Solvency and Financial Condition Report

NORWEGIAN HULL CLUB

Contents

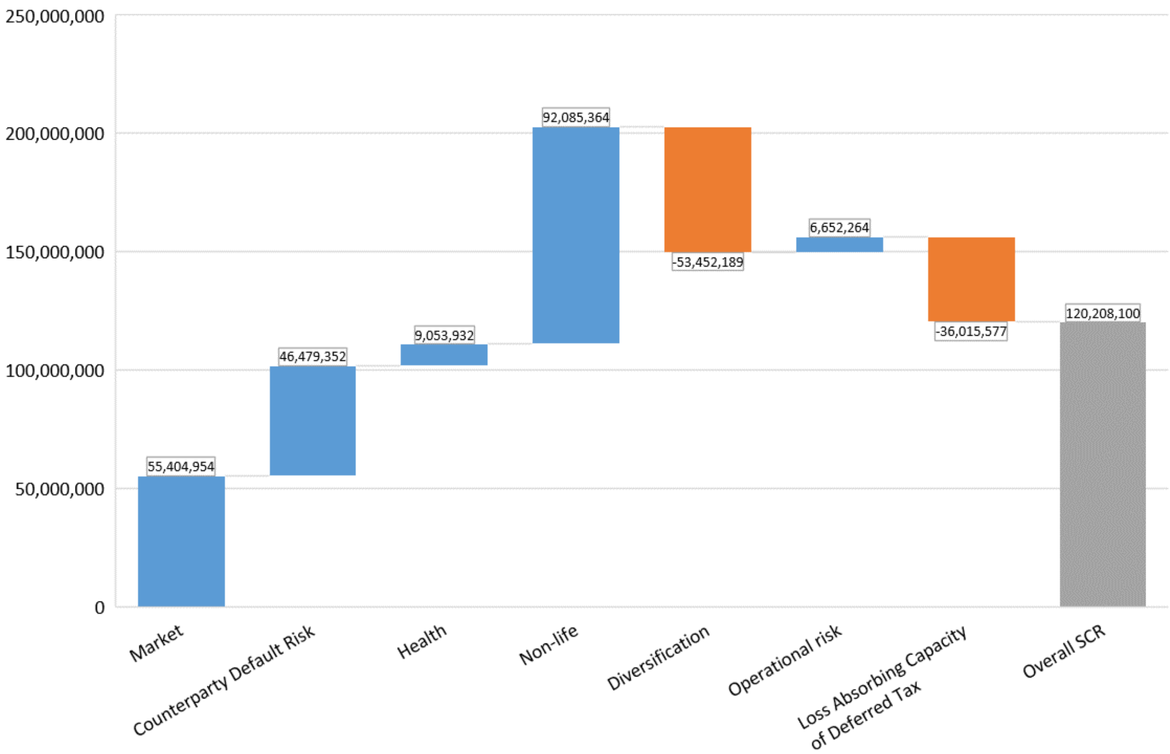
Summary

Norwegian Hull Club (NHC) is a mutual insurance undertaking writing global Marine and Medical Expense insurance. The 2016 earned gross premium was 165 MUSD. The premium has been falling from a peak of 219 MUSD in 2013 due to vessels and rigs in lay-up, reduced insured values and falling premium rates.

The below table summarize the solvency conditions in terms of Solvency Capital Requirement (SCR), Minimum Capital Requirement (MCR) and Standard and Poor's AAA capital requirements:

	SCR	MCR	S&P
Eligible Own Funds	260 107 611	260 107 611	275 503 586
Capital Requirement	120 208 100	32 540 159	176 124 048
Absolut Margin	139 899 511	227 567 452	99 379 538
Ratio	216 %	799 %	156 %

The Solvency Capital Requirement is built up as follows:



NHC had an operation result of 18 MUSD after return of 3,5 MUSD to mutual members in 2016. NHC's operating result has been positive every year since 2009 and the underwriting result has been positive since 2010.

One of the requirement to the SFCR and RSR report is that we shall compare information against information given in the previously reporting period. Since this is the first ordinary SFCR and RSR report, these requirements will be fully complied with in next year's report.

A. Business and Performance

SFCR Information

A.1 Business

NHC is a mutual marine insurance company writing marine and energy insurance. Clients writing hull insurance on a mutual basis are owners, referred to as members. Members are owners and managers of insured units.

Principal Address:	Olav Kyrres gate 11 PO Box 75 Sentrum No 5083 Bergen Norway

NHC is supervised by the Financial Supervisory Authority of Norway (FSAN) located in Oslo.

Contact details:	Revierstredet 3, Postboks 1187 Sentrum 0107 Oslo

The external auditor is PWC, Sandviksbodene 2A, 5835 Bergen.

The largest members have less than 10% ownership and there are thus no holders of qualifying holdings in the undertaking.

NHC writes a global book of Hull & Machinery, Loss of Hire, Increased Value, War, Mega yachts, Builders risk covers, Energy (fixed and floating) insurance -operation and construction. In addition, P&I and defense covers are provided to charterers and health insurance is provided to seafarers and their relatives.

Marine and Energy insurance is placed and written globally, and over 80 % of NHC's business is placed through brokers. A major part of the business is with international clients.

NHC has about 26 % share of the Nordic market (defined as business written by companies operating from the Nordic countries), which account for about 11 % of global hull premium. Thus, NHC has 2.5 – 3.0 % market share of global hull business. The Nordic market has its own conditions[1], in which the role as claims leader is distinctive and important. NHC has long experience as claims leader, and this role is an important part of its service offering.

NHC opened a branch office in London at the end of 2016, writing business produced by London brokers as well as maintaining the existing business relationships.

[1] http://www.nordicplan.org/

A.2 Underwriting performance

Since 2010, NHC has had strong underwriting performance reflecting its focus on underwriting profit through comprehensive Client Risks Assessment models.

	2016	2015
Gross earned premiums	**165 499 871**	**191 496 472**
Gross claims	**-135 466 184**	**-176 903 467**
Gross result	**30 033 687**	**14 593 006**
Premiums for own account	**137 043 099**	**161 839 219**
Claims for own account	**-122 140 506**	**-125 703 756**
Insurance result f.o.a. (A)	**14 902 594**	**36 135 463**
Other insurance related income	**6 980 549**	**6 207 747**
Commission	**1 795 688**	**1 783 717**
Operating expenses	**-24 223 720**	**-17 974 673**
Technical result f.o.a. (B)	**-544 889**	**26 152 255**

The 2016 net premium and claims is split as follows by line of business:

	Medical expense insurance	Marine, aviation and transport insurance	Total
Earned Premium	8 998 273	128 044 827	137 043 099
Other insurance related income		6 980 549	6 980 549
Claims incurred	6 317 847	115 822 659	122 140 506
Expenses incurred	899 827	21 528 205	22 428 032
Technical Result	**1 780 599**	**-2 325 487**	**-544 889**

The 2016 net premium and claims are split as follows by region:

Country	Earned Premium	Other Income	Incurred Claims	Expenses Incurred	Technical Result
Africa	324 460	0	9 423 266	53 100	-9 151 906
America	14 815 425	559 430	6 500 549	2 424 645	6 449 662
Asia and Australia	20 284 432	595 612	13 008 284	3 319 685	4 552 075
Europe	101 618 783	5 825 507	93 208 407	16 630 602	-2 394 720
TOTAL	**137 043 099**	**6 980 549**	**122 140 506**	**22 428 032**	**-544 889**

The above premium and result is after return of 3,5 MUSD in mutual member discounts. Received claims-handling fees are booked as “other income”. This is partly paid by NHC (included in incurred claims) and partly by co-insurers.

The gross performance was slightly better than expected, whereas the net performance was slightly worse than expected. The former was due to absence of major claims whereas the latter is due to rate-decreases. The Medical Premium is growing, whereas the Marine Premium is reduced due to lay-ups, reduced values and falling premium rates. The claims (and profit) per country is highly dependent of the absence or presence of major claims.

A.3 Investment performance

The return on NHC's investment portfolio in 2016 was 5.05 %, equivalent to MUSD 20.
The table below shows the investment portfolio allocation as per 31 December 2016.

Category	Category Detail	Value	Pct
Cash and deposits	Cash	29 087 413	6 %
	Transferable deposits (cash equivalents)	5 400 000	1 %
Collateralised securities	Credit risk	11 498 630	2 %
	Interest rate risk	727 610	0 %
	Real estate risk	9 325 060	2 %
Collective Investment Undertakings	Debt funds	125 784 844	27 %
	Equity funds	42 551 118	9 %
	Money market funds	32 965 921	7 %
	Private equity funds	20 776 876	4 %
Corporate bonds	Common covered bonds	2 385 500	1 %
	Corporate bonds	98 391 567	21 %
	Money market instruments	1 874 778	0 %
	Subordinated bonds	2 939 642	1 %
Equity	Common equity	2 356 629	0 %
	Equity of real estate related corporation	30 654 176	6 %
Government bonds	Central Government bonds	25 013 092	5 %
	Municipal government bonds	9 003 939	2 %
	Other	1 138 132	0 %
Mortgages and loans	Other collateralized loans made	11 237 446	2 %
Property	Plant and equipment (for own use)	5 050 838	1 %
	Property (for own use)	3 708 173	1 %
Grand Total		**471 871 385**	**100 %**

The table below shows net investment results from different asset classes and for the investment portfolio in 2016.

Asset category	Value	Income	Return
Cash and deposits	34 487 413	-662 645	-2 %
Collateralised securities	21 551 301	27 950	0 %
Collective investments undertakings	222 078 760	18 260 214	8 %
Corporate Bonds	105 591 487	855 671	1 %
Equity instruments	29 372 252	1 238 126	4 %
Derivatives	1 823 806	29 899	2 %
Government Bonds	35 155 163	277 851	1 %
Any other assets, not elsewhere shown	1 600 912	0	0 %
Loans and mortgages	11 237 446	251 372	2 %
Property	8 759 011	68 927	1 %
Total	**471 657 549**	**20 347 365**	**4 %**

Financial expenses are 2.2 MUSD and the financial result net of expenses is 18 MUSD.

NHC has a somewhat conservative investment strategy.

A.4 Performance of other activities

It the financial statement, claims-handling fees are listed as "other insurance related income" (7 MUSD) and commission from reinsurers are listed as "commission" (2 MUSD). Both are included in the underwriting performance described in section A.2.

A.5 Any other material information

See A.4 above

B. System of Governance

SFCR Information

B.1 General information on the system of governance

NHC is located in Norway, are subject to Norwegian legislation and under supervision of the FSAN.

NHC's Board carry responsibility for the oversight of the business and set its strategy and risk appetite. The Board sits with a minimum of five and a maximum of ten members. The Board decides whether the entire Board shall serve as audit and risk committee, or whether the committees shall be elected by and from the members of the Board. NHC is committed to high standards of corporate governance and has established the following corporate governance structure:

GENERAL MEETING
Members of NHC, clients that write Hull & Machinery business on a mutual basis, vote at the general meeting.

COMMITTEE
The Committee elects the Board, recommends annual accounts to the General Meeting and supervises the Board and management. The members of the Committee are elected from the members, i.e. the owners, of NHC.

SUPERVISORY COMMITTEE
The Supervisory Committee is tasked with more detailed supervision of the Board and management, and reports to the Committee. The Chairman of the Supervisory Committee shall be independent of NHC.

From 2016, there was no formal requirement to maintain the Supervisory Committee. The Committee has proposed that the Supervisory Committee be discontinued. A proposal to this effect will be presented to the 2017 Annual General Meeting.

BOARD OF DIRECTORS
The Board is responsible for setting out the strategy, including risk tolerance, and generally overseeing the daily management of the NHC. Up to two members of the Board can be independent; the others represent members of NHC. The Board has audit, risk and compensation sub-committees. The Chair of the Audit Committee is independent of NHC.

AUDIT COMMITTEE
The Audit Committee is a sub committee of the Board. Its responsibility is to discuss significant accounting issues with management and the external auditor and to assess procedures adopted for preparing the accounts. The Audit Committee shall further assess the independence of the external auditor, discuss audit issues with external and internal auditor, assess the auditors' work and make recommendation to the Board regarding election of external and internal auditors.

RISK COMMITTEE
The Risk Committee is a sub committee of the Board. Its responsibility is to supervise NHC's total risk and regularly consider if NHC's management and control systems are adapted to the risk level and scope of the operations. The Risk Committee shall further regularly consider the continuous compliance with capital requirements and requirements for technical insurance provisions, shall regularly consider the appropriateness of the risk management system and shall follow up the key functions actuary, compliance and risk management.

COMPENSATION COMMITTEE
The Compensation Committee is also a sub committee of the Board. The Compensation Committee makes recommendations to the Board on the compensation of the Chief Executive Officer (CEO) as well as the structure of general compensation and oversees compensation for the management team.

ELECTION COMMITTEE
The Election Committee makes recommendations on candidates for the various governing bodies. The Election Committee consists of the Chairman of the Committee, the last retired Chairman of the Board and three members elected by the General Meeting.

According to the instructions for the Election Committee, the Chairman of the Committee, members of the Supervisory Committee and members of the Board shall in general not be re-elected after ten years of service.

NHC has established the four key independent control functions required under the Solvency II Directive - risk management, compliance, actuarial and internal audit. These functions are responsible for providing oversight of and challenge to the business and for providing assurance to the Board in relation to NHC's control framework.

Remuneration
NHC has a remuneration policy that is adopted by the Board on an annual basis. In addition to fixed salary, up to 8 % of the operating result in any year may be allocated to employees by way of bonus.

The remuneration scheme is split in two, where part one is collective and allocated among all employees and part two is individual and remuneration is based on individual and department performance

The variable part can count for up to 1/3 of the total compensation.

B.2 Fit & proper requirements

The fit & proper requirements apply for the following positions in NHC:

- members of the Board
- members of senior management
- person defined as key personnel (CO, Risk & Reinsurance manager, Head of Actuarial Function and Internal Auditor)

For the Board, the requirements for professional know-how and experience (Fit) apply to the Board as a group. This implies that collectively, the Board shall have sufficient knowledge and experience in the key areas of operation for an insurance undertaking such as insurance, reinsurance, investments, risk management and marketing as well as regulatory frameworks, requirements and expectations.

For senior management and key personnel, the requirements for professional know-how and experience (Fit) apply to each person individually, and in relation to his/her specific area of responsibility. The following skills, knowledge and expertise are emphasized: market knowledge, business strategies and models, insurance, reinsurance, risk management, accounting, finance, investment, actuarial analysis and regulatory framework and requirements.

Fit and proper requirements will be subject to subjective assessment. An assessment of ”Proper” should include an assessment of that person’s honesty and financial soundness based on relevant evidence regarding their character, personal behavior and business conduct including any criminal, financial and supervisory aspects regardless of jurisdiction. Certificate of good conduct and aptitude assessment shall be presented to the HR department for assessment.

B.3 Risk Management system and Own Risk and Solvency Assessment

The CEO is responsible for the risk management within limits defined annually by the Board in the Strategy, Budget and Policy documents. Authority is delegated to heads of departments in accordance with these limits. Within the departments a system of authorities are defined and risk taking is always approved by at least two employees (four eyes principle). The CEO has established a Top Management Group (TMG). This group monitors the overall risk and discusses risk taking outside the authority of heads of department, controversial issues and risk taking that effect other departments. Final decisions are made by the CEO. Risk taking outside the limits set by the Board, or reallocation of the risk budget, can also be discussed with the purpose of suggesting changes in the strategy or other policy documents.

Risk management function shall facilitate the implementation of the risk management system and control that risk management is carried out in accordance with approved ambition levels and approved guidelines. The responsibilities include:

- Assist management and the Board (and other functions) in the effective implementation and operation of the risk management system.
- Facilitate the ORSA process.
- Continuously monitor the general risk profile of NHC. Report on actual levels of risk compared to Board approved limits and advise Board on risk management matters. The risk management function supports the TMG in such discussions.

Reporting:

The Key Function Group reports to TMG on a monthly basis. In addition, the updated Key Indicators incl Capital Requirements are updated quarterly and reported to the TMG, Board Risk Committee as well as the main Board of NHC. In addition to this regular reporting, Ad Hoc reporting can be done at any time is situations occurs also with a direct line to the Board.

The Risk Management system shall identify the major risks to which the Club is exposed, ensure that the appropriate means have been implemented to monitor and manage these risks and actively challenge these main risks in order to optimize the management of the Club' total risk budget based on the prevailing capital situation.

The NHC Model for ERM follows the international standard COSO II, adapted to NHC's needs. This includes four groups of objectives: Strategic (high –level goals aligned with and supporting NHC mission), Operations (effective and efficient use of our resources), Reporting (reliability of reporting) and Compliance (with applicable laws and regulations), and eight defined Risk Management components as follows:

1. Internal Environment
   Enterprise Risk Management shall be an integral part of Norwegian Hull Club's management system, and clear roles and responsibilities for the risk management function shall be established.

2. Objective setting
   NHC shall establish overall objectives and strategies, as well as for each part of the business. Management, follow-up and control shall be aligned with our mission and consistent with our risk appetite. The risk appetite shall be established when setting strategies.

3. Event Identification
   Based on the established objectives and strategies, internal and external events affecting the achievements of these must be identified.

4. Risk Assessment
   These risks are analyzed, considering the likelihood and impact as a basis for determining how they should be managed. When significant changes are made to the running of the Club, hereunder new products, the framework and new IT-systems, risk assessment shall be performed and reported to the Board.

5. Risk Response
   Based on risk assessments, risk responses for subject risks are selected - this could be avoiding, accepting, reducing or sharing risk - and a set of actions to align risk within NHC's risk tolerance and risk appetite is developed.

6. Control Activities
   Policies and procedures are established and implemented to help ensure the risk responses are effectively carried out.

7. Information and Communication
   Relevant information is communicated in a form and timeframe that enable all employees to carry out their responsibilities within risk management and internal control.

8. Monitoring
   Reporting and follow-up of the risk management and control system shall be part of the ordinary management reporting, and the system and its functioning shall be evaluated on a regular basis.

B.3.1 Own Risk and Solvency Assessment

The main purpose of the ORSA process and report is to safeguard the short term (1 year) solvency and long term survival of NHC. In addition the report can give insight into risk/reward to improve the profitability.

NHC produces an Own Risk Solvency Assessment (ORSA) at least once a year. Additional ORSAs may be produced in response to material changes to risks faced by NHC. The ORSA is the process by which the Board is able to monitor the risks to the business, and may assess the impact of those risks on the capital adequacy of the business. The Board uses the ORSA to make decisions regarding future business decisions and to ensure that any risk remaining after controls have been applied is within the parameters expressed in NHC's risk appetite statement.

The inputs include:

- Board's policies
- The Board strategy for the business
- Output from the standard model Pillar 1 process
- Actuarial function output
- NHC's Risk Management system

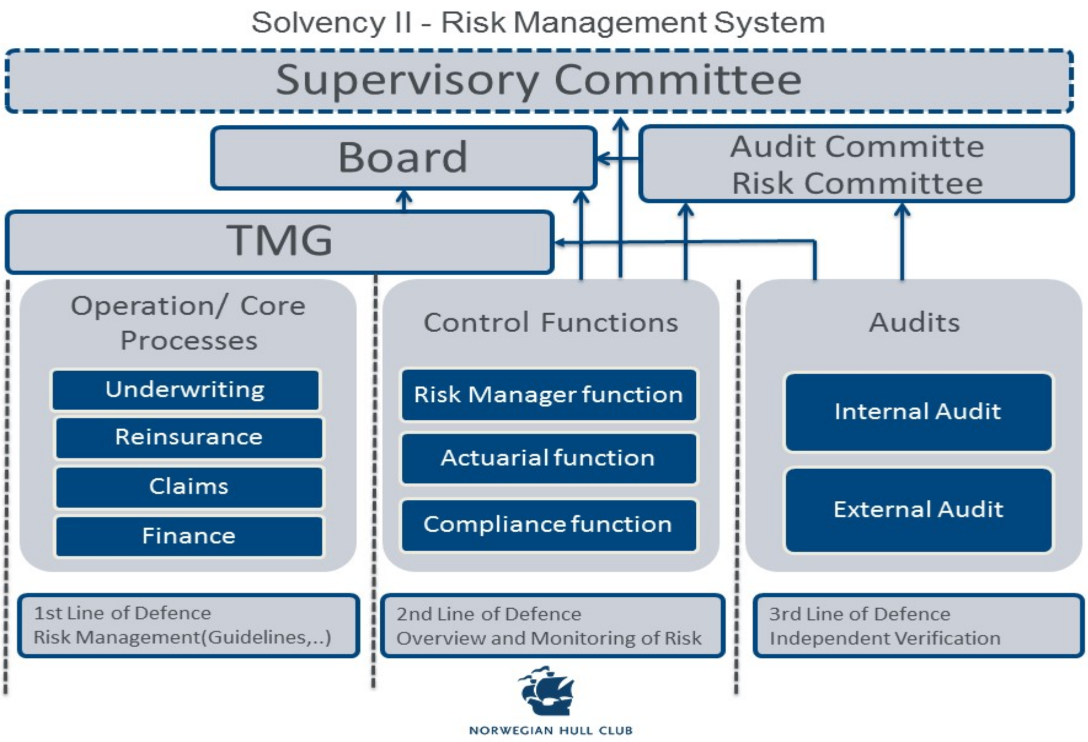
NHC has determined that the Solvency II standard formula shall be used to calculate the required solvency capital and to assess the overall solvency needs.

In addition, quantitative analyses performed shall include:

- Stress test to evaluate the capital situation when the investment and insurance portfolio puts the balance sheet under pressure.
- Scenario analyses of the insurance portfolio including varying premium volume, loss ratios and cost of reinsurance, performed at least annually.
- Stress test of the investment portfolio, performed continuously.
- Reverse stress testing.
- Budgeting.
- A one in 200 year scenario is to be used

B.4 Internal control system

As illustrated in the figure below, NHC utilises the internal control system that comprises three lines of defence, comprising primary risk owners (first line), independent risk management and control functions (second line) and an independent internal audit and assurance group (third line). This structure is consistent with NHC's risk management structure and the NHC Board considers it appropriate to the management of the NHC risks.



- **First line:** The vast majority of NHC employees comprise the first line of defence. Examples include underwriters and claim handlers use of the 4-eyes principle, underwriting support & accounting team controls' of statements and premium allocation, IT supporting the digital infrastructure, finance department managing the investment portfolio.

- **Second line:** A smaller group of NHC employees comprise the second line of defence. These employees work within Risk & Control functions and provide independent oversight of the activities performed within the first line.

- **Third line:** The third line of defence comprises the Internal & External Audit function. Senior managers from the third line are regular attendees of Risk and Audit Committee meetings

This framework enables the first line of defence to identify, assess and manage operational risks within their business units, establishes an appropriate level of oversight and challenge by the second and third lines, and enables appropriate measurement and reporting of operational risks and the NHC overall risk profile to the Board.

The DNA management system has an important role in the overall Internal control system. All principles and procedures for all departments are in place and documented in the DNA management system, including formal revisions of same. In addition risk management analysis and follow-up are structured, performed and reported in the DNA system. Non-conformance, observations and suggestions for improvements is reported and followed-up here as well. In sum therefore, the 8 defined Risk Management components are documented in a structured way in our DNA system.
Compliance function shall ensure that NHC complies with its outside regulatory requirements and internal policies that are derived from external requirements. The Compliance function may also design or update internal policies to mitigate the risk of NHC breaking laws and regulations, as well as lead internal audits of procedures. The Compliance function, headed by the CO, is part of NHC's overall corporate governance structure. The function is responsible for the monitoring, managing, and reporting of the Compliance risks to which NHC is exposed. The Compliance function reports

to the CEO, Board or sub committees on a regular basis. The activities of the Compliance function are subject to periodic review by Internal Audit. **The responsibilities include:**

- Identifying, assessing, advising on, monitoring and reporting on regulatory risk in NHC.
- Conducting assessments of the potential effects that regulatory changes may have on NHC.
- Reporting any violations of laws, regulations or standards to the Board.
- Monitor the non-conformance reporting to detect non-compliance.

B.5 Internal Audit Function

Internal Audit function is outsourced to the KPMG in Norway, that provides independent and objective reviews and assessments of the business activities, operations, financial systems and internal controls. The intern audit shall ensure that NHC resources are used efficiently and effectively while working towards helping NHC achieve its mission, as directed by the Board. The function shall perform this service with professional care and with minimal disruption to NHC operations. The operative responsibility for the Internal Audit function is handled on a daily basis by the Compliance Officer (CO).

KPMG carry out annual reviews and look into whatever matters they as internal auditors feel require review, and any matters referred to them by the TMG or Board of NHC. Outsourcing this function to KPMG provides independent and objectivity when reviewing activities.

Internal audit shall report, in writing, to the Board at least annually. The report shall highlight any significant control failings or weaknesses identified and the impact they have had, or may have and the actions and timings which management have agreed to take to rectify them.

B.6 Actuarial Function

Actuarial function has the following tasks and responsibilities:

- Oversee the calculation of technical provisions and report findings to Board annually
- Express an opinion on the underwriting policy and the reinsurance arrangements
- Contribute to the effective implementation of the risk management system in particular with respect to the risk modelling underlying the capital requirements.

NHC's Business Intelligence Director is responsible for the Actuarial Function. He is an actuary and has support from two colleagues. The actuarial function is deeply involved in the ORSA process. This annual process is finalized through thorough discussion in the Risk Committee and Board. Written opinions on the Underwriting Policy and Reinsurance arrangements are discussed with the Risk Committee and TMG. The report on the technical provisions is reviewed by the Board together with the annual accounts.

B.7 Outsourcing

NHC outsources and enters into outsourcing arrangements only where there is a sound commercial basis for doing so, and where the risk can be effectively managed. A due diligence process is undertaken prior to any final decision being made as to whether to outsource a material business activity. This addresses all material factors that would impact on the potential service provider's ability to perform the business activity.

NHC has established an Outsourcing Policy to establish the requirements for identifying, justifying and implementing material outsourcing arrangements. This policy has been adopted by the Board and sets out the following:

- Roles and responsibilities
- Definition of outsourcing
- Criteria for outsourcing
- Due Diligence/assessment
- Contractual Agreements
- Management and control of the outsourcing

For the time being NHC has outsourced the following critical or important operational functions or activities:

- Internal Audit (KPMG - Norway)
- IT Infrastructure (Hatteland Solutions AS - Norway)

Transferring of work tasks to, or purchase of services from subsidiaries, are in this context not considered outsourcing. The same applies to purchase of asset management services from asset managers regulated by local Supervisory Authorities.

B.8 Any other material information

B.8.1 Scale and Complexity assessment

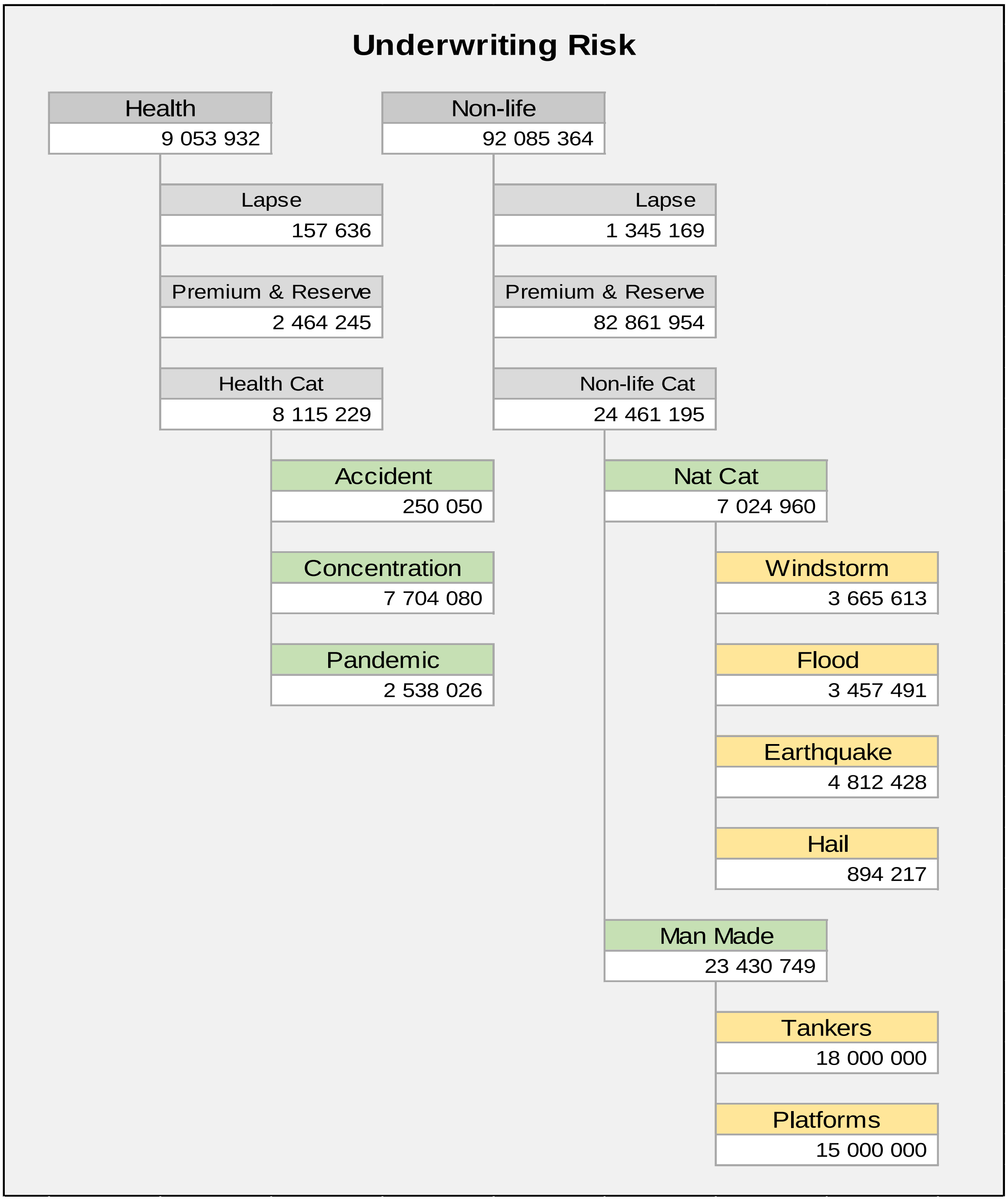
NHC has assessed its corporate governance system and has concluded that it effectively provides for the sound and prudent management of the business, which is proportionate to the nature, scale and complexity of the operations of NHC.

C. Risk Profile

SFCR Information

C.1 Underwriting risk

Model results and description of risks



Premium and reserve risk

The premium risk is the risk that the premium is insufficient to cover future claims. The reserve risk is the risk that the claim provisions are insufficient to cover incurred but not settled claims. The volume measure for the premium risk is the maximum of the past year's earned net premium and the expected earned net premium the next year with an add-on for multi-year policies. The volume measure for reserve risk is the net claims provision. The Standard Model assumes 50% correlation between premium and reserve risk. Geographic diversification reduce the Non-Life capital requirement by 20% and the health capital requirement by 13% (the maximum reduction is 24%).

Catastrophe Risk
Catastrophe risk is comprised of Non-life natural catastrophe risk (Windstorm, Earthquake, Flooding, Hail), Non-life man made catastrophe risk (total loss of tanker and platform) and health catastrophe (accident, concentration, pandemic). The only Nat-Cat scenarios affecting NHC are related to onshore marine (yards, refineries, etc.) and the Non-Marine Cat scenarios are thus dominated by the man-made scenarios (total loss of a tanker and/or a platform). These scenarios also affect the counterparty credit risk. The health cat risk is dominated by concentration risk. The worst case concentration is assumed to be an event at an officers conference with 150 policy holders present. The capital requirement is unrealistically high as this scenario is assumed in every country NHC is exposed to.

Lapse risk
The lapse risk is the loss of basic own funds, caused by the discontinuance of 40% of the policies for which discontinuation would result in an increase in the technical provisions. The lapse risk is calculated as 40% of the expected profit in future premium per Line of Business. The table shows this risk is insignificant compared to the overall underwriting risk.

Measures used to assess the risk, material risks and changes the past year

The standard model use the net premium volume, the net claim reserve, the geographic spread, the product spread and the exposure to specific scenarios as the key risk drivers. According to this model, the risk has dropped 10% the last year, predominantly due to the reduction in the premium volume. For internal purposes the risk is modelled using historic premium and claims data, stochastic simulation, various scenarios and comprehensive systems for modelling premium rate adequacy. Historically the gross and net risk has been dominated by big single claims in the Energy segment.

Material risk concentrations
The standard model only identify concentration risks in Health insurance. Un-modeled concentration risk includes any marine event involving several vessels/units. Historically there are few events involving severe casualties on several non-coastal vessels. The most likely events involving several vessels/units are related to ports, superyacht marinas, lay-up locations and yards in addition to fixed installations in windstorm areas. Most of the risk related to these events are reinsured.

Risk mitigation and process for monitoring its effectiveness
Excess of loss reinsurance is used to mitigate the underwriting risk. This has effectively reduced the effect of single claims. Due to the relatively benign claims development since 2008 (partly due to external factors and partly due to a shift to lower written shares and a larger number of insured vessels) the reinsurance program has had limited effect on the volatility in the annual result.

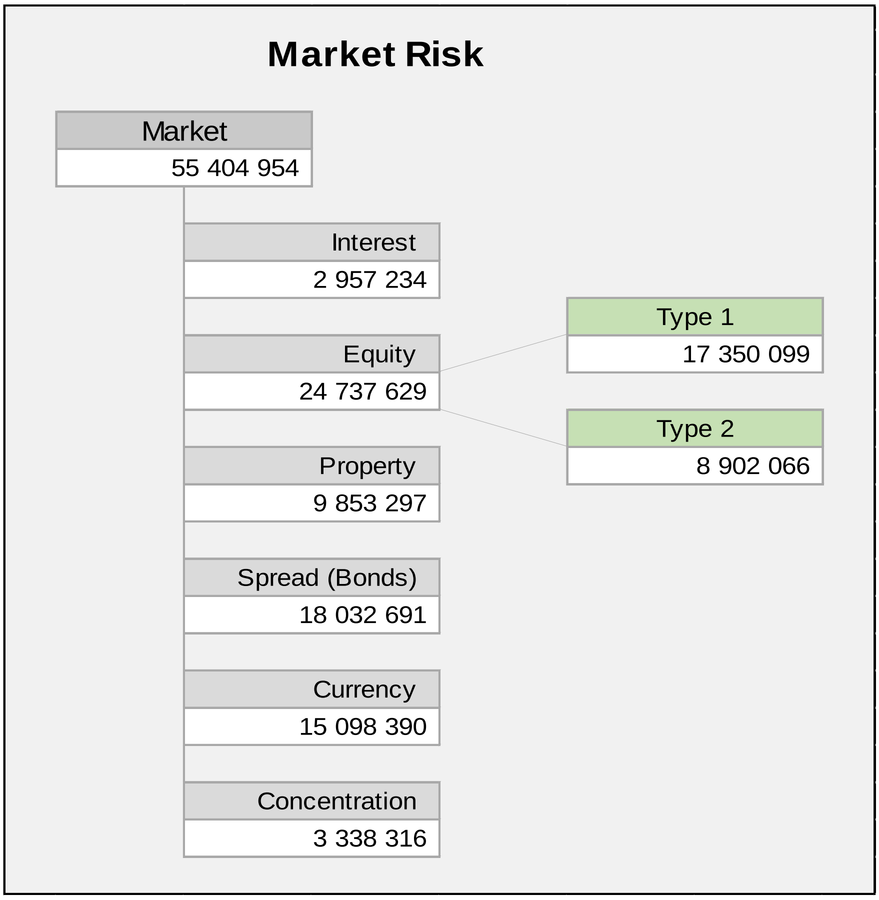
Sensitivity
The standard model is sensitive to input related to claim provisions, premium projections, geographical diversification, allocation to lines of business and scenarios related to risk concentrations. There are no known issues related to the input that would result in a significant increase in the requirements if addressed differently.

Post loss capital requirements could increase as a major loss (or adverse claims development) could increase technical provisions and thus capital requirements. Large market losses might also lead to a recalibration of the CAT modelling from EIOPA.

The main sensitivity going forward is changes in the parameters (standard deviations and correlations) or CAT modeling form EIOPA. The former could be addressed by using undertaking specific parameters, but this would give rise to increased model recalibration risk.

C.2 Market risk

Model results and description of risks



Market risk covers risk related to investments. Investments returns can fluctuate caused by changes to expected future economic conditions and changes to investor risk preferences. This affects real investments (equity) and nominal investments (fixed income) as both interest rates and risk premiums fluctuates as expectations changes.

NHC seeks to expose the portfolios to systematic market risk and have thus implemented highly diversified asset portfolios to diversify away specific company risks. All asset classes are highly diversified.

At the end of 2016, the duration of the fixed income portfolio (bonds and money market) was 2.3 years. Thus, the value of the fixed income portfolio will approximately increase / decrease by 2.3 % if interest rates shift +/- 1.0% -point across the interest rate curve. The effect on net investment income, will with the before mentioned change in interest rate, be +/- USD 7.5 million.

Being a marine insurance company operating in a global business like shipping, US Dollar is the base currency. As a result both NHC's liabilities and the investment portfolio is to a large extent in US Dollars. However, since a portion of NHC liabilities is in other currencies, a share of the investment portfolio will be invested in other currencies to offset longer term currency risk. There are also other currency issues affecting NHC than just considerations to asset and liabilities. US Dollar as a base currency for reporting purposes, changes to capital requirements as a result of currency fluctuations and the fact that most of the operating costs are in Norwegian Kroner also translates into different currency related risks. These currency risks are monitored continuously and managed through currency forward contracts.

Spread risk is the risk that the issuers of bonds will cause the NHC financial loss by failing to honour their obligations. In order to reduce the counterparty risk, the bond portfolio shall have an adequate rating level from a holistic point of view. The bond portfolio has on average an A rating (Standard & Poor) as of 31st of December 2016.

The capital requirements for Equity risk, Property risk, Bonds and Currency are calculated as predefined shocks applied on the market value in these assets. The capital requirement for interest rate risk is also affected by size and duration of the technical provisions. The capital requirement for concentration risk is based on assets with a market value in excess of certain percentages of the overall investments. In addition to assuming asset class specific shocks, the model assumes specific correlations between the various asset classes.

Measures used to assess the risk, material risks and changes the past year

The standard model assess the risk based on market value per asset class and assumptions regarding volatility per asset class. According to this model, the risk was reduced by 2% the last year. For internal purposes, the risk is also modelled based on historic volatility and stress testing.

Investments according to the "prudent person principle"

NHC, and particularly the Front – office of the finance department, shall carefully evaluate the merits of each investment in the investment portfolio, both on a stand-alone basis and its impact on the overall portfolio, in relation to the overall investment strategy, asset – liability management objective and liquidity objective. No investment shall be made unless the characteristics and impact of the security or fund is fully understood and evaluated.

The mid office observes that all investments made and other positions taken are within strategy, policies and limits adopted. Mid-office function is responsible for calculating and reporting investment portfolio composition, return figures and risk parameters to front office, management and to the Board of Directors. Mid- Office shall make sure that investments comply with the investment strategy, external and internal rules and regulations. Risk analysis and adequate stress testing shall be an integral part of the Mid-office function. Asset allocation, duration and credit exposure are continuously updated in the portfolio system by Mid- Office. The capital charge for investment risk is updated quarterly and reported to management and the Board of Directors.

Back-office shall in cooperation with mid-office and front office make sure that return on investments are documented based on the correct accounting procedures. Back-office shall also keep a record of, balance the accounts and document all transactions.

Since insurance provisions are not discounted, there is no matching of interest rate risk on the asset and the liability side. Interest rate risk is considered an absolute risk, is taken in order to increase investment income and is managed as part of the investment portfolio risk. Limits on interest rate risk are established as part of the investment strategy

Foreign Exchange risk is managed and hedged with US Dollars as base currency. NHC Equity and capital is measured in US Dollars. Calculation of foreign exchange risk are performed as an integral part of the preparation of the quarterly accounts. In case of major incidents, calculation shall be made on an ad-hoc basis. Major incidents are single incidents, originated in a non-USD currency, with an effect on the net result exceeding USD 5.0 mill. Calculation of interest rate risk is done, and risk is monitored, on a daily basis.

On overlay basis NHC can deploy interest rate derivatives to efficiently adjust interest rate risk to desired levels and foreign exchange instruments to achieve targeted currency allocation in accordance currency asset liability matching.   Furthermore, derivatives shall only be used to the extent that we fully understand the instruments and to the extent that we are able to implement the instruments in our portfolio systems.

Liquidity risk is the risk that NHC is not able to make payments on time or the risk that the overall risk profile of the investment portfolio changes beyond tolerance level because a significant part of the portfolio has to be liquidated in order to make payments.

The investment portfolio shall be sufficiently liquid in order to make sure that NHC is able to make payments when due at all times.

In order to retain the flexibility of changing the risk profile in whatever direction that is warranted, asset classes with both low and higher risk characteristics shall consist of liquid investments traded on a regulated financial market.

Illiquid investments is primarily found within the asset classes Real Estate and Private market. Combined both asset classes have low strategic allocation ensuring that the illiquidity does not affect our liquidity objectives. Most of the portfolio is available and can be liquidated within days.

Diversification is a key feature in reducing the level of absolute risk and increase risk adjusted returns in the investment portfolio. Furthermore, the intention is to identify plurality of sources to potential income (and inherently risk) as a means of limiting the correlation risk. Investment risk is reduced by diversifying in to several asset classes as defined by strategic asset allocation and the broad benchmarks adopted in the NHC strategy. Within the different asset classes the portfolio is broadly diversified on issuers, corporations, sectors and geographical areas. Retaining visibility and transparence of investments undertaken is important in this regard.

Investment concentration risk.

Except for US and German sovereign risk, maximum exposure on any singly issuer shall not exceed 5 % of NHC equity. Concentration risk is managed as part of ordinary risk management of the investment portfolio.

Risk mitigation and process for monitoring its effectiveness

While USD is the base currency of operations, NHC writes policies in several other currencies, primarily EUR and NOK. NHC uses various contracts to manage currency risk related to the balance sheet. At a detailed level, it is inherently challenging to monitor the effectiveness of these contracts as the exact currency position is only known when full financial accounts are prepared each quarter.

Interest rate risk is primarily managed through allocation to asset classes and securities in the investment portfolio. For sake of efficiency, adjustments to interest rate risk may be made through financial contracts such as futures or swaps.

Sensitivity

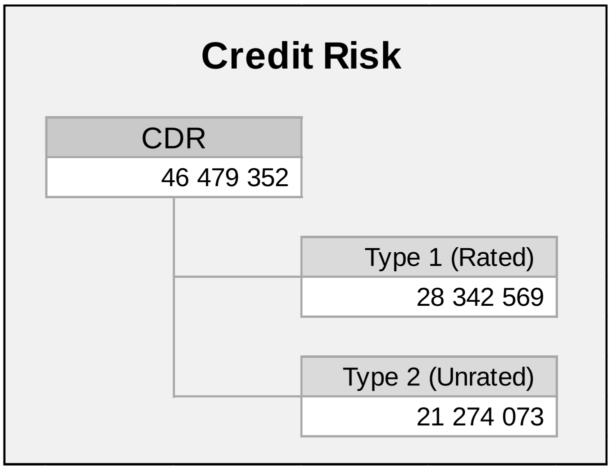
The standard model is sensitive to input related market values, allocation to asset classes and duration and credit quality in the bond portfolio. There are no known issues related to the input that would result in a significant increase in the requirements if addressed differently.

Unlike underwriting risk, market risk has the feature that a market loss will reduce the capital requirement if investments are not reallocated to risky assets.

The main sensitivity going forward is changes in the parameters (standard deviations and correlations) from EIOPA.

C.3 Credit risk

Model results and description of risks



Credit risk is handled separately for rated counterparts and unrated counterparts. Rated counterparts includes reinsurers, co-insures and banks. This risk is dominated by the expected losses in the event of a Man-Made Cat event. Unrated counterparts includes policyholder's receivables and is dominated by un-due receivables. The actual credit losses on policyholders has been minimal and the model is considered to overestimate the risk considerably.

Measures used to assess the risk, material risks and changes the past year

The capital requirement increased 12% the past year following the increase in the P&I treaty limit from 500 MUSD to 1000 MUSD.

Material risk concentrations

The man-made cat scenario involves a concentration on reinsurance recoveries for Lloyd's syndicates.

Risk mitigation and process for monitoring the effectiveness

The risk related to policyholder receivables is reduced by continuous monitoring, setting off premium receivables for outstanding claims and cancellation of contracts. Consequently the risk is considered significantly lower than modelled. The risk related to reinsurers is reduced by using reinsurance with A – AAA rating.

Sensitivity

The standard model is sensitive to the interpretation of the type 2 credit risk model. A different interpretation could lead to a material reduction in this element of the capital requirement.

The type 1 credit risk is calculated based on the simplifications suggested by the Delegated Regulation. This underestimates the concentration on reinsurance recoverables from Lloyd's in the event of a worst case marine loss. In the more realistic event that the Club is affected by 2-3 large (but not extreme) claims the modelling is reasonable.

C.4 Liquidity risk

Model results and description of risks

There is no capital requirement for liquidity risk.

Liquidity risk is the risk that NHC will not be able to meet obligations when due. The liquidity risk in the investment portfolio is considered to be low. Roughly 88 % of the portfolio is invested in assets that under normal circumstances are highly liquid. These are money market instruments, government bonds, corporate bonds and public equities. Other types of investments, as real estate and private markets is considered to be illiquid, even though secondary markets are available for most of them.

Policyholder receivables (premium receivables and disbursements) is a large illiquid asset. To some extent this can however be set of against outstanding claims.

Risk mitigation and process for monitoring the effectiveness

NHC's reinsurance contracts has a "simultaneous payment clause" that transfers much of the liquidity risk to reinsurers (as reinsurance recoverable can be collected before payment is made to the assured). In addition NHC has a credit facility with Nordea of 30 MUSD. The credit facility has not been used the past 5 years.

Expected Profit in Future Premium

Expected Profit in Future premium represents a negligible amount of own funds (3,9 MUSD of 260 MUSD) and the illiquidity of this asset has therefore no material effect on liquidity.

C.5 Operational risk

Model results and description of risks

NHC risk management framework is based on the COSO II standard adapted to NHC's needs. Based on this standard, all departments in NHC have to identify and assess all known risks on a yearly basis in NHC's risk and non-conformity management system (DNA system). In this process all departments have to identify and assess their goals and performance requirements according to the following 4 four groups of objectives:

- Strategic
- Operational
- Reporting
- Compliance

The operational risk measurement system is complemented by a Non Conformance reporting system, which is also documented and followed up in our DNA system.

The capital requirement for operational risk is calculated as the maximum of 3% of the gross technical provisions and 3% of the earned gross premium the past 12 month, with an add-on if the premium has grown more than 20% the past 12 months. NHC has currently larger provisions than premium and the risk is therefore based on the provisions.

C.6 Other material risk

Loss absorbing capacity of deferred tax:

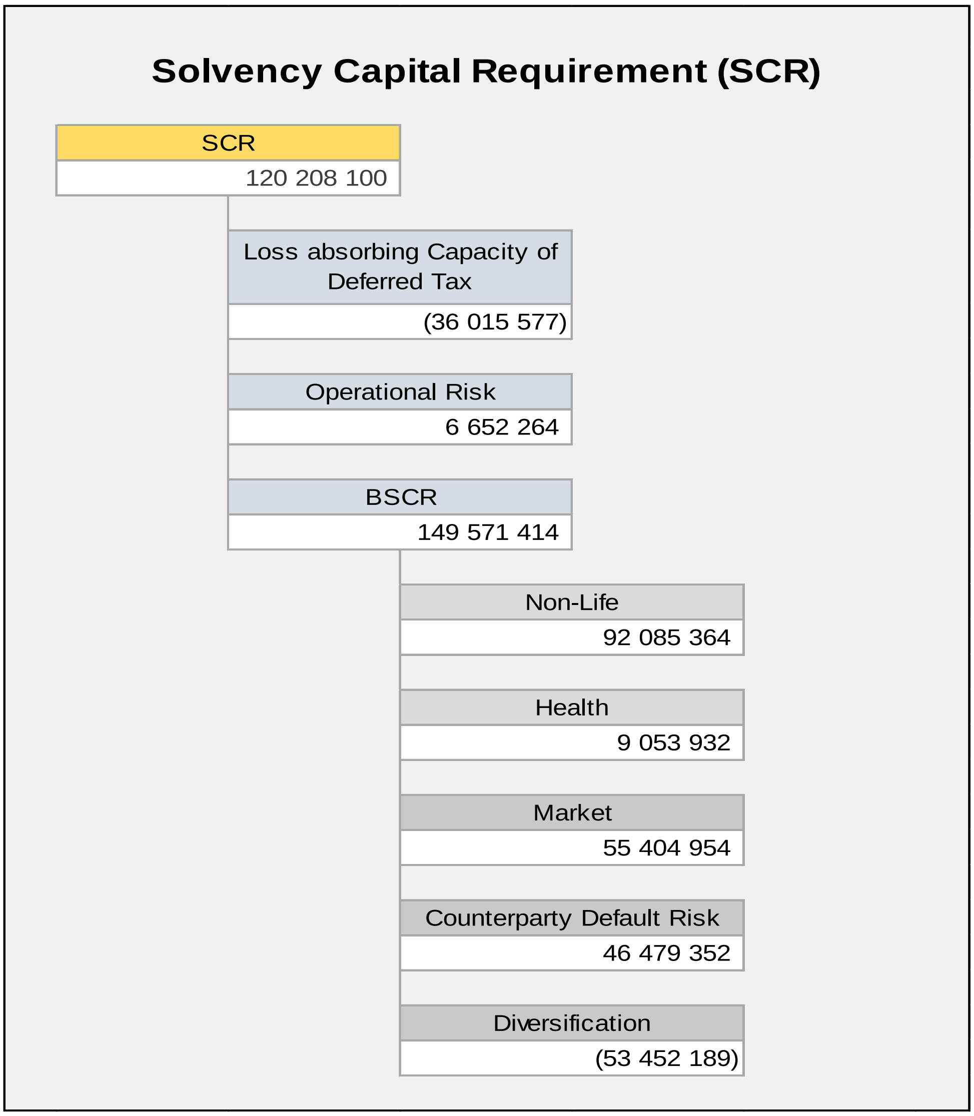
Large losses will reduce NHC's deferred tax and deferred tax thus has a loss absorbing effect. The main exception to this rule is related to losses from equity investments – as these gains or losses are not subject to taxation. The loss absorbing effect is thus calculated as the tax rate (25%) multiplied by the capital requirement without equity investment risk.

Diversification effects

It is highly unlikely that worst case scenarios in all the various risk classes occur simultaneously. The standard model thus assumes a certain correlation between the various risks in order to reduce the overall risk for diversification benefits.

C.7 Any other information

Model results and description of risks



D. Valuation for solvency purposes

SFCR Information

D.1 Assets

	Solvency II value	Statutory accounts value
Property, plant & equipment held for own use	**8 759 011**	**8 759 011**
Investments (other than assets held for index-linked and unit-linked contracts)	**419 211 321**	**418 621 274**
Holdings in related undertakings, including participations	**3 638 553**	**3 638 553**
Equities	**29 372 252**	**29 372 252**
Equities - unlisted	*29 372 252*	*29 372 252*
Bonds	**162 297 950**	**162 297 950**
Government Bonds	*35 155 163*	*35 155 163*
Corporate Bonds	*105 591 487*	*105 591 487*
Collateralised securities	*21 551 301*	*21 551 301*
Collective Investments Undertakings	**222 078 760**	**222 078 760**
Derivatives	**1 823 806**	**1 233 759**
Loans and mortgages	**11 237 446**	**11 237 446**
Other loans and mortgages	*11 237 446*	*11 237 446*
Reinsurance recoverables	**56 264 247**	**65 350 262**
Non-life excluding health	*55 941 626*	
Health similar to non-life	*322 621*	
Insurance and intermediaries receivables	**50 568 906**	**118 568 037**
Reinsurance receivables	**4 554 899**	**4 554 899**
Receivables (trade, not insurance)	**8 392 758**	**8 392 758**
Cash and cash equivalents	**34 487 413**	**34 487 413**
Any other assets, not elsewhere shown	**1 600 912**	**1 600 912**
Total assets	**595 076 912**	**671 572 012**

Assets are valued based on the assumption that the undertaking will pursue its business as a going concern and are valued in conformity with international accounting standards. Assets are valued according to quoted market prices in active markets, if available. Where the use of quoted market prices is not possible, NHC use quoted market prices for similar assets and liabilities with adjustments to reflect differences. The use of alternative valuation methods makes maximum use of relevant market inputs and rely as little as possible on undertaking-specific inputs.

Description of methods and accounting principles for material items

According to Norwegian generally accepted accounting principles there are some exemptions to common assessment and valuation principles. Comments to these exemptions follow below.

Accounts Receivables

Receivables are accounted for at face value with deductions for expected loss. NHC has changed accounting practice regarding disbursements. Disbursments are now being presented as gross disbursements. Previously we netted disbursements against claims provisions. The 2015 figures are restated accordingly.

Employee loans

Employee loans are accounted for at face value with deductions for expected loss. At year end there were no deductions made.

Fixed assets and depreciation

Fixed assets are recorded in the accounts at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisitions of the items. Depreciation is calculated using the straight line method. Upgrading of rented office premises is depreciated over the rent period. If the fair value of a fixed asset is lower than book value, and the decline is not temporary, the fixed asset will be written down to fair value. Depreciation is classified as other insurance related expenses.

Foreign exchange
USD is NHC's functional and presentation currency.

Receivables and liabilities (including technical insurance obligations) in foreign currencies are translated into USD at the year-end exchange rates. Foreign exchange gains and losses that relate to payables, receivables and cash and cash equivalents are presented in the statement of comprehensive income under financial income or costs as currency gain/loss. All other foreign exchange gains and losses are posted in the statement of comprehensive income under items they relate to. Securities and financial instruments in other currencies are valued in USD at the year-end exchange rates.

Exemptions to the basic assessment and valuation principles

Financial current assets
NHC uses the opportunity that is given insurance companies in "Regulations for annual accounts for insurance companies approved by the Norwegian Ministry of Finance" to present all financial assets at fair value through profit and loss in accordance with the fair value option, if not otherwise decided before investment in a financial asset is made. This means that the fair value adjustments on financial assets are recognized in income before other comprehensive income.
Financial instruments are valued at fair market value. Such financial instruments are equities (both listed and unlisted), bonds and other interest generating investments, real estate funds and money market funds. Foreign exchange contracts are valued at fair market value as well.

Regular purchases and sales of financial assets are recognised on the trade date. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and NHC has transferred substantially all risks and rewards of ownership. Realized gains / losses on financial instruments are presented on a separate line in the statement of comprehensive income. Interest and dividends income are included in financial income for financial assets at fair value through profit and loss.

Shares in subsidiaries and associated companies
Shares in subsidiaries and associated companies are valued using the cost method in the NHC accounts. Cost increases when the parent gives the subsidiary increased equity capital by subscription for share issue or group contribution. Dividends / group contribution received is normally recognized as income, but only to the extent that dividends / group contribution received from subsidiary does not exceed the share of retained earnings in the subsidiaries after the purchase. Received dividends / group contributions in excess of this amount are recorded as a reduction of the acquisition cost. NHC records received dividend / group contributions the same year as the subsidiary makes the provisions.

Investments
The table below set out an overview of the carrying and fair values of NHC's financial instruments and the accounting treatment of these instruments as defined in IAS 39:

	31.12.2016		31.12.2015	
	Book Value	Market Value	Book Value	Market Value
Stocks, shares, bonds and other financial instruments	413 748 934	413 748 934	396 827 074	396 827 074
Loans and receivables	11 237 446	11 237 446	13 370 728	13 370 728
Bank deposits investment portefolio	9 499 804	9 499 804	8 658 944	8 658 944
	434 486 183	**434 486 183**	**418 856 746**	**418 856 746**

Financial assets at fair value through P&L	**31.12.2016**	**31.12.2015**
Listed securities	330 741 545	334 908 979
Unlisted securities	84 241 148	61 918 094

The table above does not include derivatives and shares in subsidiaries and associated companies.

Fair value hierarchy

Government bonds, corporate bonds and other financial instruments that are traded in active markets where the fair value are determined on the basis of quoted market prices at the balance sheet date, are classified on level 1 in the pricing hierarchy. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to value an instrument are observable, the instrument is included in level 2. Investments listed in the following have been classified on level two in the pricing hierarchy:

- Equity funds, government bond funds, corporate bond funds and high yield bond funds. Values are determined on the basis of the quoted market prices of the assets the funds have invested in.
- Currency futures, interest rate futures, stock and equity options, credit default swaps and currency swaps. Values are determined on the basis of the price development on an underlying asset or instrument. The before mentioned categories of derivatives are being priced by using standard and well recognized methods of pricing like option pricing models etc.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Investments listed in the following have been classified on level three in the pricing hierarchy:

- Unlisted Private Equity investments. All of these are either investment in funds or in fund of funds. Values are determined on the basis of quarterly NAV (Net Asset Value) reports from the fund managers. These reports are prepared based on the IPEV (International Private Equity and venture capital Valuation) guidelines set forth by the Equity Venture Capital Association or corresponding guidelines in the respective jurisdiction of the underlying funds. NAVs are calculated by the fund managers by making use of those methods of pricing in the IPEV and similar guidelines that are most suited to estimate actual value for each type of asset subject all relevant factors. Due to late reporting, NAVs as per the last quarterly reports are used in the accounts. The NAV from the most recent quarterly report are adjusted for capital distributions and/or capital calls in the period until 31.12, and might be adjusted if incidents of material character have occurred during the period since last reporting date. An example in this respect could be a substantial change in the market value of a listed company a Private Equity fund has invested in.

- Real Estate funds. As for Private Equity, values are determined on the basis of quarterly NAV reports from the fund managers. Minimum yearly, the values of all properties in the funds are assessed by a publicly authorized real estate agent or valuator. The assessed values of the properties adjusted for other assets and liabilities, and if relevant expected cash flow (for example differentials due to future requirements and/or regulation that will impact the future cash flow of the properties) make up the basis for the NAVs.

NHC uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

	Level 1	**Level 2**	**Level 3**
	Quoted active marked prices	Valuation techniques based on observable marked data.	Valuation techniques based on not-observable marked data.
Financial assets at fair value through profit or loss:			
Equity funds		42 551 118	
Private equity funds			20 776 879
Real estate funds			29 372 251
Bonds	162 297 950	158 750 734	
Financial derivatives		1 233 759	
In total	**162 297 950**	**202 535 612**	**50 149 130**

Explanation of material differences between Solvency and Statutory Values

Derivatives - Reclassification
The statutory balance sheet lists the net derivative position (asset minus liability) as an asset. The Solvency II balance sheet lists the assets and liabilities separately. This does not affect own funds.

Reinsurance Recoverables - Reclassification and Revaluation
The Solvency II reinsurance recoverables are reduced for expected losses on reinsurance, expected profit to reinsurers and discounting. In addition the recoverables reflects contract boundaries as defined by the Solvency II directive and thus includes 01.01.2017 policies and multi-year contracts. This also reduce the recoverables as expected claims are lower than expected premium. In addition to these revaluations “reinsurance payables” are deducted from the recoverables. The latter is the most material difference (explains 5 MUSD of the 10 MUSD difference), but does not affect own funds as there is no “reinsurance payables” liability on the Solvency II balance sheet.

Insurance and intermediaries receivables – Reclassification
On the Solvency II balance sheet undue premium receivables are deducted from the premium provision and thus reduce this liability. This part of the receivables is therefore removed from the assets. This is a reclassification and therefore does not affect own funds.

D.2 Technical provisions

Best estimates, risk margins, methods and assumptions

	Medical expense insurance	Marine, aviation and transport insurance	Total Non-Life obligation
Best Estimate			
Premium provisions			
Gross	-257 849	315 592	57 743
Net	151 140	-5 218 110	-5 066 971
Claims provisions			
Gross	2 876 970	218 807 415	221 684 385
Net	2 145 360	168 399 492	170 544 852
Risk margin	199 435	16 685 322	16 884 758
Technical provisions inc. Risk Margin			
Gross	2 818 556	235 808 330	238 626 886
Net	2 495 935	179 866 704	182 362 639

The premium provision covers future claims on written policies. The provision is very low as premium receivables are deducted from the expected claims. The net provision is negative as parts of the reinsurance program is paid up-front, and the net future cash-flow from reinsurance is therefore positive.

The claims provisions covers incurred but not settled claims. The provision is calculated based on case estimates and IBNR reserves based on the Benktander method. The provisions are discounted based on risk free interest rates in three currencies.

The risk margin is an additional margin to make the overall provision sufficient for a third party to accept to take over the liability. The risk margin is calculated according to the Cost of Capital method with a Cost-of-Capital rate of 6%, in line with the Delegated Regulation.

Level of uncertainty

The premium provision covers future claims on written policies. As marine insurance is a high severity line of business, the level of uncertainty associated with this provision is very high.
The uncertainty of the claim provision is assessed based on historic run off results. The run off result has been positive in 8 of the past 10 years with an average gain of 6 MUSD and a standard deviation of 8,2 MUSD.

Material differences between valuation for Solvency purposes and financial statement

Premium provision:

	Solvency II	Statutory Accounts	Comment
Unearned Gross Premium	74 069 727	74 069 727	
Expected Profit in unearned premium, long term policies and 01.01.2017 policies	-4 133 135		Negative = profit
Non due premium receivables	-67 999 131	0	Reclassification
Discounting	-1 879 687		
Gross Premium Provision	**57 774**	**74 069 727**	

The most important difference between the Solvency II valuation and the Statutory Accounts is that non due premium receivables are deducted from the former. This difference represents a reclassification (rather than a revaluation) and therefore does not affect own funds. This makes the Solvency II Premium Provision hard to interpret.

Claims Provision
The Solvency II claim provisions are discounted. This reduce the reserves by 1,6% compared to the Statutory Accounts.

Risk Margin
There is no risk margin in the Statutory Accounts.

Adjustments
Non of the available measures to reduce the provisions have been applied (matching adjustment, volatility adjustment, transitional term structure, transitional deduction).

Recoverables from reinsurance contracts
In the statutory accounts, recoverables from reinsurance equals the unearned reinsurance premium and the reinsurers' share of the gross claims provisions. The latter is based on reinsurer's share of incurred, but not settled claims on a case by case basis and reinsurers' estimated share of the IBNR claims. The Solvency II recoverables are based on an adjusted version of the statutory accounts (allowing for discounting, expected counterparty losses, expected reinsurer profit and extended contract boundaries). The adjustments are described in Section D.1 above.

Changes during the year
There are no material changes in the calculation of technical provisions during the year.

D.3 Other liabilities

Liabilities	Solvency II value	Statutory accounts value
Pension benefit obligations	3 729 225	3 729 225
Deferred tax liabilities	73 910 398	73 910 398
Derivatives	590 184	
Insurance & intermediaries payables	3 906 416	3 906 416
Reinsurance payables	-	4 937 338
Payables (trade, not insurance)	11 482 363	11 482 363
Any other liabilities, not elsewhere shown	2 723 830	2 723 830

Valuation method
Pension cost, funding and obligations

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. This is pension obligations for some pensioners. These are non-funded obligations

Deferred tax and tax expense
Deferred tax is calculated based on temporary differences between book values and tax basis for assets and liabilities at year-end. For the purpose of calculating deferred tax nominal tax rates are used. Taxable and deductible temporary differences are offset to the extent they reverse within the same time frame. However, deferred tax liabilities on net pension assets are treated separately. Temporary differences that will constitute a future tax deduction give rise to a deferred tax asset. Change in deferred tax liability and deferred tax asset, together with taxes payable for the fiscal year adjusted for errors in previous year's tax calculations constitutes tax expenses for the year.

Risk equalisation
The opportunity to make provisions to the risk equalisation has been removed from 01.01.2016. At dissolution, the risk equalisation was divided into other equity and deferred tax. The latter is

however subject to a high level of uncertainty, and tax treatment of the dissolution has not been concluded by The Norwegian Ministy of Finance. The balance sheet as of 31.12.2015 has been restated accordingly.

Explanation of differences

Derivatives - Reclassification

The statutory balance sheet lists the net derivative position (asset minus liability) as an asset. The Solvency II balance sheet lists the assets and liabilities separately. This does not affect own funds.

Reinsurance payable – Reclassification

On the Solvency II balance sheet the liability "reinsurance payables" is deducted from the asset "reinsurance recoverables". This does not affect own funds.

D.4 Alternative methods of valuation

Covered under D1

D.5 Any other information

Ref. section E1 below for a summary of the overall effect of the revaluation of the assets and liabilities for Solvency purposes.

E. Capital Management

SFCR Information

E.1 Own funds

Amount and quality of own funds and changes over the reporting period

	31.12.2016	01.01.2016
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	8 042 072	8 042 072
Reconciliation reserve	252 065 539	231 723 485
Total basic own funds	**260 107 611**	**239 765 557**
Available and eligible own funds		
Total available own funds to meet the SCR	260 107 611	239 765 557
Total available own funds to meet the MCR	260 107 611	239 765 557
Total eligible own funds to meet the SCR	260 107 611	239 765 557
Total eligible own funds to meet the MCR	260 107 611	239 765 557

All funds are classified as unrestricted Tier 1 capital. The annual result explains most of the increase in the reconciliation reserve. In addition the following factors affects the development of own funds: Deferred tax, change in expected profit in future premium, changes in the effect of discounting reserves, changes in expected losses on reinsurance receivables.

NHC could apply the FSA to have supplemental mutual calls recognized as tier 2 capital. The maximum supplemental calls equals one year's mutual premium – currency 70 MUSD. Additional premium has not been called since 1947 and is considered an option of last resort.

Objectives Policies and Process for managing own funds

NHC has a target of 50% margin in excess of the highest of the S&P capital requirement and the Solvency II SCR. If the margin drops below 25%, risk-reducing measures will be implemented.
A basic assumption in all capital planning and risk management is that NHC shall not have to or rely on making a supplemental call on mutual members, i.e. calling extra premium in order to meet insurance liabilities.

Material Differences between NHC's financial statement equity and Own funds:

The differences between the Solvency II balance sheet and the Statutory accounts is a mix of reclassifications and revaluations. The following table shows the effect on own funds:

	31.12.2016
Statutory Equity	270 507 864
+ Discounting Claim Reserve	2 727 490
+ Expected Profit in Future Premium	3 757 014
- Risk Margin	-16 884 758
= Solvency II - Excess of assets over liabilities	260 107 611

Own funds equals the "excess of assets over liabilities".

E.2 Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

	31.12.2016
Market risk	55 404 954
Counterparty default risk	46 479 352
Health underwriting risk	9 053 932
Non-life underwriting risk	92 085 364
Diversification	-53 452 189
Basic Solvency Capital Requirement	**149 571 414**
Operational risk	6 652 264
Loss-absorbing capacity of deferred taxes	-36 015 577
Solvency capital requirement (SCR)	**120 208 100**
Minimum Capital Requirement (MCR)	**32 540 159**
MCR/SCR	27 %

The minimum capital requirement is calculated per line of business as the sum of the written net premium multiplied by a premium risk factor and the net technical provisions per line of business multiplied by a reserving risk factor. The total MCR equals the sum of the MCR per line of business. MCR is designed to lie between 25% and 45% of SCR. The high low ratio suggest a high SCR. This is caused by the high capital charge in the Marine Line of Business and risk taking in areas that are not explicitly reflected in the MCR (investment risk and credit risk).

	Technical Provisions		Premiums		Linear MCR
	Net TP	Reserve Risk Factor	Net written premium past year	Premium Risk Factor	MCR
Medical expense insurance	2 296 500	4.7 %	8 852 176	4.7 %	523 988
Marine, aviation and transport insurance	163 181 382	10.3 %	108 632 062	14.0 %	32 016 171
Total	**165 477 882**		**117 484 239**		**32 540 159**

The capital requirements in the various sub-modules of the capital model is described in the above "Risk Profile" section.

Simplifications

NHC applies the simplifications described in Article 107, 110, 111, 112 of the Delegated Regulation.

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

NHC does not apply the duration based approach.

E.4 Differences between Standard Formula and internal models

NHC does not use its internal models to calculate SCR.
NHC does not use undertaking specific parameters in the model.

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

NHC has been in continuous compliance with the MCR and SCR since inception of the Solvency II regulation. The own fund / SCR ratio has increased from 198% to 218% the last year.

E.6 Any other information

The outcome of the tax triggered by Solvency II will impact NHCs solvency ratio. If the tax is paid, the loss-absorbing capacity of deferred tax will decrease. This could reduce the own fund / SCR ratio from 218% to 168%. If the tax is not payable capital will be strengthened by 78 MUSD and the ratio will increase to 218-284%.

Appendix

NORWEGIAN HULL CLUB

1.1 02.01.02

Table 1: Balance sheet - Assets

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	0.00
Deferred tax assets	R0040	0.00
Pension benefit surplus	R0050	0.00
Property, plant & equipment held for own use	R0060	8,759,011.09
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	419,211,320.71
Property (other than for own use)	R0080	0.00
Holdings in related undertakings, including	R0090	3,638,553.38
Equities	R0100	29,372,251.62
Equities - listed	R0110	0.00
Equities - unlisted	R0120	29,372,251.62
Bonds	R0130	162,297,950.25
Government Bonds	R0140	35,155,162.60
Corporate Bonds	R0150	105,591,486.84
Structured notes	R0160	0.00
Collateralised securities	R0170	21,551,300.81
Collective Investments Undertakings	R0180	222,078,759.52
Derivatives	R0190	1,823,805.94
Deposits other than cash equivalents	R0200	0.00
Other investments	R0210	0.00
Assets held for index-linked and unit-linked contracts	R0220	0.00
Loans and mortgages	R0230	11,237,445.62
Loans on policies	R0240	0.00
Loans and mortgages to individuals	R0250	0.00
Other loans and mortgages	R0260	11,237,445.62
Reinsurance recoverables from:	R0270	56,264,246.85
Non-life and health similar to non-life	R0280	56,264,246.85
Non-life excluding health	R0290	55,941,625.66
Health similar to non-life	R0300	322,621.19
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0.00
Health similar to life	R0320	0.00
Life excluding health and index-linked and unit-	R0330	0.00
Life index-linked and unit-linked	R0340	0.00
Deposits to cedants	R0350	0.00
Insurance and intermediaries receivables	R0360	50,568,905.50
Reinsurance receivables	R0370	4,554,898.78
Receivables (trade, not insurance)	R0380	8,392,758.24
Own shares (held directly)	R0390	0.00
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0.00
Cash and cash equivalents	R0410	34,487,413.11
Any other assets, not elsewhere shown	R0420	1,600,912.00
Total assets	R0500	595,076,911.90

Table 2: Balance sheet - Liabilities

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	238,626,886.33
Technical provisions – non-life (excluding health)	R0520	235,808,329.96
Technical provisions calculated as a whole	R0530	0.00
Best Estimate	R0540	219,123,007.68
Risk margin	R0550	16,685,322.28
Technical provisions - health (similar to non-life)	R0560	2,818,556.37
Technical provisions calculated as a whole	R0570	0.00
Best Estimate	R0580	2,619,121.00
Risk margin	R0590	199,435.37
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0.00
Technical provisions - health (similar to life)	R0610	0.00
Technical provisions calculated as a whole	R0620	0.00
Best Estimate	R0630	0.00
Risk margin	R0640	0.00
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	0.00
Technical provisions calculated as a whole	R0660	0.00
Best Estimate	R0670	0.00
Risk margin	R0680	0.00
Technical provisions – index-linked and unit-linked	R0690	0.00
Technical provisions calculated as a whole	R0700	0.00
Best Estimate	R0710	0.00
Risk margin	R0720	0.00
Contingent liabilities	R0740	0.00
Provisions other than technical provisions	R0750	0.00
Pension benefit obligations	R0760	3,729,224.92
Deposits from reinsurers	R0770	0.00
Deferred tax liabilities	R0780	73,910,397.97
Derivatives	R0790	590,183.57
Debts owed to credit institutions	R0800	0.00
Financial liabilities other than debts owed to credit	R0810	0.00
Insurance & intermediaries payables	R0820	3,906,415.54
Reinsurance payables	R0830	0.00
Payables (trade, not insurance)	R0840	11,482,362.85
Subordinated liabilities	R0850	0.00
Subordinated liabilities not in Basic Own Funds	R0860	0.00
Subordinated liabilities in Basic Own Funds	R0870	0.00
Any other liabilities, not elsewhere shown	R0880	2,723,830.06
Total liabilities	R0900	334,969,301.24
Excess of assets over liabilities	R1000	260,107,610.66

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Table 3: Premiums, claims and expenses by line of business - NonLife

		Line of Business for:			
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance
		C0010	C0020	C0030	C0040
Premiums written					
Gross - Direct Business	R0110	10,530,256.81	0.00	0.00	0.00
Gross - Proportional reinsurance accepted	R0120	773,574.79	0.00	0.00	0.00
Gross - Non-proportional reinsurance accepted	R0130				
Reinsurers' share	R0140	2,310,350.75	0.00	0.00	0.00
Net	R0200	8,993,480.85	0.00	0.00	0.00
Premiums earned					
Gross - Direct Business	R0210	10,670,585.54	0.00	0.00	0.00
Gross - Proportional reinsurance accepted	R0220	655,624.12	0.00	0.00	0.00
Gross - Non-proportional reinsurance accepted	R0230				
Reinsurers' share	R0240	2,327,936.69	0.00	0.00	0.00
Net	R0300	8,998,272.97	0.00	0.00	0.00
Claims incurred					
Gross - Direct Business	R0310	7,392,187.76	0.00	0.00	0.00
Gross - Proportional reinsurance accepted	R0320	505,121.07	0.00	0.00	0.00
Gross - Non-proportional reinsurance accepted	R0330				
Reinsurers' share	R0340	1,579,461.75	0.00	0.00	0.00
Net	R0400	6,317,847.08	0.00	0.00	0.00
Changes in other technical provisions					
Gross - Direct Business	R0410	0.00	0.00	0.00	0.00
Gross - Proportional reinsurance accepted	R0420	0.00	0.00	0.00	0.00
Gross - Non-proportional reinsurance accepted	R0430				
Reinsurers' share	R0440	0.00	0.00	0.00	0.00
Net	R0500	0.00	0.00	0.00	0.00
Expenses incurred	R0550	899,827.30	0.00	0.00	0.00
Other expenses	R1200				
Total expenses	R1300				

non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						
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
C0050	C0060	C0070	C0080	C0090	C0100	C0110
0.00	114,690,294.31	0.00	0.00	0.00	0.00	0.00
0.00	13,768,150.57	0.00	0.00	0.00	0.00	0.00
0.00	19,967,687.09	0.00	0.00	0.00	0.00	0.00
0.00	108,490,757.79	0.00	0.00	0.00	0.00	0.00
0.00	138,850,551.81	0.00	0.00	0.00	0.00	0.00
0.00	15,323,109.22	0.00	0.00	0.00	0.00	0.00
0.00	26,128,834.50	0.00	0.00	0.00	0.00	0.00
0.00	128,044,826.52	0.00	0.00	0.00	0.00	0.00
0.00	84,354,164.47	0.00	0.00	0.00	0.00	0.00
0.00	43,214,710.53	0.00	0.00	0.00	0.00	0.00
0.00	11,746,216.47	0.00	0.00	0.00	0.00	0.00
0.00	115,822,658.53	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	21,528,204.55	0.00	0.00	0.00	0.00	0.00

	Line of Business for: accepted non-proportional reinsurance				
Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
C0120	C0130	C0140	C0150	C0160	C0200
0.00					125,220,551.11
0.00					14,541,725.36
	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	22,278,037.83
0.00	0.00	0.00	0.00	0.00	117,484,238.64
0.00					149,521,137.34
0.00					15,978,733.34
	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	28,456,771.19
0.00	0.00	0.00	0.00	0.00	137,043,099.49
0.00					91,746,352.23
0.00					43,719,831.60
	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	13,325,678.22
0.00	0.00	0.00	0.00	0.00	122,140,505.61
0.00					0.00
0.00					0.00
	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	22,428,031.84
					0.00

Table 4: Premiums, claims and expenses by line of business - Life

		Line of Business for: life insurance obligations				
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations
		C0210	C0220	C0230	C0240	C0250
Premiums written						
Gross	R1410	0.00	0.00	0.00	0.00	0.00
Reinsurers' share	R1420	0.00	0.00	0.00	0.00	0.00
Net	R1500	0.00	0.00	0.00	0.00	0.00
Premiums earned						
Gross	R1510	0.00	0.00	0.00	0.00	0.00
Reinsurers' share	R1520	0.00	0.00	0.00	0.00	0.00
Net	R1600	0.00	0.00	0.00	0.00	0.00
Claims incurred						
Gross	R1610	0.00	0.00	0.00	0.00	0.00
Reinsurers' share	R1620	0.00	0.00	0.00	0.00	0.00
Net	R1700	0.00	0.00	0.00	0.00	0.00
Changes in other technical provisions						
Gross	R1710	0.00	0.00	0.00	0.00	0.00
Reinsurers' share	R1720	0.00	0.00	0.00	0.00	0.00
Net	R1800	0.00	0.00	0.00	0.00	0.00
Expenses incurred	R1900	0.00	0.00	0.00	0.00	0.00
Other expenses	R2500					
Total expenses	R2600					

	Life reinsurance obligations		
Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance	Health reinsurance	Life reinsurance	Total
C0260	C0270	C0280	C0300
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
			0.00

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Table 5: Premiums, claims and expenses by country

		Country (by amount of gross premiums written) - non-life obligations	Country (by amount of gross premiums written) - non-life obligations	Country (by amount of gross premiums written) - non-life obligations	Country (by amount of gross premiums written) - non-life obligations	Country (by amount of gross premiums written) - non-life obligations
		C0090	C0090	C0090	C0090	C0090
Country	R0010	GERMANY	CYPRUS	GREECE	SINGAPORE	UNITED STATES
Premiums written						
Gross - Direct Business	R0110	18,336,582.50	6,061,736.72	9,910,614.88	5,735,738.56	6,268,435.84
Gross - Proportional reinsurance accepted	R0120	137,577.14	5,128,168.48	0.00	1,261,201.81	244,199.21
Gross - Non-proportional reinsurance accepted	R0130	0.00	0.00	0.00	0.00	0.00
Reinsurers' share	R0140	2,875,553.23	1,813,727.35	1,540,580.70	1,177,709.43	1,012,329.39

Net	Premiums earned	Gross - Direct Business	Gross - Proportional reinsurance accepted	Gross - Non-proportional reinsurance accepted	Reinsurers' share	Net	Claims incurred	Gross - Direct Business
R0200		R0210	R0220	R0230	R0240	R0300		R0310
15,598,606.42		25,841,293.71	243,971.08	0.00	4,423,398.06	21,661,866.73		19,166,245.08
9,376,177.86		6,723,667.23	5,549,275.44	0.00	2,124,840.32	10,148,102.35		7,128,928.41
8,370,034.19		10,446,525.16	0.00	0.00	1,770,491.01	8,676,034.15		4,456,153.85
5,819,230.95		7,110,409.21	1,248,991.26	0.00	1,474,519.31	6,884,881.15		3,466,808.37
5,500,305.66		7,186,506.98	172,897.35	0.00	1,247,247.14	6,112,157.19		2,062,470.61

Gross - Proportional reinsurance accepted	Gross - Non-proportional reinsurance accepted	Reinsurers' share	Net	Changes in other technical provisions	Gross - Direct Business	Gross - Proportional reinsurance accepted	Gross - Non-proportional reinsurance accepted
R0320	R0330	R0340	R0400		R0410	R0420	R0430
136,567.31	0.00	862,258.89	18,440,553.50		0.00	0.00	0.00
6,159,390.16	0.00	335,041.63	12,953,276.94		0.00	0.00	0.00
0.00	0.00	(387,923.16)	4,844,077.01		0.00	0.00	0.00
707,249.81	0.00	167,475.23	4,006,582.94		0.00	0.00	0.00
0.00	0.00	3,184.36	2,059,286.25		0.00	0.00	0.00

Reinsurers' share	Net	Expenses incurred	Other expenses	Total expenses
R0440	R0500	R0550	R1200	R1300
0.00	0.00	3,638,179.17		
0.00	0.00	1,638,859.39		
0.00	0.00	1,458,629.96		
0.00	0.00	1,070,799.84		
0.00	0.00	1,027,638.32		

Table 6: Premiums, claims and expenses by country - Home country and Total top 5

		Home Country	Total Top 5 and home country
		C0010	C0070
	R0010		
		C0080	C0140
Premiums written			
Gross - Direct Business	R0110	31,956,816.28	78,269,924.79
Gross - Proportional reinsurance accepted	R0120	916,613.66	7,687,760.30
Gross - Non-proportional reinsurance accepted	R0130	0.00	0.00
Reinsurers' share	R0140	5,302,601.83	13,722,501.91
Net	R0200	27,570,828.11	72,235,183.18
Premiums earned			
Gross - Direct Business	R0210	37,199,460.53	94,507,862.81
Gross - Proportional reinsurance accepted	R0220	1,160,888.46	8,376,023.60
Gross - Non-proportional reinsurance accepted	R0230	0.00	0.00
Reinsurers' share	R0240	6,628,309.33	17,668,805.18
Net	R0300	31,732,039.66	85,215,081.23
Claims incurred			
Gross - Direct Business	R0310	23,955,009.67	60,235,615.99
Gross - Proportional reinsurance accepted	R0320	3,320,782.03	10,323,989.31
Gross - Non-proportional reinsurance accepted	R0330	0.00	0.00
Reinsurers' share	R0340	2,217,318.86	3,197,355.81
Net	R0400	25,058,472.84	67,362,249.49
Changes in other technical provisions			
Gross - Direct Business	R0410	0.00	0.00
Gross - Proportional reinsurance accepted	R0420	0.00	0.00
Gross - Non- proportional reinsurance accepted	R0430	0.00	0.00
Reinsurers' share	R0440	0.00	0.00
Net	R0500	0.00	0.00
Expenses incurred	R0550	5,144,288.14	13,978,394.82
Other expenses	R1200		
Total expenses	R1300		13,978,394.82

		Home Country	Total Top 5 and home country
		C0150	C0210
	R0010		
		C0220	C0280
Premiums written			
Gross	R1410	0.00	0.00
Reinsurers' share	R1420	0.00	0.00

Net	R1500	0.00	0.00
Premiums earned			
Gross	R1510	0.00	0.00
Reinsurers' share	R1520	0.00	0.00
Net	R1600	0.00	0.00
Claims incurred			
Gross	R1610	0.00	0.00
Reinsurers' share	R1620	0.00	0.00
Net	R1700	0.00	0.00
Changes in other technical provisions			
Gross	R1710	0.00	0.00
Reinsurers' share	R1720	0.00	0.00
Net	R1800	0.00	0.00
Expenses incurred	R1900	0.00	0.00
Other expenses	R2500		
Total expenses	R2600		0.00

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Table 7: Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance		
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees
		C0020	C0030	C0040	C0050	C0060	C0070	C0080
Technical provisions calculated as a whole	R0010	0.00	0.00			0.00		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	0.00	0.00			0.00		
Technical provisions calculated as a sum of BE and RM								
Best Estimate								
Gross Best Estimate	R0030	0.00		0.00	0.00		0.00	0.00
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	0.00		0.00	0.00		0.00	0.00
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	0.00		0.00	0.00		0.00	0.00
Risk Margin	R0100	0.00	0.00			0.00		
Amount of the transitional on Technical Provisions								
Technical Provisions calculated as a whole	R0110	0.00	0.00			0.00		
Best estimate	R0120	0.00		0.00	0.00		0.00	0.00
Risk margin	R0130	0.00	0.00			0.00		
Technical provisions - total	R0200	0.00	0.00			0.00		

Annuities stemming from non-life insurance contracts and relating to insurance obligation	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
				Contracts without options and guarantees	Contracts with options or guarantees			
C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
0.00	0.00	0.00	0.00			0.00	0.00	0.00
0.00	0.00	0.00	0.00			0.00	0.00	0.00
0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00				0.00	0.00	0.00
0.00	0.00	0.00				0.00	0.00	0.00
0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00			0.00	0.00	0.00
0.00	0.00	0.00	0.00			0.00	0.00	0.00

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Table 8: Non-Life Technical Provisions

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance
		C0020	C0030	C0040	C0050
Technical provisions calculated as a whole	R0010	0.00	0.00	0.00	0.00
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	0.00	0.00	0.00	0.00
Technical provisions calculated as a sum of BE and RM					
Best estimate					
Premium provisions					
Gross	R0060	-257,848.76	0.00	0.00	0.00
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-408,988.56	0.00	0.00	0.00
Net Best Estimate of Premium Provisions	R0150	151,139.81	0.00	0.00	0.00
Claims provisions					
Gross	R0160	2,876,969.76	0.00	0.00	0.00
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	731,609.75	0.00	0.00	0.00
Net Best Estimate of Claims Provisions	R0250	2,145,360.01	0.00	0.00	0.00
Total Best estimate - gross	R0260	2,619,121.00	0.00	0.00	0.00
Total Best estimate - net	R0270	2,296,499.82	0.00	0.00	0.00
Risk margin	R0280	199,435.37	0.00	0.00	0.00
Amount of the transitional on Technical Provisions					
Technical Provisions calculated as a whole	R0290	0.00	0.00	0.00	0.00
Best estimate	R0300	0.00	0.00	0.00	0.00
Risk margin	R0310	0.00	0.00	0.00	0.00
Technical provisions - total					
Technical provisions - total	R0320	2,818,556.37	0.00	0.00	0.00
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	322,621.19	0.00	0.00	0.00
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	2,495,935.18	0.00	0.00	0.00

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
C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	315,592.19	0.00	0.00	0.00	0.00	0.00	0.00
0.00	5,533,702.56	0.00	0.00	0.00	0.00	0.00	0.00
0.00	-5,218,110.37	0.00	0.00	0.00	0.00	0.00	0.00
0.00	218,807,415.50	0.00	0.00	0.00	0.00	0.00	0.00
0.00	50,407,923.11	0.00	0.00	0.00	0.00	0.00	0.00
0.00	168,399,492.39	0.00	0.00	0.00	0.00	0.00	0.00
0.00	219,123,007.68	0.00	0.00	0.00	0.00	0.00	0.00
0.00	163,181,382.02	0.00	0.00	0.00	0.00	0.00	0.00
0.00	16,685,322.28	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	235,808,329.96	0.00	0.00	0.00	0.00	0.00	0.00
0.00	55,941,625.66	0.00	0.00	0.00	0.00	0.00	0.00
0.00	179,866,704.30	0.00	0.00	0.00	0.00	0.00	0.00

Accepted non-proportional reinsurance				
Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
C0140	C0150	C0160	C0170	C0180
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	57,743.43
0.00	0.00	0.00	0.00	5,124,713.99
0.00	0.00	0.00	0.00	-5,066,970.56
0.00	0.00	0.00	0.00	221,684,385.25
0.00	0.00	0.00	0.00	51,139,532.85
0.00	0.00	0.00	0.00	170,544,852.40
0.00	0.00	0.00	0.00	221,742,128.68
0.00	0.00	0.00	0.00	165,477,881.84
0.00	0.00	0.00	0.00	16,884,757.65
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	238,626,886.33
0.00	0.00	0.00	0.00	56,264,246.85
0.00	0.00	0.00	0.00	182,362,639.49

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Table 9: Non-life insurance claims - Gross Claims Paid

Z0020 **Accident year / Underwriting year:** Accident year [AY]

Year		Develo					
		0	**1**	**2**	**3**	**4**	**5**
		C0010	C0020	C0030	C0040	C0050	C0060
Prior	R0100						
N-9	R0160	62,666,762.19	66,227,032.66	26,001,153.74	13,734,575.65	5,121,047.70	3,234,799.43
N-8	R0170	49,123,887.19	50,534,407.99	26,824,012.73	6,401,456.57	6,979,935.06	760,306.95
N-7	R0180	28,525,215.44	47,674,730.82	19,589,187.72	7,332,996.53	3,224,180.68	1,841,254.63
N-6	R0190	18,835,728.98	29,397,105.39	13,722,645.77	7,118,698.76	2,520,802.41	2,772,047.83
N-5	R0200	74,021,863.85	38,136,889.68	16,101,709.53	10,834,603.28	7,326,078.93	-103,434.58
N-4	R0210	49,311,877.01	53,344,943.04	15,736,279.14	9,799,808.87	6,694,302.69	
N-3	R0220	27,844,790.20	48,920,956.95	18,889,126.49	7,554,309.61		
N-2	R0230	29,910,584.03	52,287,696.06	18,800,839.35			
N-1	R0240	72,262,710.79	50,144,845.68				
N	R0250	41,439,382.31					

Z0020 **Accident year / Underwriting year:** Accident year [AY]

Year		Develo					
		0	**1**	**2**	**3**	**4**	**5**
		C0200	C0210	C0220	C0230	C0240	C0250
Prior	R0100						
N-9	R0160	113,935,199.53	59,139,756.73	36,586,237.92	20,699,246.62	11,607,045.00	10,207,838.07
N-8	R0170	107,084,809.99	43,356,206.72	19,227,400.46	8,220,458.42	4,402,168.84	1,586,231.16
N-7	R0180	98,178,031.30	40,772,412.87	14,430,516.93	7,627,883.18	3,771,690.62	2,507,170.74
N-6	R0190	73,019,819.71	32,189,285.93	19,535,122.62	9,604,291.34	6,835,197.16	4,193,972.95
N-5	R0200	78,750,972.55	45,460,211.98	23,944,172.73	10,220,410.68	2,228,084.58	3,304,596.51
N-4	R0210	108,484,121.09	51,528,841.54	30,850,263.53	21,777,167.35	26,910,196.60	
N-3	R0220	103,981,683.39	47,352,764.07	30,273,541.09	17,559,110.23		
N-2	R0230	88,653,830.89	38,419,870.65	14,317,957.18			
N-1	R0240	101,256,109.05	53,083,856.45				
N	R0250	88,768,239.59					

Table 10: Non-life insurance claims - Gross undiscounted Best Estimate Claims Provisions

	6	7	8	9	10 & +
	C0070	C0080	C0090	C0100	C0110
R0100					-440,437.49
R0160	3,287,690.97	-255,919.83	3,499,482.70	423,118.65	
R0170	648,489.80	-191,489.86	277,944.99		
R0180	400,830.21	157,063.87			
R0190	521,435.75				

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	0.00	0.00
	R0160	423,118.65	183,939,743.87
	R0170	277,944.99	141,358,951.41
	R0180	157,063.87	108,745,459.90
	R0190	521,435.75	74,888,464.89
	R0200	-103,434.58	146,317,710.69
	R0210	6,694,302.69	134,887,210.75
	R0220	7,554,309.61	103,209,183.25
	R0230	18,800,839.35	100,999,119.44
	R0240	50,144,845.68	122,407,556.47
	R0250	41,439,382.31	41,439,382.31
Total	R0260	124,669,038.83	1,652,096,393.58

	6	7	8	9	10 & +
	C0260	C0270	C0280	C0290	C0300
R0100					806,619.54
R0160	8,830,488.84	4,482,621.90	2,100,938.74	891,467.71	
R0170	657,116.65	991,873.84	392,032.50		
R0180	1,040,101.67	1,040,188.43			
R0190	2,965,925.91				

		Year end (discounted data)
		C0360
	R0100	0.00
	R0160	891,078.25
	R0170	390,105.23
	R0180	1,035,354.72
	R0190	2,925,785.80
	R0200	3,255,288.89
	R0210	26,462,279.17
	R0220	17,292,142.46
	R0230	14,072,148.92
	R0240	52,152,114.23
	R0250	87,238,169.07
Total	R0260	207,342,258.62

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Table 11: Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	238,626,886.33	0.00	0.00	0.00	0.00
Basic own funds	R0020	260,107,610.66	-260,107,610.66	0.00	-260,107,610.66	-260,107,610.66
Eligible own funds to meet Solvency Capital Requirement	R0050	260,107,610.66	-260,107,610.66	0.00	-260,107,610.66	-260,107,610.66
Solvency Capital Requirement	R0090	120,208,100.12	-120,208,100.12	0.00	-120,208,100.12	-120,208,100.12
Eligible own funds to meet Minimum Capital Requirement	R0100	260,107,610.66	-260,107,610.66	0.00	-260,107,610.66	-260,107,610.66
Minimum Capital Requirement	R0110	32,540,158.85	-32,540,158.85	0.00	-32,540,158.85	-32,540,158.85

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Table 12: Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	0.00	0.00		0.00	
Share premium account related to ordinary share capital	R0030	0.00	0.00		0.00	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	8,042,071.71	8,042,071.71		0.00	
Subordinated mutual member accounts	R0050	0.00		0.00	0.00	0.00
Surplus funds	R0070	0.00	0.00			
Preference shares	R0090	0.00		0.00	0.00	0.00
Share premium account related to preference shares	R0110	0.00		0.00	0.00	0.00
Reconciliation reserve	R0130	252,065,538.95	252,065,538.95			
Subordinated liabilities	R0140	0.00		0.00	0.00	0.00
An amount equal to the value of net deferred tax assets	R0160	0.00				0.00
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0.00	0.00	0.00	0.00	0.00
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0.00				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0.00	0.00	0.00	0.00	
Total basic own funds after deductions	R0290	260,107,610.66	260,107,610.66	0.00	0.00	0.00
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0.00			0.00	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0.00			0.00	
Unpaid and uncalled preference shares callable on demand	R0320	0.00			0.00	0.00
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0.00			0.00	0.00
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0.00			0.00	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0.00			0.00	0.00
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0.00			0.00	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0.00			0.00	0.00
Other ancillary own funds	R0390	0.00			0.00	0.00
Total ancillary own funds	R0400	0.00			0.00	0.00

Available and eligible own funds						
Total available own funds to meet the SCR	R0500	260,107,610.66	260,107,610.66	0.00	0.00	0.00
Total available own funds to meet the MCR	R0510	260,107,610.66	260,107,610.66	0.00	0.00	
Total eligible own funds to meet the SCR	R0540	260,107,610.66	260,107,610.66	0.00	0.00	0.00
Total eligible own funds to meet the MCR	R0550	260,107,610.66	260,107,610.66	0.00	0.00	
SCR	R0580	120,208,100.12				
MCR	R0600	32,540,158.85				
Ratio of Eligible own funds to SCR	R0620	2.16				
Ratio of Eligible own funds to MCR	R0640	7.99				

Table 13: Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	260,107,610.66
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	8,042,071.71
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0.00
Reconciliation reserve	R0760	252,065,538.95
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	0.00
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	3,757,014.12
Total Expected profits included in future premiums (EPIFP)	R0790	3,757,014.12

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Table 14: Basic Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	55,404,954.32		
Counterparty default risk	R0020	46,479,352.18		
Life underwriting risk	R0030	0.00	None	
Health underwriting risk	R0040	9,053,932.42	None	
Non-life underwriting risk	R0050	92,085,363.57	None	
Diversification	R0060	-53,452,188.95		
Intangible asset risk	R0070	0.00		
Basic Solvency Capital Requirement	R0100	149,571,413.54		

		Value
		C0100
Operational risk	R0130	6,652,263.86
Loss-absorbing capacity of technical provisions	R0140	0.00
Loss-absorbing capacity of deferred taxes	R0150	-36,015,577.28
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	120,208,100.12
Capital add-on already set	R0210	
Solvency capital requirement	R0220	120,208,100.12
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

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Table 15: Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

		MCR components
		C0010
MCRNL Result	R0010	32,540,158.85

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	2,296,499.82	8,852,176.37
Income protection insurance and proportional reinsurance	R0030	0.00	0.00
Workers' compensation insurance and proportional reinsurance	R0040	0.00	0.00
Motor vehicle liability insurance and proportional reinsurance	R0050	0.00	0.00
Other motor insurance and proportional reinsurance	R0060	0.00	0.00
Marine, aviation and transport insurance and proportional reinsurance	R0070	163,181,382.02	108,632,062.27
Fire and other damage to property insurance and proportional reinsurance	R0080	0.00	0.00
General liability insurance and proportional reinsurance	R0090	0.00	0.00
Credit and suretyship insurance and proportional reinsurance	R0100	0.00	0.00
Legal expenses insurance and proportional reinsurance	R0110	0.00	0.00
Assistance and proportional reinsurance	R0120	0.00	0.00
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0.00	0.00
Non-proportional health reinsurance	R0140	0.00	0.00
Non-proportional casualty reinsurance	R0150	0.00	0.00
Non-proportional marine, aviation and transport reinsurance	R0160	0.00	0.00
Non-proportional property reinsurance	R0170	0.00	0.00

		C0040
MCRL Result	R0200	0.00

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	0.00	
Obligations with profit participation - future discretionary benefits	R0220	0.00	
Index-linked and unit-linked insurance obligations	R0230	0.00	
Other life (re)insurance and health (re)insurance obligations	R0240	0.00	
Total capital at risk for all life (re)insurance obligations	R0250		0.00

		C0070
Linear MCR	R0300	32,540,158.85
SCR	R0310	120,208,100.12
MCR cap	R0320	54,093,645.06
MCR floor	R0330	30,052,025.03
Combined MCR	R0340	32,540,158.85
Absolute floor of the MCR	R0350	3,380,230.22
Minimum Capital Requirement	R0400	32,540,158.85

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Table 16: Minimum Capital Requirement - Both life and non-life insurance activity

		MCR components	
		Non-life activities	Life activities
		MCR(NL, NL) Result	MCR(NL, L)Result
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010	32,540,158.85	0.00

		Background information			
		Non-life activities		Life activities	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020	2,296,499.82	8,852,176.37	0.00	0.00
Income protection insurance and proportional reinsurance	R0030	0.00	0.00	0.00	0.00
Workers' compensation insurance and proportional reinsurance	R0040	0.00	0.00	0.00	0.00
Motor vehicle liability insurance and proportional reinsurance	R0050	0.00	0.00	0.00	0.00
Other motor insurance and proportional reinsurance	R0060	0.00	0.00	0.00	0.00
Marine, aviation and transport insurance and proportional reinsurance	R0070	163,181,382.02	108,632,062.27	0.00	0.00
Fire and other damage to property insurance and proportional reinsurance	R0080	0.00	0.00	0.00	0.00
General liability insurance and proportional reinsurance	R0090	0.00	0.00	0.00	0.00
Credit and suretyship insurance and proportional reinsurance	R0100	0.00	0.00	0.00	0.00
Legal expenses insurance and proportional reinsurance	R0110	0.00	0.00	0.00	0.00
Assistance and proportional reinsurance	R0120	0.00	0.00	0.00	0.00

Miscellaneous financial loss insurance and proportional reinsurance	R0130	0.00	0.00	0.00	0.00
Non-proportional health reinsurance	R0140	0.00	0.00	0.00	0.00
Non-proportional casualty reinsurance	R0150	0.00	0.00	0.00	0.00
Non-proportional marine, aviation and transport reinsurance	R0160	0.00	0.00	0.00	0.00
Non-proportional property reinsurance	R0170	0.00	0.00	0.00	0.00

		Non-life activities	Life activities
		MCR(L, NL) Result	MCR(L, L) Result
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200	0.00	0.00

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

		C0130
Linear MCR	R0300	32,540,158.85
SCR	R0310	120,208,100.12
MCR cap	R0320	54,093,645.06
MCR floor	R0330	30,052,025.03

Combined MCR	R0340	32,540,158.85
Absolute floor of the MCR	R0350	3,380,230.22
Minimum Capital	R0400	32,540,158.85

		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	32,540,158.85	0.00
Notional SCR excluding add-on (annual or latest	R0510	120,208,100.12	0.00
Notional MCR cap	R0520	54,093,645.06	0.00
Notional MCR floor	R0530	30,052,025.03	0.00
Notional Combined MCR	R0540	32,540,158.85	0.00
Absolute floor of the notional MCR	R0550	3,380,230.22	0.00
Notional MCR	R0560	32,540,158.85	0.00