2019

Bupa Global DAC

Solvency and Financial Condition Report

Contents

Summary
(Unaudited)

INTRODUCTION

The purpose of the Solvency and Financial Condition Report ("SFCR") is to provide the reader with a comprehensive view of the financial performance and solvency capital position at 31 December 2019 of Bupa Global DAC ("the Company"). The report includes information regarding the business and performance, system of governance, risk profile, valuation methods used for solvency purposes and its capital management practices. The Company is authorised and regulated by the Central Bank of Ireland ("CBI"). The Company's solvency is subject to Solvency II requirements.

COVID-19

On March 11, 2020, the World Health Organization declared Coronavirus COVID-19 a pandemic, due to its rapid spread throughout the world. Most governments are taking restrictive measures to contain the spread and the situation is significantly affecting the global economy, due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty, evidenced by an increase in the volatility of asset prices, exchange rates and a decrease in long-term interest rates.

As the implications of COVID-19 are indicative of conditions that arose after the end of the reporting period end, it is a subsequent event that does not require any adjustments to the annual accounts for the financial year 2019. Whilst it is not possible, at this stage, to accurately estimate the financial impacts of this crisis, the Board note, as at the date of approval of the financial statements, there has been no significant disruption in the Company's business up to the date of approval of the financial statements and currently there is not expected to be a material adverse impact to claims. The Board continue to monitor the business for potential impacts and to manage the associated risks.

BUSINESS AND PERFORMANCE SUMMARY

Bupa Global DAC ("the Company") is wholly owned by The British United Provident Association Limited and is part of the Bupa Group ("Bupa" or "the Group"). We're driven by Bupa's purpose, helping people live longer, healthier, happier lives. It defines everything we do for our customers, inspiring and motivating us to improve our performance. Bupa is a company limited by guarantee with no shareholders, with profits reinvested in the business for the benefit of current and future customers.

The Company is wholly owned by the Bupa Group ("Bupa"), an international health insurer and provider. Over the past 70 years Bupa's global footprint has grown from origins in the UK to Australia, Spain, Poland, Chile, New Zealand, Hong Kong, Turkey, the US, Brazil, the Middle East and Ireland as well as having valuable partnerships with associate businesses in Saudi Arabia and India. Bupa has 17.5m health insurance customers, provides healthcare to over 15.8m people in its health clinics, hospitals and dental centres, and looks after around 22,000 aged care residents and employs 83,000 people globally. Bupa was established in 1947 when 17 British provident associates and other UK funding organisations such as hospital contributory schemes came together. Their aim was to enable people to fund high-quality healthcare. Bupa is a company limited by guarantee with no shareholders, with profits reinvested in the business for the benefit of current and future customers.

The Company provides personal, corporate and small to medium enterprise ("SME") health insurance, as well as travel insurance. Under the Solvency II definition of insurance lines of business these are primarily reported under Medical Expense and Assistance. The health insurance segment is International Private Medical Insurance ("IPMI") which is provided for individual consumers and employees requiring cover beyond their usual country of residence.

The Company's head office is located in Ireland, with branches sited in Denmark, Malta and the Netherlands. Operational services, including the provision of mediation and administrative services, are provided by Bupa Insurance Services Limited ("BISL") based in the UK, Bupa Denmark Services A/S ("BDS") and other Group service companies.

Section A sets out further details about the Company's business structure, key operations and financial performance over the reporting period.

SYSTEM OF GOVERNANCE SUMMARY

The Company recognises the importance of strong corporate governance and has established a well-defined governance framework, system of control and committee structure.

Performance is monitored by the Board and senior management using operational, financial and other data. The Company's Chief Risk Officer provides regular reporting to the Board Risk Committee on the risk profile of the Company and the key mitigation activities in place.

The Solvency II mandated key functions are embedded throughout the Company with clear responsibilities and segregation of duties. We employ a "three lines of defence" governance model to ensure that risk management is effective, appropriate decisions are made, and best practice is implemented and maintained. This includes accountability for compliance in the first line, with second line oversight and challenge, supported by an independent Internal Audit ("IA") function.

Section B describes the system of governance in place by which the operations of the Company are overseen, directed, managed and controlled and explains compliance with the requirements of Solvency II.

RISK PROFILE SUMMARY

The Company's principal activity is the provision and administration of international health insurance and travel insurance. The Company serves globally mobile customers by offering IPMI and health-focused travel insurance and related services. These products offer domestic and international coverage, benefits and healthcare service provision.

The Company's risk management system establishes boundaries for the aggregate level and types of risk we are willing to accept in order to achieve our strategic objectives and business plans. They focus on four key areas of risk:

- The treatment of customers and employees;
- Management of financial strength;
- The sustainability of the business;
- Operational risk.

In order to support the sustainability of our business, we seek to ensure that we generate an adequate return on capital whilst abiding by risk appetite statements and overseeing remediation where necessary. In the area of financial risk, we seek exposure via responsible risk taking in areas where we identify that risk taking will be rewarded subject to remaining within a number of key boundaries namely: capital risk appetite and liquidity risk appetite.

The capital risk appetite determines the minimum level of solvency capital held to ensure that the Company can meet its obligations to policyholders as they fall due, in all but the most extreme circumstances. The Company's Solvency Capital Requirement ("SCR") is calculated using the standard formula specified in the Solvency II legislation.

The distribution of the Company's quantifiable risks, as reflected in the SCR, as follows:

Analysis of the diversified SCR	**2019**	2018
Underwriting risk	**69%**	78%
Market risk	**12%**	1%
Credit risk	**10%**	21%
Operational risk	**9%**	-
	100%	100%

The principal changes to the SCR profile are primarily driven by the increasing exposure to insurance business from the commencement of trading in March 2019, in particular increased currency risk from exposure to multi-currency assets and liabilities and the recognition of operational risk on trading.

Section C further describes the risks to which the Company is exposed and how we measure, monitor, manage and mitigate these risks, including any changes in the year to our risk exposures.

VALUATION FOR SOLVENCY PURPOSES SUMMARY

Solvency II requires a market consistent approach to the valuation of assets and liabilities. A number of assets and liabilities require different valuation methods to those used in the financial statements prepared under Irish Accounting Standards and applicable law ("GAAP"), including FRS 101 Reduced Disclosure Framework. The valuation differences are summarised as follows:

Valuation differences	2019 €m	2018 €m
Assets		
Property, plant and equipment	(1.2)	-
Liabilities		
Technical provisions	3.7	-
Financial liabilities (IFRS 16)	0.5	-
Other payables	0.4	
Total valuation differences	**3.4**	-

Section D includes information on the valuation basis adopted for each class of assets and liabilities and also provides an explanation of valuation differences arising when moving from the valuation basis used in the Company's financial statements to the Solvency II valuation basis.

CAPITAL MANAGEMENT SUMMARY

The Company's capital management objective is to maintain sufficient capital to safeguard its ability to continue as a going concern and to protect the interests of all of its customers, investors, regulators and trading partners while efficiently deploying capital and managing risk to sustain ongoing business development.

The Company manages its capital resources in line with the Company's Capital Management Policy and risk appetite. The Solvency Capital Requirement ("SCR") coverage ratio at 31 December 2019 was 200%. During the period, the Company made no dividend payments to its parent, Bupa Global Holdings Limited.

Eligible Own Funds to cover the Solvency Capital Requirement	2019 €m	2018 €m
Eligible Own Funds	36.0	38.1
SCR	(18.0)	(3.8)
Surplus	18.0	34.3
Solvency ratio	**200%**	994%

The decrease in coverage during the year reflects the increasing volume of insurance business in the first period of trading for the Company.

The Company has maintained sufficient capital to exceed both the SCR and the Minimum Capital Requirement ("MCR") throughout the reporting period. Information on the SCR and the MCR is provided in section E.2: Solvency Capital Requirement and Minimum Capital Requirement.

Section E of this report further describes the policies and processes employed by the Group for managing its Own Funds, information on the structure of Own Funds and the calculation of SCR and MCR.

OTHER INFORMATION

In line with CBI requirements, sections D. Valuation for Solvency Purposes and E. Capital Management of the SFCR have been subject to audit by the external auditor. Sections A. Business and Performance, B. System of Governance and C. Risk Profile are unaudited.

A. Business and Performance (Unaudited)

A.1 Business

A.1.1 Company information

The Company is incorporated in Ireland under the company registration number 623889. The Company is a wholly owned subsidiary of Bupa Global Holdings Limited, a company incorporated in England and Wales.

The ultimate parent undertaking of the Company is The British United Provident Association Limited (“Bupa”), a company incorporated in England and Wales. Bupa does not have shareholders. Governance over Bupa is exercised by approximately one hundred Association Members who vote at an Annual General Meeting on Director reappointments and adoption of the financial statements. These Association Members are not entitled to any of the assets or income of Bupa. No individual has 10% or more voting rights or any other mechanism of control of Bupa.

The Company’s head office is located in Ireland, with branches sited in Denmark, Malta and the Netherlands. Operational services, including the provision of mediation and administrative services, are provided by Bupa Insurance Services Limited (“BISL”) based in the UK, Bupa Denmark Services A/S (“BDS”) and other Group service companies.

The Company supervisor is the Central Bank of Ireland (“CBI”), New Wapping Street, North Wall Quay, Dublin 1, D01 F7X3.

The Group supervisor is the Prudential Regulation Authority (“PRA”), Bank of England, 20 Moorgate, London, EC2R 6DA.

The Company’s external auditor is KPMG, Chartered Accountants, 1 Harbourmaster Place, IFSC, Dublin 1.

The Group’s Annual Report and Accounts and the Company’s SFCR are available on the Bupa website: bupa.com.

A.1.2 Business

The Company provides International Private Medical Insurance (“IPMI”) and travel insurance cover to policyholders within the European Economic Area (“EEA”).

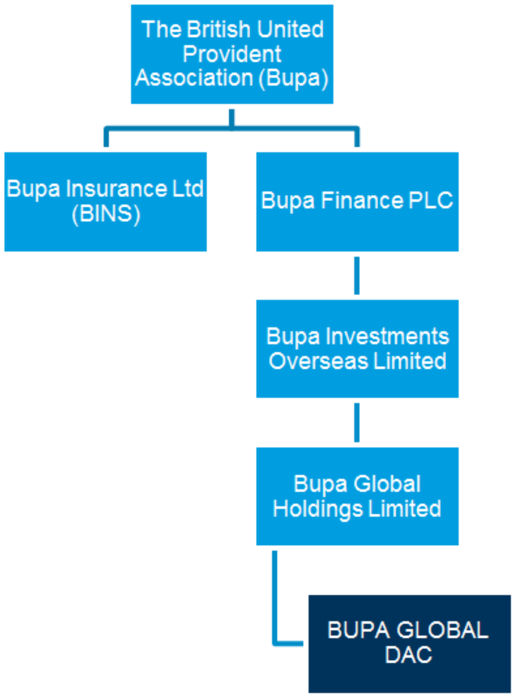
The Company is wholly owned by the Bupa Group (“Bupa”), an international health insurer and provider. Over the past 70 years Bupa’s global footprint has grown from origins in the UK to Australia, Spain, Poland, Chile, New Zealand, Hong Kong, Turkey, the US, Brazil, the Middle East and Ireland as well as having valuable partnerships with associate businesses in Saudi Arabia and India. Bupa has 17.5m health insurance customers, provides healthcare to over 15.8m people in its health clinics, hospitals and dental centres, and looks after around 22,000 aged care residents and employs 83,000 people globally. Bupa was established in 1947 when 17 British provident associates and other UK funding organisations such as hospital contributory schemes came together. Their aim was to enable people to fund high-quality healthcare. Bupa is a company limited by guarantee with no shareholders, with profits reinvested in the business for the benefit of current and future customers.

We are driven by Bupa’s purpose, helping people live longer, healthier, happier lives. It defines everything we do for our customers, inspiring and motivating us to improve our performance. The Company provides personal, corporate and small to medium enterprise health insurance, as well as inward reinsurance and a small number of ancillary products, such as cash plans, dental and travel insurance.

The Company provides personal, corporate and SME health insurance, as well as travel insurance. Under the Solvency II definition of insurance lines of business these are primarily reported under Medical Expense and Assistance. The health insurance segment is IPMI which is provided for individual consumers and employees requiring cover beyond their usual country of residence.

A.1.3 Legal structure

The simplified chart below shows the position of the Company in the Group's legal structure as at 31 December 2019.



The Company's parent, Bupa Global Holdings Limited, is a wholly-owned subsidiary of Bupa Investments Overseas Limited. Bupa Investments Overseas Limited is a wholly-owned subsidiary of Bupa Finance PLC. Bupa Finance PLC is a wholly-owned subsidiary of Bupa. The ultimate parent of the Group is Bupa.

A.1.4 Bupa organisation structure

Bupa's organisational structure consists of three Market Units (Australia and New Zealand, Bupa Global and UK (BGUK), Europe and Latin America) and global functions at the Group.

The IPMI business is distributed through and administered by the Bupa Global Business Unit within the BGUK Market Unit. The Company is supported by the Group's functions in the Centre, including Finance & Regulatory Reporting, Tax, Treasury and Actuarial.

A.1.5 Significant events in the year

The Company was incorporated on 5 April 2018 and granted authorisation by the CBI on 20 November 2018, beginning to write insurance from 29 March 2019. The Group's establishment of the Company in Ireland mitigates the cessation of Bupa Insurance Limited's (BINS) passporting rights and provides an underwriting vehicle to continue to write IPMI and travel cover for EEA customers. BINS continues to issue domestic PMI policies to UK policyholders.

The Company's EEA IPMI customers were referred from BINS on renewal. A referral arrangement with an arm's length referral fee of 3% of gross written premium payable to BINS on the policy inception has been agreed for these policies. During the year the Company acquired the trade and assets of the Copenhagen and Malta branches from BINS. The transfers have taken place on an arm's length basis.

A.2 Underwriting performance

A.2.1 Overview

Presented below is the Company's underwriting performance as reported in its financial statements.

Underwriting performance	**2019 €m**	2018 €m
Premiums:		
Gross premiums written	**63.1**	-
Change in the net provision for unearned premiums	**(36.0)**	-
Net insurance premiums earned	**27.1**	-
Other technical income, net of reinsurance	**0.7**	-
Total Revenue	**27.8**	-
Claims:		
Claims incurred	**(8.1)**	-
Change in the net provision for claims	**(6.9)**	-
Net claims incurred	**(15.0)**	-
Net operating expenses	**(17.1)**	-
Total claims and expenses	**(32.1)**	-
Loss before investment income and expense and tax	**(4.3)**	-
Combined operating ratio	**119%**	-

The Company's loss before investment income and tax was €4.3m (2018: €1.5m loss). The loss in the year was expected given that the Company commenced trading from 29 March 2019 and costs, including the costs of start-up were incurred throughout 2019.

A.2.2 Underwriting performance by line of business

The summary of underwriting performance below is presented in accordance with the Solvency II Quantitative Reporting Template ("QRT") S.05.01.02 'Premiums, claims and expenses by line of business' (refer to attached Annex).

Under the Solvency II definition of insurance lines of business the Company's insurance business is reported under Medical Expense and Assistance. The Assistance line of business consists primarily of travel insurance policies, however for the Company's licence application, the CBI requested that the Assistance line of business be split out between other lines in the QRTs, even though these components were not material. These other lines of business have been grouped here under "Other".

As the Company commenced trading during 2019 there are no comparatives presented here.

2019	Medical Expense €m	Assistance €m	Other €m	Total €m
Net insurance premium earned	**23.1**	**3.7**	**0.3**	**27.1**
Net insurance claims incurred	**11.6**	**2.0**	**0.1**	**13.7**
Expenses	**14.9**	**2.9**	**0.2**	**18.0**
Underwriting loss	**(3.4)**	**(1.2)**	**(0.0)**	**(4.6)**

Claims handling costs of €1.3m are included within expenses on the QRT, in compliance with Solvency II reporting requirements, but are recognised in claims in the financial statements.

Expenses

A summary of expenses is provided below:

Operating expenses	**2019 €m**	2018 €m
Net operating expenses per financial statements	**17.1**	-
Claims handling cost	**1.3**	-
Classification differences between Solvency II and the financial statements	**(0.4)**	-
Underwriting expenses	**18.0**	-

A.2.3 Underwriting performance by geographical area

2019	Denmark €m	Greece €m	Cyprus €m	France €m	Portugal €m	Other €m	Total €m
Net insurance premium earned	**6.1**	**4.1**	**3.9**	**1.9**	**1.5**	**9.6**	**27.1**
Net insurance claims incurred	**3.2**	**1.4**	**2.1**	**1.1**	**0.6**	**5.3**	**13.7**
Expenses	**4.9**	**2.9**	**2.7**	**1.2**	**1.0**	**5.3**	**18.0**
Underwriting loss	**(2.0)**	**(0.2)**	**(0.9)**	**(0.4)**	**(0.1)**	**(1.0)**	**(4.6)**

The information is presented in accordance with the QRT S.05.02.01 'Premiums, claims and expenses by country'. "Other" underwriting profit includes all other geographic locations not disclosed within the QRT S.05.02.01.

A.3 Investment performance

A.3.1 Investment income

Investment income for the year, as reported in the Company's financial statements, was as follows:

	2019 €k	2018 €k
Interest receivable	**47**	-
Total investment income	**47**	-

The Company has invested in a portfolio of cash and cash equivalents to support short tail insurance liabilities. Investment income by Solvency II asset class is presented in the table below.

	2019 €k	2018 €k
Cash and deposits	**47**	-
Total investment income	**47**	-

A.3.2 Investment expenses

Investment expenses for the year, as reported in the Company's financial statements, was as follows:

	2019 €k	**2018 €k**
Realised foreign exchange losses	**33**	**-**
Interest expense on lease liabilities	**67**	**-**
Interest payable	**128**	**-**
Total investment expenses	**228**	**-**

A.3.3 Gains/losses recognised directly in equity

There were no gains/losses recognised directly in equity for the period ended 31 December 2019.

A.4 Performance from other activities

Financial expense

The Company had no financial expenses during 2019 (2018: €Nil).

Leasing arrangements

The Company had no finance leases during 2019 (2018: €Nil).

The Company's office space in Dublin is rented under an operating lease arrangement which is accounted for in the Company financial statements under IFRS 16 - Leases.

A.5 Any other information

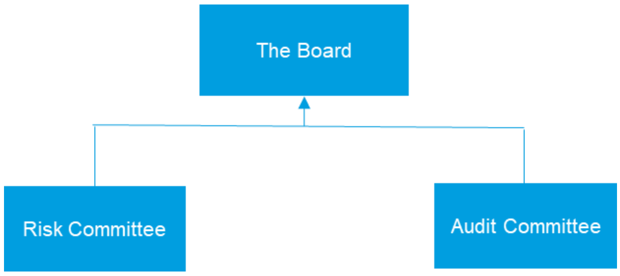
There is no other material information to be disclosed

B. System of Governance
(Unaudited)

B.1 General information on the system of governance

B.1.1 Board Committee responsibilities

The Company is governed through the Board. The Board Committee structure is as follows:



Risk Committee

The principal role of the Board Risk Committee ("BRC") is to assist the Board in articulating and developing its risk management strategy and oversight of risk and compliance across the Company. This includes overseeing the current risk exposures and risk strategy, development and monitoring the effectiveness of the risk management framework including risk appetite, risk policies, key process and controls, and the promotion of a risk awareness culture throughout the Company.

Audit Committee

The principal role of the Audit Committee is to monitor the integrity of the Company's financial statements and the effectiveness of the systems of internal controls, including IT systems, and to monitor the effectiveness, performance and objectivity of the internal and external auditors.

All Committee Terms of Reference state the scope of delegated responsibilities and each will be reviewed annually to ensure that each Committee fulfils its function and is aligned to the Company's business strategy and operations. A review of the effectiveness of the Board, the Audit Committee and the Risk Committee will be performed annually.

B.1.2 Board responsibilities

The role of the Board

As at 31 December 2019, the Board comprised a Non-Executive Chairman, three Executive Directors and two other Independent Non-Executive Directors ("INED"s). It normally meets at least four times a year and at other times as required. Minutes of all Board and Committee meetings are recorded and reflect the substance of the discussion, as well as the decisions made.

The Board is responsible for the oversight of the management of Bupa Global DAC, including:

- agreeing the Company's long-term directions and objectives;
- developing and maintaining the Company's business model and aligning the Company business model with the Group strategy, while ensuring that local regulation, legislation or market practice is also met;
- determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives and setting the risk appetite;
- oversight of the Company's operations;
- ensuring the appropriate and necessary financial and human resources are in place to meet the Company's objectives;
- providing constructive challenge to the executive directors and senior management;
- ensuring the highest standards of governance are followed; and
- developing the Company's culture.

The role of the Chairman

The Chairman is responsible for the leadership of the Board and is pivotal in the creation of the conditions necessary for overall Board and individual director effectiveness, both in and outside the boardroom, including:

- the leadership of the Board and ensuring its effectiveness on all aspects of its role;
- ensuring effective Board governance;
- setting agendas;
- ensuring that members of the Board receive accurate, timely and clear information;
- managing the Board to ensure sufficient time is allowed for discussion of key risks and issues;
- facilitating contributions from INEDs; and
- considering and addressing the development needs (induction, training and professional development) of individual directors and the Board as a whole.

The role of the Independent Non-Executive Directors

The role of the INEDs includes the following key elements:

- Constructively challenging and helping to develop proposals on longer term direction and strategy;
- Scrutinising the performance of management in meeting agreed goals and objectives and monitoring the reporting of performance;
- Satisfying themselves on the integrity of financial information, and that financial controls and systems of risk management are robust, effective and overseeing improvements where necessary.

The role of the Chief Executive Officer

The Chief Executive Officer ("CEO") manages the Company in accordance with the business plans approved by the Board and in accordance with the overall Group strategy and plans. The CEO leads the setting and execution of the Company business strategy and is accountable for:

- ensuring that the Company remains legally solvent at all times and that customers are treated fairly;
- ensuring that the Company is compliant with all law and regulations affecting their businesses, their policyholders and their staff, including fulfilling all relevant obligations as required under the Senior Insurance Managers Regime;
- managing the Company's risk profile, in line with the extent and categories of risk identified as acceptable by the Board;
- approving the apportionment and allocation of roles and responsibilities of the executive management team of the Company;
- approving capital and revenue transactions, including acquisitions and disposals, not specifically reserved to the Board; and
- embedding the Company culture in the day-to-day management of the Company.

In addition to overseeing the Company's strategy, including investment risk appetite, the Board also closely monitors developments in corporate governance and assesses how these can be applied to the Company. The Company's governance arrangements continue to be reviewed in line with developments in best practice. The Board believes the existing structure is appropriate for the size and complexity of the Company.

B.1.3 Key functions

The Solvency II mandated key functions within the system of governance are the functions relating to risk management, compliance, internal audit and the actuarial function. The roles and responsibilities of these functions are described in sections B.3 Risk management system, B.4 Internal control system, B.5 Internal audit function and B.6 Actuarial function.

B.1.4 Remuneration policy and practices

Bupa's remuneration policy, which is set at group level by the Bupa Remuneration Committee, is designed to deliver market competitive reward to help attract, retain and motivate high calibre employees, and promote a prudent approach to risk.

The Bupa Remuneration Committee has responsibility for setting remuneration policy across the Group and for making recommendations to the Board on remuneration policy for all executives who run the Company or have key functions within the Company.

The Bupa reward package includes salary, pension, benefits, management bonus scheme and eligibility for awards under the Long-Term Incentive Plan ("LTIP") if appropriate. Depending on the nature of an individual's role, the size and balance of the package may differ to ensure a total package which encourages the right behaviours - including risk management.

The Company's variable remuneration outcomes reward business and individual performance, including both what is achieved (e.g. financial performance and project milestones) and how it is achieved (e.g. behaviours, values demonstrated, risks management and conduct) and overall assessment of risk management. This ensures employees act in line with Bupa's values and codes of conduct, and Bupa's risk appetite.

The Company operates an annual bonus plan to reward annual objectives that reinforce our business strategy, and LTIP for more senior employees to reward the sustained performance over a three-year period. Regarding incentive outcomes, the Bupa Remuneration Committee considers if results have been achieved in a way that aligns with our values, underlying business performance and approach to risk management, which includes consideration of risk assessments summarised in annual letters from the Bupa Risk Committee and Risk Review Panel.

The Remuneration Report of the 2019 Bupa Annual Report includes detailed information on: the remuneration policy of the Group, the components of remuneration and performance criteria on which entitlements are based. The Company's remuneration policy is consistent with the Group policy.

Remuneration in the year for the Company's Directors was as follows:

Directors' remuneration	**2019** **€'000**	2018 €'000
Emoluments	**927**	578
Company contributions to defined contribution pension schemes	**85**	58
Amounts receivable under long-term incentive schemes	**488**	74
	1,500	710

No Director had any material interest in any contracts with Group companies at 31 December 2019 (2018: €Nil) or at any time during the year.

B.2 Fit and proper requirements

The Company implements policies and procedures to ensure persons who effectively run the undertaking or have other key functions are fit and proper to do so. Before appointment, and on an annual basis, directors and senior managers are assessed with reference to the specific requirements of their particular role. These assessments align to the CBI's Guidance on Fitness and Probity Standards 2015. Certain individuals holding roles of significant influence are required to have received prior approval from the CBI before they can perform their role.

An individual's fitness to perform their role refers to their competence and capability including skills, knowledge and expertise applicable. Assessments of fitness are tailored to the individual's particular role, including the individual's knowledge and understanding of:

- the markets in which they operate;
- business strategy and business model;
- system of governance;
- financial and, where relevant, actuarial analysis; and
- regulatory framework and requirements.

Individuals are required to maintain their fit and proper status, which would include arranging for further professional training as necessary, so that the individual is also able to meet changing or increasing requirements of their particular responsibilities.

Appointments are subject to background screening checks, which include verification of ID, previous employment including references and relevant qualifications; directorship searches; screening against publicly available information such as the global watch list; disclosure and barring service check; credit checks; and adverse media searches.

Individuals are regularly monitored to ensure that they remain fit and proper for their role. This includes performance management and annual screening checks.

B.3 Risk management system including Own Risk and Solvency Assessment

B.3.1 Risk management framework

Our Risks

The Company's geographic reach exposes it to a wide range of political, legal and economic contexts. The risks to the Company are managed by understanding the risk drivers for the business and the balance sheet and by assessing how they interact. By understanding the risks faced, the Company seeks opportunities to benefit from risk diversification, to identify emerging risks and to understand and manage any risk concentrations.

The Company accepts risks as part of its business operation. Some risks are avoidable (e.g. certain financial risks) and others are an accepted consequence of the Company's business model (e.g. operational risks). The Company has an effective risk management system and appropriate internal controls in place to mitigate these risks.

The Company maintains significant economic capital as a mitigant against certain inherent risks, reflecting the nature of the Company's operations and the level of risk associated with them. The most significant are risks relating to the Company's insurance business. This includes operational risk, the risk of inadequate pricing or underwriting of insurance policies and the risk of claims experience being materially adversely different to expectations.

There are certain risks where holding capital is one mitigating action, but there are also other more effective methods of mitigation. These are significant risks to the Company. The BRC regularly review the residual risks arising and the mitigating actions in place to reduce the levels of residual risk. This provides management with a view of the areas of priorities to focus resources. These risks include customer and conduct related risks and specific operational risks including those related to information security.

There are also other risks where capital is not an appropriate mitigant and even though they are not highlighted above, they are always a priority issue for management. These include strategic risks, liquidity risk and reputational risks.

Risk governance

The Company adopts a three lines of defence approach for the governance of risk management which is set out in the Risk Management Framework.

The first line of defence encompasses management and staff across the business, who are responsible for the identification and management of risks. The Executive Risk Committee ("ERC") provides oversight of risk across the Company, including understanding and where appropriate optimisation of current risk exposures and future risk strategy, overall risk appetite and tolerance, risk management framework including risk policies, processes and controls, and the promotion of a risk awareness culture throughout the organisation.

The second line of defence comprises compliance and risk management professionals across the business. The Company's Risk Function is led by the Chief Risk Officer ("CRO"). Their role is to advise, challenge and oversee the first line risk management activities and to collate reports for management and the Board on their independent views on risk issues.

The third line of defence is internal audit. Internal audit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness of internal controls. Information on the Company's internal audit function is provided in section B.5.

The Board Risk Committee ("BRC") is composed entirely of NEDs to oversee the execution of the risk management framework. The BRC receives reports from the Company's CRO and other Company executives as appropriate. The BRC is accountable for the Board's oversight and recommends risk appetite to the Board for approval.

Risk appetite

The Board risk appetite expresses the degree of risk the Company is prepared to accept as it works to deliver on its strategy. The core risk appetite statements are focused on:

- management of financial strength;
- the treatment of customers and employees;
- the sustainability of the business; and
- operational risk.

The risk appetite statements are a key consideration in the Company's business planning process and are a central reference point for key decisions. These statements are not intended to automatically prevent activity outside of the Company's risk appetite, but rather to help identify any such instances in a timely manner so that the Board can consider an appropriate response. There is regular reporting against risk appetite statement limits to the BERC and BRC.

Risk appetite statements are reviewed on an annual basis, with the BRC recommending any changes to the statements to the Board for approval.

Risk management framework

The Company manages risks according to a Board approved Risk Management Framework. This sets out the principles underpinning a robust and continuous risk management system for the first line. This ensures:

- current and emerging risks to the business are identified and the potential consequences of them are understood;
- there are clear and established risk appetites within which the Company operates;
- appropriate and effective steps are taken to mitigate and manage identified risks;
- risk management information is utilised to make risk based decisions across the business;
- there is clear ownership of, and accountability for, risk;
- there is a culture in which:
    - appropriate risk behaviours are encouraged and rewarded;
    - inappropriate behaviours are challenged and sanctioned; and
    - incidents are communicated as quickly as good news without fear of blame.

Regular reporting mechanisms are in place to ensure that all relevant top risks are appropriately identified and escalated. These processes also ensure that strategies to manage and mitigate the risks to acceptable levels are identified and executed.

The Company's Enterprise Policies define the way the Company does business. The policies cover all key areas of risk and are implemented in the Business Units, which monitor compliance against the requirements. These policies all have designated ownership at both the Company and Business Unit levels with defined roles and responsibilities. The policies are reviewed on an annual basis.

The processes used to identify, measure, manage, monitor and report risks include a programme of stress and scenario testing. Specific detailed reviews and deep dives on particular risks are undertaken when considered necessary. Refer to Section C.7.2 for further details.

The effectiveness of the implementation of the Risk Management Framework is assessed through the Internal Control and Risk Management Assessment ("ICRMA"). This provides a mechanism to gauge how well internal control and risk management practices and policy compliance are embedded across the Company. This is a first line of defence self-assessment, subject to review and challenge by the second and third lines.

Risk management function
The Company's CRO leads the Risk and Compliance function and reports to the CEO. The CRO provides reports directly to the BRC and the Board and has a direct right of access to the Chairman of the BRC.

Information on the Company's risk profile is provided at section C. Risk Profile.

B.3.2 Own Risk and Solvency Assessment

The Company's Own Risk and Solvency Assessment ("ORSA") comprises the series of activities by which it assesses all the risks inherent in its business and determines the corresponding capital requirements. It therefore includes the following activities:

- the projection of Own Funds and future capital requirements, as part of the three-year business plan presented to the Board for approval annually;
- the annual review of risk appetite, which is approved by the BRC;
- regular Company risk profile and risk appetite reporting, as part of the CRO report to the BRC; and
- stress and scenario testing and reverse stress testing, carried out at least annually and approved by the BRC.

The outputs of the above activities are set out in papers and reports to the Board or relevant Board Committee and summarised in the annual ORSA report, which is approved by the Board. The conclusions of the ORSA are a key input to the Board strategy sessions.

The process for carrying out the ORSA is reviewed following the strategy sessions to take account of decisions made there and also to consider any other enhancements that can be made to the ORSA process. Proposed changes to the ORSA process are considered by the BRC and then subsequently incorporated into the ORSA Policy, which is approved by the Board.

The Company determines its own solvency requirements by reference to the projected Own Funds and future capital requirements reflecting the risk profile of the Company, its policy of maintaining a substantial buffer over the capital requirements, potential acquisitions and disposals which might take place over the planning horizon and the availability of management actions.

B.4 Internal control system

B.4.1 Internal control

In line with the three lines of defence governance model, internal controls are the responsibility of business management.

Internal controls are implemented as part of the embedding of the suite of Enterprise Policies to:

- Promote the effectiveness and efficiency of operations;
- Ensure the reliability of financial reporting;
- Ensure the Company operates to industry best practice and complies with applicable laws and regulations;
- Enable the Board and BRC to validate that the Company is operating within its risk appetite;
- Enable the Board to oversee improvements and remediation of Company operations;
- Support the embedding of a strong risk culture throughout the business.

As mentioned in section B.3.1 we test the effectiveness of our implementation of internal controls and policy compliance through our ICRMA.

B.4.2 Compliance function

The Compliance function is a mandatory function in the Solvency II system of governance. The Compliance function operates within the second line of defence and works with the Group's legal function to ensure that the Company is compliant with all applicable Irish and EU legislation and regulation including, but not limited to:

- Irish and EU regulatory and legal requirements;
- internal compliance standards, policies and procedures;
- the Consumer Protection Code (in respect of policyholders based in Ireland);
- the CBI Fitness and Probity Standards;
- CBI's Corporate Governance Requirements;
- Solvency II Directive (as transposed into Irish law by S.I. 485 of 2015);
- the Insurance Acts; and
- all other prudential regulation requirements applicable to the Company.

The Compliance function is responsible for advising the BRC on regulatory compliance, assessing the impact of changes in the Irish, EU and international legal environment, identifying and assessing compliance risk; and assessing the adequacy of the measures adopted by the Company to prevent non-compliance of the areas listed above.

B.5 Internal audit function

Internal audit is an independent and objective assurance and consulting activity that forms part of the Group's governance and internal control systems. The Company's internal audit function is outsourced to Group Internal Audit.

The appointment of Group Internal Audit as the Company's Head of Internal Audit allows the internal audit function to remain independent from the day-to-day front line activities within the Company. In this way, potential conflicts of interest are minimised.

In the role of "third line of defence", internal audit assists the Company's Board in the protection of its assets, reputation and sustainability of the organisation. It also helps to ensure risks to the customer and the Group's businesses are appropriately managed. The Company's Head of Internal Audit assesses whether all significant risks are identified and appropriately mitigated, in accordance with the Company's risk appetite. They report to the Company's Board Audit Committee on areas to improve the effectiveness of governance, risk management and internal controls.

The Company's Head of Internal Audit submits to the Company's Board Audit Committee an internal audit plan for review and approval on an annual basis. They also perform ad hoc internal audits upon request of the Board Audit Committee. The Head of Internal Audit's ongoing plan is risk based and aligned against the Group's 'Risk Management Framework'. Internal audit encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Company's governance, risk management, and internal control processes in relation to both the Company's and Group's defined goals and objectives.

The Company's Internal Audit activity remains free from any interference from the wider organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of independent and objective audit delivery.

The Company's Head of Internal Audit and Group Internal Audit adheres to The Institute of Internal Auditors' ("IIA") mandatory Standards including the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing and the UK Chartered Institute of Internal Audit's Financial Services Code.

B.6 Actuarial function

The Actuarial function has authority to review all areas of the Company and has full, free and unrestricted access to all activities, records, property and personnel necessary to complete its work.

Key activities (including all mandatory tasks prescribed under Solvency II) are as follows:

- co-ordinating and consolidating the Company's technical provisions (for GAAP and Solvency II reporting);

- assessing the appropriateness of technical provision methodology and assumptions used;
- setting methodologies and ensure consistency of use;
- reporting to the Board on the adequacy of technical provisions, the overall underwriting policy and adequacy of any reinsurance arrangements;
- contributing into risk management activities by undertaking the SCR calculation.

The Company's Head of Actuarial Function role is outsourced to a third party provider. The appointment of an outsourced Head of Actuarial Function allows this role to remain independent from the day-to-day operations of the Company. In this way, potential conflicts of interest are minimised. An actuarial function report containing the Head of Actuarial Function's opinions, recommendations and an account of key activities is prepared and provided to the Board annually.

B.7 Outsourcing

All key, critical or important outsourced arrangements are required to be identified and managed with additional rigour. The appointment of these arrangements must follow supplier selection criteria, with appropriate due diligence and robust contracts in place following legal terms. Contingency measures must be in place and the relationships managed by a named supplier relationship manager. The arrangements are reported to the local risk and compliance team to assess the need for regulatory notification.

The Company chooses to outsource services where it is in the best interest of the Company, it conforms to its regulatory standards and ensures the correct customer outcomes. The Company strategy is to form long-term strategic partnerships with suppliers who share the same values, focus on customer service and have an understanding of the current regulatory and risk landscape.

The Company continues to assess the need for outsourcing on an ongoing basis. Each outsourced activity is viewed on its own merits against in-house capability, activity already outsourced and activity being undertaken. This allows the Company to leverage the relevant external expertise to undertake the activity efficiently and effectively. With robust oversight (systems & controls), this ensures the correct customer outcomes are achieved with reduced risks and cost to serve.

Each outsourced supplier has a named supplier relationship manager. This individual is responsible for the oversight of the arrangement and relationships ensuring appropriate safeguards are in place, such as termination clauses, continuity plans and agreed service levels. The relationship manager is also responsible for holding regular meetings to manage the relationship.

Intra-group outsourcing

The Company outsources insurance administration and mediation activities to BISL via an agreement for services. BISL outsources certain of these services to third parties, including a number of parties located outside the EEA. Where it has outsourced to third parties, BISL is responsible for the oversight and management of these relationships. BISL is required to comply with the Group's Enterprise Suppliers Policy.

The IPMI and Travel business serviced primarily in Denmark is serviced through an outsourcing arrangement with BDS.

The Company also outsources elements of its risk management, finance and governance, compliance, internal audit, information technology, treasury and people functions to a number of Bupa Group service companies.

External outsourcing

The Company has chosen to outsource some of its operational functions and activities to external providers, for example the Head of Actuarial Function role which has been outsourced to Milliman, 7 Grand Canal, Grand Canal Street Lower, Dublin 2, Dublin, Ireland.

B.8 Assessment of governance

The Bupa Risk Management Framework and Systems of Governance, including the 3 lines of defence model, have been adopted by the Company and compliance is reviewed through Bupa's internal risk attestation process. Both the Risk Management Framework and Systems of Governance are reviewed on an annual basis to ensure that they continue to be effectively designed, given the regulatory requirements. Both are assessed as being adequate for the nature, scale and complexity of the risks associated with the Company's business.

B.9 Any other information

There is no other material information to be disclosed.

C. Risk Profile
(Unaudited)

General information

The Company risk profile is a key driver of the SCR. The distribution of the Company's quantifiable risks, as reflected in the SCR, is as follows:

Analysis of the diversified SCR	2019	2018
Underwriting risk	**69%**	78%
Market risk	**12%**	1%
Credit risk	**10%**	21%
Operational risk	**9%**	0%
	100%	100%

Information on each of the risk categories is provided in sections C.1 to C.6 below. Information is also provided on liquidity risk in section C.4. Liquidity risk does not form part of the standard formula SCR and is therefore not included in the above table.

Information on the calculation of the SCR is provided in section E.2 Solvency Capital Requirement and Minimum Capital Requirement.

Risk mitigation
As noted in section B.3.1 risks are managed according to a Board approved Risk Management Framework and the effectiveness of the implementation of the Risk Management Framework is tested through the ICRMA. Specific risk mitigations are identified in section C.1 to C.6 where relevant.

C.1 Underwriting risk

Insurance risk consists of underwriting and pricing risks which relate to inadequate tariffs of insurance products as well as reserving risk which relates to the potential inadequacy of claims provision.

Underwriting risk refers to the potential deviation from the actuarial assumptions used for setting insurance premium rates which could lead to premium inadequacy. Underwriting risk is therefore concerned with both the setting of adequate premiums rates (pricing risk) and the management of claims (claims and reserving risk) for insurance policies.

Pricing risk
Pricing risk arises from routine revisions to premium tariffs and from the processes to set bespoke premiums for large corporate health insurance customers. The adequacy of pricing rests on thorough actuarial analysis of past and most recent claims levels, combined with forward projections of the most recent observed trends. Pricing risk affects only future cash flows since new tariffs impact on levels of premium earned when health insurance contracts renew.

Mitigation
The Company will mainly write annually renewable health insurance contracts. The annual renewability feature permits tariff revisions to be made in response to changes in claim experience. This is a significant mitigant to pricing risk. The Company does not expect to underwrite any material business that commits it to cover risks at premiums fixed beyond a twelve month period from inception or renewal. Actuarial analysis performed on a regular basis combined with an understanding of local market dynamics are also effective risk mitigations.

Claims risk
Future adverse claims experience, for example, that which is caused by external factors such as medical inflation, will affect cash flows after the date of the financial statements.

Generally, the Company's health insurance contracts contain terms and conditions that provide for the reimbursement of incurred medical expenses for treatment related to acute medical conditions. The contracts do not provide for capital sums or indemnified amounts. Therefore, claims experience is necessarily underpinned by prevailing rates of illness.

Mitigation
Claims risk is managed and controlled by means of pre-authorisation of claims, outpatient benefit limits, the use of consultant networks and agreed networks of hospitals and charges. Specific claims management processes vary across the Company depending on local conditions and practice.

Additionally, claims risk is generally mitigated by the Company's control processes to ensure that both the treatments and the consequent reimbursements are appropriate.

Reserving risk
Reserving risk is the risk that technical provisions for claims incurred prove to be insufficient in light of later events and claims experience. There is a relatively low exposure to reserving risk due to the short-term nature of claims development patterns. The short-tail nature of the Company's insurance contracts means that movements in claims development assumptions are generally not significant.

The amount of claims provision at any given time that relates to potential claims payments that have not been settled within one year is not material. In addition, it is possible to estimate with reasonable confidence the outstanding amounts for such late-settled claims.

Mitigation
The development patterns are kept under constant review to maintain the validity of the assumptions and hence, the validity of the estimation of technical provisions.

Other risks related to underwriting health insurance business
Claims provisions are not discounted and their short-term nature means that changes in interest rates have no impact on reserving risk. In addition, the future premium income and claims outflows of health insurance premium liabilities are largely unaffected by changes in interest rates. However, changes to inflationary factors such as wage inflation and medical cost inflation affect the value of future claims outflows.

None of the Company's insurance contracts contain embedded derivatives so the contracts do not in that respect give rise to interest rate risk. Going forward, the Company will be exposed to foreign currency risk through some claims which are settled in a local currency. Where possible these liabilities will be matched to assets in the relevant currency to provide an economic hedge to this exposure.

Concentrations of risk
The Company's activities are focused on single line health portfolios and travel business. The Company does not expect significant concentrations of insurance risk for the following reasons:

- product diversity between domestic and expatriate, and individual and corporate health insurance; and
- a variety of claims type exposures across diverse medical providers - consultants, nursing staff, clinics, individual hospitals and hospital groups.

Mitigation
The Company is exposed to the risk that a single event occurs in a location, which would result in a large number of claims. This is mitigated by writing a diverse portfolio of business, in particular consumer policies, both within and across geographies.

Catastrophe risk
A natural disaster or a man-made disaster could potentially lead to a large number of claims and thus higher than expected claims costs.

Mitigation

In the majority of jurisdictions, the Company is not liable to such claims.

Underwriting risk sensitivity
The SCR under Solvency II is held to protect against an instantaneous 1-in-200 year loss event. The Company's 1-in-200 year loss with respect to underwriting risk is €16.9m (undiversified), which accounts for 69% of the Company's overall SCR. The results of stress and scenario testing are reviewed by the BRC as part of the business planning process and are a key element of the ORSA. Within the ORSA, the impact from higher loss ratios (2.5% reduction in premium income and 2% increase in medical inflation) was estimated to adversely impact the solvency surplus by approximately €10m.

C.2 Market risk

Market risk is the risk of adverse financial impact due to changes in fair values of future cash flows of financial instruments from fluctuations in interest rates, foreign exchange rates, commodity prices, credit spread and equity prices. The focus of the Company's long-term financial strategy is to facilitate growth without undue balance sheet risk by investing within a conservative, capital-based risk appetite and generating cash plus returns over the long-run.

Mitigation
The approach to investment decision making is governed by the Board. The Board determines the overall investment risk appetite for the Company which is articulated through the risk parameters contained in the Treasury Policy and its Statement of Investment Principles. The Board is responsible for setting the investment strategy and asset allocation. The day to day management of the Company's financial investments is done by the Group's Treasury function.

Currency risk
The company is exposed to two sources of currency risk: one relates to policies where premiums and claims are in different currencies; the other relates to the translation of non-euro balances into euro for reporting purposes.

Mitigation
The Company matches significant non-euro balances through regular rebalancing of cash accounts in the major corresponding currencies. Going forward, due to the large number of currencies involved, it is likely that it will not be possible for the Company to fully match the currency risk and it will therefore introduce a currency hedging programme to ensure it remains within its stated currency risk appetite.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the company does not hold any corporate or other bonds, it is not exposed to this risk.

Mitigation
Variable rate assets represent a natural hedge for variable rate liabilities.

Market risk sensitivities
The Company currently invests in cash and cash equivalents and underwrites short-tail non-life insurance business. As a result, the Company's solvency position is not materially sensitive to changes in interest rates and equity prices.

In consideration of the Company's exposure to currency fluctuations, primarily across the Euro, Danish Krone, US Dollar and the Pound, the impact of a 3% strengthening of the Euro against all other relevant currencies is estimated to replicate the Euro strengthening post-Brexit through 2020. Under this scenario, it is assumed that the Euro will appreciate by c.3% against a basket of all other currencies, which is estimated to reduce the Company's solvency surplus by approximately €10m at the time of stress.

C.3 Credit risk

Credit risk is the risk that the Company will suffer a financial loss as a result of a counterparty failing to meet all or part of their contractual obligations. The Group Treasury function manages the Company's credit risk under the guidance of the Board.

Mitigation

Investment exposure with external counterparties is managed by ensuring that all counterparties secure a minimum credit rating across agencies used by the Company (unless specifically approved by the Board). Risk of counterparties failing to meet obligations is considered through the Company's stress and scenario testing programme.

C.4 Liquidity risk

Liquidity risk is the risk that the Company will not have available funds to meet its liabilities when they fall due. The Company enjoys a strong liquidity position and adheres to a strict liquidity management policy.

Mitigation

Liquidity is managed by maintaining a liquidity buffer to meet unforeseen liquidity requirements. Liquidity risk is considered as part of the stress and scenario testing. For further details refer to Section C.7.2.

Expected profit included in future premiums

Under Solvency II, expected profit included in future premiums is included in Own Funds, recognised in the calculation of technical provisions. Expected profit included in future premiums does not form part of the liquidity position as 31 December but is taken into consideration when assessing the Company's future liquidity. Expected profit included in future premiums amounted to €5.2m at 31 December 2019 (31 December 2018: €Nil).

C.5 Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, or from personnel, systems or external events. This includes customer risk, which is the risk that the Company's behaviour or actions result in unfair outcomes or detriment for customers.

Mitigation

The Company is committed to managing operational risk effectively. Through its risk management function, the Company implements a detailed operational risk management process to identify, manage, monitor and report operational risk, including identification of appropriate additional mitigants where necessary. The Company's robust system of governance and risk management framework provides an overall control on its operational risk exposure.

Operational Risk does not lend itself to sensitivity analysis. Operational risk scenario analysis exercises are conducted to provide an understanding of the specific risks that the Company faces on a daily basis, the likelihood of them occurring and the severity of the impact if they were to occur. This understanding allows for a more focused allocation of resources targeted at mitigating or controlling the more material exposures.

C.6 Other material risks

Strategic Risk

The Company is exposed to strategic risk, being the risk of an inability to design or implement appropriate business plans and strategies, make decisions, allocate resources, or adapt to changes in the business environment. These risks must also be considered in light of the Company being a newly incorporated and authorised entity. The political and economic backdrop to the Company's business is uncertain, with powerful global social trends. Populations are ageing, public health solutions are continuously evolving, governments are facing funding issues in healthcare and aged care, and competition is intense, both from traditional and non-traditional players.

Mitigation

In order to manage strategic risk effectively, the Company implements a robust three year planning process which considers the strategic risks and culminates in a three year plan approved by the Company's Board. The Company is focused on delivering great customer outcomes and long-term profitable growth. Through the identification and assessment of emerging risks the Board is able to react to issues in a timely and appropriate manner.

C.7 Any other information

C.7.1 Prudent person principle

The Company operates in accordance with the prudent person principle. The Company's approach to investment is as follows:

- The Board is responsible for setting the overall investment risk appetite for the Company which is articulated through the risk parameters contained in the Risk Appetite Statement, Treasury Policy and its Statement of Investment Principles. The Board approves the expected investment return as part of the annual operating plan process and monitors investment performance against plan on a regular basis; and
- The Board is responsible for setting investment strategy and asset allocation, within the risk parameters contained within the Risk Appetite Statement, Treasury Policy and the Statement of Investment Principles. The Board reviews and monitors the key risk indicators for the investments including the performance against targets, counterparty exposures, overall credit rating exposures and liquidity levels.

C.7.2 Stress and scenario testing

A key part of the Company's risk management framework involves identifying the scenarios that could adversely impact the Company and assessing its ability to withstand them. The stress and scenario testing evaluates the impact of adverse scenarios on the Company's business plans, including an assessment of whether the Company will continue to have sufficient capital resources to cover both its own assessment of risks and regulatory capital requirements as well as the liquidity implications of the scenarios.

The Company profits and revenue are sensitive to four main drivers and these are:

- Membership volumes which impact revenue;
- Loss ratio – changes in Medical inflation or an inability to secure adequate premium increases impacts the loss ratio and claims incurred;
- Business mix and expenses ratio which impacts the overall profitability of the Company; and
- Adverse currency fluctuations.

The Company also conducts reverse stress testing which starts at the point of failure of the Company's business model and aims to identify a scenario that may result in such a failure.

The results of the stress and scenario testing are reviewed by the BRC as part of the business planning process and are a key element of the ORSA.

D. Valuation for Solvency Purposes (Audited)

Solvency II requires an economic market consistent approach to the valuation of assets and liabilities. A number of assets and liabilities require different valuation methods to those used in the financial statements included in the Company's Annual Report and Accounts for the period ended 31 December 2019. The financial statements are prepared under Irish GAAP (GAAP). The table below provides a summary of the Solvency II and the GAAP valuation of assets, based on the Solvency II balance sheet headings and the Solvency II approach to classifying assets and liabilities. An explanation of the Solvency II valuation methods and assumptions, including key differences to those used under GAAP, is provided in the subsequent sections.

		Solvency II		**GAAP**		**Difference**	
		2019	2018	**2019**	2018	**2019**	2018
Assets	Section	**€m**	€m	**€m**	€m	**€m**	€m
Deferred acquisition costs	D.1.1	**-**	-	**4.7**	-	**(4.7)**	-
Property, plant and equipment	D.1.2	**3.0**	-	**4.2**	-	**(1.2)**	-
Insurance and intermediaries receivables	D.1.3	**8.3**	-	**22.3**	-	**(14.0)**	-
Receivables (trade, not insurance)	D.1.4	**0.1**	-	**0.1**	-	**-**	-
Cash and cash equivalents	D.1.5	**66.9**	38.7	**66.9**	38.7	**-**	-
Any other assets, not elsewhere shown	D.1.6	**0.1**	-	**0.1**	-	**-**	-
Total assets		**78.4**	38.7	**98.3**	38.7	**(19.9)**	-
Liabilities							
Technical provisions	D.2	**25.1**	-	**42.9**	-	**17.8**	-
Financial liabilities (IFRS 16)	D.3.1	**2.9**	-	**3.4**	-	**0.5**	-
Insurance and intermediaries payables	D.3.2	**-**	-	**4.6**	-	**4.6**	
Payables (trade, not insurance)	D.3.3	**1.6**	0.6	**1.7**	0.6	**0.1**	-
Any other liabilities, not elsewhere shown	D.3.4	**12.8**	-	**13.1**	-	**0.3**	-
Total liabilities		**42.4**	0.6	**65.7**	0.6	**23.2**	-
Excess of assets over liabilities		**36.0**	38.1	**32.6**	38.1	**3.4**	-

The overall difference in the GAAP to Solvency II excess of assets over liabilities is due to the following valuation differences:

	2019	2018
Valuation differences	**€m**	€m
Assets		
Property, plant and equipment	**(1.2)**	-
Liabilities		
Technical provisions	**3.7**	-
Financial liabilities (IFRS 16)	**0.5**	-
Other payables	**0.4**	
Total valuation differences	**3.4**	-

Other differences between the GAAP and Solvency II value of individual asset and liability classes relate to reclassifications, as noted in the respective sections below.

D.1 Assets

D.1.1 Deferred acquisition costs

Acquisition costs represent commissions payable and other expenses related to the acquisition of insurance contract revenues written during the financial year. The assets arising from the deferral of these costs are valued at €Nil within the Solvency II balance sheet as they are not a separable and saleable asset.

D.1.2 Property, plant and equipment

Property held for own use include office buildings used for carrying out insurance business and normal office activities. Following the introduction of IFRS 16, lease assets and liabilities will be recognised in the IFRS balance sheet. Leased property assets are valued using cost and depreciated over the life of the lease.

For Solvency II reporting, the fair value of the lease asset and liability assumes that the asset and liability would be transferred together. The leased property asset will be valued by discounting market rent at the relevant property yield (or actual rent discounted at a property yield adjusted for the differential between actual and market rent). In circumstances where market rent is being paid, the value of the asset and the liability will be equal.

The equipment balance in the Company's balance sheet comprises leasehold improvements and computer software which are ineligible for Solvency II reporting.

D.1.3 Insurance and intermediaries receivables

Under GAAP, receivables are valued at undiscounted amortised cost less any adjustment for impairment losses.

As required in the Solvency II guidance, the portion of insurance and intermediary receivables recognised as an asset on the GAAP balance sheet, that are not yet due at the reporting date, are transferred to technical provisions in the Solvency II balance sheet.

Past due receivables remain within 'insurance and intermediaries receivables' in the Solvency II balance sheet. Given that these receivables are materially due within 12 months, the GAAP valuation policy is considered to be a close approximation to fair value, and therefore no valuation adjustments are made for Solvency II reporting purposes.

D.1.4 Receivables (trade, not insurance)

Under GAAP, receivables are valued at undiscounted amortised cost net of provisions for expected credit losses. Given the short-term maturity of these assets, the GAAP valuation policy is considered to be a close approximation to fair value, and therefore no adjustments are made for Solvency II valuation purposes. All material receivables are due within 12 months.

D.1.5 Cash and cash equivalents

No valuation differences exist between GAAP and Solvency II. Cash and cash equivalents in the Solvency II balance sheet consist of deposits that can be exchanged for currency on demand at par value and are valued at their par value. Cash and cash equivalents are classified differently between GAAP and Solvency II. Under GAAP an investment qualifies as a cash and cash equivalent only when it has a short maturity of, three months or less from the date of acquisition. Under GAAP, non-pooled overdrafts are reported within the cash and cash equivalents, however these balances are required to be reported separately within liabilities for Solvency II reporting.

D.1.6 Any other assets, not elsewhere shown

These balances include other assets and prepayments. Under GAAP these assets are carried at cost less any adjustment for impairment losses. Given the short-term nature of these assets, this is considered to be a close approximation to the Solvency II fair value except for prepayments that cannot be transferred to a third-party are written down to €Nil. All material other receivables are due within 12 months.

D.1.7 Deferred tax assets

Deferred tax assets or liabilities are recognised on temporary differences where it is probable that they will reverse in future periods, and in the case of deferred tax assets these are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The Company did not recognise any deferred tax assets or liabilities as at 31st December 2019.

D.1.8 Assumptions and judgements

All judgements made by management in applying the Company's valuation policies that have a significant effect on the balance sheet, and estimates with a significant risk of material adjustment in subsequent periods, are set within the relevant sections above.

D.2 Technical provisions

D.2.1 Summary

The technical provisions for Solvency II purposes are an estimate of the cost at which insurance contracts could be transferred to another knowledgeable insurer in an arm's length transaction. Technical provisions at 31 December 2018 were €Nil, as such no comparative information has been reported in this section.

	2019			
Technical provisions	**Medical expense €m**	**Assistance €m**	**Other €m**	**Total €m**
Premium provision	**13.9**	**3.0**	**0.3**	**17.2**
Claim provision	**5.5**	**1.1**	**0.2**	**6.8**
Risk margin	**1.0**	**0.1**	**0.0**	**1.1**
Technical provisions	**20.4**	**4.2**	**0.5**	**25.1**

The technical provisions are not calculated as a whole but are calculated as the sum of the best estimate liability and a risk margin. The best estimate liability comprises a claims provision (for claims and expenses incurred prior to the valuation date) and a premium provision (for claims and expenses expected to be incurred between the valuation date and the contract boundary). The risk margin is estimated using the Solvency II 'cost of capital' approach, which is intended to reflect the total consideration (when included with the best estimate liability) that would be required by a third-party insurer to take over the full liability.

The Company's technical provisions for medical expense insurance business calculated at 31 December 2019 were €20.4m (31 December 2018: €Nil). The Company also writes assistance business, with technical provisions of €4.2m at 31 December 2019 (31 December 2018: €Nil). The Company reports an allocation of its assistance business to other risk groups, including medical expense, to reflect the risks inherent within that business. The remainder of this allocation has been aggregated in the table above as Other.

The Company actively manages its insurance claims cost for both medical expense and assistance business, the impact of which is reflected in the assumptions used to set the technical provisions. Implicitly, the effectiveness of such management actions is assumed to apply to all future claims anticipated in the technical provisions.

The technical provisions calculations do not apply the extrapolation of the risk-free rate, matching adjustment, volatility adjustment or transitional measures referred to in Articles 77 (b), (d) and 308(c), (d) of Directive 2009/138/EC.

D.2.2 Claims provision

The claims provision represents the estimated cost of claims incurred but not settled at the balance sheet date. The provision includes an allowance for claims management and claims handling expenses.

The ultimate cost of outstanding claims is estimated using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Pure Risk Cost methods. The key assumption for these methods is that past claims settlement patterns are an appropriate predictor of expected future claims settlement patterns. This assumption is adjusted where appropriate, using expert judgement.

The methods and data for the claims provision are the same as those used for the outstanding claims provision ("OCP") reported in the financial statements under GAAP, with a small difference arising from the exclusion of a prudence margin.

The Company's OCP processes are subject to annual review against the Group's claims reserving standards. The year end 2019 review concluded that the OCP was appropriate and that the processes, including documentation, met the standards in all material respects.

D.2.3 Premium provision

The premium provision represents the estimated cost of future claims and expenses arising from current and bound insurance contracts, net of future premiums. The premium provision is the expected present value of all future cashflows relating to risk exposure after the valuation date.

Under Solvency II, GAAP balances that relate to future claims exposure are adjusted to the best estimate of future cashflows. The following adjustments are applied:

- Deferred acquisition costs are not recognised;
- Insurance and reinsurance receivables and payables not yet due are recognised as a future cashflow in technical provisions rather than as a separate asset in the balance sheet;
- The GAAP unearned premium provision and any unexpired risk provision are adjusted to remove future profits in excess of deferred acquisition costs.

The cost of future claims and expenses is estimated using actuarial projections of members covered by current insurance contracts and assumptions for expected claims and expenses incurred per member. These assumptions are based on current year experience appropriately adjusted for trends, inflation and discounting.

Where relevant, the projection of future cash flows allows for the expected lapse behaviour of members (mid-term lapses and non-renewal lapses) in the period until the contract boundary.

A pure risk cost assumption is used to project claims expected to be paid. Expected claims are derived for the claim cost per member for each homogeneous risk group and appropriately adjusted for claims inflation and any expected changes in the mix of business.

Future claims are expected to increase in line with claims inflation.

The allowance for expenses in the technical provision is on a going concern basis, indirect overhead expenses are allocated on the assumption that the entity continues writing new business and volumes continue at the same level.

Expense allowance includes:

- Claims management and handling expenses for future claims;
- Commission;
- Administrative expenses incurred in the servicing of policies; and
- Overheads.

New business costs that are incurred before the contract recognition date are excluded, e.g. general marketing, lead generation and medical underwriting costs.

Claims management expenses are expressed as a percentage of projected paid claims amounts. The percentage will be consistent with the claims provision calculation.

An explicit loading has been added to the calculation of the premium provision in order to allow for possible future events which are not in the historical data used (ENIDs).

The Board approves the key assumptions used in the premium provision calculation.

D.2.4 Risk margin

The risk margin is estimated using the Solvency II 'cost of capital' approach, which is intended to reflect the total consideration (when included with the best estimate liability) that would be required by a third-party insurer to take over the full liability. This was estimated by applying a 6% cost-of-capital charge to the sum of the present value of projected unhedged SCR in each future year until the liabilities have been discharged. The rate of 6% is prescribed in the Solvency II regulations.

A risk margin is added to the best estimate provisions to allow for the inherent uncertainty of future cashflow projections. This uncertainty generally relates to the risk that past claims trends may not apply in the future, for example, as a result of changes in public healthcare provision, economic conditions or claims management procedures.

D.2.5 Methodology and assumption changes

The Company regularly reviews the methodology and assumptions used in the calculation of technical provisions. The assumptions to project future claims and expense have been updated to reflect the current year experience together with expected changes in trends and inflation. Many of these assumptions only have minor impacts on the technical provisions reported.

D.2.6 Reconciliation to financial statements

The key differences in the valuation of insurance contracts for Solvency II purposes relate to the use of best estimate assumptions compared with the use of prudent assumptions under GAAP. The Solvency II best estimate liabilities recognise future profits within the premium provision where this is not recognised under GAAP. In addition, GAAP insurance receivables are not recognised as assets under Solvency II but are instead netted off against the value of technical provisions for Solvency II purposes.

Reconciliation to Irish GAAP financial statements	**Medical expense €m**	**Assistance €m**	**Total €m**
Irish GAAP Technical provisions – net of reinsurance	**36.1**	**6.8**	**42.9**
Deferred acquisition costs	**(3.9)**	**(0.7)**	**(4.7)**
Technical provisions for financial statements – net of reinsurance and deferred acquisition cost	**32.2**	**6.1**	**38.2**
Reclassification:			
Insurance and reinsurance receivables and payables (not yet due)	**(10.5)**	**1.1**	**(9.4)**
Other	**(0.3)**	**-**	**(0.3)**
Fair value adjustments:			
Recognition of future profit within premium provision	**(4.6)**	**0.2**	**(4.4)**
Removal of Irish GAAP prudence margin – claims provision	**(0.1)**	**(0.1)**	**(0.2)**
Risk margin	**1.0**	**0.1**	**1.2**
Solvency II Technical provisions – net of reinsurance	**17.7**	**7.4**	**25.1**

The reconciliation of technical provisions in the table above reflects the split of business before any allocation of assistance business to other lines for regulatory reporting purposes. As noted above, the Company reports an allocation of its assistance business to other risk groups, including medical expense, to reflect the risks inherent within that business.

D.2.7 Level of uncertainty

Technical provisions are calculated using actuarial models that include the use of key assumptions based on historical and current year experience. Future claims payments, related expenses and lapse rates are subject to uncertainty, which may lead to actual experience differing from that implied by these assumptions.

The inherent uncertainty of future cash flows is low, which is reflected in the level of risk margin held. This low level of uncertainty reflects the short-tailed nature of the Company's insurance business, and the relatively predictable claims pattern.

D.3 Other liabilities

D.3.1 Financial liabilities (IFRS 16)

Following the introduction of IFRS 16, lease assets and liabilities will be recognised in the IFRS balance sheet. Lease liabilities are valued at amortised cost and discounted at the incremental borrowing rate.

For Solvency II reporting, the fair value of the lease asset and liability assumes that the asset and liability would be transferred together. The lease liability will be valued by discounting actual rent at the relevant property yield. In circumstances where market rent is being paid, the value of the asset and the liability will be equal.

D.3.2 Insurance and intermediaries payables

Under GAAP, payables are valued at undiscounted amortised cost less any adjustment for impairment losses.

As required in the Solvency II guidance, the portion of insurance and intermediary payables, recognised as a liability on the GAAP balance sheet, that are not yet due at the reporting date, are transferred to technical provisions in the Solvency II balance sheet.

Past due payables remain within 'insurance and intermediaries payables' in the Solvency II balance sheet. Given that these payables are materially due within 12 months, the GAAP valuation policy is considered to be a close approximation to fair value, and therefore no valuation adjustments are made for Solvency II reporting purposes.

D.3.3 Payables (trade, not insurance)

The GAAP trade payables are carried at amortised cost using the effective interest method. Given the short-term maturity of these liabilities, this is considered to be a close approximation to fair value, minor differences have been retained due to adjustments applied in the financial statements not taken through the Solvency II balance sheet due to materiality. All material trade payables are due within 12 months.

D.3.4 Any other liabilities, not elsewhere shown

Any other liabilities are made up of the following items:

Solvency II balance sheet	**2019 €m**	2018 €m
Accruals	**1.2**	-
Amounts owed to the Group's undertakings	**10.2**	-
Other payables	**1.4**	-
Total	**12.8**	-

Other liabilities are held at amortised cost under GAAP. Given the short-term maturity of these liabilities, this is considered to be a close approximation to fair value. Therefore no adjustment is required for Solvency II purposes, minor differences have been retained due to adjustments applied in the financial statements not taken through the Solvency II balance sheet due to materiality. All material liabilities included in this balance are due within 12 months.

D.4 Alternative methods for valuation

No alternative methods for valuation are used by the Company.

D.5 Any other information

The Company has no material off balance sheet liabilities.

Information on leasing arrangements is provided in Section A.4.

There is no other material information to be disclosed.

E. Capital Management (Audited)

E.1 Own Funds

E.1.1 Summary of Own Funds

The Company's Own Funds represent net assets valued on a Solvency II basis, together with eligible subordinated liabilities and capital tiering restrictions.

Own Funds	Section	**2019 €m**	2018 €m
Assets	D.1	**78.4**	38.7
Liabilities	D.3	**(42.4)**	(0.6)
Net assets		**36.0**	38.1
Available Own Funds	E.1.2	**36.0**	38.1
Capital tiering restriction	E.1.2	**-**	-
Eligible Own Funds	E.1.2	**36.0**	38.1

Information on the valuation of assets and liabilities is provided in section D: Valuation for solvency purposes.

E.1.2 Capital structure

Capital structure		**2019 €m**	2018 €m
Share capital		**39.6**	39.6
Reconciliation reserve		**(3.6)**	(1.5)
Unrestricted tier 1	E.1.2.1	**36.0**	38.1
Available Own Funds		**36.0**	38.1
Capital tiering restriction		**-**	-
Eligible Own Funds		**36.0**	38.1

Solvency II distinguishes between Basic Own Funds and Ancillary Own Funds. The Company's Eligible Own Funds are all Basic Own Funds.

E.1.2.1 Unrestricted tier 1

The Unrestricted Tier 1 capital represents the excess assets over liabilities of €36.0m (2018: €38.1m) as set out in Section D. The Unrestricted Tier 1 capital consists of share capital of €39.6m (2018: €39.6m) and a negative reconciliation reserve of €3.6m (2018: (€1.5m)).

Own Funds by tier

Eligible Own Funds to meet the SCR of €18.0m as at 31 December 2019 comprise entirely €36.0m unrestricted Tier 1. Eligible Own Funds to meet the MCR as at 31 December 2019 are an equivalent amount.

E.1.3 Comparison with GAAP equity

The following table provides an explanation of the differences between GAAP equity and the Solvency II excess of assets over liabilities, the details of which are included in section D:

	Section	**2019 €m**	2018 €m
Irish GAAP equity attributable to shareholders		**32.6**	38.1
Valuation differences:			
Assets	D.1	**(1.2)**	-
Liabilities	D.3	**0.9**	-
Technical provisions	D.2	**3.7**	-
Solvency II excess of assets over liabilities		**36.0**	38.1

E.1.4 Change in Own Funds

The movement in Own Funds during the financial year is analysed below:

Eligible Own Funds	**2019 €m**	2018 €m
At beginning of year	**38.1**	-
Capital injection on incorporation	**-**	39.6
Loss for the year as reported in the Company's financial statements	**(4.7)**	(1.5)
Change in the fair value of technical provisions	**3.7**	-
Movements in other Solvency II valuation adjustments	**(1.1)**	-
At end of year	**36.0**	38.1

E.1.5 Capital management policy and processes

The Company's capital management objective is to maintain sufficient capital to safeguard the Company's ability to continue as a going concern and to protect the interests of all of its customers, investors, regulators and trading partners while also efficiently deploying capital and managing risk to sustain ongoing business development. The Company maintains a prudent buffer over the SCR.

The Company manages its capital resources in line with the Company's Capital Management Policy, which is reviewed on an annual basis. The Company's capital position is kept under constant review and is reported regularly to the Board.

The Company is subject to the requirements of the Solvency II Directive and must hold sufficient capital to cover its SCR. In addition, the Company maintains a buffer in excess of this capital requirement, specified in line with the capital risk appetite set by the Board. The SCR is calculated in accordance with the Standard Formula specified in the Solvency II regulations.

At least annually, the Company carries out an economic capital assessment (ECA) in which it makes its own quantification of how much capital is required to support its risks. The ECA is used to assess how well the Standard Formula SCR reflects the Company's actual risk profile.The ECA forms part of the ORSA which comprises all the activities by which the Company establishes the level of capital required to meet its solvency needs over the planning period given the Company's strategy and risk appetite. The conclusions from these activities are summarised in the ORSA Report which is reviewed by the Risk Committee, approved by the Board and submitted to the CBI at least annually.

Other than disclosed above there have been no changes to what is managed as capital or to the Company's capital management objectives, policies or procedures during the year.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The table below shows the breakdown of the Company's SCR by the standard formula risk modules:

SCR by risk module	**2019 €m**	2018 €m
Market risk	**2.9**	0.1
Health Underwriting risk	**13.9**	2.8
Non-Life Underwriting risk	**3.0**	1.4
Credit risk	**2.4**	1.1
Basic SCR before diversification	**22.2**	5.4
Diversification	**(5.8)**	(1.6)
Basic SCR after diversification	**16.4**	3.8
Operational risk	**1.6**	0.0
Loss absorbency of deferred tax	**-**	-
Total SCR diversified	**18.0**	3.8

The Company's SCR has been calculated using the standard formula specified in the Solvency II legislation.

The Company does not use simplification calculations, as allowed for under the Solvency II Directive, in determining the standard formula SCR.

The Company's MCR is determined as the higher of the absolute minimum floor (€3.7m) and the combined Minimum Capital Requirement (€5.0m). The combined MCR is calculated as the lower of the linear MCR (assessed as a proportion of the best estimate liabilities and written premiums net of reinsurance) and 45% of SCR.

At 31 December 2019, the MCR is calculated as the linear MCR.

	2019 €m	2018 €m
MCR	**5.0**	3.7

The increase in the MCR during the year is driven by the increasing volumes of business written by the Company in its first period of underwriting to 31 December 2019.

The MCR coverage ratio at 31 December 2019 was 719% (2018: 1030%), with Eligible Own Funds to meet the MCR of €36.0m (2018: €38.1m).

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

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

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

This section is not applicable to the Company. The SCR has been calculated using the standard formula specified in the Solvency II legislation.

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

The Company has maintained sufficient capital to exceed both the SCR and the MCR throughout the reporting period.

E.6 Any other information

There is no other material information to be disclosed.

Glossary

Definitions

The Company	Bupa Global DAC
Bupa / the Group	The British United Provident Association Limited and subsidiaries
Solvency II Directive	Directive 2009/138/EC of the European Parliament and of the Council

Abbreviations

BDS	Bupa Denmark Services A/S
BINS	Bupa Insurance Limited
BISL	Bupa Insurance Services Limited
BRC	Board Risk Committee
CBI	Central Bank of Ireland
CEO	Chief Executive Officer
CRO	Chief Risk Officer
ECA	Economic Capital Assessment
ERC	Executive Risk Committee
ICRMA	Internal Control and Risk Management Assessment
IIA	Institute of Internal Auditors
IPMI	International Private Medical Insurance
IFRS	International Financial Reporting Standards
MCR	Minimum Capital Requirement
INED	Independent Non-Executive Director
ORSA	Own Risk and Solvency Assessment
PRA	Prudential Regulation Authority
QRT	Quantitative Reporting Template
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SME	Small and Medium Enterprise

Annex – Reporting Templates

The following QRTs are included within this Annex:

S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.17.01.02	Non-life technical provisions
S.19.01.21	Non-life insurance claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on standard formula
S.28.01.01	Minimum Capital Requirement – only life or only non-life insurance or reinsurance activity

Values disclosed within the QRTs are stated in €000's

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	2,981
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	0
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	0
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	0
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	8,270
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	124
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	66,956
R0420	Any other assets, not elsewhere shown	119
R0500	**Total assets**	78,450

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	25,115
R0520	*Technical provisions - non-life (excluding health)*	4,627
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	4,495
R0550	*Risk margin*	132
R0560	*Technical provisions - health (similar to non-life)*	20,488
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	19,463
R0590	*Risk margin*	1,024
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	113
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	2,909
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	1,600
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	12,761
R0900	**Total liabilities**	42,497
R1000	**Excess of assets over liabilities**	35,953

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business	55,586					322	22	133		11	6,895	100					63,070
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share																	0
R0200	Net	55,586					322	22	133		11	6,895	100					63,070
	Premiums earned																	
R0210	Gross - Direct Business	23,085					173	12	72		6	3,705	54					27,106
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share																	0
R0300	Net	23,085					173	12	72		6	3,705	54					27,106
	Claims incurred																	
R0310	Gross - Direct Business	11,608					92	6	38		3	1,958	28					13,734
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share																	0
R0400	Net	11,608					92	6	38		3	1,958	28					13,734
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net	0					0	0	0		0	0	0					0
R0550	**Expenses incurred**	14,910					135	9	56		5	2,883	42					18,039
R1200	**Other expenses**																	0
R1300	**Total expenses**																	18,039

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			DK	GR	CY	FR	PT	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	108	11,329	10,421	9,548	4,441	4,122	39,968
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share							0
R0200	Net	108	11,329	10,421	9,548	4,441	4,122	39,968
	Premiums earned							
R0210	Gross - Direct Business	37	6,057	4,118	3,906	1,898	1,530	17,547
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share							0
R0300	Net	37	6,057	4,118	3,906	1,898	1,530	17,547
	Claims incurred							
R0310	Gross - Direct Business	5	3,169	1,442	2,095	1,134	567	8,412
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share							0
R0400	Net	5	3,169	1,442	2,095	1,134	567	8,412
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	22	4,919	2,778	2,690	1,182	973	12,564
R1200	**Other expenses**							
R1300	**Total expenses**							12,564

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**	0					0	0	0		0	0	0					0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross	13,915					182	11	44		6	2,994	61					17,212
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	0
R0150	**Net Best Estimate of Premium Provisions**	13,915					182	11	44		6	2,994	61					17,212
	Claims provisions																	
R0160	Gross	5,548					52	4	21		2	1,105	16					6,747
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	0
R0250	**Net Best Estimate of Claims Provisions**	5,548					52	4	21		2	1,105	16					6,747
R0260	**Total best estimate - gross**	19,463					233	15	65		7	4,098	77					23,958
R0270	**Total best estimate - net**	19,463					233	15	65		7	4,098	77					23,958
R0280	**Risk margin**	1,024					7	0	2		0	120	2					1,156
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**	20,488					241	15	67		8	4,218	79					25,115
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	0					0	0	0		0	0	0					0
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	20,488					241	15	67		8	4,218	79					25,115

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Accident Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year											**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	2010	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2011	0	0	0	0	0	0	0	0	0			0	0
R0180	2012	0	0	0	0	0	0	0	0				0	0
R0190	2013	0	0	0	0	0	0	0					0	0
R0200	2014	0	0	0	0	0	0						0	0
R0210	2015	0	0	0	0	0							0	0
R0220	2016	0	0	0	0								0	0
R0230	2017	0	0	0									0	0
R0240	2018	0	0										0	0
R0250	2019	8,079											8,079	8,079
R0260												**Total**	8,079	8,079

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year											**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	2010	0	0	0	0	0	0	0	0	0	0		0
R0170	2011	0	0	0	0	0	0	0	0	0			0
R0180	2012	0	0	0	0	0	0	0	0				0
R0190	2013	0	0	0	0	0	0	0					0
R0200	2014	0	0	0	0	0	0						0
R0210	2015	0	0	0	0	0							0
R0220	2016	0	0	0	0								0
R0230	2017	0	0	0									0
R0240	2018	0	0										0
R0250	2019	6,747											6,747
R0260												**Total**	6,747

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Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	39,600	39,600		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	-3,647	-3,647			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	35,953	35,953	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	35,953	35,953	0	0	0
R0510	Total available own funds to meet the MCR	35,953	35,953	0	0	
R0540	Total eligible own funds to meet the SCR	35,953	35,953	0	0	0
R0550	Total eligible own funds to meet the MCR	35,953	35,953	0	0	
R0580	**SCR**	18,005				
R0600	**MCR**	5,000				
R0620	**Ratio of Eligible own funds to SCR**	199.68%				
R0640	**Ratio of Eligible own funds to MCR**	719.05%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	35,953
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	39,600
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	-3,647
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	5,161
R0790	**Total Expected profits included in future premiums (EPIFP)**	5,161

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	2,881		
R0020	Counterparty default risk	2,441		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	13,882		
R0050	Non-life underwriting risk	3,020		
R0060	Diversification	-5,845		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	16,379		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	1,626
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	18,005
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	18,005
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
	Approach to tax rate	C0109
R0590	Approach based on average tax rate	0

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	0
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	5,000

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	19,463	55,586
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	233	322
R0080	Fire and other damage to property insurance and proportional reinsurance	15	22
R0090	General liability insurance and proportional reinsurance	65	133
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	7	11
R0120	Assistance and proportional reinsurance	4,098	6,895
R0130	Miscellaneous financial loss insurance and proportional reinsurance	77	100
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	5,000
R0310	SCR	18,005
R0320	MCR cap	8,102
R0330	MCR floor	4,501
R0340	Combined MCR	5,000
R0350	Absolute floor of the MCR	3,700
R0400	**Minimum Capital Requirement**	5,000