(2,126)
Quasi government	95	(118)	(30)	170	-	(189)
Commercial bonds	113	(126)	(15)	462	(299)	(325)
Total investments	**3,114**	**(1,821)**	**(9,768)**	**1,520**	**(516)**	**(2,640)**

The investment strategy is conservative and investment guidelines require funds to be invested in fixed interest securities with a credit rating of BBB+ and above held to maturity. The portfolio currently only invests in European Government, Quasi-Government and Corporate Bonds. This conservative strategy is designed to protect the Company's capital so that it is available to support underwriting and in a historically low interest rate environment the focus to date has been on asset preservation. With rising interest rates, the Company expects to see greater opportunities for higher returns on investments.

Investment income for 2022 was €3.1m (2021: €1.5m). -€1.8m (2021: -€0.5m) in realised losses and -€9.8m (2021: -€2.6m) in unrealised losses were incurred during the period under review. The Company's investment holdings had a market value of €532m at year-end (2021: €309m).

The Company has no exposure to derivatives or currency-hedging risks.

The Directors consider the current investment policy and matching of liabilities and assets in currency to put the Company on a sound basis to deal with any market volatility.

A.4 Performance of other activities

The below table shows the analysis of costs incurred during the year in acquiring and underwriting insurance contracts and other operating costs of the Company.

	31 December 2022			31 December 2021		
	Acquisition costs	Other Operating expenses	Total	Acquisition costs	Other operating expenses	Total
	€000	€000	€000	€000	€000	€000
Administrative expenses	41,624	16,571	58,195	33,713	13,979	47,692
Commission and change in deferred acquisition costs	94,360	-	94,360	55,634	-	55,634
Reinsurers' share of expenses, commissions and change in deferred acquisition costs	(116,176)	(14,407)	(130,583)	(76,103)	(12,661)	(88,764)
Total acquisition and other operating expenses	**19,808**	**2,164**	**21,972**	**13,244**	**1,318**	**14,562**

Personnel in Ireland and the United Kingdom are employed by a group services company, headquartered in the UK with an Irish branch, who, working under the direction of BHEI provide a broad range of insurance and insurance support expertise. During the year an amount of €21.8m (2021: €15m) has been charged to the Company for the provision of personnel and other ancillary services. Across its branches in Continental Europe, the Company employs personnel directly. The average number of persons employed by the Company, including directors is 102 (2021: 82) for the year ended 31 December 2022.

The Company entered into new lease commitments with regard to its offices in Madrid and a new office in Munich during the reporting period, with the Company taking possession of the latter in January 2023. During the reporting period, the Company entered into a service office/co-working office agreement in respect of its new branch in Belgium, and in the prior period in respect of Frankfurt. During the reporting period, a Group services company took out a lease in respect of the Manchester office and some of its employees including those providing resources to the Company moved to this premises during the reporting period. In the prior period a Group services company took out a lease in respect of the Company's Dublin office, where the Company's Irish-based employees work, and an additional floor for the London office for some of its employees, including those providing resources to the Company, moved to this additional premises during the reporting period. Following the reporting period, the Company entered into a service office/co-working office agreement in respect of a Spanish location in Barcelona.

A.5 Any other information

There is no other information to report.

B. System of Governance

B.1 General information on the system of governance

An overview of the Company's Governance Framework and key Committees are illustrated in figures 4 and 5 below.

Figure 4 - BHEI Governance Framework

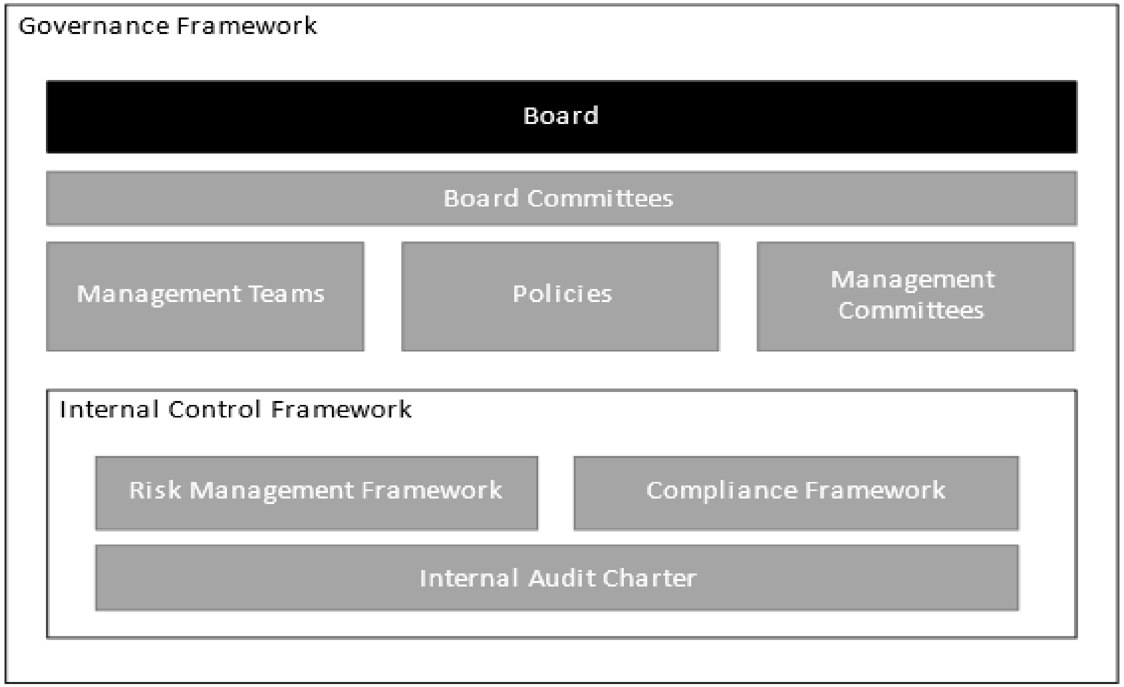
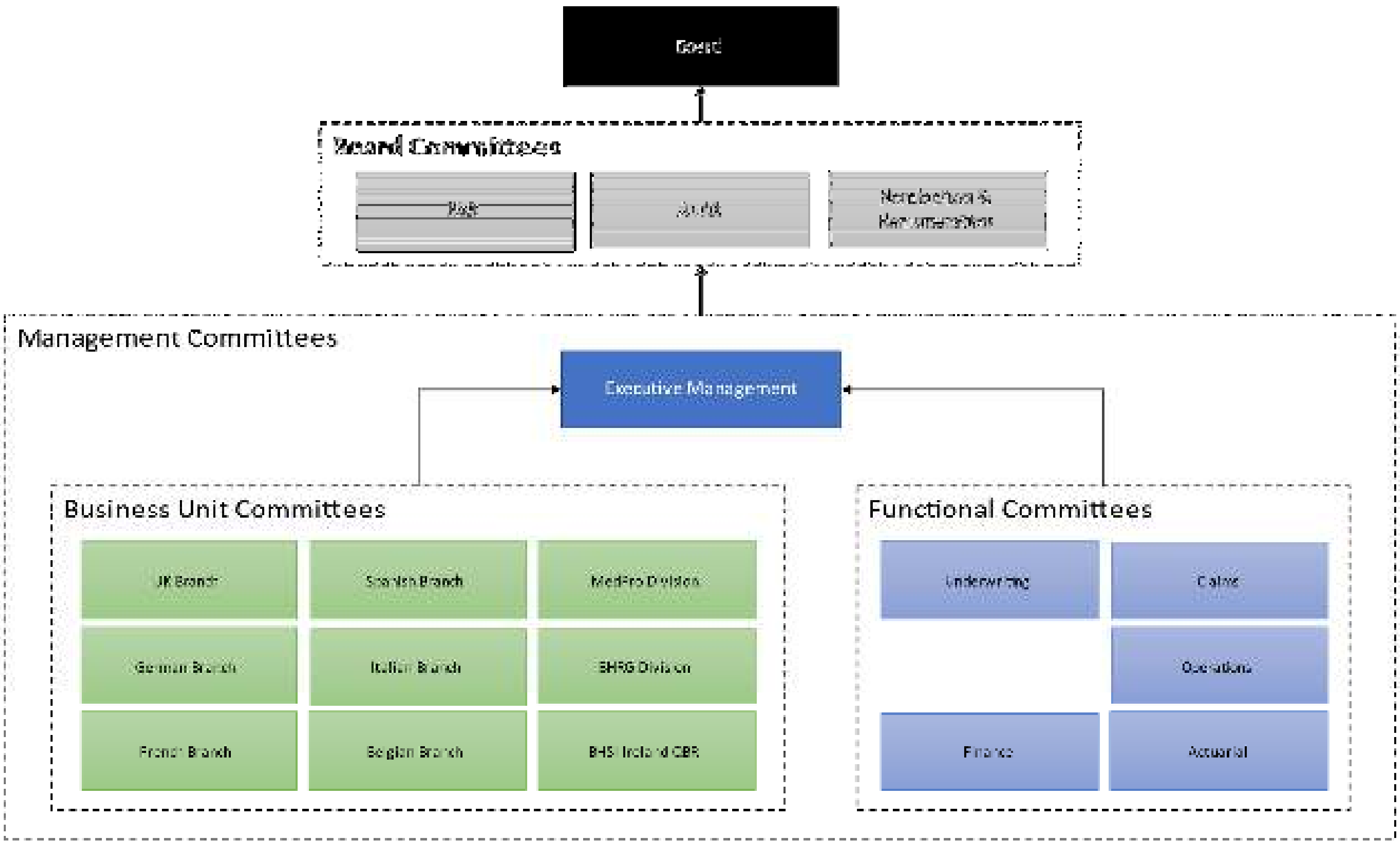


Figure 5 – BHEI Committee Organisations Chart



The board members as at 31 December 2022 were:

Name	Role and F&P Status	Appointment to role	Other information
Christopher Colahan	Non-Executive Director (PCF 2A) Chairman of the Board (PCF 3)	March 2019	Group Non-Executive Director
Karl Dooner	Executive Director (PCF 1) Chief Executive (PCF-8)	March 2019	Chief Executive Officer
Guy Finney	Non-Executive Director (PCF 2A)	March 2019	Group Non-Executive Director
Andrea Petrie (nee Reynolds)	Independent Non-Executive Director (PCF 2B) Chair of the Audit Committee (PCF 4)	March 2019	Independent Non-Executive Director
Barbara Merry	Independent Non-Executive Director (PCF 2B) Chair of Risk Committee (PCF 5)	December 2022	Independent Non-Executive Director

All Board members are also members of the Risk Committee. The Audit Committee membership comprises the Non-Executive Directors except for the Chairman of the Board. The Nomination and Remuneration Committee membership comprises of the Independent Non-Executive Directors and the Chairman of the Board.

The below table summarises the role of the BHEI Board as at year-end 2022:

Role of the BHEI Board	
Board	BHEI is overseen by a Board of Directors operating under documented terms of reference and matters reserved for the Board. The Board oversees the Audit Committee, Risk Committee, and Nominations and Remuneration Committee who operate under their own Board approved Terms of Reference and report into the Board on a regular basis. Board meetings are normally held on a quarterly basis with additional meetings scheduled as required. Collective responsibilities of the Board include: • The effective, prudent, and ethical oversight of BHEI. • Determining the strategic objectives of the Company and the policies to achieve those objectives. • Setting and overseeing business strategy and culture for the Company. • Setting and overseeing: (i) the amounts, types and distribution of both internal capital and own funds adequate to cover the Company's risks; (ii) strategy for the on-going management of material risks including, inter-alia, liquidity risk; (iii) a robust and transparent organisational structure with effective communication and reporting channels; (iv) a remuneration framework in line with risk strategies of the Company; and (v) an adequate and effective internal control framework. • Defining the Company's Risk Appetite and to determine the approach to its Own Risk and Solvency Assessment (ORSA), challenging and improving the results. • Overseeing the risk management function. • Implementing an appropriate governance structure to ensure that there is effective oversight of the activities of BHEI. • Establishing, appointing members and monitoring the performance and activities of Board Committees. • Ensuring that all Key Control functions are independent of business units and have adequate resources and authority to operate effectively. • Ensuring that identified risks are addressed by a contingency plan. • Ensuring an adequate Information Security strategy. • Approving the Company's business plan and financial reporting. • Reviewing the Company's performance in light of objectives, strategy, business plan and budgets. • Approving changes to the Company's corporate status, regulatory permissions, and capital structure. • Ensuring that BHEI treats customers fairly and has adequate systems to address the risk of financial crime. • Ensuring that BHEI is compliant with all relevant legislation.

The below table summarises the roles of the each of the Board Sub-Committees and how these Committees link into the Board as at year-end 2022:

Board/Committee	Role	Links into Board
Risk Committee	The Committee's principal role is to assist the Board in articulating and developing its risk management strategy and oversight of risk across the Company, including the oversight of current risk exposures and risk strategy, development and monitoring the effectiveness of the risk management framework including risk appetite, risk policies, key process and controls and aid the promotion of a risk awareness culture throughout the Company. The Risk Committee meets at least on a quarterly basis.	The Chair of the Risk Committee reports to the Board regularly on the Committee's activities.
Audit Committee	The Audit Committee's principal role is to monitor the integrity of the Company's financial statements and the effectiveness of the systems of internal controls and to monitor the effectiveness, performance, independence, and objectivity of the internal and external auditors. The Audit Committee meets at least on a quarterly basis.	The Chair of the Audit Committee reports to the Board regularly on the Committee's activities.
Nomination and Remuneration Committee	The Committee's principal role is to assist the Board in ensuring that the Board and Executive team retain an appropriate structure, size, and balance of skills to support the objectives and values of the Company. The Nominations & Remuneration Committee meets at least on a quarterly basis. This includes ensuring that an adequate succession plan is in place for Executive Directors, Non-Executive Directors, and Senior Managers. The Committee is also responsible for annually reviewing the Remuneration Policy, as well as the remuneration levels and remuneration structure of all executives and senior managers in line with the Remuneration Policy. The Nomination and Remuneration Committee meets at least two times per year.	The Chair of the Nomination and Remuneration Committee reports to the Board regularly on the Committee's activities. The Committee is responsible for recommending for approval to the Board PCF, Director and Committee member appointments. The Committee is also responsible for annually recommending to the Board the approval of the Remuneration Policy.

The following table summarises the roles of the BHEI Management Committees and how these committees link into the Board:

Committee	Role	Links into Board
Executive Management Committee	The Committee's role is to monitor all activities of the Company, reviewing updates from all the other management committees, and ensuring the Executive Management Team have clear understanding and direction in respect of key priorities. The Executive Management Committee was established in November 2022 and meets normally on a monthly basis.	Functional updates to the Board are reviewed by the Executive Management Committee on a quarterly basis.
Underwriting Committee	The Committee's role is to monitor all business written by the Company, ensuring that it is consistent with the Company's business objectives and strategy, and ensuring that the Company and its underwriting divisions comply with the Underwriting Policy. The Underwriting Committee meets at least on a quarterly basis.	The Chair of the Committee provides updates on the proceedings of the Committee and the Underwriting function directly to the Board on a quarterly basis. Underwriting matters requiring escalation to the Board or Risk Committee are reported to the Board/Risk Committee as and when required.
Claims Committee	The Committee's role is to ensure that the Company complies with the Claims Policy; case reserves are adequate and calculated on a consistent and prudent basis; monitor, understand and report on emerging claims trends; and monitor the delegation of claims settlement authority. The Claims Committee meets at least on a quarterly basis.	The Chair of the Committee provides updates on the proceedings of the Committee and the Claims function directly to the Board on a quarterly basis. Claims matters requiring escalation to the Board or Risk Committee are reported to the Board/Risk Committee as and when required.
Operations Committee	The Committee's role is to ensure that the Company has operational procedures and IT systems that are fit for purpose, robust and secure; outsourcing arrangements are operating effectively; operational procedures incorporate guidance from the Legal & Compliance Functions in respect of legal and/or regulatory requirements; business continuity /	The Chair of the Committee provides updates on the proceedings of the Committee and the Operations function directly to the Board on a quarterly basis.

	disaster recovery plans are in place. The Operations Committee meets at least on a quarterly basis.	Operational matters requiring escalation to the Board or Risk Committee are reported to the Board/Risk Committee as and when required.
Actuarial Committee	The Committee's role is to oversee the calculation of the reserves and capital requirements of the company, ensuring that they adequately reflect the company's risk profile and comply with the relevant rules and regulations. The Actuarial Committee meets at least on a quarterly basis.	The Chair of the Committee provides updates on the proceedings of the Committee and the Actuarial function directly to the Board on a quarterly basis. Actuarial matters requiring escalation to the Board or Risk Committee are reported to the Board/Risk Committee as and when required.
Finance Committee	The Committee's role is to ensure that all financial and regulatory returns are prepared in accordance with the applicable accounting rules and present an accurate view of the company; oversee the treasury functions of the company; and ensure that the investment assets of the company are managed in accordance with the Investment Policy. The Finance Committee meets at least on a quarterly basis.	The Chair of the Committee provides updates on the proceedings of the Committee and Finance function directly to the Board on a quarterly basis. Finance matters requiring escalation to the Board or Risk Committee are reported to the Board/Risk Committee as and when required.
Business Unit Committees (branch and underwriting division)	To monitor all activities of the Business Unit (branches or underwriting divisions of the Company) to ensure that it operates in accordance with Board policies and within risk appetite, to ensure the business written is consistent with the Board approved business plan, and to ensure key issues are appropriately actioned and notified to the relevant stakeholders. The Branch Oversight Committees (for each country in which the Company has a branch (other than Italy – which during the reporting period was not writing new business)) met at least on a quarterly basis. A standalone Italy Branch Oversight Committee was established in January 2023.	Any matters requiring referral to the Board or Risk Committee are done so via the CEO who is a member of the Business Unit Committees.

Material changes in the system of governance

- In 2022 BHEI reviewed and updated the Governance Framework to ensure it was appropriate for the size and scale of BHEI. This included a review of policies, roles and responsibilities, committee structures and terms of reference.
- There has been an increase in resources throughout 2022 with the addition of several key hires at the Dublin office.
- Effective 14 December 2022, Paul Whittaker resigned as Independent Non-Executive Director of the Board and Chair of the Risk Committee and was replaced by Barbara Merry.

Remuneration

The Company's Remuneration Policy is set by the Remuneration Committee and approved by the Board; it is reviewed on at least an annual basis. The Company's remuneration policies have been designed to ensure that the remuneration of its employees, officers and directors are competitive and do not promote excessive risk taking. This aim is achieved through a balance between fixed and variable remuneration, which varies depending on an individual's role, experience, performance since the last review and seniority.

The Company provides a range of benefits to employees, complying with (and where appropriate exceeding) minimum local statutory requirements, including salary, paid leave, discretionary bonus, life cover, permanent disability income protection insurance, health insurance for employees and dependents, and an employee assistance programme. The Company pays pension contributions based on a percentage of salary into a personal pension plan on behalf of its employees. The Company does not offer any supplementary pension or early retirement scheme.

The Company operates an annual discretionary bonus plan for employees based on individual performance, which is aligned with BHEI's practices and in compliance with the Company's Remuneration Policy. As well as performance of the individual's responsibilities, the manner in which they do it is important, i.e., aligning with the Company's core values. Bonuses, targets or incentives are not related exclusively to top line performance, revenue, premium growth, or other metrics that might encourage undue risk taking. Thus, its remuneration practices are considered to promote sound and effective risk management and do not promote or encourage excessive risk taking.

Regarding the remuneration of its INEDs, the Company's policy is that, in keeping with their duty of independence, they shall be remunerated by a fixed fee only, and no incentive-based payments will be made. It is the Company's policy that NEDs who are employees of the Group shall receive no remuneration for their duties as directors of the Company.

Material Transactions

There were no transactions with directors or others with significant influence in the period.

Any material intragroup transactions of the Company with other Berkshire Hathaway Group entities during the reporting period were conducted on an arm's length basis. These transactions primarily relate to reinsurance business ceded by the Company to NICO and to payments for key management, underwriting, claims and administrative services provided by other Group companies.

An additional €100m of ordinary share capital was issued and fully paid during the year to support the business plan objectives of the Company.

During the year the Company obtained approval from the Bank of England's Prudential Regulation Authority to convert its UK branch into a 3rd country branch in order to continue operating in the UK prior to the expiry of the UK's Temporary Permissions Regime (TPR) at the end of 2023.

B.2 Fit and Proper Requirements

The Fitness and Probity Regime was introduced by the CBI pursuant to the Central Bank Reform Act 2010. The 2010 Act provides that any person performing a pre-approval-controlled function ("PCF"), or controlled function ("CF") must have a level of fitness and probity appropriate to the performance of that particular function. Further, the F&P Standards require such individuals to demonstrate that they are:

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

BHEI places a high value on appointing fit and proper individuals and seeks to ensure that such individuals are suitably qualified to perform the role for which they were recruited and that they are honest and trustworthy. BHEI has a Fit and Proper policy which sets out the principles and criteria to ensure that all those who are pre-approved controlled functions or controlled functions within the Company are and remain fit and proper to carry out those functions.

The Fit and Proper Policy ensures that all those holding such functions:

- meet the regulatory requirements;
- comply with the Fitness and Probity Standards; and
- report anything that could affect their ongoing suitability.

Fitness and propriety checks are made before an individual is appointed as pre-approved function or as controlled function. The due diligence ensures details of the individuals past experience is collated and that the individual has sufficient time to dedicate to the proposed role having regard to his/her other potential concurrent responsibilities.

BHEI's assessment of a candidate's competency and capability is assessed through the provision of supporting documentation as well as interview. Supporting documentation will consist of information to verify that an individual holds relevant qualification, professional body checks (where the individual is a member of a professional body), references from previous employers, as applicable.

BHEI also carries out checks on the CBI's website, and those of other regulators where available, in each of the jurisdictions in which the candidate was employed as well as checks in relation to directorships, judgements, as applicable.

On an annual basis thereafter, on-going compliance with the F&P Standards is assessed and to achieve this, BHEI ensures a written declaration is obtained from each CF/PCF confirming their ongoing agreement to comply with the F&P Standards. In addition, CF/PCF holders are required to notify the Company as soon as possible of any changes which might be material to their adherence to the F&P Standards at any point during the year.

B.3 Risk management system including the own risk and solvency assessment

The Company has an established risk management framework (RMF) and operates within this framework. This framework has the following key elements:

- A clear organisational structure with defined authorities and responsibilities
- Defined terms of reference for the Board of the Company and management committees; and
- Defined risk appetite measures and risk management and control standards for the Company's operations.

The RMF also sets out the roles and responsibilities of businesses, policy owners and risk oversight committees.

The Company operates a RMF, which is a collection of processes and tools that have been put in place to ensure that the risks to which it is exposed are identified, measured, managed, monitored, and reported on a continuous basis. The key instruments of this framework include the risk management policies, risk reports, the governance and oversight infrastructure and the risk appetite framework.

The Company has a set of formal risk policies that facilitate a consistent approach to the management of all the Company's risks across all business streams and locations in which the company operates. These risk policies define the Company's appetite for different, specific risk types and set out risk management and control standards for the Company's operations. The Company sets limits to manage material risks to ensure the risks stay within risk appetite. Where risks are outside of appetite, actions are agreed to mitigate the exposure.

Policy & Procedure for Articulating Risk Appetite

Risk appetite is defined as the amount and type of risk BHEI is willing to accept in order to achieve its strategic business objectives. A pre-requisite of managing risk is that the Board has a good understanding of the risks faced by the Company and has considered the appropriate level of risk that the business will accept. Articulation of the Board's risk appetite is documented in the Risk Appetite Statement which enables cascading risk management throughout the organisation and should be read in conjunction with the RMF. The risk appetite framework enables BHEI to define what strategic objectives are supported in its risk-taking activities and to keep exposure within agreed limits. The BHEI risk appetite framework therefore supports decision-making processes and understanding of its performance.

The Risk Appetite Statement is set and approved by the Board on an annual basis and captures the full detail relating to BHEI's risk appetite tolerances by exposure type and risk category, to which BHEI has a material exposure. The risk appetite statements are supported by risk appetite metrics and tolerance levels, which define the extent BHEI is prepared to tolerate exposure to different types of risk to meet its strategic objectives. The risk appetite metrics are updated on a quarterly basis and are presented to the Risk Committee for review.

Own Risk and Solvency Assessment (ORSA)

The ORSA is an integral part of the company's business strategy and supports the strategic decision-making process. The ORSA framework is a series of processes to enable the Company to manage its risk profile against risk appetite and to ensure that there is an appropriate quantity and quality of capital given the risks facing the business. The ORSA processes identify, assess, monitor, manage and report the risks facing the business over the business planning period. The management information that is an output of the ORSA then facilitates informed strategic decisions with consideration to BHEI's appetite for risk and the amount of capital needed.

The ORSA process is owned by the Board. The Board is responsible for both steering the on-going development of the ORSA process and challenging the results. A full ORSA process is conducted at least annually and the BHEI Board considers and approves an annual ORSA report. A full or partial ORSA exercise may be conducted outside of the usual cycle if any change to the Board's strategy or Company's risk profile is significant enough that the prior ORSA analysis is no longer relevant and useful. The 2022 ORSA report was approved by the Board and following this, the Directors and CEO signed the 'Directors Accuracy Certificate' which was then submitted with the ORSA Report to the CBI.

BHEI determines its overall solvency needs by considering its current and forecasted risk profile, regulatory capital requirements, and risk appetite tolerance limits. BHEI uses the Solvency II standard formula model and does not use an internal model to quantitatively assess its capital needs for its material risks. An assessment of the appropriateness of the use of the SII SF approach is completed on an annual basis. The SII SF approach is deemed to be appropriate to calculate the solvency needs as it incorporates all material risk types to which BHEI is exposed. BHEI's solvency is stressed annually in a number of scenarios as part of the overall ORSA process. This provides comfort that an adequate assessment of the overall solvency needs has been completed. Overall, BHEI benefits from a comprehensive intragroup reinsurance arrangement with its parent company NICO and is adequately capitalised to withstand many adverse scenarios.

B.4 Internal Control System

The Internal Control Framework is a key component of the BHEI Governance Framework. The internal control framework is aligned with the risk management, compliance, and internal audit frameworks. It also aligns with the overall control framework across all business processes to ensure controls are designed and operating effectively where key risks have been identified.

The purpose of the internal control system is to provide reasonable assurance to senior management and the Board regarding the achievement of objectives relating to the effectiveness and efficiency of operations and robustness of control framework, reliable financial and non-financial reporting and compliance with applicable laws and policies. The core principle of the framework identifies first line management as being responsible for their control environment including the design, operation, and assessment / certification of the documented controls on an ongoing basis. The second line undertake regular review and assessment of the control environment to provide challenge where necessary, to issue an opinion and to provide reasonable assurance to senior management in relation to the quality and design and effectiveness of the programme and the control environment.

BHEI has an internal control policy which sets out the objectives, roles and responsibilities, processes and reporting procedures relating to the Company's internal control framework. This is supported by appropriate procedures, the risk management framework, internal audit charter and compliance framework.

All internal controls are efficiently designed to achieve the required level of control in a cost–effective manner. It is the responsibility of the operational management to ensure that appropriate controls are in place to operate within risk appetite. Internal controls are identified with a defined owner responsible for maintenance of the control.

Internal control performance is recorded in the Risk Management and Internal Control System. There is a quarterly management report to the Risk Committee reporting control performance.

Compliance Function

The Compliance Function monitors the business to ensure that it follows all laws and the regulatory framework applicable to BHEI. The Compliance Function also provides advice to the Board and the business on all regulatory requirements and monitors compliance with such including licensing and other arrangements, the fair treatment of customers, managing the risk of financial crime including applicable sanctions compliance, product governance, the oversight of outsourced arrangements with third parties and regulatory reporting. The Compliance function is designed to supplement the responsibility of the Board and of senior management to ensure compliance with legislation and applicable guidelines.

The Compliance function is underpinned by the Board approved Compliance policy. The policy sets out the Company's approach to the management of compliance and regulatory risk, to ensure that appropriate processes and people are in place to prevent or minimise the risk (to within documented risk appetite) of material financial loss, reputational damage and regulator intervention arising from failure to comply with regulatory requirements. The Head of Compliance is responsible for reviewing the policy on an at least annual basis.

The Head of Compliance is mandated by the Board to design, document, and implement processes for carrying out the controls within the Compliance Policy and ensuring the policy objectives are met. The Head of Compliance and/or their designees provides advice on the regulatory system and how to comply with it, track changes in that system, carry out assurance of business compliance and maintain effective relationships with regulators.

B.5 Internal Audit Function

Internal Audit's purpose is to help the Board and Executive Management to protect the assets, reputation, and sustainability of BHEI by providing independent and objective assurance designed to add value and improve BHEI's operations. Internal Audit does this by assessing whether all material risks are identified and appropriately reported by Management and the Risk function to the Board and Executive Management. Internal Audit assesses whether the risks are adequately managed and challenges Management to improve the effectiveness of the governance, risk management and internal control frameworks.

The Board has approved an Internal Audit Charter. The Charter sets out the purpose, activities, scope, and responsibilities of the Internal Audit function within BHEI and the arrangements for the management of the function, including ensuring its independence from the first and second lines.

Internal Audit is independent from Management at all times in order to be effective in performing its activities. The arrangements to protect the independence of IA are set out below.

- The Head of Internal Audit has a direct/functional reporting line to the Chair of the Audit Committee and an administrative reporting line to the BHEI CEO. The Head of Internal Audit has direct and unlimited access to the BHEI Board Chair, the Chair of the BHEI Audit Committee, and the Chair of the Risk Committee.
- The Chair of the Audit Committee is responsible for recommending the appointment and removal of the Head of Internal Audit to the Board and determines the objectives of the Head of Internal Audit and the evaluation of their levels of achievement, including consultation with the CEO.
- The members of the Internal Audit team will have no direct responsibility or authority over any operational activities reviewed and should not relieve others of such responsibilities.
- Internal Audit team members previously working in BHEI but outside of Internal Audit, will not perform or manage reviews in the business area for which they were responsible for a period of at least one year after the end of that role. This excludes performing or managing reviews in similar business areas in other legal entities or operating units for which they were not previously responsible.
- Internal Audit will at least on an annual basis, provide confirmation of its independence, supported by an independence declaration form signed by all members of Internal Audit staff.

B.6 Actuarial Function

The Actuarial Function is outsourced to PricewaterhouseCoopers Ireland (PWC) via an engagement letter and the pre-approved Control function PCF48 position of "the Head of Actuarial Function (HOAF)" is held by a suitably qualified senior actuary within PWC.

The Head of Actuarial Function is responsible for the Actuarial function and for the tasks carried out in accordance with the Solvency II framework and the requirements of the CBI's Domestic Actuarial Regime in Ireland.

The responsibilities of the Actuarial function are:

- Coordination and validation of the calculation of Technical Provisions
- Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of the Technical Provisions

- Assessing the sufficiency and quality of the data used in the calculation of the Technical Provisions
- Compare best estimates against experience
- Opining on the Company's underwriting policy and on the adequacy of the Company's reinsurance arrangements
- Contributing to the effective implementation of the risk management system, in particular with respect to the company's calculation of capital requirements and providing an opinion on the ORSA process

The Actuarial function provides independent and objective assurance to the Board and its relevant committees. In particular, the Actuarial function reports to the Board on its activities at least annually, documenting the tasks performed, identifying any deficiencies where relevant and giving recommendations as to how they should be remedied.

The Actuarial function also provides independent and objective assurance to the Audit Committee in respect of the valuation of Technical Provisions.

In relation to Technical Provisions requirements, the Head of Actuarial Function provides an Actuarial Opinion on Technical Provisions ('AOTP') to the CBI and an Actuarial Report on Technical Provisions ('ARTP') supporting the AOTP to the Board.

The Actuarial function is independent of the operational management of the business and of the activities it reviews as part of its control responsibilities. It receives relevant inputs from the company functions, with appropriately governed processes in place for the production and delivery of those inputs.

B.7 Outsourcing

Outsourcing is an arrangement where an outsource provider is appointed to perform particular activities which would otherwise be undertaken by staff directly employed by the company. Entering into an outsource arrangement does not relieve BHEI of its responsibility for the outsourced activity. Any substantial activity carried out by an outsource provider is subject to the requirements of the Outsourcing Policy.

BHEI has a Board approved Outsourcing Policy which is supported by outsourcing procedures. The policy aims to;

- Define the process of selecting and approving OSPs;
- Define the criteria to be considered when determining if a function or activity is "critical or important";
- Set out some of the risk considerations to be considered when carrying out a risk assessment of the outsourced function or activity;
- The role of Internal Audit in respect of outsourcing;
- The Due Diligence requirements in respect of OSPs proposed to carry out "critical or important" functions or activities;
- Approach to any conflicts of interest;
- Set out some of the key provisions to be included in agreements with OSPs;
- Set out business continuity procedures in respect of outsourced functions or activities;

- Define the process on communication of outsourcing arrangements to the Central Bank;
- Ensure availability and reliability of information on outsourcing arrangements for the Central Bank and set out a process to review and monitor outsourcing arrangements.

Critical or important outsourcing arrangements

BHEI has a defined methodology for determining the criticality or importance of the function to be outsourced. This methodology clearly sets out both qualitative and quantitative criteria which are considered as part of the assessment of the criticality or importance of the function to be outsourced. Prior to entering any outsourcing arrangement with an OSP, the Risk and Compliance functions will determine if the proposed outsourcing arrangement is considered 'critical or important'. As criticality or importance may vary throughout the lifecycle of an outsourcing arrangement, BHEI also conducts assessments of the criticality;

- At scheduled review periods,
- Where BHEI plans to scale up its use of the service or dependency on the OSP,
- If an organisational change at the OSP (or a material sub-outsourced service provider) takes place.

Critical or important outsourced arrangements are required to be disclosed to the Central Bank of Ireland.

The outsourced critical or important functions/activities as at 31st December 2022 are outlined below:

Critical operational functions/activities	Jurisdiction in which the service providers are located
Intra-group IT provider	USA
Back-office underwriting and claims administration for BHSI division	Poland, India
Staffing arrangement and IT provider	Ireland, UK
Head of Actuarial Function	Ireland
Investment Managers	Ireland
Delegated underwriting authority	France
IT provider for MedPro division	UK

In addition to the above there is a number of non-material outsourcing arrangements in place.

B.8 Any other information

Assessment of the adequacy of the system of governance

In Q4 2022, a Board effectiveness review was undertaken by all Board members which related to year-end 2021. Following the assessment, the BHEI system of governance is considered to be appropriate. The system of governance will be monitored on an ongoing basis by the Board.

This assessment will be completed again in Q2 2023 for year-end 2022. The review in Q2 2023 will consider BHEI Committees in addition to the Board.

No other information regarding BHEI’s system of governance is considered material for the purpose of this report.

C. Risk Profile

The Company's risk profile is outlined below. The Company monitors its risk profile through the quarterly risk reporting cycle into the Risk Committee, which comprises of risk appetite monitoring, and risk and control assessments.

Analysis of Risk Profile (as per S.25.01)

	2022	2021
	€000	€000
Underwriting risk	97,168	83,304
Market Risk	22,174	10,356
Counterparty Credit Risk	17,177	13,385
Diversification	(21,779)	(13,020)
Basic Solvency Capital Requirement	**114,740**	**94,025**
Operational Risk	33,855	26,702
Loss absorbing capacity of deferred taxes	(11,596)	(1,608)
Total Solvency Capital Requirement	**136,999**	**119,119**

C.1 Underwriting risk

Risk Description

Underwriting risk is the risk of loss resulting from an inadequate or inaccurate assessment of the risks associated with writing insurance business. This could arise due to poor risk selection, inadequate pricing, or aggregation of exposure from a single event, (e.g., natural catastrophe).

Risk Exposure

As per S.25.01, the Company's underwriting risk component of the SCR was €97.2m as at year end 2022, which increased from €83.3m as at year end 2021, primarily due to increased business volumes. The key components of underwriting risk to which the Company is exposed are:

- Risk selection risk – the risk of loss due because of failure to accurately assess the risk, inappropriate underwriting processes, inappropriate policy terms and conditions.
- Pricing risk - the risk that premium is inadequate to cover the underlying risk, possibly arising from incorrect or inappropriate pricing tools, inappropriate use of pricing tools, or insufficient pricing monitoring.
- Reserving risk – the risk that claims reserves (i.e., forecast of future claims cashflows in respect of business bound) are below the best-estimate range based on the information available.
- Aggregation risk – the risk that an aggregation of exposure to a single event results in large losses and/or multiples unanticipated claims.

Risk Concentration

Underwriting risk concentrations may occur in relation to geographical locations, industry sectors, and insured counterparties. The potential for build-up of concentration risk is monitored by the Underwriting Committee on a frequent basis against the Board's stated risk appetite for such concentrations.

Risk Assessment and Mitigation

Underwriting disciplines

A key control in respect of underwriting risk is a disciplined approach to risk selection and pricing. The underwriting strategy of the Company aligns with that of the ultimate parent company, Berkshire Hathaway Inc., which is to:

- Understand all exposures that might cause a policy to incur losses;
- Conservatively assess the likelihood of any exposure actually causing a loss and the probable cost if it does;
- Set a premium that, on average, will deliver a profit after both prospective loss costs and operating expenses are covered; and
- Be willing to walk away if the appropriate premium cannot be obtained.

These disciplines are articulated in the Company's underwriting policy.

Underwriting letters of authority and guidelines

Building on the foundation of the underwriting disciplines, the Company defines clear underwriting authorities and supporting guidelines for all individuals and third parties with delegated underwriting authority. These letters of authority include both quantitative and qualitative criteria.

Underwriting monitoring

The Company monitors the effectiveness of its underwriting risk assessment and mitigation tools using measures including:

- Monitoring of actual vs. expected performance of the underwriting portfolio (against the Board approved business plan).
- Analysis of change in estimates of the value of claims reserves reporting the Actuarial Committee.
- Underwriting file reviews to verify compliance with underwriting letters of authority and guidelines.
- Quarterly monitoring and reporting of underwriting risks to the Board and senior management.

Reserving strategy

The Company aims to set reserves at the conservative end of the best-estimate range, thus reducing the potential for reserve deterioration whilst avoiding the taxation, reputational and regulatory risks that could result from systematic or excessive over-reserving.

In addition to the quarterly review cycle operated by the Company's actuarial function, the level of reserves across all classes are subject to a ground-up review at least annually and external actuarial peer review as per the CBI's Domestic Actuarial Regime.

Intra-group reinsurance

A key aspect of the Company's strategy for risk mitigation centres on the use of intra-group outwards reinsurance. The outwards reinsurance allows the Company to manage capital more effectively, to reduce and spread the risk of loss on inwards business, and to limit the Company's exposure to multiple claims from a single occurrence.

The Company's main reinsurance treaty is with NICO, the parent company. This treaty automatically renews each year, with the any proposed changes requiring Board pre-approval.

The Company plans to continue to use outwards reinsurance as one of its main underwriting risk mitigation techniques over the business planning time horizon.

The Company did not make use of any special purpose vehicles in the reporting period.

Risk Sensitivity

Stress and scenario tests were conducted on underwriting risk as part of the 2022 ORSA process. The Company assessed the impact on its solvency position across a broad range of scenarios including; increase / decrease in business written and increase in attritional / large losses over the business planning period. In all instances BHEI remained well in excess of the regulatory solvency capital requirement.

C.2 Market risk

Risk Description

Market risk is the risk that the fair value of investments will fluctuate due to changes in market prices or defaults by bond issuers. The value of Technical Provisions is subject to interest rate risk as these are discounted using risk free rates.

Risk Exposure

As per S.25.01 the Company's market risk component of the SCR was €22.2m as at year end 2022 which increased from €10.4m as at year end 2021, this is primarily driven by an increase in currency risk due to the Company increasing the proportion held in non-Euro denominated currencies.

Assets are invested in line with the Board approved investment policy and investment guidelines, which are consistent with the prudent person principle.

As part of its prudent person approach, when the Company invests its assets, it ensures that all assets are invested in a manner that ensures the security, quality, liquidity and profitability of the portfolio as a whole. Considerations include but not limited to:

- the type of business carried on by the Company, in particular the nature, the amount and the duration of the expected claims payments, in such a way as to secure sufficiency, liquidity, security, quality, profitability and matching of the Company's investments

- diversification and adequate spread of assets so as to enable appropriate response to changing economic circumstances, in particular developments in the financial markets and real estate markets or large impact catastrophic events
- keeps to a prudent level of investments in assets that are not traded on a regulated financial market.

The Company seeks to invest in such a way that the duration of the asset portfolio is less than the duration of the Company's liabilities, in addition the Company aims to match its investments to the currency of its liabilities. All financial assets are invested in cash, cash equivalents and fixed income instruments.

Risk Concentration

The Company's investment portfolio comprises of cash and highly rated bonds. The concentration risk associated with the bond portfolio is within the Board approved risk appetite.

Risk Assessment and Mitigation

Investment Strategy

BHEI has adopted a conservative investment strategy. The primary investment objective is to ensure that the Company has sufficient cash available to meet all claims payments as they fall due, without the need to sell assets at a deep discount, even if claims payments turn out to be larger and paid sooner than expected. The secondary objective is to ensure that the market risk in the asset portfolio does not put undue stress on the solvency of the Company, taking into consideration the Company's strategic risk appetite. The tertiary objective is to maximise investment returns.

The Company investment strategy is articulated in the BHEI investment guidelines and investment policy which are approved by the Board.

Market risk monitoring

The Company monitors the effectiveness of its market risk assessment and mitigation tools using measures which include;

- Quarterly statements by investment managers to confirm compliance with BHEI investment guidelines and investment policy.
- Quarterly reports to the Board and senior management team on the performance of the investment portfolio and confirming compliance with BHEI investment guidelines and investment policy.
- Quarterly monitoring of the currency matching between assets and liabilities.

Risk Sensitivity

As part of the 2022 ORSA process BHEI considered the potential impact of a reduction in the value of the Company's investment portfolio, which consists of highly rated bonds (primarily German Bunds) and cash. A reduction in the value of German Bunds could potentially be driven by interest rate risk (from rising interest rates) or default risk. A reduction in the value of the bond portfolio, due to an increase in interest rates, would be expected to be offset by a reduction in the Company's technical provisions (as the liabilities would be discounted at a higher rate), therefore leading to an improvement in the solvency coverage ratio. The default risk of German Bunds is very unlikely as Standard & Poor's credit rating for Germany stands at AAA.

C.3 Credit risk

Risk Description

Credit risk arises if counterparties fail to meet obligations as they fall due. The Company is exposed to credit risk through its banking counterparties, reinsurance arrangements and insurance premium receivables. As the intra-group reinsurance arrangements in place with NICO are a fundamental part of the business model this is an important element of the Company's risk profile. The intra-group reinsurance arrangements in place consist of quota share, excess of loss and stop loss reinsurance. Credit risk associated with government and corporate bonds is considered as part of Market Risk.

Risk Exposure

As per S.25.01 the Company's counterparty credit risk component of the SCR was €17.2m as at year end 2022 which increased from €13.4m as at year end 2021, due to increases in cash, reinsurance recoverable and policyholder debtor balances. BHEI's banking counterparties and reinsurance counterparties are highly rated.

Risk Concentration

The Company has significant intragroup reinsurance arrangements in place with its parent NICO and as such the Company has a concentration of credit risk. However, the Company accepts this credit risk due to the high rating of NICO and NICO's significant financial strength. As at year end 2022, NICO is rated AA+ by S&P rating agency (2021: AA+) and NICO reported surplus assets of US$207bn (2021: US$239bn) and total assets of US$348bn (2021: US$383bn). A Trust Fund Agreement is in place with NICO which manages any concentration of credit risk by providing BHEI with additional collateral.

Risk Assessment and Mitigation

Credit risk is assessed through measures including monitoring of counterparties' credit ratings and calculation of the counterparty credit risk component of the SCR. Credit risk in relation to intra-group reinsurance is mitigated through the strong rating of our reinsurance counterparty and a significant trust fund.

The Company has a Board approved reinsurance policy which sets out the standards, requirements, roles, and responsibilities in managing reinsurance and other risk mitigating techniques.

The Company monitors the effectiveness of its credit risk assessment and mitigation using several tools including:

- Monitoring of cash collections.
- Quarterly monitoring of reinsurance exposures and credit rating of counterparties and reporting to the Risk Committee.

- Quarterly monitoring and reporting of counterparty risk capital charges to the BHEI Board, Risk Committee and senior management.

Risk Sensitivity

Stress and scenario tests were conducted on credit risk as part of the 2022 ORSA process. The Company assessed the impact on its solvency position of a significant decline in the credit rating of its parent NICO from AA+ to BBB+ over the business planning period. Under this scenario the Company's solvency capital requirement increases and its own funds decrease, which leads to a reduction in the Company's solvency coverage ratio, before taking any management actions. The Company's solvency coverage ratio remains in excess of its strategic risk appetite.

C.4 Liquidity risk

Risk Description

Liquidity risk is the risk that the Company is unable to realise investments and other assets to settle its financial obligations when they fall due without selling at a deep discount.
The Company must meet its liabilities as and when they fall due, notably from claims arising from its non-life insurance contracts. There is therefore a risk that the cash and cash equivalents held will not be sufficient to meet its liabilities when they become due.

Risk Exposure

The Company's investment portfolio comprises of cash, cash equivalents and highly rated bonds. The Company retains cash balances to meet its liquidity needs. Therefore, liquidity risk is inherently low. Given the credit quality (highly rated government bonds) and short duration (average duration < 1 year) of the Company's financial assets it expects to be able to liquidate investments, if required, at an amount close to their fair value to meet liquidity needs, or to respond to specific events such as deterioration in the creditworthiness of any issuer.

The total amount of expected profit in future premium as at the valuation date is €3.7m (2021: €3.7m).

Risk Concentration

The Company's investment portfolio comprises of cash and highly rated bonds. The concentration risk associated with the bond portfolio is within the Board approved risk appetite.

Risk Assessment and Mitigation

The Company's liquidity needs are met on both a short and long-term basis by funds provided by premiums collected, investment income, collected reinsurance receivable balances and the sale and maturity of investments. In addition, the Company also can make cash calls from NICO for any balances owed over €100,000.

Liquidity risk is a key component of the Board approved investment policy and investment guidelines.

The Company monitors the effectiveness of its liquidity risk assessment and mitigation tools using measures which include quarterly monitoring of liquidity risk appetite limits and tolerance levels and reporting to the Risk Committee and senior management.

Risk Sensitivity

Liquidity risk was considered as part of the ORSA process. Liquidity risk is not considered to be a material risk given the average duration and quality of the Company's investment portfolio, combined with the strength of reinsurance agreement.

In circumstances where the largest individual gross exposures had full limit losses, the Company's net liquidity exposure would be limited by the terms of reinsurance treaties which mandate remittance of amounts within a short period of time for claims in excess of agreed thresholds.

C.5 Operational risk

Risk Description

Operational risk is the risk of loss arising from inadequate or failed internal processes, systems, people, or external events. Operational risks include, but are not limited to, failure or weaknesses in financial reporting and control, fraud, failure to scale and adapt operations to meet business growth, IT systems failure, breach of information security, inadequate disaster recovery, non-compliance with laws and regulations, failure of an outsourced provider and loss of key personnel.

Risk Exposure

As at the report date, the Company's operational risk component of the SCR was €33.9m (2021: €26.7m). The increase over 2022 is driven by increased business volumes.

A key operational risk to which the Company is exposed is outsourcing risk, given its reliance on BH Group entities and other third-party entities to undertake key activities including policy administration, investment management, IT support and to a limited extent delegated underwriting and claims.

Risk Concentration

There is concentration risk in relation to reliance on BH Group entities and other third-party entities in performing certain activities.

Risk Assessment and Mitigation

The Company actively manages operational risks and mitigates them as appropriate. Key operational policies are in place which are approved by the Board. There is quarterly reporting by the executive management team, including Chief Operations Officer, to the Board. A comprehensive outsourcing framework is in place which oversees, reviews and monitors existing and new outsourcing arrangement. Succession plans are in place for key personnel which are approved by the Board. The annual financial and regulatory reports are presented and approved by the Board.

Risk Sensitivity

Stress and scenario tests were conducted on operational risk as part of the 2022 ORSA process. The stress and scenario tests demonstrated that the Company's solvency position remains within appetite.

C.6 Other material risks

Other material risks for BHEI include strategic risk and climate change risk.

Strategic risk

Risk Description

Strategic risk is the risk that the Company's objectives and strategy are poorly defined and/or communicated, which leads to the inability to implement the approved business plan.

Risk Exposure

In its risk assessment the Company has identified risks which are not explicitly covered in the regulatory capital requirement under the Standard Formula. The Company has considered its exposure to these risks and risk mitigation techniques to address these risks.

Risk Concentration

The risk exists across all lines of business.

Risk Assessment and Mitigation

The Company actively manages the above risks and mitigates them through governance structures supported by processes and controls. Risks are identified and assessed on an ongoing basis with Stress Tests and Scenario Analysis, including sensitivity testing conducted as part of the ORSA process.

Risk Sensitivity

As outlined above, scenario analysis was part of the ORSA process and is a key input to the Company's consideration of strategic risk.

Climate change risk

Risk Description

Climate change risks can broadly be categorised into two drivers of risk: transition risks and physical risks. Transition risks are risks that arise from the transition to a low-carbon and climate resilient economy. Physical risks: are risks that arise from the physical effects of climate change.

Risk Exposure

The frequency and severity of severe weather-related events continues to increase. BHEI reprices the majority of its business annually to reflect changing exposures to climate change. The Company's exposure to the physical risk of climate change is materially reduced due to the significant intragroup reinsurance in place with NICO. The investment portfolio consists primarily of cash and highly rated government bonds which would not be expected to be materially affected by climate change risk.

Risk Concentration

The Company does not have any material risk concentration.

Risk Assessment and Mitigation

The Company monitors its gross exposure to natural catastrophes due to the physical risks of climate change (i.e., windstorm, earthquake, flood, and wildfire) on a regular basis. Given the strategy and profile of BHEI, it is expected that there will be a potential for opportunities. When this arises, this will be assessed and considered as part of the business planning process.

Risk Sensitivity

Stress and scenario tests were conducted on climate change risk as part of the 2022 ORSA process. The Company assessed the impact on its solvency position across a broad range of scenarios including; extreme weather, physical risk, transition risk and investment risk over the business planning period. In all instances BHEI remained well in excess of the regulatory solvency capital requirement.

C.7 Any other information

The Company does not have any other material information to disclose regarding its risk profile.

D. Valuation for Solvency Purposes

The details of the Company's Assets and Liabilities as at 31 December 2022 are disclosed in the tables below along with the valuation adjustments between Irish GAAP financial statements and the Solvency II valuations. Consistent with Article 75 of Directive 2009/138/EC assets have been valued at the amounts for which the Company expects the assets could be exchanged between knowledgeable willing parties in an arm's length transaction.

Solvency II Balance Sheet as at 31 December 2022	Notes	Irish GAAP	Reclassification Adjustments	Solvency II Adjustments	Solvency II
		€000	€000	€000	€000
<u>Assets</u>					
Investments	1	532,339	67,826		600,165
Property	2	-	-	4,904	4,904
Reinsurers' share of Technical Provisions	3	1,567,872	(218,384)	(424,127)	925,361
Insurance and intermediaries' receivables	4	286,257	(224,880)	-	61,377
Reinsurance receivables	5	31,295	(26,988)	-	4,307
Receivables - not insurance		4,489	-	-	4,489
Cash and cash equivalents		184,724	(65,366)	-	119,358
Any other assets		4,398	(2,460)	-	1,938
Net Deferred Acquisition Costs	6	8,475	(8,475)	-	-
Total Assets		**2,619,849**	**(478,727)**	**(419,223)**	**1,721,899**
<u>Liabilities</u>					
Total Non-Life Technical Provisions	**7**	(1,899,978)	260,342	479,830	(1,159,806)
Gross Technical Provisions		(1,899,978)	260,342	511,155	(1,128,481)
Risk Margin		-		(31,325)	(31,325)
Provisions other than technical provisions					
Insurance and intermediaries' payables	8	(41,710)	32,721	-	(8,989)
Deferred tax liabilities	9	-	-	(11,596)	(11,596)
Reinsurance payables	10	(347,472)	185,663		(161,809)
Payables - not insurance	11	(12,550)	-	(4,904)	(17,454)
Total Liabilities		**(2,301,710)**	**478,726**	**463,330**	**(1,359,654)**
Excess of Assets over Liabilities		**318,139**	**-**	**44,107**	**362,244**

Solvency II Balance Sheet as at 31 December 2021	Notes	Irish GAAP	Reclassification Adjustments	Solvency II Adjustments	Solvency II
		€000	€000	€000	€000
Assets					
Investments	1	308,520	62,744	-	371,264
Property	2	-	-	2,043	2,043
Reinsurers' share of Technical Provisions	3	1,012,571	(213,245)	(186,232)	613,093
Insurance and intermediaries' receivables	4	261,413	(223,757)	-	37,656
Reinsurance receivables	5	27,787	(23,102)	-	4,685
Receivables - not insurance		7,485	-	-	7,485
Cash and cash equivalents		164,176	(61,743)	-	102,433
Any other assets		1,448	(1,001)	-	447
Net Deferred Acquisition Costs	6	6,787	(6,787)	-	-
Total Assets		**1,790,186**	**(466,891)**	**(184,189)**	**1,139,106**
Liabilities					
Total Non-Life Technical Provisions	**7**	**(821,742)**	**(140,951)**	**199,100**	**(763,593)**
Gross Technical Provisions		(821,742)	(140,951)	221,755	(740,938)
Risk Margin		-	-	(22,655)	(22,655)
Provisions other than technical provisions		(394,597)	394,597	-	-
Insurance and intermediaries' payables	8	(30,662)	27,804	-	(2,858)
Deferred tax liabilities	9	-	-	(1,608)	(1,608)
Reinsurance payables	10	(271,406)	185,441	-	(85,965)
Payables - not insurance	11	(28,010)	-	(2,043)	(30,053)
Total Liabilities		**(1,546,417)**	**466,891**	**195,449**	**(884,077)**
Excess of Assets over Liabilities		**243,769**	**-**	**11,259**	**255,028**

D.1 Assets

Assets are valued for Solvency II purposes using the policies detailed below:

Investments

The table below shows the Company's financial assets at fair value by material class of investment as at 31 December 2022 with prior year comparatives:

	31 December 2022			31 December 2021		
	Cost	Unrealised Gain/(loss)	Market Value	Cost	Unrealised Gain/(loss)	Market Value
	€000	€000	€000	€000	€000	€000
Government bonds	538,998	(10,149)	528,848	276,927	(2,486)	274,441
Quasi government	2,038	(44)	1,994	9,468	(327)	9,141
Commercial bonds	1,536	(40)	1,497	25,670	(732)	24,938
Total Investments	**542,572**	**(10,233)**	**532,339**	**312,065**	**(3,545)**	**308,520**

The Company has classified the fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making those measurements. The fair value hierarchy comprises the following levels:

Level 1 – fair values measured using quoted prices (unadjusted) in active markets for identical assets. An active market exists where transactions take place with sufficient frequency and volume to provide pricing information on an on-going basis.

Government, quasi government, and commercial bonds (as per table above) held by the Company are valued at the quoted market price as at the balance sheet date. Total investments per the Solvency II balance sheet also includes holdings in collective investment undertakings (government backed liquidity funds) valued at €65.4m (2021: €61.7m) plus the value of accrued interest due on bonds €2.5m (2021: €1m).

Level 2 – fair values measured using inputs other than quoted prices included within level one that are observable for the asset, either directly (i.e., as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the assets that are not based on observable market data (unobservable inputs).

The Company has no level 2 or level 3 investments.

Property

Property - the Company values leased property in line with IFRS16 whereby the future cashflow for the duration of the property leases are computed on a non-discounted basis.

Reinsurance Recoverables

The reinsurance recoverables, as included in the technical provisions, are calculated using a variety of techniques including a stochastic cash-flow model. While the gross cash-flows are uncertain, the reinsurance cash-flows given the gross cash-flows are certain (before consideration of reinsurer default or disputes) as the terms of the reinsurance program are known.

Due to the importance of the reinsurance program to BHEI, and the fact that the reinsurance program is not particularly complicated (i.e., does not consist of hundreds of facultative covers or different reinsurance strategies over time), BHEI models the actual reinsurance program.

In general, the reinsurance program consists of a quota share cover; followed by a per event excess of loss cover; followed by whole account stop loss cover.

Actuarial modelling allows the expected values of the contingent covers to be more accurately calculated (i.e., the excess of loss and stop loss covers). In order to accurately model the excess of loss cover atypical losses are modelled individually; attritional losses are modelled in aggregate.

The key steps in calculating the reinsurance recoverables are summarised below:

- Simulate the gross claims by segment (the segmentation of the business is described in the "Technical Provisions" section of this document)
- Calculate the reinsurance recoverables by applying the reinsurance program applicable to each segment
- Simulate reinsurer default including the mitigating effects of the trust funds and reinsurer recovery rate
- Discount the reinsurance recoverables based on the expected payment pattern and currency of the cash-flows
- Calculate the average reinsurance recoverables across all simulations (usually 128,000)
- Finally, allocate reinsurance recoverables to Solvency II class of business and geographical location

Insurance & Intermediaries' Receivables

Insurance and intermediaries' receivables are valued at the fair value of the amount outstanding reduced by the bad debt provision where applicable. Due to the short-term nature of these amounts discounting is not considered to be material.

Cash & Cash Equivalents

Cash and cash equivalents are valued at fair value as at the balance sheet date.

Differences between Solvency II Valuation and Irish GAAP valuation

The material differences between the Solvency II valuation and the Irish GAAP valuation as detailed in the table above are as a result of the following:

Investments [1] – Investments valued on a Solvency II basis include accrued interest income which is included in other debtors on an Irish GAAP basis. Liquidity funds are included under cash in the financial statements and reclassified to investments for Solvency II reporting purposes.

Property [2 & 11] – Leasehold property and its associated liability are included in the Solvency II valuations in accordance with the valuation guidelines; neither are included in the Statutory Financials.

Reinsurance Recoverables and Gross Technical Provisions [3 & 7] – Solvency II values calculated by applying the reinsurance program to the best-estimate gross claims on a Standard Formula basis; as opposed to being applied to the booked (i.e., prudent) gross claims reported in the statutory accounts on a deterministic basis. The Solvency II values are also discounted; the statutory values are not.

Insurance and Intermediaries Receivables and Payables [4 & 8] – Receivables exclude the value of inwards pipeline premiums as these are included within the valuation of the technical provisions for solvency purposes.

Reinsurance receivables and Payables [5 & 10] - Reinsurance receivables exclude the value of outwards pipeline commissions due as these are included within the valuation of the technical provisions for solvency purposes.

Deferred Acquisition Costs [6] – Deferred Acquisition Costs are not included in the Solvency II valuation in accordance with the valuation guidelines.

D.2 Technical Provisions

The estimation of technical provisions is subject to a substantial degree of uncertainty and the best estimate should be viewed as only part of a wide range of possible values produced by alternative methods or alternative assumptions. The technical provisions are the discounted present value of future insurance cash-flows, valued on a best-estimate basis, for business bound as at the valuation date, plus a risk margin. Gross and reinsurance cash-flows are modelled explicitly. The best-estimate cash-flows which underlie the technical provisions are the same values which are used for the underwriting performance review. As such these figures, and the underlying assumptions, are reviewed on a quarterly basis at the Actuarial Committee.

Summary of Technical Provisions As at 31 December 2022	**Marine, Aviation & Transport**	**Fire & other Property damage**	**General liability**	**Credit & Surety Insurance**	**Total Non-Life**
	€000	**€000**	**€000**	**€000**	**€000**
Best estimate Premium provisions					
Gross	(1,749)	4,174	59,543	723	62,691
Reinsurers' share	(1,724)	1,951	45,233	577	46,037
Net	(26)	2,223	14,310	146	16,654
Best estimate Claims provisions					
Gross	58,902	233,103	773,548	237	1,065,790
Reinsurers' share	53,082	195,796	630,258	189	879,325
Net	5,820	37,308	143,291	48	186,466
Total Best Estimates					
Gross	**57,152**	**237,277**	**833,092**	**960**	**1,128,481**
Net	**5,794**	**39,531**	**157,601**	**194**	**203,120**
Risk Margin	**1,143**	**6,839**	**23,322**	**21**	**31,325**

Summary of Technical Provisions As at 31 December 2021	Marine, Aviation & Transport	Fire & other Property damage	General liability	Credit & Surety Insurance	Total Non-Life
	€000	€000	€000	€000	€000
Best estimate Premium provisions					
Gross	(3,639)	(2,268)	81,758	(55)	75,796
Reinsurers' share	(3,484)	(3,027)	64,801	(46)	58,243
Net	(155)	759	16,957	(9)	17,553
Best estimate Claims provisions					
Gross	32,226	159,923	472,982	11	665,142
Reinsurers' share	29,418	135,734	389,689	9	554,850
Net	2,808	24,189	83,293	2	110,292
Total Best Estimates					
Gross	**28,586**	**157,655**	**554,740**	**(43)**	**740,938**
Net	**2,653**	**24,948**	**100,251**	**(6)**	**127,845**
Risk Margin	**722**	**5,120**	**16,810**	**3**	**22,655**

For modelling purposes, the business is segmented by:

- Branch – BHEI operates in Ireland and has branches in Germany, Spain, France, Italy, Belgium, and the United Kingdom.
- Division – BHEI groups business according to Berkshire Hathaway internal reporting divisions including Berkshire Hathaway Reinsurance Group, Berkshire Hathaway Specialty Insurance and MedPro.
- Distribution Channel – BHEI writes business through numerous distribution channels; these distribution channels can vary according to each Division. They can broadly cover underwriting teams (for business written directly), brokers (for facility business in which BHEI takes a follow line) and managing general agents.
- Class of Business – BHEI writes multiple classes of business. Large speciality accounts are treated as distinct classes of business for modelling and reporting purposes.
- Year of account – Gross claims are modelled by year of account (i.e., the year in which the business incepts) as opposed to accident year (i.e., the year in which the business was earned).
- Loss type – There are three loss types modelled: attritional, large and catastrophe. Attritional losses are calculated in aggregate, while the large and catastrophe losses are calculated 'per event'. Large and catastrophe losses are grouped together for reporting purposes as 'atypical' losses.

The methodologies used to calculate the premiums, deductions, expenses, and reinsurance cash-flows are the same for all classes of business. The methodologies used to calculate gross claims depend on the distribution channel and class of business and are based on standard actuarial techniques such as chain-ladder, Bornhuetter-Ferguson and target loss ratio.

Premiums, and associated deductions (e.g., commission and brokerage), are calculated at policy level. Once a premium 'due date' passes it is removed from the technical provisions and moved to the 'payables' section of the balance sheet.

Expenses are assessed at the Distribution Channel level and are estimated by the Finance team.

All cash-flows are calculated gross of discounting; the discounted present values are then calculated using the relevant payment pattern and currency yield curve.

In calculating the technical provisions BHEI does not apply the following:

1. Matching adjustment referred to in Article 77b of Directive 2009/138/EC.
2. Volatility adjustment referred to in Article 77d of Directive 2009/138/EC.
3. Transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC.
4. Transitional deduction referred to in Article 308d of Directive 2009/138/EC.

Risk margin is calculated using the "cost of capital" approach – the cost of holding capital to support the technical provisions until their ultimate run-off.

The technical provisions are an output from a variety of sources including the stochastic business model; the figures reported in the QRTs are the mean of the distributions.

Differences between Solvency II Valuation and Irish GAAP valuation

The material differences between the Solvency II valuation and the Irish GAAP valuation as detailed in the table above are as a result of the following:

Technical Provisions [7] – the liabilities for the statutory accounts are calculated using prudent methodologies and assumptions while the liabilities for the Solvency II accounts are calculated using technically compliant "best estimate" methodologies and assumptions.

The main contributors to the difference in the two liability figures are:

Risk margin is added in Solvency II and is calculated as described above using the "cost of capital" approach – the cost of holding capital to support the technical provisions until their ultimate run-off.
Pipeline premium is treated as a negative liability in the Solvency II balance sheet (and included in the technical provisions) whereas the pipeline premium is treated as an asset in the Statutory balance sheet.
Premium provisions - Under Solvency II the premium provision is equal to a best estimate of future cashflows in respect of unexpired exposures rather than the unearned proportion of written premium (UPR).
Discounting: The Solvency II technical provisions are discounted whereas the statutory technical provisions are not.

D.3 Other Liabilities

Other liabilities are valued for Solvency II purposes using the policies detailed below:

Insurance & intermediaries' payables

Insurance & intermediaries payables are valued at the fair value of the amount payable. Due to the short-term nature of these amounts discounting is considered to be inappropriate.

Reinsurance payables

Reinsurance payables are valued at the fair value of the amount payable. Due to the short-term nature of these amounts discounting is considered to be inappropriate.

Payables (trade, not insurance)

Other payables are valued at the fair value of the amount payable. Due to the short-term nature of these amounts discounting is considered to be inappropriate.

The Company values property leasing liabilities in line with IFRS16 whereby the future cashflow for the duration of the property leases are computed on a non-discounted basis.

Deferred Tax

Deferred taxation is provided for using the liability method on all timing differences, arising from the different treatment of items for accounting and taxation purposes, calculated at the rates at which it is expected that tax will arise. Deferred tax balances are not discounted.

Differences between Solvency II Valuation and Irish GAAP valuation

The material differences between the Solvency II valuation and the Irish GAAP valuation as detailed in the table above are as a result of the following:

Insurance Payables [7] - Insurance payables exclude the value of inwards pipeline commissions due as these are included within the valuation of the technical provisions for solvency purposes.

Reinsurance Payables [9] - Reinsurance payables exclude the value of outwards pipeline premiums due as these are included within the valuation of the technical provisions for solvency purposes.

Leasehold Properties – there is no requirement under FRS102 to capitalise any leasehold properties (and their associated liabilities). However, this is not the case for solvency reporting purposes.

D.4 Alternative methods for valuation

BHEI does not use any alternative valuation methods.

D.5 Any other information

There is no other information to report.

E. Capital Management

E.1 Own Funds

The Company has put in place a Capital Management policy to ensure that 'Own Fund' items, both at issue and subsequently, meet the requirements of the Solvency II capital regime. The objectives of the policy are to ensure the Company has sufficient capital to meet its financial obligations, even under adverse conditions. More specifically, to outline the Company's risk appetite with regards to capital, to ensure there are clear lines of responsibility in respect of the Company's capital management, to ensure there are adequate models, systems, and processes in place to estimate and monitor capital requirements, and to ensure there are clearly defined triggers and subsequent actions at different levels of capital.

On a quarterly basis own funds are reviewed to ensure they continue to meet the Company's own solvency needs, and its regulatory obligations in respect of Solvency Capital Requirement and Minimum Capital Requirement. A three-year forward-looking time horizon is used for business planning purposes and any anticipated changes to the Company's business and risk profile are factored into the ORSA process to assess the solvency and capital needs over this business planning period.

Own Funds are the measurement of the available financial resources the Company has available to meet its regulatory SCR and MCR. Company Own Funds are Tier 1 capital, it being unrestricted and of high quality, consisting of ordinary share capital and retained earnings.

The details of the Company's Own Funds at the end of the reporting period and the prior comparative period are set out in the table below:

	2022 €000	**2021 €000**
Tier 1 Funds		
Called up share capital	386,033	286,033
Reconciliation reserve	(23,789)	(31,005)
Total Basic Own Funds	**362,244**	**255,028**

An additional €100m of ordinary share capital was issued during the year to support the business plan objectives of the Company. The reconciliation reserve represents the Company's retained earnings as adjusted for the differences between the Solvency II valuation of the balance sheet and the statutory valuation under Irish GAAP.

The impact of these differences on the equity position in the Company's 2022 year-end financial statements and the basic own funds (excess of assets over liabilities) are set out in the table in Section D and explained in Sections D1-D3.

The Company does not hold any ancillary own funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

BHEI uses the Standard Formula as the basis for calculating capital requirements having reviewed the assumptions underlying the formula and assessed them as appropriate for the Company. Whilst the standard formula is not intended to be a perfect fit for every company it is intended to be a reasonable fit. An assessment of the appropriateness of the use of the SII Standard Formula approach is completed on an annual basis. The SII Standard Formula approach is deemed to be appropriate to calculate our solvency needs as it incorporates all material risk types to which BHEI is exposed. Accordingly, the Company has not utilised Undertaking Specific Parameters available under Article 104(7) of Directive 2009/138/EC.

At 31 December 2022, the Company's Solvency Capital Requirement is €137m (2021: €119.1m) and Minimum Capital Requirement is €38.6 (2021: €29.8m), as follows:

Solvency Capital Requirement

	2022	2021	Change
	€000	€000	€000
Market Risk	22,174	10,356	11,818
Counterparty default risk	17,177	13,385	3,792
Health underwriting risk	-	5	(5)
Non-life underwriting risk	97,168	83,299	13,869
Operational risk	33,854	26,702	7,152
Loss-absorbing capacity of deferred taxes	(11,596)	(1,608)	(9,988)
Diversification credit	(21,779)	(13,020)	(8,759)
Solvency Capital Requirement	**136,999**	**119,119**	**17,880**

Minimum Capital requirement

	2022 €000	2021 €000	Change €000
Linear MCR	38,561	29,430	9,131
MCR Cap (45% of SCR)	61,649	53,604	8,045
MCR floor (25% of SCR)	34,250	29,780	4,470
Absolute floor of the MCR	4,000	3,700	300
Minimum Capital Requirement	**38,561**	**29,780**	**8,781**

Compared with the prior reporting period, the increase in Solvency Capital Requirement across all risk modules reflects the growth in business written during 2022, as well as the projected business volumes for the forthcoming year. The Minimum Capital requirement has also increased in the reporting period, reflecting its calculation as a percentage of the Solvency Capital Requirement.

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

BHEI has not opted to use the duration-based equity risk sub-module of the Solvency Capital Requirement at 31 December 2022.

E.4 Differences between the standard formula and internal model used

BHEI applies the standard formula model and does not use an internal model to calculate the Solvency Capital Requirement.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

There was no breach of the Solvency Capital Requirement (and hence the Minimum Capital Requirement) over the reporting period.

By reference to the SCR and MCR, the Solvency II own funds substantially exceed the capital requirements. By these measures, BHEI remains in a satisfactory capital position.

E.6 Any other information

There is no other information to report.

F. Appendix

F.1 SFCR Reporting Templates

Reference	Title
S.02.01	Balance Sheet*
S.05.01	Premium, claims and expenses by line of business
S.05.02	Premium, claims and expenses by country
S.17.01	Non-Life Technical Provisions, by line of business*
S.19.01	Non-Life Claims*
S.23.01	Own Funds*
S.25.01	Solvency Capital Requirement*
S.28.01	Minimum Capital Requirement*

*Templates subject to external audit. Amounts are in €000

Note: Tables within this report and the appendix contain minor rounding differences in certain instances due to amounts being displayed in thousands while the source workings underlying the annual reporting templates are calculated to two decimal places. These differences are immaterial.

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	4,904
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	600,165
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	534,800
R0140	*Government Bonds*	533,297
R0150	*Corporate Bonds*	1,503
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	65,366
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	925,361
R0280	*Non-life and health similar to non-life*	925,361
R0290	*Non-life excluding health*	925,361
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	61,377
R0370	Reinsurance receivables	4,307
R0380	Receivables (trade, not insurance)	4,489
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	119,358
R0420	Any other assets, not elsewhere shown	1,937
R0500	**Total assets**	1,721,899

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	1,159,806
R0520	*Technical provisions - non-life (excluding health)*	1,159,806
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	1,128,481
R0550	*Risk margin*	31,325
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	11,596
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	8,989
R0830	Reinsurance payables	161,809
R0840	Payables (trade, not insurance)	1,939
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	15,515
R0900	**Total liabilities**	1,359,655
R1000	**Excess of assets over liabilities**	362,244

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business						62,650	186,942	619,349	1,713								870,653
R0120	Gross - Proportional reinsurance accepted						-607	18,638	-584	0								17,447
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share						53,279	168,722	507,440	1,403								730,844
R0200	Net						8,764	36,858	111,325	310								157,256
	Premiums earned																	
R0210	Gross - Direct Business						55,992	171,348	602,440	489								830,269
R0220	Gross - Proportional reinsurance accepted						-607	19,360	-584	0								18,169
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share						48,003	156,814	493,672	399								698,888
R0300	Net						7,382	33,895	108,184	90								149,550
	Claims incurred																	
R0310	Gross - Direct Business						54,500	87,623	515,699	308								658,130
R0320	Gross - Proportional reinsurance accepted						-1,094	42,253	-211	0								40,949
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share						47,887	107,948	411,934	247								568,016
R0400	Net						5,519	21,928	103,554	62								131,063
	Changes in other technical provisions																	
R0410	Gross - Direct Business						747	2,893	14,576	0								18,216
R0420	Gross - Proportional reinsurance accepted						0	5,598	0	0								5,598
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share						71	7,681	10,860	0								18,612
R0500	Net						675	810	3,716	0								5,201
R0550	**Expenses incurred**						1,313	5,953	16,422	42								23,729
R1200	**Other expenses**																	325
R1300	**Total expenses**																	24,054

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Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			FR	DE	NL	ES	GB	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	93,989	184,030	167,340	9,372	88,405	286,810	829,946
R0120	Gross - Proportional reinsurance accepted	0	1	356	0	4,035	927	5,319
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140	Reinsurers' share	79,877	150,906	137,511	7,685	75,800	235,684	687,464
R0200	Net	14,111	33,126	30,185	1,687	16,639	52,052	147,801
	Premiums earned							
R0210	Gross - Direct Business	83,469	176,090	157,713	10,769	73,284	291,669	792,994
R0220	Gross - Proportional reinsurance accepted	0	1	377	180	4,427	1,126	6,110
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240	Reinsurers' share	71,003	144,400	129,633	8,978	63,723	240,531	658,269
R0300	Net	12,466	31,692	28,456	1,971	13,988	52,264	140,836
	Claims incurred							
R0310	Gross - Direct Business	58,381	159,692	110,389	4,198	73,287	237,219	643,166
R0320	Gross - Proportional reinsurance accepted	2	-80	2,728	168	9,657	5,259	17,734
R0330	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0340	Reinsurers' share	48,223	131,289	89,947	3,663	67,159	194,114	534,395
R0400	Net	10,161	28,322	23,170	703	15,785	48,364	126,506
	Changes in other technical provisions							
R0410	Gross - Direct Business	-38	5,855	1,769	37	6,209	3,422	17,254
R0420	Gross - Proportional reinsurance accepted	0	0	544	-170	1,268	552	2,195
R0430	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers' share	-24	4,973	1,293	-147	5,835	2,560	14,490
R0500	Net	-14	883	1,020	15	1,641	1,414	4,959
R0550	**Expenses incurred**	1,605	7,264	4,138	310	2,250	6,611	22,178
R1200	**Other expenses**							325
R1300	**Total expenses**							22,502

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Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		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	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**						0	0	0	0								0
R0050	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																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross						-1,749	4,174	59,543	723								62,691
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						-1,724	1,951	45,233	577								46,037
R0150	**Net Best Estimate of Premium Provisions**						-26	2,223	14,310	146								16,654
	Claims provisions																	
R0160	Gross						58,902	233,103	773,548	237								1,065,790
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						53,082	195,796	630,258	189								879,324
R0250	**Net Best Estimate of Claims Provisions**						5,820	37,308	143,291	48								186,466
R0260	**Total best estimate - gross**						57,152	237,277	833,092	960								1,128,481
R0270	**Total best estimate - net**						5,794	39,531	157,601	194								203,120
R0280	**Risk margin**						1,143	6,839	23,322	21								31,325
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**						58,296	244,116	856,414	981								1,159,806
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**						51,359	197,746	675,491	766								925,361
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**						6,937	46,369	180,923	215								234,445

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year: Underwriting Year

Gross Claims Paid (non-cumulative)

(absolute amount)

	Year	C0010 0	C0020 1	C0030 2	C0040 3	C0050 4	C0060 5	C0070 6	C0080 7	C0090 8	C0100 9	C0110 10 & +	C0170 In Current year	C0180 Sum of years (cumulative)
R0100	Prior											0	0	0
R0160	2013	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2014	0	0	0	0	0	0	0	0	0			0	0
R0180	2015	0	0	0	0	0	0	0	0				0	0
R0190	2016	0	0	0	0	0	0	0					0	0
R0200	2017	0	0	0	0	0	0						0	0
R0210	2018	0	0	0	0	0							0	0
R0220	2019	99	3,105	19,454	2,750								2,750	25,408
R0230	2020	6,402	20,014	15,642									15,642	42,057
R0240	2021	7,507	71,311										71,311	78,818
R0250	2022	7,642											7,642	7,642
R0260												Total	97,345	153,926

Gross Undiscounted Best Estimate Claims Provisions

(absolute amount)

	Year	C0200 0	C0210 1	C0220 2	C0230 3	C0240 4	C0250 5	C0260 6	C0270 7	C0280 8	C0290 9	C0300 10 & +	C0360 Year end (discounted data)
R0100	Prior											0	0
R0160	2013	0	0	0	0	0	0	0	0	0	0		0
R0170	2014	0	0	0	0	0	0	0	0	0			0
R0180	2015	0	0	0	0	0	0	0	0				0
R0190	2016	0	0	0	0	0	0	0					0
R0200	2017	0	0	0	0	0	0						0
R0210	2018	0	0	0	0	0							0
R0220	2019	17,628	58,643	76,277	50,941								44,078
R0230	2020	121,040	242,443	198,098									171,662
R0240	2021	354,937	562,158										485,561
R0250	2022	424,441											364,490
R0260												Total	1,065,790

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	386,033	386,033		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	-23,788	-23,788			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**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**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	362,244	362,244	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	362,244	362,244	0	0	0
R0510	Total available own funds to meet the MCR	362,244	362,244	0	0	
R0540	Total eligible own funds to meet the SCR	362,244	362,244	0	0	0
R0550	Total eligible own funds to meet the MCR	362,244	362,244	0	0	
R0580	**SCR**	136,999				
R0600	**MCR**	38,561				
R0620	**Ratio of Eligible own funds to SCR**	264.41%				
R0640	**Ratio of Eligible own funds to MCR**	939.40%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	362,244
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	386,033
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	-23,788
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	3,735
R0790	**Total Expected profits included in future premiums (EPIFP)**	3,735

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	22,174		
R0020	Counterparty default risk	17,177		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	97,168		
R0060	Diversification	-21,779		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	114,740		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	33,854
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-11,596
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	136,999
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	136,999
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	No

		LAC DT
	Calculation of loss absorbing capacity of deferred taxes	C0130
R0640	LAC DT	-11,596
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	-11,596
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	38,561

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	5,794	8,439
R0080	Fire and other damage to property insurance and proportional reinsurance	39,531	35,716
R0090	General liability insurance and proportional reinsurance	157,601	107,533
R0100	Credit and suretyship insurance and proportional reinsurance	194	303
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_L Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	38,561
R0310	SCR	136,999
R0320	MCR cap	61,649
R0330	MCR floor	34,250
R0340	Combined MCR	38,561
R0350	Absolute floor of the MCR	4,000
R0400	**Minimum Capital Requirement**	38,561