BERKSHIRE HATHAWAY EUROPEAN INSURANCE DAC

Legal Entity Identifier: 635400OT4VIDMAADLQ13

Solvency and Financial Condition Report

31 December 2023

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 2023. The Company has prepared the SFCR in compliance with public disclosure requirements under the Delegated Regulation (EU) 2015/235 of the European Parliament, supplementing Directive 138/2009/EC (the Solvency II Directive), transposed into Irish Law effective 1 January 2016 as the European Union (Insurance and Reinsurance) Regulations 2015 (Statutory Instrument 485 of 2015). This report discusses the Company's business and performance; system of governance; risk profile; valuation of assets and liabilities; and capital management.

Business and Performance

BHEI is a wholly owned subsidiary of National Indemnity Company, an insurance company and subsidiary of Berkshire Hathaway Inc. a multinational conglomerate holding company quoted on the New York Stock Exchange.

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 and reinsurance 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 Belgium.

BHEI writes non-life insurance and reinsurance business, across most major classes of business. The Company currently operates under three distinct divisions to allow the development of multiple brand offerings, namely Berkshire Hathaway Specialty Insurance (BHSI), Medical Protective (MedPro) and Berkshire Hathaway Reinsurance Group (BHRG). Where appropriate it also partners with a limited number of Managing General Agents (MGAs), to benefit from their expertise and market access.

BHEI's gross premiums written for year ended 31 December 2023 were €952.4m (2022: €888.1m). The Company's average combined ratio after reinsurance was 98.7% (2022: 107.2%) and it reported an underwriting profit of €2.1m (2022: €10.8m loss) for the year. Investment gains and foreign exchange losses resulted in the Company reporting a profit before tax of €20.7m (2022: €19.2m loss). Numbers referenced are those as prepared under Irish GAAP.

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 to the Company. Across its branches in Continental Europe, the Company employs personnel directly. The average number of persons employed by the Company for the year ended 31 December 2023 is 133 (2022: 102).

System of Governance

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

The Company operates the three of lines of defence model, where Risk Management and Compliance (as second line functions) and Internal Audit (a third line function) monitor and independently challenge the business (comprised of the first line functions) and report their findings to the relevant Board Sub-Committee.

The Company operates an Internal Control Framework (ICF), with identified controls operating in key processes across all functions of the business. The identified internal controls are assessed for operating effectiveness at regular intervals throughout the year and provide reasonable assurance to senior management and the Board regarding the robustness of the ICF, reliability of financial and non-financial reporting and compliance with applicable policies.

The Company's Risk Management Framework (RMF) 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 the Company is exposed are identified, measured, managed, monitored, and reported on a continuous basis. The Own Risk and Solvency Assessment (ORSA) is a fundamental element of the Company's RMF.

BHEI's Compliance Framework sets out the Company's approach to the management of compliance and regulatory risk and describes the role of the Compliance function in managing the associated risks.

Risk Profile

The Company continually monitors and reports on its risk profile through a quarterly risk reporting cycle to the Risk and Compliance Committee, which comprises risk appetite statement monitoring, risk and control self-assessment, risk assurance activities and risk incident / near misses monitoring. Key risks for the Company include strategic risk, underwriting risk, market risk, credit risk and operational risk. The Company has limited exposure to conduct risk through the types of business its writes, given it is a primarily commercial lines business with limited exposure to consumer related business.

With regard to geopolitical issues, 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.

BHEI and its IT service providers continue to remain vigilant to the risk of increased cyber-attacks, ensuring the IT framework remains suitably robust and personnel receive appropriate training so as to guard against and mitigate the risk of an attack.

Valuation of Assets and Liabilities

The Company's financial statements are prepared in accordance with Financial Reporting Standards (FRS) 102 and 103 applicable in the United Kingdom and Republic of Ireland and provisions of the Companies Act 2014, as amended by the European Union (Insurance undertakings: Financial Statements Regulation 2015). The functional currency of the Company is euro as it is the currency of the primary economic environment in which the Company operates. The financial statements and regulatory returns are also presented in euro. All values are rounded to the nearest thousand euro unless otherwise stated. All references to GAAP as used in this report refer to the accounting standards and regulations under which the financial statement have been prepared.

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.

Figures in this report are shown in euro rounded thousands (€000) but are calculated to more decimal places. This can give rise to small rounding differences in the calculated totals.

Capital Management

The Company's capital management objective is to ensure that it maintains an appropriate level of capital at all times in line with its risk appetite and capital requirements and that it fulfils its obligations to measure, monitor and report its capital position internally and externally in accordance with relevant regulatory requirements.

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.

	2023	**2022**
	€000	**€000**
Available and Eligible Own Funds	384,093	362,244
Solvency Capital Requirement (SCR)	171,810	136,999
Surplus over SCR	212,283	225,245
Ratio of Eligible Own Funds to SCR	**224%**	**264%**
Minimum Capital Requirement (MCR)	50,103	38,561
Surplus over MCR	333,990	323,683
Ratio of Eligible Own Funds to MCR	767%	939%

As at 31 December 2023 BHEI had an SCR of €171.8m (2022: €137m). This is covered by €384.1m (2022: €362.2m) in eligible own funds, resulting in a surplus over SCR of €212.3m (2022: €225.2m) and a coverage ratio of 224% (2022: 264%).

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

A. Business and Performance

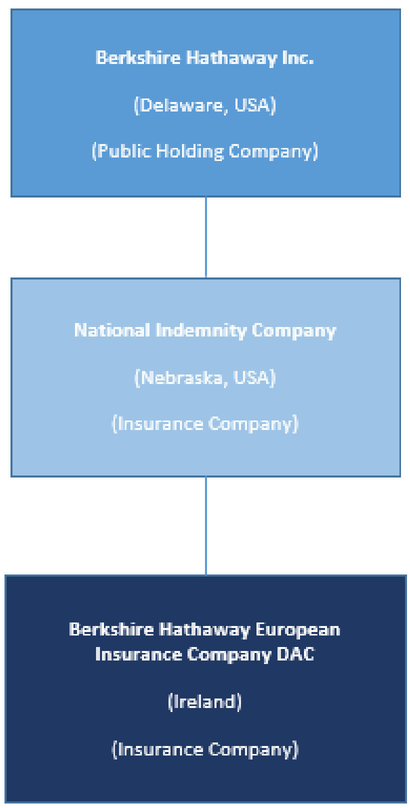
A.1 Business

As set out in the Executive Summary, BHEI 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 and reinsurance business operating from its head office in Dublin, with branch offices in the UK, Germany, Spain, France, Italy and Belgium. 2023 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

The Company's ultimate parent company is Berkshire Hathaway Inc. (BHI), while its immediate parent company is National Indemnity Company (NICO), both companies being incorporated in the US state of Nebraska. A simplified group structure for BHI pertaining to BHEI is shown in Figure 1.

Figure 1 - Berkshire Hathaway Inc. Simplified 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 to the Company

The Company's external auditor for the year ended 31 December 2023 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, with the exception of credit are within the Company's appetite. The underwriting activities of BHEI are managed in the following underwriting divisions; BHSI, MedPro and BHRG. 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 (DUA).

Figure 2 – BHEI Underwriting Division Structure

BHSI

BHSI writes Property, Casualty, Executive & Professional, Marine and Healthcare lines under the BHSI brand. 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.

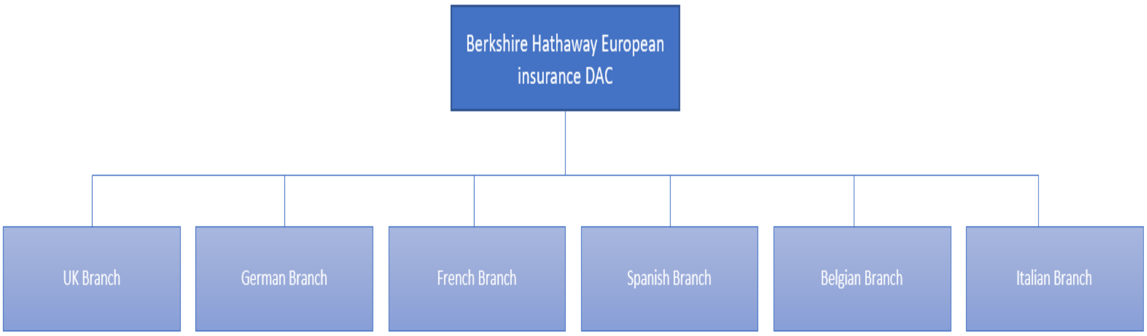
MedPro

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 insures Irish General Practitioners and Consultants.

BHRG

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. In January 2023, the Company received authorisation to commence writing insurance business on a freedom of establishment basis through its most recently established branch in Belgium.

Performance

On a GAAP basis, the gross profit for the year ended 31 December 2023 was €20.7m (2022: €19.2m loss).

	2023	2022
	€000	**€000**
Gross premium written	952,414	888,099
Premium written, net of reinsurance	168,456	157,255
Earned premium, net of reinsurance	161,817	149,549
Claims incurred, net of reinsurance	(134,424)	(131,061)
Change in unexpired risk reserve	3,847	(5,201)
Total acquisition and operating expenses	(29,096)	(24,055)
Technical result	**2,144**	**(10,768)**
Investment gains/(losses)	22,153	(7,913)
Other income	3	9
Foreign exchange losses	(3,551)	(560)
Profit/(loss) on ordinary activities before tax	**20,749**	**(19,232)**

Gross premium written of €952.4m (2022: €888.1m) are €64m (+7%) increased on the prior year (PY). Earned premium, net of reinsurance is €161.8m, an 8% increase on PY (2022: 149.5m€).

The technical result reflects a profit of €2.1m (2022: €10.8m loss) after taking account of claims incurred (net of reinsurance) of -€134.4m (2022: -€131.1m), the change in unexpired risk reserve (URR) of €3.8m (2022: -€5.2m) and total acquisition and operating expenses of €29.1m (2022: €24.1m). The combined ratio for the year was 98.7% (2022: 107.2%) representing an 8.5point year on year improvement.

The Company's investment portfolio comprised of short dated European Government bonds, US Treasury bills and cash and cash equivalents generated positive returns of €22.2m (2022: €7.9m loss) during the year and was well positioned to benefit from the rising interest rate environment.

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 BHI.

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 2023, NICO reported surplus assets of USD 226bn (2022: USD207bn) and total assets of USD 381bn (2022: USD348bn).

The tables below provide 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.

Period ended 31 December 2023	Motor Vehicle Liability	Marine, Aviation & Transport	Fire & Other Damage to Property	General Liability	Credit and Surety Insurance	Total
	€000	€000	€000	€000	€000	€000
Net Premium Written	1,051	8,308	43,380	115,668	49	168,456
Net Premium Earned	376	6,807	41,525	112,964	145	161,817
Claims incurred	(308)	(7,350)	(35,173)	(91,546)	(47)	(134,424)
Changes in other technical provisions	-	379	502	2,966		3,847
Expenses incurred	(103)	(1,084)	(7,557)	(20,311)	(41)	(29,096)
Underwriting performance	**(35)**	**(1,248)**	**(703)**	**4,073**	**57**	**2,144**
Loss ratio	82.0%	102.4%	83.5%	78.4%	32.5%	**80.7%**
Expense ratio	27.3%	15.9%	18.2%	18.0%	28.0%	**18.0%**
Combined ratio	109.3%	118.3%	101.7%	96.4%	60.5%	**98.7%**

Period ended 31 December 2022	Motor Vehicle Liability	Marine, Aviation & Transport	Fire & Other Damage to Property	General Liability	Credit and Surety Insurance	Total
	€000	€000	€000	€000	€000	€000
Net Premium Written	-	8,764	36,858	111,325	310	157,257
Net Premium Earned	-	7,382	33,895	108,182	90	149,549
Claims incurred	-	(5,519)	(21,928)	(103,552)	(62)	(131,061)
Changes in other technical provisions	-	(675)	(810)	(3,716)	-	(5,201)
Expenses incurred	-	(1,331)	(6,034)	(16,647)	(43)	(24,055)
Underwriting performance	**-**	**(143)**	**5,123**	**(15,733)**	**(15)**	**(10,768)**
Loss ratio	**-**	83.9%	67.1%	99.2%	68.9%	**91.1%**
Expense ratio	**-**	18.0%	17.8%	15.4%	47.8%	**16.1%**
Combined ratio	**-**	101.9%	84.9%	114.5%	116.7%	**107.2%**

Net premium written of €168.5m in 2023 (2022: €157.3 million) is 7% increased on PY, with the relatively modest premium increase being reflected in Fire and Other Damage to Property (+€6.5m) and General Liability (+€4.3m). General Liability is inclusive of the Company's Casualty, Executive and Professional (including Directors and Officers) and Medical Malpractice businesses.

The premium written increase in Fire and Other Damage to Property reflects some improvement in rates across certain types of property risks and in certain territories. In General Liability, the limited growth reflects the Company's underwriting discipline in the changing market conditions.

The technical result reflects a profit of €2.1m (2022: €10.8m loss) in 2023. In aggregate the combined ratio for the year was 98.7% (2022: 107.2%) and is further split out by Solvency II line of business in the tables above. An 8.5point improvement in the combined ratio at the total company level, is primarily attributable to an 18point improvement in General Liability where the combined ratio went from 114.5% to 96.4% and a 17point deterioration in Fire and Other Damage to Property where the combined ratio went from 84.9% to 101.7%.

France Property, German Marine and UK Property, each incurred large losses during 2023 driving a higher combined ratio. There was favourable actual versus expected loss development on prior years in General Liability, particularly in respect of Casualty business written in Germany and Executive and Professional lines business written in the UK. The UK and France Property portfolios also experienced favourable development from previous years of account.

Underwriting performance by geographic location

Analysis of gross premiums written:	2023	2022
Contracts written by the Company in:	€000	€000
Europe – EEA	662,608	575,619
Europe – Non EEA	289,806	312,480
	952,414	**888,099**

Business in the current and prior reporting period is underwritten by the Company within the EEA and the UK. A country analysis is provided in template S.05.02 which is also included within the appendix.

A.3 Investment Performance

The Company has an Investment Management Agreement (IMA) in place with New England Asset Management Limited (NEAM), who are responsible for managing the Company's Investment Portfolio within the Board approved Investment Policy and Guidelines. 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. This conservative strategy is designed to protect the Company's capital so that it is available to support underwriting with a focus to date on asset preservation.

The table below shows the Company's financial assets at fair value by material class of investment as at 31 December 2023 with prior year comparatives:

	2023	**2022**
	€000	**€000**
Government bonds	588,541	528,848
Quasi government bonds	-	1,994
Commercial bonds	-	1,497
Total Investments (GAAP)	**588,541**	**532,339**
Liquidity funds (collective investment undertakings)	130,324	65,366
Accrued interest on bonds	3,003	2,460
Total Investments (Solvency II)	**721,868**	**600,165**

Government, quasi government, and commercial bonds 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, which are classified as cash and cash equivalents in the GAAP financial statements) valued at €130.3m (2022: €65.4m) plus the value of accrued interest due on bonds (classified as accrued income in the GAAP financial statements) €3.0m (2022: €2.5m).

The credit rating of investments are as shown below at 31 December 2023 together with prior year comparatives:

Rating	**2023**	**2022**
	€000	**€000**
AAA	657,624	470,363
AA	64,244	129,802
	721,868	**600,165**

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.

The Company's investment portfolio comprised of short dated European Government bonds, US Treasury bills and cash and cash equivalents generated positive returns of €22.2m (2022: €7.9m loss) during the year and was well positioned to benefit from the rising interest rate environment.

	2023				
	Investment income	Realised gain/loss	Unrealised gain/(loss)	Interest	**Total**
	€000	€000	€000	€000	**€000**
Government bonds	4,414	3,991	8,233	-	**16,638**
Quasi government	2	6	-	-	**8**
Commercial bonds	1	3	-	-	**4**
Cash and deposits	-	-		5,503	**5,503**
Investment gains/(losses)	**4,417**	**4,000**	**8,233**	**5,503**	**22,153**

	2022				
	Investment income	Realised gain/loss	Unrealised gain/(loss)	Interest	**Total**
	€000	€000	€000	€000	**€000**
Government bonds	2,906	(1,577)	(9,723)		**(8,394)**
Quasi government	95	(118)	(30)		**(53)**
Commercial bonds	113	(126)	(15)		**(28)**
Cash and deposits				562	**562**
Investment gains/(losses)	**3,114**	**(1,821)**	**(9,768)**	**562**	**(7,913)**

Investment income for 2023 was €4.4m (2022: €3.1m). Realised gains of €4.0m (2022: €1.8m loss) unrealised gains of €8.2m (2022: €9.8m loss) and interest income of €5.5m (2022: €0.6m) were incurred during the period under review.

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 2023			**31 December 2022**		
	Acquisition costs	Other Operating expenses	**Total**	Acquisition costs	Other operating expenses	**Total**
	€000	€000	**€000**	€000	€000	**€000**
Administrative expenses	54,801	26,712	**81,513**	41,624	18,654	**60,278**
Commission and change in deferred acquisition costs	90,346		**90,346**	94,360	-	**94,360**
Reinsurers' share of expenses, commissions and change in deferred acquisition costs	(123,688)	(19,075)	**(142,763)**	(116,176)	(14,407)	**(130,583)**
Total acquisition and other operating expenses	**21,459**	**7,637**	**29,096**	**19,808**	**4,247**	**24,055**

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 €28.6m (2022: €21.9m) 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 is 133 (2022: 102) for the year ended 31 December 2023.

The Company entered into a new lease commitment at the end of the prior period with regard to its office in Munich, with the Company taking possession in January 2023. During the reporting period, the Company also entered into new serviced/co-working office agreements in Barcelona and Frankfurt to support its Spanish and German branches respectively. In the prior 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 these premises. The leases covering the Dublin office, where the Company's Irish-based employees work, and the London office, where certain Group employees provide resources to the Company, continue to be held by Group service companies.

A.5 Any other information

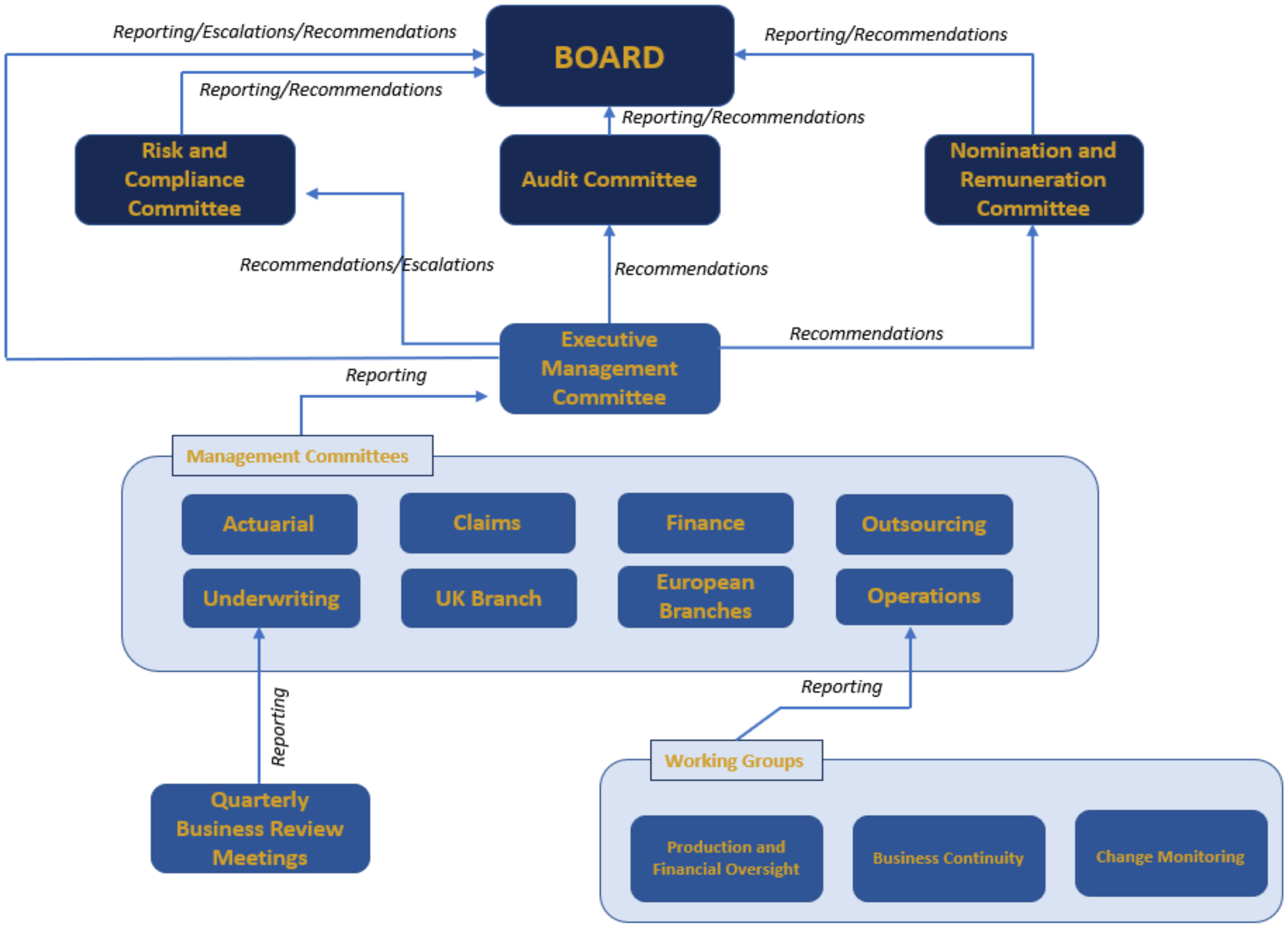
There is no other information to report.

B. System of Governance

B.1 General information on the system of governance

An overview of the Company's Governance Structure and key Committees are illustrated in figure 4 below.

Figure 4 - BHEI Governance Structure



The Board members during the reporting period were:

Name	Role and F&P Status	Appointment to role	Resignation from role	Other information
Christopher Colahan	Non-Executive Director (PCF 2A) Chairman of the Board (PCF 3)	March 2019	April 2023	Group Non-Executive Director
Karl Dooner	Executive Director (PCF 1) Chief Executive (PCF-8)	March 2019	N/A	Chief Executive Officer
Guy Finney	Non-Executive Director (PCF 2A)	March 2019	N/A	Group Non-Executive Director
Andrea Petrie (nee Reynolds)	Independent Non-Executive Director (PCF 2B) Chair of the Audit Committee (PCF 4)	March 2019	N/A	Independent Non-Executive Director
Barbara Merry	Independent Non-Executive Director (PCF 2B) Chair of Risk and Compliance Committee (PCF 5)	December 2022	N/A	Independent Non-Executive Director

As at 31 December 2023 the membership of the Risk and Compliance Committee is defined as the Board excluding the CEO. The membership of the Audit Committee is defined as the Board excluding the CEO. 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 2023:

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 and Compliance 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 for the Company. • Setting and overseeing: (i) the amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the Company; (ii) strategy for the on-going management of material risks including, amongst other items, liquidity risk; (iii) a robust and transparent organisational structure with effective communication and reporting channels; (iv) a remuneration framework that is in line with risk strategies of the Company; (v) an adequate and effective internal control framework, which includes well-functioning risk management, compliance and internal audit functions as well as an appropriate financial reporting and accounting framework; and (vi) the establishment and delegation of powers, decision-making and tasks to any sub committees.

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 2023:

Board/Committee	Role	Links into Board
Risk and Compliance Committee	The Committee's principal role is to assist the Board in articulating and developing its risk management strategy and oversight of compliance-related matters and 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 and compliance culture throughout the Company. The Risk and Compliance Committee meets at least on a quarterly basis.	The Chair of the Risk and Compliance 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. This includes ensuring that an adequate succession plan is in place for Executive Directors, Non-Executive Directors, and Senior Managers. The Committee is responsible for nominating for the approval of the Board, any proposed appointments of PCFs, Directors and Committee members. The Committee is also responsible for reviewing the Remuneration Policy annually for Board approval, 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 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 and executive management in accordance with Board-approved policies, and to act as the central decision-making committee for executive management. The Executive Management Committee (EMC) meets at least monthly and as otherwise required.	The EMC reports to the Board.
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 a written report directly to the Board summarising the key operations of the Underwriting Function and performance of business written against plan on a quarterly basis.
Claims Committee	The Committee's role is to ensure that the Company complies with the Claims Policy, in particular to ensure case reserves are adequate and calculated on a consistent and prudent basis, to monitor, understand and report on emerging claims trends and to monitor the delegation of claims settlement. The Claims Committee meets at least on a quarterly basis.	The Chair of the Committee provides a written report directly to the Board summarising the material claims activity and claims trends for the Company on a quarterly basis.
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 / disaster recovery plans are in place. The Operations Committee meets at least on a quarterly basis.	The Chair of the Committee provides a written report directly to the Board summarising material operational matters, IT developments and integration on a quarterly basis.
Outsourcing Committee	The Committee's role is to monitor all outsourcing arrangements for the Company, including intra-group, third-party and Managing General Agent outsourced activities.	The Chair of the Committee provides a written report directly to the Board summarising key outsourcing arrangements on a quarterly basis.
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	The Chair of the Committee provides a written report directly to the Board summarising the reserving and capital positions of the Company on a quarterly basis.

Committee	Role	Links into Board
	risk profile and comply with the relevant rules and regulations. The Actuarial Committee meets at least on a quarterly basis.	
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 a true and fair view of the Company; oversee the Treasury Function of the Company; and ensure that investments of the Company are managed in accordance with the Company's Asset Management and Liquidity Policy. The Finance Committee meets at least on a quarterly basis.	The Chair of the Committee provides a written report directly to the Audit Committee and Board presenting the financial position of the Company and the performance of the investment portfolio on a quarterly basis.
European Branch Oversight Committee	The purpose of the European Branch Oversight Committee is to monitor all activities of the Company's European Branches in accordance with Board-approved policies. The European Branch Oversight Committee meets at least on a quarterly basis.	The Branch Managers present a summary of the operations of each of the European branches to the Board on an annual basis.
UK Branch Oversight Committee	The purpose of the UK Branch Oversight Committee is to monitor all activities of the Company's UK Branch in accordance with Board-approved policies. The UK Branch Oversight Committee at least on a quarterly basis.	The Branch Manager presents a summary of the operations of the UK Branch to the Board on an annual basis. The Branch Manager may, at the request of the Board, be required to attend a meeting of the Board to answer any queries in relation to Branch activities.

Material changes in the system of governance

- In 2023 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 2023 with the addition of several key hires at the Dublin office.

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.

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

Risk management governance

The Risk Management Framework (**RMF**) is integrated throughout the Company's Governance Framework, ensuring that risk management is considered at each and every primary committee. The Board is responsible for approving the Company's RMF on an annual basis and the CRO is responsible for the operational implementation of the RMF.

The Company monitors its risk profile through the quarterly risk reporting cycle into the Risk and Compliance Committee, which comprises of risk appetite monitoring, risk and control self-assessments, risk assurance activities and risk incident / near misses monitoring.

Risk taxonomy

The Company performs a top-down assessment when determining the risk profile of the Company. The output of this assessment is maintained by the Company in a detailed risk taxonomy, which outlines all the risks that it may be exposed to.

Material risk assessment

The Company performs an annual material risk assessment to determine what risks are considered material. Material risks are those which if not adequately managed could;

- Cause a significant adverse movement in the Company's Own Funds or Solvency Coverage Ratio;
- Create detrimental outcomes for customers, damaging the reputation of the Company and/or Group, and resulting in a loss of confidence among customers;
- Result in regulatory intervention which if not adequately addressed, could result in the curtailment or loss of regulatory licence and permissions.

Risk and control self-assessment

The risk and control self-assessment process is a 'bottom-up' process through which risks, and associated controls are identified, assessed, mitigated and monitored. The risk and control self-assessment process is performed by the first line (1LOD) on a quarterly basis. The output of this assessment is maintained in the Company's Risk Register.

Risk appetite

Risk appetite is the level of risk that the Company is prepared to accept in pursuit of its strategic and business plans, while ensuring that the Company operates in a safe and sound manner. Risk appetite is set for each material risk, expressed though qualitative statements, supported by a quantitative risk limit. The Risk Appetite Statements are a key element of the Company's Risk Management Framework and are reviewed and approved by the Board annually. The Risk Appetite Statements are monitored on a quarterly basis and reported to the Risk and Compliance Committee, with escalation to the Board if required.

Risk incidents / near misses

Risk incident reporting is an integral part of the Risk Management Framework. Risk incident management allows for the quantification of risk events and to establish lessons learned from observed control failures. All risk incidents are recorded in the risk incident log, remediating actions and controls are put in place, and if required the risk incident is reported to the relevant committee.

Risk assurance

A combined assurance framework between the Risk, Compliance and Internal Audit functions has been designed to ensure no duplication of activities and allow for reliance between functions on controls testing. The Risk function is mandated to perform assurance activities and independently report findings back to the Risk and Compliance Committee. An annual risk assurance plan is developed by the Risk function which comprises of control testing and thematic reviews, which is approved by the Risk and Compliance Committee.

Risk sensitivities

The Company performs stress and scenario testing (SST) and reverse stress testing (RST) as part of the annual Own Risk and Solvency Assessment (ORSA) process, in order to assess the resilience of the Company's solvency position and the viability of the business plan under stressed conditions. These tests are based on the assumptions underlying the Company's 2024 business plan. To calculate these tests the Company used a combination of both stochastic and deterministic modelling.

The aim of the stress and scenario testing process is to identify events which could negatively impact the Company's solvency position, resulting in a deterioration in the Solvency Coverage Ratio below the Company's target solvency or result in a breach in the Company's risk appetite, over the business planning period. The aim of the reverse stress testing process is to identify events which would have a material impact on the Company resulting in the Solvency Coverage Ratio falling below the 100% regulatory solvency requirement.

The SSTs and RST considered as part of the ORSA process are based on the Company's risk profile and consider emerging risks the Company may be exposed to in future. The Board annually approves the tests to be included in the ORSA report. As part of the ORSA process and in line with the domestic actuarial regime, the Head of Actuarial Function (HoAF) is responsible for providing a report to the Board, alongside the ORSA report, outlining their opinion on the ORSA process which considers the appropriateness of the tests included in the ORSA report.

Overall, the SSTs and RSTs performed as part of the ORSA process demonstrate that the Company greatly benefits from the comprehensive intra-group reinsurance arrangement in place and that the Company is adequately capitalised to withstand numerous stresses and adverse scenarios.

B.4 Internal Control System

Internal controls refer to the mechanisms established by the Company to safeguard its assets, ensure accuracy and reliability of financial reporting, promote operational efficiency, and ensure compliance with laws and regulations. They are intended to provide reasonable assurance to the Company's stakeholders including the Board, executive management, employees, shareholder, policyholders, and regulators, that the Company will achieve it objections and fulfil its obligations.

Internal controls play a crucial role in supporting the achievement of the Company's objectives by mitigating risk and providing reasonable assurance that operations are conducted in a controlled and ethical manner. They are designed to prevent or detect errors, fraud, and irregularities that could have a negative impact on the Company's reputation, financial stability, and overall performance.

These controls are a fundamental component of the Governance Framework and help the Company's management and Board maintain effective oversight and accountability. They are designed to address risks identified through the risk management process and provide reasonable assurance that the Company's operations are running smoothly and in accordance with applicable laws, regulations, and internal policies.

The internal control framework comprises the following key elements: Control environment; three line of defence model; risk management framework; compliance framework; actuarial function and internal audit function.

Compliance Function

The Company's approach to managing the risk of non-compliance with laws and regulations is articulated in a Board approved Compliance Framework. The Compliance Framework sets out the Company's approach to the management of compliance and regulatory risk, including the roles and responsibilities of the Board, the Compliance Function, Executive Management and the 1st Line of defence. The Compliance Function is managed by the Company's Head of Compliance, who is the PCF-12 role holder.

The key responsibilities of the Compliance Function include, but are not limited to:

- Setting of company policy in relation to regulatory topics, company policy is documented in Board approved policies which are subject to annual review by the Compliance Function and the Board. Where applicable, Compliance Policies are supplemented by procedural documentation.
- To ensure that new regulatory requirements are identified, the Compliance Function operate a horizon-scanning process to ensure that changes to regulation, new regulations, new guidance papers and consultation papers are identified, appropriately considered and communicated to relevant management and staff.
- Providing assurance to the Board, Executive Management, and regulators that the Company is complying with its regulatory obligations. A Compliance Assurance plan is presented to the Board annually for approval.
- Training staff on regulatory topics relevant to their roles.
- Provide advice to the business on a range of regulatory matters, advice is provided to ensure that the business complies with its regulatory obligations.
- The Head of Compliance provides regular reports to the Board on regulatory matters and the activities of the Compliance function, including progress against its annual plans.
- Managing all interactions and correspondence with the Company's 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 and Compliance 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 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 objectives of the Policy are to;

- Define the Company's Outsourcing strategy;
- Define the process of selecting and approving OSPs who will carry out certain functions or activities on behalf of the Company;
- Define the criteria to be considered by the Company when determining if a function is critical or important;
- Set out some of the risk considerations to be taken into account when carrying out a risk assessment of the outsourced function or activity;
- Set out the role of the Company's Internal Audit function in respect of Outsourcing arrangements;
- Set out the due diligence obligations in respect of OSPs proposed to carry out critical or important functions;
- Set out the approach to be taken to identify and address any conflicts of interest arising between the Company and the OSP;
- Set out some of the key provisions to be included in agreements with OSPs;
- Set out the approach to continuity procedures in respect of outsourced functions and activities;
- Describe the obligations to notify the CBI in respect of outsourcing arrangements to the CBI;
- Ensure availability and reliability of information on outsourcing arrangements for the CBI if required and set out a process to review and monitor outsourcing arrangements.

Critical or important outsourcing arrangements

BHEI has a Board approved Critical or Important Assessment Policy which establishes clear guidelines for the assessment of a critical or important function. The Policy is supported by a procedure which outlines in detail the methodology, the criteria, the specific risks, and factors considered as part of the critical or important assessment. The assessment of criticality or importance is conducted at a minimum;

- Prior to signing an outsourcing contract or written outsource agreement;
- At appropriate intervals thereafter;
- Where the Company 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;
- If requested by the Board or EMC.

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 2023 are outlined below:

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

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 2023, a Board effectiveness review was undertaken by all Board members which related to year-end 2022. Following the assessment, the BHEI system of governance is considered to be appropriate. The system of governance is monitored on an ongoing basis by the Board. This assessment will be completed again in Q2 2024 for year-end 2023. The review in Q2 2024 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 monitors its risk profile through the quarterly risk reporting cycle into the Risk and Compliance Committee, which comprises of risk appetite monitoring, risk and control self-assessments, risk assurance activities and risk incident / near misses monitoring.

Analysis of Risk Profile (as per S.25.01)

	2023	2022
	€000	€000
Non-Life Underwriting Risk	119,657	97,168
Health Underwriting Risk	143	-
Market Risk	28,411	22,174
Counterparty Default Risk	22,207	17,177
Diversification	(27,960)	(21,779)
Basic Solvency Capital Requirement	**142,458**	**114,740**
Operational Risk	42,737	33,854
Loss absorbing capacity of deferred taxes	(13,385)	(11,595)
Solvency Capital Requirement (SCR)	**171,810**	**136,999**

C.1 Underwriting risk

Risk description

Underwriting risk is defined as the risk of potential for future claims from loss events to be greater than expected, in terms of size and/or frequency arising from underwriting, reinsurance claims and reserving activities of the Company.

The Company considers that underwriting risk comprises of the following sub-components; underwriting and pricing risk, reserving risk and claims management risk.

Risk appetite

The Company seeks out and accepts underwriting risk.

Risk exposure

As per S.25.01, the Company's non-life underwriting risk component of the SCR was €119.7m as at year end 2023, which increased from €97.2m as at year end 2022, primarily due to increased business volumes.

The Company writes non-life (re)insurance business, across most major classes of business. The Company's business strategy is to manage the underwriting cycle and write selected classes of business over the long-term to achieve an underwriting profit over the course of the cycle. The Company is exposed to future claims from loss events arising from underwriting, reinsurance claims and reserving activities. The Company will manage its development, implementation or use of underwriting/pricing processes to ensure that it adequately accounts for current and/or future claims in its pricing of new business.

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 quarterly basis and reported to the Board.

Risk mitigation

Some of the primary controls the Company has in place to mitigate underwriting risk are outlined below;

Underwriting disciplines

The underwriting strategy of the Company aligns with that of the ultimate parent company, Berkshire Hathaway Inc. The Company's underwriting strategy and underwriting disciplines are articulated in the Company's Underwriting Policy and a high-level overview of the underwriting disciplines is outlined below:

- 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.

Intra-group reinsurance

The Company has significant intra-group reinsurance arrangements in place with its parent company NICO, which comprise of; 80% quota share reinsurance, excess of loss reinsurance and stop loss reinsurance. The intra-group reinsurance arrangements materially reduce the Company's best estimate reserves on a net basis, and allow the Company to manage capital more effectively, reduce the risk of loss on business written, and limit the Company's exposure to multiple claims from a single occurrence. This reinsurance treaty automatically renews each year, with the any proposed changes requiring Board pre-approval.

Underwriting letters of authority, guidance and training

Underwriting letters of authority (LOA), guidance and training is in place to ensure that business written is within the Company's appetite and in line with the approved business plan. All persons committing the Company to business must have a signed LOA specifying what business they can write, their financial authority limits which is based on their experience, and persons for referral if the business is outside those authority levels.

Underwriting referral and approval process

All risks outside of an Underwriters authority (as specified in their LOA) are referred to the appropriate senior underwriter for review and approval prior to binding the risk. This process ensures that all risks written are assessed by a suitably experienced underwriter.

Underwriting peer review process

Underwriting peer reviews are performed on a regular basis to ensure that Underwriters write business in line with authority (as specified in their letter of authority).

Underwriting performance monitoring

The Underwriting Committee monitors the Company's underwriting performance on a regular basis to ensure that performance is in line with expectations (i.e. in line with the business plan).

Actuarial reserve review

A review of the Company's best estimate claims reserves is completed by the Actuarial function to ensure they are adequate. The HoAF presents the output of the reserve review to the Board.

In accordance with the Central Bank of Ireland (**CBI**) Domestic Actuarial Regime the HoAF presents the following reports to the Board annually; Actuarial Opinion on Technical Provisions (**AOTP**), which outlines the HoAF's opinion on the adequacy of the Company's best estimate reserves and the Actuarial Report on Technical Provisions (**ARTP**), which is a separate report that supports the AOTP and provides additional justification for the adequacy of Technical Provisions.

Claims letters of authority and quality file reviews

Claims authority letters are in place for all the Company's claims handlers. A clear claims referral and approval process is in place. Claims handler training is provided on a regular basis. Claims quality file reviews are performed on a regular basis to ensure that the Company's service standards are continually being met.

Risk monitoring

The Company’s underwriting activities are regularly monitored by the Underwriting Committee and the Chief Underwriting Officer provides regular updates to the Executive Management Committee and Board.

The Company's Technical Provisions are reported to and reviewed by the Actuarial Committee and Finance Committee to ensure that the Technical Provisions are accurate, adequately reflect the Company's risk profile and are aligned with the Company's conservative reserving philosophy.

The Company’s Claims Committee monitors claims experience, including large claims / litigation, and the Head of Claims provides quarterly updates to the Board.

The Company’s underwriting risk appetite is monitored quarterly and reported to the Risk and Compliance Committee.

Risk sensitivities

The underwriting risk SSTs which were considered as part of the ORSA process are outlined below. In all instances the Company’s solvency position remained well in excess of the regulatory solvency capital requirement.

- The Company experiences significant underwriting losses across all classes of business, following a soft market with increasing claims, which leads to a significant deterioration in the Company’s best estimate combined operating ratio (COR).
- A rogue underwriter knowingly writes a series of risks outside of their authority and a claim is made and is honoured, which results in the Company incurring a full limit gross loss.
- Significant deterioration in the Company’s best estimate reserves.
- Large losses experienced at one of the Company’s underwriting divisions.

Climate change risk

Climate change risks can broadly be categorised into two drivers of risk; physical risks and transition risks. Physical risk drivers may include the geographic location of assets, the impact of natural catastrophes on the underwriting portfolio.

Physical risks are risks that arise from the physical effects of climate change. They include:

- Acute physical risks, which arise from particular events, especially weather-related events such as storms, floods, fires or heatwaves that may damage production facilities and disrupt value chains.
- Chronic physical risks, which arise from longer-term changes in the climate, such as temperature changes, rising sea levels, reduced water availability, biodiversity loss and changes in land and soil productivity.

Transition risk drivers may include investments in fossil fuel dependent companies, changing risk profile of business, litigation related claims, and reputational risk. Transition risks are risks that arise from a rapid transition to a low-carbon and climate-resilient economy. They for example include:

- Policy risks, for example as a result of energy efficiency requirements, carbon-pricing mechanisms which increase the price of products which are using fossil fuels.
- Legal risks, for example the risk of litigation for failing to avoid or minimise adverse impacts on the climate, or failing to adapt to climate change.
- Technology risks, for example if a technology with a less damaging impact on the climate replaces a technology that is more damaging to the climate.
- Market sentiment risks, for example if the social norms and choices of consumers and business customers shift towards products and services that are less damaging to the climate.

- Reputational risks, for example the difficulty of attracting and retaining customers, employees, business partners and investors if a company has reputation for damaging the climate.

As part of this years ORSA process, the Company performed its first climate materiality assessment. The assessment considered the impact of the identified climate risks on the Company's investment portfolio, underwriting exposure, operations, and reinsurance over the short (0-10 years), medium (10-30 years) and long term (30-80 years). Managing the financial risks associated with climate change risk continues to be a focus for the Company and risks have been identified relating to physical and transition risks. This allows the Company to understand the potential exposure to climate change risk and the impact it might have on its strategy and business model.

The climate change risk SSTs which were considered as part of the ORSA process are outlined below. In all credit risk SSTs the Company's solvency position remained well in excess of the regulatory solvency capital requirement.

- A severe natural catastrophe occurs, which results in a full limit gross loss on the property portfolio.
- A reduction in the value of the Company's bond portfolio, as a result of government bonds being downgraded, due to climate change risk.
- The credit rating of the Company's intra-group reinsurers are downgraded from AA+ to BBB, due to climate change risk.
- The Company's GWP is lower than expected in the business plan due to a shift in the macro environment whereby customers expect to understand a firms position on climate change and sustainability. This leads to a shift in customer preferences towards sustainable companies and leads to reputational risk for companies seen as less sustainable, which results in a reduction in demand for their business.
- There are multiple D&O losses on the BHSI casualty portfolio as a result of transition risk from climate change.
- The Company experiences significant underwriting losses across the BHSI E&P and casualty classes of business, as a result of litigation risk caused by climate change, which leads to a significant deterioration in the Company's best estimate combined operating ratio.

C.2 Market risk

Risk description

Market risk is defined as the risk that the Company's balance sheet position weakens because of poor asset returns, adverse changes in economic variables, and costs associated with the liquidation of assets on unfavourable terms.

Risk appetite

Risk appetite is the level of risk that the Company is prepared to accept in pursuit of its strategic and business plans, while ensuring that the Company operates in a safe and sound manner. The Company is willing to accept market risk.

Risk exposure

As per S.25.01 the Company's market risk component of the SCR was €28.4.m as at year end 2023 which increased from €22.2m as at year end 2022, this is primarily driven by an increase in currency risk due to the Company increasing the proportion held in non-Euro denominated currencies.

<u>Investment portfolio</u>
The Company's investment portfolio primarily comprises of cash, cash equivalents and highly rated government bonds.

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.

Collateral
The Company is not currently required to pledge assets as collateral with any external counterparties and nor has it been required to do so in previous years. In certain limited instances the Company has issued letters of credit to third parties in respect of its obligations.

Technical provisions
The value of Technical Provisions is subject to interest rate risk as these are discounted using risk free rates.

Risk concentration

There is significant concentration risk in the Company's investment portfolio, as German bunds represent a material component of assets held. In respect of the fixed income portfolio, the maximum exposure to any single company or issuer is defined in the Investment Guidelines.

Risk mitigation

Some of the primary controls the Company has in place to mitigate market risk are outlined below;

Investment strategy
The Company has adopted a conservative investment strategy and holds high quality assets which are highly marketable. 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 risk appetite. The tertiary objective is to maximise investment returns.

Investment policy and investment guidelines
Assets are invested in line with the Board approved Investment Policy and Investment Guidelines, which outline the restrictions in place on the types of investments that can be held and are consistent with the prudent person principle. The Investment Guidelines outline the Company's approach to currency matching.

Investment manager quarterly performance report
An investment report outlining the Company's investment performance is presented to the Finance Committee quarterly and an exception report is issued if an investment is outside of the Company's Investment Guidelines.

Asset liability matching
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.

Risk monitoring

The Company's investment performance is monitored by the Finance Committee quarterly and the Chief Financial Officer (**CFO**) provides regular updates to the Executive Management Committee and Board. The Company's market risk appetite is monitored quarterly and reported to the Risk and Compliance Committee.

Risk sensitivities

The market risk SST considered as part of the ORSA process assessed the impact on the Company's solvency position of a significant reduction in interest rates over the business planning period which resulted in a deterioration in the Company's solvency position whilst remaining in excess of the regulatory solvency capital requirement.

C.3 Credit risk

Risk description

Credit risk is defined as the risk of loss arising from either a third party failing to perform its obligations or a weakening in the Company's balance sheet because of changes in counterparty credit worthiness.

Risk appetite

The Company has a limited appetite for credit risk. The Company does not seek out credit risk, it will manage and measure credit risk by engaging with a diverse range of highly rated counterparties to limit default and concentration exposure.

Risk exposure

As per S.25.01 the Company's counterparty default risk component of the SCR was €22.2m as at year end 2023 which increased from €17.2m as at year end 2022, due to increases in cash, reinsurance recoverable and policyholder debtor balances. The Company's banking counterparties and reinsurance counterparties are highly rated.

The Company is exposed to credit risk primarily from it's significant intra-group reinsurance arrangements and to a lesser extent from other counterparty default risk (e.g., banks, co-insurers, third party reinsurers, insurance premium receivables, investment credit risk).

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 2023, NICO is rated AA+ by S&P rating agency (2022: AA+) and NICO reported surplus assets of US$226bn (2022: US$207bn) and total assets of US$381bn (2022: US$348bn).

Risk mitigation

Some of the primary controls the Company has in place to mitigate credit risk are outlined below;

<u>Trust fund</u>
A trust fund agreement is in place between the Company and it's primary intra-group reinsurer NICO. The Company holds collateral from NICO (in the form of the trust fund asset), against the intra-group reinsurers share of Technical Provisions in order to protect the Company against the risk of intra-group reinsurer default. The trust fund must maintain a minimum value which is enough to cover estimated future insurance liabilities. The agreement stipulates that if NICO

defaulted on monies owed to the Company then the Company could use the trust fund assets to pay out customers claims. The Finance Committee monitors the value of the trust fund and NICO's credit rating quarterly to ensure they remain in line with expectations and any adverse movements are escalated to the Board in a timely manner.

<u>Investment policy and investment guidelines</u>
Assets are invested in line with the Board approved Investment Policy and Investment Guidelines, which outline the restrictions in place on the types of investments that can be held. The Company's Investment Guidelines outline the percentage level of investments which can be held with each counterparty dependent on its credit rating.

Risk monitoring

The Company's credit risk is regularly monitored by the Finance Committee and the CFO provides regular updates to the Executive Management Committee and Board. The Company's credit risk appetite is monitored quarterly and reported to the Risk and Compliance Committee.

Risk sensitivities

The credit risk SSTs which were considered as part of the ORSA process are outlined below. In all credit risk SSTs the Company's solvency position remained well in excess of the regulatory solvency capital requirement.

- The Company's intra-group reinsurers are downgraded from AA+ to BBB.
- A reduction in the value of the Company's bond portfolio as a result of the credit rating of government bonds being downgraded.

In addition a credit risk RST was considered whereby it is assumed that the Company's intra-group reinsurers are downgraded from AA+ to CCC, which results in the Company's solvency position falling below the regulatory solvency capital requirement.

C.4 Liquidity risk

Risk description

Liquidity risk is the risk that the Company does not manage its balance sheet correctly resulting in it not being able to meet its short-term liquidity requirements. 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 appetite

The Company has limited appetite for liquidity risk. This is supported by a conservative investment strategy of short term assets.

Risk exposure

The Company has adopted a conservative investment strategy. The Company's investment portfolio comprises of cash, cash equivalents and highly rated government bonds (i.e., German bunds and US treasury bills). The Company retains highly sufficient cash balances to meet its liquidity needs. Given the short duration (average duration < 1 year) and credit quality (highly rated government bonds) of the Company's investment portfolio, liquidity risk is considered low.

The total amount of expected profit in future premium as at the valuation date is €4.1m (2022: €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 mitigation

Some of the primary controls the Company has in place to mitigate liquidity risk are outlined below;

<u>NICO cash call for insurance liabilities</u>
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. The Company also can make cash calls from NICO for any balances owed over an agreed threshold.

<u>Finance Committee monitoring of liquidity levels</u>
The Finance Committee monitoring the liquidity levels of the Company in all 3 major currencies (EUR, USD, GBP). Coverage checks are performed against a threshold ensuring adequate coverage of short term assets vs past 3 month expenses in each currency.

<u>Investment guidelines</u>
Guidelines are in place which are board approved and are in place to assist with investment management. The guidelines outline the restrictions in place on the types of investments that can be held.

Risk monitoring

The Company’s liquidity levels are regularly monitored by the Finance Committee. The CFO provides regular updates to the Executive Management Committee and Board. The Company’s liquidity risk appetite is monitored quarterly and reported to the Risk and Compliance Committee.

Risk sensitivities

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 appetite

The Company has limited appetite for operational risk. Providing services to customers and group means exposure to operational risk events is unavoidable resulting from inadequate or failed internal processes, people, systems, or external events. Controls and processes therefore need to be well designed and operated to reduce the probability and impact of operational risks unless the cost of doing so is greater than the expected loss.

Risk exposure

As at the report date, the Company's operational risk component of the SCR was €42.7m (2022: €33.9m). The increase over 2023 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. Another key operational risk exposure for the Company is regulatory risk, given increased regulatory scrutiny from the CBI arising from its PRISM rating.

Risk concentration

The Company is exposed to concentration risk from BHSIC and Xceedance, who provide IT support and policy administration services respectively.

Risk mitigation

Some of the primary controls the Company has in place to mitigate operational risk are outlined below;

Legal review of all agreements
The legal function review and approve all contracts (including for outsourcing arrangements) before they are entered into by the Company. This includes outsourcing arrangements as part of the OSP onboarding and ongoing monitoring processes.

Succession planning
The Company's succession plan is reviewed annually or when required by the Chief Executive Officer (**CEO**) and approved by the Nominations and Remuneration Committee. The Nominations and Remuneration Committee approve any proposed appointment of CEO, CFO, Business Unit (Divisional) Heads, Chief Actuary, Chief Risk Officer, Legal Counsel and any other SMFs. Before any appointment is made by the Board, to evaluate the balance of skills, knowledge, and experience on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.

Onboarding, approval and ongoing monitoring of OSPs
Due diligence is performed on all new outsourced service providers is performed by the Company, in line with the documented onboarding procedure for outsourced service providers. The Outsourcing Committee meets on a quarterly basis to oversee the performance of all OSPs.

Business Continuity Management Policy and Plan
The business continuity plan is updated regularly and meets the minimum standards set out by the regulator. The plan is tested annually with any results and actions reported to the Operations Committee.

Ongoing due diligence on all controlled function positions
Due diligence checks are performed annually. The level of the due diligence is dependent on the type of CF. This involves a combination of self-certified declarations from the CF holder, and validation checks performed by BHEI. Both due diligence and screening documents are reviewed internally by the relevant Manager to ensure the PCF/CF is compliant with the policy.

Risk monitoring

The Company's operational activities are regularly monitored by the Operations Committee. All outsourcing arrangements are monitored by the Outsourcing Committee. The Head of Operations provides regular updates to the Executive Management Committee and Board. The Company's operational risk appetite is monitored quarterly and reported to the Risk and Compliance Committee.

Risk sensitivities

The operational risk SST considered as part of the ORSA process assessed the impact on the Company's solvency position of a successful significant cyber-attack, which results in financial loss, disruption to business operations, damage to the Company's reputation and regulatory notification. This operational risk SST resulted in the Company's solvency position remaining in excess of the regulatory solvency capital requirement.

C.6 Other material risks

Other risks the Company considers which are not explicitly captured within the calculation of the SCR which are material include; strategic risk (including group risk), conduct risk, and operational resilience risk and emerging risks.

Strategic risk

Strategic risk is defined as the risk of lower-than-expected profits, or impact to the Company's long-term positioning and performance due to inadequate strategy, failed business decisions, or lack thereof. Strategic risk concentrations are considered by the Board as part of the business planning process. The Company operates in a competitive market and identifies opportunities to meet investor requirements, develop efficiencies, etc. The Company will pursue only those opportunities that are consistent with the documented strategy approved by the Board. Changes to the external business environment, regulations and tax laws are to be monitored on a forward-looking basis and, if their impact is expected to materially affect the achievement of the Company's Strategy, are to be brought to the attention of the Board. Given the nature of strategic risks, there is no capital charge assessment but a comprehensive control environment in place to assess, review and mitigate these risks.

Conduct risk

Conduct risk is defined as the risk that the company's conduct results in harm to its customers. The Board acknowledges that the Company is exposed to conduct risk and is risk averse. The Company is committed to maintaining market integrity and ensuring appropriate outcomes for customers. It has no tolerance for actions that result in customer detriment, market instability or ineffective competition. In Q4 2023 the company adopted a new Conduct Risk Policy & Product Governance and Oversight Framework.

Operational resilience risk

Operational resilience risk defined as the risk of the inability of the Company to identify and prepare for, respond and adapt to, recover and learn from an operational disruption. The CBI is concerned about the risk posed to consumers, small businesses and the financial system by critical operational failures within the financial services sector. Therefore, the CBI has introduced new requirements for firms to ensure the resilience of their operations. As the Company continues to develop its Operational Resilience Framework it will provide regular updates to the Board. In addressing the risk, the Company has done the following:

- Identified the Important Business Services (**IBS**) within the Company
- Proposed initial impact tolerances for these IBS
- Completed resource mapping for the IBS
- Performed scenario analysis and initial desk based testing
- Identified initial vulnerabilities and lessons learned.

Emerging risks

Emerging risks are monitored across the Company as part of its Governance Framework via its various Committees. Emerging risks are also monitored annually as part of it risk taxonomy review by the Risk function. A high-level list of some of the emerging risks the Company may be exposed to in future are outlined below:

- Cyber Attacks
- Artificial Intelligence (**AI**) threats.
- Synthetic chemicals and environmental risk.
- Liability claim trends/ Social Inflation
- Geopolitical risk

C.7 Any other information

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

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 2023 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 2023	Notes	Irish GAAP	Reclassification Adjustments	Solvency II Adjustments	Solvency II
		€000	**€000**	**€000**	**€000**
Assets					
Investments	1	588,541	133,327		721,868
Property	2	-	-	5,590	5,590
Reinsurers' share of Technical Provisions	3	2,010,178	(222,091)	(472,279)	1,315,808
Insurance and intermediaries' receivables	4	291,449	(232,193)	-	59,256
Reinsurance receivables	5	25,215	(25,215)	-	-
Receivables - not insurance		18,176	-	-	18,176
Cash and cash equivalents		227,725	(130,324)	-	97,401
Any other assets		3,607	(3,003)	-	604
Net Deferred Acquisition Costs	6	10,200	(10,200)	-	-
Total Assets		**3,175,091**	**(489,699)**	**(466,689)**	**2,218,703**
Liabilities					
Total Non-Life Technical Provisions	**7**	(2,461,594)	267,608	529,954	(1,664,032)
Gross Technical Provisions		(2,461,594)	267,608	571,256	(1,622,730)
Risk Margin		-	-	(41,302)	(41,302)
Provisions other than technical provisions					
Insurance and intermediaries' payables	8	(36,124)	30,612	-	(5,512)
Deferred tax liabilities	9	-	-	(13,385)	(13,385)
Reinsurance payables	10	(319,183)	191,479		(127,704)
Payables - not insurance	11	(18,387)	-	(5,590)	(23,977)
Total Liabilities		**(2,835,288)**	**489,699**	**510,979**	**(1,834,610)**
Excess of Assets over Liabilities		**339,803**	**-**	**44,290**	**384,093**

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**

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 2023 with prior year comparatives:

	2023	2022
	€000	**€000**
Government bonds	588,541	528,848
Quasi government bonds	-	1,994
Commercial bonds	-	1,497
Total Investments (GAAP)	**588,541**	**532,339**
Liquidity funds (collective investment undertakings)	130,324	65,366
Accrued interest on bonds	3,003	2,460
Total Investments (Solvency II)	**721,868**	**600,165**

Government, quasi government, and commercial bonds 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, which are classified as cash and cash equivalents in the GAAP financial statements) valued at €130.3m (2022: €65.4m) plus the value of accrued interest due on bonds (classified as accrued income in the GAAP financial statements) €3.0m (2022: €2.5m).

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 32,000)
- 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 Solvency II best estimate basis; as opposed to being applied to the booked (i.e., prudent) gross claims reported in the statutory accounts on a prudent 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 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 Committee 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 2023	**Motor Vehicle Liability**	**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	697	2,391	5,169	79,995	489	88,741
Reinsurers' share	521	1,794	2,432	61,581	392	66,720
Net	176	597	2,737	18,414	97	22,021
Best estimate Claims provisions						
Gross	1,111	84,450	335,964	1,112,085	378	1,533,988
Reinsurers' share	890	74,910	275,627	897,357	304	1,249,088
Net	221	9,540	60,337	214,728	74	284,900
Total Best Estimates						
Gross	**1,807**	**86,841**	**341,134**	**1,192,081**	**867**	**1,622,730**
Net	**396**	**10,137**	**63,074**	**233,143**	**171**	**306,921**
Risk Margin	**66**	**1,653**	**9,534**	**30,031**	**18**	**41,302**

Summary of Technical Provisions As at 31 December 2022	**Motor Vehicle Liability**	**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**

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 assumptions. Sources of uncertainty in the estimation of technical provisions will include:

- Material adverse or favourable developments in large claims.
- Actual future claims inflation may differ from assumed.
- Change in underlying business mix or types of coverage over time.
- Final settlement cost of open claims cannot be known precisely to the extent it will depend on court decisions on liability or the prognosis for recovery from injuries.
- The emergence of new claim types not included in historical data resulting in different claims development patterns or uncertainty due to the potential claim event not having yet occurred.

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, including future premium cashflows, 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 [8] **-** 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 [10] **-** 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 SCR and MCR. 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:

	2023 €000	**2022 €000**
Tier 1 Funds		
Called up share capital	386,033	386,033
Reconciliation reserve	(1,940)	(23,789)
Total Basic Own Funds	**384,093**	**362,244**

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 2023 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 (SCR) and Minimum Capital Requirement (MCR)

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 2023, the Company's SCR is €171.8m (2022: €137m) and MCR is €50.1 (2022: €38.6m), as follows:

Solvency Capital Requirement

	2023	2022	Change
	€000	€000	€000
Market Risk	28,411	22,174	6,237
Counterparty default risk	22,207	17,177	5,030
Health underwriting risk	143	-	143
Non-life underwriting risk	119,657	97,168	22,489
Operational risk	42,737	33,854	8,883
Loss-absorbing capacity of deferred taxes	(13,385)	(11,595)	(1,790)
Diversification credit	(27,960)	(21,779)	(6,181)
Solvency Capital Requirement	**171,810**	**136,999**	**34,811**

Minimum Capital requirement

	2023 €000	2022 €000	Change €000
Linear MCR	50,103	38,561	11,542
MCR Cap (45% of SCR)	77,315	61,649	15,666
MCR floor (25% of SCR)	42,953	34,250	8,703
Absolute floor of the MCR	4,000	4,000	-
Minimum Capital Requirement	**50,103**	**38,561**	**11,542**

Compared with the prior reporting period, the increase in SCR across all risk modules reflects the growth in business written during 2023, as well as the projected business volumes for the forthcoming year. The MCR has also increased in the reporting period, reflecting its calculation as a percentage of the SCR.

At 31 December 2023 BHEI had an excess of assets over liabilities (eligible own funds) of €384.1m (2022: €362.2m) as against an SCR of €171.8m (2022: €137m) resulting in a surplus in excess of SCR of €212.3m (2022: €225.2m) and a coverage ratio of 224% (2022: 264%).

E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR

BHEI has not opted to use the duration-based equity risk sub-module of the SCR at 31 December 2023.

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 SCR.

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

There was no breach of the SCR (and hence the MCR) 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.04.05	Premium, claims and expenses by country
S.05.01	Premium, claims and expenses by line of business
S.17.01	Non-Life Technical Provisions*
S.19.01	Non-Life Insurance 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	5,590
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	721,868
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*	591,543
R0140	*Government Bonds*	591,543
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	130,324
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:	1,315,808
R0280	*Non-life and health similar to non-life*	1,315,808
R0290	*Non-life excluding health*	1,315,808
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	59,256
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	18,176
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	97,401
R0420	Any other assets, not elsewhere shown	604
R0500	**Total assets**	2,218,703

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	1,664,032
R0520	*Technical provisions - non-life (excluding health)*	1,664,032
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	1,622,729
R0550	*Risk margin*	41,302
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	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	13,385
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	5,512
R0830	Reinsurance payables	127,705
R0840	Payables (trade, not insurance)	8,449
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	15,528
R0900	**Total liabilities**	1,834,610
R1000	**Excess of assets over liabilities**	384,093

S.04.05.21

Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

		Home Country	Top 5 countries (by amount of gross premiums written): non-life				
R0010			DE	ES	FR	GB	NL
		C0010	C0020	C0021	C0022	C0023	C0024
	Premiums written (gross)						
R0020	Gross Written Premium (direct)	98,715	176,039	116,889	211,213	139,499	35,392
R0021	Gross Written Premium (proportional reinsurance)	0	1	318	0	125	131
R0022	Gross Written Premium (non-proportional reinsurance)	0	0	0	0	0	0
	Premiums earned (gross)						
R0030	Gross Earned Premium (direct)	85,771	165,288	113,387	201,404	135,241	36,034
R0031	Gross Earned Premium (proportional reinsurance)	4	85	1,110	0	953	461
R0032	Gross Earned Premium (non-proportional reinsurance)	0	0	0	0	0	0
	Claims incurred (gross)						
R0040	Claims incurred (direct)	58,666	125,942	105,943	154,160	100,982	14,177
R0041	Claims incurred (proportional reinsurance)	-539	-2,116	-6,579	-124	-1,769	-3,251
R0042	Claims incurred (non-proportional reinsurance)	0	0	0	0	0	0
	Expenses incurred (gross)						
R0050	Gross Expenses Incurred (direct)	18,107	26,488	19,644	55,690	26,292	6,446
R0051	Gross Expenses Incurred (proportional reinsurance)	1	24	483	0	307	200
R0052	Gross Expenses Incurred (non-proportional reinsurance)	0	0	0	0	0	0

S.05.01.02

Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

		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				5,838		62,412	239,741	642,537	274								950,802
R0120	Gross - Proportional reinsurance accepted				0		90	1,262	260	0								1,612
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share				4,787		54,194	197,622	527,130	225								783,958
R0200	Net				1,051		8,308	43,380	115,667	49								168,456
	Premiums earned																	
R0210	Gross - Direct Business				2,087		54,875	224,803	627,800	807								910,373
R0220	Gross - Proportional reinsurance accepted				0		90	5,956	260	0								6,307
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share				1,712		48,159	189,235	515,095	662								754,863
R0300	Net				376		6,807	41,525	112,965	145								161,817
	Claims incurred																	
R0310	Gross - Direct Business				1,540		45,144	181,214	431,187	236								659,321
R0320	Gross - Proportional reinsurance accepted				0		-274	-32,315	-628	0								-33,217
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share				1,232		37,899	114,227	341,979	189								495,527
R0400	Net				308		6,971	34,671	88,580	47								130,577
R0550	**Expenses incurred**				101		1,066	7,435	19,985	40								28,627
R1210	**Balance - other technical expenses/income**																	469
R1300	**Total technical expenses**																	29,096

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**				0		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				697		2,391	5,169	79,995	489								88,741
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				521		1,794	2,432	61,581	392								66,720
R0150	**Net Best Estimate of Premium Provisions**				176		597	2,737	18,414	97								22,021
	Claims provisions																	
R0160	Gross				1,111		84,450	335,964	1,112,086	378								1,533,988
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				890		74,910	275,628	897,357	304								1,249,088
R0250	**Net Best Estimate of Claims Provisions**				221		9,540	60,337	214,728	74								284,900
R0260	**Total best estimate - gross**				1,808		86,841	341,134	1,192,081	867								1,622,729
R0270	**Total best estimate - net**				396		10,137	63,074	233,143	171								306,921
R0280	**Risk margin**				66		1,654	9,534	30,031	18								41,302
R0320	**Technical provisions - total**				1,873		88,494	350,668	1,222,111	885								1,664,032
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**				1,411		76,704	278,060	958,938	696								1,315,808
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**				462		11,790	72,608	263,173	189								348,223

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)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0		0	0
R0170	-8	0	0	0	0	0	0	0	0	0			0	0
R0180	-7	0	0	0	0	0	0	0	0				0	0
R0190	-6	0	0	0	0	0	0	0					0	0
R0200	-5	0	0	0	0	0	0						0	0
R0210	-4	99	3,105	19,454	2,750	5,237							5,237	30,645
R0220	-3	6,402	20,014	15,642	10,923								10,923	52,981
R0230	-2	7,507	71,311	33,775									33,775	112,594
R0240	-1	7,642	39,691										39,691	47,333
R0250	0	18,106											18,106	18,106
R0260												Total	107,733	261,658

Gross Undiscounted Best Estimate Claims Provisions

(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0		0
R0170	-8	0	0	0	0	0	0	0	0	0			0
R0180	-7	0	0	0	0	0	0	0	0				0
R0190	-6	0	0	0	0	0	0	0					0
R0200	-5	0	0	0	0	0	0						0
R0210	-4	16,277	60,588	75,666	50,108	40,605							36,536
R0220	-3	117,384	239,088	194,440	137,189								123,235
R0230	-2	347,956	551,845	436,844									388,761
R0240	-1	408,360	551,604										492,847
R0250	0	502,345											454,356
R0260												Total	1,495,735

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	-1,940	-1,940			
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**	384,093	384,093	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	384,093	384,093	0	0	0
R0510	Total available own funds to meet the MCR	384,093	384,093	0	0	
R0540	Total eligible own funds to meet the SCR	384,093	384,093	0	0	0
R0550	Total eligible own funds to meet the MCR	384,093	384,093	0	0	
R0580	**SCR**	171,810				
R0600	**MCR**	50,103				
R0620	**Ratio of Eligible own funds to SCR**	223.56%				
R0640	**Ratio of Eligible own funds to MCR**	766.60%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	384,093
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**	-1,940
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	4,076
R0790	**Total Expected profits included in future premiums (EPIFP)**	4,076

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	28,411		
R0020	Counterparty default risk	22,207		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	143		
R0050	Non-life underwriting risk	119,657		
R0060	Diversification	-27,960		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	142,458		

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

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	42,737
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-13,385
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**	171,810
R0210	Capital add-ons already set	0
R0211	*of which, capital add-ons already set - Article 37 (1) Type a*	0
R0212	*of which, capital add-ons already set - Article 37 (1) Type b*	0
R0213	*of which, capital add-ons already set - Article 37 (1) Type c*	0
R0214	*of which, capital add-ons already set - Article 37 (1) Type d*	0
R0220	**Solvency capital requirement**	171,810
	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	Yes/No
		C0109
R0590	Approach based on average tax rate	No

	Calculation of loss absorbing capacity of deferred taxes	**LAC DT**
		C0130
R0640	LAC DT	-13,385
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	-13,385
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

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	50,103

		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	0
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	396	1,051
R0060	Other motor insurance and proportional reinsurance	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	10,137	8,483
R0080	Fire and other damage to property insurance and proportional reinsurance	63,074	42,132
R0090	General liability insurance and proportional reinsurance	233,143	111,441
R0100	Credit and suretyship insurance and proportional reinsurance	171	66
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	0
R0140	Non-proportional health reinsurance	0	0
R0150	Non-proportional casualty reinsurance	0	0
R0160	Non-proportional marine, aviation and transport reinsurance	0	0
R0170	Non-proportional property reinsurance	0	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	50,103
R0310	SCR	171,810
R0320	MCR cap	77,314
R0330	MCR floor	42,952
R0340	Combined MCR	50,103
R0350	Absolute floor of the MCR	4,000
R0400	**Minimum Capital Requirement**	50,103