Greenlight Reinsurance Ireland, Designated Activity Company

Solvency and Financial Condition Report

Year ended 31 December 2016

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Summary

Greenlight Reinsurance Ireland, dac ("GRIL" or the "Company") is a wholly owned subsidiary of Greenlight Capital Re, Ltd ("GLRE") (the "Parent"), a NASDAQ listed publicly held company. The principal activity of the Company is that of a reinsurance business. The Company is based in Dublin, Ireland and focuses mainly on serving clients based in the European and US market.

The purpose of this report is to satisfy the public disclosure requirements under the Solvency II Directive which was transposed into Irish Law as the European Union (Insurance and Reinsurance) Regulations 2015 (S.I. 485 of 2015) and the legislation entered into force on 1 January 2016. The Solvency II framework sets out strengthened requirements around capital, governance and risk management in all EU authorised (re) insurance undertakings. Solvency II also introduces increased regulatory reporting requirements and public disclosure requirements. The new requirements are intended to reduce the likelihood of an insurer failing and should also provide policyholders with increased protection.

The ultimate administrative body that has the responsibility for all of these matters is the Company's Board of Directors, with the help of various governance and control functions that it has put in place to monitor and manage the business.

The Company had own funds of $52.4 million and a solvency capital requirement of $39.8 million at the year ended 31 December 2016, giving an SCR ratio of 132%. As per the Company's audited statutory financial statements for the year ended 31 December 2016, the Company reported net income of $3.2 million, compared to a net loss of $12.8 million for the prior year.

Over the past number of years, the Board has put in place significant measures to strengthen the Company's corporate governance framework, including the establishment of an internal audit function and the implementation of a robust suite of risk management policies, in readiness for Solvency II which became effective on 1 January 2016. The governance and risk frameworks are detailed further in this report.

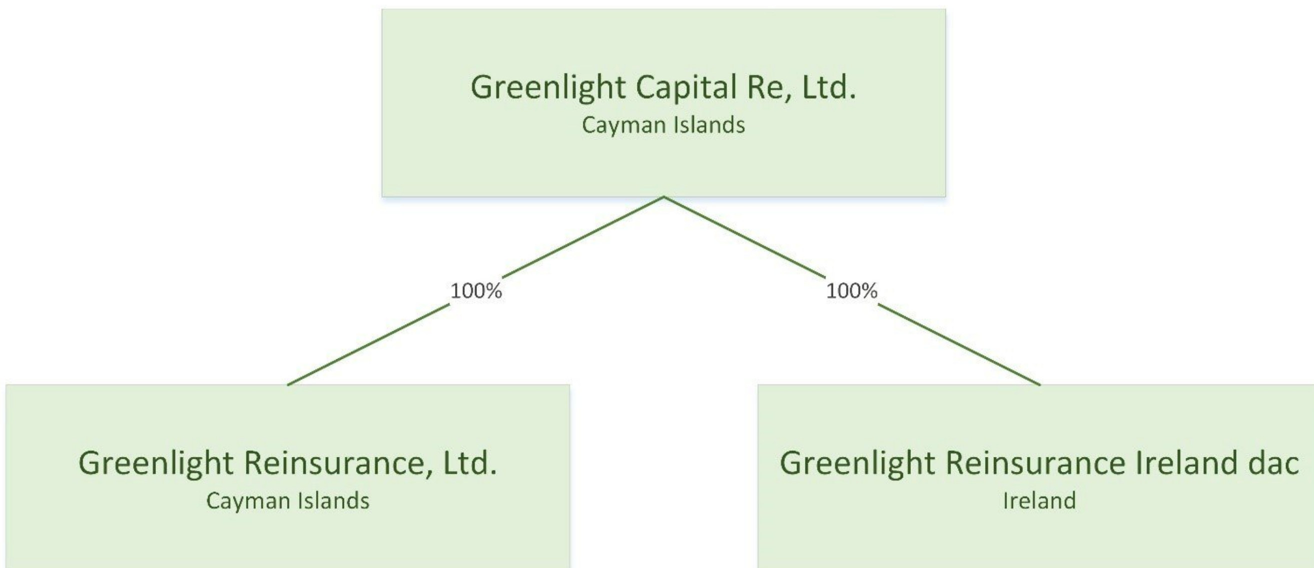
The Company has complied with the solvency capital requirement through out the reporting period.

A. Business and Performance

A.1 Business

The Company was incorporated as a Private Limited Company under the Companies Acts 1963 to 2013 on September 7, 2009 and is a licensed reinsurance entity domiciled in Dublin, Ireland. In accordance with the requirements of the Companies Act, 2014 and as stipulated by the Central Bank of Ireland ("CBI"), all regulated insurance and reinsurance companies were required to convert from a 'Limited' company to a 'designated activity company' ("dac"). On 16 December 2015, the Company converted to a designated activity company and changed its name from Greenlight Reinsurance Ireland, Limited to Greenlight Reinsurance Ireland designated activity company. The Company provides multi-line property and casualty reinsurance.

Corporate Structure



Greenlight Reinsurance Ireland, dac is owned by a single shareholder being its parent company Greenlight Capital Re Limited ("GLRE" or the "Parent"), which is the largest company in the Group. The Company also has a related sister company Greenlight Reinsurance Ltd ("GRL" or the "sister"). The audited consolidated financial statements of GLRE and GRL are publicly available on the website www.greenlightre.ky.

The Company is licensed and regulated by the Central Bank of Ireland ("CBI"). The CBI's contact details can be obtained below. GRL is licensed and regulated by the Cayman Islands Monetary Authority ("CIMA").

There were no significant business or events that occurred during the period under review that had a material impact on the undertaking.

The Company mainly underwrites risks emerging from the United States and the European Economic Area (EEA). A breakdown of the underwriting performance of the Company by material line of business and geographical area for the years ending 31 December 2016 and 2015 is disclosed in section A.2 of this report.

The Company does not have any related undertakings within the meaning of Regulation 215 of S.I. No. 485 of 2015.

Other business information

Registered Address

La Touche House
Ground Floor
IFSC
Dublin 1
Ireland

External Auditors

BDO
Statutory Audit Firm
Beaux Lane House
Mercer Street Lower
Dublin 2
Ireland

Regulator

Central Bank of Ireland
New Wapping Street,
North Wall Quay,
PO Box 559,
Dublin 1
Ireland

A.2 Underwriting performance

During the year ended 31 December 2016, the Company reported net written premiums of $63.6 million (2015: $85.5 million), net earned premiums of $71.5 million (2015: $84.0 million) and net claims incurred of $54.5 million (2015: $57.5 million). Further detailed analysis of the Company's performance by Solvency II class of business and country is available in the forms S.05.01.02 and S.05.02.01 set out in section F of this report.

The underwriting performance and combined ratios for the years ended 31 December 2016 and 31 December 2015 were as follows:

Underwriting performance	**Year ended 31 December**	
	2016	**2015**
	($ in thousands)	
Gross premiums written	86,217	106,618
Ceded premiums written	(22,608)	(21,144)
Net premiums written	63,609	85,474
Net premiums earned	71,509	84,039
Losses incurred	(54,457)	(57,502)
Loss ratio	76.2%	68.4%
Acquisition cost ratio	19.8%	26.0%
Composite ratio	96.0%	94.4%
Underwriting expense ratio	2.7%	1.9%
Combined ratio	98.7%	96.3%

Ratio Analysis

Due to the customised nature of our underwriting operations, the Company expects to report different loss and expense ratios from period to period depending on the mix of business.

The loss ratio is calculated by dividing loss and loss adjustment expenses incurred by net premiums earned.

The acquisition cost ratio is calculated by dividing acquisition costs by net premiums earned. Acquisition costs are costs directly related to successfully binding a contract and generally includes ceding commissions, brokerage, and profit commissions relating to the contract.

The composite ratio is the ratio of underwriting losses incurred, loss adjustment expenses and acquisition costs, excluding underwriting related general and administrative expenses, to net premiums earned. The underwriting expense ratio is the ratio of underwriting related general and administrative expenses to net premiums earned.

The combined ratio is the sum of the composite ratio and the underwriting expense ratio. The combined ratio measures the total profitability of our underwriting operations and does not take into account corporate expenses, net investment income or any foreign exchange gain or loss.

Gross written premiums

During the year ended 31 December 2016, gross premiums written were $86.2 million compared to $106.6 million for the year-ended 31 December 2015. Gross premiums written decreased by $20.4 million or 19% mainly as a result of the non-renewal of a medical expense stop-loss reinsurance contract. The decrease was partially offset by increases in other proportional quota share business including motor, marine, aviation, transport and general liability lines of business.

The gross premiums written by lines of business during the years ending 31 December 2016 and 2015 were as follows:

GWP by Line of Business (Solvency II)	Year Ended 31 December			
	2016		2015	
	($ in thousands)	%	($ in thousands)	%
Motor Vehicle Liability	53,149	62%	44,037	41%
Other Motor	9,523	11%	7,893	7%
Marine, Aviation & Transport	7,280	8%	7,446	7%
NPR* - Property	6,641	8%	7,527	7%
General Liability	4,863	6%	4,018	4%
Fire & Other Damage to Property	1,751	2%	606	1%
NPR* - Marine, Aviation & Transport	1,494	2%	1,525	1%
NPR* - Casualty	1,152	1%	943	1%
Medical Expense	299	—%	32,623	31%
Workers' Compensation	65	—%	—	—%
Total	86,217	100%	106,618	100.0%

** Non-Proportional Reinsurance*

Ceded premiums

For the year ended 31 December 2016, ceded premiums were $22.6 million compared to $21.1 million for the year ended 31 December 2015. The ceded premiums included $20.7 million ceded to GRL, which is rated “A-” (Excellent) by A.M. Best, under two retrocession agreements (2015: $19.3 million).

The Company has entered into a quota share retrocession agreement with GRL whereby the Company cedes to GRL a quota share portion of certain specified reinsurance contracts written by the Company. For the year ended 31 December 2016, the Company ceded $18.6 million (2015: $17.6 million) of written premiums to GRL.

In addition, the Company has entered into a retrocession agreement with GRL whereby GRL provides an aggregate stop loss protection to the Company in return for premiums ceded by the Company to GRL. For the year ended 31 December 2016, the Company ceded $2.1 million (2015: $1.7 million) of written premiums to GRL under this contract.

Net premiums earned

For the year ended 31 December 2016, net premiums earned were $71.5 million compared to $84.0 million for the year ended 31 December 2015. The decrease was mainly a result of the non-renewal of a medical expense stop-loss reinsurance contract. The decrease was partially offset by increases in other proportional quota share business including motor, marine, aviation, transport and general liability lines of business.

Losses incurred

Net losses incurred include losses paid and changes in loss reserves, including reserves for IBNR, net of actual and estimated loss recoverables. For the year ended 31 December 2016, loss and loss adjustment expenses incurred, net of retrocession, were $54.5 million (2015: $57.5 million). Although the losses incurred decreased during the year, the ratio of losses incurred relative to the net premiums earned increased to 76.2% for the year ended 31 December 2016 from 68.4% for the prior year. The increase in loss ratio was primarily a result of higher loss ratios on the medical expense stop-loss contracts and certain motor contracts.

The breakdown of the net losses incurred is provided in the following table:

Losses incurred	**Year ended 31 December**	
	2016	**2015**
	($ in thousands)	
Loss and loss adjustment expenses paid, net	59,620	52,570
Change in the provision for claims, net	(5,163)	4,932
Loss and loss adjustment expenses incurred, net	54,457	57,502

For the year ended 31 December 2016, unfavourable loss development on prior year contracts amounted to $0.1 million (2015: favourable development of $0.1 million) based on updated data received from the cedents and a reassessment in connection with the reserve analysis conducted by the Company.

Underwriting expenses

For the year ended 31 December 2016, included in the Company's operating expenses of $17.1 million, were $14.2 million of acquisition costs (2015: $21.8 million). The ratio of acquisition costs relative to the net premiums earned decreased to 19.8% for the year ended 31 December 2016 from 26.0% for the prior year. The decrease in the acquisition cost ratio was primarily a result of lower ceding commissions on the motor contracts which have a sliding-scale ceding commission rate which is adjusted based on the reported loss ratios.

Underwriting Performance by Geographical Area

The Company's underwriting performance by geographical area is analysed below by location of the ceding undertaking:

2016 Geographical Performance	Total	USA	EEA	Other Non-EEA
	($ in thousands)			
Gross premiums written	86,217	62,971	23,246	—
Reinsurers' share premiums written	(22,608)	(3,339)	(19,176)	(93)
Net premiums written	63,609	59,632	4,070	(93)
Net movement in unearned premium reserves	7,900	8,128	(145)	(83)
Net premiums earned	71,509	67,760	3,925	(176)
Claims incurred net of reinsurance	(54,457)	(52,675)	(1,914)	132

A full breakdown of the Company's underwriting performance by material business line and geographical area is disclosed in forms S.05.01 and S.05.02 set out in section F of this report.

A.3 Investment performance

In the normal course of its business, the Company purchases and sells various financial instruments which include listed and unlisted equities, corporate and sovereign debt, commodities, futures, put and call options, currency forwards, other derivatives and similar instruments that are sold, but not yet purchased ("shorts").

The following table presents the Company's investments, categorised by the level of the fair value hierarchy as of 31 December 2016:

Fair Value Hierarchy of Investments		**Fair Value Measurements as of 31 December 2016**		
Description	**Quoted Prices in Active Markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
		(US$ in thousands)		
Assets:				
Listed equity securities	41,843	1,271	—	43,114
Derivative contracts receivable	1	4,640	—	4,641
Debt instruments	—	1,348	40	1,388
Other Investments:				
Commodities	5,428	—	—	5,428
Private and unlisted equity securities	—	—	1,067	1,067
Liabilities:				
Listed equity securities, sold not yet purchased	(47,582)	—	—	(47,582)
Debt instruments, sold not yet purchased	—	(5,537)	—	(5,537)
Derivative contracts payable	—	(138)	—	(138)

The Company records all realised and unrealised gains and losses in the statement of income and no gains or losses are recognised in equity. A summary of net investment income for the financial years ended 31 December 2016 and 2015 is as follows:

Net Investment Income	**Year ended 31 December**	
	2016	**2015**
	(US$ in thousands)	
Realised gains and change in net unrealised gains and losses	5,299	(14,817)
Interest and dividend income	1,793	1,148
Interest, dividend and other expenses	(1,785)	(2,076)
Investment advisor compensation	(1,538)	(1,197)
	3,769	(16,943)

Investment returns are calculated monthly and compounded to calculate the annual returns. The resulting actual investment income may vary depending on cash flows into or out of the investment account. For the year ended 31 December 2016, investment income, net of all fees and expenses, resulted in a gain of 5.4% on the investment portfolio. This compares to a loss of 18.4% for the year ended 31 December 2015. For the years ended 31 December 2016 and 2015, the gross investment gain (loss) on the investment portfolio managed by DME Advisors, L.P. ("DME Advisors") (excluding investment advisor performance allocation) was 5.7% and (18.4)%, respectively. These ratios can be analysed as follows;

Investment performance by class	**Year ended 31 December**	
	2016	**2015**
Long portfolio gains (losses)	17.0%	(17.0)%
Short portfolio gains (losses)	(11.1)	1.8
Macro gains (losses)	1.5	(1.8)
Other income and expenses	(1.7)	(1.4)
Gross investment return	5.7%	(18.4)%
Net investment return	5.4%	(18.4)%

The investment gain for the year ended 31 December 2016 was primarily driven by our long portfolio, which reported an investment gain of 17.0%. Additionally, macro positions reported a gain of 1.5% primarily related to gold and natural gas. The short portfolio reported a loss of 11.1% for the year ended 31 December 2016.

The Company does not invest in securitisation investments.

A.4 Performance of other activities

The Company had no other activities during 2016.

A.5 Any other information

All material information regarding the Company's business and performance has been disclosed in the above sections.

B. System of Governance

B.1 General information on the system of governance

Overview:

The Company is classified as a medium low risk firm under the CBI's risk-based framework for the supervision of regulated firms, known as PRISM or Probability Risk and Impact System and is subject to the CBI's Corporate Governance Requirements for Insurance Undertakings 2015.

The Company has received approval from the CBI that the Board can carry out the functions which would otherwise be delegated to the Risk Committee, however these functions are appropriately addressed by the Board on a quarterly basis. The Board consists of five members.

<u>Board of Directors:</u>

The following were members of the Board as at 31 December 2016;

Philip Harkin	(Independent Non-Executive - Chairman)
Patrick O'Brien	(Executive Director)
Bart Hedges	(Executive Director)
Frank Lackner	(Independent Non-Executive Director)
Brendan Tuohy	(Independent Non-Executive Director)

Edward Brady was the Company Secretary as at 31 December 2016.

The following changes were made since the reporting date;

Bart Hedges resigned as Director and Chief Executive Officer of the Company on 31 March 2017. Patrick O'Brien, Chief Operating Officer, was promoted to the position of Chief Executive Officer effective 31 March 2017. Mr Tim Courtis was appointed to the Board as Non-executive Director on 31 March 2017. There were no other material changes in governance structures during the period.

The composition of the Board and Board succession are managed to maintain the range of skills and experience needed to direct and govern the affairs of the Company and to support and constructively challenge management. The Corporate Governance guidelines established by the Board of Directors provide a structure within which our Directors and management can effectively pursue the Company's objectives for the benefit of its shareholder. The Board intends that these guidelines serve as a flexible framework within which the Board may conduct its business, not as a set of binding legal obligations. These guidelines should be interpreted in the context of all applicable laws. The principle activities of the Board include, but are not limited to, the following;

- Oversee management and evaluate strategy - exercise business judgment to act in what the Board reasonably believes to be the best interests of the Company and its shareholder;
- Monitor performance and ensure the Company operates in an effective, efficient and ethical manner;
- Select the Chairperson and Chief Executive Officer;
- Monitor and manage potential conflicts of interest;

- Ensure the integrity of financial information;
- The Audit Committee of the Board evaluates the integrity of the Company's annual financial statements;
- Monitor and evaluate the effectiveness of Board governance practices;
- Prepare, review and adopt operating and investment guidelines; and
- Monitor and manage succession planning of senior management.

Information on Director shares and interests during the reporting period

The Directors and Secretary, who held office at 31 December 2016, had no beneficial interest in the share capital of the Company or any other group Company at any time during the financial year except that certain Directors had beneficial ownership in the Parent, a NASDAQ listed publicly held company. Mr. Lackner's beneficial interest in the Parent included 4,911 restricted shares subject to forfeiture and 97,797 ordinary shares held directly. Mr. Hedges' beneficial interest in the Parent included 313,377 ordinary shares subject to options, 68,175 restricted shares subject to forfeiture and 181,087 ordinary shares held directly.
Mr. O'Brien's and Mr. Brady's beneficial interests in the Parent comprised of an insignificant number of common shares of the Parent.

Remuneration Policies & Practices

The Company offers a range of benefits to its employees, which include compensation based on salary, incentive compensation, health benefits, pension benefits, and group stock compensation in the form of restricted share units of the parent.

Remuneration plays an important behavioural role in the Company's risk management process. The Group's Compensation Policy, which applies to the Company, is designed to be consistent with our risk management objectives and ensure that excessive risk-taking is not encouraged. In particular, a significant portion of overall compensation is deferred and dependent on long-term financial performance.

The remuneration of the directors is set annually by the Shareholder and is externally benchmarked to ensure consistency with the market. For the year ended 31 December 2016, directors' remuneration was $73,258 (2015: $70,374), The directors' remuneration disclosed represents the total compensation paid to independent non-executive directors.

Further information on the following key functions can be found in the sections listed below;

- Risk-management function (see section B.3)

- Compliance function (see section B.4)

- Internal audit function (see section B.5)

- Actuarial function (see section B.6)

B.2 Fit and proper requirements

The Company's Fitness and Probity policy has been aligned with the CBI's Guidance on Fitness and Probity Standards 2015 ("F&P Standards") and Part 3 of the Central Bank Reform Act 2010 (the 'Act').

The Board will satisfy itself on reasonable grounds that a person complies with the F&P Standards before appointing that person to a controlled function ("CF"). The Board will not appoint a person to a pre-approval controlled function ("PCF"), until the CBI has approved the appointment in writing.

The following factors are taken into account when deciding whether an individual is fit and proper:
- their honesty, integrity and reputation;
- their competence and capability; and
- their financial soundness.

Fitness and probity checks are made before an individual is appointed to carry out a controller function and also periodically thereafter.

The Compliance Function will assist the Board to comply with the obligations set out in the Act, some of which include;
- Due diligence;
- Outsourcing;
- Continuing obligations;
- Compliance with the Minimum Competency Code 2011;
- Ensuring that Board members are pre-approved by the CBI prior to appointment;
- Maintaining records of all persons performing CF's and PCF's; and
- Verifying that persons in controlled functions have the necessary skills, experience and qualifications.

B.3 Risk management system including the own risk and solvency assessment

Risk Management System

Risk is not a concept that exists independently of people. We believe that our success will be determined by the strength of our people and we seek to employ a diverse array of talented and experienced people who perform well as a team. Our executive management team promotes a risk management culture and all staff are encouraged to be active participants in the management of risks faced by the Company.

We employ risk management as a continuous process to ensure we have an appropriate understanding of the nature and significance of the risks to which our business activities expose us, including our sensitivity to those risks and our ability to mitigate them. Risk management is used to provide a common 'risk language' within the Company. In particular, we transpose our business strategy into a risk appetite statement that clearly captures the risks inherent in our strategy and our tolerance for those risks.

Risk Appetite Statement

The Risk Appetite Statement identifies the material risks, including emerging risks, inherent in our business strategy and model, and our appetite for those risks over a short, medium, and long-term horizon. The Risk Appetite Statement includes:

- Risk categories inherent in our business strategy and model, specifically;
    - Underwriting
    - Reserving
    - Investing
    - Group support
    - Capital and rating management
    - Counterparty
    - Outsourcing
    - Governance
    - Organisational and operational
    - Risk culture and risk management
    - Reputation
    - Regulatory
    - Strategic
- Risk mitigation efforts to manage risk and aggregation of risk;
- Risk metrics and tolerances to measure risk;
- Solvency metrics to measure capital requirements arising from our planning and ORSA process; and
- Stress scenarios and the situations that would warrant ad-hoc stress tests.

Risk Management Policy

Annually, the Chief Risk Officer presents the Company's Risk Management Policy to the Board of Directors (the "Board") for review and approval. The goals of this policy are to:

- Set out the roles and responsibilities for:
    - Implementing and reviewing an effective risk management framework;
    - Setting and communicating the risk appetite;
    - Instilling a risk culture within the Company;
    - Ensuring remuneration arrangements do not encourage excessive risk-taking;
    - Contingency planning;
    - The reviewing, approving and communicating of policies;
    - Putting appropriate controls in place;
    - The assessment and reporting of the Company's risk profile in relation to the risk appetite;
    - Escalated risks and remediation plans;
    - Ensuring sufficient knowledge, expertise and resources are available, and adequate procedures and communication channels are in place for risk management purposes;
- Set out the rights and powers of the Risk Management Function;
- Set out the elements of the Risk Management Framework;
- Set out the structure and contents of the Risk Appetite Statement; and
- Set out the risk escalation procedure.

The Board of Directors has overall responsibility for ensuring there is an effective risk management framework. The Board receives regular reporting updates from the Chief Risk Officer. The risk management framework is also managed through the following functions;

Risk Committee
The Risk Committee is responsible for advising the Board on matters relating to Greenlight's risk management framework.

Group Remuneration Committee
The remuneration strategy is overseen at the Group level and adopted by the Company's Board of Directors. The Group Remuneration Committee, in conjunction with the Risk Committee, is responsible for ensuring that remuneration arrangements do not encourage excessive risk-taking.

Risk Management Group
The Risk Management Group is responsible for advising the Risk Committee and has overall executive responsibility for implementing an effective risk management framework. The Risk Management Group comprises the members listed in the below table. The Chief Risk Officer has overall responsibility for the Risk Management Group.

Chief Risk Officer
Chief Executive Officer
Chief Underwriting Officer
Chief Operating Officer
Chief Financial Officer
Company Secretary
Group Reporting Manager

Risk Management Function
The Risk Management Function is responsible for monitoring and advising the Risk Management Group and Risk Committee of the Company's risk profile in relation to its risk appetite. This is done quarterly, or as soon as practicable, if there is a material change to the risk profile.

Other Functions and Organisational Units
Other functions and organisational units, such as Internal Audit, Compliance, Actuarial, Finance, Operations and Underwriting, are responsible for performing risk management related tasks as needed and providing the Risk Management Group and Risk Management Function with pertinent, accurate and timely information.

Rights and Powers of the Risk Management Function

The Risk Management Function is a key function within the Company. The Chief Risk Officer has overall responsibility for the Risk Management Function and the Risk Management Group. As such, the Chief Risk Officer has the right and power to ensure that:

- The Risk Management Function has sufficient resources;
- There are sufficient resources for other functions and organisational units to be able to effectively perform risk management related tasks as well as business tasks; and

- There are adequate policies and procedures in place so that information required from other functions and organisational units within the Company is pertinent, accurate and timely.

Risk Management Framework

Risk management does not exist in a vacuum, but is used to allow for an appropriate understanding of the nature and significance of the risks inherent in the business strategy and model. The elements of the risk management framework are:

- Risk Appetite Statement (see above);
- Risk register;
- Risk culture (including remuneration);
- Policies (including procedures therein);
- Contingency plans;
- Internal controls;
- Reporting - the reporting of appropriate information to allow effective governance of risks and the risk management framework;
- Communication - the communication of the risk appetite, contingency plans, policies and any other appropriate information within the Company as a whole;
- Governance;
- Compliance; and
- Internal audit.

Risk escalation

The escalation of a risk is the responsibility of the Risk Management Group. A risk is escalated whenever deemed necessary by the Risk Management Group. In the event of a risk escalation, the Risk Management Group shall notify the Risk Committee which will determine if an ad hoc meeting of the Risk Committee is warranted, or if the risk can be considered at the next scheduled Risk Committee meeting. The Risk Management Group shall also draw up a remediation plan for the escalated risk and provide it to the Risk Committee.

The Risk Committee reviews any escalated risks and notifies the Board if it determines that a breach is significant. The Board subsequently determines if an ad hoc meeting of the Board is warranted, or if the risk can be considered at the next scheduled Board meeting. The Risk Committee is responsible for reviewing and monitoring remediation plans.

The Board is responsible for determining if an escalated risk is a material breach of the Risk Appetite Statement. A material breach and appropriate remedy will be communicated to the CBI within five business days of the Board becoming aware of the breach.

Risk management culture

The following activities were performed in 2016 to promote a risk management culture, and will continue to be performed in the future:

- The Company held regular 'Town Hall' meetings;
- Annual underwriting 'away days' were held to discuss business plans and strategy;
- The Risk Appetite Statement was made available to employees;
- The output of the ORSA was made available to employees;
- Background check and due diligence was carried on all new hires.

Own Risk and Solvency Assessment

The Company is responsible for completing an Own Risk and Solvency Assessment ("ORSA"), which is not only an integral part the Company's overall Solvency II regime, but also of the Company's system of governance. The ORSA is reviewed and approved by the Board at least annually, or more frequently if there are significant changes to the Company's risk profile. The main purpose of the ORSA is to evaluate all material risks faced by the Company and assess whether the level of capital is adequate to cover the risks presented.

The material risks are fully documented in our Risk Appetite Statement and the review of the risk environment of the ORSA closely follows the structure of the Risk Appetite Statement. The ORSA also collates work performed in other areas of the risk management system and ensures that proper evaluation and reviews are being conducted in line with regulatory guidelines.

As part of the ORSA process, the Company examines the appropriateness of the use of the Standard Formula as a basis for calculating its solvency capital requirement and identifies areas where the application of the Standard Formula may be inappropriate. The ORSA reviews the level of surplus capital, produces reports and makes strategic recommendations on the adequacy of capital. The ORSA also applies stressed scenarios and considers adverse conditions the Company may face and determines measures to address the capital needs under these conditions.

While the Company feels that all material quantifiable risks are fully covered in the Standard Formula, certain underlying assumptions within the Standard Formula may not accurately reflect the risk profile of the Company. The most material differences that impact the Standard Formula are:

- Long-short equity investments - no credit is given for short positions or the ability to reallocate to other securities (such as cash or bonds) in a short time-frame.
- Whole-account aggregate stop loss - cannot be applied under the Standard Formula, in a manner which reflects the commercial effect of the cover.

The scope of the ORSA process includes, but is not limited to, the following list of inputs and procedures;

- Board evaluation of business strategy, objectives and draft business plan;
- Review of Risk Appetite Statement, risk profile and evaluation of key risks identified;
- Risk management system processes, policies and outputs;
- Consideration of the results of stress tests and pessimistic scenarios applied to each risk area;
- Deliberation on how additional capital can be sourced if required;
- The Company's investment strategy and risks;
- Consideration of how risk can be mitigated including through diversification;
- Review of the results of the SCR, MCR and appropriateness and compliance with the Standard Formula;
- Review of the competence and capability of the Actuarial and Risk Functions;

- Risk Committee review of risk tolerance limits set by the Board; and
- Decisions and action plans following the output of the ORSA process.

The results and conclusions from the ORSA process are communicated to senior management and key staff through the ORSA Report following Board approval, and a copy provided to the CBI. Following the ORSA assessments under the new Solvency regime, the Board has considered the level of capital held to be adequate.

B.4 Internal control system

The Company's Board has ultimate responsibility for the operation of the corporate governance framework. A corporate governance framework shall not remain effective unless it develops to take account of new and emerging risks, control failures, market expectations or changes in the Company's circumstances or business objectives. It is in this spirit that it is acknowledged that the effectiveness of the corporate governance framework needs to be reviewed on a continual basis.

The Board delegates its authority through a structure of committees and sub-committees which are there to facilitate the effectiveness and efficiency of operations and to assist in the compliance with laws and regulations. The committees of the Board currently comprise of the Audit Committee, the Risk Committee, and the Underwriting Committee. But, despite delegating responsibilities, the overall board has collective responsibility and accountability for the corporate governance of the Company and this cannot be delegated.

Whilst certain decisions are reserved exclusively for the Board, an effective control system of delegated authority operates from top to bottom, within the Company, through Terms of Reference (TOR) for the committees and sub-committees and through individual job descriptions. These TOR's are reviewed, at least annually, to ensure they remain relevant by taking into account the continually evolving business environment.

The Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting. The internal controls over financial reporting includes policies and procedures relating to maintenance of financial records; accurate recording of transactions and authorised processing of receipts and payments; and the prevention or detection of unauthorised use, purchase or sale of the Company's assets.

The Company maintains and evaluates the effectiveness of the financial reporting and disclosure controls annually as part of the Group's annual assessment of internal control over financial reporting.

The Company's internal controls are part of its Risk Management Framework, being the first line of defence in the 'three lines of defence' model the Company has implemented:

1. Business Operations - Internal Controls

The measures that are incorporated into systems and processes to control day-to-day activities. The internal controls for the Company are based on the Committee of Sponsoring Organisations of the Treadway Commission's (COSO's) Internal Control - Integrated Framework (2013 COSO Framework).

The objectives of internal controls are:

- Effective and efficient operations, including safeguarding of assets against loss;
- Internal and external financial and non-financial reporting, in accordance with the Company's policies and procedures; and
- Adherence to laws and regulations.

Components of internal controls include:

- Control environment;
- Risk assessment;
- Control activities;
- Information and communication; and
- Monitoring activities.

There are adequate controls implemented to ensure compliance and to highlight any significant breakdown in controls or inadequacy of process.

2. Oversight Functions
This includes the Compliance and Risk Functions. The Company has implemented policies which describe the Board's approach to key areas of the business, and procedures, where appropriate, which describe how the Board fulfills its responsibilities.

3. Independent Assurance Providers
The Internal Audit function prepares, with the approval of the Audit Committee, a three-year audit plan which covers all the key areas of the Company over the three year period. Additionally, the Audit Committee has the ability to request ad hoc reviews to be conducted at any point during the year.

In addition, the external auditors provide an independent opinion that the audited financial statements give a true and fair view in accordance with International Financial Reporting Standards ("IFRS") and that they have been properly prepared in accordance with the requirements of the Companies Act 2014 and the European Communities Regulations 2015.

The Compliance Function, in liaison with the Board, is responsible for ensuring that all Company policies are reviewed at least annually to make certain that they are still fit for purpose. Each relevant area of the business is responsible for ensuring that their procedure(s) are up to date and reflect how the business operates. All reviews are recorded and version control is maintained. All amendments to policies are submitted to the Board or relevant Committee for approval.

There is a compliance monitoring programme in place to ensure that the Company has fulfilled all its legislative and regulatory requirements, and adheres to its policies and procedures. This is completed by the Compliance Function on a quarterly basis and presented to the Board.

Compliance Function

The Company's Compliance Policy sets out the role and responsibilities of the Compliance Function and is reviewed by the Board on an annual basis. The role of the Compliance Function is to act as a defence, working alongside the Risk and Internal Audit Functions, for the business and its customers, and provide an independent assurance to the Board and Non-Executive Directors that the Company is conducting its business in a compliant manner. This is achieved by completing the following objectives:

- Developing a compliance audit plan to provide comfort to the Audit Committee on the Company's overall compliance with Board approved polices, the Companies Act 2014 ("the Act"), CBI requirements and other applicable legislation;
- Regular reporting to the Company's Audit Committee, senior management and Group personnel on compliance matters;
- Managing the Company's relationship with the CBI;
- Reviewing and developing policies required under the Corporate Governance Code and/or EIOPA guidelines for Board approval;
- Assisting the Company in complying with Solvency II requirements with a focus on Pillar 2 and Pillar 3 requirements; and

- Reviewing products, procedures and systems on a planned basis from the viewpoint of effective compliance and advising as to steps necessary to ensure compliance.

The Board supports the Compliance Function, makes available such resources as is necessary, and provides access to all relevant documentation and information from the business, in order that the Compliance Function can meet its objectives.

B.5 Internal audit function

The Company supports Internal Audit as an independent and objective assurance activity designed to add value and improve the Company's operations. It assists the Company in accomplishing its objectives by bringing an independent, systemic and disciplined approach to the process of evaluating and improving the effectiveness of the Company's risk management, control and governance processes.

Internal Audit derives its authority from the Board through the Audit Committee. The Internal Auditor reports functionally to the Audit Committee and administratively to the Chief Executive Officer (CEO). The Internal Auditor meets with the Audit Committee and the CEO to discuss all audits. The Internal Auditor operates with independence and authority in relation to audits carried out and has unrestricted access to the Chairman, the CEO, Chief Financial Officer and the Chairman of the Audit and Risk Committees. Internal Audit is authorised to examine any of the activities of the Company and has unrestricted access to all records, assets and personnel necessary to discharge its responsibilities.

The Company's Internal Audit function has been outsourced to EisnerAmper Ireland ("EisnerAmper"). A Partner at EisnerAmper is approved by the CBI for this PCF role. EisnerAmper prepares, with the approval of the Audit Committee, a three-year audit plan which covers all the key areas of the Company over the three year period. Additionally, the Audit Committee has the ability to request ad-hoc reviews to be conducted by EisnerAmper. EisnerAmper works closely with the management and any outsourced service provider of the Company and reports directly to the Audit Committee.

The purpose, scope, authority and responsibilities of the Internal Audit function are set out in full within the Internal Audit policy, which has been approved by the Board of Directors and which is reviewed and updated on an annual basis, or more frequently, if required. There have been no significant changes to the policy in the current year.

B.6 Actuarial Function

The Actuarial services to support the business are partially conducted internally and partially outsourced to a combination of:
a) Group Actuarial Department in GRL; and
b) Allied Risk Management.

The activities of the Actuarial Department are split between those involved in calculating and analysing, performed by the Reserving Actuary and those activities of the Actuarial Function, performed by the Head of Actuarial Function (HoAF), who provides independent oversight and validation. The role of the Head of Actuarial Function (HoAF) is outsourced to Allied Risk Management.

The Actuarial Function derives its authority from the Board through the Audit Committee. The Head of Actuarial Function (HoAF) reports functionally to the Audit Committee and administratively to the Chief Executive Officer (CEO) and to the Reserving Committee of the Company.

The objective of the Actuarial Function is to ensure a standard and appropriate calculation of reserves, consistent with our business strategy and within our stated risk appetite. The detailed objectives are to:

- 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 Board of the reliability and adequacy of the calculation of technical provisions;
- Oversee the calculation of technical provisions in cases where there is insufficient data quality (as set out in Article 82 of the Directive);
- Express an opinion on the overall underwriting policy;
- 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.

Each of these activities is undertaken on at least an annual basis and the outcome reported to the Board in an internal actuarial report.

In addition to responsibilities in relation to the technical provisions, and the requirements to express opinions on underwriting policy and reinsurance arrangements, the HoAF contributes to the effective implementation of the risk management system of the Company. In particular:

- In relation to the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR), the HoAF reviews the output of the model used by the Company to calculate the SCR and MCR. Specifically, any perceived or possible inconsistencies or issues identified in the model results are raised.
- ORSA - the Chief Risk Officer and HoAF establish the requirements for the ORSA report, agree how the requirements will be satisfied and agree the format of the draft ORSA reports, the supporting appendices and working papers.

B.7 Outsourcing

The Company recognises the need for an Outsourcing Policy which is consistent with and promotes sound and effective risk management and enables the Company to identify, manage, monitor and report on such outsourcing risk to which it is or might be exposed. The Board have adopted this policy and it:

- Sets out the roles and responsibilities within the Company in relation to outsourcing;
- Sets out those functions which may be outsourced by the Company;
- Provides clarity on the set of principles on which the Company outsources material functions;
- Describes the processes and procedures that the Company carries out prior to outsourcing, including the assessment and impact of the outsourcing on its business; and
- Describes the processes and procedures post outsourcing, including the level of review, reporting and monitoring required by the Company.

The following is a list of the critical or important operational functions the Company has outsourced together with the jurisdiction in which the service providers of such functions or activities are located. The person within the Company with responsibility for these outsourced functions is the General Manager. The Company will not outsource a critical or important function where the outsourcing would materially impair the quality of the Company's system of governance, unduly increase operational risk, impair the ability of the CBI to review the Company's compliance with its obligations or undermine the continuous and satisfactory service to policyholders (Article 49(2) of the SII Directive).

Name of Service/Function	Name of Service Provider (SP)	Jurisdiction
External Outsourcing:		
Investments	DME Advisors, L.P.	USA
HoAF and Actuarial Function	Allied Risk Management	Ireland
Internal Audit	EisnerAmper Ireland	Ireland
Compliance Function	Allied Risk Management	Ireland
Outsourcing to Group:		
Risk Management Function	Greenlight Reinsurance Ltd	Cayman Islands
Reserving Actuary	Greenlight Reinsurance Ltd	Cayman Islands
IT Management Function	Greenlight Reinsurance Ltd	Cayman Islands
Claims Function	Greenlight Reinsurance Ltd	Cayman Islands
Middle Office Function	Greenlight Reinsurance Ltd	Cayman Islands
Underwriting Services	Greenlight Reinsurance Ltd	Cayman Islands

B.8 Any other information on governance

The Company has included all relevant information relating to its systems of governance and is satisfied with the adequacy of the system of governance, and considering the nature, scale and complexity of the risks inherent in the business.

C. Risk Profile

Risk Management

The goal of the Company's management of risk is to set out the level of risk the Company is willing to assume in implementing its business strategy. The Company's business strategy cannot be implemented without taking any risks. The Company seeks to comprehensively quantify all risks inherent in the business strategy through scenario testing and ad-hoc stress tests, and where necessary apply risk mitigation techniques.

The Company implements appropriate polices, contingency plans and controls as part of the Company's overall risk management system, further information is detailed in section B.3 above.

C.1 Underwriting risk

The Company has a broad underwriting appetite for Property and Casualty business providing the pricing and risk selection is appropriate. In general, the Company will write business selectively and in those areas of the market believed to have the best risk-adjusted returns.

<u>Risk mitigation</u>
The Company has entered into two reinsurance contracts with its sister company, GRL:

1. An 80% quota share on non-U.S. business; and
2. an unlimited aggregate stop loss which limits underwriting losses (including expenses, reserve deterioration, counterparty default and collateral draw down) to 5% of the Company's surplus.

<u>Line of business</u>
See Section *A.2. Underwriting Performance* for a breakdown of the lines of business the Company wrote in 2015 and 2016.

<u>Geography</u>
See Section *A.2. Underwriting Performance* for a breakdown of the geographies the Company wrote in 2016.

<u>Target profitability</u>
The Company targets a minimum return on deployed capital for each contract it writes and regularly monitors the performance of its underwriting portfolio. The return on deployed capital ("RoDC") for a deal is simply the ratio of expected profitability to deployed capital. Our deployed capital calculation is a variant on tail value at risk ("TVaR") analysis modified to assign proportionately more capital to relatively larger losses.

See Section *A.2. Underwriting Performance* for breakdown of the Company's 2015 and 2016 underwriting performance.

Underwriting process
The assessment and pricing of (re)insurance risk are key components of the Company's underwriting process. Each submitted transaction is underwritten and priced by an underwriting team consisting of at least one underwriter and actuary. If the underwriting team wishes to write the transaction, then it is peer-reviewed and a deal meeting with senior management, including the Chief Executive Officer, Chief Underwriting Officer, and Chief Risk Officer, is held to obtain approval before binding.

Risk factors
Underwriting inherently involves assuming (re)insurance risk. Potential external risk factors that could impact our current or future underwriting portfolio are:

1. Ratings downgrade
2. Emerging risks
3. Brexit

Rating downgrade

The Company was downgraded by AM Best from "A" (Excellent) to "A-" (Excellent) in November 2016. The Company does not believe this downgrade will have a significant impact on existing business or new business development opportunities.

Emerging risks

Emerging risks are newly developing or changing risks which are difficult to quantify and which may have a major impact. The Company monitors the underwriting environment to track changes in innovation, climate, and political environment. Some of the initial emerging risks identified include:

- Driverless cars - The largest element of the Company's book is US non-standard auto contracts. The US motor insurance industry is likely to change significantly over the next ten to twenty years, with the introduction of self-driving or driverless cars. The Company does not believe this trend will have a significant impact on the underwriting portfolio over the next five years as driverless cars will not be mainstream in this time-frame.

- Climate change - Global warming has the potential to have a significant impact on weather patterns and loss events. The Company writes some natural catastrophe reinsurance and could be impacted in the event of additional weather losses. To date, despite global warming, the occurrence of large insured natural catastrophe losses has been modest over the last 10 years and below historic norms. The Company will continue to closely monitor cat activity and amend its appetite for natural catastrophe business to reflect market conditions.

- US political environment - President Trump has indicated that he will clamp down on off-shore jurisdictions and the transfer of US business overseas. Over 70% of the Company's business is US business. The imposition of any levies or restrictions on placing this business offshore could have a significant impact on the Company's ability to access US business.

Brexit

There are several implications for the Company arising from Brexit:

- Potential inability to access business in the UK - Currently the Company can write business from Ireland throughout the EU. The Company has written a number of contracts in the UK on a freedom of services basis from Ireland. In the event of a "hard" Brexit, the Company may lose the ability to access UK business under freedom of services.

- Economic issues - Brexit could trigger an EU wide recession, which could have a negative impact on insurance demand throughout the EU.

- Regulatory / Staffing issues - Brexit could lead to a large number of UK insurers establishing operations in Ireland, in order to access the EU marketplace. This could place a strain on the resources of the Central Bank and could significantly increase demand for specialist insurance resources.

C.2 Market risk

The Company is exposed to market risk including interest rate and foreign exchange fluctuations on financial instruments that are valued at market prices. Market movements can be volatile and difficult to predict. This may affect the ultimate gains or losses realised upon the sale of its holdings, as well as the amount of net investment income reported in the statements of comprehensive income. Management uses the services of the Company's investment advisor to monitor the Company's positions to reduce the risk of potential loss due to changes in market values.

Equity Price Risk

As of 31 December 2016, the Company's investment portfolio consisted primarily of long and short equity securities, along with certain equity-based derivative instruments, the carrying values of which are primarily based on quoted market prices. Generally, market prices of common equity securities are subject to fluctuation, which could cause the amount to be realised upon the closing of the position to differ significantly from the current reported value. This risk is partly mitigated by the presence of both long and short equity securities. As of 31 December 2016, a 10% decline in the price of each of these listed equity securities and equity-based derivative instruments would result in a US$0.9 million, or 1.3%, decline in the fair value of the total investment portfolio.

Computations of the prospective effects of hypothetical equity price changes are based on numerous assumptions, including the maintenance of the existing level and composition of investment securities and should not be relied on as indicative of future results.

Commodity Price Risk

Generally, market prices of commodities are subject to fluctuation. The Company's investment portfolio periodically includes long or short investments in commodities or in derivatives directly impacted by fluctuations in the prices of commodities. As of 31 December 2016, the investment portfolio included unhedged exposure to changes in gold prices, through ownership of physical gold and derivative instruments with underlying exposure to changes in gold prices. Additionally, as of 31 December 2016 and 2015, the investment portfolio included derivative instruments with underlying exposure to changes in natural gas and oil prices.

The following table summarises the net impact that a 10% increase and decrease in commodity prices would have on the value of the Company's investment portfolio as of 31 December 2016:

	10% increase in commodity prices		**10% decrease in commodity prices**	
Commodity	**Change in fair value**	**Change in fair value as % of investment portfolio**	**Change in fair value**	**Change in fair value as % of investment portfolio**
	(US$ in thousands)	**%**	**(US$ in thousands)**	**%**
Gold	174	0.2	(174)	(0.2)
Natural Gas	351	0.5	(351)	(0.5)
Oil	543	0.8	(543)	(0.8)
Total	1,068	1.5	(1,068)	(1.5)

The Company along with its investment advisor, periodically monitor the Company's exposure to any other commodity price fluctuations and generally does not expect changes in other commodity prices to have a materially adverse impact on the Company's operations.

Foreign Currency Risk

Certain of the Company's reinsurance contracts provide that ultimate losses may be payable or calculated in foreign currencies depending on the country of original loss. Foreign currency exchange rate risk exists to the extent that there is an increase in the exchange rate of the foreign currency in which losses are ultimately owed. As of 31 December 2016, the Company had net loss reserves reported in foreign currencies of £731,611. As of 31 December 2016, a 10% decrease in the U.S. dollar against the GBP (all else being constant) would result in additional estimated loss reserves of $90,135. Alternatively, a 10% increase in the U.S. dollar against the GBP would result in a reduction of $90,135 in the Company's recorded loss reserves.

The Company does not seek to specifically match the liabilities under reinsurance policies that are payable in foreign currencies with investments denominated in such currencies; the Company continually monitors the exposure to potential foreign currency losses and considers the use of forward foreign currency exchange contracts in an effort to mitigate against adverse foreign currency movements.

The Company is exposed to foreign currency risk through cash, forwards, options and investments in securities denominated in currencies other than U.S. dollar. Foreign currency exchange rate risk is the potential for adverse changes in the U.S. dollar value of investments (long and short), speculative foreign currency options and cash positions due to a change in the exchange rate of the foreign currency in which cash and financial instruments are denominated. As of 31 December 2016, some of the Company's currency exposure resulting from foreign denominated securities (longs and shorts) was reduced by offsetting cash balances (shorts and longs) denominated in the corresponding foreign currencies.

The following table summarises the net impact that a 10% increase and decrease in the value of the United States dollar against foreign currencies would have on the value of the Company's investment portfolio as of 31 December 2016:

	10% increase in U.S. dollar		10% decrease in U.S. dollar	
Foreign Currency	**Change in fair value**	**Change in fair value as % of investment portfolio**	**Change in fair value**	**Change in fair value as % of investment portfolio**
	(US$ in thousands)	**%**	**(US$ in thousands)**	**%**
British Pounds	(40)	(0.1)	40	0.1
Chinese Yuan	475	0.7	(250)	(0.4)
Japanese Yen	135	0.2	(126)	(0.2)
Other	27	—	(27)	—
Total	599	0.8	(364)	(0.5)

Computations of the prospective effects of hypothetical currency price changes are based on numerous assumptions, including the maintenance of the existing level and composition of investment in securities denominated in foreign currencies and related hedges, and should not be relied on as indicative of future results.

Interest Rate Risk

The Company's investment portfolio includes interest rate sensitive securities, such as corporate and sovereign debt instruments, futures and interest rate options. The primary market risk exposure for any debt instrument is interest rate risk. As interest rates rise, the market value of the Company's long fixed-income portfolio falls, and the converse is also true as interest rates fall. The short fixed-income portfolio would benefit from rising interest rates and be negatively impacted from falling interest rates. Additionally, some of the Company's derivative investments may also be interest rate sensitive and their value may indirectly fluctuate with changes in interest rates.

The following table summarises the impact that a 100 basis point increase and decrease in interest rates would have on the value of the investment portfolio as of 31 December 2016:

	100 basis point increase in interest rates		100 basis point decrease in interest rates	
	Change in fair value	Change in fair value as % of investment portfolio	Change in fair value	Change in fair value as % of investment portfolio
	(US$ in thousands)	%	(US$ in thousands)	%
Debt instruments - long and short, net	976	1.4	(1,275)	(1.8)
Interest rate options	247	0.3	(498)	(0.7)
Net exposure to interest rate risk	1,224	1.7	(1,773)	(2.5)

Prudent Person Principle

Our investment strategy seeks long term returns through disciplined security selection, portfolio diversity and an integrated approach to risk management. Investments are to be selected and monitored to balance the goals of safety, stability, liquidity, growth and after-tax total return with the need to comply with regulatory investment requirements.

We recognise that under the Solvency II Prudent Person Principle, assets held to cover the technical provisions must be invested "in a manner appropriate to the nature and duration" of the liabilities, and "in the best interest of all policyholders and beneficiaries taking into account any disclosed policy objectives" (Reg.141(2)(c) of S.I. 485 of 2015). Therefore, the assets covering the technical provisions takes account of the type of business carried on by the Company in such a way as to secure the safety, yield and marketability of its investments, which the Company will ensure are diversified and adequately spread. The Company, where applicable, and in accordance with A. 132(2) of the SII Directive, only invests in assets whose risks it can properly identify, measure, monitor, control, report, and take into account in its ORSA.

Our equity portfolio consists of long and short equities and distressed debt, with a focus on developed markets. The Investment Advisor seeks to achieve capital appreciation by buying securities with trading values materially lower than their intrinsic values and by selling short securities with trading values materially higher than their intrinsic values. The portfolio aims to achieve high absolute rates of return while minimizing the risk of capital loss. We seek to combine the analytical discipline of determining intrinsic value with a practical understanding of markets. We seek to invest in mispriced securities where we can ascertain the reason for the market's mispricing. Our approach is rooted in fundamental analysis and rigorous examination of financial statements.

Emerging risks

As part of investing and overall portfolio management, global financial events are monitored and considered. Discussions were held with the investment manager on events such as Brexit and the U.S. election. Given the Company's investment portfolio construct, the Brexit decision was inconsequential to the portfolio (i.e. of limited global economic effect) and as such no adjustments to the portfolio were deemed necessary. Similarly, close attention was paid to the 2016 U.S. Presidential election with the considered belief that the result would not have a material effect in the short term and limited portfolio adjustments were made.

C.3 Credit risk

The Company conducts business with multiple external counterparties of various types. The unlimited aggregate stop loss purchased from GRL limits the loss of default or collateral draw down by clients, brokers, third-party administrators and any other underwriting-related counterparties to 5% of the Company's surplus. However, the Company still seeks to reasonably minimise the risk of financial loss from counterparty default.

The Company's counterparty risk comes from various sources:

Investment and banking

- Prime brokers
- Derivative counterparties

Client-related

- Letters of credit ("LOCs") provided to clients
- Premiums receivable from clients
- Commission adjustments on contracts with clients
- Retrocession

Third-party services

- Reinsurance intermediaries
- Claims funds with third-party claims administrators

The Company does not solely rely on the credit assessments of external rating agencies when assessing the credit worthiness of counterparties.

Prime brokers
Prime brokerage is the generic name for a bundled package of services offered by investment banks and securities firms to professional investors needing the ability to borrow securities and cash. The prime broker provides a centralised securities clearing facility for the investor so the investor's collateral requirements are netted across all investments handled by the prime broker. The Company closely and regularly monitors its concentration of credit risk with each prime broker and if necessary, will transfer cash or securities between prime brokers to diversify and mitigate its credit risk.

Derivative counterparties
The Company will enter into derivative transactions, such as equity swaps and currency options, with financial counterparties. The counterparties are typically large banks. The Company requires that any net exposure to a derivative counterparty is cash collateralised and collateral adjustments are made on a frequent basis.

LOCs provided to clients
The Company provides collateral to some of its clients. For clients in the U.S. it is currently a mandatory requirement to post collateral to cover all reinsurance obligations. The Company may sometimes agree to

post collateral to clients outside of the US, often contingent on a surplus loss above a certain threshold or a rating downgrade below “A-”.

The Company's related company, GRL, issues LOCs on behalf of the Company under various facilities, for the benefit of the Company's insureds. The collateral pledged as security relating to these LOCs is also provided by GRL. In the event that the Company's insureds draw upon any LOCs, the Company shall be obligated to reimburse GRL the amount of the LOCs drawn by the insured. As of 31 December 2016, $29,493,669 (2015: $37,312,081) of LOCs were issued by GRL on behalf of the Company and no LOCs were drawn by the Company's insureds for the year ended 31 December 2016. In the event that GRL was unable to pledge its assets as security, the Company may have to pledge its own assets as security relating to the LOCs.

The LOCs are usually unconditional in that the client may draw down the LOC at their sole option. The Company periodically amends the size of issued LOCs to ensure they do not materially exceed the size of the Company’s obligations to clients. If a client were to inappropriately draw down a LOC, the Company would offset its obligations against the amount drawn down, while seeking legal remedy for the unauthorised draw down.

Premiums receivable from clients

The Company’s (re)insurance contracts include the right to offset losses against unpaid premium. The aggregate stop loss agreement with GRL includes coverage for the risk of default by a client of the Company.

Commission adjustments on contracts with clients

On certain contracts, the client is paid a provisional commission which is adjusted at a pre-determined later date based on the actual losses incurred. The adjustment may result in commission becoming due back from the client. If the client is rated “A-” (Excellent) or higher by A.M. Best, collateral may not be requested. If the client is rated lower than “A-” (Excellent) or unrated, the client is required to post collateral for the potential possible downward adjustment in commission.

Retrocession

Retrocession falls into one of three categories:

1. The retrocession is with a third-party and is tied to an inwards transaction
2. The retrocession is with a third-party and stands alone
3. The retrocession is internal between the Company and its affiliates

The retrocession is with a third-party and is tied to an inwards transaction

The third-party may or may not be affiliated with the client. If the retrocessionaire is affiliated with the client then the arrangement will usually be for the purposes of aligning the client’s interest with that of the Company’s, and the retrocessionaire will often be a captive.

The retrocession is with a third-party and stands alone

The third-party will typically be a professional reinsurer and the retrocession is likely to be on a segment of the Company’s portfolio. The Company will assess the financial strength of any such counterparty as part of its counterparty due diligence.

The retrocession is internal to the Company

The Company purchases a quota share and unlimited aggregate stop loss protection from its sister company, GRL.

Reinsurance intermediaries
Remittances payable and receivable under a reinsurance contract are typically made via a reinsurance intermediary. Usually, the contract specifies that payments by the insured to the reinsurer are deemed paid once the payment is received by the reinsurance intermediary, and payments made by the reinsurer to the insured are only deemed paid once the reinsurance intermediary has forwarded that payment to the insured.

The Company's exposure to intermediary counterparty risk is small owing to the following reasons:

- Payments are typically processed by intermediaries every month
- Payments are made on a net basis (premium less losses)
- The Company's business is primarily with large, well-established intermediaries.

The internal aggregate stop loss includes coverage for the risk of default by an intermediary.

Claims funds with third-party claims administrators
The Company will sometimes pre-fund claims accounts with third-party claims administrators in order to make the claims payment process more efficient. Pre-funding amounts are restricted to 2-3 months of expected claims activity.

C.4 Liquidity risk

As of 31 December 2016, the majority of the Company's investments were valued based on quoted prices, in active markets for identical assets (Level 1). Since the majority of the Company's invested assets are liquid, even in distressed markets, the invested assets can be liquidated to generate cash to pay claims, hence mitigating any liquidity risk. Additionally, given the Company's value-oriented long and short investment strategy, if equity markets decline, the obligations for covering short positions would also decline. Any reduction in the short portfolio would reduce the need for restricted cash and thereby cash would be freed up to be used for any purpose.

The Expected Profits In Future Premiums ("EPIFP") is zero and does not impact the Company's liquidity risk.

C.5 Operational risk

Operational

The Company's major focus in 2016, with respect to operational matters, has been on data security and privacy requirements. The Company is aware of the importance of strong data security and the increased focus in this area among regulators, including the CBI, and clients. The Company and its parent have jointly engaged an external consulting firm to perform a review of data security and data privacy requirements. There are a number of distinct elements to the work, including:

- An IT health check;
- Penetration testing;
- Review of compliance with EU data protection requirements; and
- Developing an IT framework which is consistent with best practice and is compliant with CBI guidelines.

C.6 Other material risks

Group Support

We rely upon the support of our parent company, GLRE, and our sister company, GRL, to pursue our business activities.

Capital

GLRE is our source of capital. Capital is predominantly Tier 1 common equity.

Rating

A.M. Best provides the Group with a group rating that applies to both GRL and the Company. The group rating is mostly derived from GRL as it is a much larger company. On November 3rd, 2016, our group rating was downgraded from "A (Excellent)", negative outlook, to "A- (Excellent)", stable outlook. The primary reason for the downgrade was the less favorable underwriting results of GRL in recent years.

Reinsurance

The Company has two reinsurance contracts with GRL:

1. An 80% quota share on non-U.S. business; and
2. an unlimited aggregate stop loss which limits underwriting losses (including expenses, reserve deterioration, counterparty default and collateral drawdown) to 5% of the Company's surplus.

Remittances under the reinsurance agreements are made quarterly. GRL is required to provide collateral for any reinsurance recoverables as follows:

- None if it has an A.M. Best rating of "A"- or higher;
- 50% collateralisation if it has an A.M Best of "B++" or "B+"; and
- 100% collateralisation if it has an A.M Best of "B" or lower.

Services

GLRE and GRL may at times provide the Company with various services, including managerial, legal, underwriting, actuarial, risk management, reserving and IT. This arrangement is formalised in a Service Level Agreement.

C.7 Any other information

Anticipated/future risk exposures are not expected to be different from current exposures disclosed in section C of this report (A.309(2)(a) of the SII Directive).

Risk scenarios

We use risk scenarios to stress our core underwriting (including reserving) and investment activities and determine the impact on capital.

We project our future risk profiles by starting with the current underwriting portfolio, reserves, investments and capital and then project these forward using relevant parameters, such as investment yield, underwriting losses, payout patterns, etc.

For the purposes of the scenarios, risks are divided into three categories:

1. Underwriting
2. Reserves
3. Investing

For each risk category, there are three stress levels:

1. No stress - expected risk levels
2. Adverse stress - ‘unlikely but not remote’ risk levels
3. Severe stress - ‘remote’ risk levels

Selected risk scenarios

There are five risk scenarios, comprising different combinations of stress factors, which are applied to the current and projected risk profiles.

<table>
<tr><th></th><th colspan="3">Stress Levels</th></tr>
<tr><th>Scenario</th><th>Investments</th><th>Underwriting</th><th>Reserves</th></tr>
<tr><td>1: Base</td><td colspan="3">None</td></tr>
<tr><td>2: Going concern A</td><td colspan="3">Adverse</td></tr>
<tr><td>3: Going concern B</td><td>None</td><td colspan="2">Severe</td></tr>
<tr><td>4: Going concern C</td><td>Severe</td><td colspan="2">None</td></tr>
<tr><td>5: Run-off</td><td colspan="3">Severe</td></tr>
</table>

Scenario 1 is the base scenario. Scenarios 2, 3 and 4 represent 'going concern' scenarios in that we aim to hold sufficient capital to be a going concern subsequent to any of these scenarios. Scenario 5 is the 'run-off' scenario in that subsequent to such a scenario we may not be a going concern but aim to hold sufficient capital to meet all outstanding obligations.

Selected stress factors

Investments:

Stress Level	Stress Factors	
Adverse	Continuous	None
	Shock	An immediate loss of 15%
Severe	Continuous	None
	Shock	An immediate loss giving a cumulative net yield from the prior high watermark of 25% but no less than 15%.

Underwriting:

Stress Level	Stress Factors	
Adverse	Continuous	A non-catastrophe composite ratio of 107.5% for the next 12 months, followed by modeled expected performance
	Shock	A 1-in-250 year occurrence natural catastrophe loss
Severe	Continuous	A non-catastrophe composite ratio of 120% for the next 12 months, followed by modeled expected performance
	Shock	A 1-in-250 year aggregate natural catastrophe loss

Reserves:

Stress Level	Stress Factors	
Adverse	Continuous	None
	Shock	Immediate deterioration giving a cumulative deterioration in the previous 12 months of 20% of net reserves
Severe	Continuous	None
	Shock	Immediate deterioration giving a cumulative deterioration in the previous 12 months of 35% of net reserves

Risk scenarios and stress factors were chosen after internal dialogue with underwriters, actuaries, senior management and board members. The selection focused on historical Company and industry performance, combined with expert judgement.

Capital risk thresholds

Our capital risk appetite is to maintain a SCR cover ratio in excess of 100% in going-concern scenarios, and capital in excess of $10m in the run-off scenario. In all scenarios in our 2017 stressed capital plan the SCR remains above 100%.

Dependencies between Risk Modules

The Company uses the Standard Formula model to calculate the SCR. The quantitative data necessary for determining the dependencies between risk modules and sub-modules of the BSCR are included in the model.

D. Valuation for Solvency Purposes

D.1 Assets

Assets held by the Company as at 31 December 2016 were as follows:

Assets	**IFRS Accounting Basis**	**SII Valuation Principles**	**Difference in Valuation**
		($ in thousands)	
Investments	117,514	117,514	—
Reinsurance receivables	33,852	—	33,852
Reinsurance recoverables	22,254	6,405	15,849
Cash & cash equivalents	20,875	20,875	—
Other assets	4,786	473	4,313
Deferred acquisition costs	3,478	—	3,478
Deferred tax assets	1,272	1,423	(151)
Property, plant & equipment	124	124	—
Total assets	**204,155**	**146,814**	**57,341**

Investments

In the normal course of its business, the Company purchases and sells various financial instruments which include listed and unlisted equities, corporate and sovereign debt, commodities, futures, put and call options, currency forwards and other derivatives. The Company's financial instruments are carried at fair value, and all unrealised gains or losses are included in investment income in the statement of comprehensive income in accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement, ("IAS 39") and International Financial Reporting Standard 7, Financial Instruments; Disclosures, ("IFRS 7").

Investments and Investments in Securities Sold, But Not Yet Purchased

The Company's investments in debt instruments and equity securities that are classified as "trading securities" are carried at fair value. The fair values of the listed equity investments are derived based on quoted prices (unadjusted) in active markets for identical assets (Level 1 inputs). The fair values of listed equities that have restrictions on sale or transfer which expire within one year are determined by adjusting the observed market price of the equity using a liquidity discount based on observable market inputs. The fair values of debt instruments are derived based on inputs that are observable, either directly or indirectly, such as market maker or broker quotes reflecting recent transactions (Level 2 inputs), and are generally derived based on the average of multiple market maker or broker quotes which are considered to be binding. Where quotes are not available, debt instruments are valued using cash flow models using assumptions and estimates that may be subjective and non-observable (Level 3 inputs).

The Company's "other investments" may include investments in private and unlisted equity securities, limited partnerships, and commodities, which are all carried at fair value. The fair values of commodities are determined based on quoted prices in active markets for identical assets (Level 1). The Company maximises the use of observable direct or indirect inputs (Level 2 inputs) when deriving the fair values for "other investments". For limited partnerships and private and unlisted equity securities, where observable inputs are not available, the fair values are derived based on unobservable inputs (Level 3 inputs) such as management's assumptions developed from available information using the services of the investment advisor, including the most recent net asset values obtained from the managers of those underlying investments.

For securities classified as "trading securities", and "other investments", any realised and unrealised gains or losses are determined on the basis of the specific identification method (by reference to cost or amortised cost, as appropriate) and included in investment income in the statements of comprehensive income. Dividend income and expense are recorded on the ex-dividend date. The ex-dividend date is the date as of when the underlying security must have been traded to be eligible for the dividend declared. Interest income and interest expense are recorded on an accrual basis.

Derivatives

IFRS requires that an entity recognise all derivatives in the statements of financial position at fair value. It also requires that unrealised gains and losses resulting from changes in fair value be included in income or comprehensive income, depending on whether the instrument qualifies as a hedge transaction, and if so, the type of hedge transaction. The Company's derivatives do not qualify as hedges for financial reporting purposes.

The Company enters into derivative contracts with counterparties as part of its investment strategy. Derivative contracts which may include total return swaps, credit default swaps ("CDS") purchased, futures, options, currency forwards and other derivative instruments are recorded at their fair value with any unrealised gains and losses included in investment income in the statements of comprehensive income. Derivative contracts receivable represents derivative contracts whereby, based upon the contract's current fair value, the Company will be entitled to receive payments upon settlement of the contract. Derivative contracts payable represents derivative contracts whereby, based upon each contract's current fair value, the Company will be obligated to make payments upon settlement of the contract.

Total return swap agreements, included on the statements of financial position as derivative contracts receivable and derivative contracts payable, are derivative financial instruments whereby the Company is either entitled to receive or obligated to pay the product of a notional amount multiplied by the movement in an underlying security, which the Company may not own, over a specified time frame. In addition, the Company may also be obligated to pay or receive other payments based on interest rates, dividend payments and receipts, or foreign exchange movements during a specified period. The Company measures its rights or obligations to the counterparty based on the fair value movements of the underlying security together with any other payments due. These contracts are carried at fair value, based on observable inputs (Level 2 inputs) with the resultant unrealised gains and losses reflected in investment income in the statements of comprehensive income. Additionally, any changes in the value of amounts received or paid on swap contracts are reported as a gain or loss in investment income in the statements of comprehensive income.

Derivative contracts may also include exchange traded futures or options contracts that are based on the movement of a particular index, equity security, commodity, currency or interest rate. Where such contracts are traded in an active market, the Company's obligations or rights on these contracts are recorded at fair value measured based on the observable quoted prices of the same or similar financial contracts in an active market (Level 1) or on broker quotes which reflect market information based on actual transactions (Level 2). Amounts invested in exchange traded options and over the counter (“OTC”) options are recorded either as an asset or liability at inception. Subsequent to initial recognition, unexpired exchange traded option contracts are recorded at fair value based on quoted prices in active markets (Level 1). For OTC options or exchange traded options where a quoted price in an active market is not available, fair values are derived based upon observable inputs (Level 2) such as multiple quotes from brokers and market makers, which are considered to be binding.

The Company may purchase a Credit Default Swap (“CDS”) for efficient portfolio management and strategic investment purposes. Effective 27 July 2016, the Company's investment guidelines prohibit the sale of CDS. A CDS is a derivative instrument that provides protection against an investment loss due to specified credit or default events of a reference entity. The seller of a CDS guarantees to pay the buyer a specified amount if the reference entity defaults on its obligations or fails to perform. The buyer of a CDS pays a premium over time to the seller in exchange for obtaining this protection. A CDS trading in an active market is valued at fair value based on broker or market maker quotes for identical instruments in an active market (Level 2) or based on the current credit spreads on identical contracts (Level 2).

Reinsurance receivables

Amounts receivable from reinsurance operations are valued at settlement amount and reviewed for impairment under IAS 37. At 31 December 2016, there were no provisions required. These assets are reclassified to net technical provisions for Solvency II purposes, and discounted at the risk-free rate to the present value.

Reinsurance recoverables

Reinsurance recoverables form part of the reinsurers share of technical provisions under Solvency II, and is covered under the technical provisions note below.

Cash and cash equivalents

Cash and cash equivalents which are held by the Company comprise cash at a non-US bank and cash and cash equivalents held with prime brokers. All cash equivalents have an original maturity of three months or less.

Other Assets

Other assets include profit commissions receivable, prepayments, accrued income and deposits to cedents. For Solvency II purposes, profit commissions receivable have been excluded from other assets as they form part of technical provisions.

Deferred acquisition costs

Deferred acquisition costs are commissions and brokerage costs directly related to writing business. These costs are amortised over the term of the related contract. Under Solvency II valuation rules, these costs are not recognised an an asset.

Deferred tax assets

Deferred tax assets are calculated on all timing differences that have originated but not reversed as of the date of the statement of financial position, where transactions or events result in an obligation to pay less tax in the future. These obligations are recalculated based on the Solvency II balance sheet which gives rise to a different deferred tax asset valuation under Solvency II.

Property, plant and equipment

Property, plant & equipment are measured at cost when acquired, less accumulated depreciation using a straight-line method.

D.2 Technical provisions

The technical provisions consist of the Best Estimate of the Liabilities and the Risk Margin. At 31 December 2016 the technical provisions split by line of business were:

Line of Business (SII)	Gross Best Estimate Liability	Risk Margin	Recoverables from Reinsurance contracts and SPVs	Total Technical Provisions net of Recoverables
	($ in thousands)			
Motor vehicle liability insurance	8,756	3,001	(1,334)	13,091
Non-proportional property	5,388	216	3,985	1,619
Marine, aviation and transport	5,290	132	1,556	3,865
General liability insurance	3,999	95	1,945	2,150
Other motor insurance	1,768	435	(236)	2,439
Medical expense insurance	1,198	—	(7)	1,205
Non-proportional casualty	298	69	1,075	(709)
Fire and other damage to property	195	25	(1,172)	1,392
Workers' compensation insurance	80	2	31	51
Non-proportional marine, aviation	(347)	96	561	(812)
Total	**26,625**	**4,071**	**6,404**	**24,291**

** Negative figures in the above table are due to premiums receivable and payable not past due at 31 December 2016*

Medical expense insurance is quota share reinsurance of US-based business. The claims provisions are calculated using Chain Ladder and Bornhuetter Ferguson methods applied to paid and incurred loss triangles.

Motor vehicle liability insurance and other motor insurance is quota share reinsurance of US non-standard auto business. The claims provisions are calculated using a variety of actuarial methods - Chain Ladder, Bornhuetter Ferguson, Cape Cod and Average Cost per Claim - applied to paid and incurred loss triangles, segmented by heads of claim.

Marine, Aviation and Transport, Fire and other damage to Property insurance, General Liability insurance and Non-proportional Casualty reinsurance arise from a number of reinsurance treaties of multi-line insurance/ reinsurance companies. The claims provisions are based on a combination of the losses reported by the cedants (including IBNR) and the Company's actuaries' view of the expected loss for these treaties. As the treaties mature more weight will be placed on the reported losses.

Non-proportional Marine, Aviation and Transport reinsurance and Non-proportional Property reinsurance arise from two retrocession treaties of a reinsurance company. As this business is characterised by large losses with short reporting delays the claims provision is mainly based on reported claims.

For all lines of business, the Company models each treaty using a simulation model with an actuarially derived distribution of future outcomes that includes outcomes not in historic data (including low probability, high impact events). The modelled loss ratio is applied to the unearned premium and future premium to calculate the premium provision for each treaty.

Uncertainty associated with Best Estimate of Liabilities

The Technical Provisions are the Best Estimate of the future cashflows in respect of reinsurance business written by the Company, plus the Risk Margin. The actual cashflows may differ from the Technical Provisions for two main reasons:

1. The realised losses represented by the claim reserves might be different from expected;
2. The realised loss ratio on the unearned and future premium may be different from expected.

Other sources of uncertainty include payments being faster or slower than expected, expenses being different than expected or failure of a retrocession counterparty.

Risk Margin

The Risk Margin is in addition to the Best Estimate of Liabilities to ensure that the value of the technical provisions as a whole are equivalent to the amount that an insurance undertakings would be expected to require to take over and meet the insurance obligations of the Company.

General Uncertainty

Projections of future ultimate losses and loss expenses for claims provisions are subject to considerable uncertainty, particularly for liability classes. The losses are affected by many factors, including emergence of latent claims or new types of claims, claims inflation, changes in court awards, legal judgements and reporting delays. To the extent that these factors are present in the historical data (including the benchmark data) they are allowed for in the projections; in other cases an additional loading for events not in data is added where appropriate.

Premium provisions are subject to greater uncertainty - in addition to the factors above which apply equally to premium provisions, the premium provisions relate to future exposure periods and so are exposed to loss events, including catastrophe events, fire, windstorm, flood, hail, freeze etc.

Main Risks and Uncertainties

Claims Provisions

The main risks to the Company's Claims Provisions are:

- The emergence of large losses ;
- Deterioration of existing losses; and
- Deterioration of reserves on existing treaties.

There is uncertainty attaching to the non-proportional marine, aviation and transport reinsurance and the non-proportional property reinsurance transactions. There are a number of notified claims above or close to the attachment point, and any deterioration of these claims will impact the Company. There are currently two large industry losses that could deteriorate to give rise to a claim on the 2016 year.

The Medical Stop Loss treaties are relatively short-tailed and have been in run-off since November 2014; therefore, the risk of material deterioration of the reserves is very low.

The Non-standard Auto treaties are reasonably predictable, although there remains uncertainty regarding the tail on the Personal Injury Protection ("PIP") claims. The uncertainty is in relation to the recent increase in lawsuits served on PIP claims and the potential volume of suits yet to be filed. These lawsuits are generally non-meritorious in nature and the majority of suits are settled for less than $100 US dollars. The risk primarily impacts Allocated Loss Adjustment Expense ("ALAE"), for which there are Loss Ratio caps in place that materially limit the downside risk.

The most significant uncertainty in the Claims Provisions relates to reinsurance of London Market business; two transactions in particular are at relatively early stages in their development so that the claims reserves are still based on plan loss ratios. As these treaties develop and more loss information is available the reserves could move in either direction.

Premium Provisions

The main risks to the Company's Premium Provisions are:

- Catastrophes/large losses on Catastrophe transactions;
- Performance of the US Non-standard Auto treaties being worse than expected;
- Performance of the London Market transactions being worse than expected.

All of the above transactions have been modelled using simulation models that incorporate outcomes worse than has been experienced in the past. As such, the Premium Provison is based on a true Best Estimate loss ratio. Nonetheless, the actual outcome could be any point in the distribution.

Quantification of Uncertainty

Statistical methods for measuring reserve uncertainty (Mack, Bootstrap) are generally only applicable to Claims Provisions. Uncertainty in respect of the Premium Provisions is measured at treaty inception by a simulation model of the treaty results. Aggregating these measures would be a complex process subject to many assumptions and estimations.

Instead, to measure the uncertainty in the overall Technical Provisions a standard deviation of the Technical Provisions is derived from the Solvency II Standard Formula. An underlying assumption for the premium and reserve risk module in the Standard Formula is that the stress factors are reflective of a market average (re)insurer in the European market; as such it may not be representative of the Company's risks. It is noted in the Company's 2016 ORSA Report that some aspects of the Standard Formula are not appropriate for the Company's portfolio; in particular, US Non-standard auto is characterised by relatively low limits whilst in Europe motor liability insurance is unlimited in many countries. Notwithstanding the foregoing, the Standard Formula provides a reasonable measure of the risk in the Technical Provisions.

For the purpose of the calculation, the net Claims Provisions and net Unearned and Future Premium, as described above, are used as the Reserve and Premium volume measures respectively. The Company uses its Best Estimate Claims Provision as the basis of the Technical Provisions in its Financial Statements. As such, there is no material difference between the bases, methods and main assumptions used by the Company for the valuation for Solvency II purposes and those used for their valuation in Financial Statements.

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.

The recoverables from reinsurance contracts in the Technical Provisions are from a Quota Share treaty whereby 80% of all non-US transactions is ceded to GRL.

There have been no material changes in the relevant assumptions made in the calculation of the Technical Provisions compared to the calculation of Technical Provisions for "Day 1" reporting.

D.3 Other liabilities

Other liabilities held by the Company as at 31 December 2016 were as follows:

Other Liabilities	**IFRS Accounting Basis**	**SII Valuation Principles**	**Difference in Valuation**
		($ in thousands)	
Financial liabilities	53,257	53,257	—
Reinsurance payables	18,921	—	18,921
Other liabilities	7,394	7,394	—
Payables (trade, not insurance)	2,375	2,375	—
Deposits from reinsurers	719	719	—
Total other liabilities	**82,666**	**63,745**	**18,921**

** Other liabilities does not include Technical Provisions (see section D2)*

Financial liabilities

Financial liabilities include securities that the Company has sold, but does not own, in anticipation of a decline in the market value of the security. The Company's risk is that the value of the security will increase rather than decline. These liabilities are carried at fair value in accordance with IAS 39 and IFRS 7. The same fair value measurement applies under Solvency II.

Reinsurance payables

Reinsurance payables are reclassified to net technical provisions for Solvency II purposes, and discounted at the risk-free rate to the present value.

Payables (trade, not insurance)

Trade payables comprise of trade accruals and other sundry payables not related to insurance.

Other liabilities

Other liabilities consist of amounts held at prime brokers, which the Company has pledged as collateral.

Deposits from reinsurers

Deposits from reinsurers comprise of funds withheld pledged as collateral on reinsurance arrangements.

D.4 Alternative methods for valuation

The Company does not use any alternative methods for valuation.

D.5 Any other information for valuation

All material information regarding the Company's valuation for solvency purposes is disclosed in the above sections.

E. Capital Management

E.1 Own funds

The Company's ordinary share capital and share premium is owned by a single shareholder being the immediate and ultimate parent of the Company. There were no restrictions on the availability of the Company's own funds to support the Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR"). Own funds comprises the following tier structure;

Basic Own Funds	**Total**	**Tier 1 - unrestricted**	**Tier 1 - restricted**	**Tier 2**	**Tier 3**
		($ in thousands)			
Ordinary share capital (gross of own shares)	10,000	10,000	—	—	—
Share premium account related to ordinary share capital	50,386	50,386	—	—	—
Reconciliation reserve	(9,437)	(9,437)	—	—	—
An amount equal to the value of net deferred tax assets	1,423	—	—	—	1,423
Total Basic Own Funds	**52,372**	**50,949**	**—**	**—**	**1,423**

The total eligible amount of basic own funds to cover the SCR and MCR is as follows:

	SCR	**MCR**
	$ (in thousands)	
Capital Requirement	39,767	9,942
Basic Own Funds	52,372	50,949
Surplus capital	12,605	41,007
Solvency cover	132%	512%

The reconciliation between equity in the financial statements and the basic own funds for solvency purposes, as at 31 December 2016, is presented in the following tables:

Reconciliation between Equity & Basic Own Funds	
As at 31 December 2016	**($ in thousands)**
Ordinary share capital (net of own shares)	10,000
Share premium account related to ordinary share capital	50,386
Surplus funds	(6,960)
Total equity in the financial statements	**53,426**
Items not recognised in Solvency II Balance Sheet:	
Net technical provisions (replaced by best estimate and risk margin)	52,214
Reinsurance payables / receivables recognised in technical provisions	(14,931)
Deferred acquisition costs	(3,478)
Profit commissions	(4,313)
Items not recognised in the financial statements	
Best estimate and risk margin	(30,697)
Differences in valuation of deferred tax asset	151
Total differences	**(1,054)**
Total basic own funds under Solvency II	**52,372**

There are no restrictions on the availability of the Company's own funds and no deductions have been applied. The Company does not hold any ancillary own funds and none of the Company's basic own funds are subject to transitional arrangements. The Company does not plan any material changes in the make-up of it's own funds over the future planning period. There were no dividends paid during the reporting period.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

As at 31 December 2016, the Company has an SCR of $39.8 million and MCR of $9.9 million. The Company has used EIOPA's Solvency II Standard Formula in determining the calculation of the SCR. The following table comprises the components of the SCR:

Components of the SCR:	**($ in thousands)**
Market risk	**22,927**
Equity risk	20,468
Concentration risk	4,164
Spread risk	1,097
Interest rate risk	591
Property risk	31
Foreign exchange risk	2,889
Diversification effect	(6,312)
Health underwriting	**1,294**
Premiums and reserves risk	1,294
Non-Life underwriting	**30,008**
Premiums and reserves risk	29,223
Lapse risk	579
Catastrophe risk	2,671
Diversification effect	(2,465)
Counterparty default risk	**729**
Overall diversification effect	**(12,322)**
Basic SCR	**42,636**
Operational risk	**2,812**
Deferred tax adjustment	**(5,681)**
SCR	**39,767**

The Company uses the Standard Formula calculation as the basis for calculating capital requirements having reviewed the assumptions underlying the formula and assessed them to be appropriate for the Company. The Company has not used any simplified calculations or applied any Company specific parameters, and there were no capital add-ons requiring justification by the CBI.

The table below shows the inputs into the MCR calculation and the Absolute Floor of the Minimum Capital Requirement ("AMCR") as prescribed by EIOPA;

	($ in thousands)	Parameters (%)
AMCR	3,786	
Cap	17,895	45%
Floor	9,942	25%
MCR	9,942	

E.3 Use of duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The Company does not use the duration-based equity risk sub-module in the calculation of the SCR.

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

The Company applies the Standard Formula model and does not use an internal model to calculate the SCR.

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

The Company is compliant with both the SCR and the MCR.

E.6 Any other information on capital management

All material information on capital management has been disclosed.

All amounts are expressed in $000's

Annex I

S.02.01.02

Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	1,423
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	124
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	117,446
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	43,399
Equities - listed	**R0110**	43,114
Equities - unlisted	**R0120**	285
Bonds	**R0130**	1,388
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	1,388
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	782
Derivatives	**R0190**	4,573
Deposits other than cash equivalents	**R0200**	61,875
Other investments	**R0210**	5,428
Assets held for index-linked and unit-linked contracts	**R0220**	68
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	6,405
Non-life and health similar to non-life	**R0280**	6,405
Non-life excluding health	**R0290**	6,381
Health similar to non-life	**R0300**	24
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	303
Insurance and intermediaries receivables	**R0360**	
Reinsurance receivables	**R0370**	
Receivables (trade, not insurance)	**R0380**	
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	20,875
Any other assets, not elsewhere shown	**R0420**	170
Total assets	**R0500**	146,814

All amounts are expressed in $000's

Annex I
S.02.01.02
Balance sheet

Liabilities		**Solvency II value**
		C0010
Technical provisions – non-life	**R0510**	30,697
Technical provisions – non-life (excluding health)	**R0520**	29,416
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	25,346
Risk margin	**R0550**	4,070
Technical provisions - health (similar to non-life)	**R0560**	1,281
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	1,278
Risk margin	**R0590**	2
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	719
Deferred tax liabilities	**R0780**	
Derivatives	**R0790**	138
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	53,119
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	2,375
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	7,394
Total liabilities	**R0900**	94,442
Excess of assets over liabilities	**R1000**	52,372

All amounts are expressed in $000's

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional**							Line of business for:			
		Medical expense 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	Casualty	Marine, aviation, transport	Property	Total
		C0010	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written												
Gross - Direct Business	**R0110**											
Gross - Proportional reinsurance accepted	**R0120**	299	65	53,149	9,523	7,280	1,751	4,863				76,931
Gross - Non-proportional reinsurance accepted	**R0130**								1,152	1,494	6,641	9,286
Reinsurers' share	**R0140**	138	54	3,002	424	6,005	1,363	3,882	949	1,232	5,559	22,608
Net	**R0200**	161	11	50,147	9,099	1,275	388	981	203	262	1,082	63,609
Premiums earned												
Gross - Direct Business	**R0210**											
Gross - Proportional reinsurance accepted	**R0220**	9,879	65	52,327	8,992	7,000	1,601	4,577				84,440
Gross - Non-proportional reinsurance accepted	**R0230**								1,091	1,494	6,350	8,935
Reinsurers' share	**R0240**	64	54	3,097	436	5,781	1,285	3,727	900	1,232	5,287	21,865
Net	**R0300**	9,814	11	49,230	8,555	1,218	316	850	190	261	1,063	71,509
Claims incurred												
Gross - Direct Business	**R0310**											
Gross - Proportional reinsurance accepted	**R0320**	5,565	28	40,040	6,929	3,350	911	2,050				58,873
Gross - Non-proportional reinsurance accepted	**R0330**								626	681	1,986	3,292
Reinsurers' share	**R0340**	17	23	116	15	2,680	709	1,559	501	545	1,546	7,709
Net	**R0400**	5,548	6	39,924	6,915	670	203	491	125	136	440	54,457
Changes in other technical provisions												
Gross - Direct Business	**R0410**											
Gross - Proportional reinsurance accepted	**R0420**											
Gross - Non- proportional reinsurance accepted	**R0430**											
Reinsurers'share	**R0440**											
Net	**R0500**											
Expenses incurred	**R0550**	2,583	4	8,491	1,541	367	66	697	22	29	290	14,089
Other expenses	**R1200**											0
Total expenses	**R1300**											14,088

All amounts are expressed in $000's

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		US	GB	FR			
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120		62,971	13,555	405			76,931
Gross - Non-proportional reinsurance accepted	R0130			3,049	6,237			9,286
Reinsurers' share	R0140		3,339	13,697	5,479			22,515
Net	R0200		59,632	2,907	1,163			63,702
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220		71,197	12,837	405			84,440
Gross - Non-proportional reinsurance accepted	R0230			2,709	6,225			8,935
Reinsurers' share	R0240		3,437	12,795	5,457			21,689
Net	R0300		67,760	2,752	1,173			71,685
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320		52,595	6,072	206			58,873
Gross - Non-proportional reinsurance accepted	R0330		80	1,352	1,860			3,292
Reinsurers' share	R0340			5,923	1,653			7,576
Net	R0400		52,675	1,501	413			54,589
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers'share	R0440							
Net	R0500							
Expenses incurred	R0550		8,700	4,085	1,334			14,119
Other expenses	R1200							0
Total expenses	R1300							14,118

All amounts are expressed in $000's

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance							Accepted non-proportional reinsurance			Total Non-Life obligation
		Medical expense 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	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**											
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**											
Technical provisions calculated as a sum of BE and RM												
Best estimate												
Premium provisions												
Gross	**R0060**	-486	1	-9,625	-1,476	-1,874	-763	-1,428	-818	-875	-1,927	-19,270
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-7	-29	-1,358	-240	-4,073	-1,928	-2,313	201	146	-1,759	-11,361
Net Best Estimate of Premium Provisions	**R0150**	-478	30	-8,267	-1,236	2,199	1,165	885	-1,019	-1,021	-168	-7,909
Claims provisions												
Gross	**R0160**	1,684	79	18,381	3,244	7,164	957	5,428	1,116	528	7,314	45,895
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**		61	24	4	5,629	756	4,258	874	415	5,744	17,766
Net Best Estimate of Claims Provisions	**R0250**	1,684	18	18,357	3,239	1,534	201	1,170	241	113	1,570	28,129
Total Best estimate - gross	**R0260**	1,198	80	8,756	1,768	5,290	195	3,999	298	-347	5,388	26,625
Total Best estimate - net	**R0270**	1,205	49	10,091	2,004	3,734	1,366	2,055	-778	-908	1,403	20,220
Risk margin	**R0280**		2	3,001	435	132	25	95	69	96	216	4,072
Amount of the transitional on Technical Provisions												
Technical Provisions calculated as a whole	**R0290**											
Best estimate	**R0300**											
Risk margin	**R0310**											
Technical provisions - total												
Technical provisions - total	**R0320**	1,198	82	11,757	2,203	5,421	220	4,095	367	-251	5,604	30,697
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	-7	31	-1,334	-236	1,556	-1,172	1,945	1,075	561	3,985	6,405
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	1,205	51	13,091	2,439	3,865	1,392	2,150	-709	-812	1,619	24,291

All amounts are expressed in $000's

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	Underwriting year [UWY]

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

	Year		1	2	3	4	5	6	7	8	9	10 & +
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											
N-9	**R0160**											
N-8	**R0170**											
N-7	**R0180**											
N-6	**R0190**		8,795,997	10,833,522	205,617	-21,437	-14,479	61,754				
N-5	**R0200**		717,679	22,039,794	1,038,831	619,067	840,376					
N-4	**R0210**	192,956	27,223,936	30,622,642	2,979,478	673,772						
N-3	**R0220**	73,731	15,383,010	15,737,367	1,796,948							
N-2	**R0230**	3,643,476	29,014,845	24,580,554								
N-1	**R0240**	6,155,600	31,349,675									
N	**R0250**	2,740,112										

		In Current year	Sum of years (cumulative)
		C0170	**C0180**
	R0100		
	R0160		
	R0170		
	R0180		
	R0190	61,754	19,860,974
	R0200	840,376	25,255,747
	R0210	673,772	61,692,784
	R0220	1,796,948	32,991,056
	R0230	24,580,554	57,238,876
	R0240	31,349,675	37,505,275
	R0250	2,740,112	2,740,112
Total	**R0260**	62,043,191	237,284,825

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year		1	2	3	4	5	6	7	8	9	10 & +
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											
N-9	**R0160**											
N-8	**R0170**											
N-7	**R0180**											
N-6	**R0190**	58,048	5,259,140	555,859			71,954	-2,951				
N-5	**R0200**	736,666	3,327,365	2,874,008	1,555,543	1,461,779	407,455					
N-4	**R0210**	1,516,906	20,857,858	5,935,749	2,274,214	1,193,623						
N-3	**R0220**	2,695,090	15,973,398	3,068,172	1,020,185							
N-2	**R0230**	9,522,940	27,831,725	20,000,293								
N-1	**R0240**	8,385,940	12,737,851									
N	**R0250**	10,548,335										

		Year end (discounted
		C0360
	R0100	
	R0160	
	R0170	
	R0180	
	R0190	-2,900
	R0200	400,410
	R0210	1,172,984
	R0220	1,002,545
	R0230	19,654,469
	R0240	12,517,602
	R0250	10,365,944
Total	**R0260**	45,111,054

All amounts are expressed in $000's

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	10,000	10,000			
Share premium account related to ordinary share capital	R0030	50,386	50,386			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	-9,437	-9,437			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	1,423				1,423
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	52,372	50,949			1,423
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	52,372	50,949			1,423
Total available own funds to meet the MCR	R0510	50,949	50,949			
Total eligible own funds to meet the SCR	R0540	52,372	50,949			1,423
Total eligible own funds to meet the MCR	R0550	50,949	50,949			
SCR	R0580	39,767				
MCR	R0600	9,942				
Ratio of Eligible own funds to SCR	R0620	1				
Ratio of Eligible own funds to MCR	R0640	5				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	52,372
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	61,809
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	-9,437
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	

All amounts are expressed in $000's

Annex I
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	22,927		
Counterparty default risk	R0020	729		
Life underwriting risk	R0030			
Health underwriting risk	R0040	1,294		
Non-life underwriting risk	R0050	30,008		
Diversification	R0060	-12,322		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	42,636		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	2,812
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-5,681
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	39,767
Capital add-on already set	R0210	
Solvency capital requirement	R0220	39,767
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

All amounts are expressed in $000's

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	8,059

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	1,205	297
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040	49	14
Motor vehicle liability insurance and proportional reinsurance	R0050	10,091	49,795
Other motor insurance and proportional reinsurance	R0060	2,004	8,787
Marine, aviation and transport insurance and proportional reinsurance	R0070	3,734	1,436
Fire and other damage to property insurance and proportional reinsurance	R0080	1,366	268
General liability insurance and proportional reinsurance	R0090	2,055	951
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		296
Non-proportional marine, aviation and transport reinsurance	R0160		163
Non-proportional property reinsurance	R0170	1,403	1,444

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	

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

Overall MCR calculation

		C0070
Linear MCR	R0300	8,059
SCR	R0310	39,767
MCR cap	R0320	17,895
MCR floor	R0330	9,942
Combined MCR	R0340	9,942
Absolute floor of the MCR	R0350	3,941

		C0070
Minimum Capital Requirement	R0400	9,942