NORWEGIAN HULL CLUB

Solvency Financial Condition Report
31.12.2019

Contents

SFCR Report

Summary

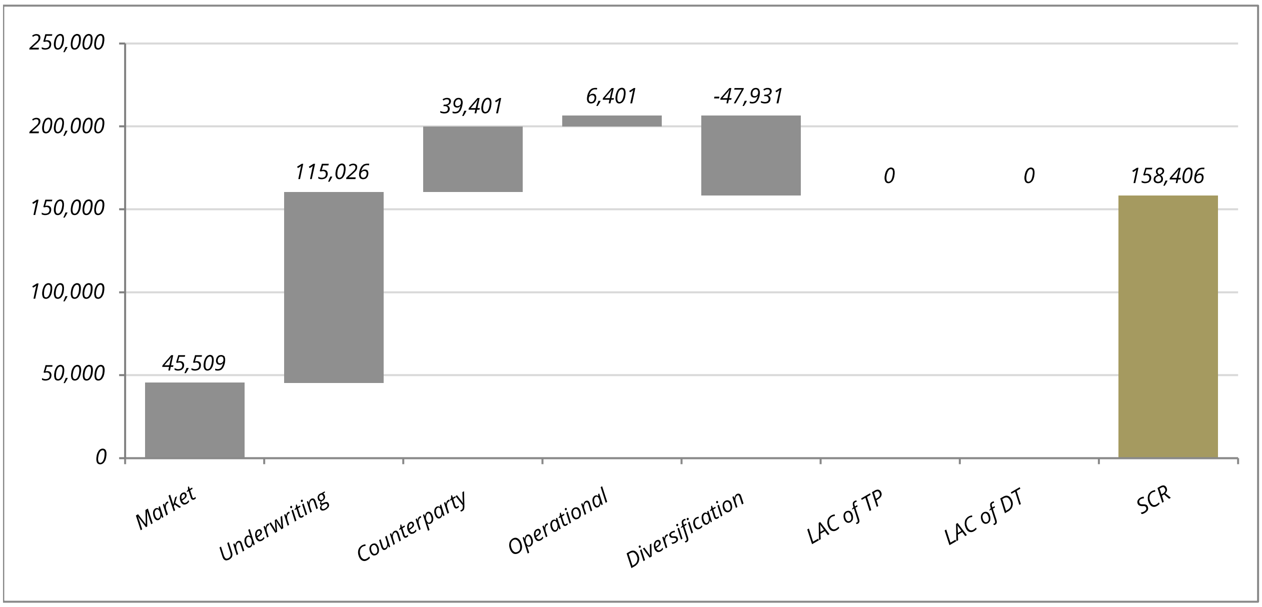
This report was written before the extent of the Corona pandemic was known. The worst-case effects of the pandemic are thus not covered by the report. The pandemic is however not considered a threat to the solvency of the Club.

Norwegian Hull Club (NHC) is a mutual insurance undertaking writing global marine and medical expense insurance. The 2019 earned gross premium was 203 MUSD, up with 22% from 2018. The operating result was -7 MUSD.

The below table summarize the solvency conditions in terms of Solvency Capital Requirement (SCR), Minimum Capital Requirement (MCR) and Own Funds in USD 1000.

	2019		2018	
	SCR	MCR	SCR	MCR
Eligible Own Funds	373,946	308,800	350,145	300,854
Capital Requirement	158,406	42,507	142,165	35,541
Difference	215,540	266,293	207,980	265,313
Ratio	236%	726%	246%	846%

The chart below displays how the Solvency Capital Requirement is built up:



A Business and Performance

A.1 Business

NHC is a mutual marine insurance company writing marine and medical 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).

Contact details: Revierstredet 3,
Postboks 1187 Sentrum
0107 Oslo

The external auditor is PWC.

Contact details: 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, yachts, Builders risk covers, Energy (fixed and floating) insurance -operation and construction. In addition, P&I covers are provided to owners and charterers and health insurance is provided to seafarers and their relatives. Marine and Energy insurance is placed and written globally, mainly through brokers. A major part of the business is with international clients.

NHC has about 25 % share of the Nordic market (defined as business written by companies operating from the Nordic countries), which account for about 10 % of global hull premium. Thus, NHC has 2.5 % market share of global hull business. The Nordic market has its own conditions (http://www.nordicplan.org/), 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 has a branch office in London, writing business produced by London brokers as well as maintaining the existing business relationships.

Legal structure

The below table lists subsidiaries and participations (USD):

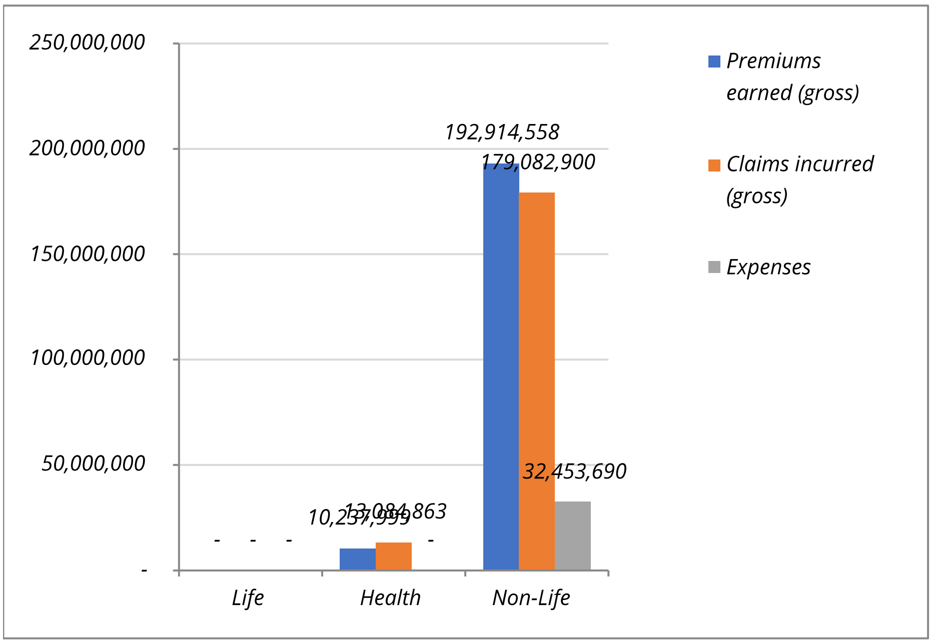
Company	Insurance Technology Solutions AS	Marine Benefits AS	NHC Prosjekt AS
Business office	Bergen	Bergen	Bergen
Ownership share / Voting share	100%	100%	100%
Result in subsidiaries and associated companies	-329 904	72 127	0
Book value in NHC	1 296 706	2 060 659	378 086
Equity in subsidiaries	840 539	2 253 929	378 086

Associated company	2 018	2 019
Opening Balance 1.January	5 197 192	5 258 821
Share of this year`s profits	374 771	1 843 100
Exchange differences on translation reported as other comprehensive income	-313 141	-50 070
Closing Balance as of 31 December	5 258 821	7 051 851

The associated company is Olav Kyrres gate 11 AS, and NHC's share is 33.3%

A.2 Underwriting Performance

From 2010 NHC had strong underwriting performance reflecting its focus on underwriting profit through comprehensive Client Risks Assessment models. However, the 2019 performance is below expectations and internal targets.



A.2.1 Life underwriting

NHC does not write life insurance.

Premiums, claims and expenses	***2019***	***2018***
Life		
Premiums earned (gross)	-	-
Claims incurred (gross)	-	-
Expenses	-	-

A.2.2 Health underwriting

Health underwriting performance is shown in the table below. The health portfolio is limited to Medical Expense Insurance for seafarers. The decrease in premiums is due to an internal double-booking error from 2018 that has been reversed in 2019

Premiums, claims and expenses	2019	2018
Health		
Premiums earned (gross)	*10,237,999*	*16,881,108*
Claims incurred (gross)	*13,084,863*	*11,304,212*
Expenses	*-*	*2,912,074*

A.2.3 Non-Life underwriting

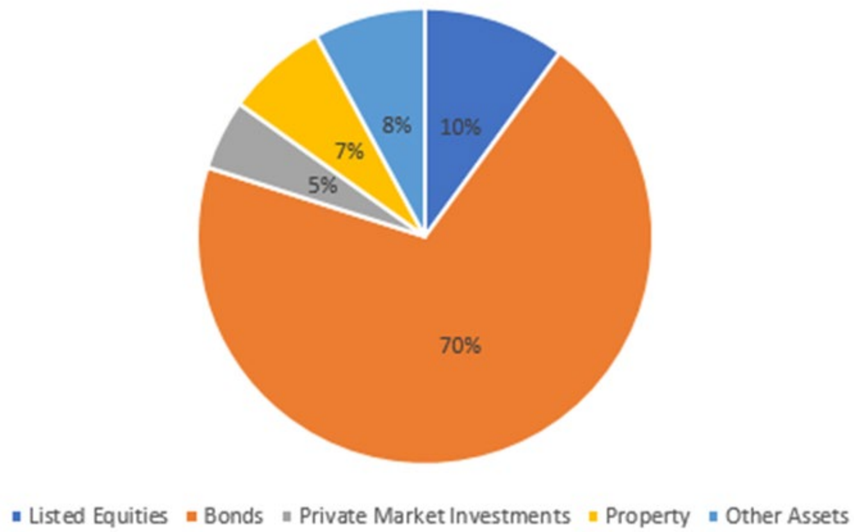
Non-Life underwriting performance is shown in the table below. The 2019 underwriting performance is below internal targets.

Premiums, claims and expenses	2019	2018
Non-Life		
Premiums earned (gross)	*192,914,558*	*149,479,281*
Claims incurred (gross)	*179,082,900*	*131,250,285*
Expenses	*32,453,690*	*30,271,625*

A.3 Investment Performance

A.3.1 Investments held

The chart below visualizes the relative distribution of the investments by material asset class. "Other investments" are investments through investment funds.



A.3.2 Gains and losses

The below table summarizes the investment portfolio return per asset class. Investments in different asset classes are all categorized as other investments. In general, the investment return was above expectations in 2019 as financial markets had a very positive development. Strong equity markets, falling U.S. interest rates and tightening credit spreads all led to strong returns in the different asset classes.

Gains and losses in the period (2019)	Dividends	Interest	Rent	Net gains/losses	Unrealised gains/losses
Bonds	-	-	-	692,847	3,015,317
Equity	-	-	-	823,466	823,466
Other Investments	2,479,295	10,248,271	-	4,911,861	13,061,498
Cash and deposits	402,427	402,427	-	-	-
Mortgages and loans	275,967	275,967	3,618	33,940	30,322
Property	-	-	-	-	-
Derivatives	-	-	-	-	-
Total	3,157,689	10,926,665	3,618	6,462,114	16,930,603

A.3.3 Securitisation investments
NHC has no material investments in securitisations.

A.4 Performance of other activities
There have been no other significant activities than insurance and related activities. Income related to claims handling is reported as "Other insurance related income" in the annual accounts and amounts to 7.2 MUSD.

A.5 Any other information
NHC has changed the accounting principle for an associated company from the equity method to estimated market value. This increase the value by 4 MUSD. This increase is not reflected in the operating result, but contribute to increasing Own Funds.

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

B.1 General information on the system of governance
NHC's Board carry the 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.

B 1.1 Organisational structure

B 1.2 Governance
General Meeting

Members of NHC, clients that write business on a mutual basis, vote at the general meeting according to the Norwegian Limited Companies Act § 5-2. Members have votes according to the member's share of the NHC's mutual earned premium in the preceding calendar year. Joint Members have together as many votes as if the insurance agreement had been entered into by one member. The right to vote on behalf of the Joint Members shall be vested in the member named first in the insurance agreement.

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.

Board of Directors

The Board is responsible for setting out the strategy, including risk tolerance, and generally overseeing the 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 subcommittee of the Board. Its responsibility is to discuss significant accounting issues with management and the external auditor as well as 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 auditor's work and make recommendations to the Board regarding election of external and internal auditors.

Risk Committee

The Risk Committee is a subcommittee of the Board. It is responsible for supervising NHC's total risk and regularly considers if the management and control systems are adapted to the risk level and scope of operations. The Risk Committee shall further regularly consider the continuous compliance with capital requirements and requirements for technical insurance provisions, as well as the appropriateness of the risk management system. The committee shall follow up the key functions actuary, compliance and risk management.

Compensation Committee

The Compensation Committee is also a subcommittee of the Board and makes recommendations to the Board regarding the compensation of the Chief Executive Officer as well as the structure of general compensation, including compensation for the management team.

Election Committee

The Election Committee makes recommendations regarding candidates for the various governing bodies. The Election Committee shall have a minimum of five members. At least one member shall have served on the Board of Directors during the preceding five years.

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

Key Functions

NHC has established 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 as well as providing assurance to the Board in relation to NHC's control framework.

Remuneration

NHC's remuneration policy 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 a bonus.

The variable 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 according to set KPIs.

The variable part can count for up to 1/4 or 1/3 of the total compensation depending on position.

Supplementary Pensions

NHC has established a defined contribution hybrid pension scheme for all employees from 01.01.2016. In addition, the Club has also an individual top pension scheme (defined contribution) for salaries above 12G.

Additionally, the Club has pension obligations for some pensioners. These are non-funded obligations. All pension schemes are valued in accordance with the IFRS (IAS 19). Changes in the pension obligations as a result of changes in the actuarial assumptions and variations between actual and anticipated return on pension funds, are recognised in the balance sheet immediately, through Other Comprehensive Income (OCI). However, in 2018 and 2019 accounts, these items have been regarded as insignificant for reclassification.

Material transaction with stakeholders

As a mutual insurance company, NHC will by definition enter into commercial agreements with member owners and with members of the Board of Directors. None of these transactions are considered material in relation to NHC's business volume.

B.2 Fit and proper requirements

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

- members of the Board
- members of senior management (TMG; EVP, CUO, CCO, CFO, CBDO, CHRO)
- person defined as key personnel (Head of Risk Management, 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 including the own risk and solvency assessment

The foundation of the good internal governance is a risk management framework and associated delegations of authority to ensure the effective management and reporting of risks in the organization.

B.3.1 Risk management system

In NHC the Board sets overall target, risk tolerance and risk appetite as part of the annual strategic planning. NHC will act in accordance with this Risk Appetite Statement to achieve strategic objectives and to remain a prudent risk taker in order to safeguard the long-term interest of the Owners, Clients and Employees.

The Board has given a mandate to the Risk Committee. The Risk Committee is a sub-committee of the Board of NHC and shall serve as a body preparing issues for the Board and supporting them in its execution of its duties relating to risk management. The Risk Committee shall have the following responsibilities:

- Supervise NHC's total risk and they shall regularly consider if the management and risk management framework are adapted to the risk level and scope of the operations.
- Assess, in particular, if NHC has an appropriate risk management system in place. The assessment shall be based on the principles and policies adopted for risk management, including the stated risk appetite.
- Regularly consider the risk profile, capital and total capital requirement in relation to risks that NHC could be exposed to in the short and long term.

- Regularly consider the continuous compliance with capital requirements and requirements for technical insurance provisions. The Risk Committee shall consider any discrepancy between the risk profile and the assumptions made in calculating the solvency capital requirement.

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 is 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. In NHC, the CEO has delegated the responsibility for risk management processes and follow-up to the Chief Financial Officer.

Risk Management, Compliance and Actuarial functions form the Key Functions of NHC. These functions act as Second Line of Defense and are overviewing and monitoring the risk in the company. NHC`s Key functions provide regular risk reporting to TMG and to Risk Committee/Board regarding the key risks. In addition, the updated Key Indicators incl. Capital Requirements are updated quarterly and reported to the TMG, the 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 if situations occur, also with a direct line to the Board.

The Key Functions shall be incorporated into the organizational structure in a way which ensures that each function is free from influences that may compromise the function's ability to undertake its duties in an objective, fair and independent manner. The persons performing the functions shall be operationally independent from the processes they control. The persons performing the functions shall also be entitled to communicate on their own initiative with any staff member and shall have the necessary authority, resources and expertise, together with unrestricted access to all relevant information necessary, to carry out their responsibilities.

These key functions shall report and co-operate closely with Board and its Risk Committee on internal control matters and other matters of importance. The key functions meet regularly with the Risk Committee and they shall annually report their findings to the Board. In case of major issues, the Board or Audit-/Risk Committee shall be informed promptly. Each of the key functions shall also advise the Board on issues relating to their area of responsibility. The Actuarial function shall also have a corresponding cooperation with the Audit Committee on matters regarding the technical provisions. The head of these functions meet monthly and report their findings to the TMG and the Board.

The Risk Management Function is to facilitate the implementation of the Risk Management System and ensure that risk management is carried out in accordance with approved ambition levels and approved guidelines.

Objectives of the Risk Management functions are as below:

- Assist TMG and the Board (and other functions) in the effective implementation and operation of the risk management system.
- Assess on an ongoing basis whether established guidelines, procedures and systems are in line with approved ambition levels for the Risk Management System and consider measures necessary to address gaps or weaknesses in the Risk Management System
- Facilitate the ORSA process (ORSA process is described more in detail further in this document)
- Facilitate the calculation of the capital requirements with support from the Actuarial function and audited by external audit.
- 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.
- Identify and assess emerging risks and trends. Identify unwanted risk situations that have occurred and maintain a risk register in order to analyse and address preventive measures.

- Facilitate the internal control process. This includes assessment of: critical (operational) risks, incident reporting (DNA), compliance with internal procedures and procedures to secure reliability of financial and non-financial information.

The NHC`s model for Enterprise Risk Management 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:

- Internal Environment

Enterprise Risk Management shall be an integral part of NHC's management system, and clear roles and responsibilities for the risk management function shall be established.

- 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.

- Event Identification

Based on the established objectives and strategies, internal and external events affecting the achievements must be identified.

- Risk Assessment

Risks are analysed, considering the likelihood and impact as a basis for determining how they should be managed. When significant changes are made to the running of NHC, hereunder new products, the framework and new IT-systems, risk assessment shall be performed and reported to the Board.

- 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.

- Control Activities

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

- 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.

- 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.3.2 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 which makes the Board 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 risks remaining after controls have been applied, is within the parameters expressed in NHC's risk appetite statement.

The inputs include:

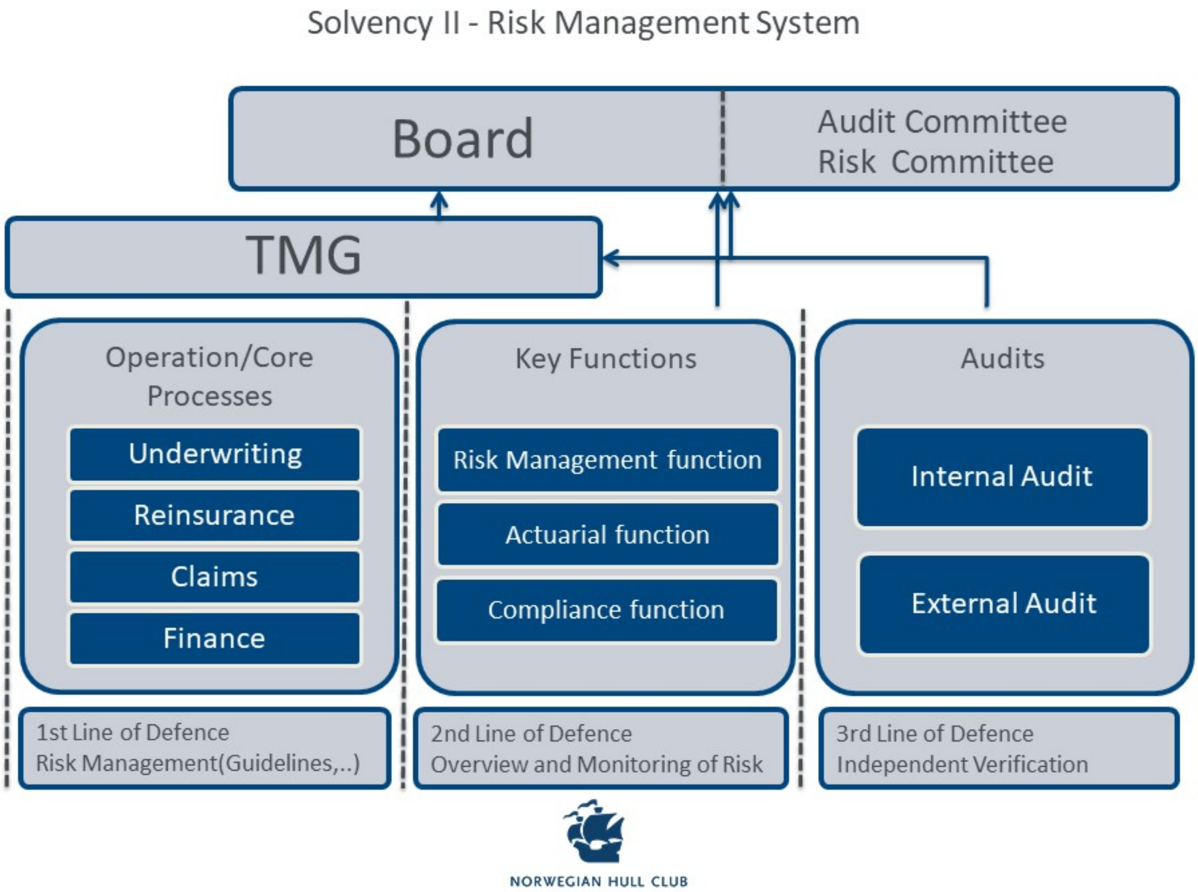
- The Board's policies
- The Board's strategy for the business
- Output from the standard model Pillar 1 process
- Actuarial function output
- NHC's Risk Management system

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 on the investment portfolio, performed continuously.
- Reverse stress testing.
- Budgeting.
- A one in 200 years scenario is to be used

B.4 Internal control system

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 and external audit (third line). This structure is consistent with NHC's risk management structure and the Board considers it appropriate to the management of the NHC risks.



Under the first line of defence, operational management has the ownership, responsibility and accountability for assessing, controlling, mitigating and reporting risks.

The second line of defence consists of activities covered by Risk Management, Actuarial and Compliance functions. This line of defence monitors and facilitates the implementation of an effective risk management system by operational management and assists the risk owners in reporting risk related information both to management and towards the organization.

Internal and external audit forms the organisation's third line of defence. An independent internal audit function will provide independent and objective reviews and assessments of NHC's business activities, operations, financial systems and internal controls. NHC is using a third party for internal audit function.

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.

B.4.1 Compliance function

The compliance function shall ensure that NHC complies with governing laws and regulations 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 Head of Risk Management, but has a direct reporting line to the CEO, the Board or sub committees. The activities of the Compliance function are subject to periodic review by Internal Audit.

B.5 Internal audit function

Internal Audit function 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. NHC has outsourced the internal audit to a third party. The operative responsibility for the Internal Audit function is handled on a daily basis by the Compliance Officer (CO).

Based on internal risk assessment an annual audit plan is prepared and presented to the Board for approval. The internal auditor carries out annual reviews as stated in the annual plan to evaluate the appropriateness and effectiveness of the internal control processes.

Internal audit reports are provided to the Board at least once a year. The reports highlight any significant control failings or weaknesses identified and the impact they have had, or may have, and recommendations on how to mitigate the weakness. Outsourcing this function provides independent and objectivity when reviewing activities.

B.6 Actuarial function

Actuarial function has the following tasks and responsibilities:

- Oversee the calculation of technical provisions and report findings to the Board annually
- Express an opinion on the underwriting policy and the reinsurance arrangements

Actuarial function will also contribute to the effective implementation of the risk management system with respect to the risk modelling underlying the capital requirements in particular.

The Head of Risk Management is also responsible for the Actuarial Function. The actuarial function is deeply involved in the ORSA process. This annual process is finalized through thorough discussion in the Risk Committee and the 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 has 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
- Assessing outsourcing risks
- Contracts and confidentiality agreements
- Assess controls
- Security audits
- Outsourcing audit

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

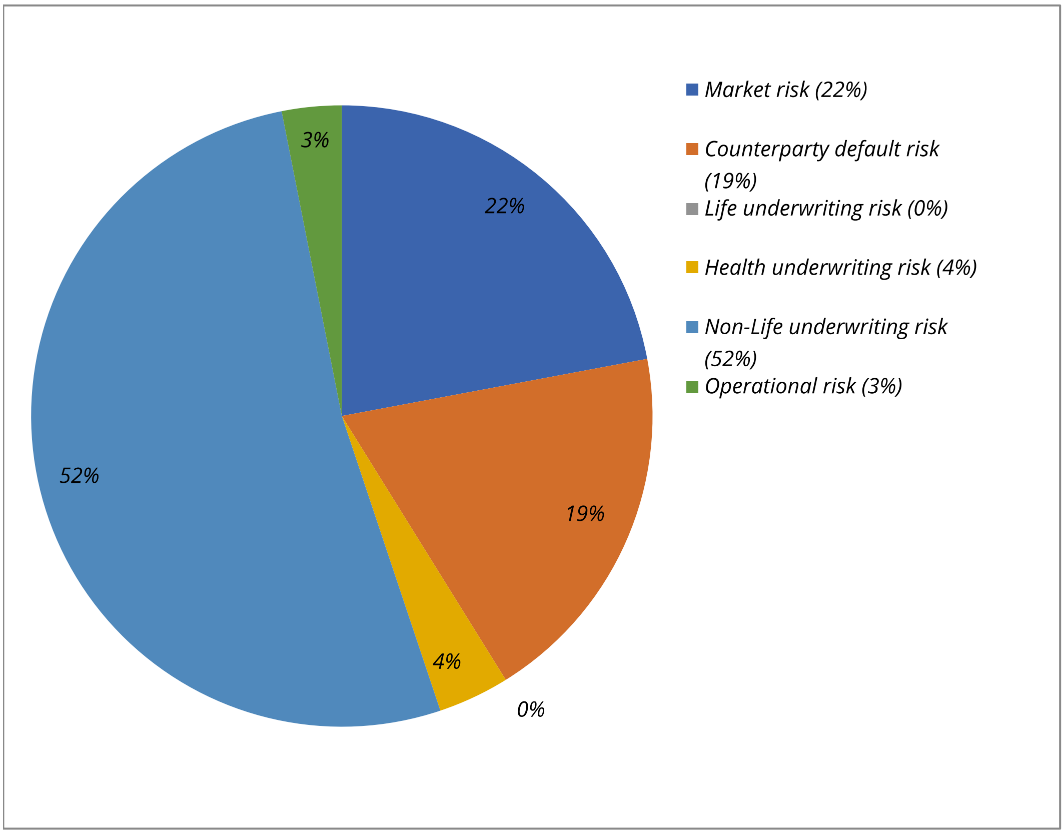
- Internal Audit – located in Norway
- IT Infrastructure – located in Norway
- Administrative support and service - located in Norway and the Philippines
- Asset/Fund management of two discretionary accounts – one located in the US and the other in the UK
- Underwriting of Medical Plan and Crew P&I – located in Norway
- Claims services of Medical Plan and Crew P&I – located in Norway, Singapore and the Philippines.

B.8 Any other information

There is no other material information to be disclosed.

C Risk Profile

The below chart splits the Solvency Capital Requirement by risk group.



C.1 Underwriting risk

The Underwriting risk is the sum of premium and reserve risk, catastrophe risk and lapse 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.

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 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. This risk is insignificant compared to the overall underwriting risk.

Material risk concentrations

The standard model only identifies concentration risks in Health insurance. Un-modelled 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.

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 modelling from EIOPA. The former could be addressed by using undertaking specific parameters, but this would give rise to increased model recalibration risk.

C.1.1 Life underwriting risk

Life underwriting risk	***2019***	***2018***
Mortality risk	-	-
Longevity risk	-	-
Disability-morbidity risk	-	-
Lapse risk	-	-
Expense risk	-	-
Revision risk	-	-
Catastrophe risk	-	-
Diversification	-	-
Total life underwriting risk	-	-

NHC does not write life insurance.

C.1.2 Health underwriting risk

Health underwriting risk	***2019***	***2018***
Mortality risk	-	-
Longevity risk	-	-
Disability-morbidity risk	-	-
Lapse risk	-	-
Expense risk	-	-
Revision risk	-	-
Diversification	*(1,153,456)*	*(1,384,193)*
Total SLT health underwriting risk	-	-

C.1.3 Non-Life underwriting risk

Non-Life underwriting risk
Premium and reserve risk
Lapse risk
Catastrophe risk
Diversification
Total non-life underwriting risk

The standard model uses 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 slightly the last year. 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.

C.2 Market risk

The table below lists the gross SCR for the risk module Market risk, split by its sub modules.

Market risk	***2019***	***2018***
Interest rate risk	*5,045,554*	*6,907,655*
Equity risk	*24,060,793*	*19,892,710*
Property risk	*11,335,747*	*10,462,047*
Spread risk	*13,618,728*	*15,698,598*
Concentrations	*911,903*	*2,617,217*
Currency risk	*3,203,343*	*14,131,519*
Diversification	*(12,667,342)*	*(21,492,072)*
Total market risk	*45,508,726*	*48,217,674*

Market risk covers risk related to investments. Investments returns can fluctuate caused by changes in expected future economic conditions and changes to investor risk preferences. This affects real investments (equity and real estate) 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.

Spread risk is the risk that market pricing of credit risk increase. To reduce the spread risk, the bond portfolio shall have an adequate rating level from a holistic point of view.

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 assesses the risk based on market value per asset class and assumptions regarding volatility per asset class. For internal purposes, the risk is also modelled based on historic volatility and stress testing. The rather high currency risk in 2018 was mainly caused by changes in the currency of deferred tax. The currency mix of the assets was adjusted accordingly in 2019 and the currency risk correspondingly decreased.

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.

In addition to the front-office function there are separate mid- and back-office functions in order to secure independent reporting and control.

The interest rate duration of the investment grade portfolio is aligned with the duration of the insurance liabilities. Limits on interest rate risk deviations from benchmark 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.

NHC can deploy interest rate derivatives to efficiently adjust interest rate risk to desired levels and foreign exchange instruments to achieve targeted currency allocation. 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.

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 transparency 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

The table below lists the Solvency Capital Requirement for the Counterparty Default Risk:

Counterparty default risk	***2019***	***2018***
Type 1 exposures	*13,963,107*	*15,105,997*
Type 2 exposures	*27,831,028*	*27,701,468*
Diversification	*(2,393,045)*	*(2,517,889)*
Total counterparty default risk	*39,401,090*	*40,289,576*

Credit risk is handled separately for rated counterparts (type 1 risk) and unrated counterparts (type 2 risks). Rated counterparts include reinsurers, co-insures and banks. This risk is dominated by the expected losses in the event of a Man-Made Cat event. Unrated counterparts include 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 the past year due to an increase in policyholder's receivables.

Material risk concentration

The man-made cat scenario involves a concentration on reinsurance recoveries from 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 NHC 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 as low as most of the portfolio is invested in assets that under normal circumstances are highly liquid. These are government bonds, corporate bonds and public equities. Other types of investments, as real estate and private markets are 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 off 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.

Expected profit in future premium

Expected Profit in future premium represents a negligible amount of own funds and the illiquidity of this asset has therefore no material effect on liquidity.

Expected profits included in future premiums (EPIFP)	***2019***	***2018***
EPIFP Life business	-	-
EPIFP Non-life business	*17,756,512*	*5,158,058*
Total EPIFP	*17,756,512*	*5,158,058*

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, the Risk Management Function facilitates a yearly risk assessment processes where all the departments in NHC will identify and assess all the known risks. Risk Management function in cooperation with TMG selects the most critical risks which will be managed, monitored and reported on a quarterly basis.

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.

C.6 Other material risks

Loss absorbing capacity of deferred tax:

The Solvency II regulation assumes a loss absorbing capacity of deferred tax. The issue has been considered through NHC's annual ORSA process. The conclusion was that the loss absorbing capacity of deferred tax is questionable as the taxable result can deviate substantially from the operating result. If an extreme loss scenario is combined with strong USD appreciation (as during the financial crisis) the taxable result can be positive even though the net operating result is negative. No loss absorbing capacity of deferred tax is thus assumed.

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.

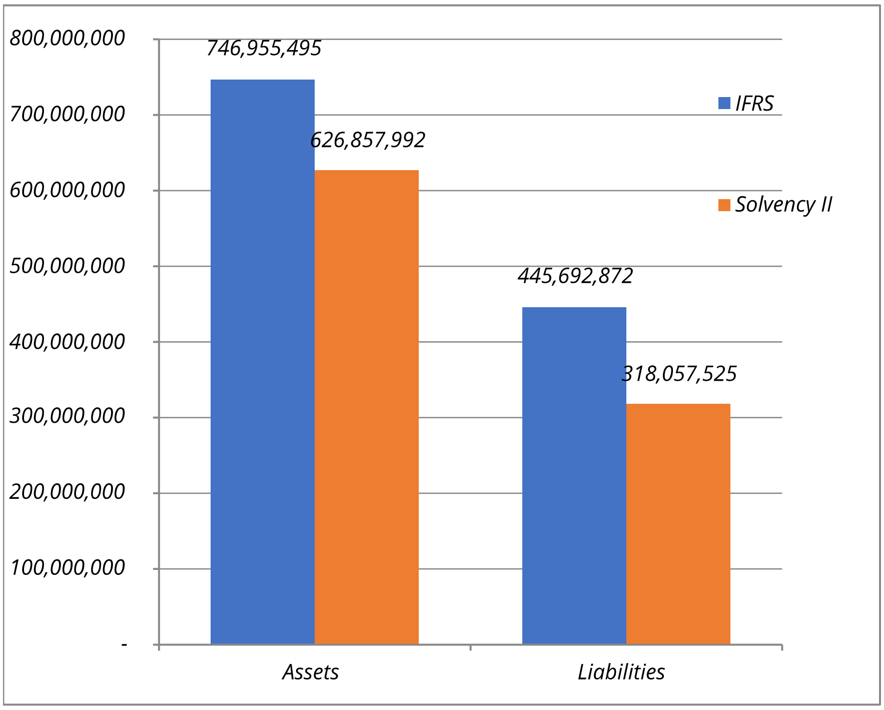
C.7 Any other information

No other material information regarding risk to disclose.

D Valuation for solvency purposes

The chart below displays a summary of assets and liabilities, listed per the valuation for solvency purposes and per valuation in financial statements.

Expected profits included in future premiums (EPIFP)	***2019***	***2018***
EPIFP Life business	-	-
EPIFP Non-life business	*17,756,512*	*5,158,058*
Total EPIFP	*17,756,512*	*5,158,058*



D.1 Assets

The below table shows assets per material class (table 02.01.02 in the appendix contains further details).

Assets	***IFRS***	***Solvency II***	***Delta***
Intangible assets	-	-	-
Deferred tax assets	-	-	-
Financial investments	*454,998,373*	*454,998,373*	-
Index and unit linked investments	-	-	-
Loans and mortgages	*7,868,434*	*7,868,434*	-
Reinsurance recoverables	*57,446,811*	*43,073,938*	*(14,372,873)*
Cash and cash equivalents	*23,210,177*	*23,210,177*	-
Other assets	*203,431,700*	*97,707,070*	*(105,724,630)*
Total assets	*746,955,495*	*626,857,992*	*(120,097,503)*

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.

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.

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.

Investments

Note 7 in the annual report 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.

Explanation of material differences between Solvency and Statutory Values

Derivatives - Reclassification

The statutory balance sheet lists the net derivative position (asset minus liability). 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 01.01.2020 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, 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.1.1 Material intangible assets

NHC has no material intangible assets on the balance sheet.

D.1.2 Material financial 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.

Investments

Note 7 in the annual report 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.

Fair value hierarchy

Government bonds, corporate bonds and other financial instruments that are traded in active markets where the fair value is 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 and Private Loans 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.

Further details are available in Note 7 in the annual report.

D.1.3 Financial and operational leases
NHC has no material financial or operational leases.

D.1.4 Material deferred taxes
NHC has no deferred tax assets.

D.1.5 Related undertakings
Shares in subsidiaries 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.

Associated companies valued using the equity method.

D.1.6 Changes to valuation bases during period

D.1.7 Assumptions

D.2 Technical provisions

The table below shows the valuation of technical provisions, for solvency purposes and the valuation in financial statements.

Technical provisions	IFRS	Solvency II	Delta
Technical provisions non-life	*344,197,740*	*227,782,747*	*(116,414,993)*
Best estimate		*213,369,386*	
Risk margin		*14,413,361*	
Technical provisions life (ex. index-linked and unit-linked)	-	-	-
Best estimate		-	
Risk margin		-	
Technical provisions index-linked and unit-linked	-	-	-
Best estimate		-	
Risk margin		-	
Other technical provisions	-		-
Total technical provisions	*344,197,740*	*227,782,747*	*(116,414,993)*

D.2.1 Life technical provisions

NHC does not write life-insurance.

Life and Health SLT	2019 Technical provisions	2019 Best estimate (gross)	2019 Risk margin	2018 Technical provisions	2018 Best estimate (gross)	2018 Risk margin
Insurance with profit participation	-	-	-	-	-	-
Index-linked and unit-linked insurance	-	-	-	-	-	-
Other life insurance	-	-	-	-	-	-
Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	-	-	-	-	-	-
Accepted reinsurance	-	-	-	-	-	-
Health insurance (direct business)	-	-	-	-	-	-
Annuities stemming from non-life insurance contracts and relating to health insurance obligations	-	-	-	-	-	-
Health reinsurance (reinsurance accepted)	-	-	-	-	-	-
Total Life and Health SLT	-	-	-	-	-	-

D.2.2 Non-Life technical provisions

The table below displays the valuation for solvency purposes for technical provisions split by Marine and Medical Insurance.

Non-Life	2019 Technical provisions	2019 Best estimate (gross)	2019 Risk margin	2018 Technical provisions	2018 Best estimate (gross)	2018 Risk margin
Medical expense insurance	*7,877,893*	*7,379,405*	*498,488*	*4,865,053*	*4,604,590*	*260,462*
Income protection insurance	-	-	-	-	-	-
Workers' compensation insurance	-	-	-	-	-	-
Motor vehicle liability insurance	-	-	-	-	-	-
Other motor insurance	-	-	-	-	-	-
Marine, aviation and transport insurance	*219,904,855*	*205,989,981*	*13,914,874*	*223,271,904*	*211,318,503*	*11,953,401*
Fire and other damage to property insurance	-	-	-	-	-	-
General liability insurance	-	-	-	-	-	-
Credit and suretyship insurance	-	-	-	-	-	-
Legal expenses insurance	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous financial loss	-	-	-	-	-	-
Non-proportional health reinsurance	-	-	-	-	-	-
Non-proportional casualty reinsurance	-	-	-	-	-	-
Non-proportional marine, aviation and transport reinsurance	-	-	-	-	-	-
Non-proportional property reinsurance	-	-	-	-	-	-
Total Non-Life	*227,782,747*	*213,369,386*	*14,413,361*	*228,136,957*	*215,923,094*	*12,213,864*

Best estimates, risk margins, methods and assumptions

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 cover incurred but not settled claims. The provision is calculated based on case estimates and IBNR reserves based on the Benktander method for most lines of business. 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 6 of the past 10 years with an average gain of 5 MUSD and a standard deviation of 10 MUSD.

Material differences between valuation for Solvency purposes and financial statement

Premium provision:

	Solvency II	Statutory Accounts	Comment
Unearned Gross Premium	115 100 329	115 100 329	
Expected Profit in unearned premium	-13 380 476		Negative = profit
Expected Profit in written 2020 business	-2 589 459		Negative = profit
Expected Profit in long term policies	-1 777 548		Negative = profit
Non due premium receivables	-105 724 630	0	Reclassification
Discounting	-2 327 452		
Gross Premium Provision	**-10 699 236**	**115 100 329**	

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 2% compared to the Statutory Accounts.

Risk Margin

There is no risk margin in the Statutory Accounts.

Adjustments

None 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 claim's 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

The below table shows other liabilities:

Liabilities	*IFRS*	*Solvency II*	*Delta*
Technical provisions	*344,197,740*	*227,782,747*	*(116,414,993)*
Pension obligations	*4,065,191*	*4,065,191*	*-*
Deferred tax liabilities	*68,366,301*	*68,366,301*	*-*
Derivatives	*-*	*1,408,157*	*1,408,157*
Financial liabilities	*-*	*-*	*-*
Subordinated liabilities	*-*	*-*	*-*
Other liabilities	*29,063,639*	*16,435,129*	*(12,628,510)*
Total liabilities	*445,692,872*	*318,057,525*	*(127,635,347)*

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.

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 for 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

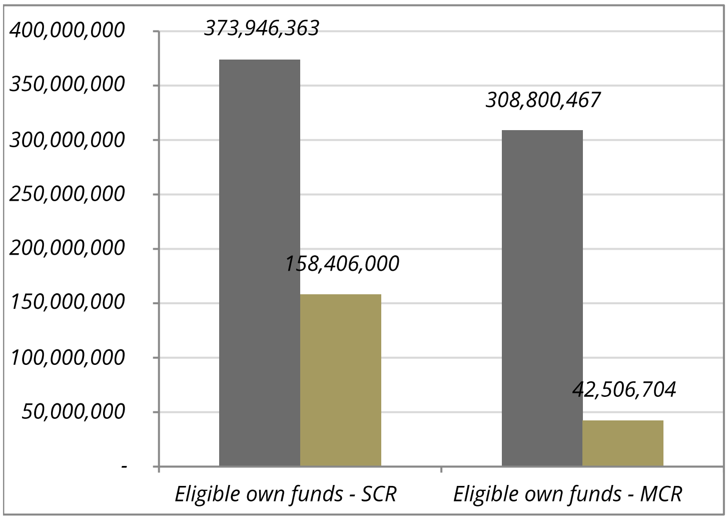
The different contributing elements to SCR and MCR are represented in the table below, it also includes the total SCR/MCR and corresponding ratios.

	2019		2018	
	SCR	MCR	SCR	MCR
Eligible Own Funds	373,946	308,800	350,145	300,854
Capital Requirement	158,406	42,507	142,165	35,541
Difference	215,540	266,293	207,980	265,313
Ratio	236%	726%	246%	846%

The increase in Own Funds and Capital Requirement is mainly due to increased premium volume. The increased premium increase Own Funds through increased profit in future premium and increased Ancillary Tier 2 Capital (supplementary mutual members calls) and also increase the underwriting risk.

E.1 Own funds

The following chart shows an overview of the own funds figures:



Own funds are currently a mix of unrestricted Tier 1 capital and supplementary mutual calls as Tier 2 (ancillary) capital. Additional premium has not been called since 1947 and is considered an option of last resort. In addition, the following factors affects the development of own funds: The operating result, deferred tax, change in expected profit in future premium, changes in the effect of discounting reserves, changes in expected losses on reinsurance receivables.

E.1.1 Capital management

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:

2019:

	To Cover SCR	To Cover MCR	Comment
Statutory Equity	301 262 623	301 262 623	
Discounting Claim Reserve	4 194 694	4 194 694	
Risk Margin	-14 413 361	-14 413 361	
Expected profit future premium	17 756 512	17 756 512	
Supplemental mutual calls	65 145 896	-	Tier 2 capital can only cover 20% of MCR
Solvency II Value	373 946 363	308 800 467	

E.1.2 Own funds tiers - SCR

Eligible own funds SCR	***2019***	***2018***
Tier 1 (unrestricted)	*308,800,467*	*300,853,572*
Tier 1 (restricted)	-	-
Tier 2	*65,145,896*	*49,291,053*
Tier 3	-	-
Total eligible own funds SCR	*37394636300%*	*35014462500%*

Supplementary Members Calls are included as Tier 2 capital.

E.1.3 Own funds tiers - MCR

Eligible own funds MCR	***2019***	***2018***
Tier 1 (unrestricted)	*308,800,467*	*300,853,572*
Tier 1 (restricted)	-	-
Tier 2	-	-
Tier 3		
Total eligible own funds MCR	*308,800,467*	*300,853,572*

Supplementary Members Calls (ancillary tier 2 capital) do not contribute to the capital eligible to meet the MCR requirement

E.2 Solvency capital requirement and minimum capital requirement

Split by risk modules, the table below displays information about the SCR breakdown.

SCR risk modules	***2019***	***2018***
Market risk	*45,508,726*	*48,217,674*
Counterparty default risk	*39,401,090*	*40,289,576*
Life underwriting risk	*-*	*-*
Health underwriting risk	*7,656,817*	*7,474,973*
Non-life underwriting risk	*107,369,330*	*86,719,624*
Diversification	*(47,931,044)*	*(47,014,345)*
Basic Solvency Capital Requirement	*152,004,919*	*135,687,501*
Operational Risk	*6,401,082*	*6,477,693*
Loss-absorbing capacity of technical provisions	*-*	*-*
Loss-absorbing capacity of deferred taxes	*-*	*-*
Solvency Capital Requirement (SCR)	*158,406,000*	*142,165,194*
Minimum Capital Requirement (MCR)	*42,506,704*	*35,541,298*

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 low MCR/SCR ratio suggests 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).

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

NHC does not apply the duration based approach.

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

NHC does not use an internal model.

E.5 Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirements

NHC has sufficient amount of capital to meet the capital requirements.

E.6 Any other information

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

Appendix

As part of the SFCR, undertakings are expected to disclose the templates attached in this Appendix. The monetary amounts are disclosed in thousands of units.

S.02.01.02 - Balance Sheet

		Solvency II value
Assets		C0010
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	6,274
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	454,998
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	10,787
Equities	R0100	35,514
Equities - listed	R0110	-
Equities - unlisted	R0120	35,514
Bonds	R0130	281,566
Government Bonds	R0140	131,544
Corporate Bonds	R0150	150,022
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	127,131
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	7,868
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	7,868
Reinsurance recoverables from:	R0270	43,074
Non-life and health similar to non-life	R0280	43,074
Non-life excluding health	R0290	41,093
Health similar to non-life	R0300	1,981
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	62,189
Reinsurance receivables	R0370	16,460
Receivables (trade, not insurance)	R0380	11,573
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	23,210
Any other assets, not elsewhere shown	R0420	1,211
Total assets	R0500	626,858

S.02.01.02 - Balance Sheet

		Solvency II value
Liabilities		C0010
Technical provisions – non-life	R0510	227,783
Technical provisions – non-life (excluding health)	R0520	219,905
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	205,990
Risk margin	R0550	13,915
Technical provisions - health (similar to non-life)	R0560	7,878
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	7,379
Risk margin	R0590	498
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	-
Risk margin	R0680	-
Technical provisions – index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	4,065
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	68,366
Derivatives	R0790	1,408
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	692
Reinsurance payables	R0830	-
Payables (trade, not insurance)	R0840	9,206
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	6,537
Total liabilities	R0900	318,058
Excess of assets over liabilities	R1000	308,800

05.01.02 - Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance
		C0010	C0020	C0030	C0040
Premiums written					
Gross - Direct Business	R0110	9,049	-	-	-
Gross - Proportional reinsurance accepted	R0120	2,211	-	-	-
Gross - Non-proportional reinsurance accepted	R0130				
Reinsurers' share	R0140	2,763	-	-	-
Net	R0200	8,497	-	-	-
Premiums earned					
Gross - Direct Business	R0210	8,300	-	-	-
Gross - Proportional reinsurance accepted	R0220	1,938	-	-	-
Gross - Non-proportional reinsurance accepted	R0230				
Reinsurers' share	R0240	2,468	-	-	-
Net	R0300	7,770	-	-	-
Claims incurred					
Gross - Direct Business	R0310	9,665	-	-	-
Gross - Proportional reinsurance accepted	R0320	3,420	-	-	-
Gross - Non-proportional reinsurance accepted	R0330				
Reinsurers' share	R0340	2,593	-	-	-
Net	R0400	10,492	-	-	-
Changes in other technical provisions					
Gross - Direct Business	R0410	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430				
Reinsurers' share	R0440	-	-	-	-
Net	R0500	-	-	-	-
Expenses incurred	R0550	-	-	-	-
Other expenses	R1200				
Total expenses	R1300				

S.05.01.02 - Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			
		Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance
		C0050	C0060	C0070	C0080
Premiums written					
Gross - Direct Business	R0110	-	213,941	-	-
Gross - Proportional reinsurance accepted	R0120	-	15,554	-	-
Gross - Non-proportional reinsurance accepted	R0130				
Reinsurers' share	R0140	-	51,858	-	-
Net	R0200	-	177,637	-	-
Premiums earned					
Gross - Direct Business	R0210	-	178,610	-	-
Gross - Proportional reinsurance accepted	R0220	-	14,304	-	-
Gross - Non-proportional reinsurance accepted	R0230				
Reinsurers' share	R0240	-	44,493	-	-
Net	R0300	-	148,422	-	-
Claims incurred					
Gross - Direct Business	R0310	-	159,018	-	-
Gross - Proportional reinsurance accepted	R0320	-	20,065	-	-
Gross - Non-proportional reinsurance accepted	R0330				
Reinsurers' share	R0340	-	15,633	-	-
Net	R0400	-	163,450	-	-
Changes in other technical provisions					
Gross - Direct Business	R0410	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430				
Reinsurers' share	R0440	-	-	-	-
Net	R0500	-	-	-	-
Expenses incurred	R0550	-	32,454	-	-
Other expenses	R1200				
Total expenses	R1300				

S.05.01.02 - Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			
		Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0090	C0100	C0110	C0120
Premiums written					
Gross - Direct Business	R0110	-	-	-	-
Gross - Proportional reinsurance accepted	R0120	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130				
Reinsurers' share	R0140	-	-	-	-
Net	R0200	-	-	-	-
Premiums earned					
Gross - Direct Business	R0210	-	-	-	-
Gross - Proportional reinsurance accepted	R0220	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230				
Reinsurers' share	R0240	-	-	-	-
Net	R0300	-	-	-	-
Claims incurred					
Gross - Direct Business	R0310	-	-	-	-
Gross - Proportional reinsurance accepted	R0320	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330				
Reinsurers' share	R0340	-	-	-	-
Net	R0400	-	-	-	-
Changes in other technical provisions					
Gross - Direct Business	R0410	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430				
Reinsurers' share	R0440	-	-	-	-
Net	R0500	-	-	-	-
Expenses incurred	R0550	-	-	-	-
Other expenses	R1200				
Total expenses	R1300				

S.05.01.02 - Premiums, claims and expenses by line of business

		Line of Business for: accepted non-proportional reinsurance				Total
		Health	Casualty	Marine, aviation, transport	Property	
		C0130	C0140	C0150	C0160	C0200
Premiums written						
Gross - Direct Business	R0110					*222,990*
Gross - Proportional reinsurance accepted	R0120					*17,765*
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-
Reinsurers' share	R0140	-	-	-	-	*54,621*
Net	R0200	-	-	-	-	*186,134*
Premiums earned						
Gross - Direct Business	R0210					*186,910*
Gross - Proportional reinsurance accepted	R0220					*16,242*
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-
Reinsurers' share	R0240	-	-	-	-	*46,961*
Net	R0300	-	-	-	-	*156,192*
Claims incurred						
Gross - Direct Business	R0310					*168,683*
Gross - Proportional reinsurance accepted	R0320					*23,485*
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-
Reinsurers' share	R0340	-	-	-	-	*18,226*
Net	R0400	-	-	-	-	*173,942*
Changes in other technical provisions						
Gross - Direct Business	R0410					-
Gross - Proportional reinsurance accepted	R0420					-
Gross - Non-proportional reinsurance accepted	R0430	-	-	-	-	-
Reinsurers' share	R0440	-	-	-	-	-
Net	R0500	-	-	-	-	-
Expenses incurred	R0550	-	-	-	-	*32,454*
Other expenses	R1200					
Total expenses	R1300					*32,454*

S.05.01.02 - Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations				
		Health insurance	Insurance with profit participa-tion	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	-	-	-	-	-
Reinsurers' share	R1420	-	-	-	-	-
Net	R1500	-	-	-	-	-
Premiums earned						
Gross	R1510	-	-	-	-	-
Reinsurers' share	R1520	-	-	-	-	-
Net	R1600	-	-	-	-	-
Claims incurred						
Gross	R1610	-	-	-	-	-
Reinsurers' share	R1620	-	-	-	-	-
Net	R1700	-	-	-	-	-
Changes in other technical provisions						
Gross	R1710	-	-	-	-	-
Reinsurers' share	R1720	-	-	-	-	-
Net	R1800	-	-	-	-	-
Expenses incurred	R1900	-	-	-	-	-
Other expenses	R2500					
Total expenses	R2600					

S.05.01.02 - Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations	Life reinsurance obligations		
		Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
		C0260	C0270	C0280	C0300
Premiums written					
Gross	R1410	-	-	-	-
Reinsurers' share	R1420	-	-	-	-
Net	R1500	-	-	-	-
Premiums earned					
Gross	R1510	-	-	-	-
Reinsurers' share	R1520	-	-	-	-
Net	R1600	-	-	-	-
Claims incurred					
Gross	R1610	-	-	-	-
Reinsurers' share	R1620	-	-	-	-
Net	R1700	-	-	-	-
Changes in other technical provisions					
Gross	R1710	-	-	-	-
Reinsurers' share	R1720	-	-	-	-
Net	R1800	-	-	-	-
Expenses incurred	R1900	-	-	-	-
Other expenses	R2500				
Total expenses	R2600				-

S.05.02.01 - Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		GERMANY	INGDOM	D STATES	CYPRUS	GREECE	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	39,883	28826	18987	19808	10096	14718	132,319
Gross - Proportional reinsurance accepted	R0120	1,120	116	2619	230	4719		8,804
Gross - Non-proportional reinsurance accepted	R0130	-						-
Reinsurers' share	R0140	10,072	6704	5345	3920	1674	2331	30,044
Net	R0200	30,931	22239	16261	16118	13142	12388	111,078
Premiums earned								
Gross - Direct Business	R0210	33,968	25263	15262	17580	9368	12460	113,902
Gross - Proportional reinsurance accepted	R0220	1,024	355	2235	330	3875		7,818
Gross - Non-proportional reinsurance accepted	R0230	-						-
Reinsurers' share	R0240	15,828	5484	3826	2742	1626	1495	31,001
Net	R0300	19,164	20134	13671	15169	11617	10965	90,719
Claims incurred								
Gross - Direct Business	R0310	36,576	14393	23973	10221	9855	1446	96,463
Gross - Proportional reinsurance accepted	R0320	(57)	-15	3420		5483		8,831
Gross - Non-proportional reinsurance accepted	R0330	-						-
Reinsurers' share	R0340	2,891	2003	1146		328	-3539	2,829
Net	R0400	33,629	12374	26246	10221	15009	4985	102,464
Changes in other technical provisions								
Gross - Direct Business	R0410	-						-
Gross - Proportional reinsurance accepted	R0420	-						-
Gross - Non- proportional reinsurance accepted	R0430	-						-
Reinsurers' share	R0440	-						-
Net	R0500	-						-
Expenses incurred	R0550	5,384	3885	2421	2706	2001	1924	18,321
Other expenses	R1200							
Total expenses	R1300							18,321

S.05.02.01 - Premiums, claims and expenses by country

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

S.17.01.02 - Non-life Technical Provisions

		Direct business and accepted proportional reinsurance					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0020	C0030	C0040	C0050	C0060	C0070
Technical provisions calculated as a whole	R0010	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM							
Best estimate							
Premium provisions							
Gross	R0060	(255)	-	-	-	-	(10,444)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	531	-	-	-	-	5,921
Net Best Estimate of Premium Provisions	R0150	(786)	-	-	-	-	(16,365)
Claims provisions							
Gross	R0160	7,635	-	-	-	-	216,434
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	1,451	-	-	-	-	35,171
Net Best Estimate of Claims Provisions	R0250	6,184	-	-	-	-	181,263
Total Best estimate - gross	R0260	7,379	-	-	-	-	205,990
Total Best estimate - net	R0270	5,398	-	-	-	-	164,897
Risk margin	R0280	498	-	-	-	-	13,915
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-
Technical provisions - total							
Technical provisions - total	R0320	7,878	-	-	-	-	219,905
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	1,981	-	-	-	-	41,093
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	5,896	-	-	-	-	178,812

S.17.01.02 - Non-life Technical Provisions

		Direct business and accepted proportional reinsurance					
		Fire and other damage to property insurance	**General liability insurance**	**Credit and suretyship insurance**	**Legal expenses insurance**	**Assistance**	**Miscella-neous financial loss**
		C0080	C0090	C0100	C0110	C0120	C0130
Technical provisions calculated as a whole	R0010	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM							
Best estimate							
Premium provisions							
Gross	R0060	-	-	-	-	-	-
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	-	-	-	-	-
Net Best Estimate of Premium Provisions	R0150	-	-	-	-	-	-
Claims provisions							
Gross	R0160	-	-	-	-	-	-
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	-	-	-	-	-
Net Best Estimate of Claims Provisions	R0250	-	-	-	-	-	-
Total Best estimate - gross	R0260	-	-	-	-	-	-
Total Best estimate - net	R0270	-	-	-	-	-	-
Risk margin	R0280	-	-	-	-	-	-
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-
Technical provisions - total							
Technical provisions - total	R0320	-	-	-	-	-	-
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	-	-	-	-	-
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	-	-	-	-	-	-

S.17.01.02 - Non-life Technical Provisions

		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
Technical provisions calculated as a whole	R0010	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM						
Best estimate						
Premium provisions						
Gross	R0060	-	-	-	-	(10,699)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	-	-	-	6,452
Net Best Estimate of Premium Provisions	R0150	-	-	-	-	(17,151)
Claims provisions						
Gross	R0160	-	-	-	-	224,069
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	-	-	-	36,622
Net Best Estimate of Claims Provisions	R0250	-	-	-	-	187,447
Total Best estimate - gross	R0260	-	-	-	-	213,369
Total Best estimate - net	R0270	-	-	-	-	170,295
Risk margin	R0280	-	-	-	-	14,413
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	R0290	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-
Technical provisions - total						
Technical provisions - total	R0320	-	-	-	-	227,783
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	-	-	-	43,074
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	-	-	-	-	184,709

S.19.01.21 - Non-life insurance claims

Z0020 **Accident year / Underwriting year:** Accident year

Year		0	1	2	3	4	5	6	7	8	9	10 & +	Current year	Sum of years
		Development year												
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100											1,289	420	1,081,167
N-9	R0160	34,545	48,848	24,959	12,594	4,779	5,490	1,194	2	2,264	(158)		(158)	134,519
N-8	R0170	136,413	68,180	30,419	20,590	14,176	(291)	4,651	541	1,015			1,015	275,693
N-7	R0180	88,991	94,517	28,864	18,372	12,162	79,653	5,113	12,370				12,370	340,043
N-6	R0190	48,799	86,076	31,118	12,963	10,271	8,581	4,051					4,051	201,860
N-5	R0200	46,900	85,515	35,387	9,396	6,744	1,747						1,747	185,689
N-4	R0210	134,872	91,784	71,668	6,223	4,054							4,054	308,601
N-3	R0220	70,530	96,542	40,589	40,217								40,217	247,878
N-2	R0230	221,993	85,990	62,899									62,899	370,883
N-1	R0240	59,507	126,718										126,718	186,225
N	R0250	99,465											99,465	99,465
Total	R0260												352,798	3,432,021

		0	1	2	3	4	5	6	7	8	9	10 & +	
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	R0100											8,348	1,910
Prior	R0160	-	-	-	-	-	-	-	-	-	-		(32)
N-9	R0170	132,569	57,440	35,348	18,690	13,581	8,458	6,026	6,003	1,687			809
N-8	R0180	140,820	85,343	45,880	19,875	4,281	6,483	3,108	2,799				1,185
N-7	R0190	196,742	96,364	57,469	42,006	53,184	18,461	16,939					7,039
N-6	R0200	182,405	82,959	55,517	32,915	14,700	9,954						8,103
N-5	R0210	152,045	70,184	25,916	13,035	6,994							3,271
N-4	R0220	186,619	100,829	22,774	10,377								4,638
N-3	R0230	162,563	76,315	62,540									14,929
N-2	R0240	196,992	111,466										62,864
N-1	R0250	189,396											66,841
N	R0260												411,800

S.22.01.21 - Impact of long term guarantees and transitional measures

		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	227,783	-	-	-	-
Basic own funds	R0020	308,800	(308,800)	-	(308,800)	-
Eligible own funds to meet Solvency Capital Requirement	R0050	373,946	(373,946)	-	(373,946)	-
Solvency Capital Requirement	R0090	158,406	(158,406)	-	(158,406)	-
Eligible own funds to meet Minimum Capital Requirement	R0100	308,800	(308,800)	-	(308,800)	-
Minimum Capital Requirement	R0110	42,507	(42,507)	-	(42,507)	-

S.23.01.01 - 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	-	-		-	
Share premium account related to ordinary share capital	R0030	-	-		-	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	8,042	8,042		-	
Subordinated mutual member accounts	R0050	-		-	-	-
Surplus funds	R0070	-	-			
Preference shares	R0090	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Reconciliation reserve	R0130	300,758	300,758			
Subordinated liabilities	R0140	-		-	-	-
An amount equal to the value of net deferred tax assets	R0160	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	
Total basic own funds after deductions	R0290	308,800	308,800	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-			-	-

S.23.01.01 - Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	65,146			65,146	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	65,146			65,146	-
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	373,946	308,800	-	65,146	-
Total available own funds to meet the MCR	R0510	308,800	308,800	-	-	
Total eligible own funds to meet the SCR	R0540	373,946	308,800	-	65,146	-
Total eligible own funds to meet the MCR	R0550	308,800	308,800	-	-	
SCR	R0580	158,406				
MCR	R0600	42,507				
Ratio of Eligible own funds to SCR	R0620	2				
Ratio of Eligible own funds to MCR	R0640	7				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	308,800
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	8,042
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve	R0760	300,758
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	17,757
Total Expected profits included in future premiums (EPIFP)	R0790	17,757

S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	45,509		
Counterparty default risk	R0020	39,401		
Life underwriting risk	R0030	-	None	
Health underwriting risk	R0040	7,657	None	
Non-life underwriting risk	R0050	107,369	None	
Diversification	R0060	(47,931)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	152,005		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	6,401
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	158,406
Capital add-on already set	R0210	
Solvency capital requirement	R0220	158,406

		C0110
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	

S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula

Simplifications used	USP
1* Simplifications spread risk – bonds and loans 2* Simplifications market concentration risk – simplifications used 3* Captives simplifications - interest rate risk 4* Captives simplifications - spread risk on bonds and loans 5* Captives simplifications - market concentration risk 6* Simplifications - mortality risk 7* Simplifications - longevity risk 8* Simplifications - disability-morbidity risk 9* Simplifications - lapse risk 10* Simplifications - life expense risk 11* Simplifications - life catastrophe risk 12* Simplifications - health mortality risk 13* Simplifications - health longevity risk 14* Simplifications - health disability-morbidity risk-medical expenses 15* Simplifications - health disability-morbidity risk-income protection 16* Simplifications - SLT lapse risk 17* Simplifications - NSLT lapse risk 18* Simplifications - health expense risk 19* Captives simplifications - premium and reserve risk 20* Simplifications used – non-life lapse risk	1* Increase in the amount of annuity benefits 2* Standard deviation for NSLT health premium risk referred to in Title I Chapter V Section 12 of Delegated Regulation (EU) 2015/35 3* Standard deviation for NSLT health gross premium risk referred to in Title I Chapter V Section 12 of Delegated Regulation (EU) 2015/35 4* Adjustment factor for non–proportional reinsurance 5* Standard deviation for NSLT health reserve risk referred to in Title I Chapter V Section 12 of Delegated Regulation (EU) 2015/35 6* Standard deviation for non–life premium risk 7* Standard deviation for non–life gross premium risk 8* Adjustment factor for non–proportional reinsurance 9* Standard deviation for non–life reserve risk

		Yes/No
		C0109
Approach based on average tax rate	R0590	*Approach based on average tax rate is not applicable as LAC DT is not used*

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

S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations		***MCR components***
		C0010
MCRnl-Result	R0010	42,507

		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	5,398	8,497
Income protection insurance and proportional reinsurance	R0030	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	-	-
Other motor insurance and proportional reinsurance	R0060	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	164,897	177,637
Fire and other damage to property insurance and proportional reinsurance	R0080	-	-
General liability insurance and proportional reinsurance	R0090	-	-
Credit and suretyship insurance and proportional reinsurance	R0100	-	-
Legal expenses insurance and proportional reinsurance	R0110	-	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	-	-
Non-proportional health reinsurance	R0140	-	-
Non-proportional casualty reinsurance	R0150	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-
Non-proportional property reinsurance	R0170	-	-

S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations		***MCR components***
		C0040
MCRl-Result	R0200	-

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

		C0070
Linear MCR	R0300	42,507
SCR	R0310	158,406
MCR cap	R0320	71,283
MCR floor	R0330	39,602
Combined MCR	R0340	42,507
Absolute floor of the MCR	R0350	4,127
Minimum Capital Requirement	R0400	42,507

S.28.02.01 - 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	42,507	-

		Non-life activities		Life activities	
		Net (of re-insurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of re-insurance/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	5,398	8,497	-	-
Income protection insurance and proportional reinsurance	R0030	-	-	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	-	-	-	-
Other motor insurance and proportional reinsurance	R0060	-	-	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	164,897	177,637	-	-
Fire and other damage to property insurance and proportional reinsurance	R0080	-	-	-	-
General liability insurance and proportional reinsurance	R0090	-	-	-	-
Credit and suretyship insurance and proportional reinsurance	R0100	-	-	-	-
Legal expenses insurance and proportional reinsurance	R0110	-	-	-	-
Assistance and proportional reinsurance	R0120	-	-	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	-	-	-	-
Non-proportional health reinsurance	R0140	-	-	-	-
Non-proportional casualty reinsurance	R0150	-	-	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-	-	-
Non-proportional property reinsurance	R0170	-	-	-	-

S.28.02.01 - Minimum Capital Requirement - Both life and non-life insurance activity

		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	-	-

		Non-life activities		Life activities	
		Net (of re-insurance/SPV) best estimate and TP calculated as a whole	Net (of re-insurance/SPV) total capital at risk	Net (of re-insurance/SPV) best estimate and TP calculated as a whole	Net (of re-insurance/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				

Overall MCR calculation		C0130
Linear MCR	R0300	42,507
SCR	R0310	158,406
MCR cap	R0320	71,283
MCR floor	R0330	39,602
Combined MCR	R0340	42,507
Absolute floor of the MCR	R0350	4,127
Minimum Capital Requirement	R0400	42,507

Notional non-life and life MCR calculation		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	42,507	-
Notional SCR excluding add-on (annual or latest calculation)	R0510	158,406	-
Notional MCR cap	R0520	71,283	-
Notional MCR floor	R0530	39,602	-
Notional Combined MCR	R0540	42,507	-
Absolute floor of the notional MCR	R0550	4,127	-
Notional MCR	R0560	42,507	-