2023

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 information about the capital position as at 31 December 2023 of Bupa Global DAC (“the Company” or BGDAC) based on Solvency II requirements.

The SFCR includes information regarding the business and performance, system of governance, risk profile, valuation methods used for solvency purposes and capital management practices. Data reported in the tables of the SFCR has primarily been rounded to one decimal place, including totals, in line with data reported in source documents.

The Company is authorised and regulated by the Central Bank of Ireland (“CBI”). The Company’s solvency is subject to Solvency II requirements.

BUSINESS AND PERFORMANCE SUMMARY

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 and making a better world.

The Company provides personal, corporate and small to medium enterprise (SME) health insurance. The only segment is International Private Medical Insurance (“IPMI”) provided for individual consumers and employees requiring cover beyond their usual country of residence.

The principal operations take place in the Republic of Ireland, with branches sited in the Netherlands, Denmark and Malta. The provision of mediation and administrative services are provided by Bupa Insurance Services Limited in the UK, Bupa Denmark Services A/S in Denmark (ceased 2023) and LifeStar Health Limited in Malta. Further analysis of Geographical splits of business can be found in section A.2.3.

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 and risk 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 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 Directive. The distribution of the Company's quantifiable risks, as reflected in the SCR, is as follows:

Analysis of the diversified SCR	**2023**	2022
Underwriting risk	**65%**	70%
Market risk	**9%**	5%
Counterparty default risk	**12%**	11%
Operational risk	**14%**	14%
	100%	100%

The SCR profile has not changed materially over the past 12 months. There has been a decrease in the underwriting risk module as a proportion of the diversified SCR and an increase in market risk due to higher currency risk (mainly exposure to GBP and USD).

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. Section E.2 provides a further breakdown of the SCR by risk type compared to the prior year.

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 International Financial reporting Standards (IFRS). The valuation differences are summarised as follows:

Valuation differences	2023 €m	2022 €m
Assets		
Investments	**(0.0)**	(0.1)
Property, plant and equipment	**(0.1)**	(0.3)
Other Assets	**0.0**	(0.2)
Liabilities		
Technical provisions	**13.8**	7.4
Financial liabilities (IFRS 16)	**0.2**	0.2
Other payables	**(1.7)**	(0.8)
Total valuation differences	**12.2**	6.2

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 (IFRS) 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 Company holds Eligible Own Funds (all Tier 1) of €64.1m (2022: €56.1m) which represents 356% of the of the SCR for the company of €18.0m (2022: €17.8m). The equivalent coverage ratio for the Minimum Capital Requirement (MCR) of €5.5m (2022: €5.9m) was 1174%.

The Solvency II SCR is held to protect against an instantaneous 1-in-200 year loss. In the same way that a large profit typically creates a tax liability, a large loss could potentially create a tax asset. In the context of Solvency II, this is called a notional deferred tax asset, which can be used to reduce the SCR. The reduction to the SCR arising from the recognition of this notional deferred tax asset is referred to as Loss absorbency capacity of deferred tax (LACDT). BGDAC has introduced an LACDT reduction to SCR from 2022 onwards.

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	2023 €m	2022 €m
Eligible Own Funds (Unrestricted Tier 1)	**64.1**	56.1
SCR	**(18.0)**	(17.8)
Surplus	**46.1**	38.3
Solvency ratio	**356%**	315%

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 Company 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 Overview

The Company provides International Private Medical Insurance ("IPMI") to policyholders within the European Economic Area ("EEA").

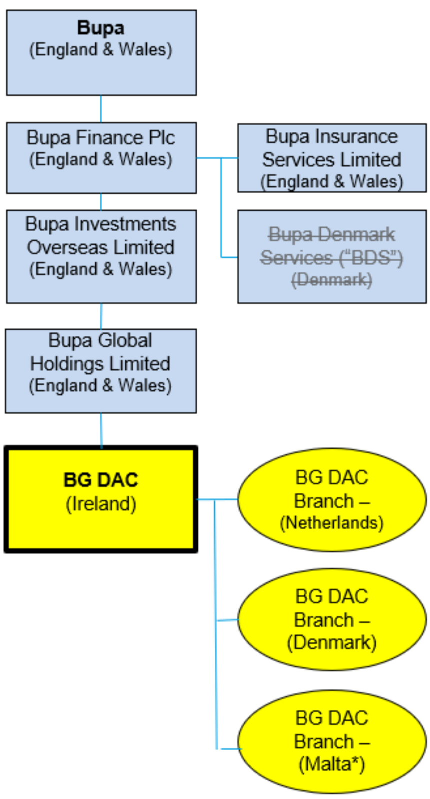
The Company is part of the Bupa Group, an international healthcare group. Since 1947 Bupa Group's global footprint has grown from our origins in the UK to Australia, Spain, Poland, Chile, New Zealand, Hong Kong, Türkiye, Mexico, the US, Brazil, the Middle East, India and Ireland. Bupa was established in 1947 when 17 British provident associations 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 and making a better world. 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 (SME) health insurance. The only segment is IPMI provided for individual consumers and employees requiring cover beyond their usual country of residence.

The principal operations take place in the Republic of Ireland, with branches sited in the Netherlands, Denmark and Malta. The provision of mediation and administrative services are provided by Bupa Insurance Services Limited in the UK, Bupa Denmark Services A/S in Denmark (ceased 2023) and LifeStar Health Limited in Malta. Further analysis of Geographical splits of business can be found in section A.2.3.

A.1.2 Legal structure

The simplified chart below shows the position of the Company in the Group's legal structure as at 31 December 2023.



Bupa is the ultimate parent of BG DAC.

BG DAC and BISL are wholly owned by Bupa.

- BG DAC was established in Ireland as an EEA insurance carrier and started writing new business from 01 April 2019.
  - BG DAC is the insurance carrier for the EEA.
  - BISL provides outsourced functions to BG DAC as are other Bupa Group companies.
  - BDS previously serviced the assistance book and provided outsourced functions. The company is no longer actively trading
  - Branches of BG DAC are operating in the Netherlands, Denmark and Malta
  - *The Malta branch is not a registered branch of BG DAC, but has been opened through an MGA with LifeStar Health Limited ("LifeStar") – formerly known as Global Capital

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.1.3 Bupa organisation structure

The Group is structured into three Market Units: Bupa Asia Pacific, Europe and Latin America, and Bupa Global and UK (BGUK). The three Market Units are comprised of a number of Business Units and are supported by Group functions.

The Company’s 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, including Finance & Regulatory Reporting, Tax, Treasury and Actuarial.

A.1.4 Significant events in the year

Macroeconomic and socio-political environment

There has been a transition towards a high inflationary environment to differing extents globally, which has led to some consumers and employees experiencing a ‘cost of living’ crisis. Moreover, low unemployment rates are contributing to labour market pressures and heightened wage inflation. Tackling inflation remains a key priority for governments and central banks. Inflation risk is being monitored and assessed as part of the stress and scenario testing programme and strategic risks reporting.

Healthcare spending

Within healthcare, trends driving increased demand in the sector will continue, such as ageing population demographics and a rising incidence of chronic and lifestyle-related illness. As a health insurer, we face increasing pressure to manage the impact of healthcare cost inflation on behalf of customers, ensuring customer access to affordable and effective healthcare, while seeking to satisfy demands for a broader and costlier range of interventions.

Changes in EIOPA Requirements for QRTs

Following consultation as part of the Solvency II 2020 review last year, EIOPA submitted draft amendments to the existing disclosure requirements and a new draft taxonomy was published later in 2022. In April 2023, the draft amendments were approved by the European Commission for implementation from 31 December 2023.

The new Implementing Regulation (2023/894 and 895) requires changes to a number of templates, the addition of new templates and the removal of obsolete ones. Some of these changes have a knock-on effect into the templates for public disclosure.

Director changes in the year

Anna-Marie Oldfield was appointed as Non-Executive Director with effect from 27 January 2023.

Dividend

In 2023, the Company declared and paid a divided of €7m to its immediate parent company (2022: nil).

A.1.5 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 Company is a company limited by shares.

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 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 PricewaterhouseCoopers LLP ("PwC"), Chartered Accountants, One Spencer Dock, North Wall Quay, Dublin 1. PwC was appointed as the Company's auditor with effect from the audit for the financial year ending 31 December 2022.

The Annual Report and Accounts and Solvency and Financial Condition Report, for Bupa Group, are available on: www.bupa.com/corporate/our-performance.

A.2 Underwriting performance

A.2.1 Overview

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

Underwriting Performance Per Financial Statements	**2023 €m**	2022 €m
Insurance revenue	**95.3**	96.2
Insurance service expenses	**(83.0)**	(77.0)
Insurance service result before reinsurance contracts held	**12.3**	19.2
Net income/(expense) from reinsurance contracts held	**0.1**	(0.1)
Insurance service result	**12.3**	19.1
Financial income and expense:		
Financial income	**2.1**	0.8
Financial expense	**(0.1)**	(0.5)
Financial (expense) from insurance contracts held	**(0.1)**	-
Net financial income	**1.9**	0.4
Profit before taxation expense	**14.2**	19.5
Taxation expense	**(2.1)**	(4.5)
Profit for the year	**12.1**	15.0

[1] Balances have been restated for the adoption of IFRS 17

The insurance service result decreased to €12.3m (2022: €19.1m). The decrease was mainly driven by higher insurance service expense, comprising claims incurred and operating expenses attributable to the policies we issue,

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.

2023	**Medical Expense €m**	**Assistance €m**	**Total €m**
Gross insurance premium earned	**95.3**	**-**	**95.3**
Gross insurance claims incurred	**51.4**	**-**	**51.4**
Expenses	**27.9**	**-**	**27.9**
Underwriting profit/(loss)	**16.0**	**-**	**16.0**

2022	Medical Expense €m	Assistance €m	Total €m
Gross insurance premium earned	92.1	3.8	95.9
Gross insurance claims incurred	44.3	1.9	46.2
Expenses	31.4	5.9	37.3
Underwriting profit/(loss)	16.4	(4.0)	12.4

Claims handling costs of €2.9m (2022: €2.8m) are included within expenses in 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	**2023 €m**	2022 €m
Net operating expenses per financial statements	**27.1**	35.1
Claims handling cost	**2.9**	2.9
Classification differences between Solvency II and the financial statements	**(2.1)**	(0.7)
Underwriting expenses	**27.9**	37.3

A.2.3 Underwriting performance by geographical area

2023	**Greece €m**	**Cyprus €m**	**Malta €m**	**Portugal €m**	**France €m**	**Other €m**	**Total €m**
Gross insurance premium earned	**14.9**	**12.2**	**10.5**	**6.1**	**4.7**	**46.9**	**95.3**
Gross insurance claims incurred	**6.2**	**5.8**	**5.6**	**2.9**	**2.5**	**28.3**	**51.4**
Expenses	**4.4**	**3.6**	**2.8**	**1.8**	**1.4**	**14.0**	**27.9**
Gross Underwriting profit	**4.3**	**2.8**	**2.0**	**1.4**	**0.8**	**4.6**	**16.0**

2022	Greece €m	Cyprus €m	Malta €m	Portugal €m	France €m	Other €m	Total €m
Gross insurance premium earned	15.5	12.8	9.9	6.2	5.3	46.2	95.9
Gross insurance claims incurred	6.8	5.6	5.6	1.7	2.7	23.7	46.2
Expenses	6.2	5.1	2.8	2.5	2.1	18.5	37.3
Gross Underwriting profit	2.5	2.1	1.5	2.0	0.5	3.9	12.4

The information is presented as a summary of top 5 countries by premium based on information in the QRT S.04.05.b ‘Activity by country - location of risk’.

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:

	2023	2022
	€k	€k
Interest income	**2,408**	(10)
Net foreign exchange translation gain/(loss)	**(307)**	811
Total financial income	**2,102**	801

A.3.2 Investment expenses

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

	2023	2022
	€k	€k
Interest expenses on financial liabilities at amortised cost	**-**	352
Finance charge in respect of leases and restoration provisions	**43**	50
Other financial expense	**87**	53
Total financial expenses	**130**	454

A.3.3 Gains/losses recognised directly in equity

There were no gains/losses recognised directly in equity for the period ended 31 December 2023.

A.4 Performance from other activities

Financial expense

The Company had €130k of financial expenses during 2023 (2022 restated: €454k).

Leasing arrangements

The Company had no finance leases during 2023 (2022: €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)

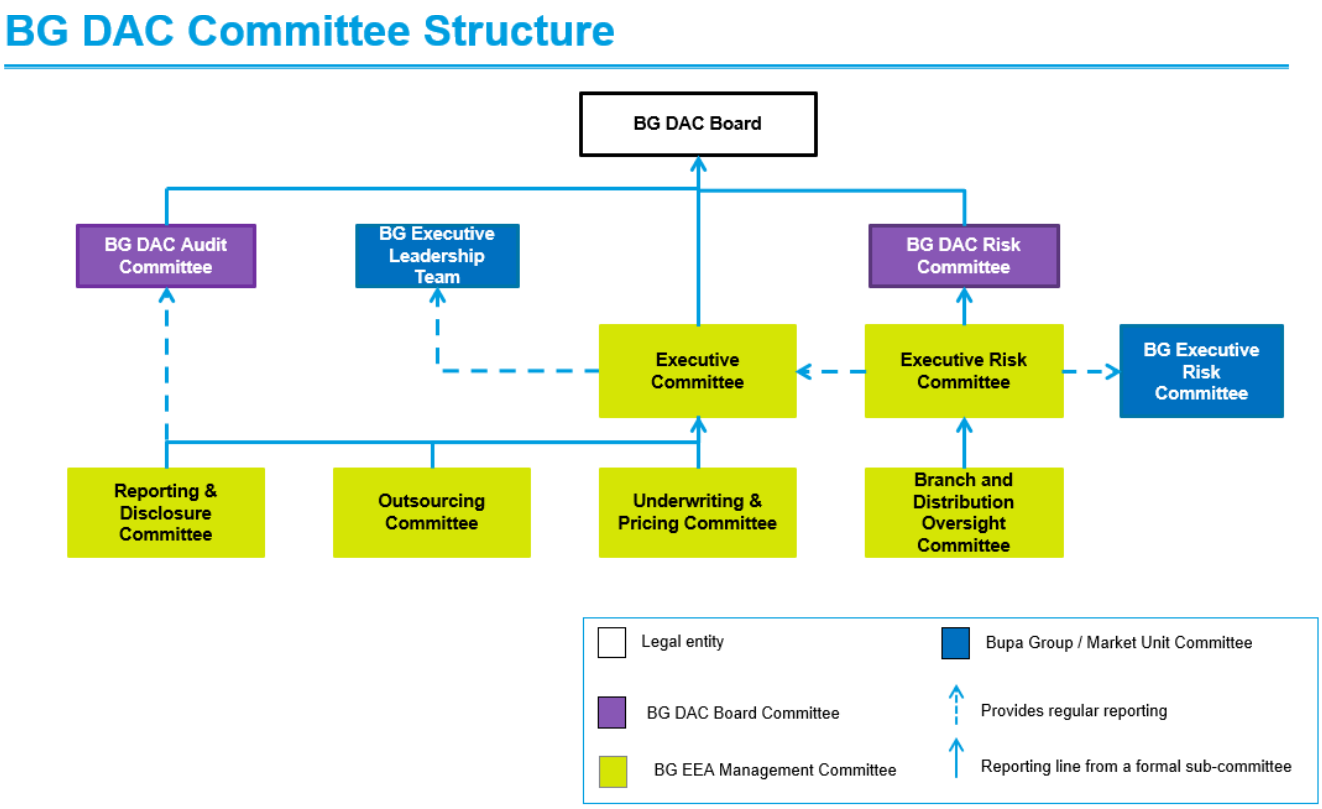
B. System of Governance (Unaudited)

B.1 General information on the System of Governance

This section of the report sets out information on the System of Governance within the company including information on the structure and role of the Board, responsibilities of key functions, an overview of the Company's risk management framework and internal controls. There have been no material changes to the Company's System of Governance within the year.

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, independence, and objectivity of the internal and external auditors.

All Committee Terms of Reference state the scope of delegated responsibilities and each is 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 is performed annually.

B.1.2 Board responsibilities

The role of the Board

As at 31 December 2023 the Board comprised a Non-Executive Chair, a Non- Executive Director, two Executive Directors and two other Independent Non-Executive Directors ("INEDs"). 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 role of the Board is to grow the business of the Company whilst ensuring fair customer conduct and effectively managing risk and solvency within prudent levels. It determines the strategic objectives and policies of the Company to deliver long term value. In addition to the foregoing the Board is responsible for, among other items, setting and overseeing:

- the business strategy for the Company;
- the amounts, types, and distribution of internal capital and Own Funds adequate to cover the risks of the Company;
- the strategy for the ongoing management of material risks, including amongst other items, liquidity risk;
- a robust and transparent organisational structure with effective communication and reporting channels;
- a remuneration framework that is in line with risk strategies of the Company; and
- an adequate and effective internal control framework, that includes well-functioning risk management, compliance, and internal audit functions as well as an appropriate financial reporting and accounting framework.

The role of the Chair

The Chair is responsible for leading and managing the work of the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chair 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 NEDs and 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:

- Actively participating in Board and Board Committee decision making;
- Constructively challenging and helping to develop proposals on longer term direction and strategy;
- Bringing an independent viewpoint to the deliberations of the Board that is objective and independent of the activities of management and of the Company;
- 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 is responsible for the leadership and management of the Company within the authorities delegated by the Board, ensuring decisions are made within these authorities and risk appetite and meet regulatory standards. 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 'Central Bank of Ireland's Corporate Governance Requirements for Insurance Undertakings 2015;
- managing the Company's risk profile, in line with the extent and categories of risk identified as acceptable by the Board;
- recruiting, developing, retaining and appropriately reviewing the performance of the executive management team of the Company as well as approving the apportionment and allocation of roles and responsibilities of that executive management team;
- recommending to the Board significant operational changes and major expenditures beyond the CEO's delegated authority;
- approving capital and revenue transactions, including acquisitions and disposals, not specifically reserved to the Board;
- ensuring that management fulfils its obligation to provide the Board with: (i) accurate, timely and clear information of a quality and comprehensiveness that will enable it to discharge its duties; (ii) the necessary resources for developing and updating their knowledge and capabilities; and (iii) appropriate knowledge of the Company, including access to Company operations and members of the workforce; and
- embedding the Company's 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

The Company applies the Bupa-wide remuneration policy to all its employees. This remuneration policy, set by the Group Remuneration Committee ("Bupa RemCo"), is designed to deliver market-competitive remuneration to promote the long-term success of Bupa and link reward to Bupa's strategic goals and purpose while promoting a prudent approach to risk.

The Bupa Remuneration Committee (RemCo) governs the remuneration of key executives, and considers if results have been achieved in a way that aligns with Bupa's values and with sustainable underlying business performance. In assessing incentive outcomes, Bupa RemCo takes into account actions and recommendations from executive and non-executive channels for the year to determine whether appropriate risk events have been recognised and dealt with accordingly.

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

The Remuneration Report in the 2023 Bupa Annual Report and Accounts (pages 80-92) 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	2023 €'000	2022 €'000
Emoluments	**1,049**	803
Company contributions to defined contribution pension schemes	**100**	59
Compensation for loss of office	**-**	27
	1,149	889

No Director had any material interest in any contracts with Group companies at 31 December 2023 (2022: €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.

Assessments of fitness and propriety for new appointments are subject to background screening checks and individuals are regularly monitored to ensure that they retain a fit and proper status for their role. This includes performance management and an annual assessment of their continued fitness and propriety.

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

B.3.1 Risk management framework

Our Risks

The Company characterises the risk profile from a number of complementary perspectives, acknowledging that some risks can be mitigated by holding capital while others are primarily managed through risk mitigation techniques and specific management actions.

The Company considers that the key risks and uncertainties relate to insurance risk, operational risk (including information security and privacy risks), investment risk, external market conditions, government and policy change, regulatory risk and climate change.

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

Further information on the Company's risk profile is provided in Section C. Risk Profile.

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 & Compliance 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
On the recommendation of the Risk Committee, the Board sets the Company's Risk Appetite and Risk Management Framework. These set out the principal risks facing the Company and the nature and extent of risk the Board is willing for the Company to take in order to achieve its strategic objectives.

The Company's enterprise risk policies set appetite on a risk by risk basis which are approved by the Board or relevant Committee and overseen by the Risk Committee. An annual assessment of compliance with the enterprise risk policies is undertaken by management, overseen by the Risk function with the results reported to the Audit and Risk Committees. The risk appetite statements are a key consideration in the Company's business planning process and a central reference point for key decisions. There is regular reporting against risk appetite statement limits to the Executive Risk Committee and Risk Committee.

Risk appetite statements are reviewed on an annual basis, with the Risk Committee recommending any changes to the statements to the Board for approval. The Risk Committee undertakes the oversight of risk management on behalf of the Board and recommends risk appetite 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 across all three lines of defence. 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 should operate; and
- appropriate and effective steps are taken to mitigate and manage identified risks.

The diagram below shows the key components of the Risk Management Framework.

Key components of the Risk Management Framework

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 Board Risk Committee (BRC) and the Board and has a direct right of access to the Chairman of the BRC.

Well-established regular reporting mechanisms are in place to ensure that all relevant risks are appropriately identified and escalated and 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 component 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 a cyclical basis in line with the wider Group.

The effective operation of the Risk Management Framework is tested through various review mechanisms including, but not limited to, discrete assurance activities, governance reviews and the Internal Control and Risk Management Assessment ("ICRMA") which provides a mechanism to gauge how well internal control and risk management practices are embedded across the Company within the wider market unit. This is a first line of defence self-assessment, subject to review and challenge by the second and third lines.

The processes used to identify, measure, manage, monitor and report risks include a programme of Stress and Scenario Testing ("SST"). Specific detailed reviews on particular risks are undertaken when considered necessary. Refer to Section C.7.2 for further details.

Information on the Company's risk profile is provided in Section C. Risk Profile.

B.3.2 Own Risk and Solvency Assessment

The ORSA is the series of activities by which an insurer assesses all the risks inherent in its business and determines the corresponding capital needs. This report documents the results and conclusions of Bupa Global DAC's ORSA covering the 2024-2026 business planning period.

The Company has considered how much capital is required to support the level of business anticipated in the 2024-2026 Plan.

In the light of the projected capital requirements, the following were considered;

- the appropriateness of the Company's capital position;
- the appropriateness of the structure of the Company's capital; and
- whether there are any other actions to be taken in response to the assessment.

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 frontline business management. The key elements of the Internal Control Framework are summarised below.

The Internal Control Environment ("ICE") comprises an appropriate and proportionate mix of governance, management and operational controls. These categories of internal controls are in place 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; and
- enable the Board and Risk Committee to validate that the Company is operating within its risk appetite.

As mentioned in Section B.3.1 we test the embeddedness of the internal controls systems by assessing compliance with the Enterprise Policies through our ICRMA. This is complemented by an annual ICE assessment that analyses information from across all three lines of defence in order to give an end-to-end assessment of controls effectiveness. First line control owners also undertake periodic testing over the design and operating effectiveness of key controls.

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 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.

The Compliance function is overseen by the Company Head of Compliance who reports into the CRO and is responsible for:

- Leading the regulatory compliance and conduct risk agenda;
- Providing robust challenge and oversight to all areas of the business;
- Managing the CBI regulatory relationship on behalf of the Company; and
- Providing regular and structured reporting on regulatory developments and the compliance status of the business to senior committees and the Board as required.

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 the Group Internal Audit Director 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 IFRS 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;

- providing an actuarial opinion to the Board in respect of the ORSA process; and
- contributing into risk management activities, including review of 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 Bupa Insurance Services (BISL), which is incorporated in the UK, 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 Company 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 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	2023	2022
Underwriting risk	**65%**	70%
Market risk	**9%**	5%
Counterparty Default risk	**12%**	11%
Operational risk	**14%**	14%
	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. Detailed risk analysis is completed and included as part of the company's ORSA processes, in particular the impact on future capital requirements changes to the risk profile of the Company.

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 as well as second and third line assurance activity. 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 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, 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.

Inflation risk
Throughout 2023 upwards pressure on global inflation has continued, driven in part by with a number of factors including persistent global supply chain disruption. The Company is exposed to inflation in particular medical cost inflation and wage inflation. Inflation risk is being monitored and assessed as part of the stress and scenario testing programme.

Mitigation
The ability to review premium rates is a significant mitigant to inflation risk. The Company's dominant only being an annually renewable health insurance contract allows the Company, if necessary, to respond quickly to inflationary pressure. We also have control mechanisms in place to mitigate the risk of higher-than-expected claims costs which includes pre-authorisation of claims, outpatient benefit limits, the use of consultant networks and agreed networks of hospitals and charges.

Other risks related to underwriting health insurance business
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 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. Consideration of the impact from global pandemics forms part of the Company's regular stress and scenario testing.

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 €16.0m (undiversified), which accounts for 89% of the Company's overall SCR (after diversification).

The results of stress and scenario testing have been reviewed by the BRC as part of the business planning process and are a key element of the ORSA Report. Within the ORSA, the impact from lower than expected growth, higher claims and claims handling expenses were tested.

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.

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.

The company holds short interest rate duration European government bills (less than 1 year maturity) , it is therefore not materially exposed to this risk.
Mitigation
Short duration assets represent a natural hedge for short duration liabilities.

Market risk sensitivities
The Company currently invests in cash and cash equivalents as well as short duration European government bills 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.

C.3 Counterparty default risk

Counterparty default 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. As part of this, default risk on reinsurance arrangements is also considered, though the impacts are not currently material. The Group Treasury function manages the Company's counterparty default 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 has 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 €6.7m at 31 December 2023 (31 December 2022: €9.4m).

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. . Populations are ageing, public health solutions are continuously evolving, governments are facing funding issues in healthcare 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.

Other material risks are also considered within the ORSA process discussed above in section (B.3.2). 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 and the availability of management actions.

Further information of other risks relevant to Bupa may also be found in the Bupa Group SFCR.

C.7 Any other information

C.7.1 Prudent person principle

The Company operates in accordance with the prudent person principle.

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, 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 expense 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 2023. The financial statements are prepared under IFRS. The table below provides a summary of the Solvency II and the IFRS valuation of net 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 IFRS, is provided in the subsequent sections.

		Solvency II		**IFRS**		**Difference**	
Assets	Section	**2023 €m**	2022 €m	**2023 €m**	2022* €m	**2023 €m**	2022* €m
Deferred acquisition costs		**-**	-	**-**	4.0	**-**	(4.0)
Investments	D.1.1	**54.4**	54.6	**54.4**	54.7	**(0.0)**	(0.1)
Property, plant and equipment	D.1.2	**1.8**	2.1	**1.9**	2.5	**(0.1)**	(0.3)
Reinsurance recoverables	D.1.3	**0.0**	0.0	**0.2**	0.0	**(0.3)**	0.0
Insurance and intermediaries receivables	D.1.4	**4.9**	4.4	**19.0**	16.4	**(14.1)**	(12.0)
Receivables (trade not insurance)	D.1.5	**0.0**	0.0	**0.0**	0.0	**-**	-
Cash and cash equivalents	D.1.6	**40.2**	36.2	**40.2**	36.2	**(0.0)**	-
Any other assets, not elsewhere shown	D.1.7	**0.0**	0.1	**0.0**	0.3	**(0.0)**	(0.2)
Total assets		**101.3**	97.5	**115.8**	114.1	**(14.5)**	(16.5)

Liabilities							
Technical provisions	D.2	**22.9**	26.5	**48.6**	45.9	**(25.7)**	(19.5)
Financial liabilities (IFRS 16)	D.3.1	**1.8**	2.1	**2.0**	2.3	**(0.2)**	(0.2)
Insurance and intermediaries payables	D.3.2	**1.7**	-	**4.1**	3.8	**(2.5)**	(3.8)
Payables (trade not insurance)	D.3.3	**2.0**	3.7	**2.0**	3.7	**-**	-
Deferred tax liability	D.3.4	**1.7**	0.8	**-**	-	**1.7**	0.8
Any other liabilities, not elsewhere shown	D.3.5	**7.1**	8.3	**7.2**	8.4	**0.0**	(0.0)
Total liabilities		**37.2**	41.4	**63.9**	64.2	**(26.7)**	(22.7)
Excess of assets over liabilities		**64.1**	56.1	**51.9**	49.9	**12.2**	6.2

*2022 valuation differences are presented against Irish GAAP not IFRS

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

Valuation differences	**2023 €m**	2022 €m
Assets		
Investments	**(0.0)**	(0.1)
Property, plant and equipment	**(0.1)**	(0.3)
Other Assets	**0.0**	(0.2)
Liabilities		
Technical provisions	**13.8**	7.4
Financial liabilities (IFRS 16)	**0.2**	0.2
Other payables	**(1.7)**	(0.8)
Total valuation differences	**12.2**	6.2

Other differences between the IFRS 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 Investments

In 2023 these balances relate to short term French and German Government bonds maturing between January and June 2024. These are recognised at fair value under Solvency II. The difference between Solvency II fair value and IFRS value principally relates to the recognition of accrued interest.

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 Company has a lease agreement in place for its offices in Dublin. The lease was incepted in 2019 with a 20 year term at inception and a termination clause after 10 years.

The equipment balance in the Company's balance sheet comprises furniture, fixtures and fittings which are ineligible for Solvency II reporting (as well as computer software, some of which is eligible).

D.1.3 Reinsurance recoverables

Reinsurance recoverables represent the reinsurer's share of technical provisions. Refer to Section D.2 for further details on technical provisions. All material reinsurance recoverables are due within 12 months.

D.1.4 Insurance and intermediaries receivables, Reinsurance receivables

Under IFRS, Insurance and inwards reinsurance receivables are carried at amortised cost net of provision for impairment losses.

As required in the Solvency II guidance, the portion of insurance and intermediary receivables recognised as an asset on the IFRS 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 IFRS 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.1.5 Other Receivables

Under IFRS, receivables are valued at undiscounted amortised cost. Given the short-term maturity of these assets, the IFRS 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.1.6 Cash and cash equivalents

No valuation differences exist between IFRS 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 IFRS and Solvency II. Under IFRS 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.

D.1.7 Any other assets, not elsewhere shown

These balances include other assets and prepayments. Under IFRS 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, prepayments that cannot be transferred to a third-party are written down to €Nil. The impact of these prepayment write-offs were negligible in 2023 (2022: €0.0m). All other material receivables are due within 12 months.

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.

2023	**Medical expense €m**	**Assistance €m**	**Total €m**
Premium provision - Gross	**9.2**	**-**	**9.2**
Premium provision - Net	**9.3**	**-**	**9.3**
Claim provision - Gross	**12.3**	**-**	**12.3**
Claim provision - Net	**12.2**	**-**	**12.2**
Risk margin	**1.3**	**-**	**1.3**
Technical provisions	**22.9**	**-**	**22.9**

2022	Medical expense €m	Assistance €m	Total €m
Premium provision - Gross	14.1	-	14.1
Premium provision - Net	14.2	-	14.2
Claim provision - Gross	10.3	0.6	10.9
Claim provision - Net	10.3	0.6	10.9
Risk margin	1.3	0.1	1.4
Technical provisions	25.8	0.7	26.5

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 2023 were €22.9m (31 December 2022: €25.8m). The Company also wrote assistance business in 2022 (writing of business ceased during 2022), with technical provisions of €nil at 31 December 2023 (31 December 2022: €0.7m).

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 SII claims provision are the same as those used for the outstanding claims provision ("OCP") reported in the financial statements under IFRS. The Solvency II claims provision is discounted.

The Company's claims provision processes are subject to annual review against the Group's claims reserving standards. The year-end 2023 review concluded that the provision was appropriate and that the processes, including documentation, met the standards in all material respects.

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

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, IFRS 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 IFRS 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 Reinsurance

The Company enters into reinsurance contracts in some circumstances. The calculation of these reinsurance recoverable assets is based on transferring the ‘not past due’ element into Technical Provisions.

D.2.5 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.2.6 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 expenses 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.2.7 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 IFRS. The Solvency II best estimate liabilities recognise future profits within the premium provision where this is not recognised under IFRS. In addition, IFRS insurance receivables which are not yet due are not recognised as assets under Solvency II but are instead netted off against the value of technical provisions for Solvency II purposes.

2023 **Reconciliation to IFRS financial statements**	**Medical expense** **€m**	**Assistance** **€m**	**Total** **€m**
IFRS17 TP – net of reinsurance	**33.5**	**-**	**33.5**
Reclassification:			
Insurance and Reinsurance receivables/Payables - Removal of Past Due balances	**3.0**	**-**	**3.0**
Fair value adjustments:			
Recognition of future profit within premium provision	**(15.2)**	**-**	**(15.2)**
Removal of IFRS prudence margin – claims provision	**(0.5)**	**-**	**(0.5)**
Addition of ENID - claims provision	**0.6**	**-**	**0.6**
Risk margin	**1.3**	**-**	**1.3**
Reinsurance adjustment	**0.2**	**-**	**0.2**
Solvency II Technical provisions – net of reinsurance	**22.9**	**-**	**22.9**

2022 Reconciliation to IFRS financial statements	Medical expense €m	Assistance €m	Total €m
IFRS17 TP – net of reinsurance	41.4	0.6	42.0
Reclassification:			
Insurance and Reinsurance receivables/Payables - Removal of Past Due balances	(8.2)	0.0	(8.2)
Fair value adjustments:			
Recognition of future profit within premium provision	(8.7)	0.0	(8,7)
Removal of IFRS prudence margin – claims provision	(0.4)	0.0	(0.4)
Addition of ENID - claims provision	0.4	0.0	0.4
Risk margin	1.3	0.1	1.4
Solvency II Technical provisions – net of reinsurance	25.8	0.7	26.5

D.2.8 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)

In accordance with 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 IFRS, 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 IFRS 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 IFRS 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 Other Payables

The IFRS 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 Deferred tax liabilities

All valuation differences between the IFRS and Solvency II balance sheets are considered from a tax perspective and deferred tax is calculated, where appropriate, using the tax rate applicable to these differences in accordance with IAS 12.

Deferred tax assets or liabilities are recognised on these 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. When assessing future probability, the relevant asset balance is considered in relation to the current profit profile for that tax jurisdiction and where there is a risk that a shock event could impact future profits to the extent there is any doubt on the utilisation of the asset, the asset balance is not recognised.

D.3.5 Any other liabilities, not elsewhere shown

Any other liabilities are made up of the following items:

Solvency II balance sheet	**2023** **€m**	2022 €m
Deferred tax liabilities	**1.7**	0.8
Amounts owed to the Group’s undertakings	**4.4**	5.0
Accruals and other payables	**2.8**	3.3
Total	**8.9**	9.1

Other liabilities are held at amortised cost under IFRS. Given the short-term maturity of these liabilities, this is considered to be a close approximation to fair value. Therefore no material adjustments are 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

Alternative methods for valuation are used for certain items of Investments (D.1.2).

D.5 Any other information

The Company has no material off balance sheet liabilities.

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	2023 €m	2022 €m
Assets	D.1	**101.3**	97.5
Liabilities	D.2/D.3	**(37.2)**	(41.4)
Net assets		**64.1**	56.1
Available Own Funds	E.1.2	**64.1**	56.1
Capital tiering restriction	E.1.2	**-**	-
Eligible Own Funds	E.1.2	**64.1**	56.1

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

E.1.2 Capital structure

Capital structure		2023 €m	2022 €m
Share capital		**39.6**	39.6
Reconciliation reserve		**24.5**	16.5
	E.1.2.1	**64.1**	56.1
Eligible Own Funds		**64.1**	56.1

Solvency II distinguishes between Basic Own Funds and Ancillary Own Funds. The Company's Eligible Own Funds are all Basic Own Funds. The Reconciliation reserve principally consists of accumulated IFRS profits and Solvency II valuation adjustments.

E.1.2.1 Available Own Funds

Available Own Funds represents the excess assets over liabilities of €64.1m (2022: €56.1m) as set out in Section D. The capital consists of share capital of €39.6m (2022: €39.6m) and a reconciliation reserve of €24.5m (2022: €16.5m).

Own Funds by tier

Eligible Own Funds to meet the SCR of €64.1m as at 31 December 2023 comprise entirely (€64.1m) unrestricted Tier 1. Eligible Own Funds to meet the MCR as at 31 December 2023 are an equivalent amount.

E.1.3 Comparison with IFRS equity

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

	Section	**2023 €m**	2022 €m
IFRS equity attributable to shareholders		**51.9**	49.9
Valuation differences:			
Assets	D.1	**(14.5)**	(16.5)
Liabilities	D.3	**1.0**	3.3
Technical provisions	D.2	**25.7**	19.5
Solvency II excess of assets over liabilities		**64.1**	56.1

E.1.4 Change in Own Funds

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

Eligible Own Funds	**2023 €m**	2022 €m
At beginning of year	**56.1**	41.5
Profit for the year as reported in the Company's financial statements	**12.1**	8.1
Change in the fair value of technical provisions	**6.4**	7.0
Dividend	**(7.0)**	-
Movements in other Solvency II valuation adjustments	**(3.5)**	(0.5)
At end of year	**64.1**	56.1

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	**2023 €m**	2022 €m
Market risk	**2.1**	1.2
Health Underwriting risk	**16.0**	15.9
Non-Life Underwriting risk	**-**	0.8
Counterparty default risk	**3.0**	2.8
Basic SCR before diversification	**21.2**	20.7
Diversification	**(3.4)**	(3.4)
Basic SCR after diversification	**17.7**	17.3
Operational risk	**2.9**	2.9
Loss absorbency of deferred tax	**(2.6)**	(2.4)
Total SCR diversified	**18.0**	17.8

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.

Since 31 December 2022 the Company's SCR has increased by €0.2m to €18.0m (2022: €17.8m). This is predominantly driven by an increase in currency risk.

The Solvency II SCR is held to protect against an instantaneous 1-in-200 years loss. In the same way that a large profit typically creates a tax liability, a large loss could potentially create a tax asset. In the context of Solvency II, this is called a notional deferred tax asset, which can be used to reduce the SCR. The reduction to the SCR arising from the recognition of this notional deferred tax asset is referred to LACDT. At present, the Company recognises an amount relating to the deferred tax liabilities on the Solvency II balance sheet and the amount of paid taxes that can be recovered from carrying back losses. However, no allowance is made for the notional amount of deferred tax assets relating to losses that can be carried forward and offset against future profits. The LACDT amount of €2.6m has been recognised on the basis of €1.3m being available for use against deferred tax liabilities within basic Own Funds and €1.3m arising from the ability to carry losses back to previous years.

The Company's MCR is determined as the higher of the absolute minimum floor (€4.0m) and the combined Minimum Capital Requirement (€5.5m). 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.

As at 31 December 2023, the MCR is calculated as the linear MCR.

	2023 €m	2022 €m
MCR	**5.5**	5.9

The decrease in the MCR during the year is predominantly driven by the reduction in best estimate liabilities.

The MCR coverage ratio at 31 December 2023 was 1174% (2022: 943%), with Eligible Own Funds to meet the MCR of €64.1m (2022: €56.1m).

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
BGDAC	Bupa Global DAC
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
LACDT	Loss absorbency of deferred tax
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.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

Bupa Global DAC

Solvency and Financial Condition Report

Disclosures

31 December

2023

(Monetary amounts in EUR thousands)

General information

Undertaking name	Bupa Global DAC
Undertaking identification code	5493006072O6UJMFL807
Type of code of undertaking	LEI
Type of undertaking	Non-Life insurance undertakings
Country of authorisation	IE
Language of reporting	en
Reporting reference date	31 December 2023
Currency used for reporting	EUR
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet

S.05.01.02 - Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

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

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	1,818
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	54,425
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*	54,425
R0140	*Government Bonds*	54,425
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:	-6
R0280	*Non-life and health similar to non-life*	-6
R0290	*Non-life excluding health*	0
R0300	*Health similar to non-life*	-6
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	4,744
R0370	Reinsurance receivables	129
R0380	Receivables (trade, not insurance)	0
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	40,195
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	101,306

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	22,887
R0520	*Technical provisions - non-life (excluding health)*	0
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	0
R0550	*Risk margin*	0
R0560	*Technical provisions - health (similar to non-life)*	22,887
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	21,543
R0590	*Risk margin*	1,345
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	123
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	1,666
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	1,778
R0820	Insurance & intermediaries payables	1,527
R0830	Reinsurance payables	161
R0840	Payables (trade, not insurance)	1,998
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	7,060
R0900	**Total liabilities**	37,199
R1000	**Excess of assets over liabilities**	64,107

S.05.01.02

Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

		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	95,080																95,080
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share	465																465
R0200	Net	94,615																94,615
	Premiums earned																	
R0210	Gross - Direct Business	95,316																95,316
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share	427																427
R0300	Net	94,889																94,889
	Claims incurred																	
R0310	Gross - Direct Business	51,439																51,439
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share	395																395
R0400	Net	51,045																51,045
R0550	**Expenses incurred**	27,894																27,894
R1210	**Balance - other technical expenses/income**																	
R1300	**Total technical expenses**																	27,894

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
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	9,217																9,217
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-112																-112
R0150	**Net Best Estimate of Premium Provisions**	9,329																9,329
	Claims provisions																	
R0160	Gross	12,326																12,326
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	107																107
R0250	**Net Best Estimate of Claims Provisions**	12,219																12,219
R0260	**Total best estimate - gross**	21,543																21,543
R0270	**Total best estimate - net**	21,548																21,548
R0280	**Risk margin**	1,345																1,345
R0320	**Technical provisions - total**	22,887																22,887
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	-6																-6
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	22,893																22,893

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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	-9	0	0	0	0	0	0	0	0	0	0		0	0
R0170	-8	0	0	0	0	0	0	0	0	0			0	0
R0180	-7	0	0	0	0	0	0	0	0				0	0
R0190	-6	0	0	0	0	0	0	0					0	0
R0200	-5	0	0	0	0	0	0						0	0
R0210	-4	0	0	0	0	0							0	0
R0220	-3	38,567	9,191	536	229								229	48,523
R0230	-2	40,626	9,136	572									572	50,333
R0240	-1	37,110	9,144										9,144	46,253
R0250	0	39,794											39,794	39,794
R0260												Total	49,739	184,904

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	-9	0	0	0	0	0	0	0	0	0	0		0
R0170	-8	0	0	0	0	0	0	0	0	0			0
R0180	-7	0	0	0	0	0	0	0	0				0
R0190	-6	0	0	0	0	0	0	0					0
R0200	-5	0	0	0	0	0	0						0
R0210	-4	0	0	0	0	0							0
R0220	-3	12,446	339	100	13								13
R0230	-2	11,631	808	165									165
R0240	-1	9,459	850										850
R0250	0	11,298											11,298
R0260												Total	12,326

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Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		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	24,507	24,507			
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**	64,107	64,107	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	64,107	64,107	0	0	0
R0510	Total available own funds to meet the MCR	64,107	64,107	0	0	
R0540	Total eligible own funds to meet the SCR	64,107	64,107	0	0	0
R0550	Total eligible own funds to meet the MCR	64,107	64,107	0	0	
R0580	**SCR**	18,030				
R0600	**MCR**	5,460				
R0620	**Ratio of Eligible own funds to SCR**	355.56%				
R0640	**Ratio of Eligible own funds to MCR**	1174.19%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	64,107
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**	24,507
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	6,692
R0790	**Total Expected profits included in future premiums (EPIFP)**	6,692

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	2,146		
R0020	Counterparty default risk	3,019		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	16,019		
R0050	Non-life underwriting risk	0		
R0060	Diversification	-3,438		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	17,746		

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	2,859
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-2,576
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**	18,030
R0210	Capital add-ons already set	0
R0211	*of which, capital add-ons already set - Article 37 (1) Type a*	0
R0212	*of which, capital add-ons already set - Article 37 (1) Type b*	0
R0213	*of which, capital add-ons already set - Article 37 (1) Type c*	0
R0214	*of which, capital add-ons already set - Article 37 (1) Type d*	0
R0220	**Solvency capital requirement**	18,030
	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

		Yes/No
	Approach to tax rate	C0109
R0590	Approach based on average tax rate	No

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	-2,576
R0650	LAC DT justified by reversion of deferred tax liabilities	-1,271
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	-1,305
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	-2,576

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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	5,460

		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	21,548	94,615
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	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	0	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
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	5,460
R0310	SCR	18,030
R0320	MCR cap	8,114
R0330	MCR floor	4,508
R0340	Combined MCR	5,460
R0350	Absolute floor of the MCR	4,000
R0400	**Minimum Capital Requirement**	5,460