

2019



TRUST RE

Cyprus Branch

Solvency & Financial Condition Report (SFCR)

Prepared: June 2021





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Executive Summary

This document, the Solvency and Financial Condition Report (SFCR), presents information on Trust Re's Cyprus Branch ("the Branch") and its solvency position as at December 31, 2019 and has been prepared in accordance with Solvency II regulations.

The Branch was responsible for underwriting business emanating from CEE, SEE, Russia and the CIS. The Branch underwrote non-life reinsurance risks, business development and marketing for these areas.

Trust International Insurance and Reinsurance Company B.S.C. (c) Trust Re ("the Company" or "Trust Re" or "Head Office") is headquartered in Bahrain but operates in the Afro-Asian markets (including the Middle East and North Africa [MENA] region), Russia, Central and Eastern Europe (CEE), South Eastern Europe (SEE) and Commonwealth of Independent States (CIS) countries. However, the Branch from year 2020 entered into a run off status due to the Company's strategy to centralized operations.

The underwriting result improved from USD -22.1M in 2018 to USD -1.1M in 2019.

Trust Re has an effective system of governance that is designed to ensure that the Company's strategic objectives and operations are fully aligned. During FY 2019, the Branch was fully supported by the Head Office. An outsourcing policy has been in place for the Head Office to carry key Governance Functions (that constitute the Three Lines Defense Structure) on behalf of the Branch.

At the end of 2019, the solvency ratio of the Branch is 150.5% and the minimum capital requirement ratio is 561.7%.

The individual risk categories contributing to the SCR were as follows:

- Underwriting Risk – USD 20.4M (57%)
- Market Risk – USD 10.9M (31%)
- Counterparty Risk – USD 2.2M (6%)
- Operational Risk – USD 1.6M (6%)

The total return on investment (investment income) is USD 4.2M.

The technical provisions of the Cyprus Branch amount to USD 54.3M plus a risk margin of USD 2.9M.

In response to Covid-19, Trust Re has updated its existing business continuity plan, which has recently been updated to reflect the actions needed in case of a disruptive event to its operations. A Crisis Management Team is in place constantly monitoring the developments and coordinates all the precautionary measures required. The Branch assets has experienced, as expected, some volatility on its fixed income portfolio however it is not expecting any material impacts on its liabilities.



Introduction

Scope

This document, the Solvency and Financial Condition Report (“SFCR”) presents information on Trust Re’s Cyprus Branch (the “Branch”) and its solvency position as at December 31, 2019 and has been prepared in accordance with Solvency II regulations (Solvency II Directive 2009/138/EC of the European Parliament of November 25, 2009 and the Delegated Regulations of the European Commission of October 10, 2014 supplementing the Directive, the EIOPA Guidelines on Reporting and Public Disclosure EIOPA-BoS-15/109). SFCR appendices include key financial information in the standard format of Solvency II public Quantitative Reporting Templates.

The Report

Section A of this report outlines the Branch’s business profile and summarizes its underwriting and investment performance.

Sections B provides a summary of the System of Governance in place and explains the features and adequacy of its risk control system and structure in place.

The risk profile of the Branch is explained in Sections C, followed by an explanation of the valuation methodology of the Branch’s assets and liabilities for solvency purposes in Section D.

Capital Management issues are explained in Section E.

Related quantitative reporting details are presented in the appendix of this report.



A. Business & Performance

A.1 Business & Environment

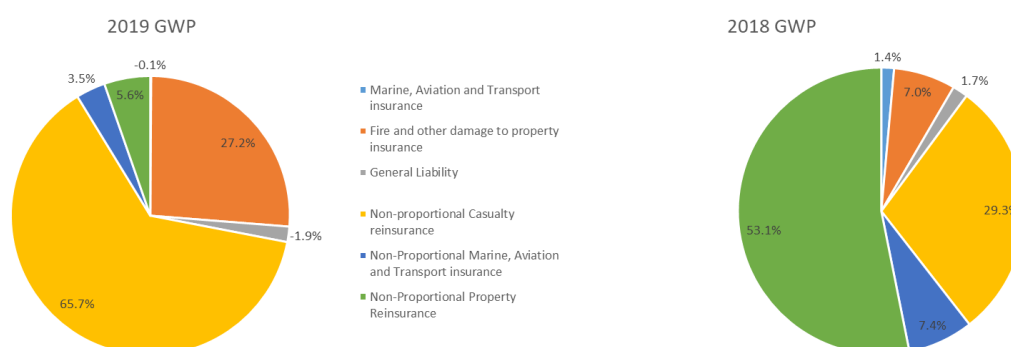
Trust Re Cyprus Branch

Trust Re Cyprus Branch ("the Branch") in Limassol was responsible for underwriting business emanating from CEE, SEE, Russia and the CIS. However, the Branch from year 2020 entered into a Run off status and any business within the underlying branch's geographical scope is currently written under the Bahrain center.

Effective December 2019, the Company has decided to seize the underwriting operations of the Branch and began to wind down the operations of the Branch. In 2020, after obtaining approval from the Superintendent of Insurance, and after receiving confirmation from clients, the Branch is in process of novating active policies to its Head Office in Bahrain to service these policies. For the remaining policies, the Branch shall continue to service these policies including settlement of all outstanding and future claims arising from these policies. The decision has been taken by management for the closure of the Branch, and hence the Branch is not considered to be a going concern.

Business Portfolio

The Branch operated mainly in the markets of CEE, SEE Russia and CIS. The 2019 and 2018 Gross Written Premium split is shown below.



The classes of business primarily include exposures to Property, Marine, Engineering, Motor accident related risks.

The Branch's External Auditors are PricewaterhouseCoopers Ltd (Cyprus) and its applicable Supervisory Authority is the Insurance Companies Control Service of the Ministry of Finance (Cyprus).



Trust Re

Trust International Insurance and Reinsurance Company B.S.C. (c) Trust Re (“the Company” or “Trust Re” or “Head Office”) is a closed joint stock company registered in the Kingdom of Bahrain, with authorized capital of USD 500M, and issued and paid-up capital of USD 250M. Trust Re is headquartered in Bahrain and operates in the Afro-Asian markets (including the Middle East and North Africa [MENA] region), Russia, Central and Eastern Europe (CEE), South Eastern Europe (SEE) and Commonwealth of Independent States (CIS) countries, Cyprus and Turkey. To accommodate this market spread, Trust Re has established Branch Offices in Cyprus and Labuan (Malaysia), and Representative Offices in Morocco and India. It also has established subsidiaries across multiple regions.

Business Portfolio

Trust Re Cyprus Branch provides reinsurance protection to direct insurance companies in its geographical area of operation in the following Treaty lines of business:

- Marine, Aviation, and Transport Insurance
- Fire and Other damage to Property Insurance
- General Liability
- Non-Proportional Property Reinsurance
- Non-Proportional Casualty Insurance
- Non-Proportional Marine, Aviation and Transport Insurance

The Branch also has a small run-off business from various facultative and treaty lines of business.

Trust Re’s business strategy and class offerings mean that the majority of businesses written are short-tail commercial line businesses. From its early days, Trust Re has positioned itself to play a leading role in the Oil & Energy insurance business. Trust Re has obtained particular knowledge and expertise in the Afro-Asian markets to the extent that the Federation of Afro-Asian Insurers & Reinsurers (FAIR) chose Trust Re to manage the FAIR Oil & Energy Insurance Syndicate.

Trust Re’s External Auditors are PricewaterhouseCoopers ME Limited (Bahrain) (while Cyprus Office of PricewaterhouseCoopers Limited provides the audit opinion on the Solvency and Financial Conditions Report of the Branch) and Supervisory Authority is the Central Bank of Bahrain.



A.2 Underwriting Performance

This section provides an overview of the Branch's Underwriting performance.

In USD'000	2018	2019
Gross Written premium	32,538	4,079
Net Written premium	21,409	2,481
Net Earned premium	21,883	4,948
Net Incurred Claims	(40,165)	3,337
Total Cost of insurance	41,700	3,319
Gross Underwriting Profit/(Loss)	(19,816)	1,629
Less Operational Expenses	(2,328)	(2,762)
Underwriting Result	(22,144)	(1,132)

The Branch produced written premium in excess of USD 4M. The premium dropped significantly from 2018 to 2019 due to a reduction of business being written from the Branch.

The underwriting result improved from USD -22.1M in 2018 to USD -1.1M in 2019.

The Branch revenue account extract for years 2018-2019 along with ratios on Operational Performance is summarised below:

INCOME STATEMENT	Actual 31-12-2018 USD' 000	Actual 31-12-2019 USD' 000
Underwriting results		
Cyprus treaty business	(22,756)	(300)
Other business	612	832
Total	(22,144)	(1,132)
Investment and other income	1,536	4,220
Total income	(20,608)	3,088
Non-technical expenses	(123)	130
Profit before tax	(20,731)	2,958
Tax	(127)	(168)
Profit after tax	(20,858)	2,790
Ratios on technical result		
Expense ratio	10.6%	55.8%
Loss Ratio	183.5%	67.4%
Combined ratio	201.2%	123.6%



Underwriting Performance by Solvency II Line of Business

<i>USD'000</i>	<i>Marine, Aviation and Transport insurance</i>	<i>Fire and other damage to property insurance</i>	<i>General Liability</i>	<i>Non-proportional Casualty reinsurance</i>	<i>Non- Proportional Marine, Aviation and Transport insurance</i>	<i>Non- Proportional Property Reinsurance</i>	<i>Total</i>
Net Earned Premium	224	635	185	2,879	214	810	4,948
Net Acquisition Cost	(10)	(49)	(8)	(9)	(2)	58	(18)
2019 Net Incurred Claims	295	1,020	(9)	3,793	(1,275)	(487)	3,337
Expenses	87	480	69	1,320	94	711	2,762
Underwriting Result	(269)	(600)	40	(2,594)	1,331	960	(1,132)
2018 Underwriting Result	(32)	(702)	51	(19,499)	183	(2,146)	(22,144)

Non-Proportional Property business and Non-Proportional Casualty had significant improvements in the underwriting performance. Due to the change in business portfolio from 2018 to 2019, there was a significant drop in the net incurred claims from prior years that resulted in an improved underwriting result. There was also a decrease in the commissions from 2018 to 2019 that improved the underwriting result.



A.3 Investment Performance

As of 31st December 2019, the Branch had cash and Investments totalling to USD 92.7M, the breakdown of which is shown below.

Asset Allocation	2019
Cash	20.2%
Fixed Income	73.8%
Equities	0.1%
Real Estate	5.5%
Total Invested Assets	100%

The Branch's investment objective was to ensure adequate liquidity at all times to meet the operational obligations as well as maximize the return within certain acceptable predefined parameters and policies, in-line with Solvency II guidelines.

Fair value of the assets is estimated through traded market values (closed of the day) or through valuation techniques based on available relevant information related to the assets.

Investment income comprised of dividends, interest income, and coupon income in addition to both realised and unrealized gains and losses. Movements are recognised in the profit and loss accounts in the period in which they arise. The following are the breakdown of investment income for 2019.

	USD'000	2019
Bank charges and interest		(16)
Interest on bonds and bank deposits		2,537
Profit/(loss) on sale of investment		1,616
Exchange gain		178
Unrealized gain/(loss) on revaluation of investment Property		(96)
Total Return on Investments		4,220

The fixed income portfolio is a well-structured and diversified portfolio to address the asset risk capital issues.



A.4 Performance of Other Activities

Income is in respect of sale of assets, interest earned, management fee, administration expense and profit on sale. Similarly, Expenses arises in respect of loss on sale assets, loss on exchange rate and bank charges. The breakdown of other income and expense can be seen below:

Financial Income/Expense USD'000	2019
Bank charges and interest	16
Financial expenses	16
Exchange Difference – Profit	178
Unrealized gain on available for sale securities	(96)
Profit on sale of available for sale investments	1,616
Interest earned	2,537
Other Income	0
Financial income	4,236
Net Finance Income/(Expense)	4,220
Technical Expenses	(2,762)
Other Admin and General Expenses	(130)
Net Finance Income/Expense	1,327



B. System of Governance

Trust Re's system of governance, which is fully applicable to the Cyprus Branch, is presented below.

B.1 Governance Structure

The **Board of Directors (BOD)** is responsible for setting the overall strategic direction, approving business plans and monitoring the overall performance of the business against the approved plans and within a framework of sound corporate governance.

The non-executive Chairman of the Board is responsible for leading and ensuring that the effectiveness of the Board Committees is in line with the Board terms of reference as well as their conduct and meetings.

The BOD's oversight committees are an essential part of the Corporate Governance and Risk Management processes. The three Committees are as follows:

- Risk Committee
- Audit Committee
- Nomination, Remuneration and Corporate Governance Committee

The Board has delegated authority to the Group Chief Executive Officer (GCEO) who is responsible for the executive leadership and operational management of the Company. The GCEO is accountable to the Board for the development, recommendation and implementation of the strategies, policies and the framework of controls. As part of the Company's risk governance structure, he acts as the Risk Sponsor.

The Executive Committee (EXCO) supports the GCEO in implementing the Company's strategy and business plan, as per the delegated authority by the BOD. The EXCO members are the following:

- Group Chief Executive Officer
- Group Chief Operating Officer
- Group Chief Risk Officer
- Group Chief Financial Officer
- Head of Compliance and MLRO
- Head of Legal and Board Secretary

Based on the adopted risk governance structure, the Company has implemented the 'Three Lines of Defense' model as part of the Corporate Governance framework. It supports the implementation of a robust internal control system that ensures there is sufficient control and challenge at all levels of the organization and it incorporates a 'four eyes principle'.

The first line of defense has direct responsibility for the day-to-day management of risks and therefore includes all staff and management working within operational business units. The second line of defense is responsible for coordinating, overseeing and controlling risks to ensure the effectiveness and integrity of the Company's management framework. The third line of defense is responsible to provide independent assurance and audit to the Company and for 2019, the internal audit function has been outsourced for a period of two years.



The Discretionary Authority Limits (DAL) refer to formal guidelines on the assignment of authority from the Trust Re's Board to certain roles within Trust Re, in order to support an effective management decision making framework and provide guidance to the staff, in order to achieve strategic objectives.

Cyprus Branch Outsourced Functions

Trust Re head office in Bahrain provides full support to Cyprus Branch via an outsourcing policy to enable carrying the ongoing operations. While a number of functions are essential to the Branch's operation and its ability to deliver prompt and efficient services to the policyholders, the 'Key Functions' include:

- Risk Management
- Actuarial
- Internal Audit
- Compliance
- Finance
- Retrocession
- Claims

All Key Function Holders are subject to approval of the ICCS.

The other outsourced functions of the Cyprus Branch include:

- | | |
|-------------------------------|----------------------|
| ▪ Human Resources | ▪ Asset Management |
| ▪ Information Technology | ▪ Technical Accounts |
| ▪ Corporate Communication | ▪ Legal Adviser |
| ▪ Administration and Property | |

Remuneration and benefits

The Cyprus Branch has an aligned process of setting and reviewing organisational goals, departmental goals and individual goals which are linked to Trust Re's reward system which has been updated further during 2019.

B.2 Fit & Proper Requirements

The individuals and functions under the scope of "Fit & Proper" requirements are mentioned in Trust Re's "Outsourcing Policy – Cyprus Branch". The following highlights the 'Fit and Proper' key requirements and actions taken by the Company.

Fitness

The Company assesses a person's previous experience, knowledge, and professional qualifications and require that they demonstrate correspondent skills, care, diligence and compliance with the relevant standards for the area/sector they have worked in.



In addition, all individuals must maintain their competence for the role they fulfill and it is the responsibility of the HR function to ensure that all the individuals are employed with and further receive appropriate training for maintaining their competence.

Propriety

Trust Re assesses the person's honesty, integrity, reputation and financial soundness and the Company will take into consideration convictions for criminal offences, adverse findings in civil proceedings, or disciplinary actions by regulators in Cyprus or abroad.

Monitoring Compliance with "Fit & Proper" Requirements

The Company further monitors the compliance with 'Fit and Proper' requirements by assessing compliance with regulatory requirements, Company specific requirements and policies, with additional self-certification to Human Resources function on an annual basis.

B.3 Risk Management System

Trust Re aims to ensure an appropriate risk-reward balance in all of its risk-taking activities. The Company's Risk Management System is built around a robust Enterprise Risk Management (ERM) framework which is embedded throughout the system of governance of the company and its Branches.

The Risk Management System is based on the following guiding principles which are applied across the Company.

- Controlled Risk-Taking
- Effective Strategic Risk Management
- Clear Accountability and Responsibility
- Protection of Company's Balance Sheet from Shock Events
- Independent Risk Based Audit

The risk management system defines the necessary enterprise risk management components, key principles, common language, and clear direction and guidance for enterprise risk management within the Company. It ensures that strategy, structure and the risk management process are interlinked, and working together within the company's risk appetite and tolerances.

Risk Appetite

At Trust Re, the Risk Appetite assists the Company to express the maximum level of risk Trust Re is prepared to accept in order to deliver its business objectives as articulated in the Company's business plan. An updated Risk Appetite Statement framework has been prepared during 2019 and will be further updated in 2020.



ERM Models and Controls

A critical component of the ERM framework is the utilization of models and controls to assess and evaluate risk exposures, quantify risks and monitor risk limits. These include multiple risk, financial and compliance models and tools, as well as, risk control processes and reports and policies and procedures reviews and controls.

Risk Management Process

The adopted risk management process/cycle at the Company includes Risk Planning, Risk Identification, Risk Assessment, Risk Treatment, Risk Monitoring, Risk Reporting, and Risk Assurance. As part of the risk management process, the SAP GRC System is also used to enable staff to regularly review risk descriptions, detail of control activities and adequacy of existing controls, risk scores (inherent and residual), potential improvement actions and contingency plans.

The Company's risk identification process is undertaken via risk review meetings involving a broad range of subject matter specialists from the various business units, including management, if required. The outcome of this step is the preparation of detailed risk registers, documenting 'risks' along with descriptions of how and why they might impact the Company.

Risk Reporting & Communication

Providing the management with relevant risk information ensures better identification and prioritization of risk and opportunities, enabling more efficient and informed decision-making. As part of the Company's management information practice, various reports are produced for the Board and/or the regulator with different frequency based on requirement and/or if need basis.

B.4 ORSA

One of the key components of Trust Re's risk assessment process is the 'Own Risk and Solvency Assessment' ("ORSA"). ORSA is now well linked to the risk appetite, capital management and the business planning process. The report is reviewed and updated on an annual basis to ensure that the processes, procedures and data described in the report are in line with the current practices being adopted by the Company. The ORSA process takes places concurrently with the business planning process to ensure that all risks identified by the BOD during the business planning process are considered in the ORSA.

In 2019, due to multiple organizational changes and challenges related to business priorities, the ORSA report could not be prepared. However, previous year's ORSA report was used to prepare ORSA "Use-Test" scenarios, applied via specific scenario / stress testing dry-runs in relation to key financial, liquidity and capital risks that emerged at that time.



B.5 Internal Control System

As indicated earlier, the Company applies the “Three Lines of Defense” model as part of effective risk management and internal control. Also, The Company has an approved Code of Conduct which outlines principles that represent minimum ethical standards for all employees. Clear accountability and responsibility exists at all levels, wherein the Company operates delegated and clearly defined authority levels.

The Company’s Internal Control Environment is explained below.

Compliance Function

The Compliance Function of Trust Re’s Cyprus Branch is outsourced to the Company Head Office located in the Kingdom of Bahrain, which oversees the Cyprus Branch’s Compliance program and is responsible for ensuring the Branch’s Compliance framework remains an effective component of the internal control framework. The Company’s Compliance Department undertakes regulatory and financial crime compliance monitoring of the Branch using a risk-based approach.

A Head of Compliance and MLRO Officer (“Compliance Officer”) is appointed via a formal outsourcing arrangement with responsibility for the implementation of the Cyprus Branch’s Compliance Policies.

The Compliance Officer reports to the Board of Directors. The Compliance Officer is provided unrestricted access to the Branch’s records and has ultimate recourse to the Board of Directors, while it advises the Board and Executives of the Branch’s legal and regulatory requirements. This includes keeping them informed of developments affecting legal and regulatory requirements.

The compliance function is also responsible for the following:

- Monitoring compliance with relevant laws, regulations and internal policies and procedures through Compliance reviews of the business, according to a risk-based plan.
- Managing regulatory requests and onsite regulatory inspections / visits, ensuring there is a central point of contact.
- Managing the Branch’s program in relation to four specific financial crime risks: fraud, bribery and corruption, money laundering and terrorist financing, and sanctions compliance.

Information and Cyber Security

Trust Re is implementing a framework to effectively manage information and cyber security risks. As part of the ERM risk review activities, cyber and information security risks were assessed and responses were defined, as well as disaster recovery and personal data protection risks. Security monitoring activities have been increased, including periodic reviews by ISO on a weekly, monthly and annual basis.



Personal Data Protection

Trust Re has implemented a number of organizational and technical measures to effectively protect personal data, to ensure also compliance with applicable regulations (EU General Data Protection Regulation and Bahrain Personal Data Protection Law).

Data Credibility

Trust Re implements a number of processes to ensure the quality and credibility of the business information managed and used throughout its value chain. Four eyes principle is implemented across all technical activities, to avoid errors and omissions, and a data quality project has been implemented, with the objective of strengthening the quality of existing data and also place controls to maintain and prevent data quality issues.

Contingency Plans

The Company's Business Continuity Management System (BCMS) enables it to be prepared to deal with disruptive incidents/events that may prevent the Company from achieving its objectives.

At Trust Re, Business Continuity Management consists of the following Plans:

- Crisis Communication Plan (CCP) – includes the formation of a Crisis Communications Team, Critical Risks Scenario Planning, Stakeholder identification and escalation matrices, and pre-drafted Holding Statements.
- IT Disaster Recovery Plan (DRP) – describes the procedures to be carried out for recovering critical technology platforms and the telecommunications infrastructure, including the activation of the IT Disaster Recovery site which is established in Trust Re's Office in the Labuan Branch.
- Business Continuity Plan (BCP) – The BCP document describes the procedures and arrangements to be carried out in case an incident affects the operations and continuity of Trust Re.
- BCM Testing templates and scenarios - basic guidelines to help facilitate the planning and execution of the tests and exercise used to validate the BCM.

A holistic review of the Business Continuity Management Plans (i.e. CCP, DRP and BCP) is underway in 2020-2021 to reflect recent changes in Company structure and related processes.

B.6 Internal Audit Function

Internal Audit (IA) helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.

As of October 2019, and in line with Trust Re Group's commitment towards strengthening corporate governance and enhancing transparency, and as per the directions of the Central Bank of Bahrain ('CBB') the Company has appointed 'Protiviti Member Firm (Bahrain) SPC' ("Protiviti") as its Internal Auditors for a mandate of two years to carry all Internal Audit activities and responsibilities for Trust Re.



For the purpose of this engagement, Protiviti is reporting directly to the Audit committee and hence is completely independent. Protiviti's independence has been established on two key factors, namely the organizational independence of the IA function and the objectivity of its staff and free from interference in determining the scope of internal audit, approach to conducting the audit and communicating the audit outcome.

Protiviti has started its activities by conducting a detailed risk assessment for all organizational units which has been completed in Q4 2019 and Internal Audit Plan based on risk assessment has been approved in Q1 2020.

The Internal Audit findings and recommended appropriate courses of action for the enhancement of risk management, internal control, and governance are to be communicated to the management and the Audit Committee. Moreover, one of the key functions of Internal Audit is to monitor the actions on audit recommendations through application of periodic monitoring.

B.7 Actuarial Function

Actuarial function is a key function under Solvency II and has responsibilities ranging from coordination of calculation of technical provisions, assessing data quality, providing opinion on underwriting policy/guidelines, pricing, providing opinion on adequacy of reinsurance, and supporting risk management.

The Actuarial Function undertakes quarterly actuarial valuations to establish the technical provisions of its unpaid claim liabilities. These valuations include the Trust Re's portfolio in its entirety (including the Company's branch portfolios). Best actuarial practices are being followed based on a robust reserving methodology for the quantification of technical provisions of the Company and the assessment of their adequacy. WTW also perform annual peer review on the adequacy of the reserves for the whole portfolio.

The Actuarial function is involved in the process of purchasing outward retrocession cover. This includes assessment of the retro cover from a risk based capital and risk-return analysis. The appropriateness of risk Non-Proportional reinsurance programs as individual portfolio levels is quantitatively assessed by modeling frequency and severity of losses and loss simulations. The actuarial function is also managing the daily monitoring of the Company's aggregation/CAT exposures.

The Actuarial function is involved in the ORSA process. This includes developing and maintaining a multi-year forecast model to generate projection of the underwriting results. The forecast model consists of key underwriting assumptions.

The Actuarial function also supports the internal model process, in regards to the calibration of the reserving risk module by providing key inputs such as coefficient of variations.



B.8 Outsourcing

Trust Re Head Office in Bahrain is responsible for providing all strategic direction for the Cyprus Branch and a number of outsourced functions. The outsourced functions and activities are managed within the Company through a centralized management that has enhanced knowledge of the Branch operations. Outsourcing critical and important functions to the Head Office ensures that the Branch operations are in line with the Company's strategy, Risk Appetite and Tolerance levels established at the Head Office by the Board for the Company and its Branches, as well as ensuring that the right skills and resources are available for the specific activities.

The Head Office has the financial and technical capacity to provide the outsourcing service to the Branch where short-term additional technical capacity is required. The common goals and objectives set by the Board ensure that any conflicts of interests are eliminated through intragroup outsourcing.

B.9 Impact of COVID-19 on the Branch

Trust Re has prepared a business continuity plan, which has recently been updated to reflect the actions needed in case of a disruptive event to our operations. We have analyzed scenarios related to a potential COVID-19 incident, and designed the course of action to respond to this. A Crisis Management Team has already been established, to monitor developments and take strategic decisions, while an Emergency Response Team is constantly monitoring the developments and coordinates all the precautionary measures to protect our people and business partners, in cooperation with our IT Disaster Recovery Team. Indicatively, the following measures are taken:

- All business trips have been cancelled and overseas guests/partners have been asked to postpone visits until further notice.
- Trust Re employees have been strictly instructed to follow all travel advice from local authorities and are advised to avoid personal travel, especially to high risk countries.
- Regular communication and update is being sent out to Trust Re employees with advice on necessary precautions, based also on the guidelines and awareness campaigns of the applicable local authorities.
- Cleaning and disinfection procedures have been reviewed and updated where needed to ensure a healthy working environment.
- Trust Re Cyprus Branch employees have been asked to work remotely from home as a precautionary measure.
- Overall, Trust Re is testing remote work from home scenarios in its different offices globally, to minimize any impact to its employees and ensure continuity of business. Our IT systems are tested to support remote connectivity as needed, and a detailed IT disaster recovery plan is in place.

The Branch assets has experienced, as expected, some volatility on its bond portfolio but it is not expected any material implications on its liability portfolio.



C. Risk Profile

C.1 Underwriting Risk

Underwriting risk is driven by Premium & Reserve risk and CAT risk. The details of each component are stated in the sub-sections individually. For the Branch, Premium & Reserve risk is 91% and CAT risk is 9% of the Underwriting risk.

Premium and Reserve Risk

This capital charge is a factor of the volatility and volume measure of net earned premium and net technical reserves. The volatilities for premium and reserves are pre-defined for each line of business with Non-Proportional lines having the highest volatility factors. The volume measure for reserves is based on the claim provisions and the volume measure of premiums depends on current and future earned premium. Future earned premium are based on a reforecast of the business plan reflecting the actual experience of the year.

Premium and Reserve volumes are aggregated across lines of business also accounting for geographical diversification to attain a combined volume measure for each line. Volatility factors for premium and reserve are aggregated using volumes as weights. The product of combined volume and volatility across line of business is aggregated using a pre-defined correlation matrix.

The Branch's underwriting portfolio is mostly a Non-Proportional book, and Non-Proportional Property Reinsurance being the highest. As mentioned earlier Non-Proportional lines have the highest volatility factors, making Premium & Reserve risk a key risk driver.

CAT Risk

The Catastrophe Risk capital calculation is split into Natural Catastrophe (Nat Cat), Non-Proportional Property Reinsurance, Man-Made Catastrophe, and Other Non-Life Catastrophe Risk.

In general, Cat Risk is calculated based on the gross exposures (sum insured and/or earned premium) under prescribed conditions, and allowing for reinsurance recoveries.

For Trust Re Cyprus Branch, Non-Proportional Property and Man-Made are the two largest CAT components. This is expected since the underwriting book has more Non-proportional business, as well as the fact the risk charges for the Non-proportional CAT are the highest going up to 2.5 times the expected gross earned premium.

For the Branch the contribution of individual components in 2019 is as follows: NAT CAT – 16.8%, Man-Made – 76.8% and Non-Proportional Property – 6.4%.



Natural Catastrophe

Nat CAT risk considers five perils: windstorm, earthquake, flood, hail and subsidence and allows for the diversification between these perils. It is calculated as prescribed loss percentages (charges) based on gross sum insured by country and zone for EEA regions, and on gross earned premium by region for non-EEA regions.

For EEA regions, risk charges for each type of natural event are applied to the sum insured for each zone. These charges are pre-determined and are based on how prone a zone is to any particular event and diversification is allowed for between zones in every country. For Non-EEA regions, all countries are applied a same factor for each type of natural event. Reinsurance recoveries (net of reinstatements), based on the Company's retro program, are allowed for on the calculated gross losses.

Since Natural CAT risk capital is only calculated on proportional business, this only has a minimal impact for Trust Re Cyprus Branch's capital requirements.

Man-Made Catastrophe

Man-Made Cat Risk is calculated for exceptional events arising from normal line of business. The exceptional events are pre-defined scenarios. The scenario for Motor is based on Direct and Proportional business with number of vehicles above a sum insured of EUR 24M. The scenarios for Marine, Aviation, and Fire consider the full maximum sum insured to be the Gross Loss. The scenario for General Liability and Credit & Surety is based on a factor applied to the expected Gross Earned Premium.

Trust Re Cyprus Branch only has Marine, Fire, and General Liability exposure. The contribution of these exposures to Man-Made CAT is 76.4%, 22.8%, and 0.8% respectively.

Non-Proportional Property Reinsurance CAT

The capital charge for catastrophe risk of Non-Proportional Property Reinsurance is equal to an instantaneous loss in relation to each reinsurance contract that covers this line. A risk factor of 2.5 times is applied to the expected gross earned premium to calculate the gross loss. A diversification benefit is allowed calculated based on the regional breakup of the premium for this line. Reinsurance recoveries (net of reinstatements), based on the Company's retro program, are allowed for on the calculated gross losses.

Other CAT

The capital charge for 'Other' CAT risks is equal to an instantaneous loss calculated with a pre-defined risk factor for multiple lines of business. Diversification between these multiple lines is allowed to arrive at one 'Other' CAT risk charge.

For the Branch, the only applicable line is Non-Proportional motor vehicle liability, where the risk factor is 2.5 times of the expected gross earned premium for following 12 months. This makes this CAT risk category to contribute the most to the Non-Life Cat Risk.



C.2 Counterparty Default Risk

The Counterparty Default risk is calculated based on the exposure to each of the credit counterparties (bank, reinsurer etc.) and their related credit rating.

In the technical specifications, the risk calculation is split into two exposure types:

- Type 1 exposures covers counterparties which may not be diversified and likely to be rated, in addition to other criteria. This includes counterparties for recoverable from our outward reinsurance and bank counterparties where the Cyprus Branch hold deposits.
- Type 2 exposures covers counterparty that do not qualify for type 1 and will not be covered in spread risk. They are usually diversified and likely to be unrated (includes intermediaries), in addition to other criteria.

There is a diversification benefit as well between type 1 and type 2

Counterparty Default Risk	USD'000
CDR Type 1	1,861
CDR Type 2	436
<i>Diversification</i>	<i>(90)</i>
Counter Party Default Risk	2,206

C.3 Market Risk

Market risk is made up of Interest Rate risk, Concentration risk, Spread risk, Property Risk and Equity risk. Market risk is calculated based on the investment portfolio by applying various shocks and using projected cash flows for interest rate risk.

Market Risk	USD'000
Spread	7,445
Equity	2,504
Property	1,342
Concentration	2,933
Interest Rate	2,111
<i>Diversification</i>	<i>(5,401)</i>
Market Risk	10,934

Spread Risk

This is applied to certain class of bonds for the changes in level or volatility of credit spreads. The spread risk capital requirement is sum of spread risk charge for bonds, securitization, and credit derivatives. For bonds and securitization, the factors are dependent on the credit quality and duration and for credit derivatives factors depend on the credit quality only. Spread risk also extends to short term deposits.



EU government bonds attract zero risk factors. Non-EU government bonds attract risk factors lower than standard bonds. Higher duration and lower credit quality incur high risk factors. Bonds with duration in excess of 5 years have a fixed factor plus a factor applied on duration in excess of 5 years.

The Branch's investment portfolio only has standard corporate bonds with a weighted average modified duration of 4.5 years and 33.6% of the bond portfolio is rated A or above.

Concentration Risk

Concentration risk is applied to assets considered in spread risk, equity risk, and property risk, but excludes assets considered in counterparty default risk, i.e., cash holdings that come under counterparty type 1 exposures.

Concentration risk calculation is based on excess exposure, of any single name exposure, beyond a threshold defined by the regulator. For Bonds and Deposits, the threshold is based on the credit quality, with lower rating having a lower threshold and higher ratings having a higher threshold (3.0% for A or above and 1.5% for BBB or below) and risk charge on the excess for Non-EEA government bonds is lower than standard bonds at all ratings. On the other hand, Property holdings have a threshold of 10.0%.

Trust Re Cyprus Branch's fixed income portfolio includes two Fund Investments, which with a look-through approach give a diversified portfolio. Therefore, bonds do not incur any concentration risk charge.

Trust Re Cyprus Branch's concentration risk is mainly driven by deposits with the Bank of Cyprus and NBK. Maintaining the funds in a deposit account rather than a current account provides interest income as well as capital saving on the Counterparty risk, where the charge is higher than concentration risk.

Interest Rate Risk

Interest Rate risk capital is determined as a result of the variation in basic own funds (BOF) after applying pre-defined shocks up and down. It is derived from the type of shock that gives rise to the highest capital requirement. The current interest rate structure is altered with higher shocks at lower maturities and lower shocks at longer maturities.

Equity risk

Equity risk charge is applied for the unexpected market volatility. Trust Re Cyprus Branch only has one equity holding accounting for less than 1% of the total investable portfolio. Thus, as seen above Equity risk is not a key Market risk driver.

Property risk

Property risk charge is calculated by applying a fixed factor on the market value of the property. Trust Re Cyprus Branch owns commercial property both for own use and investment purpose. The risk capital requirement is not the main key driver for Market Risk and the management accepts the risk charge on Property.



C.4 Operational Risk

Operational Risk is calculated as the minimum of either 30.0% of the basic solvency capital requirement (BSCR) or an operational risk provision.

The Operational Risk provision is the maximum of either Operational risk provision of earned premiums (which is 3.0% of Gross Earned Premium) or Operational Risk provision of technical provisions (which is 3% of Gross Technical Provisions).

For Trust Re Cyprus Branch, the resulting Operational risk capital charge is the Operational risk provision based on technical provisions.

C.5 Any Other Information

Deviation from Assumptions

The risk profile of Trust Re Cyprus in certain areas deviated from some of the key assumptions being utilized in the Solvency II standard formula. These include assumption of standard formula around correlation between lines of business, factor-based CAT risk charges, and methodology of Operational Risk.

Risk Mitigation

Reinsurance - The Company's Retro Department is responsible for ensuring an appropriate reinsurance structure is in place given the Company's risk profile and exposures.

Aggregate & CAT Exposure - Market standard stochastic models are used to model Trust Re's aggregate exposures while the CAT modelling stage is outsourced. The classes of business modeled for the branch are: Proportional Treaty Engineering and property, Non-Proportional Treaty Engineering and Property. The company has licensed in-house RMS and has a separate NAT CAT team within the Actuarial & Risk department.



D. Valuation for Solvency Purposes

D.1 Assets

Fixed assets, other than building are recorded at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over the estimated useful lives, using the straight line method. Buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. Fair value of the building was determined using the market comparable method. This means that valuations performed by the value are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property. The Branch's balance sheet (under existing IFRS standards) and Solvency II regime (for the year ended 31-12-2019) is summarized below:

USD' 000	2019	S II 2019	USD' 000	2019	S II 2019
ASSETS	123,122	116,875	LIABILITIES	75,657	74,341
Fixed Assets - Net book Value	5,423	5,423	Other Provisions	199	-
Investments	74,619	74,619	Gross Technical Provisions	56,290	57,217
Total Non-Current Assets	80,043	80,043	Best Estimate	-	54,318
Inward Pipeline Treaty Premiums	6,188	1,263	Risk Margin	-	2,898
Accounts Receivable	673	673	Total Gross Technical Reserves	56,489	57,217
Other Debtors & Prepayments	1,377	2,107	Reinsurance Balances Payable	16,376	14,322
Cash & Bank Balances	18,935	18,935	Other Payable and Accrued Expenses	2,793	2,793
Total Current Assets	27,903	22,978	Total Current Liabilities	19,168	17,124
Reinsurance Technical Provisions	15,803	14,584	NET ASSETS (Assets - Liabilities)	47,465	42,534
Gross DAC	103	-			
Total Reins. Share of Technical Reserves	15,907	14,584	Shareholders' Equity	47,465	42,534
			Own Funds	-	42,534
			Paid Up Capital	57,907	-
			Fair Value & Other Reserves	(10,442)	-

In calculation of own funds, the IFRS balance sheet is adjusted to a Solvency II balance sheet. Some key differences are explained below:

- Solvency II valuation of premium and claim reserves, as explained in Section D of this report, is different from IFRS valuation. This leads to a difference in Reinsurance share of Technical Provisions in the Asset side and a difference in Gross Technical Provisions in the Liabilities side of the balance sheet.

- Solvency II valuation of technical provisions includes a risk margin which is added to Gross Technical Provisions in the Solvency II balance sheet.
- No deferred acquisition cost is recognized in the Solvency II balance sheet.
- Pipeline Premium (and Reinsurance share of Pipeline premium) treatment is different under IFRS and Solvency II.

These differences result in the followings changes in Trust Re Cyprus' balance sheet:

- Total Assets under SII are USD 116.9M as compared to USD 123.1M under IFRS
- Total Liabilities under SII are USD 74.3M as compared to USD 75.7M under IFRS
- Available capital (Own Funds) under SII are USD 42.5M as compared to USD 47.5M under IFRS

D.2 Technical Provisions

The valuation of IFRS reserves is explained over the respective statutory actuarial reserving report. In brief:

The claims reserves methodology is applied to each reserving group separately for the whole portfolio of the Company. Where, within a reserving group, there are sub groups in terms of attritional and events (split into Large Events and CAT events) (i.e. non-attritional) segments, these are modelled separately too. The modelling stage follows the data preparation stage whereby loss related data is transformed into triangulations within our actuarial reserving modeling tool, ResQ. These loss projections are performed at a gross of reinsurance level. The modelling is undertaken on each reserving group on an underwriting year basis. Variations of loss developing methods, balancing (credibility weighted) methods are utilized for the estimation of gross ultimate losses.

Gross IFRS premium reserves are calculated on a pro-rata basis at a policy level.

Whilst some of the approaches and techniques applied under Solvency II are similar to those followed under the previous regulatory regime, there are other areas where there are major changes compared to a Solvency II Valuation including:

- Movement to a cash flow basis for valuation purposes
- Removal of any implicit or explicit margins within technical provisions to give a “true best estimate” for solvency purposes
- Removal of the requirements to hold an unearned premium reserve and to allow for other non-monetary items. These are replaced by “premium provisions”, valued on a best estimate basis. This also includes a requirement to take account of all future premium cash inflows
- Movement to recognizing contracts on a “legal obligation basis”. This will mean the inclusion of business currently not valued as part of technical provisions - for example 1st January renewals entered into prior to a 31/12 valuation
- Introduction of discounting
- Introduction of governance requirements for an explicit “actuarial function” with defined responsibilities
- Significant increases to documentation and validation requirements



- Introduction of explicit links to other areas of Solvency II such as internal models
- Introduction of the principle of proportionality that underlies the calculations

The impact on technical provisions can be seen below:

	Gross USD'000	Net USD'000
IFRS Reserves held at 31/12/2019	56,290	40,618
Removal of Margins	(717)	(274)
Removal of 100% UPR	(537)	(46)
Inclusion of Loss on Unearned Incepted Premium	398	202
Inclusion of Profit on Future Premiums	3	2
Inclusion of Profit on Unincepted Premium	-	-
Change of Expense Basis	192	192
Discounting Credit	(1,311)	(961)
SII Provisions excl. Risk Margin	54,318	39,734
Risk Margin	2,898	2,898
SII Provisions at 31/12/2019	57,217	42,632

For Cyprus Branch, the year-end 2019 net technical provisions stand roughly at USD 42.6M.

The gross of reinsurance reserves held at 2019 year-end amounted to USD 57.2M from which a margin for prudence was removed in order to give a “true best estimate” for solvency purposes. The impact of the unearned incepted and uninspected business elements and discounting reduced reserves further while the change of expense basis and risk margin have increased the required reserves.



E. Capital Management

E.1 Own Funds

USD'000	2019
Ordinary Share Capital	53,637
Reconciliation Reserve	(11,103)
Basic Own Funds	42,534

Trust Re Cyprus Branch has USD 53.6M paid up share capital out of which qualifies as Tier 1 funds. A reconciliation reserve from the adjustments in the accounting valuation of the balance sheet and the Solvency II valuation of USD -11.1M is also taken into consideration, resulting in Own Funds of USD 42.5M.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Company's Solvency Capital Requirement and Minimum Capital requirement as at 31st December 2019 are USD 28.3M and USD 7.6M.

The table below shows the components of SCR.

USD '000	2019
Solvency Capital Requirement	28,254
Basic Solvency Capital Requirement	26,625
Underwriting Risk	20,394
Premium & Reserve	19,790
CAT risk	2,033
<i>Diversification</i>	<i>(1,429)</i>
Market Risk	10,934
Interest rate risk	2,110
Equity risk	2,504
Property risk	1,342
Spread risk	7,445
Concentration risk	2,933
<i>Diversification</i>	<i>(5,401)</i>
Counterparty Default Risk	2,206
Type 1	1,861
Type 2	436
<i>Diversification</i>	<i>(90)</i>
Diversification	(6,909)
Operational Risk	1,630



USD '000	2019
Available Capital	42,534
SCR	28,254
MCR	7,572
Solvency Ratio	151%
BSCR	26,625

The eligible amount of Tier 1 own funds (USD 43.3M) comply with the MCR requirements, however falls short of the SCR requirements. The underlying Own funds stand at 561.8% of MCR and 150.5% of SCR.

The Branch's appetite for minimum solvency ratio was at 115.0% in 2019. As part of the planning and adopted recovery plan the minimum level has been revised upwards to 135.0%.

E.3 Any Other Disclosure

The Company applies the standard formula and does not have any internal model for solvency calculations and there is no breach of Solvency Capital Requirement as at 31st December 2019.



Appendix A: Annual Quantitative Reporting Templates QRT

QRT - Balance Sheet 31st Dec 2019

Assets	Solvency II value	Statutory accounts value
Deferred acquisition costs		103,059
Property, plant & equipment held for own use	5,423,453	5,423,453
Investments (other than assets held for index-linked and unit-linked contracts)	90,687,487	90,687,487
Property (other than for own use)	5,082,000	5,082,000
Equities	47,896	47,896
Equities - listed	47,896	47,896
Equities - unlisted		
Bonds	69,128,361	69,128,361
Government Bonds	6,026,279	6,026,279
Corporate Bonds	63,102,082	63,102,082
Collective Investments Undertakings	360,899	360,899
Deposits other than cash equivalents	16,068,331	16,068,331
Reinsurance recoverables from:	14,584,392	15,803,499
Non-life and health similar to non-life	14,584,392	15,803,499
Non-life excluding health	14,584,392	15,803,499
Deposits to Cedants	1,263,222	1,263,222
Insurance and intermediaries receivables	672,848	5,597,991
Cash and cash equivalents	2,866,978	2,866,978
Any other assets, not elsewhere shown	1,376,519	1,376,519
Total assets	116,874,897	123,122,207
	Solvency II value	Statutory accounts value
Liabilities		
Technical provisions – non-life	57,216,552	56,290,036
Technical provisions – non-life (excluding health)	57,216,552	56,290,036
Technical provisions calculated as a whole	0	
Best Estimate	54,318,121	
Risk margin	2,898,430	
Other technical provisions		198,734
Deposits from reinsurers	272,499	272,499
Deferred tax liabilities	871,081	871,081
Insurance & intermediaries payables	4,725,262	6,769,443
Reinsurance payables	9,606,309	9,606,309
Any other liabilities, not elsewhere shown	1,648,920	1,648,920
Total liabilities	74,340,623	75,657,022
Excess of assets over liabilities	42,534,275	47,465,185



QRT – Premiums, Claims and Expense by Line of Business

	Proportional Reinsurance			Non-Proportional Reinsurance			Total
	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Casualty	Marine, aviation, transport	Property	
Premiums written							
Gross - Proportional reinsurance accepted	-4,201	1,108,518	-75,689				1,028,628
Gross - Non-proportional reinsurance accepted				2,679,439	144,538	226,564	3,050,541
Reinsurers' share	863	578,975	-12,706	851,889	14,324	164,845	1,598,191
Net	-5,064	529,543	-62,983	1,827,550	130,214	61,719	2,480,978
Premiums earned							
Gross - Proportional reinsurance accepted	422,427	3,234,794	380,421				4,037,642
Gross - Non-proportional reinsurance accepted				6,067,951	342,864	2,102,185	8,513,000
Reinsurers' share	24,198	921,986	45,335	882,913	15,581	775,673	2,665,685
Net	398,229	2,312,808	335,086	5,185,038	327,283	1,326,512	9,884,957
Claims incurred							
Gross - Proportional reinsurance accepted	324,968	1,670,970	-7,917				1,988,021
Gross - Non-proportional reinsurance accepted				4,846,481	-1,357,014	-2,098,867	1,390,600
Reinsurers' share	38,696	666,316	-1,190	1,102,378	-174,650	-1,863,690	-232,139
Net	286,272	1,004,654	-6,728	3,744,103	-1,182,364	-235,177	3,610,760
Expenses incurred	146,455	590,088	115,697	990,830	79,201	-27,295	1,894,976
Administrative expenses							
Gross - Proportional reinsurance accepted	99,689	551,574	88,668				739,930
Gross - Non-proportional reinsurance accepted				1,417,525	90,276	513,793	2,021,593
Reinsurers' share							0
Net	99,689	551,574	88,668	1,417,525	90,276	513,793	2,761,523
Claims management expenses							
Gross - Proportional reinsurance accepted	8,321	44,220	1,760				54,301
Gross - Non-proportional reinsurance accepted				173,377	18,099	223,624	415,100
Reinsurers' share							0
Net	8,321	44,220	1,760	173,377	18,099	223,624	469,401
Acquisition expenses							
Gross - Proportional reinsurance accepted	100,339	620,559	98,339				819,236
Gross - Non-proportional reinsurance accepted				316,402	19,960	97,181	433,543
Reinsurers' share	14,319	363,036	30,754	239,984	6,051	616,694	1,270,838
Net	86,020	257,523	67,585	76,418	13,909	-519,513	-18,058
Total expenses							3,212,866



QRT – Premiums, Claims and Expense by Country

	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		RU	BG	GR	CZ	RO	
Premiums written							
Gross - Direct Business							0
Gross - Proportional reinsurance accepted	0	(2)	(4,339)	(2,110)	0	5,738	(713)
Gross - Non-proportional reinsurance accepted	2,296	1,750,567	515,418	278,917	137,719	313,849	2,998,766
Reinsurers' share	758	569,751	167,324	90,659	44,366	106,205	979,063
Net	1,538	1,180,814	343,755	186,148	93,353	213,382	2,018,990
Premiums earned							
Gross - Direct Business							0
Gross - Proportional reinsurance accepted	0	(8)	(30,568)	(43,387)	0	(60,572)	(134,535)
Gross - Non-proportional reinsurance accepted	(3,154)	5,919,943	1,651,677	928,463	446,514	1,058,512	10,001,955
Reinsurers' share	(2,877)	1,098,699	279,724	152,990	76,681	178,830	1,784,047
Net	(277)	4,821,236	1,341,385	732,086	369,833	819,110	8,083,373
Claims incurred							
Gross - Direct Business							0
Gross - Proportional reinsurance accepted	0	0	213,666	(185,606)	0	383,606	411,666
Gross - Non-proportional reinsurance accepted	0	(1,275,435)	3,214,488	(244,588)	63,537	(642,023)	1,115,979
Reinsurers' share	0	(1,687,415)	840,262	(686,541)	3,290	(97,310)	(1,627,714)
Net	0	411,980	2,587,892	256,347	60,247	(161,107)	3,155,359
Expenses incurred	970	540,114	611,488	58,906	62,135	97,542	1,371,155
Other expenses							
Total expenses							1,371,155



QRT – information Technical Provisions

	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Non- proportional casualty reinsurance	Non- proportional marine, aviation and transport reinsurance	Non- proportional property reinsurance	Total Non- Life obligation
Technical provisions calculated as a sum of BE and RM							
Best estimate							
Premium provisions							
Gross - Total	812	327,378	983	7,385	6,885	53,798	397,241
Gross - accepted proportional reinsurance business	812	327,378	983				329,174
Gross - accepted non-proportional reinsurance business				7,385	6,885	53,798	68,068
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	26	175,457	315	2,363	1,446	15,563	195,169
Net Best Estimate of Premium Provisions	786	151,921	668	5,022	5,439	38,235	202,072
Claims provisions							
Gross - Total	135,974	2,392,144	180,777	38,791,831	1,392,232	11,027,922	53,920,880
Gross - accepted proportional reinsurance business	135,974	2,392,144	180,777				2,708,894
Gross - accepted non-proportional reinsurance business				38,791,831	1,392,232	11,027,922	51,211,986
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	16,972	883,218	84,932	9,768,087	183,759	3,452,255	14,389,223
Net Best Estimate of Claims Provisions	119,002	1,508,926	95,845	29,023,744	1,208,474	7,575,667	39,531,657
Total Best estimate - gross	136,786	2,719,522	181,760	38,799,216	1,399,117	11,081,720	54,318,121
Total Best estimate - net	119,789	1,660,847	96,513	29,028,766	1,213,912	7,613,901	39,733,729
Risk margin	12,126	65,981	8,473	2,148,826	93,481	569,542	2,898,430
Technical provisions - total							
Technical provisions - total	148,912	2,785,504	190,232	40,948,043	1,492,598	11,651,263	57,216,552
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	16,997	1,058,675	85,246	9,770,451	185,204	3,467,819	14,584,392
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	131,915	1,726,829	104,986	31,177,592	1,307,394	8,183,444	42,632,159



QRT – Triangle for Paid Claims and Estimated Claims Provisions

(Amounts in USD)

Gross Claims Paid (non-cumulative)

(absolute amount)

Year	Development year											In Current year	Sum of years (cumulative)
	0	1	2	3	4	5	6	7	8	9	10 & +		
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100		C0170	C0180
N-9	R0160	-	-	49,225	159,104	44,042	14,809	4,953	19,329	-	-	-	291,462
N-8	R0170	-	183,441	633,510	1,281,194	41,705	4,121	25,057	26,549	63,392		63,392	2,258,969
N-7	R0180	-	(1,883,793)	5,077,984	4,561,351	1,869,755	1,258,099	1,266,183	287,259			287,259	12,436,838
N-6	R0190	-	1,103,567	14,258,035	6,345,767	2,405,160	1,016,528	1,906,818				1,906,818	27,035,875
N-5	R0200	-	1,614,114	4,418,933	6,322,105	2,358,704	1,350,815					1,350,815	16,064,671
N-4	R0210	-	3,074,191	5,946,133	1,022,294	4,373,811						4,373,811	14,416,429
N-3	R0220	-	613,631	14,249,612	3,236,315							3,236,315	18,099,558
N-2	R0230	-	1,608,957	7,713,980								7,713,980	9,322,937
N-1	R0240	-	415,906									415,906	415,906
N	R0250	-										-	-
Total												19,348,296	100,342,645



Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	Development year										Year end (discounted data)
	0	1	2	3	4	5	6	7	8	9	
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	
N-9	R0160									20,841	20,124
N-8	R0170								14,984		14,569
N-7	R0180							2,598,006			2,537,392
N-6	R0190						3,860,364				3,765,536
N-5	R0200					9,631,709					9,404,828
N-4	R0210				8,102,355						7,911,031
N-3	R0220			15,834,406							15,252,219
N-2	R0230		13,827,271								13,195,525
N-1	R0240	1,485,445									1,450,919
N	R0250	377,314									368,737
Total											53,920,880



QRT – Own Funds

Own Funds (Amounts in USD)	Total
Ordinary share capital (gross of own shares)	53,637,238
Reconciliation reserve	(11,102,963)
Total basic own funds after deductions	42,534,275
Ancillary own funds	
Available and eligible own funds	
Total available own funds to meet the SCR	42,534,275
Total available own funds to meet the MCR	42,534,275
Total eligible own funds to meet the SCR	42,534,275
Total eligible own funds to meet the MCR	42,534,275
SCR	28,254,172
MCR	7,571,576
Ratio of Eligible own funds to SCR	150.54%
Ratio of Eligible own funds to MCR	561.76%



QRT- Minimum Capital Requirement

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Marine, aviation and transport insurance and proportional reinsurance	119,789	-5,064
Fire and other damage to property insurance and proportional reinsurance	1,660,847	529,543
General liability insurance and proportional reinsurance	96,513	-62,983
Non-proportional casualty reinsurance	29,028,766	1,827,550
Non-proportional marine, aviation and transport reinsurance	1,213,912	130,214
Non-proportional property reinsurance	7,613,901	61,719

Linear formula component for non-life insurance and reinsurance obligations	
MCR_L Result	7,571,576

Overall MCR calculation	2019
Linear MCR	7,571,576
SCR	28,254,067
MCR cap	12,714,330
MCR floor	7,063,517
Combined MCR	7,571,576
Absolute floor of the MCR	4,039,200
Minimum Capital Requirement	7,571,576