MEDICAL INSURANCE COMPANY DAC

Solvency and Financial Condition Report

For Financial Year Ending 31st December 2017 (the "reporting period")

Contents

Executive Summary

The purpose of this report is to satisfy the public disclosure requirements under the European Union (Insurance & Reinsurance) Regulations 2015 including the applicable European Commission Delegated Regulations and European Commission Implementing Regulations. The elements of the disclosure relate to business performance, governance, risk profile, solvency and capital management.

Over the past number of years, the Board of Directors ("the Board") of Medical Insurance Company DAC ("MIC" or "the Company") has put in place significant measures to strengthen the corporate governance framework, including the risk management function, in readiness for Solvency II which was effective from 1 January 2016. The governance and risk frameworks are detailed further in this report. There have been no significant changes to these frameworks in the reporting period.

At the end of 2016 MMA IARD Assurances Mutuelles ("MMA IARD") owned 99.8% of the Company. Following a further share transaction in 2017 Covéa/MMA now own 99.9% of the Company.

This report provides the reader with a more in depth look at the Company's business and performance, systems of governance, risk profile and solvency and capital positions. These elements are summarised below, and expanded on in more detail in the body of the report.

Business and Performance
The principal activity of the Company has consisted of the underwriting of medical malpractice risks in France, Spain and Switzerland. As all underwriting activity ceased with effect from 1 December 2015, the Company's principal activity is now the management of medical malpractice claims and risks. The Company operates a branch operation in Switzerland.
Financially, the Company performed satisfactorily over the reporting period with a reported total recognised loss of €179,302 on an Irish GAAP basis. This result reflects the measures taken by the Company to stabilise the business particularly in relation to its reserves. The Company has also complied with all aspects of the Solvency II Regulations.

Solvency and Capital Position
During the past year, the Board of MIC has made significant efforts to restore the Company's Solvency Capital Ratio from a shortfall position at the end of 2016. One of the key measures taken by the Company was the establishment of a new Quota Share reinsurance arrangement with MMA IARD SA. As a result of entering into this arrangement, the Company achieved its SCR restoration target by June 2017, with SCR coverage standing at 127% as at December 2017.

The Company's Own Funds total EUR46.8m and are comprised of EUR41.8m of shareholders' funds and EUR5m of subordinated debt, which is ranked as Tier 1 Restricted for Solvency II purposes.

Key Risks
The Company's key risks continue to be Reserve Risk, Claim Risk, Financial Risk, Liquidity Risk and Credit Risk. There is a residual Underwriting Risk from "sunset clause" claims subsequent to run-off. These risks, together with other risks including market risk, currency risk and cyber risk, are actively managed through a combination of mitigation techniques (such as quota-share and excess-of-loss reinsurance), management oversight and internal audit and compliance reviews.

System of Governance
The Company maintains a robust system of governance, including the appointment of independent directors, establishment of key functions, internal audit and detailed procedures and policies covering risk management. In addition, there is oversight from and regular reporting to, the Company's parent entity, Covéa Group.

Where there is limited detail provided in a particular section, a proportionate approach has been taken due to the scale, nature and complexity of the Company.

A. Business and Performance

A.1 Business and External environment

Name and Legal Form
The name and legal form of the undertaking is Medical Insurance Company Designated Activity Company. The Company is registered as a designated activity company limited by shares under Part 2 of the Companies Act 2014. The Company's registered number is 351120.

Name and contact details of the supervisory authority responsible
The name and contact details of the supervisory authority responsible for financial supervision of the undertaking is the Insurance Supervision Division of the Central Bank of Ireland, PO Box 559, New Wapping Street, North Wall Quay, Dublin 1, Ireland. Telephone: +353 1 224 6000

Name and contact details of external auditor
PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1

Holders of qualifying holdings in undertaking
MMA IARD Assurances Mutuelles ("MMA IARD") holds 99.9% of the Company's issued share capital.

Details of group
The Company is part of the Covéa group of companies, which is ultimately owned by three holding companies, as detailed below.

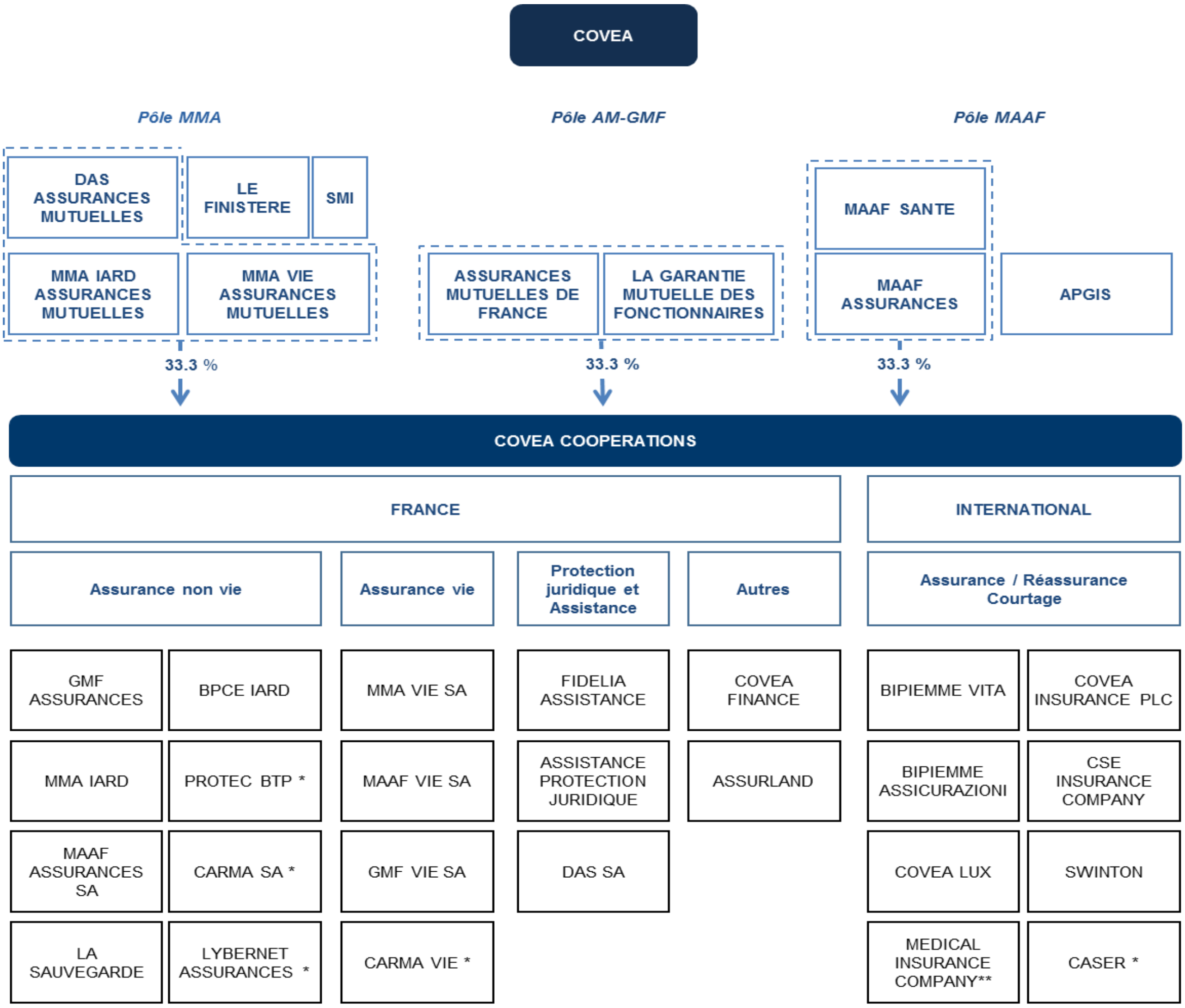
Covéa is a French mutual insurance company that covers property, liability and reinsurance businesses headquartered in Paris. It was formed from the merger of three separate French mutual insurance companies, Garantie Mutuelle des Fonctionnaires (GMF), Mutuelle d'assurance des artisans de France (MAAF) and Mutuelle du Mans Assurance (MMA). MMA IARD is a wholly-owned subsidiary of MMA.

Covéa became a mutual insurance group company or SGAM, a special French legal status, in 2002 and operates a number of different brands in France and other countries. Total group turnover in 2016 was €16.3bn.

Description of material lines of business and geographical areas
General Liability Insurance covering professional medical malpractice in France and Spain with a small branch operation in Switzerland.

Significant business or other events in the reporting period which have had a material impact on the undertaking
During 2017 the Company entered into a quota share reinsurance arrangement with MMA IARD SA, a fellow - subsidiary of MMA, whereby 75% of the Company's reserves for all reinsurance treaty years up to June 2011 were reinsured by MMA IARD SA.
The name and location of the legal or the natural persons that are direct and indirect holders of qualifying holdings in the undertaking (including the immediate and ultimate parent entity or natural person, the proportion of ownership interest held and, if different, the proportion of voting rights held.
MMA IARD Assurances Mutuelles is a mutual insurer owned by its individual members. It therefore has no ultimate single or majority beneficial owner(s).

Simplified Group structure



** Mise en équivalence*
*** Détention par MMA IARD Assurances Mutuelles*

Objectives and Strategies

The principal activity of the Company has consisted of the underwriting of medical malpractice risks in France, Spain and Switzerland. As all underwriting activity ceased with effect from 1 December 2015, the Company's principal activity is now the management of medical malpractice claims and risks. The Company operates a branch operation in Switzerland.

The Company has entered into a Claims Handling and Reinsurance Services agreement with its broker, SAS Francois Branchet ("Cabinet Branchet"), under which the latter assists in managing the orderly run-off of the Company's outstanding claims. Following the decision to cease underwriting the Company has made full provision for the necessary operational and financial resources required.

A.2 Performance from Underwriting Activities

Business Lines

The Company was established in December 2001, with the purpose of transacting Medical Malpractice Insurance in Europe on a cross border basis. The Company's policies covered many specialities including general practitioners, surgeons, anaesthetists and plastic surgeons. The Company's cover was limited to physicians and a small number of office surgeries, with the exclusion of any healthcare organisation.

Historically the Company has written a single line of business – Medical Malpractice Insurance of Private Practitioners – in France, with small volumes of business written in Spain and Switzerland. The Swiss and Spanish operations have not been separately analysed for the purpose of this Report as they are immaterial in the context of the total figures.

No new policies have been underwritten from 1 December 2015. Therefore, the Company came off-risk from the last of its policies on 30 November 2016, with the important exception of claims arising from run-off cover ("sunset clause" claims), whereby retired insureds are covered by their last insurer for up to 10 years after their retirement, or for 5 years following a change of specialty.

In 2017 no inward premium was written or earned. This contrasts with premium income of €11.31m in 2016 and €54.48m in 2015. The reduction in income is a direct result of the decision to cease underwriting with effect from 30 November 2015.

An analysis of performance for the last two underwriting years is summarised as follows:

Euro ('000)	**2017**	**2016**
Line of Business	**Liability**	**Liability**
Underwriting Income 2017	**401**	**(58)**
Allocated investment return transferred from the non-technical account	**0**	**837**
Net Operating Expenses	**(580)**	**(882)**
Underwriting Profit (Loss)	**(179)**	**(103)**

Geographically premium income has been sourced as follows:

Country	**2017**	**2016**
France	0.00%	99.59%
Spain	0.00%	0.01%
Switzerland	0.00%	0.40%
Total	**0.00%**	**100.00%**

Reinsurance

The Company relies heavily on reinsurance, ceding up to 80% of its business and purchasing Excess of Loss cover.

Throughout the Company's history the reinsurance programme has been a quota share with XoL protection purchased on the Company's retention. Since 2013, the reinsurance programme is in principle the same but the structure has been more complex. In addition, the Company purchased an Adverse Development Cover from MMA IARD S.A. to protect its result. This treaty applies a cap in respect of any further deterioration of MIC's net reserves (case reserves, IBNR and IBNER) as at 31 December 2014. The cover applies to the 2013 underwriting year and all previous underwriting years.

Subsequent to the commutation of the reinsurance treaty with Transatlantic Reinsurance Company (TRC) which covered 85% of the ceded business from 1 January 2002 to 30 June 2011, the Company entered into a quota share reinsurance arrangement with MMA IARD SA in 2017, whereby 75% of the Company's reserves for the commuted years were reinsured by MMA IARD SA.

A.3 Performance from Investment Activities

(a) MIC does not seek to assume risk with its investment portfolio. Capital protection is a priority to minimise the risk of unanticipated shocks to the Company's (solvency and economic) capital position. Given the long-tail nature of its insurance liabilities the Company seeks to duration-match its liabilities to minimise Asset-Liability Matching risk, subject to liquidity risk constraints.

The Company has established an investment portfolio comprising investment-grade government and corporate bonds. The rationale behind setting up the portfolio was to improve asset-liability duration matching and reduce concentration risk in the existing asset mix while simultaneously achieving a positive medium-term yield. The maximum average duration of the investment portfolio is 5 years.

For investments with a maturity of 5 years or greater, counterparties with a rating lower than S&P "A+" are approved by the Board in advance. Investment counterparties with an exposure greater than 10% of the Company's invested assets are approved by the Board in advance.

Where developments occur so that any of the above limits are breached (e.g. if an investment counterparty is downgraded below investment grade) this is brought to the attention of the Board along with risk mitigation options. All investments in alternative or non-standard asset classes are approved in advance by the Board. No such assets are currently held.

The Company maintains its investments in cash equivalents, short term deposits with EU regulated credit institutions and government and corporate bonds.

The investment performance has been satisfactory in view of recent and current market conditions in which it is difficult to avoid negative yields. The table below summarises investments by counterparty:

Investments (Nominal)	Maturity	€'000
Cash at Bank		
Bank of Ireland current account	**N/A**	**698**
Societe General current account	**N/A**	**11,394**
Deposits		
Rabobank	**Call**	**6,016**
Close Brothers	**25/05/2018**	**20,000**
Ulster Bank	**Call**	**132**
Investment Portfolio		
Government Bonds	**Various**	**15,765**
Corporate Bonds	**Various**	**49,958**

(b) No gains or losses were recognised directly in equity.

(c) The Company had no direct investments in securitisation, during the reporting period or previous reporting period.

Operating/other expenses

When the decision was made in 2015 to enter run-off, a “run-off reserve” was created as a provision for future expenses. The run-off reserve, which currently stands at €7.3m, was increased by €500,000 in 2017. It is comprised of the expected overheads until 2024 less estimated investment income in the same period.

It is anticipated that by 2024 the Company will have sufficient remaining resources to fund any ongoing overheads.

A.4 Performance of other activities

There have been no other significant activities undertaken by the Company.

A.5 Any other information

There have been no other material developments regarding the business and performance of the Company during the reporting period.

B. System of Governance

B.1 General information on the system of governance

(a) As at the reporting date, the Company has 7 directors, including two independent non-executive directors (INED). Four of the other directors are non-executive. The Company has two Committees, the Audit Committee and the Risk Committee, each chaired by an INED. In addition to one executive director, the Company has 5 direct employees. Furthermore, all key functions, whilst outsourced, are the responsibility of the Board.

Overview

The Company is classified as a Medium-Low Impact firm under the Central Bank of Ireland's risk-based framework for the supervision of regulated firms, known as PRISM (Probability Risk and Impact SysteM). The Company is subject to the Central Bank of Ireland's Corporate Governance Requirements for Insurance and Reinsurance Undertakings 2015.

The Board has ultimate responsibility for the oversight of the business and sets its strategy and risk appetite. The Board also has responsibility for ensuring that an adequate and effective system of internal controls is maintained in the Company. The Company is committed to maintaining high standards of Corporate Governance. The Company takes a risk based approach to the system of governance taking into consideration the nature, scale and complexity of its business.

A suite of policy documentation and checklists supports the corporate governance regime of the business ensuring robust procedures and a strong internal control environment at all times. Oversight controls around key business processes and outsourced activities are a focus of the work undertaken by the Internal Audit function. The Board of Directors also undertakes completion of an annual Board performance questionnaire. The results of the questionnaire are tabled at the next Board meeting for discussion and consideration.

The following Key Functions have been established by the Board to assist it in discharging its obligations. Each Key Function operates under defined terms of reference. Each Key Function is responsible for providing oversight of and challenge to the business and for providing assurance to the Board in relation to the Company's control framework.

Key Functions

Actuarial Function – responsibility of Larry Sherin (CEO), activity outsourced to Milliman
Internal Audit Function – responsibility of Gerry Fahy (CFO), activity outsourced to Control Solutions International ("CSI")
Compliance Function – responsibility of Larry Sherin (CEO), activity outsourced to Allied Risk Management Ltd
Risk Management Function – responsibility of Larry Sherin (CEO), activity outsourced to Allied Risk Insurance and Reinsurance Services Limited

Head of Actuarial Function (HoAF)

The function of the HoAF is outsourced to Mr Vincent Robert of Milliman. The HoAF reports directly to the Board. The responsibilities of the HoAF and the Actuarial Function, in line with guidance from the Central Bank of Ireland and the Society of Actuaries, include, but are not limited to implementing/overseeing the following:

- coordinate the calculation of technical provisions;
- ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- assess the sufficiency and quality of the data used in the calculation of technical provisions;

- compare best estimates against experience;
- inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
- oversee the calculation of technical provisions in the cases set out in Article 82 of Directive 2009/138/EC;
- Provide an Actuarial Function Report;
- Provide an Actuarial Opinion on Technical Provisions;
- Express an opinion on the adequacy of reinsurance arrangements; and
- Contribute to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and capital adequacy assessment.

Head of Internal Audit
The activity of the Internal Audit function is outsourced to Mr Gerry Hunt of CSI, who is the designated Head of Internal Audit. The Head of Internal Audit reports to the Audit Committee, and directly to the Board if appropriate. The responsibilities of the Internal Audit Function include, but are not limited to, the following:

- Establishing and maintaining an audit plan setting out audit work to be undertaken, taking into account all activities and the complete system of governance of the Company;
- Establishing priority areas, using a risk-based approach, for examination by Internal Audit;
- Implementing the audit plan in accordance with the Company's directions;
- Reporting the audit plan to the Board of the Company (or any Sub-Committee thereof);
- Issuing an internal audit report to the Board or any Sub-Committee, on at least an annual basis, based on the result of work carried out, which includes findings and recommendations to the Board or any Sub-Committee including the envisaged period of time to remedy any shortcomings and the persons responsible for doing so, and information on the achievement of audit recommendations;
- Verifying compliance with the decisions taken by the Board or any Sub-Committee thereof on the basis of those recommendations.

Compliance Function
The activity of the Compliance Function is operated through a formal outsourcing arrangement with Allied Risk Management Limited. The Company's Compliance Officer is Ms Christina Kelly. The Compliance Function has responsibility for the implementation of the Company's Compliance Policy and effective compliance processes. The Compliance Officer reports to the Board at each Board meeting and as issues arise to the Board Chairman. The responsibilities of the Compliance Officer include, but are not limited to the following:
- Regular reporting to the Board on all applicable regulatory compliance standards;
- Develop a compliance monitoring plan;
- To review policies, procedures and systems on a regular basis to ensure effective compliance and to advise the Board and senior management as to steps necessary to ensure compliance;
- To report on significant instances of non-compliance to the Board and senior management;
- Making recommendations to Board and senior management where change is required;
- Review staff training processes so as to ensure appropriate compliance competencies;
- Managing the Company's relationship with the Central Bank of Ireland;
- Maintain the Company's Breach Register and operational event log.

Risk Management Function
The activity of the Chief Risk Officer is appointed operated through a formal outsourcing arrangement with Allied Risk Insurance and Reinsurance Services Limited to oversee the implementation of the

Company's Risk Management Policy and reporting to the Board. The Company's Chief Risk Officer is Dr Dermot Marron. He reports to the Risk Committee and directly to the Board if appropriate.

The responsibilities of the Chief Risk Officer include:

- The oversight of and adherence to the Company's Risk Management System;
- To ensure there are effective processes in place to identify, manage, monitor and report the risks to which the Company might be exposed. The Board will then determine whether the issue is of such significance that it needs to be reported to the Central Bank of Ireland;
- Preparation of the annual 'Own Risk and Solvency Assessment' (ORSA) for Board consideration;
- Facilitating the setting of the Risk Appetite Statement.

(b) there have been no any material changes in the system of governance that have taken place over the reporting period;

(c) due to the scale, nature and complexity of the Company, the Company has not required the establishment of a Remuneration Committee;

B.2 Fit and proper requirements

(a) the Company has adopted a Fitness and Probity Policy which sets out the due diligence checks that must be performed in accordance with the Central Bank of Ireland's Guidance on Fitness and Probity Standards. The Company recognises the importance and value of the fit and proper requirements and it has a system in place to review the ability, competence, skills and integrity of candidates for a position on the Board or for other Key Functions.

Selection and recruitment process for Pre-Approved Control Functions (PCF) and other Key Function Holders

- A written job description outlining the duties and responsibilities for the role;
- An assessment of the level of fitness and probity required for the role;
- Advertisement of the position (if necessary);
- Interview process to match suitable candidates to the specific role;
- Capture fitness and probity due diligence referred to below;
- Upon Board and Central Bank approval, letter of appointment issued and training provided.

(b) the process for assessing the fitness and the propriety of the persons who effectively run the undertaking or have other PCF functions is summarised as follows:

1. Interview and application

2. The Company conducts its own fitness and probity due diligence before proposing a person for appointment to a PCF. The due diligence required is referenced within the Central Bank of Ireland's Guidance on Fitness and Probity Standards. The following is captured:

   a. Evidence of a relevant professional qualification;
   b. Confirmation of continuous professional development;
   c. Evidence of professional membership of an organisation (where applicable);
   d. Reference checks;
   e. Review record of previous experience, including a review of curriculum vitae;
   f. Record of experience gained outside the State (where applicable) – consider the extent to which the person can demonstrate competency that relates specifically to the function within the State;

g. Review of list of directorships and concurrent responsibilities;
h. Checks are also undertaken with the Regulator and the Companies Registration Office. A judgment debt check is performed;
i. Signed Fitness and Probity declarations;
j. Individual Questionnaire.

3. A PCF holder from the Company will review the Individual Questionnaire, complete a declaration on behalf of the Company and submit the Individual Questionnaire to the Central Bank of Ireland for assessment.

4. As part of the continuing obligations, annual declarations are sought from all PCF's, each PCF file is reviewed and an annual PCF return is submitted to the Central Bank of Ireland via the online reporting system.

B.3 Risk Management System

(a) the Company has established a number of risk management policies including:

- Risk Appetite Statement which includes an escalation procedure;
- Operational Risk Policy;
- Capital Management Policy;
- Investment Risk Policy;
- Liquidity Risk Policy;
- Reserving Policy;
- Operational Risk Policy;
- ORSA Policy;
- Reinsurance and Risk Mitigation Policy;
- Reporting Policy;
- Data Quality Policy; and
- A Data Directory.

In addition the Company has established a Data Directory which details the files provided to its actuaries for the purposes of calculating reserves.

The Company defines operational risk as the risk of loss arising from people, processes or systems, or external events. This includes risks such as regulatory risk and operational risks such as fraud risk, IT risk, market risk and reputational risk. It excludes quantifiable risks, which are set out separately in the Company's Risk Appetite Statement. The Risk Appetite Statement is subject to a detailed annual review by the Board. The Company aims for zero operational risk loss events, and whilst such risk cannot be eliminated completely, the strategy is to minimise such risk through a robust governance framework, systems and controls.

(b) the risk management system including the risk management function is implemented and integrated into the organisational structure and decision-making processes of the Company via:

- adequately resourced compliance function staffed by experienced compliance professionals
- adequately resourced internal audit function with a regular review cycle
- business continuity plan (including Disaster Recovery Planning)
- succession plan for key staff and roles
- monthly and quarterly financial and KPI reporting

The Risk Appetite Statement adopted by the Board sets out the level of risk that MIC is prepared to accept in the pursuit of its strategic objectives. It includes:

- MIC’s overall philosophy to risk taking and the expectations of shareholders;
- The Risk Appetites and Tolerances that are acceptable in terms of exposures to different types of risk.

MIC’s performance is assessed in terms of its compliance with the specified Risk Appetite, which are integral for a robust monitoring programme. Over time the Risk Appetite is subject to modification as the business and its environment changes. The Risk Appetite Statement is reviewed annually by the Board of Directors.

The Risk Appetite Statement sets out and quantifies (where applicable) the level of risk acceptable to the MIC Board. It includes metrics for the risks referred to in B.3 (a) above, and uses a Red/Amber/Green colour coding system to identify various levels of risk and tolerances.

B.4 Own Risk and Solvency Assessment

The ORSA process described below relates to the full ORSA conducted prior to year-end 2017. It should be noted that the Company completed a number of partial ORSA’s during 2015 in relation to the TRC commutation and the decision to go into run-off, during 2016 in order to compose and update its recovery plan for submission to the Central Bank of Ireland and during 2017 as part of the purchase of the MMA IARD Quota Share. As such the 2017 ORSA Process was not so much a discrete process but a continuous process throughout the past 3 years.

- **Risk Identification**

This built upon the 2014-2016 ORSA processes, and included

- the "Pre-Mortem" exercise which was undertaken for the 2014 ORSA Process and proved to be an effective risk identification exercise;
- a number of discussions involving the Board and management to identify key risks to the balance sheet and the business;
- a review of the balance sheet and Actuarial Review of Technical Provisions (“ARTP”);
- various Solvency II resources were referred to, including the Standard Formula, the Central Bank of Ireland's Guidelines on Preparation for Solvency II (the "Preparatory Guidelines") and the Society of Actuaries in Ireland's Draft Information and Assistance Note LA-1: Actuaries involved in the Own Risk & Solvency Assessment (ORSA) under Solvency II Financial Projections;
- a detailed presentation to the Board of the Company's SCR and how it is calculated, including the key drivers of the SCR;
- Considerable involvement from the Group, the Company's Board and Risk Committee and the Actuarial Function in identifying appropriate stress and scenario tests to consider.

The decision of the Company to go into run-off has a significant impact on the risks to be assessed and their relative weighting, with particular focus on the risk of run-off, including:

- Reserve risk;
- Claim management;
- Reliance on Cabinet Branchet;
- Speed of claim payment.

- **Financial Projections**

The next step in the process was to project the Profit & Loss Account and Balance Sheet of the Company forward up to year-end 2018. The accounts were projected on an IFRS basis and converted to Solvency II Balance Sheets to calculate the Solvency Capital Requirements.

Using the projected Balance Sheet, the Company's capital requirements were estimated at each quarter-end up to year-end 2018 and thereafter annually up to year-end 2020 on a Solvency II basis. Because the Company is in run-off and future expenses have already been reserved, the Board was able to use these projections to see the medium-term position of the Company in relation to their capital requirements over the period.

- **Stress & Scenario Testing**

The third step of this ORSA process was for the Board and Management to examine the impact of a range of stresses and scenarios on the Company's solvency position. These included both quantitative and qualitative scenarios, and also a reverse stress test approach, to identify how severe a loss would have to be to result in a breach of solvency. The proposed stresses and scenarios tests were presented to the Board at the outset of the ORSA process for consideration.

A more detailed description of the approach taken for this exercise and also an overview of its results is presented in the section entitled "Stress & Scenario Testing".

- **Qualitative Discussion of Risks**

The 2017 ORSA Process continued the increased emphasis on qualitative consideration of risks in addition to financial and solvency projections.

- **Board and Management Discussion and Review**

The final step in the ORSA Process was the presentation of the Draft Projections, Stress and Scenario Test to the Board and Management. This prompted further discussion and review of the Scenario and Stress Tests, with further scenarios being considered at the request of the Board.

- **Board Sign-off**

Following this final iteration, the final ORSA Report was reviewed and approved by the Board.

- **Integration into Decision-making process**

The results of the ORSA projections were used to inform, inter alia, strategies to achieve target SCR, reinsurance purchasing and investment policy including the duration and mix of investments.

- **Results**

The following table summarises the Company's forecast base case SCR / MCR position, using the Standard Formula, over a 3-year projection period.

The key assumptions are:

- Speed of claim payout; and
- Accuracy of reserves.

The Base Case assumes run-off in accordance with the payout pattern derived by MIC; this payout pattern is regularly reviewed.

The Best Estimate reserves as at 30 September 2017 were used in the Base Case, with no deterioration or amelioration assumed. (Deterioration is considered in the stress tests below.)

Base case

The Company meets its SCR at all times in the Base Case

Period Ended: EUR 000	YE 2018	YE 2019	YE 2020
SCR	32,954	28,923	25,024
Available Capital SCR	50,189	50,461	50,733
SCR Coverage Ratio	152.3%	174.5%	202.7%
SCR Margin	17,235	21,539	25,708
MCR	8,239	7,231	6,256
Available Capital MCR	50,189	50,461	50,733
MCR Coverage Ratio	609%	698%	811%
MCR Margin	41,951	43,231	44,477

B.5 Internal Control

(a) Internal Control System

The principal control framework for the Company is the controls which are set at Board level. These controls include:

- Board approved policies;
- reports;
- terms of reference;
- schedule of matters arising to be addressed;
- minutes of board meetings.

The policies describe the Board's approach to key areas of the business. The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the internal control system; however day-to-day oversight is provided by the Compliance Officer. In practice, other Directors and key role holders also participate in the management of the system. The Company's internal controls are part of its compliance framework. Various measures are incorporated into systems and processes to control day-to-day activities.

The Company implements adequate controls to ensure compliance and to highlight any significant breakdown in controls or inadequacy of process.

The Compliance Officer is responsible for ensuring that all company policies are reviewed at least annually to ensure that they are still fit for purpose. The relevant area of the business is responsible for ensuring that their procedures are up to date and reflect how the business operates. All reviews are recorded and versions controlled. All amendments are submitted to the Board for approval. A compliance monitoring programme is in place to review all of its regulatory requirements. This is completed by the Compliance Officer on a regular basis and forms part of the compliance report to the Board.

The Internal Audit Function and appointment of External Auditors also provides independent assurance to the Board.

As set out previously in this report, the Company has established the four key independent control functions required under the Corporate Governance Requirements for Insurance and Reinsurance Undertakings 2015 - actuarial, internal audit, compliance and risk management. These functions are responsible for providing oversight of and challenge to the business and for providing assurance to the Board in relation to the Company's control framework.

Where any functions or activities are outsourced, the Company expects that any outsourcing entity manages its control framework to the same standards as the Company, adheres to the Company's policies and procedures and employs fit and proper people in its controlled functions. The Company has a Service Level Agreement in place with each outsourced entity with Key Performance Indicators set to ensure attainment of expected performance. KPIs are regularly reported to the Board. Attestations are also received from the Service Provider in respect to the ongoing fitness and probity of its Key Control Functions. Any significant or material event that occurs requires immediate reporting to the Board.

(b) Compliance Function

The Board supports the Compliance Function and makes available such resources as are necessary. It provides access to all relevant documentation and information from the business for the Compliance Function to fulfil its role.

A Compliance Officer is appointed through a formal outsourcing arrangement with Allied Risk Management Limited who have responsibility for the Compliance Function. The Compliance Officer ensures the Company's continuing compliance in relation to its regulatory and legal obligations. It aims to minimise the risks to the Company of material financial loss or reputational damage arising from the potential failure to comply with legal or regulatory requirements. The Compliance Officer liaises with regulatory bodies and authorities and provides updates on changes in legislation and regulatory requirements.

The Compliance Officer has responsibility for the implementation of the Company's Compliance Policy and effective compliance processes and is responsible for the monitoring, managing and reporting of compliance risks to which the Company is exposed. It ensures that arrangements are sufficiently robust, proportionate, effective and efficient. The Compliance Officer is responsible for identifying and evaluating compliance risk, overseeing the implementation of controls for the risks identified, and monitoring their efficiency through Compliance Monitoring.

Compliance auditing occurs to check that the Company are adhering to its obligations. Compliance reports are issued to the Board assessing the effectiveness and adequacy of compliance within the company. The activities of the Compliance function are subject to periodic review by Internal Audit.

On an ongoing basis, the Compliance Officer strives to ensure that an organisational culture is in place which promotes a high standard of integrity and regulatory compliance.

B.6 Internal audit function

The internal audit function is governed by the Company's internal audit policy and is implemented via an outsourced Service Level Agreement with CS.

The Internal Audit Function is an integral part of the Company's internal control framework. It operates in accordance with relevant codes of conduct.

The Head of Internal Audit prepares a three-year internal audit plan in consultation with the Audit Committee, which considers risk areas and business priorities. The extent and frequency of the audits included within the plan are also risk based. The plan considers factors such as risk associated with the activity, materiality, results from previous audits and external audit findings. The plan is presented to the Board for approval. If the plan changes significantly during the year, the updated audit plan will be submitted to the Audit Committee for approval.

The Audit Committee considers internal audit plans, resourcing and reporting. The purpose, scope and responsibilities of the Internal Audit Function are set out in a Service Level Agreement.

It is the responsibility of the Internal Audit Function to independently assess the effectiveness of the internal control system, governance and risk management systems and to provide to the Board an evaluation of the adequacy of such systems and controls. The Head of Internal Audit has a duty to highlight and report any significant control failings or weaknesses identified and the impact they have had, or may have and the actions and timings which management have agreed to take to rectify them.

It is the objective of the Internal Audit Function to provide independent assurance that risk management processes are operating effectively and in accordance with required legislation and regulation. To ensure that effective controls are in place to mitigate risks or reduce those risks to an acceptable level in accordance with the Company's defined risk appetite.

The Internal Audit Function has unrestricted access to senior management and the Board. It is independent from the day-to-day operations of the business which allows it to maintain its independence and objectivity from the activities it reviews. The current structure enables the Head of Internal Audit to provide an independent opinion regarding a system, process or control. The Head of Internal Audit must provide confirmation to the Board, on at least an annual basis, of an assessment of the effectiveness of the Company's systems of risk management and internal controls.

Following the conclusion of each audit, an audit report is prepared and issued by the Head of Internal Audit which includes management responses. This report is presented at the next available Audit Committee meeting or sooner if significant issues are identified for which immediate action is required. A log of all internal audit recommendations is maintained and the actions items are monitored until they are completed.

B.7 Actuarial function

The Actuarial Function is outsourced to Milliman Limited. Milliman's actuaries attend every appropriate board meeting and receive regular updates on claim activity. The Company's Technical Provisions are subject to quarterly review with a report presented annually detailing the Actuarial Function's Best Estimate claims reserves and Solvency II Technical Provisions.

Provision of Data to the Head Of Actuarial Function ("HOAF")
It is the Company's policy to provide any data relevant to the HOAF's role in compiling and signing the required actuarial reports as soon as is reasonable after the data become available.

Typically, the data the Company provides include quarterly management accounts for the period, year-end financial statements, quarterly claims bordereaux and details of any significant events, known to the Company, which have the potential to materially affect the Company's reserves and/or the HOAF's ability to sign actuarial opinions and reports, including case estimates on such claims. The Company satisfies itself as to the reliability of case estimates provided in the bordereaux, and will make adjustments to these case estimates to reflect all known information if required.

It is the Company's policy to ensure that the data provided to the HOAF is fully reconciled to the data used in preparing the Company's Annual Accounts and Regulatory Returns for the period. All claims data used for claim handling, claims reserving and financial accounting come from a single claims database. On a monthly basis any new claims listed in the bordereaux are reconciled with the data in the claims system. A second check is carried out on the quarterly bordereaux by the broker's actuaries.

The Company also ensures that the HOAF has access to the Company's staff, Board and Board Committees with regard to any queries the HOAF may have surrounding the data or any data checks the HOAF feels are appropriate.

The Company, normally through the CFO or CRO, ensures that it informs the HOAF of any internal reports (such as Internal Audit Assessments), internal information or data which may be relevant to the Company's reserves. To this effect, the Company works to provide the HOAF with any further information or data he/she deems necessary in order for him/her to complete their reports, within the above scope.

Any developments occurring after the year end are disclosed to the HOAF if they have the potential to materially affect the Best Estimate. This may require the compilation of a supplementary report setting out any effects since the last valuation date.

There have been no material changes to the Company's claims handling procedures or claims reserving philosophy or procedures during the past year. In order to enhance its management and oversight of large claims, the Company has established a Reserving Committee, comprising representatives of the Company and the Covéa Group, which meets on a quarterly basis to review all large claims (currently defined as > €600,000).

In accordance with the Covéa Group's governance standards, responsibility for reserving was assumed by the Company (who outsourced the role to Allied Risk) with Milliman as Actuarial Function performing a review and validation role. This was effected during Q3/Q4 2017.

The key elements of the Q3 2017 reserve review were as follows:

- Change of approach from a reporting year basis of calculation to an underwriting year basis;
- Improved reliability of mapping from underwriting year to reinsurance treaty year;
- Application of the Number of claims x Average cost per claim (ACPC) methodology to the 2016 underwriting year (previously an Expected Loss Ratio method was applied);
- Increase in the number of claim size strata from 3 to 5;
- Analysis of the book as a whole rather than by specialty;
- Different weightings applied to derive the ACPC by stratum and by year.

B.8 Outsourcing

The Company has an outsourcing policy, the purpose of which is to establish the requirements for identifying, justifying, and implementing outsourcing arrangements for the Company's critical or important operational functions or activities. This policy has been approved by the Board. This policy and Outsourcing arrangements are subject to an annual review by the Board. The Board ensures that an outsourcing arrangement shall not diminish the Company's ability to fulfil its regulatory obligations.

The Company only enters into an Outsourcing arrangement where there is a sound commercial basis for doing so and where it can be effectively managed. A full due diligence process is undertaken prior to any final decision being made as to whether to outsource a material business activity. In undertaking this assessment, the Company adheres to the Central Bank of Ireland Notification Process for (Re)Insurance Undertakings when Outsourcing Critical or Important Function or Activities under Solvency II.

The following is a list of the critical or important functions the Company has outsourced and the jurisdiction in which the Outsourced Service Providers are located:

Outsourced Activity	***Service Provider***	***Responsible Person in Service Provider***	***Responsible Person in Company***	***Jurisdiction Located***
Actuarial Function	Milliman	Vincent Robert	Larry Sherin (CEO)	London, England
Internal Audit Function	CSI	Gerry Hunt	Gerry Fahy (CFO)	Dublin, Ireland
Administration Services, including: - - **Administration and Facilities**	Allied Risk Management	Frank Coyle	Gerry Fahy (CFO)	Dublin, Ireland
Compliance	Allied Risk Management	Christina Kelly	Gerry Fahy (CFO)	Dublin, Ireland
IT Technical Support	IT Force	John Heerey	Stuart Scott	Dublin, Ireland
Various services including - **invoicing,** - **claims handling,** - **reserving and reinsurance services**	Cabinet Branchet	Philippe Auzimour & Caroline Brillet	Yvanne Picard (Head of Claims)	Grenoble, France
Risk Function	Allied Risk Insurance and Reinsurance	Dr Dermot Marron	Larry Sherin (CEO)	Dublin, Ireland

B.9 Considering the nature, scale and complexity of the risks inherent in the business, the Company is very satisfied with its assessment of the adequacy and appropriateness of its system of governance.

B.10 Any other disclosures
There is no other material information regarding the system of governance of the Company.

C. Risk Management

C.1 Risk Profile

(a) Underwriting Risk

The Company has no further exposure to Underwriting Risk as the exposure period has now run-off (end-November 2016). There will however be some "sunset clause" claims after that period. At this stage, there is little further the Company can do to manage or mitigate this risk – the reinsurance in place is on a risk-attaching basis on an underwriting year basis and remains in place until the exposure is fully run-off.

A quantitative breakdown of the underwriting risk as measured by the Solvency II Standard Formula is as follows:

	SCR (EUR'000)
Premium Risk	0
Reserve Risk	22,625
Diversification Credit	0
Premium and Reserve Risk	22,625
Catastrophe Risk	0
Non-life lapse	0
Diversification Credit	0
Non-life Underwriting Risk SCR	**22,625**

(b) Reserve Risk

The most significant risk remains the run-off of the book and potential for deterioration of claims. Historically the Company has used its broker's actuaries for reserving, with the reserves validated by Barnett Waddingham and latterly Milliman through the annual SAO process. With the introduction of Solvency II Milliman took over the reserving role. In 2017 onwards the reserving role was performed by Allied Risk Management on behalf of the Company with Milliman as Actuarial Function performing the review and validation role as required under the Solvency II regulations.

The Quota Share reinsurance arrangement with MMA IARD has reduced the overall reserve risk . In addition, the ADC reinsurance from MMA IARD caps the exposure to this risk on the years 2013 and prior.

(c) Claim Risk

This is a subset of reserve risk and is particularly relevant for companies in run-off. There have been situations in the past where companies in run-off are taken advantage of by claimants as there is a lack of controls over claims and costs. Claims can deteriorate for a number of reasons, including:

- Claims inflation;
- Bad luck;
- Pressure to run-off book quickly results in winnable claims being settled sooner for higher amounts;
- Dependence on a single claims handling provider (Cabinet Branchet);
- Lack of oversight resulting in lack of control over claim costs.

The Board consider this an area of high priority for the Company, and the Company has established mechanisms to actively manage this risk.

Medical malpractice claims experts from the Covéa group have visited Cabinet Branchet offices in Grenoble, Lyon and Paris to review Cabinet Branchet's approach to the run-off of MIC's claims. In particular, these experts have reviewed the resources required to run-off the claims and the strategy and approach to claim settlement and closure.

The Reserving Committee takes a pro-active approach to claim handling, settlement and closure that mitigates this risk to some degree.

The Company is also investigating the management of claims payable as annuities; currently the Company has 4 such claims in payment with a small number (less than 10) of such claims possible in the near future. Possible solutions include transferring such claims to other entities, either within or outside the Covéa group. Claims payable as annuities represent a risk to the Company should such claims become more prevalent.

(d) Financial Risk

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and policyholder liabilities. In particular the key financial risk is that the proceeds from financial assets are not sufficient to fund obligations arising from contracts with policyholders. The most important components of this financial risk for the Company are credit risk and liquidity risk.

(e) Credit Risk

The Company's key credit risks are in relation to reinsurers' shares of insurance liabilities and to its bank deposits and financial investments. Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim, the Company remains liable for the payment to the policyholder. The creditworthiness of its reinsurers and its bankers is considered on a continuous basis by monitoring their financial strength.

Counterparty credit risk is the risk that a party to a financial instrument will fail to discharge an obligation thus causing the Company to incur a financial loss. As part of the underwriting process the Company chooses to cede risk to reinsurers with A or higher credit ratings. The Company has the following balance sheet amounts carrying exposure to credit risk:

· Amounts recoverable from Reinsurers - €207,069,435 (**2016:** €150,862,822)
· Financial investments and cash at bank - €117,580,578 (**2016:** €212,482,476)

Other credit risk includes the risk that the value of investments will fall due to a deterioration in the credit rating of investments within the Company's investment portfolio.

The Risk Committee assesses reinsurers' counterparty credit risk by reviewing the reinsurers share of insurance liabilities. It monitors these amounts and whether they are in line with the Company's risk appetite, implementing additional risk mitigation measures or escalating to the Board if the risk appetite is exceeded.

Credit risk presented by reinsurers is mitigated by:
· using 'A' rated reinsurers or better wherever possible;
· monitoring the credit rating of current and historic rated reinsurers;
· using a select number of reinsurers (reducing contagion risk).

The following table provides information regarding the aggregated credit risk exposure of financial assets

Rating agency	Credit ratings 2017	Reinsurers' share of Claims Outstanding and Debtors arising out of reinsurance operations	Financial investments and cash at bank
Standard & Poor's	AAA		1%
Standard & Poor's	AA		2%
Standard & Poor's	AA-	1%	4%
Standard & Poor's	A+	9%	31%
Standard & Poor's	A	84%	26%
Standard & Poor's	A-		8%
Moodys	Aa3		17%
Moodys	Aa2		2%
Moodys	A3		1%
Standard & Poor's	BBB+		6%
Standard & Poor's	BBB-		1%
Other	N/A	6%	1%
		100%	100%

(f) Liquidity Risk

Liquidity risk is the risk that cash may not be available to pay the Company's obligations when they are due, at a reasonable cost. The reputational consequences for MIC of being unable to pay claims as they fall due because of liquidity constraints means that the Company has a very low Liquidity Risk tolerance.

Therefore the Company maintains a significant proportion of its funds in liquid form and maintains sufficient liquidity even at unexpected levels of demand. However, this does not mean that the Company keeps all its assets in liquid form and the liquidity policy is considered in the context of the Investment Risk Policy.

Liquidity risk limits are set to be at least as much as a 1-in-200 measure of the Company's Liquidity Risk. That is, the Company aims to hold sufficient liquid assets to withstand a 1-in-200 year Liquidity Event.

As a general rule the Company always holds sufficient immediately liquid assets to cover one month's expected total cash requirements. The Company has determined that liquidity risk does not currently represent a significant risk to its business. This assessment is based on the fact that all its shareholders' funds are held in liquid assets and claims settlements and reinsurance collections are carefully coordinated.

Below is a summary of MIC's current investment portfolio, including an outline schedule of maturities.

MIC Investments	Dec-17	< 30 days	30 to 90 days	90 days to 6 mths	6 mths to 1 year	> 1 year
	EUR€'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Financial Assets	**Total**					
Current Accounts	13,571	13,571				
Time Deposits	36,148	132	6,016	30,000		
Corporate & Government Bonds	67,862					67,862
TOTAL	**117,581**	**13,703**	**6,016**	**30,000**	**0**	**67,862**

(g) Market risk

The Company monitors and manages the market risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include counterparty risk, interest rate risk, credit risk, spread risk, currency risk and liquidity risk.

(h) Currency risk

The Company is exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than euro (i.e. Swiss Franc). The Company seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency. In addition the Company operates a foreign branch, whose net assets are exposed to foreign currency translation risk.

(i) Interest rate risk

Interest rate risk is that the value of future cashflows of a financial investment will fluctuate due to changes in interest rates. The Company has duration matched its liabilities within liquidity risk constraints to reduce interest rate risk.

The Company ensures interest rate risk does not represent a significant exposure to its business or solvency through its investment strategies.

The Company's Solvency II Standard Formula measure of market risk is as shown below. Concentration Risk arises from having term deposits in a relatively small number of institutions whilst Spread Risk mainly arises from the Company's Corporate Bond portfolio.

Risk	Capital Charge EUR'000
Interest rate risk	814
Equity risk	-
Property risk	-
Spread risk	3,795
Currency risk	370
Concentration risk	4,272
Sum of Charges	9,251
Diversification Effect	(3,136)
Market Capital Charge	**6,115**

(j) Operational risk

Operational risk is defined as the risk of loss arising from people, processes or systems, or external events. This includes risks such as legal risk, regulatory risk and risk resulting from third parties. It excludes insurance risk, market risk and counterparty default risks covered in other risk policies. It is generally qualitative in nature. Such risks include:

- Legal Risk;
- Fraud risk;
- Reinsurance legal dispute;
- IT Risk;
- Compliance risk;
- Health and Safety.

The Company has a full suite of governance policies and processes which further limit operational risk. The introduction of Solvency II with its governance requirements (including the requirement for Internal Control, Internal Audit, Actuarial and Risk functions) assists in further reducing operational risk.

New data privacy regulations (General Data Protection Regulations or "GDPR") come into force in the EU on 25 May 2018. Preparation for the implementation of these regulations in the Company is ongoing. The Company is examining all aspects of its business in the context of GDPR, and aims to be fully compliant by the required implementation date. Measures taken to date include staff training, updating all relevant policies, appointing a Data Protection Officer and ensuring that outsourced service providers are aware of their responsibilities to the Company.

The Company's operational risk is currently considered low.

(k) Cyber risk

Cyber risk is a key risk for financial institutions. This risk has been discussed by the Board. Because of the sensitive nature of the Company's claims information, MIC has always been particularly sensitive to its IT security obligations under the Data Protection Acts; notwithstanding the foregoing a number of measures were taken during the year:

- A new IT security policy was circulated to and signed by all staff following approval by the Board;

- A Secure File Transfer site (SFTP site) was implemented; this is a bespoke site and includes a number of non-standard security features, including automatic deletion of files after a given time period, file encryption and detailed usage / access log;

- IT security and Cyber Risk were specifically included in the internal audit programme for 2017;

- The Company conducted a review of its (outsourced) IT function and identified and implemented further changes.

Other material risks

There are no other material risks identified by the Company.

C.2 *(a) Risk measures*

The Company uses the Solvency II Standard Formula as its measure for the quantitative assessment of risk as more detailed in the previous paragraphs. The Company also has an established Risk Appetite Statement to assess risks in the Company and a description of the measures used therein are as follows: there have been no material changes over the reporting period:

Green	Green represents the **Risk Appetite** of the Company, it represents the level of risk the Company is willing and able to accept to satisfy its strategic objectives
Amber	Amber represents **Risk Tolerances** and acceptable variances which will be brought to the attention of Board and will require monitoring
Red	Red represents the **Limit** for each risk, (where possible) it indicates when action needs to be taken to stop or change a situation which is may result in an unacceptable level of risk to the Company

C.2 (b) The nature of material risk exposures

The material risks that the Company is exposed to are:

(i) the risk of adverse claims developments; there have been no material changes over the reporting period.

(ii) Risk of reinsurer failure or default, as reinsurance is such a significant element of the Company's balance sheet

(iii) Investment risk, particularly bank default.

C.2 (c) Investments in accordance with the 'prudent person principle'

The Company is required to invest all assets and particularly assets used to cover the minimum capital requirement and the solvency capital requirement in accordance with the 'prudent person principle'. The prudent person principle defines that the assets must be invested in a manner acceptable to a 'prudent person' – that is that the decisions are generally accepted as being sound for the average person.

Accordingly, the Company maintains its assets in cash equivalents, short- and medium-term deposits with EU regulated credit institutions and government and corporate bonds with a maturity of up to 5 years.

C.3 The nature of material risk concentrations

The Company has some concentration risk in its investment portfolio with exposure to various banks in Ireland, the UK and France. The Company also has some concentration risk in its reinsurance assets with concentrations of exposure to specific reinsurers.

Concentration risk is managed and mitigated through diversification and the imposition by the Risk Committee of limits of exposure to any one bank or institution and minimum security requirements. Credit ratings of investment and reinsurance counterparties are constantly monitored.

C.4 Risk mitigation practices

The Company's main risk mitigation practice is the purchase of reinsurance:

- Quota share reinsurance to reduce the retained risk;
- Excess of loss reinsurance to reduce exposure to any one loss or loss event;
- Adverse development reinsurance to limit the exposure to deterioration of reserves.

Market risk is not considered sufficiently material to merit risk mitigation strategies such as hedging or swaps.

C.5 Liquidity Risk

The Expected Profit in Future Premiums calculated in accordance with Article 260(2) of the Delegated Acts is nil.

C.6 Risk sensitivities

In its ORSA Process the Company considered a number of both quantitative and qualitative stress and scenarios, including reverse stress tests. These were as follows:

Qualitative:

Cabinet Branchet has insufficient resources to manage the Claim Run-off process.

Quantitative:

- Claim deterioration - 10% and 20% increase in (gross) reserves across all underwriting years
- Downgrade of Reinsurance Counterparty
- Downgrade of Bank counterparty
- Downgrade of Bonds (Spread Risk)
- Inclusion of European sovereign bonds in the spread risk calculation
- 10% deterioration of reserves with a slower run-off
- Stressed Down Yield Curve
- Stressed Up Yield Curve
- Reverse Stress Tests

Scenario	Description	Impact - up to two years
Reserves deterioration - 10%	10% increase in (gross) reserves across all underwriting years.	SCR met in each period
Reserves deterioration - 20% increase in gross reserves across treaty years 2013-5 and 2014-6	20% increase in (gross) reserves across all treaty years 2013-5 and 2014-6.	SCR met in each period
Reinsurer Downgrade	Downgrade of large reinsurer to BBB	Minimal impact - SCR change immaterial
Downgrade of Bonds (Spread Risk)	Downgrade of government or corporate bond in bond portfolio	Negligible SCR impact (no impact for Government bonds) as portfolio is diversified with no non-government security > €2.5m
Inclusion of European sovereign bonds in the spread risk calculation	Government Bonds are treated as if they carry a Market Risk charge in the same way as Corporate Bonds	SCR met in each period
10% Reserves deterioration - slower payout	10% increase in (gross) reserves with slower payout pattern	SCR does not reduce as quickly due to slower payout. SCR met in each period.
Stressed-down Yield Curve	Large decrease in Yield Curve	Increase in net reserves as they are discounted under Solvency II. Increase in SCR and decrease in available capital; slight increase in

		bond valuations. Minimal impact on SCR coverage.
Stressed-up Yield Curve	Large increase in Yield Curve	Decrease in net reserves as they are discounted under Solvency II. Decrease in SCR and increase in available capital; slight decrease in bond valuations. Minimal impact on SCR coverage.

The Company met its SCR throughout the projection period in some but not all of the scenarios considered above, as indicated.

Reverse Stress tests

The largest deterioration in Solvency II Best Estimate Reserves the Company can withstand without breaching its SCR at Q4 2018 is in the region of 15%

C.7 Any other disclosures

There is no other material information regarding the risk profile of the Company during the reporting period.

D. Regulatory Balance Sheet

D.1 (a) Assets

As at 31st December 2017, the Company held the following assets:

Medical Insurance Company DAC Assets (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Goodwill		
Deferred Acquisition Costs	-	
Intangible Assets		-
Deferred Tax Assets		-
Pension benefit surplus		-
Property, plant & equipement held for own use	1	1
Investments	103,209	103,209
Property (Other than Own Use)		-
Participations and related undertakings		-
Equities (Other than Participations)	-	-
Equities (Other than Participations) - Listed		-
Equities (Other than Participations) - Unlisted		-
Bonds	67,113	67,113
Government and Multilateral Banks	15,657	15,657
Corporate	51,456	51,456
Structured Notes		-
Collateralised Securities		-
Collective Investments Undertakings		-
Derivatives		-
Deposits other than cash equivalents	36,096	36,096
Other Investments		-
Mortgages and Loans Made	-	-
Mortgages & loans to individuals		-
Other Mortgages & loans		-
Loans on Policies		-
Reinsurance recoverables	183,172	176,274
Reinsurance share of TP - non-life excluding health	183,172	176,274
Reinsurance share of TP - health similar to non-life		-
Deposits to cedants		-
Insurance & Intermediaries Receivables	15,112	15,112
Reinsurance Receivables		-
Receivables (trade, not insurance)		-
Own Shares		-
Amounts due in respect of own fund items or initial fund called up but not yet paid in		-
Cash & Cash Equivalents	14,451	14,451
Any Other Assets, Not Elsewhere Shown	12	12
Total assets	**315,957**	**309,059**

Recognition

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

Initial measurement

All financial assets are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Subsequent measurement

Realised and unrealised gains and losses arising from changes in the fair value of investments are presented in the non-technical profit and loss account in the period in which they arise. Dividend and interest income is recognised when earned. Investment management and other related expenses are recognised when incurred.

D.1 (b)

There are no material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and those used for its valuation in financial statements.

D.2 Technical provisions

The Company wrote a single line of business – Medical Malpractice Insurance of Private Practitioners; this is classified as Class 8 General Liability under Solvency II. The Company pays some of its claims as annuities. For reporting purposes, these claims are classified as Annuities stemming from non-life insurance contracts and relating to insurance obligation other health insurance obligations; this can be seen in the P.12.01.01 Life and Health SLT Technical Provisions QRT in the appendices. These claims are not separated out in the Technical Provisions table below:

Technical Provisions	31/12/2017	31/12/2016	Change
	(EUR'000s)	(EUR'000s)	(EUR'000s)
Claims Provision Gross	245,186	268,933	23,747
Premium Provision Gross	0	0	0
Gross BEL	245,186	268,933	23,747
Reinsurance Recoverables	176,274	124,152	(52,122)
Net BEL	68,912	144,781	75,869
Risk Margin	10,524	15,823	5,299
Technical Provisions Net of Recoverables	**79,436**	**160,604**	**81,168**

The Company calculates its Technical Provisions using a Frequency x Average Cost per Claim method. Claims are divided into the following strata for the analysis**:**

- Stratum 1 – Less than EUR 10k;
- Stratum 2 – EUR 10k up to EUR 50k;
- Stratum 3 – EUR 50k up to EUR 250k;
- Stratum 4 – EUR 250k up to EUR 1M;
- Stratum 5 – Greater than EUR 1M.

Historical numbers of reported claims were used to derive the ultimate number of notified claims. Ultimate numbers were projected using a transition matrix representing the probability of claims transitioning from one state to another. This approach allows for late declarations which can occur, for example, due to the run-off cover for retired practitioners. The calibration of this transition matrix has been performed on an annual basis. Development factors derived from data from underwriting year 2002 and onwards were used, taking into account the most recent reserving practices.

A number of approaches are taken to estimate the average cost per claim in each stratum, including an analysis of average cost of open claims, average cost of closed claims, average cost of all claims, with adjustments for inflation and changes in exposure. The chosen average cost per claim is a blend of the various approaches, with the weight attaching to each blend being dependant on the maturity of the year.

The ultimate cost is then derived by multiplying the frequency by the average cost per claim. An expense provision and allowance for Events not in Data are then added to give a Gross Ultimate Cost of Claims.

The resulting Gross Ultimate Cost of Claims is adjusted for paid claims to date and the reinsurance programme applied (including allowance for reinsurer default) to derive the best estimate net reserve. A payout pattern derived from the past experience of the book is applied to the gross and ceded reserves to derive a net payout pattern which is then discounted to give the Claim Provision.
Annuity claims in payment are valued using market standard mortality tables, adjusted for the individual circumstances of the lives in question.

(b) a description of the level of uncertainty associated with the value of technical provisions;

The Technical Provisions are subject to considerable uncertainty. In particular,

- Medical Malpractice itself is a volatile class of business, which has had a turbulent history in France as it has in many other European countries;
- Environmental changes, such as inflation, changes in legislation, the attitude of the courts, etc. can have a significant impact on medical malpractice claims;
- Even where the completeness and accuracy of the data records may be of a high standard it is unlikely that they are perfect. Any imperfections add a degree of uncertainty to the results based upon the data;
- More recent underwriting years of account are relatively immature. This increases the uncertainty of estimates for those years.

Milliman has presented 3 sensitivity tests to illustrate the sensitivity of the reserves to the uncertainty:

Scenario	Shock Applied
Scenario 1	-5% or +10% increase in average cost of Stratum 5 claims
Scenario 2	-5% or +10% increase in average cost of Stratum 4 claims
Scenario 3	-5% or +10% increase in average cost of both Stratum 4 and 5 claims

	Gross of Reinsurance			Net of Reinsurance		
EUR M	TPs	Change	% Change	TPs	Change	% Change
Base Case	245.2			68.7		
Scenario 1 -5%	238.7	(6.5)	-2.63%	66.2	(2.5)	-3.67%
Scenario 1 +10%	258.1	13.0	5.28%	73.7	5.0	7.30%
Scenario 2 -5%	238.7	(6.5)	-2.66%	65.8	(2.9)	-4.16%
Scenario 2 +10%	258.3	13.1	5.33%	74.4	5.7	8.29%
Scenario 3 -5%	232.2	(13.0)	-5.30%	63.3	(5.4)	-7.82%
Scenario 3 +10%	271.2	26.0	10.61%	79.4	10.7	15.61%

The Company uses the undiscounted Best Estimate Claims Provision as a floor for the Technical Provisions booked in its Financial Statements, with an appropriate margin for prudence added to this figure. This margin is EUR 17.9M (gross) and EUR 12.8M (net).

The Company does not apply the matching adjustment referred to in Article 77b of Directive 2009/138/EC.

The Company does not use the volatility adjustment referred to in Article 77d of Directive 2009/138/EC.

The Company does not apply the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC.

The Company does not apply the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

There were no material changes in the assumptions made in the calculation of Technical Provisions in the past year.

The Company has both Quota Share and Excess of Loss reinsurance on all years. A quota share reinsurance of older liabilities was purchased during the year and this explains the reduction in net Technical Provisions.

D.3 (a) Other liabilities

As at 31st December 2017, the company recorded the following liabilities for solvency purposes

Medical Insurance Company DAC Liabilities (EUR 000's)	Current Accounting Bases	SII Valuation Principles
Gross Technical Provisions – Non-Life (Excluding Health)	269,862	255,710
TP calculated as a whole (Best estimate + Risk margin)	269,862	
Best Estimate		245,186
Risk Margin		10,524
Gross Technical Provisions - Health (Similar to Non-Life)	-	-
TP calculated as a whole (Best estimate + Risk margin)		
Best Estimate		-
Risk margin		-
Other Technical Provisions		
Contingent Liabilities		-
Provisions Other Than Technical Provisions		-
Pension Benefit Obligations		-
Deposits from Reinsurers		-
Deferred Tax Liabilities		-
Derivatives		-
Debts owed to credit institutions		-
Financial liabilities other than debts owed to credit institutions		-
Insurance & intermediaries payables		-
Reinsurance payables	2,151	
Payables (trade, not insurance)		-
Subordinated liabilities	-	5,000
Subordinated liabilities not in BOF		-
Subordinated liabilities in BOF		5,000
Any other liabilities, not elsewhere shown	7,304	6,512
Total liabilities	**279,317**	**267,222**

Assets less Liabilities	**36,640**	**41,837**

Any other liabilities, not elsewhere shown

This account represents the run-off reserve described in Section A3 on page 7 under the heading "Operating/other expenses".

D.3 (b) There are no material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and those used for its valuation in financial statements.

D.4 Any other disclosures

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

Basis of preparation

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. It also requires the directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

Basis of accounting

The entity financial statements have been prepared under the historical cost convention, as modified by the measurement of certain financial assets and liabilities at fair value through profit or loss. The technical result is determined at the end of each accounting period whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

(i) Premiums written relate to business incepted or run-off during the period and include estimates of premiums due but not yet receivable or notified to the Company, less an allowance for cancellations.

(ii) Unearned premiums represent the proportion of premiums written in the period that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis.

(iii) Acquisition costs, which represent commission and other related expenses, are deferred subject to recoverability and recognised over the period in which the related premiums are earned.

(iv) Claims incurred comprise claims and related expenses paid in the period and changes in provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses. Where applicable, deductions are made for salvage and other recoveries.

Estimation techniques - claims outstanding

Outstanding claims comprise provisions for the estimated cost of settling all claims incurred up to, but not paid at, the balance sheet date, whether reported or not, together with all related claims handling expenses. Provisions for reported but unpaid claims at the balance sheet date are based on appropriate technical claims assessments. Provisions for claims that have been incurred but not reported (IBNR) at the balance sheet date are based upon the results of an actuarial evaluation undertaken by independent actuarial consultants.

Financial investments
Financial investments comprise deposits with credit institutions and investments in government and corporate bonds and are measured at fair value through the profit and loss account.

Deferred tax
Provision is made for deferred taxation on all timing differences that exist at the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. At present no such deferred tax asset is recognised.

Foreign currency
The Company's head-office and its Swiss branch maintain their accounting records in their respective local currencies. To the extent that they incur transactions in foreign currencies, these are translated into the respective local currencies at exchange rates prevailing when such transactions occur. Monetary assets and liabilities denominated in foreign currencies are translated into the respective local currencies at exchange rates prevailing at the balance sheet date. The translation gains or losses arising are taken to the profit and loss non-technical account.
The Company’s financial statements are presented in euro, which is the Company’s presentation currency.
The results and financial position of the branch are translated into the presentation currency as follows:
• assets and liabilities are translated at the balance sheet date;
• income and expenses are translated at the average rate of exchange during the year; and
• all resulting exchange differences are recognised through the statement of total comprehensive income.

Critical accounting judgements and estimation uncertainty
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgement in applying the accounting policies
In the application of the Company’s accounting policies, as described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Critical accounting estimates and assumptions
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate primarily to the actuarial assumptions used in the determination of claims outstanding.

E. Capital Management

E.1 (a) Own funds

As the Company was in breach of its SCR as at 31 December 2016, the Company applied for and was granted a derogation from non-compliance with the SCR in accordance with Regulation 147 of the EU (Insurance and Reinsurance) Regulations 2015 (SI 485 of 2015) (Solvency II). This derogation required the Company to take the necessary measures to achieve, by 31 December 2017, the establishment of the level of eligible own funds covering the Solvency Capital Requirement or the reduction of its risk profile to ensure compliance with the Solvency Capital Requirement.

The Company has taken the necessary measures to restore the SCR by 31 December 2017, including entering into a quota share reinsurance treaty with MMA IARD SA. The anticipated base case solvency position following implementation of this reinsurance solution is as follows:

Period Ended: EUR 000	YE 2018	YE 2019	YE 2020
SCR	32,954	28,923	25,024
Available Capital SCR	50,189	50,461	50,733
SCR Coverage Ratio	152.3%	174.5%	202.7%
SCR Margin	17,235	21,539	25,708
MCR	8,239	7,231	6,256
Available Capital MCR	50,189	50,461	50,733
MCR Coverage Ratio	609%	698%	811%
MCR Margin	41,951	43,231	44,477

The Company's share capital is fully paid up. It has EUR 5M of subordinated debt from its parent company, and does not have any plans to raise debt or issue new shares in the short or medium term.

The Company's own funds are invested in cash, fixed-term money market deposits and corporate and government bonds. There is no current intention to change this methodology.

The medium-term capital management plan set by the Board is as follows:
Target SCR coverage (see above) to be sufficient to absorb *at least* a 10% increase in gross Technical Provisions;
No capital is planned to be issued in the short or medium term;
No dividends are anticipated in the short or medium term; and
Own fund items are to be invested in external bank deposits, cash or bonds in accordance with the Board's approved counterparty limits as set out in the Company's Investment Policy.

E.1 (b), (c) and (d) Own funds

The Company classifies its own funds as tier 1, tier 2 or tier 3 depending on the characteristics of the capital. Tier 1 capital is the best form of capital for the purposes of absorbing losses.

The Company's own funds are as follows.

Own Funds Item	Value at 31 December 2017 (EUR)
Tier 1 unrestricted	41,836,574
Tier 1 restricted	5,000,000
Tier 2 basic	0
Tier 2 ancillary	0
Tier 3	0
Tier 3 ancillary	0

Tier 1 unrestricted funds represent the net amount of shareholders' funds, i.e. the excess of assets over liabilities as calculated for solvency purposes.

Tier 1 restricted funds represent the €5m subordinated debt from MIC's parent company.

E.1 (e) The equity as shown in the undertaking's financial statements is €7.1M less than the excess of assets over liabilities as calculated for solvency purposes; this difference is because the technical provisions in the Financial Statements are calculated on a more prudent basis than the Solvency II Technical Provisions.

E.1 (f) The Company has subordinated debt of €5M subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of Directive 2009/138/EC

E.1 (g) The Company has no items of ancillary own funds.

E.1 (h) The Company has no items deducted from own funds.

E.2. Minimum capital requirement and solvency capital requirement

(a)

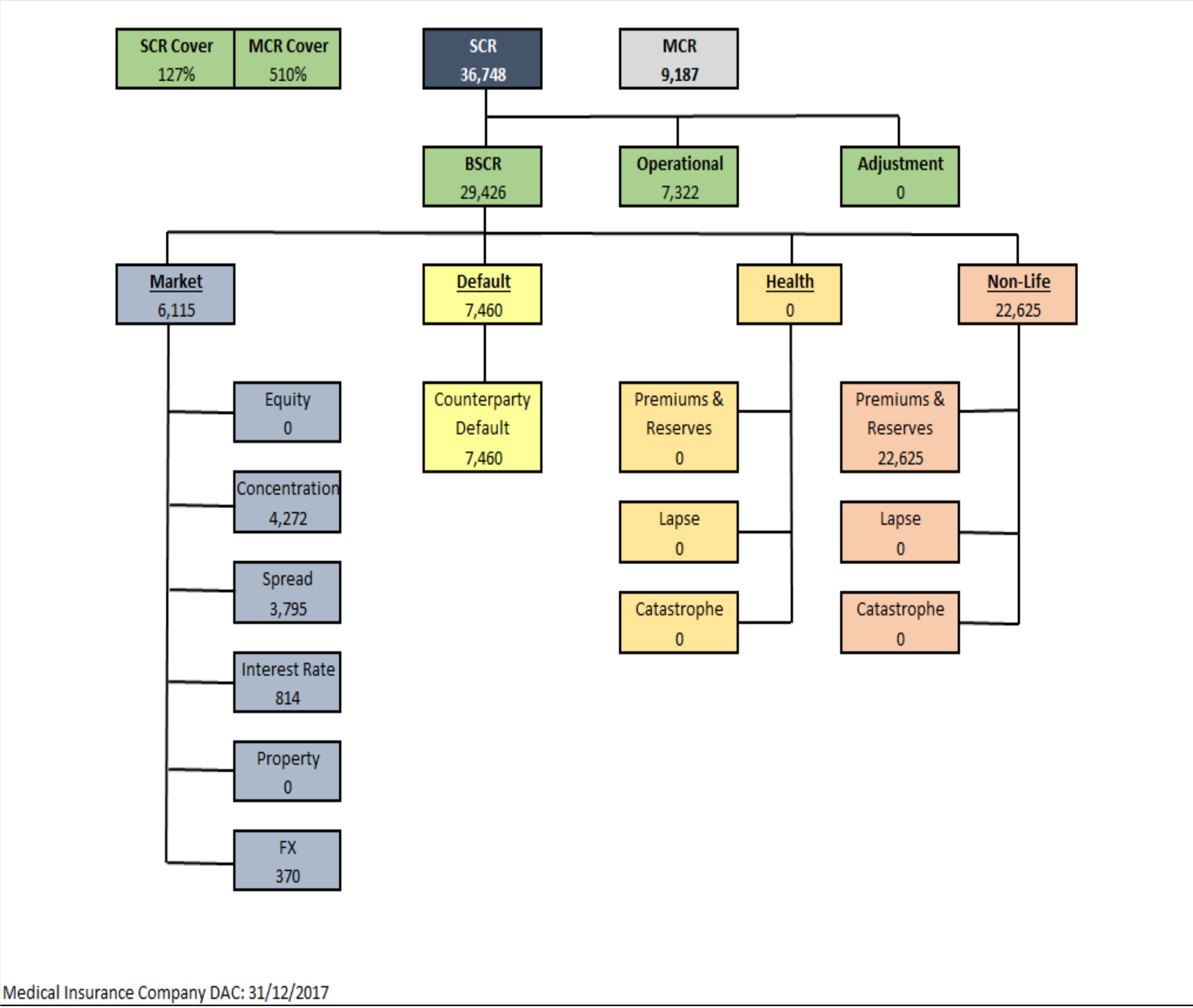
Solvency	Capital requirement (EUR'000)	Eligible capital (EUR'000)	Solvency ratio
SCR	36,748	46,837	127.4%
MCR	9,195	46,837	509.4%

The **Solvency Capital Requirement ("SCR")** is the level of available capital that undertakings are required to hold under Solvency II. It is a risk-based capital measure, calibrated at a 1-in-200 year loss. Whilst it may be calculated using an Internal Model, in MIC's case it is appropriate to calculate it using the Standard Formula.

The **Minimum Capital Requirement ("MCR")** is the absolute minimum level of available capital that undertakings are required to hold under Solvency II. It is calculated as a linear formula of premium and reserves, subject to a minimum of 25% of the SCR and a maximum of 45% of the SCR.

The SCR of the Company as at 31 December 2017 was €36,747,670. The SCR of the Company as at 01 January 2017 was €61,419,936. The MCR of the Company as at 31 December 2017 was €9,195,437.

(b)



(c) The Company does not use simplified calculations for the technical provisions or any risk modules or sub-modules of the Standard Formula.

(d) The Company does not use undertaking-specific parameters pursuant to Article 104(7) of Directive 2009/138/EC.

(e) The Company is not required to apply any undertaking-specific parameters in accordance with Article 110 of Directive 2009/138/EC and is not subject to any capital add-on.

Line of Business	Net Technical Provisions (EUR '000)	Net Premium Written (EUR '000)	Parameters		MCR NL
			α	β	
General liability insurance	68,560	0	10%	13%	7,062

Since the figure of €7.062M is less than the floor of 25% of the SCR, the floor of 25% of the SCR is applied – i.e. €9.195M.

The only material change in the Company's SCR and MCR over the reporting period (other than natural reduction of the SCR and MCR as claims have run-off and the balance sheet has deflated) has been the implementation of the quota share arrangement with MMA.

E.3 The option set out in Article 305b used for the calculation of its solvency capital requirement

The Company does not use the duration-based equity risk sub-module as set out in Article 304 of Directive 2009/138/EC in the calculation of the Solvency Capital Requirement.

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

An internal model is not used by the Company.

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

Due to the non-admission of an Adverse Development Cover in the standard formula SCR calculation under Solvency II, at December 2016, the SCR was not covered by eligible own funds. Accordingly the Company prepared a strategy and took measures necessary to achieve, by 31 December 2017, the establishment of the level of eligible own funds covering the SCR.

Since June 2017, following the implementation of certain restorative measures, there has been full compliance with Minimum Capital Requirement and the Solvency Capital Requirement.

E.6 Any other disclosures

There is no other material information regarding the capital management of the Company.

F. Quantitative Reporting Templates

S.02.01.02

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	1
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	103,209
R0080	Property (other than for own use)	0
R0090	Holdings in related undertakings, including participations	0
R0100	Equities	0
R0110	Equities - listed	0
R0120	Equities - unlisted	0
R0130	Bonds	67,113
R0140	Government Bonds	15,657
R0150	Corporate Bonds	51,456
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	0
R0190	Derivatives	0
R0200	Deposits other than cash equivalents	36,096
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	0
R0270	Reinsurance recoverables from:	176,274
R0280	Non-life and health similar to non-life	175,290
R0290	Non-life excluding health	175,290
R0300	Health similar to non-life	0
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	983
R0320	Health similar to life	0
R0330	Life excluding health and index-linked and unit-linked	983
R0340	Life index-linked and unit-linked	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	15,112
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	0
R0390	Own shares (held directly)	0
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	14,451
R0420	Any other assets, not elsewhere shown	12
R0500	**Total assets**	309,059

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions – non-life	254,374
R0520	Technical provisions – non-life (excluding health)	254,374
R0530	TP calculated as a whole	0
R0540	Best Estimate	243,850
R0550	Risk margin	10,524
R0560	Technical provisions - health (similar to non-life)	0
R0570	TP calculated as a whole	0
R0580	Best Estimate	0
R0590	Risk margin	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	1,336
R0610	Technical provisions - health (similar to life)	0
R0620	TP calculated as a whole	0
R0630	Best Estimate	0
R0640	Risk margin	0
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	1,336
R0660	TP calculated as a whole	0
R0670	Best Estimate	1,336
R0680	Risk margin	0
R0690	Technical provisions – index-linked and unit-linked	0
R0700	TP calculated as a whole	0
R0710	Best Estimate	0
R0720	Risk margin	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	0
R0850	Subordinated liabilities	5,000
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	5,000
R0880	Any other liabilities, not elsewhere shown	6,512
R0900	**Total liabilities**	267,222
R1000	**Excess of assets over liabilities**	41,837

S.05.01.02

	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	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																	
Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non-proportional reinsurance accepted													0	0	0	0	0
Reinsurers' share	0	0	0	0	0	0	0	68,735	0	0	0	0	0	0	0	0	68,735
Net	0	0	0	0	0	0	0	-68,735	0	0	0	0	0	0	0	0	-68,735
Premiums earned																	
Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non-proportional reinsurance accepted													0	0	0	0	0
Reinsurers' share	0	0	0	0	0	0	0	68,735	0	0	0	0	0	0	0	0	68,735
Net	0	0	0	0	0	0	0	-68,735	0	0	0	0	0	0	0	0	-68,735
Claims incurred																	
Gross - Direct Business	0	0	0	0	0	0	0	-3,623	0	0	0	0					-3,623
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non-proportional reinsurance accepted													0	0	0	0	0
Reinsurers' share	0	0	0	0	0	0	0	65,543	0	0	0	0	0	0	0	0	65,543
Net	0	0	0	0	0	0	0	-69,166	0	0	0	0	0	0	0	0	-69,166
Changes in other technical provisions																	
Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non- proportional reinsurance accepted													0	0	0	0	0
Reinsurers'share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Expenses incurred	0	0	0	0	0	0	0	758	0	0	0	0	0	0	0	0	758
Other expenses																	0
Total expenses																	758

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		**Total**
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life-reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross	0	0	0	0	0	0	0	0	0
R1420	Reinsurers' share	0	0	0	0	0	0	0	0	0
R1500	Net	0	0	0	0	0	0	0	0	0
	Premiums earned									
R1510	Gross	0	0	0	0	0	0	0	0	0
R1520	Reinsurers' share	0	0	0	0	0	0	0	0	0
R1600	Net	0	0	0	0	0	0	0	0	0
	Claims incurred									
R1610	Gross	0	0	0	0	0	107	0	0	107
R1620	Reinsurers' share	0	0	0	0	0	77	0	0	77
R1700	Net	0	0	0	0	0	30	0	0	30
	Changes in other technical provisions									
R1710	Gross	0	0	0	0	0	0	0	0	0
R1720	Reinsurers' share	0	0	0	0	0	0	0	0	0
R1800	Net	0	0	0	0	0	0	0	0	0
R1900	**Expenses incurred**	0	0	0	0	0	0	0	0	0
R2500	**Other expenses**									0
R2600	**Total expenses**									0

S.05.02.01

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010			FR	0	0	0	0	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	0	0	0	0	0	0	0
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140	Reinsurers' share	0	68,735	0	0	0	0	68,735
R0200	Net	0	-68,735	0	0	0	0	-68,735
	Premiums earned							
R0210	Gross - Direct Business	0	0	0	0	0	0	0
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240	Reinsurers' share	0	68,735	0	0	0	0	68,735
R0300	Net	0	-68,735	0	0	0	0	-68,735
	Claims incurred							
R0310	Gross - Direct Business	0	-3,623	0	0	0	0	-3,623
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0330	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0340	Reinsurers' share	0	65,543	0	0	0	0	65,543
R0400	Net	0	-69,166	0	0	0	0	-69,166
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0430	Gross - Non- proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers'share	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	0	758	0	0	0	0	758
R1200	**Other expenses**							0
R1300	**Total expenses**							758

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
R1400			FR	0	0	0	0	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	0	0	0	0	0	0	0
R1420	Reinsurers' share	0	0	0	0	0	0	0
R1500	Net	0	0	0	0	0	0	0
	Premiums earned							
R1510	Gross	0	0	0	0	0	0	0
R1520	Reinsurers' share	0	0	0	0	0	0	0
R1600	Net	0	0	0	0	0	0	0
	Claims incurred							
R1610	Gross	0	107	0	0	0	0	107
R1620	Reinsurers' share	0	77	0	0	0	0	77
R1700	Net	0	30	0	0	0	0	30
	Changes in other technical provisions							
R1710	Gross	0	0	0	0	0	0	0
R1720	Reinsurers' share	0	0	0	0	0	0	0
R1800	Net	0	0	0	0	0	0	0
R1900	**Expenses incurred**	0	0	0	0	0	0	0
R2500	**Other expenses**							0
R2600	**Total expenses**							0

S.12.01.02

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, including Unit-Linked)**	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	**Technical provisions calculated as a whole**	0	0			0			0	0	0	0			0	0	0
R0020	**Total Recoverables from reinsurance/SPV and Finite Re** after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0			0			0	0	0	0			0	0	0
	Technical provisions calculated as a sum of BE and RM																
	Best Estimate																
R0030	**Gross Best Estimate**	0		0	0		0	0	1,336	0	1,336		0	0	0	0	0
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0		0	0		0	0	983	0	983		0	0	0	0	0
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	0		0	0		0	0	353	0	353		0	0	0	0	0
R0100	**Risk Margin**	0	0			0			0	0	0	0			0	0	0
	Amount of the transitional on Technical Provisions																
R0110	Technical Provisions calculated as a whole	0	0			0			0	0	0	0			0	0	0
R0120	Best estimate	0		0	0		0	0	0	0	0		0	0	0	0	0
R0130	Risk margin	0	0			0			0	0	0	0			0	0	0
R0200	**Technical provisions - total**	0	0			0			1,336	0	1,336	0			0	0	0

S.17.01.02

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protectioni nsurance	Workers' compensati on 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	Miscellaneou s financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0150	Net Best Estimate of Premium Provisions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Claims provisions																	
R0160	Gross	0	0	0	0	0	0	0	243,850	0	0	0	0	0	0	0	0	243,850
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	0	0	0	0	0	0	175,290	0	0	0	0	0	0	0	0	175,290
R0250	Net Best Estimate of Claims Provisions	0	0	0	0	0	0	0	68,560	0	0	0	0	0	0	0	0	68,560
R0260	**Total Best estimate - gross**	0	0	0	0	0	0	0	243,850	0	0	0	0	0	0	0	0	243,850
R0270	**Total Best estimate - net**	0	0	0	0	0	0	0	68,560	0	0	0	0	0	0	0	0	68,560
R0280	**Risk margin**	0	0	0	0	0	0	0	10,524	0	0	0	0	0	0	0	0	10,524
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0300	Best estimate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0310	Risk margin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Technical provisions - total																	
R0320	Technical provisions - total	0	0	0	0	0	0	0	254,374	0	0	0	0	0	0	0	0	254,374
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	0	0	0	0	0	0	0	175,290	0	0	0	0	0	0	0	0	175,290
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	0	0	0	0	0	0	0	79,083	0	0	0	0	0	0	0	0	79,083

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Total Non-Life Business

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

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

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
R0100	**Prior**											3,173	3,173	3,173
R0160	**N-9**	1,726	4,060	2,732	2,820	3,377	3,747	3,028	2,652	3,106	4,984		4,984	32,232
R0170	**N-8**	1,835	4,263	3,005	3,772	6,927	3,849	2,705	2,258	3,336			3,336	31,950
R0180	**N-7**	1,781	4,801	3,444	3,339	5,826	3,676	3,623	2,672				2,672	29,163
R0190	**N-6**	2,015	4,653	3,992	4,187	5,429	5,752	4,069					4,069	30,097
R0200	**N-5**	1,868	4,520	3,530	5,423	4,745	3,565						3,565	23,650
R0210	**N-4**	1,492	4,359	3,280	4,086	3,036							3,036	16,253
R0220	**N-3**	1,618	4,246	4,112	3,610								3,610	13,586
R0230	**N-2**	1,029	2,910	3,309									3,309	7,248
R0240	**N-1**	0	0										0	0
R0250	**N**	0											0	0
R0260												**Total**	31,754	187,353

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
R0100	**Prior**											24,090	23,427
R0160	**N-9**	0	0	0	0	0	0	0	0	13,052	12,129		11,796
R0170	**N-8**	0	0	0	0	0	0	0	10,966	10,191			9,911
R0180	**N-7**	0	0	0	0	0	0	22,671	21,069				20,490
R0190	**N-6**	0	0	0	0	0	28,444	26,434					25,707
R0200	**N-5**	0	0	0	0	41,608	38,668						37,605
R0210	**N-4**	0	0	0	34,148	31,735							30,862
R0220	**N-3**	0	0	49,986	46,454								45,176
R0230	**N-2**	0	43,016	39,976									38,877
R0240	**N-1**	0	0										0
R0250	**N**	0											0
R0260												**Total**	243,850

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		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of					
R0010	Ordinary share capital (gross of own shares)	87,000	87,000		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Iinitial 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	-45,163	-45,163			
R0140	Subordinated liabilities	5,000		5,000	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
	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0				
	Deductions					
R0230	Deductions for participations in financial and credit institutions	0	0	0	0	0
R0290	**Total basic own funds after deductions**	46,837	41,837	5,000	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			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			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	46,837	41,837	5,000	0	0
R0510	Total available own funds to meet the MCR	46,837	41,837	5,000	0	
R0540	Total eligible own funds to meet the SCR	46,837	41,837	5,000	0	0
R0550	Total eligible own funds to meet the MCR	46,837	41,837	5,000	0	
R0580	**SCR**	36,748				
R0600	**MCR**	9,187				
R0620	**Ratio of Eligible own funds to SCR**	1.2745				
R0640	**Ratio of Eligible own funds to MCR**	5.0982				
		C0060				
	Reconciliation reserve					
R0700	Excess of assets over liabilities	41,837				
R0710	Own shares (held directly and indirectly)	0				
R0720	Foreseeable dividends, distributions and charges	0				
R0730	Other basic own fund items	87,000				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
R0760	**Reconciliation reserve**	-45,163				
	Expected profits					
R0770	Expected profits included in future premiums (EPIFP) - Life business	0				
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	0				
R0790	**Total Expected profits included in future premiums (EPIFP)**	0				

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		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	6,115		
R0020	Counterparty default risk	7,460		
R0030	Life underwriting risk	33		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	22,625		
R0060	Diversification	-6,806		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	29,426		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	7,322
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency capital requirement excluding capital add-on**	36,748
R0210	Capital add-on already set	0
R0220	**Solvency capital requirement**	36,748
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirement for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

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Linear formula component for non-life insurance and reinsurance obligations

		C0010
R0010	MCRNL Result	7,062

		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 expenses insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	0	0
R0060	Other motor insurance and proportional reinsurance	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	0
R0080	Fire and other damage to property insurance and proportional reinsurance	0	0
R0090	General liability insurance and proportional reinsurance	68,560	0
R0100	Credit and suretyship insurance and proportional reinsurance	0	0
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	0
R0140	Non-proportional health reinsurance	0	0
R0150	Non-proportional casualty reinsurance	0	0
R0160	Non-proportional marine, aviation and transport reinsurance	0	0
R0170	Non-proportional property reinsurance	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
R0200	MCRL Result	8

		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	0	
R0220	Obligations with profit participation - future discretionary benefits	0	
R0230	Index-linked and unit-linked insurance obligations	0	
R0240	Other life (re)insurance and health (re)insurance obligations	385	
R0250	Total capital at risk for all life (re)insurance obligations		0

	Overall MCR calculation	C0070
R0300	Linear MCR	7,070
R0310	SCR	36,748
R0320	MCR cap	16,536
R0330	MCR floor	9,187
R0340	Combined MCR	9,187
R0350	Absolute floor of the MCR	2,500

		C0070
R0400	**Minimum Capital Requirement**	9,187

Means of Disclosure

The Company does not own or maintain a website related to its business, nor is it a member of a trade association. The Company will provide an electronic copy of this report to any person who requests a copy of this report.