Aspecta Assurance International Luxembourg S.A.

Solvency and Financial Condition Report

For the year ending 31 December 2017

Summary

The Solvency and Financial Condition Report (SFCR) is a disclosure requirement of the directives issued by the European Commission on Solvency II. Solvency II came into force on 1 January 2016. This report is the second SFCR published by Aspecta Assurance International Luxembourg S.A. (hereafter: Aspecta, or the Company).

This public report contains quantitative and qualitative information about the solvency position and the financial condition of the Company. Its objective is to increase transparency for consumers.

Aspecta's premium income for the year 2017 amounted to EUR 22,774 thousand gross written premiums and EUR 8,423 thousand net written premiums. Most of these premiums relate to unit-linked business. Aspecta is closed to new business since 31 December 2010. Most of its operations are outsourced to the service provider Quality Insurance Services Luxembourg S.à r.l. Aspecta holds a 25% strategic participation in the service provider to ensure service continuity and adequate control over the outsourced operations.

In January 2018, the Company's sole shareholder Talanx International AG has agreed to sell 100% of Aspecta Assurance International Luxembourg S.A. shares including the 25% share of Quality Insurance Services Luxembourg S.à r.l. to Monument Re Limited based in Bermuda. The transfer is still subject to approval of the supervisory authority (CAA).

For more details on business and performance see section A.

The run-off of the Company and the outsourcing are reflected in the system of governance. During the reporting period, no material changes were made to the system of governance.

For more details on the system of governance see section B.

Outsourcing significantly contributes to mitigate risks on a long term basis. No material changes of the risk profile have been observed over the reporting period.

For more details on the risk profile see section C.

For the valuation for solvency purposes Aspecta does not apply transitional measures or adjustments. During the reporting period, the valulation methodology has been refined in some areas and best estimate assumptions were updated.

For more details on the valuation for solvency purposes see section D.

At the year end 2017 basic own funds amount to EUR 26,448 thousand of the highest classification Tier 1. Aspecta's total basic own funds are available without restrictions for an unlimited period of time and are eligible at their full amount to cover the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR). The corresponding SCR ratio is 151% and the MCR ratio is 604%. The Solvency ratios are significantly above 100%. The Company therefore appears appropriately capitalised and the current risk situation is in accordance with its risk-bearing capacity.

For more details on capital management cf. section E.

This report covers the reporting period 2017. Since the Company's financial year ends at 31 December of each year, all quantitative information given in this report refers to 31 December 2017 unless noted otherwise. Results are reported in Euro (EUR) and are rounded in thousands of Euros (abbreviation: EUR thousand) according to regulatory requirements.[1]

[1] Total amounts in tabular presentations are in principle computed based on figures that are not rounded, and then rounded to thousands of Euros for the purposes of the report. This may result in small rounding differences.

A. Business and Performance

A.1 Business

Background information on the undertaking and its business strategy

Aspecta (Aspecta Assurance International Luxembourg S.A.) is a life insurance undertaking based in Luxembourg with branches in Germany, Italy and Spain. Aspecta was incorporated in Luxembourg in 2000 as a 100% subsidiary of Talanx Group.

Aspecta pursued a niche strategy with international distribution for life insurance products distributed through independent brokers. It is specialised in unit-linked single premium products targeted towards high net-worth individuals as well as in unit-linked regular premium products for the retail market, while keeping a small portfolio of traditional products in Italy and Spain. The life insurance products were distributed via freedom of services mainly in Italy, France, Germany and Belgium and via permanent establishments in Italy, Spain and Germany.

Aspecta is currently closed to new business and most of its operations are outsourced to Quality Insurance Services Luxembourg S.à r.l. (hereafter: QIS Luxembourg), 5, rue Eugène Ruppert, L-2453 Luxembourg. QIS Luxembourg is a PSA (Professionnel du Secteur des Assurances), registered and regulated by the Commissariat aux Assurances (CAA), the supervisory authority for the insurance industry in Luxembourg.

Supervisory authority

Commissariat aux Assurances

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Group supervisory authority

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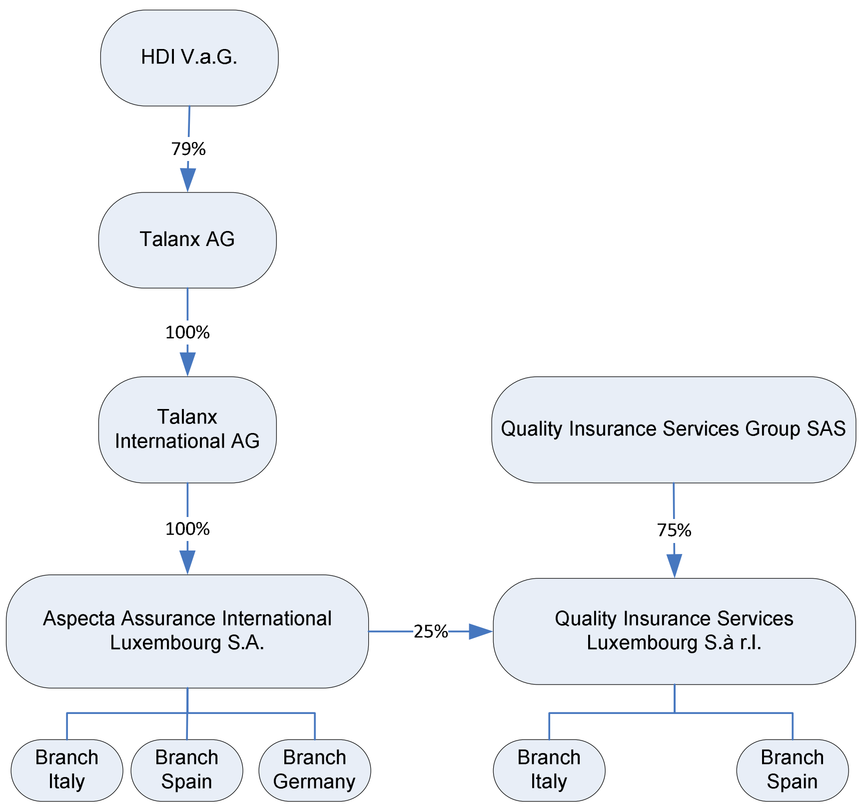
Shareholding structure

The shareholding structure of Aspecta is shown in the diagram below (including QIS Luxembourg). Aspecta is a subsidiary of Talanx International AG (hereafter: TINT), Hannover. TINT is a subsidiary of Talanx AG, Hannover, and thus also of HDI V.a.G., Hannover.



Talanx AG

With a premium income of EUR 33.1 billion (2017) and about 22,000 employees, Talanx Group is one of the major European insurance groups (hereafter also: the Group). The Hannover-based insurance group is active in some 150 countries. Talanx operates as a multi-brand provider with a focus on B2B insurance.

Talanx International AG

Talanx International AG concentrates the Group's activities of companies serving retail and commercial customers in the areas of P&C insurance, life insurance as well as bancassurance in foreign markets and is present in 14 countries.

Aspecta Assurance International Luxembourg S.A.

In a joint venture agreement, the Company acquired a share of 25% in QIS Luxembourg; the capital entry was approved by the CAA in April 2016. As part of this agreement, the Company transferred nearly its entire staff and structure including its branch operations in Italy and Spain into QIS Luxembourg, whereas Quality Insurance Services Group SAS will migrate the Company's run-off portfolio into its own productive administration system.

As of 31 December 2017 the Company employs 3 persons and owns 3 branches:

- ASPECTA Assurance International Luxembourg S.A.- Branch Spain
- ASPECTA Assurance International Luxembourg S.A.- Branch Germany
- ASPECTA Assurance International Luxembourg S.A.- Branch Italy

A.2 Underwriting Performance

The Company's total premium income for the year 2017 amounted to EUR 22,774 thousand gross written premiums (premiums before reinsurance) and EUR 8,423 thousand net written premiums (premiums net of reinsurance). As in the previous reporting period, most of these premiums relate to unit-linked business, which is assigned to the line of business "Index-linked and unit-linked" for Solvency II purposes (hereafter: "unit-linked business"). A smaller part of the premiums relates to traditional business with profit participation, which is assigned to the line of business "Life excluding health and index-linked and unit-linked" for Solvency II purposes (hereafter: "traditional business").

Figures net of reinsurance (in EUR thousand)	Index-linked and unit-linked ("unit-linked business")		Life excluding health and index-linked and unit-linked ("traditional business")		Total	
	2017	2016	2017	2016	2017	2016
Premium written	7,201	7,887	1,221	1,370	**8,423**	**9,257**
Premium earned	7,206	7,887	1,220	1,375	**8,425**	**9,262**
Claims paid	19,529	13,799	2,110	1,564	**21,639**	**15,363**
Expenses incurred	6,697	7,442	316	319	**7,013**	**7,762**

The fact that claims paid exceed net written premiums is typical for a run-off portfolio and gets more pronounced over the years. Any new premiums received during the year only relate to regular premiums on existing regular premium policies (99.0%) and a small amount of top-up premiums (1.0%). The largest share of such new premiums stems from the Italian business; other significant contributions come from the Spanish and German markets.

The breakdown of premium income by country is as follows:

Premium written (in EUR thousand)	Italy	Spain	Germany	France	Total
Gross	15,899	3,723	2,648	505	**22,774**
Reinsurers' share	10,795	1,861	1,258	438	**14,351**
Net	**5,104**	**1,861**	**1,390**	**67**	**8,423**

Together with the investment performance (cf. A.3), the underwriting performance contributes to the overall result of EUR 2,132 thousand under local GAAP. The increase of the overall result compared to the previous reporting period (EUR 427 thousand) reflects the decrease of administration expenses and the improved reinsurance result. Furthermore, a detailed validation of the statutory reserves for traditional business carried out in 2017 showed that the statutory reserves at year-end 2016 were too high. At year-end 2017, this amount was released which resulted in an extraordinary profit.

A.3 Investment Performance

Income and expenses arising from investments by asset class (in EUR thousand)	Income		Expenses	
	2017	2016	2017	2016
Investments (other than assets held for index-linked and unit-linked contracts)	1,064	1,191	236	342
Holdings in related undertakings, including participations	*106*	*0*	*0*	*0*
Government Bonds	*372*	*342*	*79*	*78*
Corporate Bonds	*474*	*650*	*80*	*85*
Collective Investments Undertakings	*112*	*199*	*77*	*179*
Assets held for index-linked and unit-linked contracts	31,645	42,525	16,976	27,931

In case of unit-linked business, the investments linked to insurance policies are selected by policyholders, or their appointed advisers. The Company does not provide asset selection advice. Technically, the assets are owned by the Company which is required by the regulator to maintain assets to match its policyholder liabilities at all times. Investment gains and losses directly affect the policyholders' fund values. In the table above such unrealised gains and losses are recognised as income and expenses of assets held for index-linked and unit-linked contracts (hereafter: "unit-linked assets"), respectively. Refunds from fund managers and dividends paid are included in the income; investment administration expenses are included in the expenses.

For the smaller portfolio of assets backing traditional business, the Company has adopted a risk-averse investment strategy focussing on the investment in government and corporate bonds. In the table above, investment gains and losses are recognised as income and expenses, respectively. Investment administration expenses are included in the expenses. Dividend payments by QIS Luxembourg are shown as income from holdings in related undertakings including participations.

Compared to the previous reporting period, investment performance is relatively stable. The strong decrease of income from unit-linked assets and collective investment undertakings is compensated by a comparable decrease of corresponding expenses; both are due to the specific recognition of unrealised gains and losses as income and expenses, respectively.

There are no gains and losses recognised directly in equity.

There are no investments in securitisations.

A.4 Performance of other activities

There is no material income or expenses from non-insurance business.

A.5 Any other information

According to a sales agreement dated 26 January 2018, the Company's sole shareholder Talanx International AG has sold 100% of Aspecta Assurance International Luxembourg S.A. shares including the 25% share of Quality Insurance Services Luxembourg S.à r.l. to Monument Re Limited based in Bermuda. The transfer is still subject to approval of the supervisory authority (CAA). The agreement includes the possibility of a dividend distribution of up to EUR 1,500 thousand to the previous owner before the completion of the transfer (cf. E.1).

B. System of Governance

B.1 General information on the system of governance

The Company's Board of Directors carries responsibility for the oversight of the Company's business and sets its strategy and risk appetite.

Board of Directors:

- Oliver Schmid, Chairman
- Michael Schmidt-Rosin
- Dr. Erwin Möller (until 14 April 2017)
- Olivier Schmidt-Berteau, administrateur délégué (from 14 April 2017)

There are no separate sub-committees due to the size of the board.

The four key functions are in place and equally ranked, as each of the key functions is attributed to one member of the Board of Directors. Tasks and missions are delegated to appropriate experts within or outside the Group with a direct reporting line to the responsible board member.

The risk management function is responsible for the risk management process, which ranges from identification of risks to risk reporting to management (cf. B.3).

The compliance function is responsible for compliance with laws, regulations and local circulars (cf. B.4).

The internal audit function provides assurance to the organisation's governing body and senior management on how effective the organisation assesses and manages its risks (cf. B.5).

The actuarial function in particular assesses the sufficiency of technical provisions and ensures that their calculation is consistent with regulatory requirements and that underlying methodologies and assumptions are appropriate; it also gives an opinion on the underwriting policy and the reinsurance programme as a whole (cf. B.6).

General remuneration policies and practices applied by the Company are based on policies and practices established by the Group taking into account the respective local circumstances. The compensation principles are based on the objective of sustainable ongoing development of the Company. The compensation structure and the compensation rules are intended to be compliant with the market as well as the collective agreements of the insurance sector, and to be competitive.

The Company provides a range of benefits to employees including contractual salary and variable annual bonuses. These bonuses are defined by individual target letters linked to the Company's and individual performance. This system of variable compensation applies likewise to the management and is here defined and reviewed directly by the Board of Directors. The selection of target criteria for the variable compensation system and upper limits of variable compensation elements ensure that no inappropriate performance incentives are offered, which could persuade employees to enter into risks with incalculable consequences. There are no marketing or sales activities since the Company is in run-off. Hence, there is no incentive in place to promote sales or to remunerate employees for exceeding sales objectives.

The Company makes contributions for its employees to a post-employment benefit plan based on a percentage of the salary. Once the contributions have been paid, the Company has no further payment obligations. The assets of the benefit plan are held separately from the Company in the form of insurance policies issued by another insurance company.

No material transactions with owners or management occurred during the reporting period.

During the reporting period, no material changes were made to the system of governance. Overall, the system of governance appears adequate to the nature, scale and complexity of the risks inherent in the business of Aspecta.

B.2 Fit and proper requirements

The framework policy for the fulfilment of the fit and proper requirements of the Group sets out the due diligence checks that must be performed. They are applicable for both members of the Board of Directors and other employees of the Company and include:

- identification (copy of passport);
- compliance with the minimum competency code, where relevant;
- a detailed curriculum vitae showing the professional qualification(s), experiences and skills;
- demonstration of adequate continuous professional development; and
- a good standing certificate.

In particular, board members must demonstrate their knowledge in insurance business and leadership experience in the industry.

The Company reserves the right to check the fulfilment of fit and proper requirements on the occurrence of certain events.

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

The Company's established risk management processes are based on the risk management system of TINT. Its principles are described in the framework guideline risk management. Targets of the Company's risk management system are documented in risk strategies and subject to continuous review.

The strategic direction of the risk management is determined by the interaction of the business strategy, the risk strategy and the capacity to bear risk. The monitoring and controlling of risks is carried out according to a well-defined risk monitoring process.

The risk management function is attributed to the board member Michael Schmidt-Rosin. Tasks and missions of the risk management function are delegated to QIS Luxembourg.

The risk management function reports twice a year to the Risk Management Department of TINT, as well as through ad-hoc reports when required due to a significant change in the risk situation. In addition, it reports quarterly through the Risk Management Committee and TINT Risk Management by means of the regular "risk talks".

The three lines of defense model applies to the Company's risk management framework. Hereby, management control is the first line of defense, risk management function, compliance function and actuarial function form the second line of defense, and independent assurance based on internal audit missions carried out by the internal audit function is the third line. Each of these three lines plays a distinct role within the organisation's wider governance framework.

The purpose of the ORSA (Own Risk and Solvency Assessment) is to gain a good understanding of a company's risk profile, in order to allow adequate consideration for business strategy and capital management. It is an essential risk management tool to enable the Company to express its overall solvency needs in both quantitative and qualitative terms. ORSA results will support strategic decision while keeping the Company within its risk tolerance.

According to the Group guidelines, the ORSA report is developed under the responsibility of the risk management function. As some of the ORSA information is of quantitative nature and relies on standard formula calculations, actuarial expertise is also required.

The primary target audience of the ORSA report is the Board of Directors of the Company as well as various departments of TINT.

Considering the structure and complexity of the Company, the ORSA process is performed at least once a year taking into account the risks identified by the different operational units during the year. It is updated at least on an annual basis based on the risk review made, the medium term business plan and the corresponding capital planning. If there is an event that substantially alters the risk profile during a year, the ORSA is reviewed and an ad-hoc ORSA may be performed.

B.4 Internal control system

The Company's Internal Control System (ICS) is also implemented in accordance with the Group's guidelines which are mirrored in the guidelines of the Company and its main service provider QIS Luxembourg. The ICS includes a clear split of responsibilities in areas where conflicts of interest may arise, a systematic application of the four-eye principle, process manuals and documentation.

In order to timely monitor the activities of the internal control system, several committees are in place, in particular the Security Committee and the Complaints & Litigations Committee.

The compliance function is attributed to the board member Michael Schmidt-Rosin. Tasks and missions of the compliance function are delegated to QIS Luxembourg.

The compliance function has a direct reporting line to the Risk Management Department of TINT as well as to the Compliance Department of Talanx AG.

The compliance function takes responsibility for the proper consideration of laws, regulations and local circulars. Dealing with compliance matters is governed by the Group's policies and guidelines, in particular by the Code of Conduct and the compliance policy. The compliance function implements the Group framework at a local level proportionally to the activities of the Company. The adequate implementation of the Group's guidelines is regularly reviewed by TINT.

Other tasks assigned to the compliance function include

- anti-money laundering
- procedure for the prevention of corruption and conflicts of interest
- implementation of information exchange
- data protection and
- complaints management.

B.5 Internal audit function

The internal audit function is attributed to the Chairman of the Board. The audit missions are delegated to appropriate external experts or to Group Auditing.

The Board of Directors adopts a three year risk based audit plan. The Board of Directors is regularly informed about the results of the current audit reviews and their follow-up. Depending on the level of risk and the findings, recommendations and actions may be communicated to the Board of Directors of TINT.

B.6 Actuarial function

The actuarial function is attributed to the administrateur délégué. Tasks and missions of the actuarial function are delegated to TINT.

The actuarial function takes responsibility for the appropriateness of the methodologies, models and assumptions used in the calculation of technical provisions. It provides the Board of Directors at least annually with a report which enables the board to judge the impact and adequacy of the underwriting policy, reinsurance arrangements and the management of the identified risks.

In order to ensure the independence of the actuarial function, the Solvency II calculations related to the pillar I and pillar III as well as the medium term planning of the technical results are supported by an external service provider. These calculations are reviewed by the actuarial function according to the specifications of the Solvency II Directive and the Delegated Acts. In particular, the actuarial function reviews the underlying data, the assumptions and the calculations, and reports any findings and conclusions to the Board of Directors.

B.7 Outsourcing

Management of a life insurance undertaking in run-off requires an effective and long-term cost control. Without adequate outsourcing arrangements, the gradual decrease of the number of contracts implies that fixed costs will eventually surpass the undertaking's income.

By means of outsourcing of its operations the Company ensures that its activities are adequately carried out and the service levels expected by its clients can be maintained until the run-off is completed. The administrative framework for the Company's outsourcing agreements is given by the policies laid down in the TINT Outsourcing guideline. Responsibility for outsourcing rests with the administrateur délégué.

The following functions/important tasks are outsourced:

Outsourced function/important task	**Service provider**	**Country**
Tasks and missions of actuarial function	TINT	Germany
Appointed actuary	TINT	Germany
Tasks and missions of compliance function	QIS Luxembourg	Luxembourg
Tasks and missions of risk management function	QIS Luxembourg	Luxembourg
Portfolio/claims management Premium collection/commission payments Intermediaries management Reinsurance management Contract evaluation Technical and regulatory reporting	QIS Luxembourg	Luxembourg
Asset Management	Talanx Asset Management	Germany

B.8 Any other information

There is no other material information regarding the governance system.

C. Risk Profile

The Company's risk profile is given by the entirety of risks it is exposed to. The processes for identification and assessment of risks are in line with the risk management system of TINT. Relevant risks are identified by a structured risk identification process (cf. B.3). This process involves the different operational units and is governed by the principle that anything that could endanger the objectives as well as the financial sustainability of the Company should be identified as a potential risk.

Risk assessment takes into consideration the fact that the Company is in run-off and has outsourced the management of its run-off operations. For the assessment of quantifiable risks in principle the so-called standard formula is applied (cf. E.2). The standard formula is a general model for the calculation of the Solvency Capital Requirement (SCR), which is prescribed by the regulator and which captures, assesses and aggregates defined risks according to a standardised approach. In the ORSA process (cf. B.3), no material deviations of the Company's risk profile from the assumptions underlying the standard formula were identified. Hence, the standard formula serves as an adequate tool for risk assessment. Risks that are not captured by the standard formula are subject to an individual assessment in the course of the Company's assessment of its overall solvency needs (cf. B.3).

Sections C.1 to C.6 contain a description of the Company's risks whereby risks are assigned to risk categories prescribed by the regulator. Note that the assignment of certain risks to these given risk categories differs from the aggregation of risks according to the standard formula (cf. E.2). Such differences are indicated where applicable.

Stress tests are part of the risk management system and support the analysis of extreme events. The use of the standard formula ensures that risk sensitivity is adequately considered where material for risk assessment purposes. In subsequent sections, results of sensitivity analyses for the most important risks are presented.

In order to limit risks, the Company applies various risk mitigation techniques which are described in the context of each of the risk categories below. Principles for monitoring such techniques are laid down in internal guidelines and designed to ensure permanent effectiveness. Risk mitigation techniques are scrutinised at least once a year as part of the Company's risk review.

No material changes to the measures used to assess risks have been made and no material changes of the risk profile have been observed over the reporting period.

C.1 Underwriting risk

Underwriting risk means the risk of loss, or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions. This risk category comprises biometric risks (mortality, disability-morbidity and mortality catastrophe risk), risks associated with policyholder behaviour (lapse risk) and expense risk. Underwriting risk is the Company's most important risk category. The standard formula assigns a value of EUR 13,434 thousand to underwriting risk (cf. E.2).

The Company is in run-off and unit-linked contracts without financial guarantees comprise the major part of its business. This corresponds to lapse risk and expense risk being the most important underwriting risks.

Lapse risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals and surrenders. For the Company, the most relevant contractual options are surrender and waiver of premium.

Expense risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of the expenses incurred in servicing insurance contracts.

The Company analysed the uncertainty regarding derivation of best estimate assumptions for its two most important underwriting risks by performing the following sensitivity analyses:

For the analysis of lapse risk, best estimate lapse and paid-up rates are increased by 10%. The impact of this sensitivity corresponds to 18% of the SCR for life underwriting risk. The stress leads to a decrease of Own Funds which is mainly compensated by a corresponding decrease of the SCR such that the overall solvency ratio remains almost unchanged.

For the analysis of expense risk, best estimate expense assumptions for the legal entity Aspecta Assurance International Luxembourg S.A. are increased by 10%. Expenses paid to QIS Luxembourg remain unchanged since they are fixed by existing contractual arrangements. The impact of this sensitivity corresponds to 15% of the SCR for life underwriting risk. The stress leads to a decrease of Own Funds which is not completely compensated by the decrease of the SCR such that the overall solvency ratio decreases by 7 percentage points.

Furthermore, as a life insurance company, the Company is materially exposed to an increase of mortality rates (mortality risk) and the associated mortality catastrophe risk.

There are no material risk concentrations with respect to underwriting risk.

As the Company is closed to new business no additional underwriting risk associated with new contracts is acquired, and the Company's focus is on managing the risks of a decreasing book of residual business. For this purpose, the Company closely monitors its underwriting risk experience, in particular observable lapse rates, in order to recognise future developments in a timely manner. Expense risk has been substantially reduced by the outsourcing agreements that were put in place (cf. B.7). Reinsurance agreements tailored to the Company's situation limit biometric risks and contribute to a smoother risk experience. Both outsourcing and reinsurance are core parts of the Company's run-off strategy.

C.2 Market risk

Market risk is the risk of loss, or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. This risk category comprises equity risk, interest rate risk and currency risk, which are material for the Company. Market risk is the Company's second most important risk category after underwriting risk. The standard formula assigns a value of EUR 11,653 thousand to market risk (cf. E.2), inclusive of certain parts of credit risk (cf. C.3).

Market risk results from the Company's investment portfolio (cf. D.1) as well as from the technical provisions (cf. D.2) since they also depend on market parameters.

Since unit-linked contracts without financial guarantees comprise the major part of the Company's business, equity risk is its most important market risk. It results from changes in level or volatility of equity prices. Here, product design serves as the primary risk mitigation factor, since in case of unit-linked contracts without financial guarantees share price losses are in principle borne by the policyholder. However, as is common for unit-linked business, a relevant proportion of the Company's fees are linked to the performance of the unit-linked assets. In this respect market risk is material for the Company.

Therefore, the Company performed a sensitivity analysis with respect to capital market movements. For this purposes, the initial fund volume of the unit-linked contracts is reduced by 10%. The impact of this sensitivity corresponds to 25% of the SCR for market risk. The stress leads to a decrease of Own Funds which is mainly compensated by a corresponding decrease of the SCR such that the overall solvency ratio remains almost unchanged.

Interest rate risk is associated with all assets or liabilities which are sensitive to changes of the term structure of interest rates or the volatility of interest rates. Unit-linked contracts without financial guarantees are affected similarly to equity risk, but all other business is affected as well. In particular, the Company manages a smaller portfolio of traditional contracts with a specific type of financial guarantees. Guaranteed interest is granted to these contracts on an annual basis where the applicable interest rates are regularly adjusted based on the maximum interest rate allowed by the regulator for new business. Hence, the Company is not exposed to high and long-term interest rate guarantees.

For assets backing traditional business, the Company has adopted a risk-averse investment strategy whereby assets are managed in accordance with the prudent person principle set out in Article 132 of Directive 2009/138/EC. Any investment in new types of assets requires approval by the management of the Company. The investment strategy follows a transparent investment process considering applicable investment limits and investment principles laid down in the TINT Investment guideline. This ensures the security, quality, liquidity, profitability and availability of the investment portfolio as a whole, as well as compliance with any other related regulatory requirements.

Currency risk results from the uncertainty about future changes in level or volatility of currency exchange rates. The Company is indirectly exposed to currency risk since a material share of unit-linked assets is invested in foreign currencies. Similar to equity risk, the largest part of currency risk is again borne by the policyholders, but the Company's fees depend on the development of currency exchange rates. Assets backing traditional business are not exposed to currency risk.

There are no material risk concentrations with respect to market risk.

C.3 Credit risk

Credit risk means the risk of loss, or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations.

Counterparty default risk results from losses due to unexpected default, or deterioration in the credit standing, of counterparties and debtors. On the one hand, this risk is associated with financial assets, on the other hand it appears vis-à-vis intermediaries, policyholders and reinsurance counterparties. It is material for the Company and the most important credit risk. The standard formula assigns a value of EUR 1,489 thousand to counterparty default risk (cf. E.2).

With respect to its investments and cash positions, the Company is exposed to the credit standing of various banks. In order to mitigate its exposure, the Company has defined minimum standards for creditworthiness. Compliance with its standards and changes in credit ratings are closely monitored and in case of deterioration of ratings affected positions are reduced.

There is no material exposure from counterparty default risk vis-a-vis intermediaries, policyholders and other debtors. The exposure due to reinsurance is also not material, since expected reinsurance premiums exceed expected payments from reinsurers (cf. D.1).

Spread risk results from the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate curve. Changes of credit spreads are in particular the result of changes in credit ratings of debtors. Spread risk is material for the Company. The standard formula (cf.

E.2) considers spread risk as part of the risk category market risk (cf. C.2). For assets backing traditional business, minimum standards for creditworthiness mentioned above together with their regular monitoring are applied to mitigate spread risk as well. As at the balance sheet date, these assets do not comprise any bonds which were issued by highly indebted countries of the Euro zone.

Market risk concentrations describe the risk of lack of diversification in the asset portfolio or large exposures vis-à-vis individual debtors. For unit-linked assets, market risk concentrations are not relevant. For its other investments, the Company adheres to the principle of a diversified portfolio. Limits for the amount of investments associated with individual debtors apply. Market risk concentrations are therefore not material for the Company. The standard formula (cf. E.2) considers market risk concentrations as part of the risk category market risk (cf. C.2).

There are no material risk concentrations with respect to credit risk.

C.4 Liquidity risk

Liquidity risk is the risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due. It is not material for the Company.

For unit-linked contracts, the underlying assets are mainly UCITS which are in general liquid by nature. Other investments mainly comprise cash and high quality bonds that are mostly quoted at active markets. Furthermore, the Company is integrated in the effective liquidity management of the Group, which includes the permanent monitoring of its liquidity position by the Group.

Future premium income is a relevant factor for liquidity risk. The total amount of the expected profits included in future premiums, as calculated in accordance with regulatory requirements for the in-force business as at 31 December 2017 is equal to EUR 7,170 thousand. The Company does not use this figure for its liquidity planning.

C.5 Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. It is material for the Company. The standard formula assigns a value of EUR 1,787 thousand to operational risk (cf. E.2).

Operational risk comprises in particular process risk, human resource risk (retention of staff), IT risk, legal/compliance and outsourcing risk. The Company has performed an independent qualitative and/or quantitative assessment of these risks where the quantitative assessment was based on expert judgement of likelihood of occurrence and loss potential.

Most of the Company’s key and important functions are outsourced. Outsourcing has significantly contributed to mitigate process, human resource and IT risks. Correspondingly, outsourcing risk has become inherent to the Company’s structure. Complementing the processes applied for the set-up and management of outsourcing (cf. B.7), several general measures were taken to mitigate outsourcing risk. All relevant outsourcing counterparties are either companies which belong to the Group with adequate expertise and experience, or are renowned service providers in their respective area of competence. From an operational perspective, the core outsourcing arrangement is the management of the run-off operations by QIS Luxembourg. Here, transfers of experienced staff and part of its infrastructure from the Company to the service provider, as well as a 25% strategic participation of the Company in the service provider ensure service continuity and adequate control over the outsourced operations. The upcoming migration project that will transfer data from the existing to a new IT system is considered in the internal audit schedule.

Additionally, technical measures such as firewalls and access restrictions have been established in order to protect systems and are periodically tested. A business continuity plan is in place and tested annually for effectiveness.

Legal and compliance risks are managed by the compliance function (cf. B.4). The Company has established a well-defined compliance policy according to the high standards of the Group. It has also implemented a strong third party payment procedure including anti-money laundering controls. Adequate litigation provisions have been set up where deemed appropriate.

The Company is subject to a number of legal actions primarily with regard to asset performance. The majority of the assets on the Company's balance sheet are held in respect of unit-linked contracts, where the policyholders or their appointed advisors have selected the assets to be linked to their policies. The Company does not provide asset selection advice, and is robustly defending these cases.

C.6 Other material risks

Other risks include strategic risk, reputational risk and emerging risks. They are not material for the Company.

Strategic risk is the risk from strategic business decisions. This also includes risks that arise from the fact that business decisions are not being adapted to a changed economic environment. Normally strategic risk is a risk that arises in connection with other risks. However, it can also occur as a single risk. The Company's strategic risk results in particular from its decision of going in run-off. As long as contracts are in force, the Company must stay fully functional, ensure adequate operational quality and remain in a financially sound condition within its risk-bearing capacity. In this respect, the outsourcing of operations has a favourable impact on the Company, as it ensures business continuity and quality of service provided during run-off, and at the same time contributes to the conversion of certain fixed costs into costs that are proportional to the decreasing size of the in-force business.

Reputational risk means the risk of loss, or of adverse change in the financial situation, resulting from a potential damage to the reputation due to a negative public perception of the Company (e.g. among clients, business partners, shareholders, authorities). Reputational risk often emerges in conjunction with other risks, but it can also emerge as an individual risk. It is mitigated by various measures such as the internal control system and the compliance function (cf. B.4), internal audit (cf. B.5), data protection policies, and customer complaint management.

Emerging risks are new future risks whose risk content is not reliably known and whose effects can only be assessed with difficulty; they include regulatory environment risk. The corresponding risk exposure of the Company is limited, since the Company and its branches are based in the EU and the regulatory framework is considered stable.

C.7 Any other information

There is no other material information regarding the risk profile.

D. Valuation for Solvency Purposes

The valuation of assets and liabilities for solvency purposes follows a specific economic valuation concept which materially deviates from the applicable rules for statutory accounting in Luxembourg (local GAAP balance sheet). Therefore, Solvency II requires a revaluation of assets and liabilities. Hereby, Solvency II values are in principle determined according to the following valuation hierarchy:

Level 1: Use of quoted prices in active markets for identical assets or liabilities

Level 2: Use of quoted prices in active markets for similar assets or liabilities, with adjustments to reflect differences

Level 3: Use of alternative methods for valuation (cf. D.4)

In general, the valuation for solvency purposes uses international accounting standards (IAS/IFRS) as a reference. For this purpose, IAS/IFRS balance sheet positions are mapped to the Solvency II balance sheet positions consistent with the mapping of local GAAP balance sheet positions. For certain items of the Solvency II balance sheet specific requirements or simplifications apply. In any case, compliance with the Solvency II valuation principles has to be ensured. In what follows, only the Solvency II balance sheet positions relevant at 31 December 2017 are explained in detail.

D.1 Assets

Assets (in EUR thousand)	Solvency II value	Statutory accounts value
Property, plant & equipment held for own use	144	144
Investments (other than assets held for index-linked and unit-linked contracts)	25,123	22,443
Holdings in related undertakings, including participations	50	50
Government Bonds	9,879	8,834
Corporate Bonds	15,039	13,430
Collective Investments Undertakings	155	129
Assets held for index-linked and unit-linked contracts	257,521	257,521
Reinsurance recoverables	106,642	116,600
Insurance and intermediaries receivables	312	312
Receivables (trade, not insurance)	5,908	6,208
Cash and cash equivalents	20,828	20,828
Any other assets, not elsewhere shown	82	82

Property, plant & equipment held for own use

The Company does not have any property or plant for own use in its portfolio.

Equipment is valued in the statutory accounts based on amortised cost. This implies that the market value may be higher or lower than the statutory accounts value.

No adjustment is made for solvency purposes since the statutory valuation basically coincides with the IAS/IFRS valuation and there is no indication that the statutory valuation is inappropriate (principle of proportionality).

Holdings in related undertakings, including participations

Holdings in related undertakings, including participations consist of a participation in QIS Luxembourg, the service company that administers the run-off portfolio. It is valued in the statutory accounts based on acquisition cost. This implies that the market value may be higher or lower than the statutory accounts value.

No adjustment is made for solvency purposes since the statutory valuation coincides with the IAS/IFRS valuation and there is no indication that this valuation is inappropriate (principle of proportionality).

Government and Corporate Bonds

Government and corporate bonds are marked to market for solvency purposes. In case of unlisted bonds the market value is determined by means of the discounted cash-flow method and taking into account term and issuer specific spreads (cf. D.4).

Government and corporate bonds are valued in the statutory accounts based on amortised cost. This implies that the market value may be higher or lower than the statutory accounts value.

This results in a valuation difference between Solvency II value and statutory accounts value of EUR +1,045 thousand in case of Government Bonds and EUR +1,609 thousand in case of Corporate Bonds.

Collective Investments Undertakings

Collective investment undertakings consist of investment fund units. They are shown at market value (market price, redemption price) in the Solvency II balance sheet.

They are valued in the statutory accounts based on amortised cost. This implies that the market value may be higher or lower than the statutory accounts value.

This results in a valuation difference of EUR +26 thousand between Solvency II value and statutory accounts value.

Assets held for index-linked and unit-linked contracts

Assets held for index-linked and unit-linked contracts consist of investment fund units. They are shown at market value (market price, redemption price) in the statutory accounts. Hence, the Solvency II value equals the statutory accounts value.

Reinsurance recoverables

Reinsurance recoverables (Solvency II value in EUR thousand)		
Index-linked and unit-linked	Life excluding health and index-linked and unit-linked	**Total**
102,240	4,402	**106,642**

For solvency purposes the valuation of reinsurance recoverables is based on the projection of future cash-flows between the Company and its reinsurance counterparties. This valuation is an integral part of the projection model used for the determination of technical provisions (cf. D.2). The resulting present value of cash-flows is negative, which corresponds to the cost of risk mitigation by means of reinsurance. Conversely, reinsurance cover reduces the SCR (cf. C.1). In addition, reinsurance recoverables include the reinsurance deposits. They are also included in the same amount in the item Deposits from reinsurers (cf. D.3).

Reinsurance recoverables considered in the statutory accounts coincide with the reinsurance deposits.

This results in a valuation difference of EUR –9,959 thousand between Solvency II value and statutory accounts value.

Insurance and intermediaries receivables

Insurance and intermediaries receivables consist of commission clawbacks and receivables from policyholders. They are valued in the statutory accounts based on their nominal value; for commission clawbacks a specific allowance for bad debts is made.

No adjustment is made for solvency purposes since the statutory valuation coincides with the IAS/IFRS valuation and there is no indication that this valuation is inappropriate (principle of proportionality). In particular, expected default of counterparties is reflected appropriately.

Receivables (trade, not insurance)

Receivables (trade, not insurance) mainly consist of tax receivables and receivables from funds. They are valued in the statutory accounts based on their nominal value.

The Italian tax receivable is valuated using a discounted cash flow method (cf. D.4). This results in a valuation difference of EUR –300 thousand between Solvency II value and statutory accounts value.

For the remaining receivables no adjustment is made for solvency purposes since the statutory valuation coincides with the IAS/IFRS valuation and there is no indication that this valuation is inappropriate (principle of proportionality).

Cash and cash equivalents

Cash and cash equivalents are shown at market value in the statutory accounts. Hence, the Solvency II value equals the statutory accounts value.

Any other assets, not elsewhere shown

Other assets which are not elsewhere shown include in particular prepaid expenses. They are valued in the statutory accounts based on their nominal value.

No adjustment is made for solvency purposes since the statutory valuation coincides with the IAS/IFRS valuation and there is no indication that this valuation is inappropriate (principle of proportionality).

D.2 Technical provisions

For solvency purposes, the value of the technical provisions equals the sum of a best estimate and a risk margin. For the two lines of business of the Company (cf. A.2), both best estimate and risk margin are calculated using the same bases, methods and main assumptions.

Technical provisions (Solvency II value in EUR thousand)	Index-linked and unit-linked ("unit-linked business")	Life excluding health and index-linked and unit-linked ("traditional business")	Total
Technical provisions – total (gross)	234,084	23,344	**257,428**
Best estimate	227,867	22,989	**250,856**
Risk margin	6,217	355	**6,572**

The best estimate corresponds to the probability-weighted average of future cash-flows associated with the fulfilment of the obligations arising from insurance contracts, taking account of the time value of money. The market value of the investment fund units assigned to unit-linked contracts is included in the best estimate of unit-linked business, while reinsurance recoverables (cf. D.1) are not included in the best estimate.

Methods and assumptions

Best estimate and risk margin are determined based on the Company's own cash-flow projection model. The model reflects all major products of the portfolio. In principle, cash-flow projections are carried out on the level of individual contracts. The output includes a projection of local GAAP balance sheet and profit and loss account.

Since unit-linked products do not include an interest rate guarantee, their projection is performed for a single scenario (so-called certainty-equivalent scenario). Allowance is made for participation of policyholders in risk surplus and cost surplus.

Likewise, the projection for traditional products is also carried out for the certainty-equivalent scenario. This is due to the characteristics of the interest rate guarantee of these products, which is adjusted on a regular basis and therefore reflects the current interest rate level. Allowance is made for guaranteed interest rates and participation in investment surplus as well as participation of policyholders in risk surplus and cost surplus.

The underlying best estimate assumptions are based on company-specific observations and include appropriate smoothing as well as extrapolation where required. They do neither include explicit nor implicit safety margins. Assumptions with material impact on the results include assumptions regarding future expenses, take-up rates of contractual options (in particular lapses), refunds received from fund managers in the case of unit-linked business as well as the level of future surplus participation in risk surplus and cost surplus.

Future cash-flows are discounted based on the relevant current risk-free interest rate curve prescribed by the applicable regulations.

Compared to the previous reporting period, no material changes were made to the projection model. The derivation of the underlying best estimate assumptions has been refined and the assumptions were updated for the current valuation date.

The risk margin is a theoretical add-on to the best estimate to account for non-hedgeable risks. It shall be such as to ensure that the value of the technical provisions is equivalent to the amount that a so-called reference insurance undertaking would require in order to take over and meet the insurance obligations. The risk margin is calculated as present value of the cost of providing eligible own funds at the amount of the SCR (cf. E.2) which are required to cover the non-hedgeable risks until the portfolio has run off.

Typically, any projection of the SCR requires simplifications. Therefore, various types of simplified calculations are stipulated. The Company applies the so-called method 1, where the SCRs for the relevant risk modules of the standard formula are projected based on suitable drivers and then aggregated for each year of the projection.

Differences between Solvency II values and statutory accounts values

The valuation of technical provisions for solvency purposes differs from the valuation used for statutory accounts, in particular regarding the following material aspects:

- For the Company's dominant line of business – Index-linked and unit-linked insurance – the statutory valuation basically equals the market value of the investment fund units assigned to unit-linked contracts. The value of future profits and losses associated with such contracts is not considered.

- The valuation for solvency purposes is based on best estimates and market-consistent assumptions. In contrast, for the statutory accounts the technical provisions are valued based on prudent assumptions which include safety margins (e.g. for future expenses or biometric assumptions).

- The valuation for solvency purposes reflects future discretionary benefits resulting from unrealised gains and losses on investments backing traditional business as well as allocated surplus from risk coverage and cost. In contrast, statutory accounts only include guaranteed benefits.

These different valuation approaches result in a valuation difference between Solvency II value and statutory accounts value of EUR –23,437 thousand for the line of business of Index-linked and unit-linked insurance and of EUR +1,384 thousand for the line of business of Life insurance excluding health and index-linked and unit-linked.

Level of uncertainty associated with the value of technical provisions

The valuation of technical provisions for solvency purposes includes uncertainty, in particular regarding the following aspects:

- There is inevitable uncertainty regarding assumptions about future developments, which may have material impact on the valuation of technical provisions and the expected profit in future premiums (EPIFP). This holds particularly for non-economic assumptions regarding future policyholder behaviour (take-up rates of contractual options), expenses and refunds from fund managers. In order to reduce such uncertainty, best estimate assumptions are closely monitored and in general updated on an annual basis. Furthermore, uncertainty results from economic assumptions (e.g. risk free interest rates and fund performance).

- In principle, cash-flow projections are performed on the level of individual contracts. For proportionality reasons, a small number of products as well as certain contract characteristics are not reflected or are modelled in a simplified way. No future profits or losses are assumed for the small unmodelled portion of the portfolio. Compared to the previous reporting period, the unmodelled portion of the portfolio decreased.

- Unit-linked contracts without financial guarantees comprise the major part of the Company's business, while traditional contracts make up only a small portion of the overall portfolio. The cash-flow projection model used is therefore tailored to unit-linked contracts and the time value of contractual options and financial guarantees of traditional contracts, which have no material impact, is set to zero for proportionality reasons.

Since the portfolio mainly consists of unit-linked business where investment risk is borne by the policyholder, the impact of future management actions on the value of technical provisions is rather low.

The actuarial function (cf. B.6) ensures the adequateness of methods and assumptions underlying the calculation of technical provisions. According to the Company's own assessment, the uncertainties described above do not result in a material uncertainty regarding the assessment of the value of technical provisions.

Adjustments and transitional measures

In order to reduce the impact of fluctuations of market values of interest-bearing securities and to support a smooth transition from the old solvency rules to the new Solvency II regime, the European legislator has stipulated the use of certain adjustments and transitional measures. Their application usually improves the coverage of the SCR and of the Minimum Capital Requirement (MCR) substantially.

The Company does neither use the volatility adjustment according to Article 77d nor the matching adjustment according to Article 77b of Directive 2009/138/EC.

The Company does neither use the transitional measures on risk-free interest rates according to Article308c nor the transitional measures on technical provisions according to Article 308d of Directive 2009/138/EC.

D.3 Other liabilities

Other liabilities (in EUR thousand)	Solvency II value	Statutory accounts value
Provisions other than technical provisions	8,240	8,970
Deposits from reinsurers	116,600	116,600
Deferred tax liabilities	4,290	0
Insurance & intermediaries payables	1,452	1,452
Reinsurance payables	484	484
Payables (trade, not insurance)	117	117

Provisions other than technical provisions

Provisions other than technical provisions mainly consist of provisions for expenses, for anticipated losses as well as for taxes. They are valued in the statutory accounts with their expected fulfilment value.

Except for the provisions for anticipated losses no adjustment is made for solvency purposes since the statutory valuation coincides with the IAS/IFRS valuation and there is no indication that this valuation is inappropriate (principle of proportionality). For anticipated losses from legal claims a revaluation is made based on expert judgement (cf. D.4).

This results in a valuation difference of EUR –730 thousand between Solvency II value and statutory accounts value.

Deposits from reinsurers

Deposits from reinsurers are the shares of the reinsurance counterparties in the technical provisions of the local GAAP balance sheet, which are placed with the direct insurer. They are valued in the statutory accounts with their fulfilment value.

No adjustment is made for Solvency purposes since the statutory valuation coincides with the IAS/IFRS valuation and there is no indication that this valuation is inappropriate (principle of proportionality). The same amount is included in the item Reinsurance recoverables (cf. D.1).

Deferred tax liabilities

The revaluation of assets and liabilities for solvency purposes changes the (theoretical) basis for tax assessment. The realisation of such temporary valuation differences impacts future tax payments (so-called deferred taxes). (Theoretical) future tax payments are shown in the Solvency II balance sheet in the item Deferred tax liabilities.

Deferred taxes are in principle determined by considering valuation differences for each asset and liability position. There is no comparable item in the local GAAP balance sheet.

Furthermore, allowance is made for tax losses carried forward. This reduces the expected future taxes. The impact of tax losses carried forward is no longer presented as a deferred tax asset (as in the SFCR 2016). Instead, the deferred tax liabilities are decreased accordingly. This change of presentation has no impact on the excess of assets over liabilities.

This results in a valuation difference of EUR +4,290 thousand between Solvency II value and statutory accounts value.

Note that these deferred tax liabilities are a purely theoretical valuation concept for solvency purposes; they are not the actual tax provisions or tax liabilities. The actual tax provisions and tax liabilities shown in the local GAAP balance sheet are recorded in the item Provisions other than technical provisions and in the item Payables (trade, not insurance) in the Solvency II balance sheet respectively.

Insurance & intermediaries payables

Insurance and intermediaries payables consist of short-term payment obligations vis-à-vis policyholders and intermediaries, which are not part of the technical provisions. They are valued in the statutory accounts based on their fulfilment value.

No adjustment is made for solvency purposes since the statutory valuation coincides with the IAS/IFRS valuation and there is no indication that this valuation is inappropriate (principle of proportionality).

Reinsurance payables

Reinsurance payables consist of the clearing account payables arising from the reinsurance programme. They are valued in the statutory accounts based on their fulfilment value.

No adjustment is made for solvency purposes since the statutory valuation basically coincides with the IAS/IFRS valuation and there is no indication that statutory valuation is inappropriate (principle of proportionality).

Payables (trade, not insurance)

Payables (trade, not insurance) include in particular tax liabilities, short-term payment obligations of social security contributions as well as various other short-term payables. They are valued in the statutory accounts based on their fulfilment value.

No adjustment is made for solvency purposes since the statutory valuation coincides with the IAS/IFRS valuation and there is no indication that this valuation is inappropriate (principle of proportionality).

D.4 Alternative methods for valuation

Alternative valuation methods are used in case no market values are available for the valuation of assets or liabilities which are not technical reserves or for which no specific valuation requirements hold.

The Company applies alternative valuation methods for the following items of the Solvency II balance sheet:

Alternative valuation methods	
Government and Corporate Bonds	Discounted cash-flow method
Receivables (trade, not insurance)	Discounted cash-flow method
Provisions other than technical provisions	Expected fulfilment value

In contrast to the previous reporting period, the Italian tax receivable is valuated using a discounted cash flow method that reflects the cash flow profile of the underlying liabilities as well as details of the tax regime in Italy.

For the provisions for anticipated losses from legal claims the Solvency II value is determined based on expert judgement regarding amount and likelihood of occurrence, since the statutory valuation is considered too conservative to be appropriate for solvency purposes.

The appropriateness of the application of alternative valuation methods is regularly monitored considering acquired experiences. According to the Company's own assessment the application of the above mentioned alternative valuation methods does not have a material impact on the Solvency II balance sheet.

D.5 Any other information

There is no other material information regarding the valuation of assets and liabilities for solvency purposes.

E. Capital Management

Effective capital management is an important part of the management tools of the Company. Processes and responsibilities which are required to ensure permanent compliance with the applicable capital requirements are defined in the Company's capital management guideline. The capital planning process includes projections of capital requirements and own funds for a planning horizon of 5 years and is documented in a medium term capital management plan.

The Company targets a minimum long-term Solvency ratio of 120%. Potential dividend distributions are decided on a yearly basis taking into account a forward looking view on the Solvency ratio. In principle, dividend payments will only be distributed, if the distribution will not jeopardise the targeted Solvency ratio over the forward looking period.

No material changes to objectives, policies and processes employed by the Company for capital management purposes have been made over the reporting period.

E.1 Own funds

Own funds comprise the sum of basic own funds and ancillary own funds. The starting point for the determination of available basic own funds is the excess of assets over liabilities of the Solvency II balance sheet (cf. D). Ancillary own funds consist of items other than basic own funds which can be called up to absorb losses. For the Company, ancillary own funds are not relevant.

Available own funds are classified according to the Solvency II technical specifications into three different classes (Tiers). This classification considers in particular the availability of own funds and their subordination to other claims. Hereby, Tier 1 denotes the highest available classification. The classification determines the eligibility of own funds as far as compliance with the SCR and the MCR is concerned.

The excess of assets over liabilities of the Solvency II balance sheet equals EUR 27,948 thousand. The excess of assets over liabilities exceeds the shareholders' equity of EUR 13,000 thousand shown in the local GAAP balance sheet by EUR 14,948 thousand. This difference is due to the following reasons:

- unrealised gains that arise from the market-consistent valuation of assets for solvency purposes (cf. D.1)
- market-consistent valuation of technical provisions as sum of a best estimate and a risk margin (cf. D.2)
- other differences regarding the valuation for solvency purposes of certain assets (cf. D.1) and other liabilities (cf. D.3), including the impact of the Solvency II concept of deferred taxes

A foreseeable dividend payment in the amount of EUR 1,500 thousand (cf. A.5) is deducted from the excess of assets over liabilities in order to determine available basic own funds.

This results in the subsequent composition of available basic own funds:

Basic own funds (in EUR thousand)	2017	2016
Excess of assets over liabilities	27,948	22,209
Foreseeable dividends	–1,500	*0*
Total basic own funds	**26,448**	**22,209**
Ordinary share capital	*10,300*	*10,300*
Share premium account related to ordinary share capital	*2,700*	*2,700*
Reconciliation reserve	*13,448*	*9,209*

As in the previous reporting period, the ordinary share capital comprises the subscribed and fully paid equity and is divided into 10,000 registered shares with a nominal value of EUR 1,030 per share. The share premium account includes an issue premium of EUR 2,700 thousand. Uncalled capital does not exist. Both ordinary share capital and share premium account meet the requirements for classification as Tier 1.

The reconciliation reserve comprises the valuation differences regarding the excess of assets over liabilities between the valuation for solvency purposes and the statutory valuation, as well as certain parts of the local GAAP equity. The foreseeable dividend of EUR 1,500 thousand has already been deducted. The reconciliation reserve is classified as Tier 1. Compared to the previous year, the reconciliation reserve increased by EUR 4,239 thousand. This reflects both, the realized profit in 2017 (cf. A.2), and the increase of expected future profits. The latter is clearly linked to the risk sensitivity as discussed in section C.

No further deductions to the basic own funds apply.

In total, this yields available basic own funds at an amount of EUR 26,448 thousand of the highest classification Tier 1. The Company's total basic own funds are available without restrictions for an unlimited period of time and are eligible at their full amount to cover the SCR and the MCR.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

Insurance companies must hold sufficient own funds to fulfil their obligations to policyholders even in situations where highly unlikely risks occur. The SCR represents the key target figure for the required capital buffer from a regulatory perspective. Meeting the SCR (i.e. in case of the respective Solvency ratio being at least 100%) shall secure the obligations to policyholders even in an extreme stress scenario (once-in-200-years event).

Solvency Capital Requirement

Composition of the Solvency Capital Requirement (in EUR thousand)	2017	2016
Market risk	11,653	10,313
Counterparty default risk	1,489	2,009
Life underwriting risk	13,434	12,767
Diversification	–6,194	–6,052
Basic Solvency Capital Requirement	**20,382**	**19,037**
Operational risk	1,787	2,060
Loss-absorbing capacity of technical provisions	–518	–688
Loss-absorbing capacity of deferred taxes	–4,141	–3,858
Solvency Capital Requirement (SCR)	**17,510**	**16,551**

The Company calculates the SCR according to the standard formula. Life underwriting risk and market risk are the dominating risk categories. Diversification effects between different risks as well as the loss-absorbing capacity of technical provisions and deferred taxes mitigate risk. Loss-absorbing capacity means in this context that in a stress scenario future discretionary benefits for policyholders or future taxes may be lower, which reduces the liabilities and thus the risk associated with the stress scenario.

Compared to the previous year, a moderate increase of the SCR can be observed. This partially balances the increase of own funds (cf. E.1): Higher expected future profits lead to higer potential losses in stress scenarios.

The level of the SCR is subject to regulatory review.

Minimum Capital Requirement

Complementary to the SCR, the MCR represents an absolute minimum level for own funds. The calculation follows a prescribed formula-based approach depending on the business volume (in particular depending on the levels of the technical provisions and capital at risk), with a floor of 25% and a cap of 45% of the SCR.

As in the previous reporting period, for the Company's business volume the floor applies. The MCR equals EUR 4,378 thousand.

Solvency ratios

The Company does neither use simplifications nor undertaking-specific parameters according to Article 104 of Directive 2009/138/EC for the calculation of the SCR and of the MCR. Adjustments or transitional measures on technical provisions (cf. D.2) are not used either.

SCR ratio and MCR ratio are the ratios of eligible own funds to SCR and MCR respectively.

Solvency ratio	2017	2016
SCR ratio	151%	134%
MCR ratio	604%	537%

The Solvency ratios are significantly above 100%. The Company therefore appears appropriately capitalised and the current risk situation is in accordance with its risk-bearing capacity.

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

The Company does not use the duration-based equity risk sub-module.

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

The Company does not use an internal model to calculate the SCR.

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

During the reporting period no non-compliance with the MCR or the SCR occurred.

E.6 Any other information

There is no other material information regarding capital management.

Appendix: Annual Quantitative Reporting Templates

All figures are presented in EUR thousand.

S.02.01.02 – Balance sheet

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	143
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**25,123**
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	50
Equities	*R0100*	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	*R0130*	*24,918*
Government Bonds	R0140	9,879
Corporate Bonds	R0150	15,039
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	155
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	257,521
Loans and mortgages	**R0230**	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	**R0270**	**106,642**
Non-life and health similar to non-life	R0280	
Non-life excluding health	R0290	
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	4,402
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	4,402
Life index-linked and unit-linked	R0340	102,240
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	312
Reinsurance receivables	R0370	
Receivables (trade, not insurance)	R0380	5,908
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	20,828
Any other assets, not elsewhere shown	R0420	82
Total assets	**R0500**	**416,558**

S.02.01.02 – Balance sheet

		Solvency II value
		C0010
Liabilities		
Technical provisions - non-life	**R0510**	
Technical provisions - non-life (excluding health)	**R0520**	
TP calculated as a whole	R0530	
Best estimate	R0540	
Risk margin	R0550	
Technical provisions - health (similar to non-life)	**R0560**	
TP calculated as a whole	R0570	
Best estimate	R0580	
Risk margin	R0590	
TP - life (excluding index-linked and unit-linked)	**R0600**	**23,344**
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	R0620	
Best estimate	R0630	
Risk margin	R0640	
TP - life (excluding health and index-linked and unit-linked)	**R0650**	**23,344**
TP calculated as a whole	R0660	
Best estimate	R0670	22,989
Risk margin	R0680	355
TP - index-linked and unit-linked	**R0690**	**234,084**
TP calculated as a whole	R0700	
Best estimate	R0710	227,867
Risk margin	R0720	6,217
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	8,240
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	116,600
Deferred tax liabilities	R0780	4,290
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	1,452
Reinsurance payables	R0830	484
Payables (trade, not insurance)	R0840	117
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	0
Total liabilities	**R0900**	**388,610**

Excess of assets over liabilities	**R1000**	**27,948**

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)					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0010	C0020	C0030	C0040	C0050	C0060
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: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0070	C0080	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					0
Gross - Proportional reinsurance accepted	R0120					0
Gross - Non-proportional reinsurance accepted	R0130					0
Reinsurers' share	R0140					0
Net	**R0200**					0
Premiums earned						
Gross - Direct Business	R0210					0
Gross - Proportional reinsurance accepted	R0220					0
Gross - Non-proportional reinsurance accepted	R0230					0
Reinsurers' share	R0240					0
Net	**R0300**					0
Claims incurred						
Gross - Direct Business	R0310					0
Gross - Proportional reinsurance accepted	R0320					0
Gross - Non-proportional reinsurance accepted	R0330					0
Reinsurers' share	R0340					0
Net	**R0400**					0
Changes in other technical provisions						
Gross - Direct Business	R0410					0
Gross - Proportional reinsurance accepted	R0420					0
Gross - Non-proportional reinsurance accepted	R0430					0
Reinsurers' share	R0440					0
Net	**R0500**					0
Expenses incurred	**R0550**					0
Other expenses	R1200					
Total expenses	**R1300**					

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

		Line of Business for: life insurance obligations			
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance
		C0210	C0220	C0230	C0240
Premiums written					
Gross	R1410		1,646	21,128	
Reinsurers' share	R1420		425	13,927	
Net	**R1500**		**1,221**	**7,201**	
Premiums earned					
Gross	R1510		1,644	21,133	
Reinsurers' share	R1520		425	13,927	
Net	**R1600**		**1,219**	**7,206**	
Claims incurred					
Gross	R1610		2,288	37,229	
Reinsurers' share	R1620		177	17,700	
Net	**R1700**		**2,110**	**19,529**	
Changes in other technical provisions					
Gross	R1710		1,362	12,700	
Reinsurers' share	R1720		-485	14,089	
Net	**R1800**		**1,847**	**-1,388**	
Expenses incurred	**R1900**		**316**	**6,697**	
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		Total
		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0250	C0260	C0270	C0280	C0300
Premiums written						
Gross	R1410					22,774
Reinsurers' share	R1420					14,351
Net	**R1500**					8,423
Premiums earned						
Gross	R1510					22,777
Reinsurers' share	R1520					14,351
Net	**R1600**					8,425
Claims incurred						
Gross	R1610					39,516
Reinsurers' share	R1620					17,877
Net	**R1700**					21,639
Changes in other technical provisions						
Gross	R1710					14,062
Reinsurers' share	R1720					13,604
Net	**R1800**					459
Expenses incurred	**R1900**					7,013
Other expenses	**R2500**					
Total expenses	**R2600**					7,013

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							
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premium written								
Gross - Direct Business	R0110							0
Gross - Proportional reinsurance accepted	R0120							0
Gross - Non-proportional reinsurance accepted	R0130							0
Reinsurers' share	R0140							0
Net	**R0200**							**0**
Premium earned								
Gross - Direct Business	R0210							0
Gross - Proportional reinsurance accepted	R0220							0
Gross - Non-proportional reinsurance accepted	R0230							0
Reinsurers' share	R0240							0
Net	**R0300**							**0**
Claims incurred								
Gross - Direct Business	R0310							0
Gross - Proportional reinsurance accepted	R0320							0
Gross - Non-proportional reinsurance accepted	R0330							0
Reinsurers' share	R0340							0
Net	**R0400**							**0**
Changes in other technical provisions								
Gross - Direct Business	R0410							0
Gross - Proportional reinsurance accepted	R0420							0
Gross - Non-proportional reinsurance accepted	R0430							0
Reinsurers' share	R0440							0
Net	**R0500**							**0**
Expenses incurred	**R0550**							0
Other expenses	**R1200**							
Total expenses	**R1300**							

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
	R01400		IT	ES	DE	FR	BE	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premium written								
Gross	R1410		15,899	3,723	2,648	505		22,774
Reinsurers' share	R1420		10,794	1,861	1,258	438		14,351
Net	**R1500**		**5,104**	**1,861**	**1,390**	**67**		**8,423**
Premium earned								
Gross	R1510		15,901	3,723	2,648	505		22,777
Reinsurers' share	R1520		10,794	1,861	1,258	438		14,351
Net	**R1600**		**5,107**	**1,861**	**1,390**	**67**		**8,425**
Claims incurred								
Gross	R1610		33,152	3,463	2,034	811	56	39,516
Reinsurers' share	R1620		15,094	1,305	863	592	24	17,877
Net	**R1700**		**18,057**	**2,158**	**1,172**	**219**	**32**	**21,639**
Changes in other technical provisions								
Gross	R1710		17,422	-1,218	-2,251	109		14,062
Reinsurers' share	R1720		6,219	-663	8,007	42		13,604
Net	**R1800**		**11,203**	**-555**	**-10,258**	**68**		**459**
Expenses incurred	**R1900**		4,328	1,081	1,146	458		7,013
Other expenses	**R2500**							
Total expenses	**R2600**							**7,013**

S.12.01.02 – Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance		
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees
		C0020	C0030	C0040	C0050	C0060	C0070	C0080
Technical provisions calculated as a whole	**R0010**							
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020							
Technical provisions calculated as a sum of BE and RM								
Best Estimate								
Gross Best Estimate	**R0030**	22,989		227,867				
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	4,402		102,240				
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	**18,587**		**125,627**				
Risk Margin	**R0100**	355	6,217					
Amount of the transitional on Technical Provisions								
Technical Provisions calculated as a whole	R0110							
Best estimate	R0120							
Risk margin	R0130							
Technical provisions - total	**R0200**	**23,344**	**234,084**					

S.12.01.02 – Life and Health SLT Technical Provisions

		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**	Health insurance (direct business)		
						Contracts without options and guarantees	Contracts with options or guarantees
		C0090	**C0100**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**			**0**			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020			**0**			
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	**R0030**			**250,856**			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080			**106,642**			
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090			**144,214**			
Risk Margin	**R0100**			**6,572**			
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0110			**0**			
Best estimate	R0120			**0**			
Risk margin	R0130			**0**			
Technical provisions - total	**R0200**			**257,428**			

S.12.01.02 – Life and Health SLT Technical Provisions

		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
		C0190	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**			**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020			**0**
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**			**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080			**0**
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090			**0**
Risk Margin	**R0100**			**0**
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	R0110			**0**
Best estimate	R0120			**0**
Risk margin	R0130			**0**
Technical provisions - total	**R0200**			**0**

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 (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	**10,300**	10,300			
Share premium account related to ordinary share capital	R0030	**2,700**	2,700			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	**13,448**	13,448			
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**	**26,448**	**26,448**			

S.23.01.01 – Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	**R0400**					

S.23.01.01 – Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	**26,448**	**26,448**			
Total available own funds to meet the MCR	**R0510**	**26,448**	**26,448**			
Total eligible own funds to meet the SCR	**R0540**	**26,448**	**26,448**			
Total eligible own funds to meet the MCR	**R0550**	**26,448**	**26,448**			
SCR	**R0580**	**17,510**				
MCR	**R0600**	**4,378**				
Ratio of Eligible own funds to SCR	**R0620**	**151.04%**				
Ratio of Eligible own funds to MCR	**R0640**	**604.16%**				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	**27,948**	
Own shares (held directly and indirectly)	R0710		
Foreseeable dividends, distributions and charges	R0720	1,500	
Other basic own fund items	R0730	**13,000**	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740		
Reconciliation reserve	**R0760**	**13,448**	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life Business	R0770	7,170	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780		
Total Expected profits included in future premiums (EPIFP)	**R0790**	**7,170**	

S.25.01.21 – Solvency Capital Requirement — for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	11,653		
Counterparty default risk	R0020	1,489		
Life underwriting risk	R0030	13,434		
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	-6,194		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	**R0100**	**20,382**		

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	1,787
Loss-absorbing capacity of technical provisions	R0140	-518
Loss-absorbing capacity of deferred taxes	R0150	-4,141
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	17,510
Capital add-on already set	**R0210**	**0**
Solvency capital requirement	R0220	17,510
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	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

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

Linear formula component for life insurance and reinsurance obligations

MCR calculation Life		Life activities	
		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	17,502	
Obligations with profit participation - future discretionary benefits	R0220	1,085	
Index-linked and unit-linked insurance obligations	R0230	125,627	
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		73,928

		Non-life activities	Life activities
		C0010	C0040
MCRNL Result	R0010		
MCRL Result	R0200		1,522

Overall MCR calculation

		C0070
Linear MCR	R0300	1,522
SCR	R0310	17,510
MCR cap	R0320	7,880
MCR floor	R0330	4,378
Combined MCR	R0340	4,378
Absolute floor of the MCR	R0350	3,700

		C0070
Minimum Capital Requirement	**R0400**	**4,378**