FIDELIS INSURANCE IRELAND DESIGNATED ACTIVITY COMPANY

Solvency and Financial Condition Report

For the period ended 31 December 2018

CONTENTS

I. EXECUTIVE SUMMARY

Fidelis Insurance Ireland Designated Activity Company ("FIID" or "the Company") presents its first Solvency and Financial Condition Report ("SFCR") for the year ended 31 December 2018. The SFCR covers the Company's Business and Performance, System of Governance, Risk Profile, Valuation for Solvency Purposes, and Capital Management. The report details FIID's risk profile and its solvency and capital needs, and examines how the Company's governance framework and risk management processes support it in identifying, monitoring, and assessing these needs.

A copy of this report is available on the Company's website: http://www.fidelisinsurance.com/investors.

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

BUSINESS AND PERFORMANCE

FIID was incorporated on 27 December 2017 and received authorisation from the Central Bank of Ireland ("CBI") to underwrite business on 22 October 2018. FIID is a 100% directly owned subsidiary of Fidelis European Holdings Limited (UK) ("FEHL") and is part of the Fidelis Group of companies ("the Group"), ultimately owned by Fidelis Insurance Holdings Limited ("FIHL"). The Group is supervised by the Bermuda Monetary Authority.

The Company was set up as part of the Group's Brexit contingency plan to write non-UK European Economic Area ("EEA") insurance risks. The Company plans to write a mix of specialty and bespoke classes of general insurance on a direct basis or through Managing General Agent ("MGA"). Following a High Court hearing on 27 March 2019, FUL was sanctioned to transfer non-UK EEA insurance policies to FIID via a Part VII transfer under the Financial Services and Markets Act 2000. The legal effective transfer took place on 29 March 2019.

The Group also comprises Fidelis Insurance Bermuda Limited ("FIBL"), Fidelis Underwriting Limited ("FUL") and Fidelis Marketing Limited ("FML"), along with MGA incubator Pine Walk Capital Limited ("Pine Walk"). As part of the Group's strategy to sponsor bespoke underwriting products, FIHL has established four MGAs, all managed by Pine Walk:

MGA	Coverage
Radius Specialty Limited	Provides bespoke coverage in specialist reinsurance lines
Firestone Surety Limited (named Oakside Surety Limited 25 June 2018)	Focuses on small and medium-sized enterprises within the surety market
Aware Specialty Limited	Focuses on mortgage indemnity insurance
Kersey Specialty Limited	Provides capacity to the upstream energy subscription market insurance

FIID did not write any insurance or reinsurance business for the year-ended 31 December 2018. Underwriting operations commenced on 1 January 2019. FIID's investment return was $299 thousand for the year-ended 31 December 2018.

SYSTEM OF GOVERNANCE

The Group has implemented a simple yet effective system of corporate governance in a way which ensures that enterprise risk management is maintained at a high standard and that the business is operating in an efficient and effective manner. The FIID Board aligns its system of corporate governance with that of the Group where appropriate.

FIID is governed by its Board of Directors and two sub-committees of the Board: the Audit Committee and the Risk & Capital Committee. The FIID Board is ultimately responsible for ensuring that the principles of good governance are observed.

FIID has an Internal Control and Risk Management Framework and employs the “Three Lines of Defence” model to manage risk. The integration of the risk management process, business strategy, business planning, and capital management is defined through FIID’s approach to its Own Risk and Solvency Assessment (“ORSA”). Both the management team and the Board are fully engaged with the ORSA process, and use it as a tool to help deepen their understanding of the business, better understand the risks and opportunities facing it and to refine and focus FIID’s strategic thinking and priorities.

RISK PROFILE

The Company is exposed to risks from several sources. These include non-life underwriting risk, market risk, credit risk, liquidity risk, strategic risk and emerging risk. Each of these risk areas is described in more detail in section C.

Underwriting risk will be a material component of FIID’s risk profile and is primarily driven by man-made catastrophe risk. All major underwriting risks, including man-made catastrophe risk are captured within FIID’s Realistic Disaster Scenario (“RDS”) framework and are adequately reflected within the Standard Formula premium and catastrophe modules.

The Company has entered into an intra-group reinsurance agreement with the Group’s Bermuda carrier, FIBL, to maintain its risk profile in line with FIID’s approved risk appetite.

Investment risk is not considered to be a material component of FIID’s risk profile since FIID’s portfolio largely consists of government and corporate bonds.

The level of FIID’s capital is adequate for its risk profile under both normal and stressed conditions and as evidenced by the stress and scenario testing under the ORSA, FIID has sufficient capital to withstand a 1-in-200-year loss event.

At the time of writing this report the United Kingdom (“UK”) had not exited the European Union (“EU”) and its future relationship with the EU/European Economic Area (“EEA”) had not been agreed. Whilst the unresolved nature of their future relationship creates risk and uncertainty, the Fidelis Group is committed to its strategy of using FIID to underwrite non-UK EU/EEA Bespoke and Specialty insurance policies.

VALUATION FOR SOLVENCY PURPOSES

An analysis of the valuation of assets and liabilities on a Solvency II basis is shown in Section D. As used in this report, references to "GAAP" refer to the Irish accounting standards and regulations under which the financial statements have been prepared.

As at 31 December 2018 there were no bound insurance contracts and therefore no technical provisions. All investments are measured at fair value and so there are no valuation differences between Irish GAAP and Solvency II.

CAPITAL MANAGEMENT

FIID’s capital management objective is to ensure that the Company maintains an appropriate level of capital, in terms of both quantity and quality, at all times, in line with its risk appetite and capital requirements, and that it fulfils its obligations to measure, monitor, manage and report its capital position, both required and available, internally and externally as required, in accordance with relevant regulatory requirements.

There were no differences between equity as shown in the financial statements and the Solvency II excess of assets over liabilities as at 31 December 2018.

The Company's Solvency II Own Funds were as follows as at 31 December 2018:

$000's	Tier 1	Tier 2	Tier 3	Total
Called up share capital	1,000	-	-	1,000
Capital Contribution	36,000	-	-	36,000
Deferred tax asset	-	-	99	99
Reconciliation reserve	(1,048)	-	-	(1,048)
Balance as at 31 December 2018	**35,952**	**-**	**99**	**36,051**

See section E of this report for further details on the Company's Solvency II Own Funds.

The Solvency Capital Requirement ("SCR"), Minimum Capital Requirement ("MCR"), Solvency II Own Funds and Ratio of Eligible Own Funds to SCR were as follows as at 31 December 2018:

$000's	2018
SCR	19,802
MCR	4,951
Solvency II eligible Own Funds	36,051
Ratio of Eligible Own Funds to SCR	182%

A. BUSINESS AND PERFORMANCE

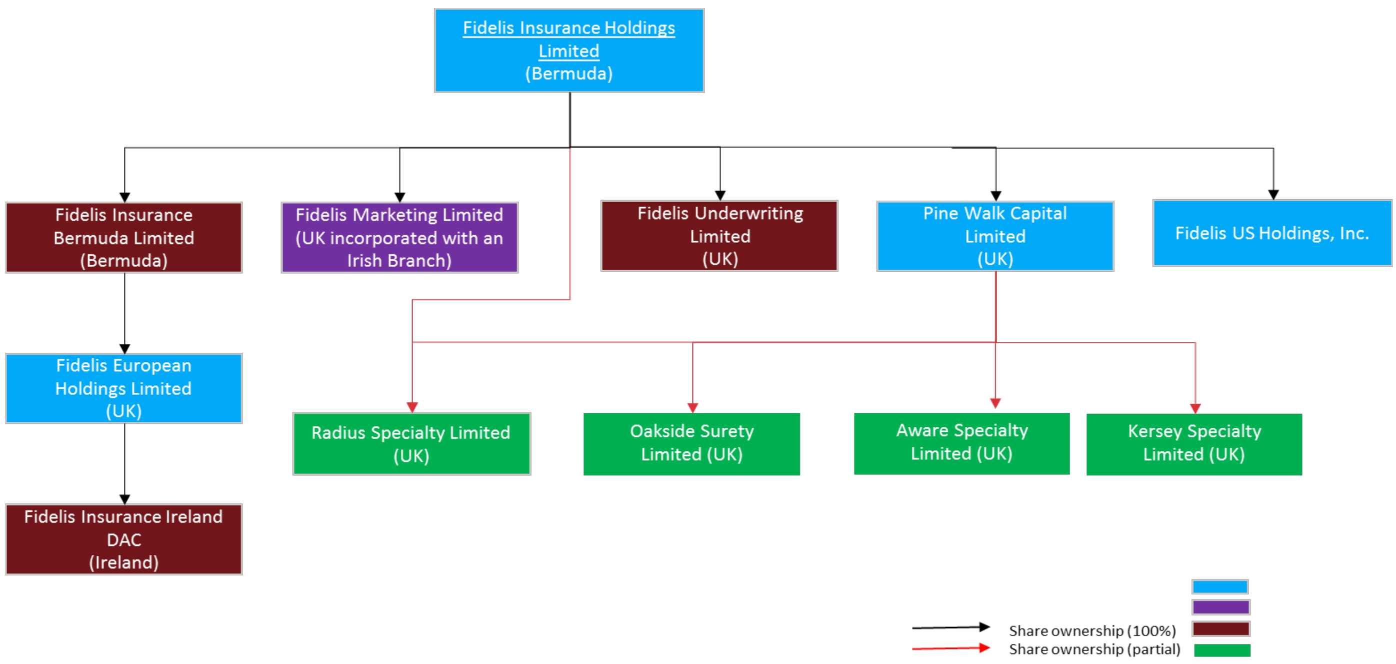
A1. BUSINESS

A1.1 Information regarding the business of the Company

FIID was incorporated on 27 December 2017 and received full authorisation from the CBI to underwrite business on 22 October 2018. FIID is a 100% directly owned subsidiary of FEHL, which is ultimately owned by FIHL, and is part of the Fidelis Group.

Registered office:	70 Sir John Rogerson's Quay, Grand Canal Dock, Dublin 2, Ireland.
Supervisory authorities:	Central Bank of Ireland, PO Box 559, New Wapping Street, North Wall Quay, Dublin 1, Ireland.
External Auditors:	KPMG Ireland ("KPMG"), 1 Harbourmaster Place, IFSC, Dublin 1, Ireland.

The following diagram provides details of the Group structure as at 31 December 2018:



The Company did not underwrite business during the year ended 31 December 2018. Following the High Court hearing on 27 March 2019, FUL was sanctioned to transfer non-UK EEA insurance policies to FIID via a Part VII transfer under the Financial Services and Markets Act 2000. The legal effective transfer took place on 29 March 2019.

A2. UNDERWRITING PERFORMANCE

A2.1 Overview of underwriting performance

This section is not applicable for FIID since the Company had not commenced writing insurance business.

A2.2 Underwriting performance by Solvency II line of business for the year ended 31 December 2018

This section is not applicable for FIID since the Company had not commenced writing insurance business.

A3. INVESTMENT PERFORMANCE

A3.1 Income and expenses from investments by asset class – Irish GAAP

The following table presents the components of investment return by asset class during the year-ended 31 December 2018:

$000's	Investment income	Net realised gains / (losses)	Change in net unrealised gains / (losses)	Investment return
Government bonds	68	-	213	**281**
Cash and deposits	18	-	-	**18**
Investment return	**86**	**-**	**213**	**299**

A3.2 Gains and losses recognised directly in equity

The Company accounts for all investments at fair value with gains and losses through the income statement. During the period, all gains or losses were recognised in the income statement and no gains or losses were recognised directly in equity.

A3.3 Investments in securitisation

FIID did not hold any investments in securitisation as at year end 31 December 2018.

A4. PERFORMANCE OF OTHER ACTIVITIES

Other material expenses comprise the following:

$000's	2018
Employment costs	605
Non-employment costs	398
IT costs	70
Professional and consulting fees	247
Investment expenses	10
Total investment and administrative expenses	**1,330**

The Company does not have any direct employees. All of the Dublin based staff are employed by the Irish branch of FML. Administrative expenses for FIID are predominantly a result of recharges from other Group companies for providing physical infrastructure, staff and associated support services.

A5. OTHER INFORMATION REGARDING THE BUSINESS

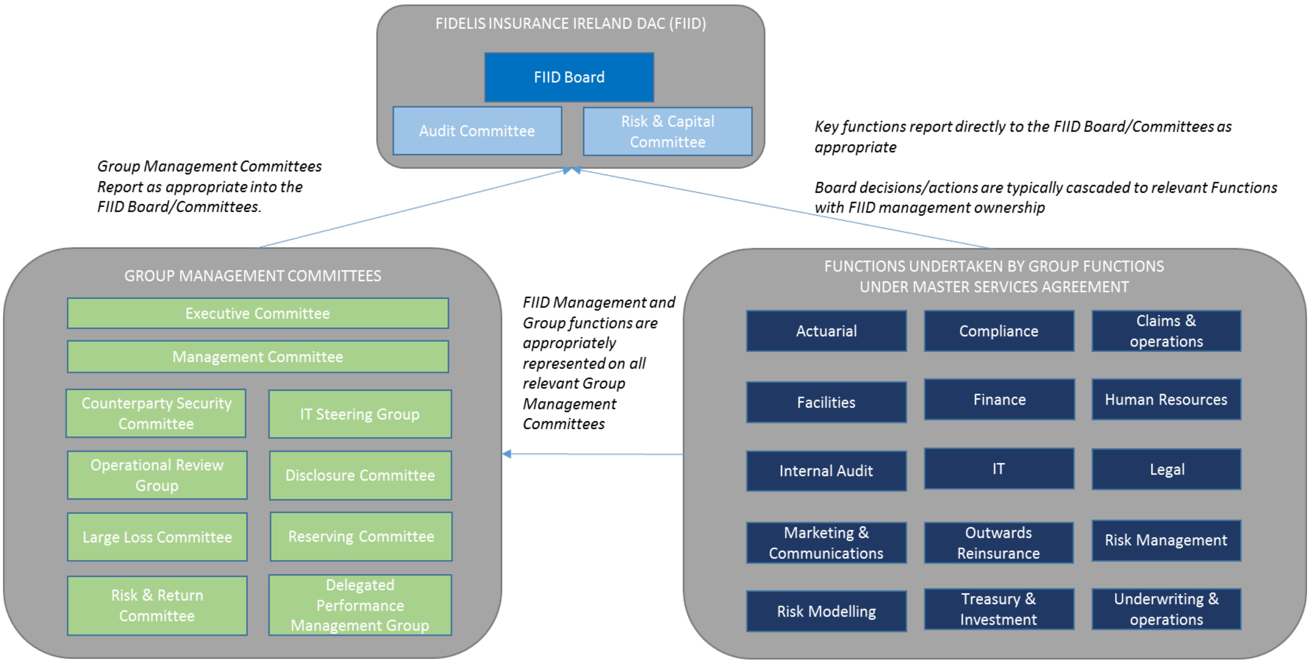
FIID has a commitment to its communities, which it recognises includes environmental responsibilities. The goal is to minimise its environmental impact whilst adhering to other company principles and Company profile. In line with the Group's Carbon Positivity Policy, the Group measures its carbon emissions and purchases 125% in equivalent carbon credits. Through the development of best practices in the business, the Company aims to use no more consumables than are necessary and recycle the maximum of those it does use. The Company also believes that embedding environmental awareness throughout the organisation will be best achieved through a continuous programme of employee engagement.

B. SYSTEM OF GOVERNANCE

B1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

B1.1 Role and responsibilities of the administrative, management or supervisory body and key functions

FIID has implemented a simple yet effective system of corporate governance in a way which ensures the enterprise risk management is maintained at a high standard and that the business is operating in an efficient and effective manner. The FIID Board aligns its system of corporate governance with that of the Group where applicable. The diagram below presents an overview of FIID's governance structures:



The table below summarises the role of each of the Boards and entity committees that make up FIID's System of Governance as at 31 December 2018:

Board / Committee	***INEDS***	***Exec***	***Role***	***Links into boards***
Board	3 including Chair	2	Considering and deciding on FIID's strategy and matters affecting FIID, including matters referred for approval by FIHL committees, FIID committees or Group management committees	Considers, challenges and is the sole point of FIID approval. Matters cascaded from the FIHL Board may be approved, approved with subjectivities, amended or rejected by the FIID Board or referred back to the FIHL Board
Audit Committee	3	2	Independent review and challenge of financial and regulatory reporting and the internal control environment, oversight of the internal audit function and external auditors	The Committee Chair reports into the FIID Board on the outcome of the audit committee. The Group General Counsel ensures any matters referred by the FIHL Board are so referred
Risk & Capital Committee	3	2	To advise the FIID Board in respect of risk and capital management and oversight of risk management and tolerances	The Committee Chair reports into the FIID Board. The Group CRO ensures any matters referred by the FIHL Board are also referred to the FIID Board

FIID management are represented on all Group management committees. The table below summarises the role of the Group management committees, their role and how they interact with other parts of the system of governance as at 31 December 2018:

Management Committee	Members	Role	Links into FIID Boards/ Committees
Executive Committee	Group CEO & CUO (C), Group CFO/FIBL CEO, FIID CEO/CUO, FUL CEO, Group COO & General Counsel, Group CRO, FUL CUO/Executive Head of Bespoke and Specialty, Executive Head of Partnerships, Executive Head of Reinsurance/FIBL CUO, Head of Strategic Relationships	Review the Group's strategy, operations and business plan, assess and action any opportunities that are in the best interest of the Fidelis Group and make proposals to the FIHL Board and FIHL Committees relating to the strategy, operations and conduct of the business of the Fidelis Group and ensure the operations of the Group are within the strategy and business plans approved by the FIHL Board.	Matters requiring Board consideration or approval are referred to the FIID Board by the FIID CEO
Management Committee	Group COO & General Counsel (C), Group CRO, Group CFO/ FIBL CEO, FIID CEO/CUO, FUL CEO	Co-ordinate and execute the implementation of the strategy and business plan as decided by Group and subsidiary Boards and the Executive Committee; report on and refer to the Executive Committee all items requiring strategic oversight or opinion	Matters requiring Board consideration or approval are referred to the FIID Board by the FIID CEO
Risk & Return Committee	Group CRO (C), Group CFO/FIBL CEO, Group CIO, Group Chief Actuary, Group Financial Controller / FUL CFO, FIID CEO/CUO, Head of Catastrophe Modelling, FIBL CUO/ Executive Head of Reinsurance, FUL CUO/ Executive Head of Bespoke and Specialty, Executive Head of Partnerships, FIID CRO/Group Risk & Capital Manager. Non-Member Attendee: Group COO & General Counsel, FIID CFO, FIID Head of Compliance	Oversight of risk appetite, tolerances and preferences, risk methodology, capital and solvency appetite, capital methodology, risk return optimisation and risk and capital monitoring	Matters requiring FIID Board consideration or approval are referred by the FIID CRO to the FIID Board in quarterly Board reporting
Counterparty Security Committee	Head of Bermuda Operations (C), FUL CEO, Group CFO/FIBL CEO, FIID CEO/CUO, FUL CUO/ Executive Head of Bespoke, Executive Head of Partnerships, FIBL CUO/ Executive Head of Reinsurance, Group Head of Claims & Head of Ireland Operations, Chairman of Specialised Risks, FIID CEO/CUO	Oversee development and adherence to outwards reinsurer and broker counterparty exposure tolerances	Matters requiring FIID Board consideration or approval are referred by the FIID CEO/CUO to the FIID Board in quarterly Board reporting
IT Steering Group	Group CTO (C), Group CHRO, Head of Bermuda Operations, Group Chief Actuary, Group CRO, Group Financial Controller / FUL CFO, Head of Reserving, FIID CEO/CUO, FIID CRO/Group Risk & Capital Manager, FUL Underwriter, FIBL Underwriter. Non-Member Attendee: Group COO & General Counsel.	A forum to consider the Technology Strategy of the Group and to approve and track the progress and performance of IT projects and change requests.	Matters requiring FIID Board consideration or approval are referred by the FIID CEO to the FIID Board.
Operational Review Group	Group Head of Claims & Head of Ireland Operations (C), Head of Planning & Reporting, UK Head of Operations, Group Compliance Officer, Controller - Investment Accounting, Group CTO, Legal Counsel, Group HR Manager, Head of Catastrophe Modelling, Head of Infrastructure, FIID Head of Compliance, Pricing Actuary, FIID CFO, Head of Reserving	Challenges, approves or declines New Business Initiatives and Delegated Underwriting/Claims Authorities from an operational view point, after in principle underwriting approval has been received	Matters requiring FIID Board consideration or approval are referred by the FIID CFO to the FIID Board
Delegated Performance Management Committee	Chairman of Specialised Risks (C), FUL CUO/Executive Head of Bespoke and Specialty, Head of UK Operations, FIID CEO/CUO, Group Head of Claims and FIID Head of Operations, Group Compliance Officer, Head of Reserving, Pricing Actuary, Head of Catastrophe Modelling, Group Chief Actuary Non-Member Attendees: Group CRO, FIID CRO/Risk & Capital Manager Group COO & Group General Counsel	Ongoing monitoring of performance and management of conduct risk concerning delegated authorities, as per the Group Delegated Authority Procedure and the Group Conduct Risk Framework	Matters requiring FIID Board consideration or approval are referred by the FIID CUO to the FIID Board
Disclosure Committee	Group COO & General Counsel (C), Group CRO, Group Financial Controller / FUL CFO, Group Chief Actuary, Group CFO/ FIBL CEO, FIID CEO/CUO, Group CIO, FUL CEO, FIID CFO	Review disclosures around Fidelis' financial condition and results of operations, ad hoc disclosures such as press releases and conference presentations and oversee the design and effectiveness of the Group's disclosure controls	While the Disclosure Committee will not review all regulatory filings, it will review material regulatory filings which will be made available in the public domain. The Disclosure Committee will review such disclosures and recommend their inclusion in the FIID Board materials for consideration and approval. The FIID CFO (as appropriate) will bring the filing to the FIID Board in the relevant Board papers.
Large Loss Committee	Group Chief Actuary, Group Head of Claims/FIID Claims &Operations, Group CFO/FIBL CEO, Group Financial Controller/UK CFO, Head of Bermuda Operations, Head of UK Operations, Head of Reserving	Monitors the developments in relation to large or complex insurance/ reinsurance claims and sets case specific loss reserves exceeding the authorities of the Group Head of Claims	Matters requiring FIID Board consideration or approval are referred by the Group Chief Actuary/ FIID's Head of Actuarial Function (as appropriate) to the FIID Board
Reserving Committee	Group Chief Actuary, Group CFO/FIBL CEO, Group Head of Claims, Group Financial Controller/FUL CFO, Head of Reserving, FIID CFO	Considers and opines on portfolio level reserves and IBNR for recommendation to the relevant Boards	Matters requiring FIID Board consideration or approval are referred by the Group Chief Actuary/ FIID's Head of Actuarial Function to the FIID Board in quarterly Board reporting

The Company shares key control functions with the Group, namely the Group Head of Internal Audit ("HIA") and the Group Chief Actuary, who each report into the FIID Board and/or Committees as appropriate. The internal outsource to the Group-wide functions ensures appropriate seniority of the holders of the key control functions. When engaged on behalf of FIID, these individuals report to FIID's Board. The independence of the key control function holders is assured through independence in reporting lines. All key control function holders report into either Group level senior management or, in the case of the Group HIA, to the Chair of the Audit Committee who is an INED.

B1.2 Material changes in the system of governance over the reporting period

This is the Company's first year of operation, therfore there are no changes to note.

B1.3 Remuneration policy for the administrative, management or supervisory body and employees

B1.3.1 Principles of the remuneration policy

The Compensation Framework is recommended for approval by the Group Compensation Committee to the FIHL Board. After approval by the FIHL Board the relevant details are reported to the subsidiary boards including FIID's Board.

The Company's remuneration approach reflects the intent to align shareholder and employee interests by attracting and retaining employees of the highest calibre and motivating them to drive the Company's business plan and build shareholder value. Fixed compensation is based on market norms for the position, and total compensation aims to provide above market level compensation for superior performance. Variable compensation programs are provided to all employees and include a companywide bonus plan and a Restricted Share Unit ("RSU") plan.

INEDs receive a quarterly directors' fee. They are not eligible for additional non-cash benefits or variable compensation.

In addition to the above, certain senior staff are required to commit, by way of an annual declaration, that they have not and will not enter into any personal hedging strategies in relation to their variable remuneration or to otherwise undermine their risk alignment with FIID/the Fidelis Group in their variable remuneration.

B1.3.2 Information on individual and collective performance criteria on which variable components of remuneration is based

The bonus plan performance criteria are comprised of both personal performance and company performance and the bonus is paid annually. Personal performance is evaluated based on achievement of specific objectives and demonstration of cultural values and management responsibilities (where applicable). Company performance is measured against a pre-established target for the annual return on equity ("ROE") for the Group. The RSUs contain both service and performance conditions. Generally, half of the RSU grants vest based on service after a three-year period and half of the RSUs vest based on certain performance conditions based on achievement of pre-established targets for the three-year average ROE for the Group.

In addition to the RSUs the Company operates management warrants which are also driven by ROE performance and were issued to the initial group of Fidelis employees including certain FIID Executive Directors.

B1.3.3 Supplementary pension or early retirement schemes for the members of the administrative, management or supervisory body and other key function holders

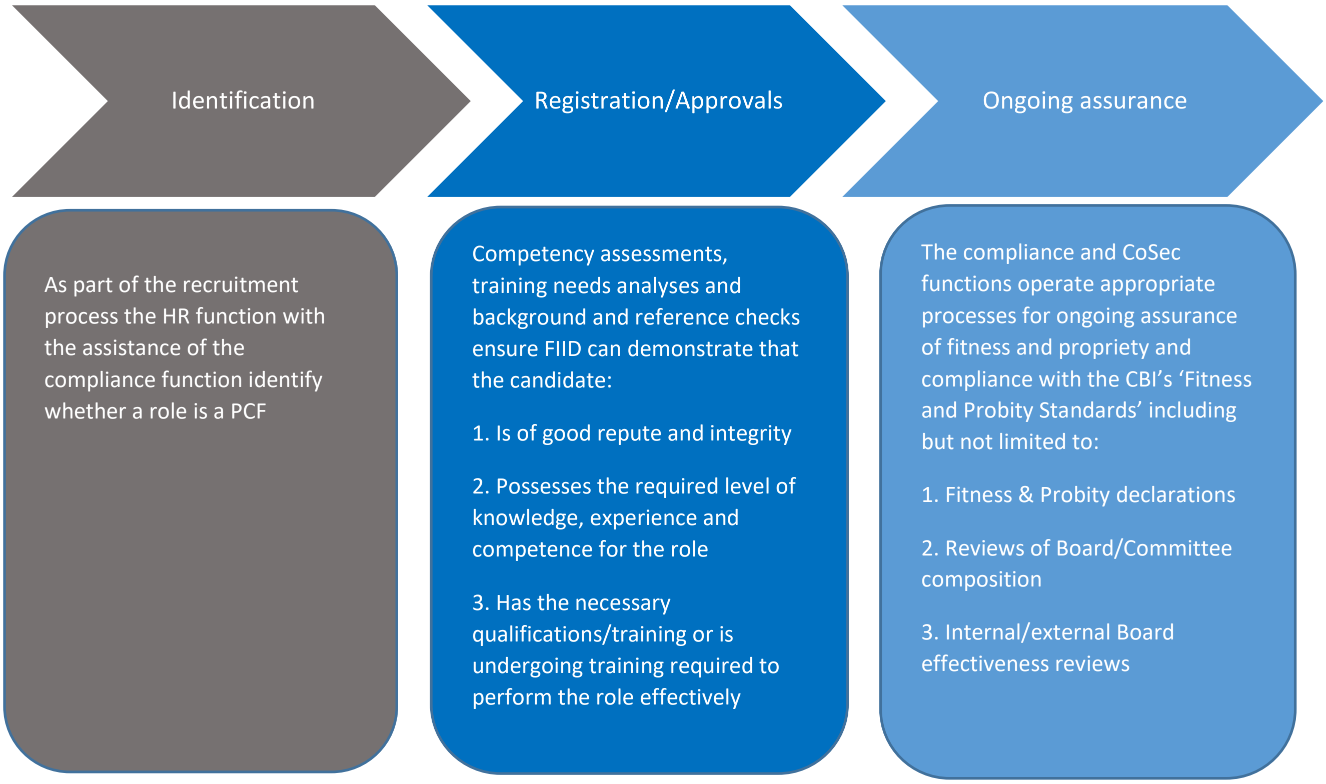
The Company's remuneration policy does not include any supplementary pension or early retirement schemes for members of the Board or other key function holders. The Company offers all staff the choice of making contributions into a defined contribution pension scheme, subject to applicable pension rules.

B1.4 Material transactions with the shareholder, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body

There were no material transactions with the shareholder other than the proceeds of the share capital issue of $1 million and a capital contribution of $36 million.

B2. FIT AND PROPER REQUIREMENTS

FIID operates within a Group Regulated Personnel Procedure which governs the recruitment, approvals, induction, training and ongoing assessment of the Fitness and Probity for those individuals performing Controlled Functions (including Pre-Approval Controlled Functions (“PCF”)).



B3. RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT

B3.1 Risk management system

FIID operates the Group Risk, Capital and Solvency Management Framework (“the Framework”) leveraging Group capabilities and governance structures whilst maintaining FIID local accountability with the FIID Board.

The approved risk management framework is designed to identify, measure, manage and report on the exposures that FIID faces.

1) Identification – the risk exposures that could materially impact FIID in achieving its objectives are identified through the quarterly risk review process with each of the risk owners and the emerging risk process.
2) Measurement – these risks are quantified and ranked in the operational risk register in terms of the impact that they would have on FIID if the risk were to materialise. With respect to the aggregation of the underwriting exposures, these are monitored on at least a quarterly basis to ensure that they remain within the FIID Board’s approved risk appetite levels.

3) Management - where a risk exposure has exceeded the FIID Board's risk appetite or the risk levels are more generally considered to be higher than desirable, management identifies suitable actions to either transfer, avoid or mitigate the risk level.

4) Reporting – a summary of all key material risk exposures is reported to the FIID Board on a quarterly basis. Where there has been an exceedance in the FIID Board's risk appetite, the report details management's plans to transfer, avoid or mitigate the risk, where appropriate.

The Framework is founded upon a clear understanding and articulation of the risk universe to which FIID is, or could be, exposed. This universe encompasses those intrinsic risks that are fundamental to FIID's business (such as underwriting and market risk), operational risks (that may crystallize either independently of, or be correlated with intrinsic risk) and those more subjective yet nevertheless important sources of risk such as emerging risk.

The classification of sub categories of risk into those "core" risks that are actively pursued to optimise FIID's risk adjusted return, and those "non-core" risks that are a necessary consequence of the business but have little or no potential to generate a reward, is reflected throughout the framework.

For each category of risk, the FIID Board has an established risk appetite comprising qualitative statements supported by specific tolerances (expressed in quantitative terms where appropriate) against which risk exposures are monitored and managed. This appetite is adjusted over the business cycle in response to market conditions and the strategic and tactical drivers over the horizon of the business plan.

Monitoring and reporting of the risk, capital and solvency position is performed on both an actual and, where meaningful prospective basis with a frequency that is proportionate to the materiality and volatility of risk presented by each category of risk defined in the universe, and reported quarterly as part of the CRO report.

FIID has embedded the principles of effective risk management and the ORSA in its core business processes - the forward-looking assessment of risk, capital and solvency adequacy being integrated into the strategic decision making and continuous monitoring processes.

The significant quantifiable risks that FIID will face are set out below:

Risk Category	Risk Description
Non-life underwriting risk	This risk arises from two sources – adverse claims development (reserve risk) and underwriting (premium risk).
Market risk	The risk that the value of the Company's assets falls or that there are adverse currency swings
Credit risk	The risk of default of one of FIID's reinsurers
Operational risk	The risk of losses resulting from inadequate or failed people, processes, systems or from external events

Each of these risks has been captured in the overall solvency needs of FIID through the calculation of the SCR using the Solvency II Standard Formula, the setting and monitoring of risk appetite tolerances for each of the risks, and consideration of how the risk exposures are likely to change over the planning period in both normal and stressed environments. As at 31 December 2018 there was no underwriting risk for FIID as there was no bound business in the year. However, the Solvency II Standard Formula is intended to be calibrated to ensure all quantifiable risks to which the entity is exposed to are captured covering all existing business and all the business planned to be written in the next 12 months. Therefore the Company calculates underwriting risk taking into account the business it plans to write in 2019.

Other than liquidity risk, which is not explicitly captured by the standard formula SCR, there are no identified quantifiable material risks faced by FIID that are not currently considered to be included in the SCR as calculated by the Standard Formula. The details as to how the Company monitors and mitigates against liquidity risk are detailed in section C1.4.

i. Governance and structure

The FIID Board retains sole authority for setting the risk and capital appetite for the Company within the context of the overall Group and taking into account any recommendations from FIID Board committees and management.

The Board receives comprehensive risk and capital reporting on at least a quarterly basis and at such other times deemed required due to an actual or projected change in the Company's risk, capital or solvency profile. The Risk and Capital Committee ("RCC"), a committee of the Board, supports the Board in ensuring the continued effectiveness and appropriateness of the framework - reviewing, challenging and making recommendations upon its outputs.

The RCC and Board are supported by management's Risk and Return Committee ("RRC") in the day-to-day maintenance of the framework and its underlying components. It meets approximately every three weeks, which affords an appropriate level of review and challenge. A summary of the RRC work in the period and any issues and recommendations for Board attention are reported through the CRO report to the RCC.

The Board and committees are supported by the risk management, actuarial, compliance, legal, and audit functions.

ii. Core processes

The risk, capital and solvency management framework is delivered through a series of business processes operated with a frequency designed to provide on-going management of the Company's changing risk profile, capital and solvency position on both a current and projected basis that is proportionate, whilst addressing stated regulatory reporting requirements.

The core elements of the process include:

- **Strategic Planning**

The annual strategic planning process projections are based on a range of potential economic and market scenarios.

The review revisits and restates the Company's strategic risk and return aims to evaluate the prospective performance of the business model.

The strategy is reviewed annually by the Board.

- **Business Planning**

The business planning process incorporates a forward-looking projection of the risk, capital and solvency profile of the Company and associated strategies.

It includes the assessment of a range of potential business scenarios supported by the use of stress testing, to test forecast capital adequacy, volatility and viability and inform capital and liquidity management strategies and associated contingency plans.

The proposed plan is subject to Board challenge and approval and formalises the risk / return objectives, risk and capital appetite, underwriting, and investment and capital management plans for the coming year against which performance is assessed.

The process involves extensive input from risk management, the actuarial function, and the RRC, with a key output being the CRO's Review of the Business Plan covering a series of summary assertions relating to risk, capital and solvency matters noting any exceptions or recommending changes to the risk, capital and solvency appetite.

The plan is typically reviewed and approved by the Board in the fourth quarter and updated in the first quarter of the following year with the benefit of the year-end and January renewals and forms the core of the annual ORSA process.

iii. Quarterly risk, capital and solvency review The FIID CRO provides the RCC with a full review of the risks facing the Company at least quarterly and at any other time as required in the interim in response to a material actual or proposed change in its risk, capital and solvency profile.

The review provides an analysis of the risk, capital and solvency profile of the Company against the Board approved risk appetites as well as considering a forward-looking view of the risks that it faces. It therefore addresses the core elements of the ORSA on a quarterly basis.

B3.2 Own risk and solvency assessment

The ORSA is the forward-looking process by which the Board can monitor the risks to the business and assess the impact of those risks on the capital adequacy of the business. The Board uses the ORSA to inform its future business decisions and to ensure that any risk remaining after controls have been applied is within the parameters of FIID's risk appetite.

FIID has developed and implemented its ORSA process on an ongoing basis throughout 2018. This has been undertaken by embedding relevant ORSA processes into the quarterly business as usual internal reporting. This information includes monitoring the level of risk faced against the Board approved risk appetite, as well as strategic developments and their potential impact on the required level of capital. This all forms a key part of the ORSA related internal documentation and the quarterly reporting to the FIID Board.

The formal ORSA process was conducted twice during 2018 as part of the process to receive authorisation from the CBI to transact insurance business. Going forward the formal ORSA process will be undertaken as part of the business planning process.

Following the completion of each ORSA process, the results are documented and reported to the FIID Board for review and approval. In line with EIOPA guidance, a supervisory report of the results of this assessment was provided to the CBI within two weeks of the Board approval.

B4. INTERNAL CONTROL SYSTEM

B4.1 Description of internal control system

Significant internal policies are approved at Group level by the FIHL Board, with subsequent approval by the FIID Board who may either approve the policy, approve subject to amendments, or decline to approve the policy, with a resulting referral back to the FIHL Board for reconsideration. Group level policies provide a statement of intent, with internal procedures intended to embed and achieve the policy being driven, owned and approved by senior management.

Internal controls have been adopted in such a way as to ensure that they are aligned with each other and to the business strategy and are subject to a risk-based periodic review cycle. All key internal controls are recorded in the risks and controls register so as to be capable of second line monitoring and third line audits.

B4.2 Implementation of the compliance function

The FIID compliance function is led by the FIID Head of Compliance who reports into the FIID CEO. A summary of the compliance risk management framework is below:

Compliance Strategy

- Group Compliance Policy sets the cultural tone of Fidelis' approach to regulatory compliance
- Compliance Operating Model defines the purpose of the Compliance function
- Three lines of Defence Map shows the split of responsibilities for second line matters between control functions
- Compliance universe from which annual monitoring plan is derived

Compliance Plans

- Compliance Risk Assessment
- Annual Compliance Plan including FIID
- Annual Compliance Monitoring Plan
- Annual Compliance Training Plan for FIID staff and FIID Board training plan

Internal controls

- The FIID Head of Compliance is the risk owner for FIID's key regulatory risks within the Operational Risk Register
- FIID is subject to Compliance Policies and Procedures
- Radar process for tracking future regulatory developments that impact FIID

Monitoring

- Monitoring FIID's compliance in accordance with the Annual Monitoring Plan
- Mixture of recurring and annual monitoring activities including file reviews, MI/Report reviews, staff meetings/interviews, governance reviews, non-voting attendance at Committee meetings, etc.

Reporting

- Quarterly reporting to the FIID board
- Monthly monitoring of events triggering notification to the CBI
- Periodic meetings with the CBI

The compliance function seeks to be a trusted advisor to the business, driving and supporting innovation whilst partnering with the business and regulators to ensure regulatory obligations are met. The compliance function seeks to ensure that FIID’s culture and behaviours put clients’ interests at the heart of its business activities and that FIID acts with integrity in the market.

B5. INTERNAL AUDIT FUNCTION

B5.1 Implementation of the internal audit function

The internal audit department is resourced both internally by the Group Head of Internal Audit (“HIA”) and through a co-source arrangement with Deloitte Touche Tohmatsu Limited (“Deloitte”). The Group HIA has drafted and the FIID Board has approved:

- An audit charter;
- An audit universe;
- A budget for co-source resource;
- A three-year plan for the implementation of financial reporting controls; and
- An audit plan.

The Group HIA drafted the audit universe based on several inputs including the risk and controls register, discussion with management, discussion with the external auditor, KPMG, input from the co-source provider with the overriding factor being the Group HIA’s experience and opinion to ensure the audit universe is independent of management and management's view of risk. The audit plan is reviewed regularly, with any changes deemed necessary by the Group HIA approved by the FIID Audit Committee. The Group HIA, with co-source resource, as agreed by the FIID Audit Committee, will then execute the audit plan.

The internal audit department aims to comply with industry best practice wherever possible. This includes the principles set out by the Institute of Internal Auditors ("IIA"). In 2013 the IIA issued guidance for Effective Internal Audit in the financial services sector. A gap analysis is maintained to identify any areas of non-compliance.

There is a quarterly report issued to the FIID Audit Committee reporting on the progress of the audit plan, specifically:

- Progress of completion of the audit plan;
- Summary of audit work completed in the quarter including reports issued;
- Progress with the clearance of agreed actions;
- Proposed changes to the plan if necessary;
- Budget usage for co-source; and
- Any other matters.

The Group HIA, in conjunction with the business plan to be approved by the Board in each year, presents an annual audit plan, typically in the fourth quarter, for approval by the FIID Board.

B5.2 Independence and objectivity of internal audit

The following key procedures are in place to ensure that internal audit is independent and objective:

- Primary reporting line – The Group HIA has a direct reporting line to the Chair of the FIID Audit Committee;
- Secondary reporting line – The Group HIA's secondary reporting line on a day-to-day basis is to the Group CRO;
- Group HIA compensation – All compensation arrangements for the Group HIA are subject to Group Compensation Committee review and approval, removing any management influence over the Group HIA compensation;
- Audit Committee private session – the FIID Audit Committee, at its option, may request a closed session with the Group HIA at its regularly held meetings. Furthermore, it is compulsory at least annually for the Group HIA to have a closed session with the FIID Audit Committee. This ensures that the Group HIA can relay any serious concerns without management present;
- Agreement of audit reports – the Group HIA is responsible for agreeing and issuing all internal audit reports and being satisfied that any raised actions have been appropriately addressed and closed; and
- Internal audit policy – the approved policy provides for the audit team to have unfettered access to all staff, records and information of the Company as they see fit while conducting audits.

B6. ACTUARIAL FUNCTION

The Group Chief Actuary is the FIID Head of Actuarial Function ("HoAF") and is supported by the Group actuarial function, led by the Group Chief Actuary, which consists of six qualified actuaries, in addition to two actuarial analysts and three catastrophe modelling analysts. The function is also supported by an external consultancy, Dynamo Analytics, who provide actuarial support and peer review. The actuarial team has industry experience across all key functional areas. Key responsibilities include the valuation of the technical provisions and opining on the underwriting policy and reinsurance arrangements.

The HoAF reports to the Board and its Committees. The HoAF is responsible for producing an annual Actuarial Opinion on Technical Provisions to be submitted to the CBI in alongside the Solvency II annual quantitative reporting templates. In addition, the HoAF presents an annual Actuarial Report on Technical Provisions, an opinion on the ORSA, underwriting policy and on the Company's reinsurance adequacy to the Board.

It is the responsibility of the actuarial function to report on each of the above areas, and in addition to this, make recommendations to remediate any deficiencies identified.

The FIID HoAF is responsible for ensuring that there is sufficient independence in the activities undertaken by the actuarial function. Independence is supported by the following factors:

- All actuaries within the function are members of actuarial associations and subject to both professional and technical requirements;
- An external reserve review is carried out at year end providing the Board with an alternative view;
- Key tasks of the function are subject to governance through the Audit Committee, RCC and/or the FIID Board. These committees include all non-executive directors ensuring familiarity and adequate challenge;
- All tasks of the function are subject to internal audit on a regular basis which aids identification and escalation of deficiencies; and
- The FIID HoAF role is an approved position and is subject to approval by the CBI.

B7. OUTSOURCING

FIID operates an Outsourcing Policy and Outsourcing Procedure ("Outsourcing Controls"). This applies to any form of agreement between FIID and an external third party, where the latter performs a (re)insurance activity or undertakes a key function on behalf of FIID, which FIID would otherwise perform itself. An outsourced service is regarded as critical or important if a defect or failure in its performance would have a material, negative impact on:

1. The quality and continuity of providing core services to the policyholders;
2. FIID's continuing compliance with the conditions and obligations of its authorisation;
3. FIID's ability to comply with other regulatory obligations.

The Outsourcing Controls require appropriate consideration of the operational, regulatory and other risks associated with the activities to be outsourced, both prior to signing the agreement and in monitoring after the agreement is signed.

Where there is critical or important outsourcing arrangement, the outsourcing controls require the following levels of additional scrutiny:

<u>Prior to executing the arrangement</u>

- Enhanced due diligence
- Minimum contractual requirements
- FIID Board approval of the outsourcing arrangement
- Parent Board approval if the outsourcing arrangement is critical for the Fidelis Group as a whole
- Notification to relevant regulators

<u>After executing the agreement</u>

- Frequent and rigorous monitoring by the function owner of the outsourcing relationship
- Frequent audit requirements
- Quarterly Board reporting by the FIID Head of Compliance
- More stringent renewal requirements

FIID currently outsources the following critical functions listed below:

Function	Location of outsourced service provider	Rationale for outsourcing	Function responsible for oversight
Investment Custodian/ Administrator Services	United States of America	Administration of a portfolio of fixed-income securities is a technical job that requires significant investment in people and technology. At current size of assets, it would be not economical to do this in-house. Outsourcing enables FIID to have its portfolio independently priced.	Finance
Data Storage	United Kingdom	The Fidelis IT strategy is to seek best-of-breed capability providers across as few external providers as possible. Outsourcing allows scalable Data Storage capabilities.	Finance
Solvency II Technical Provisions and other Actuarial Support	United Kingdom	FIID would not currently be able to economically perform the level of Actuarial and Technical work required for calculating, evaluating and monitoring Solvency II Technical Provisions.	Actuarial
Underwriting Systems Support	United Kingdom	The Fidelis IT strategy is to seek best-of-breed capability providers across as few external providers as possible. The outsourcer's expertise is utilised for design and maintenance of underwriting system and a new claims and policy administration system.	Finance

In addition to the above, there is a master intra-group services agreement.

B8. ASSESSMENT OF THE ADEQUACY OF THE SYSTEM OF GOVERNANCE

The system of governance for FIID was designed during 2018 to meet CBI requirements and was subject to significant scrutiny by the CBI as part of the process to obtain authorisation to transact insurance business. As such FIID's assessment is that its system of governance is adequate for its nature, scale and complexity.

In 2019 the system of governance and its effectiveness will be subject to annual review by the compliance function, which reports to the Board. This is to include:

1) An internal Board effectiveness review; and
2) An internal assessment against the CBI's Governance requirements

B9. OTHER INFORMATION

The FIID Head of Compliance is scheduled to conduct a review during 2019 (annually thereafter) of compliance with the requirements in relation to the system of governance sections of this report. Appropriate action will be taken to deal with any findings, changes or updates required.

C. RISK PROFILE

C1. RISK CATEGORIES

C1.1 Non-life underwriting risk

i. Overview of assessment of non-life underwriting risk

Underwriting risk will arise from the Company's general insurance business and refers to the risk of loss, or of adverse change in the value of insurance liabilities due to inadequate pricing and reserving assumptions. Although FIID had not bound any insurance contracts at 31 December 2018 underwriting risk is included in the calculation of the SCR, which is intended to be calibrated to ensure all quantifiable risks to which the entity is exposed are captured, covering all existing business and all the business planned to be written over the next twelve months.

Examples of non-life underwriting risks include unexpected losses arising from fluctuations in the timing, frequency and severity of claims compared to expectations and inadequate reinsurance protection. The Company's underwriting and reinsurance strategies are set within the context of the overall Fidelis strategies, approved by the Board and communicated clearly throughout the business through policy statements and guidelines. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

ii. Risk mitigation techniques for non-life underwriting risk

Premium risk

Building on the foundation of strict underwriting and individual underwriter authorities, the Company operates a system of peer review to a high level of sophistication, depth and scope of application.

All new risks and renewals are required to be presented to the daily Underwriting and Marketing Conference Call (“UMCC” or “the call(s)”), normally prior to terms being offered and in the event of a material change in terms, exposure or pricing from that agreed previously. The call is designed to ensure the cooperative and collegiate management of insurance risk, ensure that individual underwriters draw upon the expertise of their peers, and avoid silos of underwriting. Where delegated authorities, binders or lineslips are accepted, the master contract will be reviewed at the UMCC as well as by the Operational Review Group although declarations or risks attaching to such covers may not be.

In addition to underwriters, the calls are frequently attended by representatives from actuarial, exposure modelling, capital modelling, risk, claims, legal and compliance functions to provide appropriate expertise and challenge. Regular attendance of the FIID CRO provides an additional layer of defence and supports him in keeping abreast of actual, projected and potential emerging risk issues in real time.

Elemental (e.g. wind, earthquake) and non-elemental (e.g. terror, financial risk) exposures will be monitored when relevant on a range of metrics set out in the Board approved risk appetite, based upon data from the in-house underwriting system combined with the use of external and proprietary modelling techniques.

FIID is primarily exposed to non-elemental exposures, for such exposures, where stochastic modelling capabilities are not available, the process considers a range of RRC approved deterministic Realistic Disaster Scenarios (“RDS”) designed to represent hypothetical extreme but nonetheless credible potential loss scenarios. These are supplemented by internally modelled loss distributions projecting potential losses at a range of return periods similar to the approach applied to elemental exposures. The deterministic RDS scenarios also includes those defined in the standard formula that materially influence the Company’s SCR.

Product design and pricing aims to minimise adverse selection of risks and use appropriate rating factors to differentiate between levels of risk.

A key aspect of the Company's strategy for risk mitigation centres on the use of outwards reinsurance for the inwards portfolio. Outwards reinsurance allows FIID to more effectively manage capital, to reduce and spread the risk of loss on insurance and reinsurance business and to limit the Company's exposure to multiple claims arising from a single occurrence.

The main reinsurance treaty for FIID is an intra-group reinsurance ("IGR") quota share treaty with FIBL. FIID can also purchase additional facultative and treaty reinsurance protection as the FIID CEO deems necessary, on behalf of the Board. The Group also purchases proportional and non-proportional treaty placements for which FIID is a beneficiary, with prior approval and input from the FIID CEO.

The Company plans to continue to use outwards reinsurance as its main underwriting risk mitigation technique over the business planning time horizon.

Reserving risk

As the majority of the Company's portfolio is expected to benefit from a short period of discovery of loss, the reserves will relate to claims notified against which the Company will hold individually evaluated case reserves and incurred but not reported ("IBNR") reserves. These reserves are expected to be less material from a risk perspective than peers with longer tail business.

The Company aims to set reserves at a level that limits the potential impact of reserve deterioration on overall return on equity whilst avoiding the taxation, reputational and regulatory risks that could result from systematic or excessive over-reserving.

FIID's stated risk tolerance level is that it has no appetite for setting case reserves below the levels advised by internal or external claims adjusters and counsel, nor does it have appetite to set IBNR reserves below the mean best estimate determined in consultation with internal and external actuaries.

In addition to the quarterly review cycle operated by the Fidelis actuarial function, the level of reserves across all classes will be subject to a full external actuarial review annually.

C1.2 Market risk

i. Overview of assessment of market risk

The Company seeks to optimise its investment income whilst focusing on ensuring it maintains sufficient capital to meet solvency requirements and maintain sufficient liquid funds to meet liabilities when they fall due. Exposure to market risk is therefore limited to the extent that investment strategies are balanced by these primary objectives.

Market risk is divided into three subcategories: investment risk, currency risk, and asset and liability risk.

ii. Risk mitigation techniques for market risk

Investment risk

The key drivers of investment risk are a function of the fixed income strategy that the Company has chosen to follow. The primary drivers of risk in the fixed income portfolio are shifts in the investments yield curve (interest rate risk) and the credit quality of the investment (spread risk).

The investment portfolio performance and risk are managed at an aggregate portfolio level. The investment strategy and investment types have been chosen specifically to construct an investment portfolio that ensures the credit quality, duration, and value at risk remain within the risk tolerances set out in the risk appetite. The investment portfolio's key metrics are included in the quarterly CRO report to the FIID Board.

FIID contracts with GSAM for the provision of investment management services. The Company's investment guidelines and risk, capital and solvency appetite formalise FIID's appetite for investment risk at the portfolio level.

Extensive due diligence of investments is undertaken prior to finalising these investment guidelines. This due diligence considers many aspects of the investment decision including the potential for adverse aggregations and correlations with other elements of the investment portfolio and the underwriting portfolio.

A strategic asset allocation exercise is undertaken regularly in conjunction with the investment manager which takes into account the Company's risk tolerance levels and investment objectives. All strategic investment decisions are considered by the RRC and then presented to the Group Investment Committee prior to being submitted to the FIID Board for approval. Investment decisions are made in line with the Company's investment guidelines and the prudent person principle.

The aggregate risk level is managed through the adherence to the investment guidelines with GSAM. The investment portfolio is monitored and reviewed on an ongoing basis to ensure adherence to credit limit guidelines. In addition, there are limits on the amount of credit exposure to any one issuer, except for US government securities.

The investment portfolio is monitored on a quarterly basis to ensure that the following risk metrics remain within the Board's stated risk appetite:

- The average portfolio duration;
- The average credit rating; and
- The minimum allowed credit rating as a percentage of the portfolio value.

The Company monitors interest rate risk on a quarterly basis by calculating the duration of the investment portfolio. Duration is an indicator of the sensitivity of the assets to changes in current interest rates.

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

A parallel shift upwards or downwards of 10 basis points in interest rates across the yield curve would result in additional decrease or increase of $0.1 million in Solvency II Excess Assets over Liabilities, assuming all other assumptions remain unchanged.

The high credit quality nature of the fixed income portfolio provides a level of mitigation against spread risk.

Currency risk

Currency risk exposures arise due to assets and liabilities being held in differing currencies. Whilst the Company accepts a degree of currency risk as a natural consequence of operating across multiple currencies, it has no desire for speculative exposure as a means to value creation.

The Group's risk appetite limits currency mismatches to $5 million equivalent within 14 days of completion of quarterly management accounts, recognising that doing so at individual operating entity may be disproportionate and in theory potentially trigger inefficient risk management action.

Recognising that the variability in individual currencies is something over which the Company has no control, it therefore seeks to limit its actual exposure to currency risk through asset liability matching including, and where appropriate, currency hedging strategies that are undertaken at the Group level taking into account FIID's own exposures.

The Group's and FIID's actual net currency matching exposure is reported in the quarterly CRO report to the FIID Board.

An increase or decrease of 10 basis points in the US dollar compared to the currencies to which the Company is exposed, would result in an increase of decrease of $15,000 in Solvency II Excess Assets over Liabilities, assuming all other assumptions remain unchanged.

Asset and liability risk

Asset and liability risk is defined as the risk that the Company either does not have available sufficient financial resources to enable it to meet its medium to long term financial obligations due to for example, a currency or duration mismatch in its assets and liabilities.

These risks arise from open market positions in interest rate and currency products, both of which are exposed to general and specific market movements.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. It manages these positions within a risk management framework that has been developed to ensure that investment proceeds and returns and available cash are in excess of obligations under insurance contracts.

C1.3 Credit risk

i. Overview of assessment of credit risk

Credit risk exposures relate to the potential failure of a third-party to meet their financial obligations to the Company. Key areas where the Company will be exposed to credit risk are:

(i) Reinsurers' share of insurance liabilities;
(ii) Amounts due from reinsurers in respect of claims already paid;
(iii) Amounts due from insurance contract holders; and
(iv) Amounts due from insurance intermediaries.

Changes to the limits on the level of credit risk by category and territory are approved annually by the FIID Board. Reinsurance will be used to manage underwriting risk, however, this does not discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. In certain circumstances, deposits from reinsurers are also held as collateral.

Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. No credit limits were exceeded during the year. No financial assets are impaired at the reporting date and management expects no significant losses from non-performance by these counterparties.

ii. Risk mitigation techniques for credit risk

Reinsurer counterparties

The risk management approach to credit risk is designed to limit potential reinsurance and broker counterparty default to a level consistent with the risk appetite through a combination of:

(i) Appropriate counterparty selection;
(ii) Appropriate levels of diversification in the portfolio;
(iii) Appropriate mitigation in respect of external counterparties with a lower security rating through the use of collateralisation and/or downgrade clauses as appropriate; and
(iv) Monitoring changes in security and taking appropriate remedial action as required.

The Counterparty Security Committee meets at least half yearly and ad hoc as new partners are proposed, and monitors the Group’s aggregations which are reported to the FIID Board on a quarterly basis in the CRO report.

Intra-group reinsurer counterparty

The counterparty risk presented by the IGR arrangement is mitigated through the use of collateralisation a trust account with BNY Mellon as trustee, FIBL as grantor and FIID as beneficiary. FIBL deposits assets in the trust account, to secure its obligations to FIID, under the IGR arrangement.

The FIID Board has set a minimum level of collateralisation based on the greater of the reinsurer's share of unearned premium and the reinsurer's share of claims reserves. Confirmation that the level of actual and required collateral has been met will be monitored and reported quarterly to the FIID Board in the CRO report.

Intermediary counterparty risk

The Company will have exposure to counterparty risk in respect of its dealings with insurance intermediaries. Credit control policies and procedures are in place to ensure all money owed to FIID is collected and to ensure that cash received is allocated appropriately. Documented credit control meetings, where delinquent accounts are reviewed, are held monthly and include a representative from underwriting, finance, operations and claims. Underwriters assist with the collection of premiums when required and if no response is forthcoming, a notice of cancellation may be issued.

C1.4 Liquidity risk

i. Overview of assessment of liquidity risk

Liquidity risk relates to the risk of the Company being unable to meet its liabilities as they fall due because of a lack of available cash. FIHL has unconditionally and irrevocably guaranteed all of FIID's financial obligations.

ii. Risk mitigation techniques for liquidity risk

The Company's exposure to liquidity risk will be regularly monitored through its liquidity risk appetite which is dominated by its strategic imperative to maintain a highly liquid investment portfolio. The Company maintains a predominantly fixed-income portfolio, with the main goal of the investment policy to maximise income under the constraints of capital conservation.

Subject to maintaining sufficient liquidity in aggregate across entities, FIID has the ability to perform intragroup transactions in the event of temporary liquidity shortfalls at individual entity level. This obviates incurring costs that might result from raising entity-specific liquidity through external means. As such, management do not believe it necessary to cascade formal risk tolerances and associated risk reporting requirements to entity level and instead report the overall Group position to all Boards.

The target minimum level of Group liquidity is designed to ensure that the Company can satisfy policyholder liabilities in a stressed environment requiring sufficient cash liquidity at 5 days, 30 days and 180 days to cover a variety of pre-defined gross man-made and natural catastrophe loss events. FIID's portfolio consists of a highly liquid fixed income portfolio and cash. The Company's investment guidelines and risk, capital and solvency appetite formalise FIID's appetite for liquidity at the portfolio level. This level of required liquidity across the overall portfolio is one of the drivers for the construction and maintenance of the investment portfolio. This results in maintaining liquidity significantly in excess of that which would otherwise be required to support projected outflows related to insurance obligations even in stressed scenarios.

Furthermore, FIID has the right to request immediate settlement of material recoveries under the IGR agreement with FIBL.

iii. Expected profit included in future premiums ("EPIFP")

Liquidity risk also takes account of EPIFP. The Company recognises that EPIFP can contribute to an increase in future net cash flows and therefore can act to reduce liquidity risk.

EPIFP is the expected present value of the future cash-flows of legally obliged insurance contracts where the future incomings are larger than future outgoings. This value forms part of the calculation of Solvency II technical provisions.

The EPIFP as at 31 December 2018 is nil as there were no bound future premiums.

C1.5 Operational risk

i. Overview of assessment of operational risk

Operational risk relates to the risk of losses arising from adverse external events, or from inadequate or failed processes, people or systems. FIID sets high standards for its operations and maintains a simple operating structure designed to limit operational risk and ensure effective identification and appropriate action in the event of risks crystallizing.

Operational risk is considered from a range of internal and external sources according to whether it has the potential to exacerbate the intrinsic losses that may be suffered and / or crystallize in a specific financial loss or other adverse impact.

Sources of risk are considered under the following broad categories:

- Failure of a core business process, people or system to contain intrinsic risk within the Board's approved appetite e.g. failure to underwrite within underwriting authority / maximum lines;
- Failure of a process, people or system and / or external events leading to a specific financial loss or impact over and above that resulting from intrinsic risk exposures e.g. a failure to comply with anti-money laundering policy resulting in fine or sanction; and
- Failure of process, people of systems leading to loss of opportunity (i.e. not necessarily a capital impact but one that adversely impacts potential risk adjusted returns) e.g. failure to effectively maintain broker relationships leading to a loss of income.

ii. Risk mitigation techniques used for operational risk

The Company maintains an operational risk and controls register encompassing all material operational risks and the controls designed to prevent, mitigate or detect them.

On an annual basis, and at such points in the development of the Company where material changes are made to the operating structure, relevant risk owners are required to formally reassess and reaffirm the full scope of risks, controls and related assessments for which they are responsible. The review considers whether the risk is stated correctly, whether it is assessed correctly, whether the correct controls are associated to it and whether they are accurately stated and operate effectively.

The resulting assessment is recorded and subject to FIID CRO review, challenge and approval.

In respect of key person risk, Fidelis has succession plans in place that are reviewed and updated on at least an annual basis to mitigate the impact of the departure of key individuals from the organisation.

In the remaining quarters, the Group CRO and/or a member of the risk management function meets with individual risk and control owners to discuss and document any changes to risks, controls or processes. The meeting includes an open discussion encompassing changes to business and processes, new or developing emerging risks and any other topics raised by risk owners.

An assessment of key risks and any material changes in the period is reported by the FIID CRO to the RCC supported by a summary of key risk assessments. Material changes to the scope, nature or assessments of risks and controls are reported to the internal audit function to inform the audit planning and review process.

In the event of a material operational risk crystallizing, a risk learning exercise will be undertaken to understand the root causes and identify mitigating factors or steps to reduce the probability and / or impact of a recurrence where appropriate.

The conclusions from this exercise and the results of the follow up action will be reported to senior management and agreed with the relevant risk / control owner(s) and summarised in CRO reporting to the RCC and the FIID Board.

C1.6 Other material risks

Emerging risk

i. Overview of assessment of emerging risk

FIID identifies and monitors new and developing emerging risks through a range of channels including but not limited to:

- Regular communication with underwriters in respect of areas of risk material to their portfolios;
- Liaison with asset managers and advisors in respect of emerging macroeconomic, geopolitical and societal risks;
- The Risk Management function's reviews with risk owners conducted via the operational risk management process;
- Group CRO attendance at underwriting and investment committees; and
- The risk management function's review of relevant external inputs, publications and periodic surveys.

ii. Risk mitigation techniques used for emerging risks

An Emerging Risk Register is maintained by the Risk Management Function and emerging or crystallizing risks are reported to the RCC and the Board in aggregate through the regular CRO reporting process.

In the event of a new or developing emerging risk representing a material risk, the FIID CRO will escalate as appropriate in order that appropriate mitigation can be implemented.

Reinsurance availability risk

i. Overview of assessment of reinsurance availability risk

Reinsurance risk refers to the inability of the ceding company or the primary insurer to obtain insurance from a reinsurer at the right time and at an appropriate cost. The inability may emanate from a variety of reasons such as unfavourable market conditions.

This risk does not include reinsurer default risk which is covered under C1.3 above.

ii. Risk mitigation techniques used for reinsurance availability risk

All reinsurance purchases must be authorised appropriately to ensure alignment to strategy and risk appetite and in accordance with operating guidelines.

The reinsurance purchase forms include statements regarding matching the period of underwriting the risk and expected availability in 12 months, which must all be explicit at time of purchase of any reinsurance.

The majority of FIID's and the Group's reinsurance program renews at 1st January, however exposures are not all written at the 1st January, therefore, if there is a mismatch FIID and the Group are aware before the inward exposure is written.

Group and strategic risk

i. Overview of assessment of Group and strategic risk

Group and strategic risk is defined as the risk of impact on shareholder value, earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. Within this definition the Group has identified four key sub-categories of risk:

- **Communication risk:** The risk that the Group fails to define, maintain or adequately communicate its strategy and, as a result, cannot take advantage of strategic opportunities;
- **Capital planning risk:** The risk that the Company has insufficient capital at the right time to take advantage of strategic opportunities;
- **Reputational and regulatory risk**: The risk that adverse events or circumstances negatively affect the reputation of the Group with its rating agencies, regulators, policyholders, intermediaries, existing or prospective investors; and
- **Group contagion risk:** The risk that adverse events or circumstances affecting one or more business units or entities damage the solvency, liquidity, results or reputation of other entities or the overall Group.

ii. Risk mitigation techniques used for Group and strategic risk

The Company uses Group resources in a number of areas, including IT and risk management. Group risk is assessed, managed, monitored and reported as part of the Company's risk management processes. The Company seeks to manage strategic risks to the business by ensuring that the business strategies and resources are compatible with the strategic goals and the economic situation of the markets in which it operates.

C2. RISK EXPOSURES

C2.1 Material risks and risk measures

The figures in the table below detail the current material risks for FIID as part of the SCR as at 31 December 2018:

$000's	**2018**
Non-life underwriting risk	19,384
Market risk	1,137
Credit risk	201
Diversification	(920)
SCR	**19,802**

The FIID Board is updated on at least a quarterly basis as to whether the current risk profile is within the approved risk appetite tolerances and expected to remain so. As a part of the ORSA process, these risks have been subject to a series of plausible but extreme stress and scenario tests covering each of these risk categories and the liquidity of the Company’s assets following these events.

C2.2 Investment of assets in accordance with prudent person principle

The Company is required to invest the assets used to cover the MCR and the SCR in accordance with the “prudent person principle”. The prudent person principle defines that the assets must be invested in a manner that a “prudent person” would – that is that the decisions are generally accepted as being sound for the average person.

FIID fulfils its obligations required by the Solvency II Directive to ensure that its assets are invested in line with the prudent person principle by only investing in investment-grade corporate bonds, investment-grade structured credit, investment-grade government bonds, cash or cash equivalents. These assets are all considered to be of a high quality and liquidity. The investment portfolio is monitored on a regular basis to ensure that it remains at an appropriate level of quality and liquidity whilst avoiding excessive concentrations.

C2.3 Climate change

Climate change represents one of the greatest long-term risks of change for the insurance industry. It is expected that climate change will lead to an increase in extreme weather events in the long term. Fidelis' risk-management competence and risk models allow for assessment of these risks of change and to develop new solutions for the Company's primary insurance clients.

C3. RISK SENSITIVITY

The following scenario tests were undertaken as part of the ORSA process. The aim of the scenarios is to provide a range of realistic challenges to the business plan covering the key risk categories that the Company is exposed to, and to test the potential range of responses to the outcomes.

1. Catastrophe stress events - Catastrophe events impacting each of the classes within the FIID business plan are considered, at the 1-in-100 level.
2. Pessimistic Volumes – External decisions limit FIID's ability to expand business lines. Growth in volumes is therefore limited and much lower than plan
3. Loss Ratio Stress – Due to more challenging underwriting conditions loss experience is 50% higher than planned for new business written in 2019
4. Expense Strain Scenario – Due to a demand crunch within Dublin against the backdrop of a general inflationary environment, expenses inflation is much greater than plan.
5. MGA Scenarios – A scenario was developed for each of FIID's five key MGA partners, scenarios include material control failures, severe recessions and retrospective changes to legislation.
6. Optimistic Volumes Scenario - Due to the identification of favourable opportunities within the EEA market, FIID write above plan volumes, and across a greater number of Fidelis classes.

Under all the above scenarios the Company maintained its own funds above the MCR.

D. VALUATION FOR SOLVENCY PURPOSES

The Company's financial statements are prepared under the historical cost convention, as modified by the inclusion of certain investments at fair value and in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” ("FRS 102") and FRS 103 "Insurance Contracts" ("FRS 103") issued by the Financial Reporting Council. The table below shows the differences in the valuation of assets and liabilities per the Company’s financial statements to the valuation for solvency purposes as at 31 December 2018:

$000's	Valuation per Irish GAAP	Valuation adjustments	Valuation per Solvency II
Assets			
Investments	28,152	-	28,152
Cash and cash equivalents	9,146	-	9,146
Deferred tax assets	99	-	99
Any other assets, not elsewhere shown	15	-	15
Total assets	**37,412**	**-**	**37,412**
Liabilities			
Any other liabilities, not elsewhere shown	1,361	-	1,361
Total liabilities	**1,361**	**-**	**1,361**

D1. ASSETS

D1.1 Investments

As at 31 December 2018, the Company held $28,152 thousand worth of investments, which are carried at fair value under Irish GAAP and Solvency II.

The table below shows the Company’s financial assets at fair value by material class of investment as at 31 December 2018:

$000's	Level 1	Level 2	Level 3	Total
Government bonds	25,151	2,000	-	27,151
Corporate bonds	-	1,001	-	1,001
Total assets	25,151	3,001	-	28,152

The Company’s investment portfolio is valued using the following techniques for Solvency II purposes:

- Level 1 - investments are securities with quoted prices in active markets. An active market is one in which transactions for the asset occurs with sufficient frequency and volume to provide readily and regulatory available quoted prices.
- Level 2 - investments are securities with quoted market prices in active markets for similar assets with adjustments to reflect factors specific to the asset, including the condition or location of the asset, the extent to which inputs relate to items that are comparable to the asset and the volume or level of activity in the markets within which the inputs are observed.
- Level 3 – investments are securities where no active market or other transactions can be used as a good estimate of fair value. FIID did not have any level 3 assets as at 31 December 2018.

Using this levelling criteria, this equates to the fair value of the securities.

D1.2 Cash and cash equivalents

As at 31 December 2018, the Company held $9,146 thousand as cash and cash equivalents. Cash and cash equivalents carrying amounts are considered to be as approximate fair values on the basis that these are short term assets, therefore there are no differences between the valuations under Solvency II and Irish GAAP.

D1.3 Any other assets, not elsewhere shown

As at 31 December 2018, other assets were $15 thousand per Irish GAAP and are valued at amortised cost less any impairment which approximates to fair value given the short-term nature of these assets. Therefore, no Solvency II adjustment is made.

D2. TECHNICAL PROVISIONS

D2.1 Value of technical provisions by line of business

As at 31 December 2018 there was no bound business and therefore no technical provisions. Accordingly, this section is not currently applicable.

D2.2 Level of uncertainty associated with the value of technical provisions

As at 31 December 2018 there was no bound business and accordingly this section is not currently applicable.

D2.3 Solvency II and UK GAAP valuation differences of technical provisions by material line of business

As at 31 December 2018 there was no bound business and accordingly this section is not currently applicable.

D3. OTHER LIABILITIES

D3.1 Any other liabilities, no elsewhere shown

As at 31 December 2018, all other payables were $1,361 thousand per Irish GAAP. Other payables are measured at amortised cost less any impairment which approximates to fair value under Irish GAAP given the short-term nature of these liabilities.

D4. ALTERNATIVE METHODS FOR VALUATION

The Company does not use any alternative methods for valuation of its assets or liabilities.

E. CAPITAL MANAGEMENT

E1. OWN FUNDS

The objective of own funds management is to maintain, at all times, sufficient capital for regulatory and rating agency purposes with an appropriate buffer (based on an underwriting shock). These funds should be of sufficient quality to meet the eligibility requirements in the Solvency II rules. The Company holds regular meetings of senior management, which are at least quarterly, in which the ratio of eligible own funds over the SCR and MCR are reviewed. The committees that review the Company's solvency are described in more detail in *B. System of Governance* , and responsibility ultimately rests with FIID's Board. As part of own funds management, the Company prepares ongoing annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the basis of the ORSA, contains a three-year projection of funding requirements and this helps focus actions for future funding.

The total structure and movement of the Company's own funds shown below:

	Tier 1	Tier 2	Tier 3	Total
$000's				
Called up share capital	1,000	-	-	1,000
Capital Contribution	36,000	-	-	36,000
Deferred tax asset	-	-	99	99
Reconciliation reserve	(1,048)	-	-	(1,048)
Balance as at 31 December 2018	**35,952**	**-**	**99**	**36,051**

The Company's ordinary share capital, capital contribution and reconciliation reserve are all available as tier 1 unrestricted own funds per Article 69 (a)(i) of the Delegated Regulation. The ordinary share capital and capital contribution are not subordinated and have no restricted duration. The reconciliation reserve represents the excess of assets over liabilities, less a deduction equal to the share capital and the capital contribution. The CBI approved the treatment of the capital contribution as tier 1 capital on 22 October 2018.

Tier 1 own funds are eligible to meet both the SCR and the MCR and are permanently available to cover losses. The deferred tax asset is included in tier 3 capital. This category of own funds can be used to cover the SCR (up to a maximum 15%) but is not eligible to cover the MCR.

When considering the loss absorbing capacity of deferred tax in the SCR, it is possible to recognise the tax asset against:

- Deferred tax liabilities on the Solvency II balance sheet;
- Future taxable profits; or
- Prior year profits (carry back).

As at 31 December 2018, no loss absorbing capacity of deferred tax has been recognised in the SCR.

There are no differences between equity as shown in the financial statements and the Solvency II own funds.

E2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

E2.1 SCR and MCR as at 31 December 2018:

$000's	2018
SCR	19,802
MCR	4,951

The SCR, calculated using the Standard Formula, is intended to be calibrated to ensure all quantifiable risks to which the entity is exposed are captured, covering all existing business and all the business planned to be written over the next twelve months. This means that the 2019 planned premiums and exposures are taken into account in the Q4 2018 SCR calculation.

E2.2 SCR split by risk module

The capital requirement is currently being calculated exclusively by the Standard Formula. The risk charges per category as at 31 December 2018 are outlined below:

$000's	2018
Non-life underwriting risk	19,384
Market risk	1,137
Credit risk	201
Diversification	(920)
BSCR	**19,802**
Operational risk	-
SCR	**19,802**

Non-life underwriting risk is the largest component of FIID's SCR and is primarily driven by man-made catastrophe risk.

E2.3 Simplified calculations for risk modules of the Standard Formula

The Standard Formula methodology follows the full calculation for premium and reserve risk, default risk and market risk. There is a marginal simplification for non-life catastrophe risk, in that natural catastrophe risk is not modelled by CRESTA zone.

E2.4 Inputs used to calculate the MCR

The MCR targets an 80% value at risk over a one-year time horizon. The MCR is based on proportions of net premiums written in the previous 12 months and the net best estimate of technical provisions at the valuation date. These are supplied by Solvency II class of business and the proportions vary by class.

The table below shows the inputs into the MCR calculation as at 31 December. The MCR is calculated using a linear formula, subject to a floor of 25% and a cap of 45% of the SCR. The MCR is further subject to an absolute floor that reflects the nature of the undertaking (as defined in Article 129 (1) (d) of Directive 2009/138/EC).

This has been converted into US Dollars below at the 31 December foreign exchange rate:

	2018
$000's	
Absolute floor	4,188
SCR	19,802
Combined MCR	4,951
MCR	**4,951**

E3. USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SCR

The duration-based equity risk sub-module does not apply to FIID.

E4. DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The Company does not have an approved internal model to calculate its SCR and therefore this section is not applicable.

E5. NON-COMPLIANCE WITH MCR AND SCR

There has not been any non-compliance with the SCR or MCR over the period. If the SCR or MCR were to be breached, plans would be put into place to raise additional capital as required.

A. GLOSSARY

BBNI - Bound But Not Incepted

BEL – Best Estimate Liabilities

BMA - Bermuda Monetary Authority

BSCR – Basic Solvency Capital Requirement

CEO – Chief Executive Officer

CFO – Chief Finance Officer

CHRO – Chief Human Resources Officer

CIO – Chief Investment Officer

CTO – Chief Technology Officer

CRESTA - Catastrophe Risk Evaluation and Standardizing Target Accumulations

CRO – Chief Risk Officer

CUO – Chief Underwriting Officer

EEA – European Economic Area

EIOPA – European Insurance and Occupational Pensions Authority

ENID – Events not in Data

ERM – Enterprise Risk Management

FIBL – Fidelis Insurance Bermuda Limited

FIHL – Fidelis Insurance Holdings Limited

FML – Fidelis Marketing Limited

FUL – Fidelis Underwriting Limited

GSAM – Goldman Sachs Asset Management

HIA – Head of Internal Audit

IBNR – Incurred but not Reported

IELR – Initial Expected Loss Ratio

IGR – Intra-Group Reinsurance

IIA – Institute of Internal Auditors

INED – Independent non-executive Director

LOC – Letter of Credit

MCR – Minimum Capital Requirement

MGA – Managing General Agents

Net acquisition cost ratio – The ratio of net acquisition expenses to net premiums earned

Net loss ratio – The ratio of net losses to net premiums earned

Net underwriting contribution – Net premiums earned less net losses, less net acquisition expenses

Net operating expense – Net acquisition expenses and administrative expenses

OEP – Occurrence Exceedance Probability

ORSA – Own Risk and Solvency Assessment

PML – Probable Maximum Loss

QRT – Quantitative Reporting Template

RCC – Risk & Capital Committee, a committee of the FIID Board

RDS – Realistic Disaster Scenario

Risk and Controls Register – Encompasses all material operational risks and the controls designed to prevent, mitigate or detect risks to the business achieving its strategic objectives

ROE – Return on Equity

RRC – Risk & Return Committee, a management committee

RSU – Restricted Stock Unit

SCR – Solvency Capital Requirement

Irish GAAP – United Kingdom Generally Accepted Accounting Practice

ULAE – Unallocated Loss Adjustment Expenses

UMCC – Underwriting Marketing Conference Calls

B. QUANTITATIVE REPORTING TEMPLATES ("QRTs")

The following QRTs are required for the SFCR:

QRT Ref	QRT Template name
S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business **(n/a*)**
S.05.02.01	Premiums, claims and expenses by country **(n/a*)**
S.17.01.02	Non-Life technical provisions **(n/a*)**
S.19.01.21	Non-life insurance claims **(n/a*)**
S.23.01.01	Own funds
S.25.01.21	Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement

The templates are included at the end of this report.

* As FIID did not write any insurance business in 2018 these templates are not applicable for 2018.

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	99
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	28,152
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	28,152
R0140	*Government Bonds*	27,151
R0150	*Corporate Bonds*	1,001
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	0
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	0
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	9,146
R0420	Any other assets, not elsewhere shown	15
R0500	**Total assets**	37,412

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	0
R0520	*Technical provisions - non-life (excluding health)*	0
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	0
R0550	*Risk margin*	0
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	0
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	1,361
R0900	**Total liabilities**	1,361
R1000	**Excess of assets over liabilities**	36,051

S.23.01.01

Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	1,000	1,000		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	-1,048	-1,048			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	99				99
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	36,000	36,000	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	36,051	35,952	0	0	99
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	36,051	35,952	0	0	99
R0510	Total available own funds to meet the MCR	35,952	35,952	0	0	
R0540	Total eligible own funds to meet the SCR	36,051	35,952	0	0	99
R0550	Total eligible own funds to meet the MCR	35,952	35,952	0	0	
R0580	**SCR**	19,802				
R0600	**MCR**	4,951				
R0620	**Ratio of Eligible own funds to SCR**	182.06%				
R0640	**Ratio of Eligible own funds to MCR**	726.23%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	36,051
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	37,099
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	-1,048
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	0
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	1,137		
R0020	Counterparty default risk	201		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	19,384		
R0060	Diversification	-920		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	19,802		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	0
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	19,802
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	19,802
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

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
R0010	MCR_{NL} Result	0

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

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

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

	Overall MCR calculation	C0070
R0300	Linear MCR	0
R0310	SCR	19,802
R0320	MCR cap	8,911
R0330	MCR floor	4,951
R0340	Combined MCR	4,951
R0350	Absolute floor of the MCR	4,188
R0400	**Minimum Capital Requirement**	4,951