MIC INSURANCE

MIllennium Insurance Company Ltd.

SOLVENCY & FINANCIAL CONDITION REPORT

SFCR

For year ending 31TH December 2018

CONTENTS

CONTENTS

Executive Summary

Millennium Insurance Company Limited (also 'MIC' or 'the Company'), is an insurance company licensed in Gibraltar.

The purpose of this report is to satisfy the public disclosure requirements under the Financial Services (Insurance Companies) (Solvency II Directive) Act ("the Solvency II Act in Gibraltar") including the Delegated Regulations of the European Parliament. The elements of the disclosure relate to business performance, governance, risk profile, solvency and capital management.

The Company has performed well during the year 2018 and has recorded profits for the year per the management accounts of **9.006.155 €** and Assets of **180.621.786 €**. The profits have been driven from strong underwriting performance and investment returns.

The Company has continuously complied with all aspects of the Solvency II regulations from the date of first implementation on 1 January 2016. As part of this, the company has taken advantage of the transitional provisions available under Solvency II Act in Gibraltar and continues to work closely with the Gibraltar Financial Services Commission during the transitional period.

The Company's business plans forecast shows that own funds will exceed in the next years solvency capital requirement.

Antonio Morera Vallejo
Chairman

A

Business & Performance

A1. Business

Millennium Insurance Company Ltd is authorized to carry out non-life insurance in the classes below in all the European Union market:

- Accident & health
- Property
- Liability
- Credit & Suretyship
- Legal expenses
- Miscellaneous

At the day, the Company is writing business in Spain, Portugal, Italy, France, UK, Lithuania, Hungary, Luxembourg, Poland, Germany, Romania, Austria, Belgium and Ireland.

Business is written through selected brokers and underwriting agencies (from now “producers” or “intermediaries”) in a number of European countries. The principals behind the Company have been operating in this market for a number of years initially as brokers and Lloyds cover holders and have considerable experience of this area.

The Company’s core strategy is to build a profitable multi-line insurance company which provides capacity to both group and independent intermediaries and builds long-term shareholder value.

The company pursues the objective of doing business in those countries of the European Union where there are market niches where MIC can contribute with its experience and knowledge.

This same strategy is the one which has been used in the past to allow the Company to achieve its current strong position. The Company expects to achieve carefully controlled growth and underwrite quality business, while always thinking of the needs of its customers.

The Board is committed to managing the business in a risk-focused manner at all times and this philosophy is an integral part of the business culture and the decision-making processes. The ultimate goal of this is to ensure the achievement of the Company’s strategic objectives.

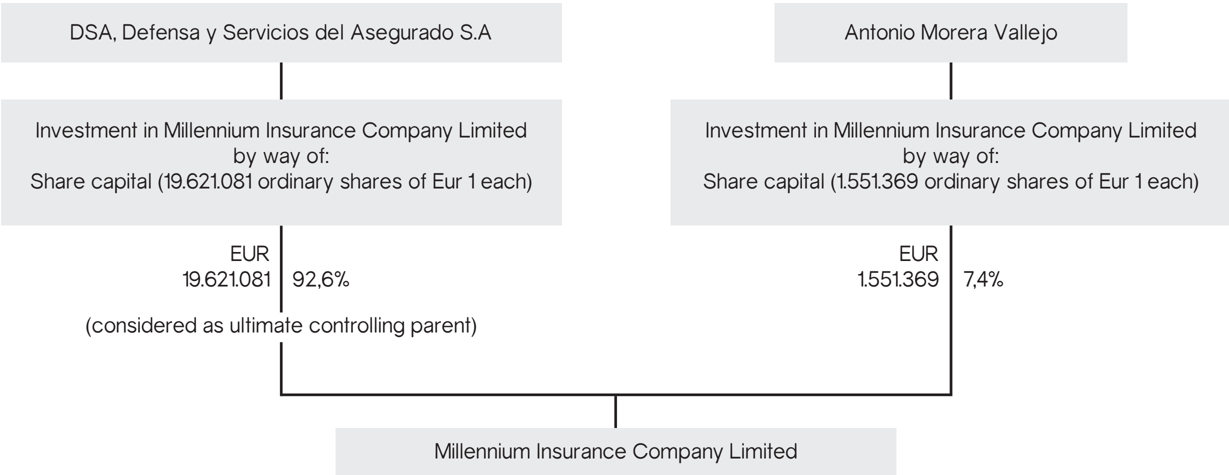
Millennium Insurance Company Ltd is regulated by:
Gibraltar Financial Services Commission
PO Box 940
Suite 3, Atlantic Suites
Gibraltar Tel: +350 200 40283
www.fsc.gi

MIC accounts external auditor are:
BDO Limited
5.20 World Trade Center
6 Bayside Road
P.O. Box 1200
Gibraltar
www.bdo.gi/

Shareholders:

DSA, Defensa y Servicios del Asegurado S.A	92,6%
Antonio Morera Vallejo	7,4%
	100%

Group Structure:



A2. Underwriting Performance

Millennium operates in the non-life insurance market in different countries like Spain, Portugal, Italy, France, UK, Lithuania, Hungary, Luxemburg, Poland, Germany, Romania, Belgium and Ireland.

At the year-end 2016, the company had 139 million in assets and gross premiums of 74 million; this represents an increase of 21% and 3% in respect to the previous year.

In 2017, MIC has achieved a consolidation in its figures, with a financial strategy more focused on Solvency II and asset growth that can make the company grow consistently. In this respect, those businesses have been maintained in the classes and countries that have been profitable for the Company and have finished with those portfolios that had a high loss rate in recent years, especially in the United Kingdom. This translated into a lower premium written in 2017 compared to the previous year, however, it will be beneficial for the company in the medium and long term. At the close of the year, MIC's assets have grown to 164 million, which translates into an increase of 19% compared to 2016.

In 2018, Millennium has continued to do business in the same countries as in previous years, consolidating this portfolio with the loyalty of policyholders, agencies and brokers. This year has reflected the strategic action adopted in previous years by the Board of directors in which the portfolios with high claims were cancelled.

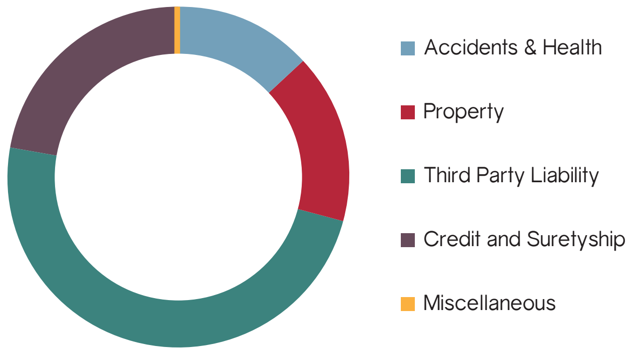
MIC is position as a leader in the Spanish market in the suretyship sector with a market share of **18%**. With these figures, MIC grows 6% over the previous year and reaffirms itself as the leader in Spain in suretyship sector for the sixth year in a row (first position in the ICEA ranking - Investigación Cooperativa entre Entidades Aseguradoras).

For 2019 and beyond, MIC expects to open new markets in the EU with new opportunities that the different markets and together with new agencies and brokers with a knowledge and experience which will enable Millennium to grow not only in premiums and profits, but also in quality and adaptation to the needs of our insurers.

The premium written by class and by territory for the year ended 2018 is as follows:

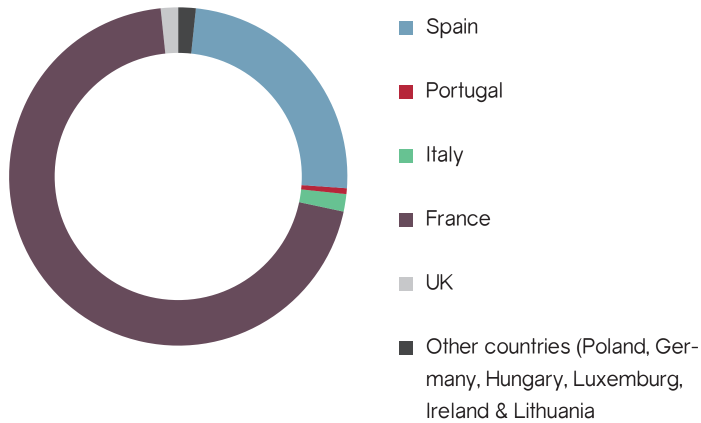
Classes:

Third Party Liability	34.857.918 €
Credit and Suretyship	15.762.714 €
Property	11.480.707 €
Accidents & Health	9.520.209 €
Miscellaneous Financial Loss	335.693 €
Legal expenses	49.415 €
Total	**72.006.657 €**



Territory:

Spain	17.710.998 €
Portugal	447.906€
Italy	1.058.546 €
France	50.415.736 €
UK	1.160.104 €
Hungary	349.945 €
Other countries	863.423 €
Total	**72.006.657 €**



The Claims incurred for the year ended 2018 is as follows:

	2018	2017
Gross Premiums written (Net of reinsurance)	60.116.035 €	45.339.283 €
Gross Claims incurred (Net of reinsurance)	30.717.354 €	29.432.077 €
% Claims / Premiums	51%	64%

The loss ratio is increased due to the reported losses of the businesses that the Company has closed because they were not profitable. This combined with the improvement of the underwriting criteria and together with other measures implemented by the Company, result in a more profitable and refined business. MIC would continue working to improve together with its agencies to underwrite in the different markets with the lowest loss ratio and always based on experience and knowledge of the different markets in which it operates.

A3. Investment Perfomance

MIC's investment policy is limited to relatively standard and easily-understood investments. Derivatives are not utilized and the company does not undertake any non-routine investment activity or invest in unusual or complex.

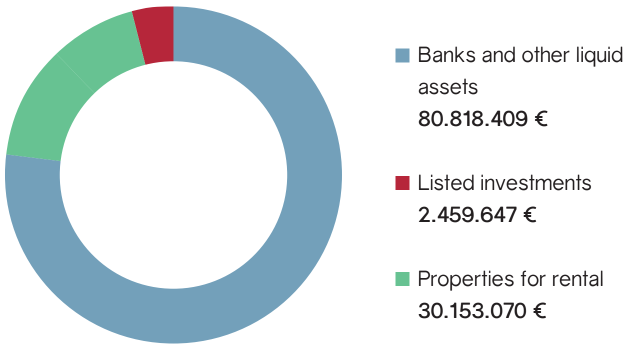
The Investment assets held by the Company are as follows:

MIC haves investments assets in a diversified portfolio were most of cash is held in banks with a rating higher than "A". In 2018 it has increased by 23% compared to 2017.

Due to Solvency II, the company handles very low risky investments trying always to have a balance between profitability and liquidity risk comfort. MIC´s equities portfolio is composed of shares in the Spanish regulated market and most of them are blue chips. In 2018, the investment in shares was € 2.4 million compared to € 2.7 million in 2017. This represents 10% less investment risk exposure.

In recent years, and due to the improvement of the economy in Spain and therefore in the real estate sector, MIC has been investing in rental properties to obtain interesting rents in addition to the surplus value of the revaluation of assets. That is why in 2018 the investment in this type of assets has increased in the face of the present and future.

In 2018, the Company has not given any loans to third-party companies. The loans granted in previous years have been cancelled and liquidated due to the high capital load required by Solvency II. These insured loans had a high profitability, but the Company has decided at the moment not to have such investments in its portfolio.



Gains and losses of Investments:

Listed investments	
Investment	2.459.647 €
Gains/Loss (made)	89.728 €
Equities Bank Expenses	45.455 €
Profitability %	2%

Banks and other liquid assets	
Total	80.818.409 €
Banks with Rating "A"	80.155.380 €
% in Banks with rating "A"	99,2%

Properties for rental	
Investment	30.153.070 €
Income received	616.725 €
Profitability %	2,05%

A4. Performance of Other Activities

There have been no other significant activities undertaken by the Company other than its insurance and related activities.

A5. Performance of Other Activities

There are no other material matters in respect to the business or performance of the Company.

B

System of Governance

B1. General Information on System of Governance

The Company retains the majority of its key functions in-house either via the Board Sub-Committees or through directly-employed individuals.

MIC sources its business through a network of carefully selected intermediaries and relies on these intermediaries to provide appropriate policy administration and claims handling services, overseen by the Board, Sub-Committees and other members of the Board team.

MIC is committed to ensuring that its business is managed in a risk-focused manner at all times. All directors are closely involved in the day-to-day management thus ensuring that the risk management philosophy is an integral part of MIC's business culture and the decision-making processes and drives the manner in which the company seeks to achieve its objectives. The Company has different Committees, like the Underwriting and the Claims committees that meet on a regular basis. Key decisions are made by the Board and regular meetings are held in Gibraltar.

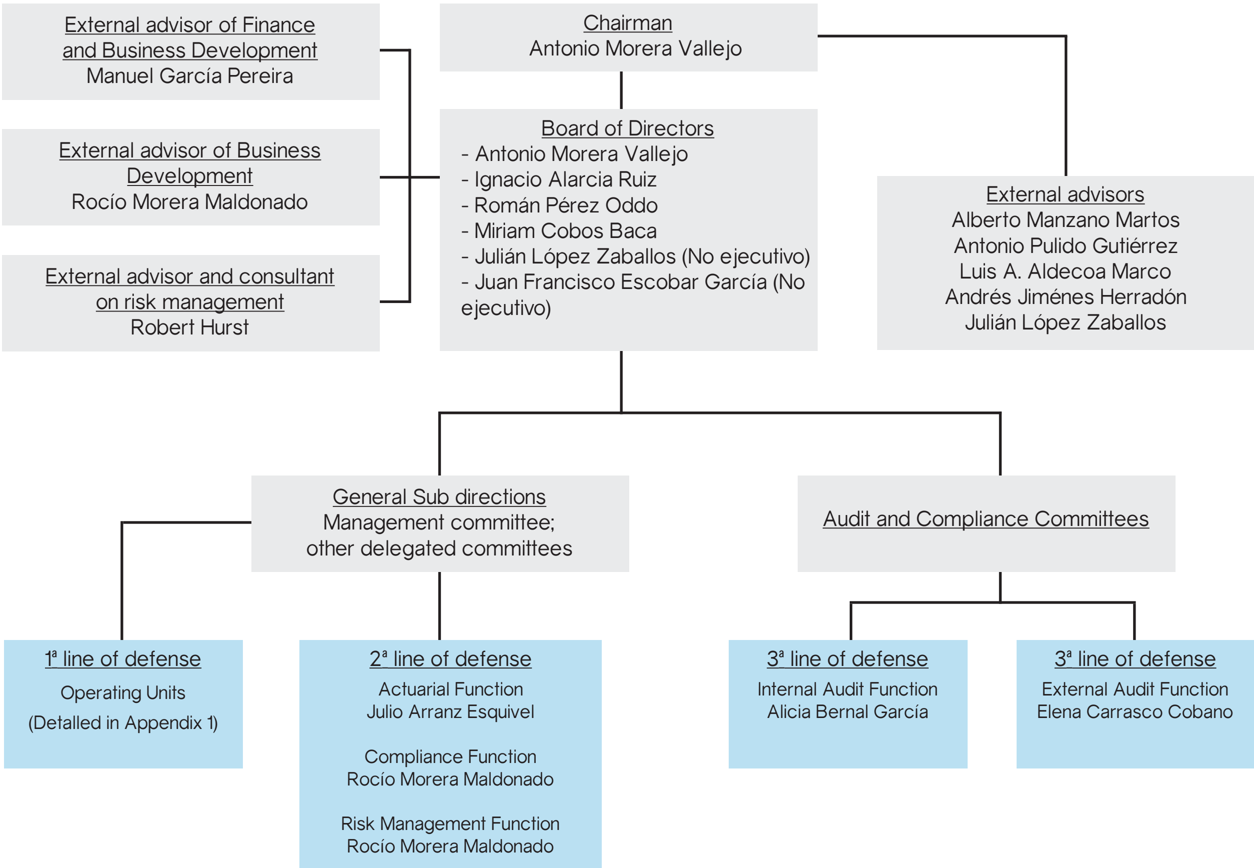
As part of its overall risk management framework, the Company has decided to make use of the Standard Model in the calculation of its regulatory solvency requirement and to use this as the basis, with appropriate consideration of other risk factors and mitigations, together with appropriate stress tests, in the completion of its ORSA (Internal Risk Assessment). This is considered to be appropriate for the company, as it does not underwrite unusual risks or exposures which could require the use of an internal model.

This document has been approved and adopted by the Board of Directors and is applicable to all functions of the company.

As in previous years, no dividends have been distributed to shareholders and profit has been destined entirely for the increase of own funds of the company.

MIC Board of directors:	
Antonio Morera Vallejo	(Chairman and Shareholder)
Ignacio Alarcia Ruiz	(Claims Head)
Román Pérez Oddo	(Administration, Accounting & Solvency II Head)
Miriam Cobos Baca	(Actuarial, Accounting & Administration Head)
Juan Francisco Escobar García	(Non-executive, Legal head)
Julián López Zaballos	(Non-executive, resp. market strategy in insurance and reinsurance head
External Advisors	
Manuel García Pereira	(Financial & Business development
Rocío Morera Maldonado	(Compliance Function & Business development)
Robert Hurst	(Adviser in Risk management and Actuarial support)

Roles and Responsibilities:



MIC has a Regulation of the Board of Directors approved by the Board that, together with the Corporate Bylaws, the Governance Framework and the Code of Ethics and Conduct, determine the structure, composition and functions that the Company's governing body should have. The aptitude and honourability of the members of the government as well as their assessment are defined in them.

Due to its size, the Board of MIC retains responsibility for the Company's remuneration policy.

MIC ensures that it uses service providers who have the required skill and experience. An ongoing dialogue with service providers is maintained and audits are carried out. The different agreements are taken into account as part of the outsourcing policy.

Remuneration of service providers does not depend on performance, volume or other measures. Performance is monitored through the audit process and regular, ongoing dialogue. Accordingly, the manner in which service providers are paid does not expose MIC to any additional risk, impact on the Company's risk profile or threaten its capital base.

At least two of the five MIC directors are permanently at headquarters. This team is increased weekly with visits and support from other managers and workers, up to about ten people. All of them are remunerated according to agreement by the Board and according to their skills, knowledge, experience, qualification and function within the Company. The bonds that are granted are based on the overall performance of the Company in the period in question.

Given the philosophy of the Company and its work in the free provision of services, it has about 100 people who are in charge of a directive work in favour of these, and controlled by the permanent audits that the Company oversees.

MIC has one of the most avant-garde computer platforms within the European insurance sector that allows, in real time, to develop insurance work from anywhere in the world, as well as being able to be connected with any intermediary.

Accordingly, the remuneration of employees does not expose MIC to any additional risk or impact on the Company's risk profile or threaten its capital base.

In order to achieve its strategic objectives, MIC must ensure that it is able to attract and retain individuals and service providers of the quality required to run the company successfully. Therefore, you must ensure that the rewards offered are appropriate for the skills, qualifications, knowledge and experience required.

As it is mentioned in the remuneration policy of the company, in case of remuneration, it will be approved by the Board. The Director shall abstain from discussion and decisions regarding his/her own remuneration to avoid conflicts of interest.

B2. Fit and Proper Requirements

MIC must ensure that the individuals running the business or fulfilling key functions have the appropriate knowledge and skills to do so. The Company must therefore ensure that such individuals are both fit and proper and they have the attitude required.

This assessment takes place prior to appointment to a role and is reviewed annually by the Board. Additionally, the Board will review fitness and propriety on an ad hoc basis when becoming aware of a potential issue.

The minimum requirements that the members of the Corporate Government must fulfil to carry out the position are:

- Executive or internal directors: Minimum experience of over 10 years in the insurance sector, medium-high level of English, each of them with professional training, at least one of the areas related to the Company and which are detailed in the array of skills;
- External directors: technical knowledge in more than one of the areas of the Company, professional experience in the field of insurance for more than 15 years and having held a position as director or previously responsible;
- Underwriting and claims committee: experience of more than 5 years in the underwriting and claims department of the Company. Vocational training for more than two years related to the Company and a medium - high level of English;
- Actuarial function: experience of over 5 years in the insurance sector, have the official title and middle-high level of English;
- Audit function: vocational training related to the audit on enterprises, middle - High level of English and previous experience of minimum two years;
- Risk management function: minimal experience in the insurance industry of 10 years, medium-high level of English and experience in the Company of more than 5 years;
- Compliance function: legal training, 5 years of experience in insurance sector and high level of English;

Members of the Board and sub-committees and those carrying out other significant functions have extensive knowledge and experience across a variety of areas, which allows the company to be professionally managed and supervised. This ensures that there is an appropriate spread of skills for managing the business.

Individuals are required to ensure their skills and knowledge is kept up-to-date. On an annual basis, each individual involved in the company will be required to complete a self-certification form to evidence ongoing professional development. The Compliance function is responsible for monitoring this process and reporting thereon to the Board at least annually.

B3. Risk Management System including ORSA

Policies

MIC aims to ensure that the business is managed in a risk-focused manner at all times. The main objective of this policy it is to express the levels and types of risk that the Company is willing to assume (risk appetite) in order to carry out its strategic plan without significant deviations even in situations of stress. It is about assuming a prudent level of risks that allows the Company to generate returns while maintaining acceptable levels of capital and generating profits on a recurring basis. The ultimate goal is to ensure policyholder protection, both now and in the future and for the Company to achieve its overall strategic objectives.

MIC Risk Management Policy is aimed to achieving a moderate risk profile through prudent management; diversified by geographical areas, MGA / broker and business classes; with high international presence and seeking sustainable growth over time, to achieve an external credit rating.

The Company will have adequate risk culture aimed to achieve the implementation of policies and achieve the defined objectives in all cases complying with the regulations applicable in each jurisdiction in which their businesses are developed and the internal regulations the Company.

A number of key metrics related primarily to the solvency, liquidity and recurrence of results, depending on the circumstances that occur in each case, determine the MIC risk management and allow achieve the desired objective established.

- **Solvency:** In terms of solvency, the management of the Company is designed to always keep a capital adequacy for the proper conduct of business even in situations of economic and severe financial shock.
- **Profitability and Recurrence:** MIC aims to generate recurring income even under deteriorating econo mic situation to ensure a reasonable return for shareholders.
- **Liquidity and funding:** As liquidity and funding MIC as a whole is to maintain a solid position supported in a stable base and diversified funding, even in times of stress.

MIC underwrites a diversified portfolio of business across a number of licence classes and in a number of European jurisdictions. The Company operates through carefully selected intermediaries and ensures that there is sufficient expertise both within MIC and the intermediaries in the relevant business segments. The Company only moves into new areas once it is comfortable as to the historic track record and has satisfied itself that the necessary knowledge and expertise exist.

The primary segment of business is in:

- Business lines
- Countries

Within these segments, it is carried out more detailed on the basis of individual risk factors analysis.

Responsibility

A. STRUCTURE

MIC's approach to risk management is communicated to all directors, executives, managers and employees, as well as any others that assist in the management of the Company. All of these people have a duty to observe and comply with the Company's risk management philosophy.

It is the responsibility of all Directors, Managers and employees of the Company to consider any issues that may give rise to a risk event that may in turn impact on the Risk Strategy of the business. This is accomplished by full and detailed discussion of a wide range of issues at Board of Directors meetings and Committee meetings.

MIC has formally documented the Company's risk profile, including appetite and tolerance, and has established a risk register to evaluate the key risks. The Company's risk profile is considered at each meeting of the Board, along with an evaluation of the decisions made and the actions that may be necessary as a result.

B. CATEGORISES OF RISK

MIC categorizes its risks as follows:

- Strategic risk
- Insurance risk
- Market risk
- Liquidity risk
- Credit risk
- Concentration risk
- Operational risk
- Reputational risk
- Reserve Risk

Based on this risk classification using a risk register it is made. This "Risk register" aims at measuring the risks to which the Company is exposed, so you can display different measurement parameters and the results and consequences thereof.

In the process of development of this "Risk Register" we will consider the following aspects:

Risk management

a. Identification and mitigation risk

The main parameters identified are the risk indicators and the controls established which are selected and agreed for each risk category. This allows periodically inform the Board and assist in overseeing the risks of the Company.

The different risks that exist in each type of risk category through indicators are identified. Consequently, mitigation measures in this regard are set. This means that before a risk indicator, the risk is identified and in turn measures for preventing the occurrence of possible consequences for the Company.

b. Frequency

The risks are identified and recorded in a Risk register, which is formally discussed at least once every three months, which is subsequently presented to the Board through a Risk Report

In addition, at each meeting of the Board of directors is given consideration as to whether the risk profile or risk exposure of the Company has changed due to the decisions taken.

Risk reports are produced for consideration by the Board:

- On a quarterly basis for all risk reports;
- On a monthly basis for reports of selective risk if they were requested by the Board of Directors;
- When significant changes are planned in the business model;
- On the occurrence of an event of significant risk.

Notwithstanding the foregoing, each identified risk has a specific frequency established.

c. Stress tests

The stress tests are to implement the above points to check the effectiveness of the risk register as well as mitigation measures filed. This is a regular exercise which aims to assess vulnerabilities to which the Company may be exposed. This test is designed to measure resistance to market developments to serious adverse events. It will also examine the potential increased risks in stressful situations.

These risk reports will be based on stress tests taking into account the following criteria:

- Risks identified in the risk register, both short and long term, their likelihood and potential impact;

- New trends and market developments;
- Discussion and challenge about potential events and their potential impact;
- Possible changes in the broader economic conditions;
- At worst, but still acceptable scenarios;
- Accumulation and potential interaction risk;
- Combinations of tensions that could result in failure to meet the capital requirement (reverse stress tests).

d. Risk Mitigation

The Risk Register should detail the measures and actions taken to mitigate risks and reduce their impact on the Company and whether they require capital to be carried out.

e. Risk assessment

In order to evaluate the risk, we must differentiate:

- **Inherent risk.** It is the inherent risk of each activity, regardless the controls it made in the corresponding periods. This risk arises from exposure which is directed to the particular activity and the probability that a negative shock affecting the profitability and the capital of the Company.

- **Residual risk.** It is the risk that remains, after implementing controls. It should seek a balance between the level of resources and precise to devote to minimize or mitigate these risks and a certain level of trust that can be considered sufficient mechanisms. The residual risk can be seen as that which separates the Company of absolute security.

The residual risk is the risk that remains after management develop its risk responses. The residual risk reflects the risk once they have effectively implemented the actions planned by management to mitigate the inherent risk.

In both risks, the measures mitigations are the same but not the frequency because of the inherent levels will always be higher because of the permanence of its.

However the residual risk is present and therefore it will vary and will be aimed downward (provided that the risks are controlled correctly).

For each of the risks, it has been identified areas of responsibility in charge of evaluating them.

This assessment is carried out as to its likely impact and the probability of its occurrence according to the following matrices:

IMPACT (A)

The impact of risk is set through a numerical ratio, which is measured through a table detailing the result of that ratio:

Impact Rating	Impact	Financial Impact	Operational Impact	Reputational Impact
1	Negligible	Less than €25,000	No impact	No negative publicity
2	Low	Between €25,000 and €100,000	Disruption less than 1 day	Negligible negative publicity
3	Moderate	Between €100,000 and €500,000	Disruption less than 1 week	Negative publicity for a short period of time
4	Significant	Between €500,000 and €1,000,000	Disruption more than 1 week	Negative publicity for up to 1 week
5	Very significant	Between €1,000,000 and €2,500,000	Disruption up to 1 month and needing significant resources to rectify	Negative publicity for more than 1 week, but not permanent
6	Severe	Greater than €2,500,000	Disruption greater than 1 month and needing signficant resources to rectify	Negative publicity that creates permanent damage

PROBABILITY (B)

The probability of occurrence of the risk is also set by a numerical ratio, which is measured through a table detailing the description of that ratio:

Probability Rating	Description of Probability
1	Negligible - almost certain not to occur
2	Remote - very unlikely to occur
3	Low - will occur very occasionally
4	Possible - equally likely to occur or not
5	Probable - likely to occur
6	Highly likely - almost certain to occur

GENERAL RISK (A * B)

The risks show a meaning based on the effect of combining these ratings. The impact ratio is multiplied by the probability of occurrence ratio, giving rise to the following matrix:

	Probability					
Impact	1	2	3	4	5	6
1	1	2	3	4	5	6
2	2	4	6	8	10	12
3	3	6	9	12	15	18
4	4	8	12	16	20	24
5	5	10	15	20	25	30
6	6	12	18	24	30	36

- Low risk
- Medium risk
- High risk

Company management structure

MIC operates via a Board of Directors and various management committees, including:

	BOARD COMMITTEE	UNDERWRITING COMMITTEE	CLAIMS COMMITTEE	AUDIT AND COMPLIANCE COMMITTEE	RISK COMMITTEE	REINSURANCE COMMITTEE
FREQUENCY	Quarterly	Quarterly	Quarterly	Biannual	Biannual	Annual
FUNCTIONS	Overall management and strategic direction of the company; as well as the setting of investment objectives, their parameters and the review of the return on investments	Review of performance, setting of rates, Underwriting control in accordance with agreed underwriting rules and approved pricing, as well as compliance with business plans	Control and monitoring of claims on a day-to-day basis, review of large claims, procedure of management and setting of reserves, as well as making payments	Review of the internal and external audit reports of MGA / Broker prior to its referral to the Board of Directors and ensure compliance with the annual audit plan set at the beginning of the year. Ensure that the company meets the legal, regulatory and administrative provisions	Control over risks that have been defined as potentially serious and inform the Board about it	Review and control of reinsurance conditions

Independently to the formal committees, all the areas hold work meetings frequently and without formal character to carry out their daily activity and their operability. Some of them stand out:

External legal advisory services - Legal advisory services support with regards to claims and premium recoveries.

Data recording - Acquisition and processing of written policies, the provision of accounting information and other reports, which are reviewed internally by MIC on a monthly basis.

Provision of Management Information - Each area manager must verify that the information requested by the Board prior to its presentation complies with the procedures established for each area, the regulatory requirements and that the necessary controls have been carried out.

Accounting and Financial Reporting - The team checks that all information received from the agencies is correct and is responsible for managing and controlling receipts and payments, day-to-day accounting, production of monthly management accounts, production of solvency returns, and liaison with auditors.

Risk Management Information

Key Risks

The Risk Registry has helped identify the risks. It is noted that all directors are closely involved in the day-to-day operations of the Company and, therefore, risk management is fundamental to the operation of the business.

The highest risks currently faced by MIC arise from various sources. As at the last full review of the risk register the highest-rated risks are:

Risk Description	Risk Category	Inherent risk rating	Residual Risk Rating
Risk of insufficient solvency capital.	Strategic	30	6
Risk that the Company does not obtain a benefit.	Strategic	24	18
Legal Risk	Strategic	30	6
Breach of outsourced services	Strategic	20	6
Strategic Underwriting risk	Insurance	18	18
Poor underwriting risk and high loss ratios	Insurance	30	6
Insufficient premium risk	Insurance	20	6
Risk that the Company cannot face a period of 3 months of claims without receiving significant income	Liquidity	24	1
Risk of collaborating with MGA /	Credit	20	6
Inability to continue the operation	Operational	30	6
One of the employees / directors assumes a large number of functions	Operational	20	15

Poor reputation	Reputational	20	6
Bad reputation and inefficient customer service	Reputational	25	4
Lack of information	Reputational	20	6
Deterioration of previous year's reserves	Reservation	30	15
Average cost higher than expected by claims	Reservation	15	15

Risk Categories

Risk Category	Risk Strategy	Profile and risk limits
Strategic Risk	MIC aims to operate an appropriate framework for limiting the possibility of strategic risk which could arise from inappropriate business decisions or manner in which such decisions are implemented or a lack of consideration of the wider markets in which the Company operates.	The MIC Board of Directors establishes a high level business strategy that translates into a high level business plan of 3 years and a detailed budget of one year. The budget is reviewed during the regular meetings of the Board of Directors and recalculated if necessary.
Insurance Risk	MIC's business is diversified across a number of business lines – accident & health, property, liability, credit & suretyship, legal expenses and miscellaneous – and across a number of European jurisdictions. The Company operates through carefully selected intermediaries and ensures that there is sufficient expertise both within MIC and the intermediaries in the relevant business segments. Claims are handled by External experts, MIC receives the information and forward it to them, they have lawyers that analyse the information and tell us how to proceed. Claims performance is discussed and monitored at the regular Underwriting and Claims Committee meetings. The company ensures it maintains optimum reinsurance protection by acquiring both proportional and non-proportional cover from reinsurers with financial strength rating of A or better measured by a rating firm. Our reservations are reviewed by an independent actuary. MIC's policy regarding reserves is to carry out the best actuarial estimate. In this way, MIC carries out a review with independent actuaries to avoid deviations.	MIC has gone through the process of establishing risk appetites / formal limits. The Company's reserves are calculated using the best actuarial estimate with an additional addition when deemed necessary by the Board of Directors. The quota share reinsurance and excess loss is achieved at a level in line with the risk appetite of the Board of Directors.

Liquidity Risk	MIC aims to build and maintain liquid assets at a level sufficient for on-going requirements. The requirement for liquidity is balanced with the goal of achieving adequate investment returns while ensuring that additional funds are available should they be required. The majority of investments held are therefore highly liquid and held with banks.	MIC's appetite for risk requires having sufficient liquid funds at all times to meet its obligations when due. In this context, liquid funds do not only include money in banks, but also easily realizable investments.
Credit Risk	Premium risk arises from the brokers producing the business and this is closely monitored in-house. The management of credit risk is important in ensuring that the Company minimises the possibility of losses from non-payment of amounts due to it. This area is therefore important in building a profitable and sustainable business. Risk with regard to reinsurers is managed through the careful selection of reinsurance counterparties.	The MIC risk appetite requires that the Company does not suffer a significant financial loss as a result of the lack of collection of the amounts owed to it, regardless of the source.
Concentration Risk	MIC aims to minimise concentration risk where possible. The Company operates across a number of business lines, European jurisdictions, and intermediaries and have a range of reinsurance counter-parties. However, a higher level of concentration risk is accepted as a result of reliance on a small number of key individual and other companies within the wider group.	The risk appetite for MIC concentration requires a well-diversified portfolio of businesses and counterparts. Reinsurance must be placed with a group of counterpart entities.
Operational Risk	The Company aims to minimise operational risk wherever possible. However, while the controls and processes are in place, due to the small size of the MIC team they are concentrated in the hands of a small number of senior managers. This creates an additional risk, such as the ability to override controls.	MIC accepts that there is a significant element of operational risk due to the operations of the Company and its markets. However, the Company tries to minimize exposure to risk whenever possible and the Board of Directors has established operational limits and tolerances as triggers for review and administration. In particular, "four-eye" controls and supervision of key functions are required.
Reputational Risk	MIC's reputation is of key significance in the overall strategy. This covers consumers / policyholders, the markets in which the company operates distributors & intermediaries, and regulatory authorities. The Company aims to manage adverse perceptions via active and on-going dialogue with all relevant counterparties.	MIC does not accept the adverse perception of the market or the regulation of the Company and will always try to manage it positively. However, a certain level of risk is unavoidable due to the markets and jurisdictions in where the Company operates.
Market Risk	Brexit is the biggest unknown. At present it is not known what impact Brexit will have on the insurance market.	MIC is working on different options to create an independent company based in the EU to underwrite European policies in the future.
Reserve Risk	If the reserves are too low, the Company could be in financial difficulties.	MIC has an internal actuarial team. MIC also subcontracts the review of reserves at the end of the year to other external actuaries firms.

Risk Mitigations

MIC has in place a number of controls and other risk mitigations to assist in the management of risks. These are set out in detail in the risk register, together with identifying the risks which are mitigated by the controls.

Strategic risk

The key controls are:

- MIC strategic objectives;
- Resources available to achieve objectives;
- Detailed business strategies and budget.

Insurance Risk

Key controls in place are:

- Diverse classes of business;
- Different policy with reinsurances depending of the class of business;
- Detailed review of monthly MI to monitor underwriting and claims performance;
- Close oversight/management of the claims handler;
- Periodic audits of the claims handler;
- In-house oversight and control of large claims.

In addition, a further risk transfer mechanism is used in the form of Excess of Loss Reinsurance and Quota Share reinsurance arrangements. These are set at a level consistent with a company of MIC's risk profile.

Market Risk

The key controls in place are:

- Monthly review of investment performance;
- Use of multiple banking counterparties: Diversity of cash in important banks;
- Diversification in the portfolio: Diversify our shares in important companies of the financial market.

Liquidity Risk

The key controls in place are:

- No loans for our own financing;
- No external creditors;
- Monthly review of investment performance;
- Use of multiple banking counterparties;
- Diversification in the portfolio.

Credit Risk

The key controls in place are:

- Continuous control to our agencies;
- Monthly feedback;
- Periodic visits;
- Quarterly control and settlement (Reinsurers);
- Distribution through multiple intermediaries;
- Appropriate rating for reinsurance counterparties;
- Use of an experienced reinsurance brokers.

Concentration Risk

The key controls in place are:

- Range of individuals involved in key areas of the business: Final decisions are taken by the Board of directors;
- Multiple product lines and geographical markets: Different countries with a different agency in each of them;
- Various distribution channels utilized by intermediaries: Our business is divided between different intermediaries;

- Reinsurance placed with a panel of counterparties.

Operational Risk

The key controls in place are:

- Data integrity and other IT controls : IT team makes periodic security copies;
- All is double checked by different levels. Four eyes control: MI production and analysis, financial information, payments;
- Detailed analysis and review of monthly MI: Continuous control & feedback from the different agencies;
- Oversight, monitoring and audits of claims handler;
- Disaster Recovery and Business Continuity plans in case of emergencies.

Reputational Risk

The key controls on which reliance is placed are:

- Monitoring and reporting by the Compliance function;
- On-going individual dialogue with relevant counterparties: they always confirm that the service offered by MIC to its customers and its geographical location it good;
- Monitoring and control of service providers: MIC is very strict with the agencies in that matter.

Reserve risk

The key controls in which MIC deposited the trust are:

- Monthly monitoring of business development;
- Internal actuarial projections;
- Outsource the calculation of end-of-year reserves to actuarial experts in the market.

ORSA:

The objective of the ORSA policy is to ensure that the Board has a thorough understanding of the risks faced by MIC and that the Company maintains appropriate levels of capital to manage and mitigate these risks.

MIC's Own Risk and Solvency Assessment should be carried out in an effective, consistent and reliable manner and should provide the management of the Company with the information needed to make appropriate decisions.

The ORSA will be carried out by various members of the management team with appropriate skills and knowledge of the relevant areas. However, the Board of MIC maintains oversight and control at all times, steering how the assessment is performed and challenging the results to ensure they properly take account of the Company's material risks.

Timing and frequency

MIC has been trading for a number of years, with the principals having been involved in the portfolio of risks written for a considerable time.

As a result, the Board believes that it is sufficient for a formal Own Risk and Solvency Assessment to be carried out on an annual basis. This will take place during the final month of the company's financial year, thus ensuring that the timing is aligned with the business planning process.

In addition, the Board will formally assess on a quarterly basis at least, through accounts, whether any decisions taken, risk events, market factors or other similar items affect MIC's risk profile, risk appetite, free reserves or other relevant matters. In such a case, the impact on the Company's own assessment of its capital needs will be considered and, if required, a further ORSA together with an SCR calculation will be carried out.

ORSA processes and procedures

The ORSA will be conducted as follows:

- Production of annual business plan or revision/re-forecast of existing business plan;
- Forecast or re-forecast of business for the two subsequent years;

- Calculation from historical data for relevant patterns/assumptions;
- Calculation of the SCR based on the business plan and assumptions;
- Discussion by the Board of the business plan, assumptions and other details underlying the SCR calculation;
- Revision of the business plan, assumptions and/or SCR calculation where required following such discussion;
- Consideration of specific risks, MIC's specific risk profile, limits and tolerances as to their impact on the business plan, assumptions and/or SCR calculation;
- Stress and scenario testing of the business plan, assumptions and SCR calculations;
- Final discussion and sign-off by the Board.

B4. Internal control System:

MIC is committed to managing its business in a risk-focused manner. In order to achieve this, appropriate controls have been put in place to reduce risks where possible. Risk management and the adherence to the internal controls are an integral part of the business culture.

Responsibility for establishing an appropriate internal control environment rests with the Board as a whole and its Directors individually. Responsibility for adherence to internal controls rests with all individuals involved in the management of the business.

The internal control policy is targeted at ensuring that:

- Procedures exist for the identification and assessment of risks;
- Appropriate processes and procedures are in place to control identified risks;
- Individuals involved in the business are trained and aware of their role with regard to internal controls;
- Appropriate monitoring and review processes are in place.

Compliance Function:

This function supports the development of responsible practices in the Company, guaranteeing a more productive, sustainable and inclusive growth. To this end, it is responsible for the supervision and control of compliance by the Company with the legislative and regulatory requirements of the activity it performs, the internal rules of organization and operation, as well as the handling of internal and external complaints and claims. In general, the Compliance Function has the following responsibilities:

- Carrying out "Know Your Customers" (KYC) procedures on new counterparties where required;
- Review of the wording of the Company's policies;
- Advice to the Administration, Management or Supervision body regarding compliance with legal, regulatory and administrative provisions;
- Monitoring of complaints and claims;
- Monitoring of MID reports;
- Follow up of reporting to the GFSC;
- Guarantee the response in a timely manner to any official body;
- Maintenance of compliance monitoring program;
- Examine the efforts of the Company to achieve greater transparency in its performance and disclo sure of the practice of its business and documentation;
- Ensure transparency, avoid fraud and respect the rights of all workers and customers;
- Identification, study and implementation of any legislative or regulatory change that affects the Company's activity and the determination and evaluation of compliance risk;
- Conduct annual suitability and ownership controls on all members of the Board of Directors and those responsible for the main functions;
- Ensure compliance by employees of all levels of the Company with the Code of Ethics and Conduct to which they must have permanent access;
- Reception, Management and resolution of complaints or suspected violations of the Code of Ethics and Conduct made by workers through the Complaints Mailbox of the Company established for that purpose;
- Follow up of the external audit program that covers outsourced service providers and the audit re

port results to the Board;
- The review of the internal organization systems and procedures of the Company for compliance with applicable legal and regulatory requirements. In the same way, it can propose improvements consi dering the needs and objectives of the entity, its organizational structure and the philosophy of work;
- Periodically review the preventive analysis or the risk assessment plan for the Company's compliance.

B5. Internal Audit Function:

Internal Audit is an objective and independent activity, whose role is to help management achieve the Company's objectives by constantly improving the effectiveness of the Company's operations.

It is responsible for evaluating management's approach to risk management and governance, with particular emphasis on systems of internal control. It investigates the manner in which the Company's processes and control operate in order to assess their effectiveness in ensuring compliance with strategy and policies.

Internal Audit aims to assist management by identifying areas of significant risk and proposing improvements where required.

The internal audit plan will cover:

- Consider the risks faced by the Company and plan its work to cover all significant areas of business, with sufficient emphasis on areas of higher risk or importance;
- Provide the Board of Directors with a detailed audit plan, setting out timing, information and access to individuals required;
- Review findings of previous audits and remedial actions taken;
- Review compliance with any decisions taken as a result of previous recommendations;
- Fully document the audit procedures undertaken;
- Produce reports of its findings for the Board at least annually;
- Issue recommendations for improvements;
- Maintain a record of audit performed and reports issued.

B6. Actuarial Function:

The role of the Actuarial function is to provide the Board with an independent perspective on key insurance aspects of the Company's operations. This will ensure that the Board is fully informed of matters that may impact the business.

MIC employs an in-house actuarial department with 2 actuaries that carries out large elements of the actuarial function tasks. In addition, in order to cover specific requirements which require an independent view, MIC utilize the services of external actuaries.

The internal Actuarial function will be responsible for the following areas:

- Calculation of technical provisions;
- Explanation of any material changes in data, methodologies or assumptions;
- Assessment of the sufficiency and quality of the data and consistency with data quality standards;
- Recommendations to improve data quality where required;
- Back-testing of best estimates against actual experience, reporting of material deviations and proposals to improve calculation;
- Opinion on overall underwriting policy:
    - Consistency of product pricing with underwriting policy for risk acceptance
    - Opinion on risk factors affecting profitability during the coming year, including external factors such as inflation and legal or market changes
    - Variability in estimate of expected profitability
    - Consistency of this variability with risk appetite

MIC external actuaries will be responsible for the following functions:

- Scrutiny and validation of calculation of technical provisions
- Assessment of the appropriateness of methodologies and assumptions used and consistency with Articles 76 to 85 of the Directive 2009/138/EC dated 25 November 2009
- High-level review of other tasks carried out by in-house Actuarial function

The proposed structure and allocation of tasks is considered to be proportionate to the nature, scale and complexity of the business.

B7. Outsourcing:

Outsourcing Policy

MIC has an independent Outsourcing policy. This sets out the processes and procedures that will be followed when deciding to outsource a particular activity. This includes details on risk management and the contractual arrangements. The individual's allocated oversight of the relevant outsourced functions has the appropriate level of knowledge, skills and experience to oversee the provision of the services.

The purpose of outsourcing is to transfer activities and / or services, as well as their management, to a specialized external entity in order to carry out certain processes or works, allowing focusing the resources available in the main business.

To guarantee the protection of intellectual property and avoid the loss of control of Outsourced activity, the Company sets the parameters to foster a collaborative and trusting culture among internal and external teams, and ensure that the objectives are clear.

In addition, it is Company policy that all important outsourced functions must be subject to suitability and adequacy requirements; this will be demonstrated by following previously established procedures through an individualized evaluation according to the established outsourcing procedure.

Outsourced services during the year:

Service Provider	Service Provided	Jurisdiction Located
DSA, Defensa y Servicios al Asegurado S.A	Administrative Services	Spain
Decennium Investments S.L	General legal advice	Spain
GFG Avocats (Talamon Advocats)	General legal advice	France
Control Habitat S.L	Loss adjuster	Spain
Cunnigham Lindsey	Claims management	France
Fiscal Reps Limited	tax representatives and tax reporting	Gibraltar
Artex Limited	Solvency II Consulting	Gibraltar
Knowles Loss Adjusters Limited	Comprehensive loss management	UK
BDO Gibraltar Limited	External auditors of the financial statements	Gibraltar
Line Management Limited	Legal and secretary services	Gibraltar

Price Waterhouse Coopers	Reserve review	Spain
Emmanuel Perrau	General legal advice	France
Charles de CORBIERE	General legal advice	France
Didier SARDIN	General legal advice	France
Studio Legale Scofone	General legal advice	Italy
Eleutheria Avvocati Associati	General legal advice	Italy
Isabel Cristina da Cunha Gomes	General legal advice	Portugal
Goralski & Goss Spólka Partnerska Adwokatów	General legal advice	Poland
Garrigues	General legal advice	Spain and UK
IDEAS	Consulting services	Spain
ACTi	Consulting services	Spain
Gómez Acebo & Pombo (GAP)	General legal advice	Spain and Portugal

B8. Adequacy of the system of Governance

MIC aims to continuously improve its compliance and governance systems by ensuring that they are reviewed, evaluated, and recommendations are made to the Board regarding enhancing and developing systems. It also considers relevant industry advice and guidelines, for example, from being part of the Gibraltar Insurance Association (GIA), implementing these as appropriate for the size and complexity of the Company.

Internal audits and external audits provide independent evaluation of MIC´s systems of governance. Recommendations from these audits are considered by the Board and implemented proportionate to the business' risks.

C

Risk Profile

C1. Strategic risk

Strategic risk is defined as the current and future impact on earnings and capital that could arise from adverse business decisions, improper implementation of decisions or lack of responsiveness to market changes. These risks may be uncertainties or opportunities, and are usually the key issues that concern the Board of Directors

Strategic risk is the incompatibility between two or more of the following:

- Millennium's strategic goals;
- The resources available to achieve the goals;
- The detailed business strategies;
- The manner in which strategies and goals are implemented;
- The economic position of the markets in which Millennium operates.

MIC aims to operate an appropriate framework for limiting the possibility of strategic risk which could arise from inappropriate business decisions or manner in which such decisions are implemented or a lack of consideration of the wider markets in which the Company operates.

Besides, MIC underwrites property damage, general liability, credit and suretyship, legal expenses and assistance business and is therefore exposed to liabilities which may not crystallise for a considerable period of time. The Company aims to ensure that its liabilities are fully matched by assets and that the risk of any mismatch is minimised.

The responsibility for the management and control of strategic risk remains with MIC Board of Directors.

MIC's Board of Directors sets a strategy MIC senior business that translates into a business plan and budget for 3 years. The budget is reviewed at regular meetings of the Board and recalculated if necessary.

C2. Risk management Insurance policy

Insurance risk is defined as the possibility of the Company issuing policies above the risk appetite or contracting risks outside of the underwriting policy, as well as the losses due to the loss ratio and the reinsurance policy does not cover the business main.

Insurance risk is comprised of underwriting and reserving risk and is the primary risk in the business. Appropriate underwriting and risk selection/pricing are directly linked in a continuous feedback cycle and is the fundamental driver in enabling business performance to be managed.

Control over insurance risk is directly linked to the strategy in the need to deliver sustainable underwriting profit through the market cycle.

MIC underwrites a number of different business lines including accident & health, property, liability, credit and suretyship, and legal expenses business in Spain, Portugal, Italy, the UK, France, Belgium, Romania, Lithuania, Hungary, Luxemburg, Poland and Ireland.

The primary segmentation of business is into:

- Business lines
- Country

Within these segments, further detailed analysis is carried out based on individual risk factors.

The Company operates through carefully selected intermediaries and ensures that there is sufficient expertise both within MIC and the intermediaries in the relevant business segments.

For the management of claims the company has the advice of experts through outsourcing, giving MIC the best way to proceed. The development of the claims is discussed and monitored in the regular meetings of the Claims Committee.

The focus and reserve practices are set by MIC, based on own experience and market conditions and based on the results derived from the independent external actuarial review, and performance is closely monitored through the monthly underwriting committee and the monthly claims committee.

The role of Underwriting is to manage business profitability and volumes through risk selection, pricing and distribution. The aim is to achieve targeted loss ratios and to reduce the risks in the segments being written.

The role of the reserving function is to ensure that claims are properly and adequately reserved, taking full account of all relevant factors, including market changes, inflation and other similar matters. Adequate information must flow through to the underwriting function for decision-making about future risk selection and pricing.

Quota Share and Excess of Loss reinsurance protection are purchased at a level in line with the Board's risk appetite.

The Company aims to limit its exposure to individual business segments to a maximum of 50% from any business line of the portfolio or country.

The Company has future plans to expand into other European and non-European countries, and expand the type of business you subscribe. Based on the above factors, MIC has low risk profile insurance.

At a high level, the Company's risk appetite measure, in line with the standard SCR calculation, is that existing net reserves should not deteriorate by more than 30% of the value at the previous financial year end. This is slightly more conservative than the standard premium and reserve volatility parameters for the business written and equates approximately to a 1 in 200 year event.

The Company reserves to at least actuarial best estimate. In addition, the Board of Directors will consider from time to time whether the internal view of ultimate loss ratios differs significantly from that of the external actuary and, if appropriate will assess the need for an additional management load. The Board of Directors will also consider whether an additional management load is required to allow for potential volatility or uncertainty in the result. It is not Millennium's policy to set a pre-defined level of management load to be held.

Within these high level risk appetite measures, the Board of Directors has set further detailed operational limits and tolerances with regard to specific elements of insurance risk.

These limits are triggers for review and action by management.

Performance Measures

- Loss ratio
- Frequency
- Average cost per claim
- Turnover
- Business mix
- Deterioration in the historic claims
- Differences between payment of claims and constituted reserves
- Differences between loss ratios calculated internally and independent actuarial review

Operational Claims measures

- Legislative changes
- Market changes
- Changes in the claims procedure

C3. Market Risk

Market risk is caused by the possibility of losses in the value of positions held as a result of changes in the market prices of financial instruments.

An appropriate and well-managed strategy for the investment of funds generated by the business is a contributing factor in enabling Millennium to build its capital base and achieve sustainable profits. Control of investments is also important in ensuring an ability to meet claims liabilities as they fall due and thereby safeguarding the Company's future and its reputation.

Historically, MIC has maintained significant balances with its banking counterparties and invested into a small range of equities together with providing loans to related undertakings. These latter investments were made on the basis of that a high return was achieved.

It is the Company's intention going forward to use investment managers in the future. Such managers will be chosen taking into account their experience and expertise, with particular emphasis on the needs of insurance companies both from a risk management and a reporting perspective. Investment managers are given clear investment guidelines and parameters within which to operate.

MIC's investment decisions are currently carried out by the Board of Directors and it is intended that the performance of its investment managers will similarly be overseen by the Board of Directors.

Currency

MIC is exposed to two currencies, the Euro ("EUR") and British Sterling ("GBP"). All investments are held in Euro and therefore present no currency risk to the Company. The Company holds a GBP cash account for GBP premium funds and claims payments, to minimize the number of currency exchanges necessary, however it is exposed to currency risk as its accounting currency is Euro and the exchange rate will affect the value of transactions and balances. MIC haves most of cash held in banks with a rating higher than "A".

Property

MIC has a property investment portfolio, the majority of which consists of commercial properties which are then leased to provide a return on capital. Given the tenant covenants in place, these commercial properties are not subject to the same market fluctuations as residential properties, and therefore are considered to be lower risk. Properties, while all based in the Spain, are still geographically spread to mitigate catastrophe risk, and all have insurance to cover damage.

The property portfolio presents a liquidity risk in that it may take time to sell and realize cash.

The Investment Policy is reviewed at least annually to ensure that the mitigating guidelines in place are still appropriate for the Company and the risk environment in which it operates.

Concentration

The Board of Directors reviews the investment portfolio and assesses the concentration risk that the Company is exposed to, to ensure that it is within MIC´s risk appetite and in accordance with the Investment Policy. The concentration exposure arises in respect of positions taken in the Company secured loans and property exposure and counterparties (cash holdings and reinsurance recoveries).

C4. Credit Risk

MIC's credit risk is medium, and it is exposed from only three sources: premium receipts from intermediaries and policyholders, loans provided and reinsurance recoveries. While these areas are tightly controlled, past leeway given to various parties could potentially result in a loss.

The management of credit risk is important in ensuring that the Company minimises the possibility of losses from non-payment of amounts due to it. This area is therefore important in building a profitable and sustainable business.

MIC aims to minimise credit risk arising from its operations. Premium risk arises from the intermediaries producing the business and this is closely monitored in-house. Risk with regard to reinsurers is managed through the careful selection of reinsurance counterparties. In addition, the Company has cancelled all existing loans and even has as a policy not continuing to provide loans because they give rise to an element of credit risk, despite the fact that they provide a good return.

Key business control thresholds are:

- No premiums to be overdue.
- Regular audit of underwriting agencies.
- Reinsurance recoveries to be received promptly and within contract terms.
- Interest and capital amounts due on loans to be received within contract terms.
- Minimum rating for XOL reinsurance counterparty to be A.
- Minimum rating for QS reinsurance counterparty to be A.
- The use of an experienced reinsurance broker.

If any debts due to the company fall overdue, this will trigger a review by The Board.

C5. Liquidity Risk

The liquidity risk is the possibility that the Company does not have enough liquidity to face the payment of its obligations.

Managing the Company's liquidity is necessary in order to ensure that it is able to meet its liabilities as they fall due, while balancing this with achieving returns on the less liquid, invested assets.

Control over this area is therefore linked directly to achieving both profitable growth and continuing to ensure the ability to protect policyholder interests.

Millennium aims to build and maintain liquid assets at a level sufficient for on-going requirements. Cash flow assessments are prepared monthly and are formally presented to the Board at least quarterly for consideration during investment discussions.

The liquidity requirement is balanced, with the aim of achieving adequate returns while ensuring that additional funds are available should be required investment. Most investments are therefore highly liquid and held with banks. Company policy is a minimum cash cushion between 35% and 50% should be maintained above requirements of known cash flow.

Policy regarding this risk is liquidity.

C6. Operational Risk

Operational risk has the potential to impact all areas of the business and thus result in a loss of either profits or capital or both. This area therefore needs to be well controlled if the Company is to achieve its overall strategic aims.

The Company aims to minimise operational risk wherever possible. However, while controls and processes are in place, due to MIC's small size these are concentrated in the hands of a small number of senior members of the management team. It is the Company's policy to record its actual and potential risks in a risk register. This sets out the key risks to which the company is exposed and the controls in place to mitigate this risk. Additionally, a log is maintained to monitor risk events when they occur, recording the cause of the event, the impact and any remedial actions that have been taken.

MIC has various controls in place, as set out in the risk register, to mitigate operational risk.

C7. Reputational Risk

Reputational risk is the danger that negative public opinion will impede or diminish your ability to do business.

This risk may result in adverse selection of risks against the Company or regulatory action that requires an increase in the capital base. Any of these would negatively impact on the Company achieving its aims.

C8. Risk reserve

Reserve risk is the possibility that the calculation of reserves and, therefore, the establishment of them, may not be correct. This can mean a lack of technical provisions to take casualties. It is related to the difference between the required reserve and the estimated reserves.

If reservations were quite low, the Company could experience financial difficulties.

Uncertainty in reserve may arise through the following errors:

- Error in model specification.
- Risk processes.
- Parameter error.

C9. Other material risk

Brexit

Almost two years have passed since the United Kingdom held the referendum and decided to leave the European Union. Although the Government of the United Kingdom has invoked Article 50, it will continue to be a full member of the European Union for at least two more years and therefore, there will be no immediate impact on existing policies, renewals or new policies subscribed during this period of time. Even if we are getting used to the idea that Great Britain will no longer be part of the EU next March 30, 2019 and therefore, the "European passport" that allows operating in the EU and cover the risks located in these territories through the British license will be lost.

The objective of MIC is to provide our customers with the certainty of uninterrupted insurance coverage.

So, MIC has very advanced all the procedures that will allow it to move its headquarters to the Iberian Peninsula and thus conduct the business around the European Community using the community license outside the United Kingdom.

MIC will continue issuing during this period offering the same coverage through the current license in Gibraltar and its policies will not be affected. At the same time, MIC works hard to finalize the authorization process in another European country allowing it to adapt its existing operations and continue with the issue in Europe.

All current policies issued from MIC as well as any obligation and liabilities arising from its underwriting including open claims are being analysed to carry out an internal process that will not affect or cause any inconvenience to customers.

Likewise, this route of restructuring is an opportunity to expand the services and better study the internal procedures of quality and business development.

D

Valuation for Solvency Purposes

D1. Assets

Cash and cash equivalents

At the date of presentation of the financial statements, the company held € 80,818,409 as cash and cash equivalents in bank accounts in Spain and the United Kingdom. The balances held in Spanish bank accounts are in Euros ("EUR"). The balances held in Spanish banks accounts are in Euros ("EUR"). No estimation methods, adjustments for future value or valuation judgments are required for these balances. UK bank accounts are kept in pounds sterling ("GBP"); translated into Euros at the end of the period for reporting purposes.

Cash and cash equivalents are valued at fair value by the relevant financial institution and the Company's accounting statement confirms the balances held daily. There are no significant estimates or judgements used in valuing cash holdings due to the nature of the asset. For Solvency II, total cash and cash equivalents includes the balances held in accounts. The value of these balances is the same for the Company's Solvency II balance sheet.

Properties

Properties are measured based on the most recent external valuation report or acquisition cost if they were acquired less than three years ago. Properties are valued at least every three years.

MIC has a portfolio of property investments aimed at obtaining profitability for its rent and others for its own use.

Properties for rental are commercial properties that are then leased to provide a return on capital. The properties, although established in Spain, are geographically distanced to mitigate the risk of catastrophe, and all have insurance to cover the damages. These properties are valued in the Solvency II balance sheet of the company at € 30.542.580 which is a 127% increase over the previous year.

MIC headquarters are in Gibraltar; this is located in Queensway Quay, one of the best areas of the city. Said headquarters was appraised in February 2019 at € 500,000 when it was previously registered at € 400,568, this means a revaluation of the property of 25%.

Listed Equities

MIC has a diversified portfolio of shares in the main Spanish stock market (IBEX 35). This portfolio is made up of shares of large reference companies.

Within the investment policy of the Company, it is contemplated to always invest in shares with lower volatility in order to reduce risk, even if the profitability is lower than if it were invested in other, more volatile shares. That is why the company always tries to invest in the so-called "blue chips".

The total value in the Company's Solvency II balance sheet for investments in listed shares is € 2.459.647.

Loans

In 2018, the Company has not granted loans to third-party companies. Loans granted in previous years have been cancelled and liquidated due to the high capital charge required under Solvency II regulations. These insured loans had a high profitability, but the company has decided at the moment not to have such investments in its portfolio.

D2. Technical Provisions

MIC accounts include provisions for claims incurred based on earned premiums that consider the best reasonably foreseeable estimates. These include the claims reserves incurred plus a provision for Incurred But Not Reported (IBNR) claims. MIC also considers the reinsurance recoveries contracts with respect to its claims and IBNR reserves.

The technical provisions by line of business are as follows:

	Accidents	Property	Liability	Credit & Suretyship	Legal expenses	Miscellaneous	**Total**
Gross Best Estimate	6.504.247	7.924.309	48.590.896	3.769.493	8.960	28.193	**66.826.099**
Risk Margin	388.901	473.809	2.905.340	225.385	536	1.686	**3.995.657**
Technical Provisions	6.893.148	8.398.118	51.496.236	3.994.878	9.496	29.879	**70.821.756**
Recoverables	608.310	103.333	1.973.282	6.105.740	0	0	**8.790.665**
Technical Provisions allowing for Recoverables	6.284.839	8.294.785	49.522.954	-2.110.862	9.496	29.879	**62.031.091**

The estimates used to calculate the technical provisions are as follows:

MIC has the following items that make up its technical provisions: Claims reserves, unearned premiums (UPR) and IBNR.

The estimation of losses related to claims incurred but not reported ("IBNR"), since the nature of the claims is not known at the time the reserve is applied. This estimate is calculated by the Company's internal actuary and, at the close of the financial year, an external and independent actuarial analysis is made on the reserves and changes are applied if necessary to adjust the IBNR.

Unearned premium reserves (UPR) are internally calculated by the Company's internal actuary and reviewed during the audit of the financial statements. These are calculated in a coherent and proportional way using the duration of each policy. For the French construction business, due to the special type of reserves that the ACPR indicates, the Company has implemented a review by PwC London and reserves have been adapted to their conclusions.

The estimates of claims reserves are calculated by the Company's staff with extensive experience and backed by expert independent valuations.

The estimate of general expenses is calculated taking into account the historical data of the company and these have remained stable in last years.

MIC manages the risks associated with these estimates through the following actions:

- Permanent monitoring of claims.
- Maintaining a number of reinsurance agreements to limit the impact of the development of Internal the claims.
- Controls through the underwriting committee and actuarial function that monitor the development of claims and reinsurance agreements.
- Review and adaptation of claims reserves annually by independent actuaries.

D3. Other Liabilities

In addition to technical provisions, MIC has the categories below in its liability under the Solvency II regulations:

Deposits from reinsurers	381,376
Deferred tax liabilities	1,570,918
Insurance & intermediaries payables	934,556
Reinsurance payables	261,580
Any other liabilities, not elsewhere shown	96,460

Deposits from reinsurers

Deposits received from reinsurers in connection to decennial business.

Deferred tax liabilities

This item reflects the corporate tax applied to the future profit accounted for at the valuation date.

Insurance and intermediaries payables

Premiums due to intermediaries and deposits received from insurers.

Reinsurance payables

Premiums due from MIC to reinsurers.

Any other liabilities, not elsewhere shown

These are sundry creditors.

D4. Alternative Methods for Valuation

No alternative valuation methods are used for the Company.

D5. Any Other Information

There is no more remarkable information from the Company for this section.

E

Capital Management

E1. Own Funds

Management of Own Funds

Objectives, Policies and Processes in Managing Own Funds

Millennium has in place a Capital Management Policy to ensure that the Company has the appropriate levels and quality of capital to meet both the SCR and the internal view of capital as determined by the ORSA. The intention is for capital requirements to be met in both the immediate and medium-term future.

While Millennium's ORSA process is carried out formally on an annual basis, the capital requirements and own funds to meet these requirements are considered at least quarterly as part of the quarterly regulatory reporting process. The Board reviews the Company's capital position as part of its risk management processes and monitors on-going performance through monthly management accounts.

There have been no changes in capital management policies or processes during the period.

Time Horizon for Business Planning and Material Changes

Millenium's business planning period for capital management encompasses a three year time horizon, with emphasis on the current and next year. There have been no changes in the planning time horizon over the year.

Description of Own Funds

Structure, Amount and Quality of own funds

Millennium currently only has basic own funds and no ancillary own funds. Own funds are comprised entirely of Share Capital and the Reconciliation Reserve and therefore all qualify as Tier 1 funds. The table below set out Millennium's own funds at 31 December 2018, together with movements during the period:

Reserva voluntaria	01/01/2018	31/12/2018	Movement
Excess of assets over liabilities	44.334	55.868	11.534
Own shares (held directly and indirectly)			
Foreseeable dividens, distributions and charges			
Other basic own fund items	21.172	21.172	0
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds			
Reconciliation reserve	23.162	34.696	11.534

The Company's Reconciliation Reserve effectively represents retained earnings on a Solvency II valuation basis. There are no foreseeable dividends.

Terms and Conditions of Own Funds

At December 2018, Millennium's own funds were fully comprised of Tier 1 funds and had no terms or conditions attached and there were no restrictions affecting the availability and transferability of the Company's own funds. The own funds were not redeemable and did not carry any guaranteed dividend or other return

Difference in Own Funds between Financial Statements and Solvency II Valuation

The difference in the valuation of own funds as shown in the Financial Statements compared to the Solvency II valuation is due to the valuation differences in the underlying assets and liabilities, as set out in the table below:

Excess of assets over liabilities-attribution of valuation differences	Total €´000
Difference in the valuation of assets	-50.687
Difference in the valuation of technical provisions	-54.824
Difference in the valuation of other liabilities	-10.001
Total of reserves and retained earnings from financial statements	20.558
Other, please explain why you need use this line	0
Reserves from financial statements adjusted for Solvency II valuation differences	34.696
Excess of assets over liabilities attributable to basic own fund items (excluding the reconciliation reserve)	21.172
Excess of assets over liabilities	55.868

E2. Solvency Capital Requirement and Minimum Capital Requirement

SCR and MCR

Millennium's SCR and MCR coverage is set out below:

Available and eligible own funds	Total €´000	Tier 1	Tier 2
Total available own funds to meet the SCR	55.868	55.868	0
Total available own funds to meet the MCR	55.868	55.868	0
Total eligible own funds to meet the SCR	55.868	55.868	0
Total eligible own funds to meet the MCR	55.868	55.868	0
SCR	38.861		
MCR	12.120		
Ratio of Eligible own funds to SCR	144%		
Ratio of Eligible own funds to MCR	461%		

As we can see, it is shown in the table above, the company meets the Solvency Capital Requirement marked by solvency II, in quantitative terms, this means a capital surplus of €17m on the required capital.

Regarding the MCR, which is the Minimum Capital Requirement, MIC exceeds this capital by 361%, in quantitative terms; this means a surplus over the MCR of about €43.7m.

As at December 2018, Millennium's capital was fully comprised by Tier 1, i.e. 100% eligible to cover the MCR.

SCR by Risk Module

	Solvency Capital Requirement €´000
Market risk	8.604
Counterparty default risk	5.392
Life underwriting risk	0
Health underwriting risk	4.088
Non-life underwriting risk	33.557
Diversification	-11.355
Intangible asset risk	0
Basic Solvency Capital Requirement	40.287
Operational risk	2.512
Loss-absorbing capacity of technical provisions	0
Loss-absorbing capacity of deferred taxes	-3.938
Solvency capital requirement excluding capital add-on	38.861
Capital add-on already set	0
Solvency capital requirement	38.861

Simplifications

No material simplifications have been used in the calculation of the SCR and MC

Inputs used to Calculate the MCR

The following inputs have been used to calculate the Company's MCR:

	Total €´000	
	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Medical expense insurance	5.896	9.292
Fire and other damage to property insurance	7.821	9.931
General liability insurance	46.618	33.266
Credit and suretyship insurance	0	6.342
Legal expenses insurance	9	49
Miscellaneous financial loss insurance	28	336

Overall MCR calculation

MCR	12.120
SCR	38.861
MCR cap	17.487
MCR floor	9.715
Combined MCR	12.120
Absolute floor of the MCR	3.700
Minimum Capital Requirement	12.120

Changes over the Period

Solvency Capital Requirement:

	Solvency Capital Requirement (€'000s)		
	2018	2017	Movement
Market risk	8.604	5.275	3.329
Counterparty default risk	5.392	9.814	-4.422
Life underwriting risk	0	0	0
Health underwriting risk	4.088	0	4.088
Non-life underwriting risk	33.557	30.099	3.458
Diversification	-11.355	-7.363	-3.992
Intangible asset risk	0	0	0
Basic Solvency Capital Requirement	40.287	37.826	2.461
Operational risk	2.512	1.770	742
Loss-absorbing capacity of technical provisions	0	0	0
Loss-absorbing capacity of deferred taxes	-3.938	0	-3.938
Solvency capital requirement excluding capital add-on	38.861	39.596	-735
Capital add-on already set	0	0	0
Solvency capital requirement	38.861	39.596	-735

The table above sets out the SCR comparison between 2018 and 2017.

It can be seen that both the Basic SCR and operational risk capital have increased by €2.5m and €0.7m, respectively.

This rise in capital requirement has been dampened by the €3.9m adjustment from the loss-absorbing capacity of deferred taxes. This has led to a reduction of €0.7m in the total SCR in comparison to 2017.

Minimum Capital Requirement:

The two tables below lay out the MCR calculated in 2018 and 2017, respectively:

2018 Minimum Capital Requirement	Total €´000	
	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Medical expense insurance	5.896	9.292
Fire and other damage to property insurance	7.821	9.931
General liability insurance	46.618	33.266
Credit and suretyship insurance	0	6.342
Legal expenses insurance	9	49
Miscellaneous financial loss insurance	28	336

Overall MCR calculation

MCR	12.120
SCR	38.861
MCR cap	17.487
MCR floor	9.715
Combined MCR	12.120
Absolute floor of the MCR	3.700
Minimum Capital Requirement	12.120

2017 Minimum Capital Requirement	Total €´000	
	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Medical expense insurance	575	5.358
Fire and other damage to property insurance	11.185	5.486
General liability insurance	29.921	30.219
Credit and suretyship insurance	0	5.567
Legal expenses insurance	0	87
Miscellaneous	0	212

Overall MCR calculation

MCR	9.443
SCR	39.596
MCR cap	17.818
MCR floor	9.899
Combined MCR	9.899
Absolute floor of the MCR	3.700
Minimum Capital Requirement	9.899

It can be seen that the MCR has increased by circa €2.2m.

Based on the standard formula for the MCR calculation, the figure calculated last year was based on 25% of the SCR, i.e. the MCR floor, since the linear MCR was below. As at December 2018, the MCR has been estimated using the linear MCR measure which has been calculated using the net best estimates and the net written premiums from each line of business. It is noticeable that both measures have increased since 2017.

E3. Non–Compliance with Minimum Capital Requirement or Solvency Capital Requirement

The company has reached its SCR and is projected to achieve it in the future, which has not had to take measures to mitigate a capital shortage.

E.4 Any other information

There are no other material matters in respect to the capital management of the Company.

F

Quantitative Reporting Templates (QRT´s)

P.02.01.02 - Balance sheet

	Solvency II value
Assets	C0010
Intangible assets	0
Deferred tax assets	0
Pension benefit surplus	0
Property, plant & equipment held for own use	390
Investments (other than assets held for index-linked and unit-linked contracts)	32.613
Property (other than for own use)	30.153
Holdings in related undertakings, including participations	0
Equities	2.460
Equities - listed	2.460
Equities - unlisted	0
Bonds	0
Government Bonds	0
Corporate Bonds	0
Structured notes	0
Collateralised securities	0
Collective Investments Undertakings	0
Derivatives	0
Deposits other than cash equivalents	0
Other investments	0
Assets held for index-linked and unit-linked contracts	0
Loans and mortgages	0
Loans on policies	0
Loans and mortgages to individuals	0
Other loans and mortgages	0
Reinsurance recoverables from:	8.791
Non-life and health similar to non-life	8.791
Non-life excluding health	8.183
Health similar to non-life	608
Life and health similar to life, excluding health and index-linked and unit-linked	0
Health similar to life	0
Life excluding health and index-linked and unit-linked	0
Life index-linked and unit-linked	0
Deposits to cedants	0
Insurance and intermediaries receivables	2.017
Reinsurance receivables	5.014
Receivables (trade, not insurance)	293
Own shares (held directly)	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
Cash and cash equivalents	80.818
Any other assets, not elsewhere shown	0
Total assets	129.935
Liabilities	C0010
Technical provisions – non-life	70.822
Technical provisions – non-life (excluding health)	63.929
TP calculated as a whole	0
Best Estimate	60.322
Risk margin	3.607
Technical provisions - health (similar to non-life)	6.893
TP calculated as a whole	0
Best Estimate	6.504
Risk margin	389
Technical provisions - life (excluding index-linked and unit-linked)	0
Technical provisions - health (similar to life)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions – life (excluding health and index-linked and unit-linked)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions – index-linked and unit-linked	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Contingent liabilities	0
Provisions other than technical provisions	0
Pension benefit obligations	0
Deposits from reinsurers	381
Deferred tax liabilities	1.571
Derivatives	0
Debts owed to credit institutions	0
Financial liabilities other than debts owed to credit institutions	0
Insurance & intermediaries payables	935
Reinsurance payables	262
Payables (trade, not insurance)	0
Subordinated liabilities	0
Subordinated liabilities not in Basic Own Funds	0
Subordinated liabilities in Basic Own Funds	0
Any other liabilities, not elsewhere shown	96
Total liabilities	74.067
Excess of assets over liabilities	55.868

P.05.01.02.01 - Premiums, claims and expenses by line of business - Table 1

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Total
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0200
Premiums written													
Gross - Direct Business	9.520	0	0	0	0	0	11.481	34.858	15.763	49	0	336	72.007
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted													0
Reinsurers' share	228	0	0	0	0	0	1.550	1.592	9.421	0	0	0	12.791
Net	9.292	0	0	0	0	0	9.931	33.266	6.342	49	0	336	59.216
Premiums earned													
Gross - Direct Business	9.545	0	0	0	0	0	12.084	31.434	23.586	87	0	293	77.030
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted													0
Reinsurers' share	248	0	0	0	0	0	1.486	1.672	13.507	0	0	0	16.914
Net	9.297	0	0	0	0	0	10.599	29.761	10.078	87	0	293	60.116
Claims incurred													
Gross - Direct Business	9.991	0	0	0	0	0	7.849	13.680	6.092	13	0	136	37.761
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted													0
Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	9.991	0	0	0	0	0	7.849	13.680	6.092	13	0	136	37.761
Changes in other technical provisions													
Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted													0
Reinsurers'share	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0	0	0	0	0	0	0
Expenses incurred	1.186	0	0	0	0	0	3.824	8.780	3.122	49	0	114	17.075
Other expenses													2.469
Total expenses													19.544

P.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
		ES	PT	FR	GB	IT	
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written							
Gross - Direct Business	0	17.711	448	50.416	1.160	1.059	70.793
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
Reinsurers' share	0	9.061	271	1.751	363	632	12.078
Net	0	8.650	176	48.665	797	427	58.715
Premiums earned							
Gross - Direct Business	0	23.496	437	47.903	1.988	1.200	75.024
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
Reinsurers' share	0	12.313	263	2.228	345	721	15.871
Net	0	11.182	174	45.674	1.643	479	59.153
Claims incurred							
Gross - Direct Business	0	2.459	108	27.452	1.831	5.693	37.545
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
Reinsurers' share	0	1.777	69	912	272	4.099	7.129
Net	0	683	40	26.540	1.559	1.594	30.415
Changes in other technical provisions							
Gross - Direct Business	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	0	0	0	0	0	0	0
Reinsurers'share	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0
Expenses incurred	0	3.704	-54	9.400	460	-86	13.425
Other expenses							0
Total expenses							13.425

	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
		0	0	0	0	0	
	C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written							
Gross	0	0	0	0	0	0	0
Reinsurers' share	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0
Premiums earned							
Gross	0	0	0	0	0	0	0
Reinsurers' share	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0
Claims incurred							
Gross	0	0	0	0	0	0	0
Reinsurers' share	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0
Changes in other technical provisions							
Gross	0	0	0	0	0	0	0
Reinsurers' share	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0
Expenses incurred	0	0	0	0	0	0	0
Other expenses							0
Total expenses							0

P.17.01.02 - Non-Life Technical Provisions

	Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
	Medical expense insurance	Income protectioninsurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM																	
Best estimate																	
Premium provisions																	
Gross	-1.876	0	0	0	0	0	-946	13.908	-1.446	-10	0	-8	0	0	0	0	9.623
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-9	0	0	0	0	0	-57	427	-460	0	0	0	0	0	0	0	-99
Net Best Estimate of Premium Provisions	-1.867	0	0	0	0	0	-889	13.482	-986	-10	0	-8	0	0	0	0	9.723
Claims provisions																	
Gross	8.380	0	0	0	0	0	8.870	34.683	5.215	19	0	36	0	0	0	0	57.203
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	617	0	0	0	0	0	160	1.547	6.566	0	0	0	0	0	0	0	8.890
Net Best Estimate of Claims Provisions	7.763	0	0	0	0	0	8.710	33.136	-1.351	19	0	36	0	0	0	0	48.313
Total Best estimate - gross	6.504	0	0	0	0	0	7.924	48.591	3.769	9	0	28	0	0	0	0	66.826
Total Best estimate - net	5.896	0	0	0	0	0	7.821	46.618	-2.336	9	0	28	0	0	0	0	58.035
Risk margin	389	0	0	0	0	0	474	2.905	225	1	0	2	0	0	0	0	3.996
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Best estimate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk margin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions - total																	
Technical provisions - total	6.893	0	0	0	0	0	8.398	51.496	3.995	9	0	30	0	0	0	0	70.822
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	608	0	0	0	0	0	103	1.973	6.106	0	0	0	0	0	0	0	8.791
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	6.285	0	0	0	0	0	8.295	49.523	-2.111	9	0	30	0	0	0	0	62.031

P.19.01.21 - Non-life Insurance Claims Information (simplified template for the public disclosure)

Total Non-Life Business

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

Gross Claims Paid (non-cumulative)
(absolute amount)

Development year

Year	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior											104	104	104
N-9	0	0	205	647	199	241	-53	95	23	-39		-39	1.317
N-8	0	312	434	267	485	62	31	67	-21			-21	1.637
N-7	2.288	3.922	960	1.783	-166	-218	335	-80				-80	8.825
N-6	4.604	6.207	1.683	771	67	761	288					288	14.382
N-5	7.928	6.004	1.502	1.182	335	207						207	17.158
N-4	10.613	7.859	2.582	873	3.185							3.185	25.112
N-3	9.346	6.905	1.768	558								558	18.577
N-2	10.715	8.588	5.444									5.444	24.747
N-1	13.178	14.446										14.446	27.624
N	8.679											8.679	8.679
											Total	32.771	148.160

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Development year

Year	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior											264	264
N-9	0	0	0	0	0	0	0	10	-1	13		13
N-8	0	0	0	0	0	0	-85	209	152			152
N-7	0	0	0	0	0	-64	768	530				531
N-6	0	0	0	0	442	1.282	607					608
N-5	0	0	0	2.592	1.958	1.174						1.174
N-4	0	0	4.990	5.858	3.686							3.677
N-3	0	12.790	10.761	6.822								6.801
N-2	18.319	14.378	8.494									8.451
N-1	18.008	10.880										10.819
N	24.913											24.713
											Total	57.203

P.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					
Ordinary share capital (gross of own shares)	21.172	21.172		0	
Share premium account related to ordinary share capital	0	0		0	
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0	
Subordinated mutual member accounts	0		0	0	0
Surplus funds	0	0			
Preference shares	0		0	0	0
Share premium account related to preference shares	0		0	0	0
Reconciliation reserve	34.696	34.696			
Subordinated liabilities	0		0	0	0
An amount equal to the value of net deferred tax assets	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
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	0				
Deductions					
Deductions for participations in financial and credit institutions	0	0	0	0	0
Total basic own funds after deductions	55.868	55.868	0	0	0
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
Unpaid and uncalled preference shares callable on demand	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
Other ancillary own funds	0			0	0
Total ancillary own funds	0			0	0
Available and eligible own funds					
Total available own funds to meet the SCR	55.868	55.868	0	0	0
Total available own funds to meet the MCR	55.868	55.868	0	0	
Total eligible own funds to meet the SCR	55.868	55.868	0	0	0
Total eligible own funds to meet the MCR	55.868	55.868	0	0	
SCR	38.801				
MCR	12.115				
Ratio of Eligible own funds to SCR	1,4399				
Ratio of Eligible own funds to MCR	4,6115				

Reconciliation reserve	C0060
Excess of assets over liabilities	55.868
Own shares (held directly and indirectly)	0
Foreseeable dividends, distributions and charges	0
Other basic own fund items	21.172
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
Reconciliation reserve	34.696
Expected profits	
Expected profits included in future premiums (EPIFP) - Life business	0
Expected profits included in future premiums (EPIFP) - Non- life business	0
Total Expected profits included in future premiums (EPIFP)	0

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

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
Market risk	8.604		
Counterparty default risk	5.320		
Life underwriting risk	0		
Health underwriting risk	4.088		
Non-life underwriting risk	33.545		
Diversification	-11.327		
Intangible asset risk	0		
Basic Solvency Capital Requirement	40.230		

Calculation of Solvency Capital Requirement	C0100
Operational risk	2.510
Loss-absorbing capacity of technical provisions	0
Loss-absorbing capacity of deferred taxes	-3.938
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
Solvency capital requirement excluding capital add-on	38.801
Capital add-on already set	0
Solvency capital requirement	38.801
Other information on SCR	
Capital requirement for duration-based equity risk sub-module	0
Total amount of Notional Solvency Capital Requirement for remaining part	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	0
Diversification effects due to RFF nSCR aggregation for article 304	0

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

Linear formula component for non-life insurance and reinsurance obligations

	C0010
MCRNL Result	12.115

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0020	C0030
Medical expenses insurance and proportional reinsurance	5.896	9.292
Income protection insurance and proportional reinsurance	0	0
Workers' compensation insurance and proportional reinsurance	0	0
Motor vehicle liability insurance and proportional reinsurance	0	0
Other motor insurance and proportional reinsurance	0	0
Marine, aviation and transport insurance and proportional reinsurance	0	0
Fire and other damage to property insurance and proportional reinsurance	7.821	9.931
General liability insurance and proportional reinsurance	46.618	33.225
Credit and suretyship insurance and proportional reinsurance	0	6.342
Legal expenses insurance and proportional reinsurance	9	49
Assistance and proportional reinsurance	0	0
Miscellaneous financial loss insurance and proportional reinsurance	28	336
Non-proportional health reinsurance	0	0
Non-proportional casualty reinsurance	0	0
Non-proportional marine, aviation and transport reinsurance	0	0
Non-proportional property reinsurance	0	0

Linear formula component for life insurance and reinsurance obligations

	C0040
MCRL Result	0

	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	0	
Obligations with profit participation - future discretionary benefits	0	
Index-linked and unit-linked insurance obligations	0	
Other life (re)insurance and health (re)insurance obligations	0	
Total capital at risk for all life (re)insurance obligations		0

Overall MCR calculation	C0070
Linear MCR	12.115
SCR	42.739
MCR cap	19.233
MCR floor	10.685
Combined MCR	12.115
Absolute floor of the MCR	3.700

	C0070
Minimum Capital Requirement	12.115