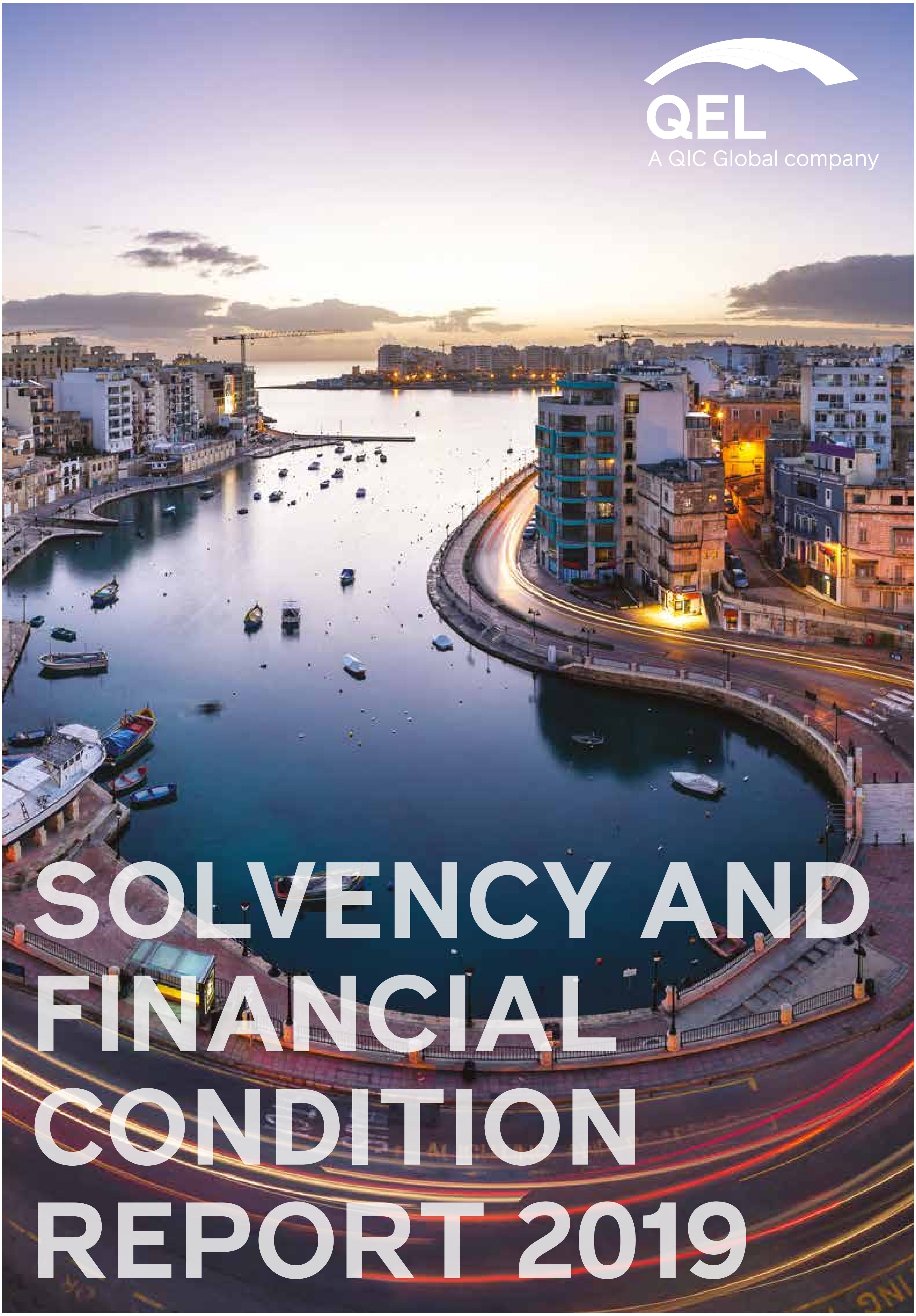


QEL
A QIC Global company

SOLVENCY AND FINANCIAL CONDITION REPORT 2019

QIC EUROPE LIMITED
Solvency and Financial Condition Report (SFCR)
For the financial year ended 31 December 2019

Contents

1 EXECUTIVE SUMMARY

The Solvency and Financial Condition Report presents the business performance, governance, risk profile, and financial and solvency position of QIC Europe Limited (QEL" or "the Company) covering the financial year ending 31 December 2019.

This report is prepared in accordance with the supervisory reporting and disclosure requirements under Solvency II, including the Malta Financial Services Authority's (MFSA) Insurance Rules Chapter 8 'Financial Statements and Supervisory Reporting Requirements' and its Annex 1 'Guidelines on reporting and public disclosure'.

Section 2: Business and Performance

QIC Europe Limited (QEL or the Company) is a wholly owned subsidiary of Qatar Re, which is a Class 4 Bermuda-based (re)insurer. The ultimate parent of the QIC Group of companies is Qatar Insurance Company Q.S.P.C, which is a leading Qatari publicly-listed insurer with an underwriting footprint across the Middle East, Africa and Asia. QEL is backed by a full guarantee from QIC Group, rated A by Standard and Poor's and benefits from the QIC Group's capital base.

QEL's business model is based on writing insurance business through selected Managing General Agents (MGAs) and coinsurance partners across the European Economic Area (EEA).

The Gross Written Premium (GWP) of the company increased by 9.5% to USD 633 million based on renewal of the existing business across all lines and new business written in Property and Motor classes. On a gross basis, the portfolio delivered a combined ratio of 102% in the 2019 financial year, compared to 100% in 2018 and the Company continued with the 90% quota share arrangement with its parent Qatar Re.

The Company reported a net profit after tax of USD 2.4 million in 2019, compared to the net profit of USD 1.2 million in 2018. The increase in net profit is driven by the investment income of USD 2.8 million compared to USD 1.7 million in the previous year.

This section of the report provides an overview of the Group structure, an analysis of the class of business and geographical spread and investment performance.

Section 3: System of governance

QEL has established a sound and effective corporate governance framework, which is appropriate to the size, nature, complexity and risk profile of the Company. QEL has adopted a "Three Lines of Defence" model to ensure appropriate segregation of roles and responsibilities across the Company.

The Board retains the ultimate responsibility for the design and effective operation of the system of governance and it has established a Risk and Compliance Committee, and an Audit Committee in addition to a range of management committees which focus on specific areas.

The key functions at QEL are the Compliance function, Risk Management function, Actuarial function and Internal Audit function with defined responsibilities, which are documented in QEL policies and procedures. During 2019, QEL further strengthened the key functions through the appointment of Executive Directors and enhancing the teams based in Malta.

Building on the successful initiative of integrating the critical functions under QIC Global Services Limited, a detailed Service Level Agreement (SLA) in respect of all centralised critical functions was developed, which is monitored by the Board and its committees.

This section of the report provides details on governance roles and responsibilities, internal control framework, operation of the key functions and the risk management processes including Own Risk and Solvency Assessment (ORSA).

Section 4: Risk Profile

The QEL Risk Register sets out the universe of risks to which it is exposed as a result of its activities. Insurance risk and counterparty default risk continue to be the key drivers of the Company's risk profile.

QEL targets a multi-class balanced portfolio, which is principally composed of low severity/high frequency business. QEL manages the insurance risk through implementation of the underwriting strategy and guidelines, reinsurance arrangements, exposure management and appropriate reserving and claims management processes.

The main drivers of the credit risk profile are reinsurance counterparty and coverholder premium counterparty default risk. The majority of the reinsurance exposure is intra-Group, due to the large proportion of business ceded to Qatar Re, which is backed by the QIC Group and is rated A by both S&P Global and A.M. Best. Exposure to coverholders is managed through robust due diligence on the financial stability of the third parties and it is actively monitored throughout the year along with other mitigating control activities.

The Company's risk appetite and tolerance statements, approved by the Board, govern the concentration limits in relation to counterparties, credit quality and geographical locations to avoid material risk concentration.

The Company has detailed policies and procedures on the management of all risk categories and routinely explores plausible adverse scenarios that may arise in the normal course of business, which are derived from the key drivers of business and the risks identified in the Risk Register.

This is supported by an emerging risk process, which identifies and assesses risk factors that could impact the risk profile of the Company and the most material risk in this category is Brexit. QEL's ability to underwrite and service UK business remains uninterrupted during the current transitionary period and the Company is closely monitoring the evolving political landscape and the updates, which are provided by the government and regulators in its preparation for Brexit.

This section of the report provides details of the QEL risk profile, risk management and mitigation processes for different risk categories and their consideration in the capital calculation.

Section 5: Valuation for Solvency Purposes

The assessment of the available and required regulatory capital is made by taking an economic view of the Company's assets and liabilities, in accordance with the Solvency II (SII) valuation principles.

QEL is a growing business and on the International Financial Reporting Standards (IFRS) basis, the asset base supporting the business increased to USD 1,179 million from USD 939 million in the previous year. The main difference on an SII basis relates to Deferred Acquisition Costs, which are valued at nil in the SII balance sheet as the company does not expect future cash flows to arise from this asset.

Overall the technical provisions increased by 24.9% on an IFRS basis and 37.1% on an SII basis and this is driven by the business volume growth.

This section of the report provides the valuation of the assets and liabilities and a quantitative and qualitative assessment of the differences in the IFRS and SII basis.

Section 6: Capital Management

The Solvency Capital Requirement (SCR) is calculated using the SII standard formula. The SCR increased by 17.3%, which is driven by the higher reserves in line with the growth in the business since QEL's inception in 2014.

The Board has an approved risk appetite of maintaining a 120% solvency coverage ratio and during the year Qatar Re, the parent, injected further capital of USD 6.5 million to support the growing business. The solvency ratio stood at 124% as at 31 December 2019, compared to 125% in the previous year.

This section of the report provides the structure of the basic own funds, tiers of the eligible own funds and the solvency capital calculation.

Section 7: Subsequent Events

The novel coronavirus (COVID-19) has been identified as a non-adjusting post balance sheet event and an assessment has been undertaken by the management to evaluate the impact on the Group.

At the point of issuing this report, the COVID-19 pandemic continues to develop. Whilst the final impact on business remains uncertain, the Directors continue to monitor the impact of the pandemic on the Group's operations, and its balance sheet with an emphasis on solvency levels and specifically ensuring that its liquidity position is appropriate in the current business environment.

The Group's current operational focus is on ensuring its staff welfare while maintaining business continuity. Following various working from home testing exercises, management is confident that adequate systems and processes are in place to ensure that the Group continues to deliver a high level of service and responsiveness to clients and other stakeholders.

The Company has developed a range of scenarios to assess and monitor the impact of COVID-19 and in all scenarios, the QEL eligible own funds remain above the solvency capital requirements. Critically, the quantum of the adverse impact does not breach the reverse stress test threshold.

The most material impact noted to date was the widening of the credit spreads during March 2020. This started to settle towards the end of the month, with some of the unrealised losses being reversed in the portfolios.

In line with the MFSA requirements, the 2019 year-end balance sheet was stressed by the maximum widening of credit spread that was experienced during March 2020. This resulted in an improved solvency ratio of 130% due to the weakening of GBP but, excluding this favourable impact, the QEL solvency ratio falls to 119% which is marginally below our risk appetite level of 120%.

The liquidity positions of Qatar Re (Bermuda) Group and its group companies including QEL, remain satisfactory and the Company currently does not have any constraints on the ability to meet claims and operational payments as they become due.

2 BUSINESS AND PERFORMANCE

2.1 Business

2.1.1 The Company

QEL is a wholly-owned subsidiary of Qatar Re, which is a Class 4 Bermuda-based (re)insurer. Qatar Re is a wholly-owned subsidiary of QIC Capital LLC, which in turn is a wholly-owned subsidiary of Qatar Insurance Company Q.S.P.C, the ultimate parent of the QIC Group of companies and a leading Qatari publicly-listed insurer with an underwriting footprint across the Middle East, Africa and Asia. QEL is backed by a full guarantee from QIC Group, rated A by Standard and Poor's and benefits from the QIC Group capital base.

Established in 2014, QEL is a Malta domiciled insurer with branches in the UK and Italy[1] and authorised to underwrite all non-life classes of insurance and reinsurance throughout the European Economic Area.

QEL's business model is based on writing insurance business through selected Managing General Agents (MGAs) and coinsurance partners across the EEA.

QEL is authorised and regulated by Malta Financial Services Authority.

Supervisory Authority

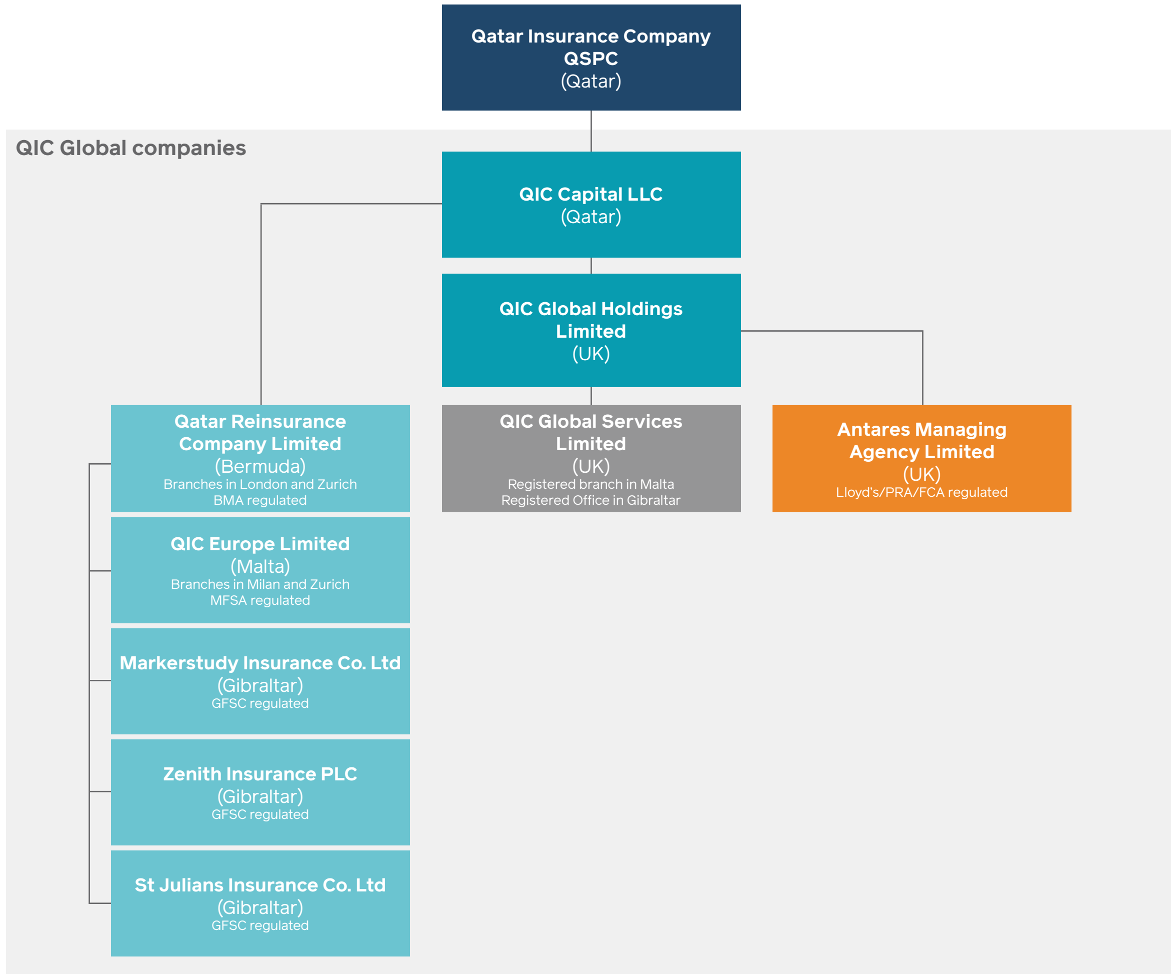
Malta Financial Services Authority
Triq l-Imdina, Zone 1, Central Business District,
Birkirkara, CBD 1010, Malta

External Auditor:

Ernst and Young Malta Limited
Regional Business Centre, Achille Ferris Street, Msida
MSD 1751, Malta

2.1.2 Ownership Structure

The QIC Group structure is presented below:



Qatar Re owns 22,500,000 (twenty-two million five hundred thousand) ordinary shares that have a nominal value of USD 1.00 (one US Dollar) in QEL.

1 On May 7th 2020 QEL notified MFSA of its intention to close the Italian branch. At the time of writing this report, the process is still ongoing.

2.1.3 Insurance and Reinsurance Business written

QIC Europe Limited holds licences to write the following classes of general business insurance and reinsurance business:

- Class 1 – Accident
- Class 2 – Sickness
- Class 3 – Land vehicles
- Class 4 – Railway rolling stock
- Class 5 – Aircraft
- Class 6 – Ships
- Class 7 – Goods in transit
- Class 8 – Fire and natural forces
- Class 9 – Other damage to property
- Class 10 – Motor vehicle liability (in some countries)
- Class 11 – Aircraft liability
- Class 12 – Liability for ships
- Class 13 – General liability
- Class 14 – Credit
- Class 15 – Suretyship
- Class 16 – Miscellaneous financial loss
- Class 17 – Legal expenses
- Class 18 – Assistance

2.2 Business Performance

The company reported a net profit after tax of USD 2.4 million in 2019, compared to a net profit of USD 1.2 million in 2018. The increase in profit is majorly attributable to increase in investment income & foreign exchange gains recorded on revaluation of monetary assets & liabilities.

2.3 Underwriting Performance

Premiums written by the Company reached USD 633 million (2018: USD 578 million), thereby registering almost a 10% increase. The numbers reflect renewal of existing book of business across Casualty, Agriculture and Property lines and new business written in Property, Motor classes.

The technical result for general business in current year stands at USD 3.4 million compared to USD 5.2 million in financial year 2018. The reduction in underwriting income despite a 10% increase in gross written premiums is attributable to losses reported on the Property, Aviation & Agriculture lines of business.

On a gross basis (prior to reinsurance), the portfolio delivered a combined ratio of 102% in 2019 financial year, compared to 100% in 2018.

The gross written premiums for 2019 compared to 2018 by line of business are as follows:

Line of Business	Actual GWP 2019 (USD million)	Actual GWP 2018 (USD million)	Difference
Fire & Other Damage to Property	158.7	155.7	3.0
General Liability	65.1	38.6	26.5
Motor vehicle liability	314.4	292.9	21.5
Marine, Aviation & Transport (MAT)	3.1	11.6	(8.5)
Other motor	87.0	78.0	9.0
Workers' Compensation	0.0	(0.1)	0.1
Miscellaneous financial loss	4.7	1.3	3.4
Total	**633.1**	**577.9**	**55.2**

The gross written premiums by geographical territory are as follows:

Territory	Actual GWP 2019 (USD million)	Plan GWP 2019 (USD million)	Difference
France	0.6	0.5	0.1
Germany	(0.1)	0.1	(0.2)
Greece	39.1	25.6	13.5
Ireland	7.9	2.6	5.3
Italy	0.0	-	0.0
Spain	2.7	1.2	1.5
Trinidad and Tobago	0	0.0	0.0
UK	574.9	536.1	38.8
Denmark	0.8	0.4	0.4
Worldwide	7.1	11.4	(4.3)
Total	**633.1**	**577.9**	**55.2**

The portfolio continues to be dominated by UK exposures. The small increase in income in Greece represents the growth of Greek Motor and Marine accounts, whilst the small decrease in worldwide reflects the reduction in the Aviation account. All other territories remain fairly stable.

The following table sets out the estimated GWP as at 31 December 2019 (on a Solvency II basis), with a comparison against the 2019 planned GWP by line of business.

Line of Business	Actual GWP 2019 (USD million)	Plan GWP 2019 (USD million)	Difference
Fire & Other Damage to Property	158.7	110.3	48.4
General Liability	65.1	72.6	(7.5)
Motor vehicle liability	314.4	326.9	(12.5)
Marine, Aviation & Transport	3.1	4.0	(0.9)
Other motor	87.0	83.5	3.5
Workers' Compensation	0.0	0.0	0
Miscellaneous financial loss	4.7	1.2	3.5
Total	**633.1**	**598.5**	**34.6**

Analysis of performance versus plan

The initial business plan for 2019 anticipated USD 598 million of written premium income but actual income was USD 633 million, a favourable variance of 5.8% against the business plan.

The following factors contributed to the variances against the plan:

Fire & Other Damage to Property

The growth versus plan was mostly due to the addition of a new account in 2019, as well as the continuation of an account initially planned to be terminated and the successful growth of an existing coverholder.

General Liability

The decrease in actuals reflects the shift in the business within the SME (Small and Medium sized Enterprise) book.

Motor vehicle liability

Some accounts considered in the planning incepted later than expected, thus impacting the GWP for 2019.

2.4 Investment Performance

QEL's investment strategy is tailored to meet the Company's business needs and objectives. The asset mix is closely managed to meet liquidity needs and investment return targets. QEL's investment income is driven by investments in fixed income bonds.

The Company's net investment income (net of investment management expenses) was as follows:

	2019 (USD million)	2018 (USD million)
Interest on bonds	2.5	2.1
Interest on Money Market Funds	0.3	-
Realised Gain/Loss	0.3	(0.1)
Gross Investment Income	3.1	2.0
Advisory Fee	(0.3)	(0.3)
Net investment income	2.8	1.7

Investment income increased compared to the previous year mainly due to an increase in interest from bonds and an increase in the portfolio size.

2.5 Other Material Income and Expense

The main expenses beyond underwriting and investment relate to employee compensation:

	2019 (USD million)	2018 (USD million)
Employee Related Costs	1.1	1.1

2.6 Any other material information

There is no other material information regarding the business and performance.

3 SYSTEM OF GOVERNANCE

3.1 Introduction

QEL has established a sound and effective corporate governance framework, which is appropriate to the size, nature, complexity and risk profile of the Company. This enables sound and prudent management of the Company's activities so that the interests of policyholders and other stakeholders are appropriately protected.

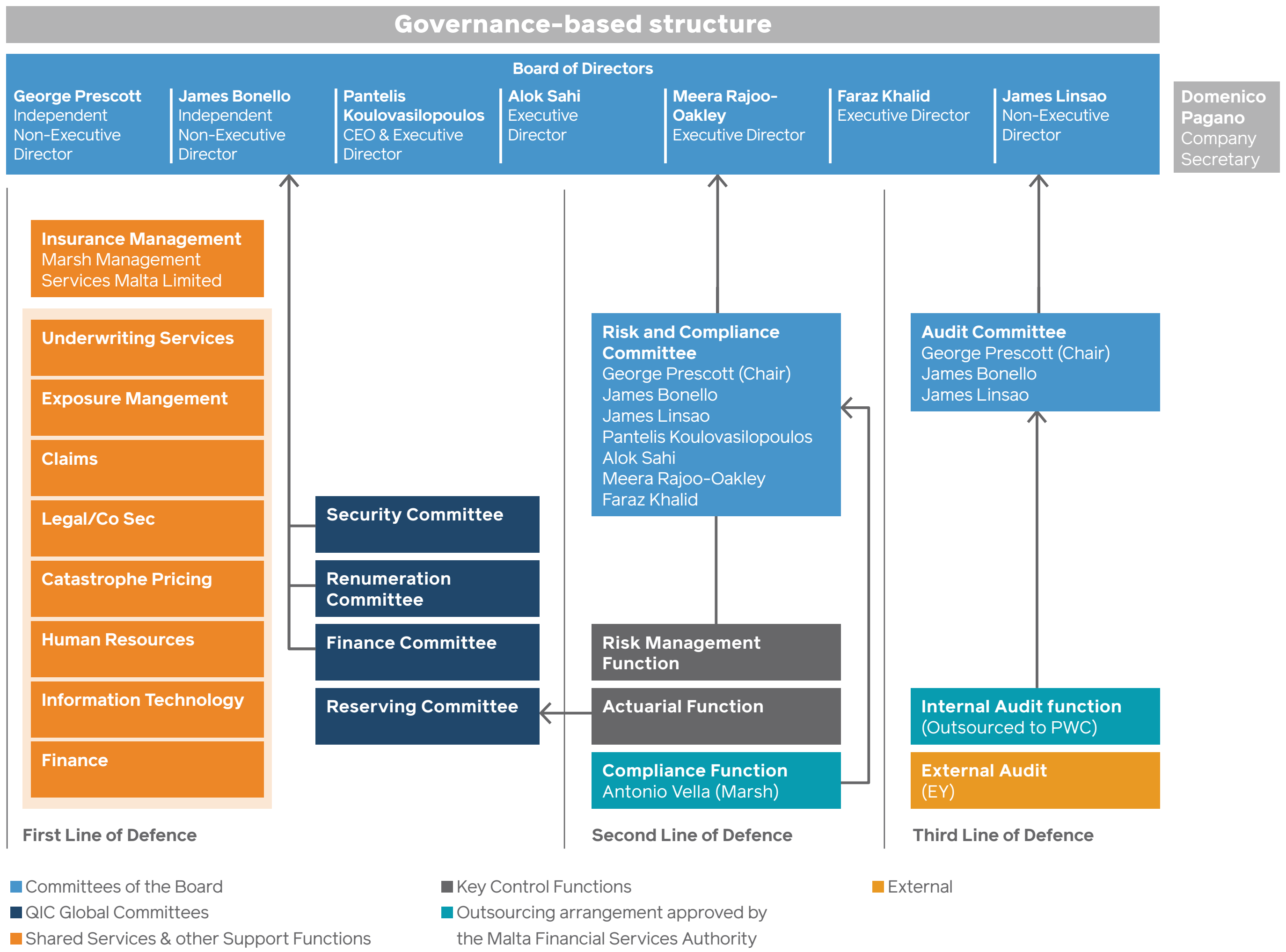
The governance framework is administered by the Board and its committees to provide robust oversight and clear accountability with a specific focus on the delegated underwriting and claims management arrangements.

QEL has adopted a "Three Lines of Defence" model to ensure appropriate segregation of roles and responsibilities across the Company. The segregation of responsibilities applies across all business functions and various layers of review exist within each business function and between committees and the Board. These controls are audited on a regular basis by the Company's internal and external auditors.

The governance chart shown below is as at 31 December 2019, but with names updated to reflect the position at time of publishing.

The key functions have defined responsibilities, which are documented in various policies and procedures. The Board and committees have approved terms of reference.

Board oversight of the critical functions continued with a number of new or updated policies and procedures approved by the Board throughout the year. Quarterly monitoring by the Risk Management team revealed a gradual improvement in risk mitigation as policies, procedures and controls continue to be further embedded within the business operations.



3.2 Responsibilities of the Board and Committees

The key responsibilities of the Board of Directors are:

- Approve QEL's strategy, annual business plan, financial statements and Solvency II submissions.
- Oversee performance against the approved plan.
- Ensure there is adequate risk management and internal control frameworks and an adequate risk culture. Discuss emerging risks and their potential impact.
- Oversee the effectiveness of the Company's governance structure and internal control system. Confirm that corporate governance policies and practices are developed and applied in a sound and prudent manner.
- Approve the capital requirements. Ensure that the SCR and technical provisions continuously meet the Solvency II requirements.
- Ensure that QEL meets all regulatory requirements.
- Oversee the performance of the outsourced functions.
- Review and approve the investment strategy, including the adoption of a prudent approach to the holding and disposal of investments and the identification of appropriate asset allocations.
- Monitor the implementation of the investment strategy.
- Review and approve the investment guidelines and monitor compliance.
- Identify and implement measures for the preservation and enhancement of the invested assets for the purposes of ensuring continued solvency and adequate liquidity to meet the Company's obligations.
- Appoint investment managers and advisors and monitor their performance.

The Board meets at least quarterly and, adhoc, when required, and carries out its duties within established terms of reference.

The Board has appointed a Risk and Compliance Committee, and an Audit Committee to assist in the effective discharge of its duties, although the Board retains ultimate responsibility. In 2019, the Investment Committee was disbanded and its responsibilities taken over by the Board.

A brief description of the responsibilities of the Board committees are provided in the table below.

Board Committee	Responsibilities
Risk and Compliance Committee (RCC)	• Review and recommend to the Board, the Risk Management Policy and ORSA Policy for approval. Ensure that the risk management framework remains adequate and effective. • Consider the impact of current and future material risks, recommend the risk appetite for approval to the Board and monitor actual exposures against risk appetite and tolerances. • Review the Risk Register and challenge the assessment of the key risks and controls. • Ensure maintenance of sufficient economic and regulatory capital. • Promote a risk-aware culture and encourage risk-based decision making. • Approve the Company's compliance framework, including the annual Compliance Plan, monitor progress against plan. • Oversee the investigation of any material instances of non-compliance with applicable legislative or regulatory requirements or internal policies or procedures.
Audit Committee (AC)	• Approve the appointment of an external party to whom the internal audit function is outsourced. • Approve the three-year Internal Audit Plan and any subsequent material changes. • Review internal audit reports and any responses provided by management. • Monitor the integrity of the financial statements, including the annual reports. Review and challenge the accounting policies. • Recommend to the Board the appointment of external auditors. Review the external auditor's reports.

There are four management level committees: the Claims Management Committee, Underwriting Management Committee, Product Oversight Group (POG), and Reserving Committee. They assist the CEO with the oversight and management of underwriting, product oversight, claims and reserving.

3.3 Key functions/Responsibilities

The key functions at QEL are the Compliance function, Risk Management function, Actuarial function and Internal Audit function.

Each of the key functions is independent from the Company's operational functions, thereby ensuring they are able to undertake their activities in an unbiased and objective manner. The main responsibilities of the key functions are as follows:

3.3.1 Risk Management function

- Develop, implement and maintain the Risk Management Framework and associated Risk Management policies.
- Assist the Board in developing the Risk Appetite Statements, facilitate the ongoing monitoring of the risk appetite and tolerances and escalate any breaches to the CEO, committees and the Board.
- Coordinate the ORSA processes and prepare the ORSA report.
- Support the business functions in identifying, assessing and managing their risks. Facilitate the identification, documentation and assessment of the key controls. Communicate regularly with the business functions to understand, challenge and monitor their risks and controls.
- Investigate reported incidents of control failings or weaknesses, and document them.
- Update and maintain the Risk Register.
- Identify, document and assess the impact of emerging risks.
- Facilitate the stress, scenario and reverse stress testing.
- Provide advice, consultation and training to business functions on risk and control-related matters.
- Coordinate assurance activities with the Actuarial, Compliance and Internal Audit functions.
- Provide quarterly risk reports to the Risk and Compliance Committee and the Board.
- Liaise with external parties, including regulators, as appropriate.

3.3.2 Compliance function

The Compliance function is outsourced to Marsh, with support services provided by a wider team at Qatar Re. Steps were taken to gradually insource the Compliance function during the course of 2019.

The Compliance function is responsible for directing and overseeing the management and monitoring of the Company's adherence to applicable regulatory and legislative requirements, and to the Company's internal policies, procedures and controls to ensure the effective mitigation of compliance risk. The Compliance function also acts in an advisory capacity to the Board and wider Company regarding the impact of a range of regulatory and legislative requirements.

The Compliance function fulfils its obligations by carrying out the following key activities:

- Act in an advisory, oversight and assurance capacity to ensure that the Company has the necessary systems and controls to enable it to adhere, on an ongoing basis, to regulatory and legislative requirements.
- Develop Company-wide compliance policies and procedures, as well as undertake regular and ad hoc compliance activities.
- Develop an annual compliance plan setting out the key objectives and activities of the Compliance function in the year ahead and ensure adequate resources are in place.
- Provide guidance and support on regulatory and legislative requirements. Ensure that staff receive adequate training on various compliance matters.
- Ensure that business is written in accordance with applicable licensing requirements in those jurisdictions in which the Company writes business.
- Liaise with the regulator(s) to develop and maintain open and cooperative relationships and ensure that appropriate disclosures are made to the regulator(s) of anything relating to QEL that the regulator(s) would reasonably expect notice of. Ensure that all regulatory returns are submitted to the regulator(s) within the prescribed timescales.
- Promote and embed a strong compliance culture throughout the Company.

3.3.3 Internal Audit function

The Internal Audit function is outsourced to PricewaterhouseCoopers (PwC). The Internal Audit function is segregated from all operational functions and provides independent assurance on the effectiveness of the risk management, internal control and governance frameworks. It has unrestricted access to all areas of the organisation so as to effectively conduct internal audit reviews.

The main responsibilities of the function are to:

- Provide independent assurance on the effectiveness of the risk management, internal control and governance frameworks.
- Conduct internal audit reviews, discuss the findings and agree action points with the relevant business areas, prior to reporting to the Audit Committee.
- Develop a rolling three-year Internal Audit Plan and provide the Audit Committee with quarterly updates against the plan.
- Review and evaluate the annual coverholder audit schedule and the completed coverholder audit reports.

Further assurance is being obtained through the use of a panel of coverholder auditors who examine in detail the controls and transactions of all coverholder partners. This is a management control under the oversight of the Delegated Authority Manager and all audit reports are also provided to the Internal Audit function to assist it in its work.

In each audit location, Internal Audit fulfils its responsibilities in compliance with local legal and regulatory requirements (such as the MFSA Insurance Code of Conduct), and in accordance with the guidelines of the Institute of Internal Auditors and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA).

3.3.4 Actuarial function

QEL's Actuarial function was provided via outsourcing agreements with an external consultant and an affiliated company, enabling segregation of duties within the actuarial team. The services provided to QEL, as they relate to actuarial work are overseen by the Actuarial function.

The Actuarial function's responsibilities are as follows:

- Ongoing development of reserving systems for QEL; performing a reserving function and preparing the necessary reserving reports for QEL's financial statements and external reporting including regulatory filings.
- Calculation of the technical provisions.
- Communication of reserve calculations to management within QEL.
- Preparing financial projections for the purposes of assessing potential future SCRs and QEL's ability to meet these.
- Ongoing review of QEL's recording of contract data that is used for the preparation of financial statements with the goal of improving accuracy.
- Supporting the Risk Management function in the calculation of the SCR.
- Providing support to ensure the achievement and maintenance of Solvency II compliance.
- Providing actuarial opinion on the UW policy and reinsurance strategy.

The affiliated company provides the following actuarial and modelling services to QEL:

- Advising QEL underwriters on technical price, profitability, product design, portfolio impact, data quality, applicability of modelling, uncertainties and third-party reliance.
- Assisting with business planning, researching new classes and territories of business, assisting with portfolio optimisation and improving return on capital.

3.4 Material Changes in the System of Governance

The material changes in the system of governance are noted as follows:

CEO And Executive Management Appointments

The following executive appointments were also approved by the Board and subsequently approved by the MFSA in March 2019.

- Alok Sahi (Key Function Holder – Finance)
- Faraz Khalid (Key Function Holder – Risk Management)
- Meera Rajoo-Oakley (Key Function Holder – Actuarial)
- Richard Sutlow (Non-executive Director)

Mr. Richard Sutlow is the Deputy Chief Executive of QIC Global and represents the ultimate parent. In early 2019, Gunther Saacke and Sunil Talwar, who were also representatives of the ultimate parent, resigned from the Board.

In addition, Mr. Richard Sutlow resigned later in December 2019, and it was proposed that James Michael Linsao be appointed to the Board of QEL as non-executive director subject to regulatory approval. He will be in the capacity as representative of QIC Global.

Alignment of QIC's international platforms

In 2019, administrative functions supporting the Group's international platforms, including Antares, Qatar Re and QEL, were combined (under project Capstone).

The integration facilitated:

- Improved efficiencies by leveraging operational synergies,
- Enhanced risk management, and
- Aligned business strategies.

From this, an Intra-Group Services Company was established which acts as the employer (either directly or through branches and/or subsidiaries) of all international Group employees and became QIC Global Services Limited (QGSL).

The four operational groups integrated under Project Capstone were:

- Legal, claims and compliance
- Finance, and Human Resources
- IT, Operations and Project Management
- Risk management

During 2019, the management developed a detailed Service Level Agreement (SLA) in respect of all centralised critical functions with a Schedule of services provided to all QIC Global entities. The monitoring of these services is done by the QGSL Board with regular reporting on performance to the entity Boards.

The formalised Intra-Group Services Agreement and Secondment Agreement with QGSL was approved by the Regulator during 2019.

3.5 Remuneration Policy

QEL's remuneration policy sets out the principles and practice for the development, implementation and application of the employee remuneration framework for QIC Capital and all its subsidiaries referred to as QIC Global Companies, including QEL.

QIC Global's remuneration philosophy is to have a remuneration framework that supports the business strategy, the risk management strategy and the long-term interests and performance of QIC Global. In particular, the philosophy is to provide total compensation that is in line with market rate and structured and calibrated so as to attract, retain, motivate and reward its employees to deliver enhanced performance in the eyes of customers and shareholders. The remuneration framework based upon this philosophy is an integral part of the offering to employees.

The remuneration framework is underpinned by a set of guiding principles:

- The remuneration framework should provide employees with total compensation that is competitive within the Insurance Market.
- The remuneration framework should promote a high performance culture by differentiating total compensation based on the performance of the business and the performance of individuals.
- The remuneration framework should take into account the respective tasks and performance of the executives, senior management, holders of key functions and other categories of employees whose professional activities have a material impact on the QEL risk profile and/or results.
- Variable compensation awards should be linked to relevant performance metrics, which can include the performance of QIC Global, specific business areas, and individual achievements.
- Expected individual performance should be clearly defined through a structured system of performance management, and performance against expectations should be factored into compensation decisions.
- The remuneration framework should promote sound and prudent management and not encourage risk-taking that exceeds the risk tolerance limits of the business.
- The remuneration framework should incorporate measures aimed at avoiding conflicts of interest.

QEL provides some employees with a pension, however the Company does not operate any early retirement schemes or defined benefit pension schemes.

During 2019 there were no changes to the remuneration policy, which determines the entitlements of the members of the Board and senior management.

Details on Board and employee remuneration over the reporting period can be found in section 2.5 Other Material Income and Expense.

3.6 Fit and Proper requirements

The Company ensures that the Board members and key function holders are fit and proper to discharge their responsibilities in accordance with the following definitions:

- An assessment of whether an individual is 'fit' involves an evaluation of the person's professional qualifications, knowledge and experience to ensure they are appropriate to their role. It also demonstrates whether the person has exercised due skill, care, diligence, integrity and compliance with relevant standards that apply to the area or sector in which the individual has worked.
- An assessment of whether a person is 'proper' includes an evaluation of a person's honesty, reputation and financial soundness. This includes, if relevant, criminal convictions or disciplinary offences.

The Fit and Proper Policy applies to the following positions of responsibility:

- Board and committee members;
- Key functions – Compliance, Risk Management, Actuarial and Internal Audit;
- Officers and managers of the company; and
- Third-party service providers, including insurance managers, auditors, actuaries and country representatives.

The following procedures are followed in assessing the Fit and Proper requirements:

- Ensure that a PQ (Personal Questionnaire) and the relevant forms are filed with the regulator.
- The directors are requested to report any changes in their status in relation to Fit and Proper requirements or any potential conflict of interest.
- An internal questionnaire is completed by all roles within the company and reassessed on at least an annual basis.

When assessing the fitness of the Board of Directors, the Company ensures that collectively the Board possesses the appropriate qualifications, experience and knowledge in the following areas:

- Insurance and financial markets knowledge;
- Business strategy and business model knowledge;
- System of governance knowledge;
- Financial and actuarial analysis knowledge and;
- Regulatory framework and requirements knowledge.

3.7 Risk Management System including Own Risk and Solvency Assessment

3.7.1 Risk Management System

The Risk Management Framework defines the process of identification, assessment and reporting on the material risks and the mitigating controls. The process is documented in the Risk Management policy.

QEL's overall risk strategy is designed to ensure:

- Alignment of the Risk Management System with the business objectives
- Clear ownership and accountability for risk management
- Complete coverage of all material risks
- Risk and control assessment, implementation of actions to reduce risks to an acceptable level
- Risk and control monitoring and reporting, including escalation of material issues to committees and the Board
- Link to the capital assessment to demonstrate that the company is adequately capitalised for the risks assumed
- Compliance with all relevant regulatory requirements
- Risk Management outputs inform the ORSA process.

The Risk Management Framework comprises a set of key policies and procedures and is implemented and integrated through the various committees, processes and procedures. These processes contribute towards QEL's solvency self-assessment, and identify and measure all material risks to which the Company is exposed, informing the decision-making process.

Risk governance is a major component of the overall risk framework and provides for clear roles and responsibilities in the oversight and management of risks. It also provides a framework for the reporting and escalation of risk and control issues across the Company. QEL's governance framework is built using a 'Three Lines of Defence' model. The current governance structure at the time of writing this report is presented in section 3.1.

The key functions have defined responsibilities, which are documented in various policies and procedures. The Board and committees have approved terms of reference.

The key responsibilities of the Board, committees and functions are summarised in sections 3.2 and 3.3.

This section provides an overview of key aspects in the overall risk management framework.

Risk appetite & Risk Tolerance

QEL defined a set of Risk Appetite and Risk Tolerance statements that lay down the parameters within which the Company will manage risk. These statements are reviewed at least annually and, if necessary, updated.

The Risk Appetite is monitored on an ongoing basis. Quarterly monitoring reports are prepared by the Risk Management function and provided to the committees and the Board. If a 'Risk Tolerance' is breached during the quarter and the Risk Appetite statement requires immediate notification of the Board, the Risk Management function will ensure that the breach is communicated to the Board.

Risk Register

The Risk Register summarises the overall risk profile of QEL. The business functions are responsible for identifying material risks associated with their activity. The risk identification and assessment process are facilitated by the Risk Management function.

Risk owners are required to assess the inherent and residual risk position using standardised assessment ratings. As part of the control self-assessment, the control owners have the responsibility to assess the design and performance of the key controls. The material risks and key controls are discussed with the business functions quarterly and documented in the Risk Register by the Risk Management function, which challenges the risks and controls ratings.

Output from the Risk Register and key changes to the risk profile are reported to the RCC with escalation to the Board as appropriate.

Exposure management

Exposure management at QEL is supported by the QIC Global Exposure Management team. Their responsibilities include producing exposure management reports, recommendations or remedial actions (as applicable) and contribution to the ORSA report. The Company's largest exposures are monitored quarterly, ensuring that QEL's exposure remains within its approved risk appetite.

Emerging risks

Emerging risks are risks that have not yet been fully understood or classified. The Risk Management function, with input from the wider management team, identifies and prioritises emerging risks for assessment. An Emerging Risk Register is documented and reviewed by the RCC, and also reported to the Board.

Risk reporting

The Risk Management function provides quarterly written reports to the RCC and the Board that cover the following core risk information:

- Exposures against risk appetite and tolerances;
- Results of quarterly self-assessment on Risk Register control activities;
- Material operational risk events (and near misses); and
- Any proposed changes to the risk management framework.

The Risk Management function also ensures that the results from the SCR calculations are reported to the RCC and the Board.

Capital assessment

QEL's SCR is calculated using the Solvency II standard formula on a quarterly basis. The Board is responsible for ensuring that the Company continuously holds sufficient eligible own funds to cover the SCR and MCR.

QEL has a target to maintain eligible capital above the SCR as defined in the Risk Appetite Statements of maintaining a 120% solvency coverage ratio.

Material changes to the risk profile over the course of the year could trigger ad hoc recalculation of the SCR and potentially an update of the ORSA.

A Capital Management plan is included in the ORSA report, which demonstrates how QEL will maintain the required regulatory and economic capital to support its business plan over the three-year period.

Stress testing and scenario testing

Stress testing and scenario testing include consideration of single stresses and multi-faceted scenarios across all material risk categories to assess QEL's ability to meet the capital requirements under stressed conditions.

3.7.2 Own Risk and Solvency Assessment

Own Risk and Solvency Assessment is defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the current and emerging risks an insurance undertaking faces or may face and to determine the own funds necessary to ensure that the undertaking's overall solvency needs are met at all times.

ORSA process

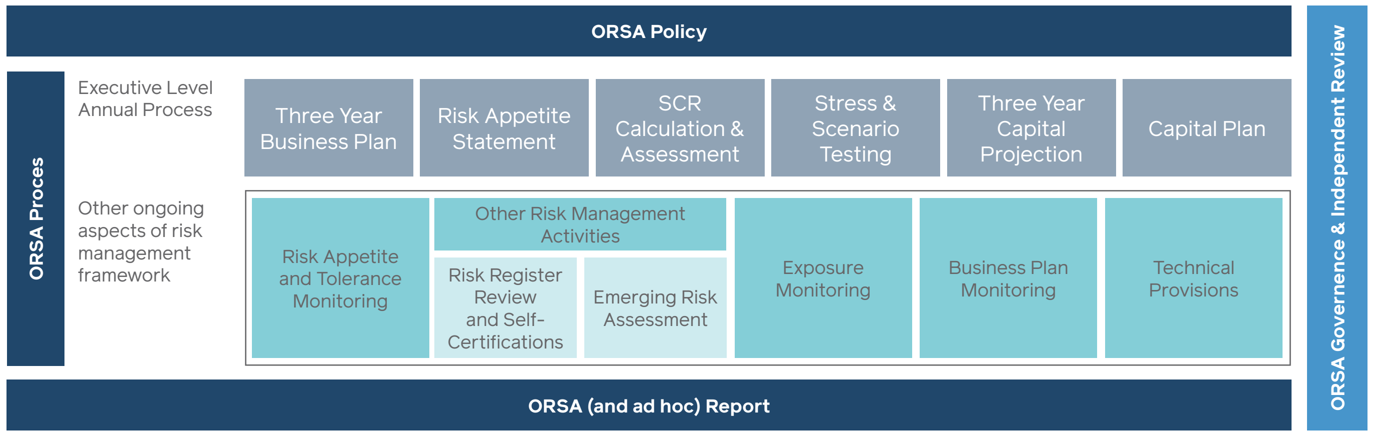
The risk management framework is implemented and integrated through the various committees, processes and procedures described in section 3.8.1. These processes contribute towards QEL's solvency self-assessment, which seeks to identify and measure all material risks to which the Company is exposed, informing the decision-making process. QEL's ORSA covers all material risk, including the quantifiable risks, which are within the scope of the SCR, the material risks outside the scope of the SCR and the emerging risks.

The purpose of the ORSA report is to:

- Inform the Board annually of the capital requirements in line with the business plan and strategy;
- Summarise the current and future/emerging material risks (quantifiable and non-quantifiable);
- Present the current regulatory Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) and own view of capital;
- Project the future capital requirements, including a comparison with the expected own funds over the planning horizon;
- Summarise the capital management plan; and
- Present the results of the stress and scenario testing, as well as reverse stress testing.

The ORSA report is addressed to QEL's Board. It will also be submitted to MFSA as part of the Company's annual filing requirements.

The processes which comprise the ORSA operate throughout the year, and the ORSA report summarises the outcome of these processes for the Board on an annual basis. The ORSA processes are summarised in the following figure:



The responsibilities and frequency of the ORSA processes/reports are documented in the ORSA Policy.

The ORSA report is prepared by the Risk Management function with contributions from the relevant business functions throughout the Company.

Should there be significant changes to the business strategy or the risk profile, an ad hoc ORSA update will be produced and submitted to the Board and shared with the MFSA. The trigger events for such ad hoc ORSA are documented in the ORSA Policy.

ORSA Risk Coverage

The ORSA includes all identified risks that QEL is exposed to as a result of its activities.

Solvency II regulation requires QEL to quantify the SCR relating to the following risks:

- Insurance Risk – Underwriting Risk (including Catastrophe Risk)
- Insurance Risk – Reserving Risk
- Market Risk
- Counterparty Default Risk
- Operational Risk

The Standard Formula SCR computation excludes the risk categories listed below and they are assessed and managed as part of the wider Risk Management System and qualitatively assessed as part of the ORSA:

- Group Risk
- Strategic and Reputational Risk
- Liquidity Risk

Use of the ORSA report

The ORSA report summarises the outcome from the ORSA processes for the Board and management on an annual basis. The ORSA report is used by the Board to assess the solvency capital needed to execute the business plan.

The ORSA outputs are also used for:

- Business planning process and strategy. The ORSA Report notifies the Board of any strategic changes, emerging risks and the stressed conditions that may impact the business plan.
- Risk appetite and tolerance setting, including using the ORSA results to explore strategies for mitigating risks that exceed the risk appetite.
- Risk Management Framework improvements, including Risk Register updates, risk policy updates and internal control improvements.
- The results from the capital projections are used for capital planning, including alternatives to ensure the continued solvency is maintained under normal and adverse conditions.
- Reinsurance and investment strategies may be changed as a result of the ORSA.
- The ORSA supports senior management in defining future management actions to transfer or accept the risk position taken by the QEL. These potential risks and the related courses of action inform the stress tests, reverse stress tests and emerging risks of the ORSA process.

3.8 Internal Control System

3.8.1 Internal Control Framework

QEL has established a sound and effective corporate governance framework that is appropriate to the size, nature, complexity and risk profile of the Company and that allows for the sound and prudent management of its activities.

The internal control framework seeks to mitigate risks and limit the probability of losses (or other adverse outcomes) as well as providing a framework for the overall management and oversight of the business.

QEL's internal control framework is based on the following elements:

- A 'Three Lines of Defence' model that ensures appropriate segregation of risk ownership (as documented in section 3.3).
- Adequate and transparent organisational structure with clear allocation and segregation of responsibilities, ensuring decisions are made and information is transmitted appropriately at the right levels.
- Corporate policies defining key principles and rules for operation; operating procedures detailing the activities and controls individuals are expected to perform. The policies and procedures are documented for all significant operations across the Company and are reviewed at least once a year.
- Specific focus on outsourcing procedures and controls.
- Appropriate management information framework that allows for the monitoring of key areas (i.e. achievement of strategic objectives, business performance, investment performance and liquidity, concentration exposures, reserving adequacy, capital requirements, material risks faced by the business, risk appetite and tolerance, effectiveness of the control environment, material outsourced functions, compliance with laws and regulations).
- Promoting a risk-responsible culture and training staff to ensure that they understand their responsibilities relating to internal controls, ensuring that their actions are in compliance with QEL's policies, procedures and relevant laws and regulations.

The key controls mitigating material risks are documented in the Risk Register and assessed as part of the quarterly risk and control assessment process.

Internal and external auditors play a key role in the oversight and assessment of the overall control environment. Findings from audit reviews are shared with and discussed by the Audit Committee, and also feed into the risk and solvency assessment processes.

3.9 Outsourcing

3.9.1 Outsourcing Policy

QEL's outsourcing policy applies to all internal and external outsourcing arrangements and describes how all outsourcing agreements are arranged, overseen, monitored and managed.

Outsourcing is used to complement QEL's overall business strategy, objectives and risk appetite. Arrangements are only considered and entered into where they offer improved business performance, both operationally and financially. QEL does not seek to enter into any outsourcing arrangements that will result in reduced standards or an increased level of risk exposure that breaches the risk appetite.

QEL understands that, in accordance with regulatory requirements, where it outsources any of its activities either to external third-party service providers or intra-group entities, it will continue to be responsible and held accountable for the performance and output of those activities.

Each outsourcing arrangement is subject to robust processes:

- The business function owner is responsible for demonstrating the rationale for selecting and shortlisting the potential provider.
- Each service provider is subject to due diligence.
- A formal approval process is in place (including review of contracts by legal experts).
- The MFSA is notified of any new outsourcing arrangements or changes to existing outsourcing arrangements.
- Service provider assessments are performed.
- Validation may be sought through an independent audit.

The business function owners are responsible for identifying and assessing the risks associated with an outsourcing arrangement and ensuring that the service providers have adequate internal control systems in place.

In 2019, the services were transferred to QIC Global Services Limited.

The table below outlines the outsourced functions that are considered critical or important:

Function / Work performed as at 31 December 2019	Jurisdiction of the Function	Name of Provider
Insurance Management	Malta	Marsh Management Services Malta Limited
Internal Audit (Critical Function)	Malta	PWC
Compliance (Critical Function)	Malta	Marsh Management Services Malta Limited
Company Secretarial	Malta	Valletta Legal
Function / Work performed as at 31 December 2019	**Jurisdiction of the Function**	**Name of Provider**
Compliance (Critical Function)	London	QIC Global Services Limited
Investment Advisors	Doha	Qatar Economic Advisors S.P.C.
Finance	London	QIC Global Services Limited
HR Support	Zurich	QIC Global Services Limited
IT Services	London	QIC Global Services Limited
Reinsurance services	Bermuda	QIC Global Services Limited
Risk Management	Bermuda	QIC Global Services Limited

The Board maintains oversight and control of all outsourced functions.

3.9.2 Delegated Underwriting and Claims Management

QEL focuses on coverholder or coinsurance partners across the EEA. QEL's business model was designed to provide access to niche insurance business either by line of business, or geography, or both, for both existing portfolios and entrepreneurial start-up ventures. The coverholder or an appointed third-party administrator are responsible for claims management with QEL's Claims team providing oversight of performance in accordance with service level agreements.

An appropriate governance structure is in place and is administered by the CEO, Delegated Underwriting Authority (DUA) Manager and the Board to provide robust oversight and clear accountability of delegated underwriting and claims management arrangements. QEL has a robust process for selecting and managing coverholders and third-party administrators.

Pre-bind due diligence includes business rationale in respect of new or renewal delegated authority and provides details of market assessment, rates, loss ratio and alignment with the QEL strategy.

Each arrangement is governed by a delegated authority agreement (whether for delegation of underwriting or claims) and provides detailed guidance, limits, scope, terms and conditions. Delegated arrangements are reviewed by the compliance team.

Post-bind the arrangements are monitored through regular coverholder performance monitoring including monitoring actual premium income against estimated premium, exposures, compliance with limits and the conditions of the agreement, service standards and business written in classes and territories as specified in the agreement. This is augmented by audits, typically carried out by specialist auditors.

QEL maintains an approved panel of coverholder auditors and uses a market standard for the scope of audit work, with a specific focus on certain areas depending on the nature of the transaction and the performance of the coverholder. A log is maintained for tracking the completion of audit recommendations.

3.10 Any other Material Information

There is no other material information regarding the system of governance.

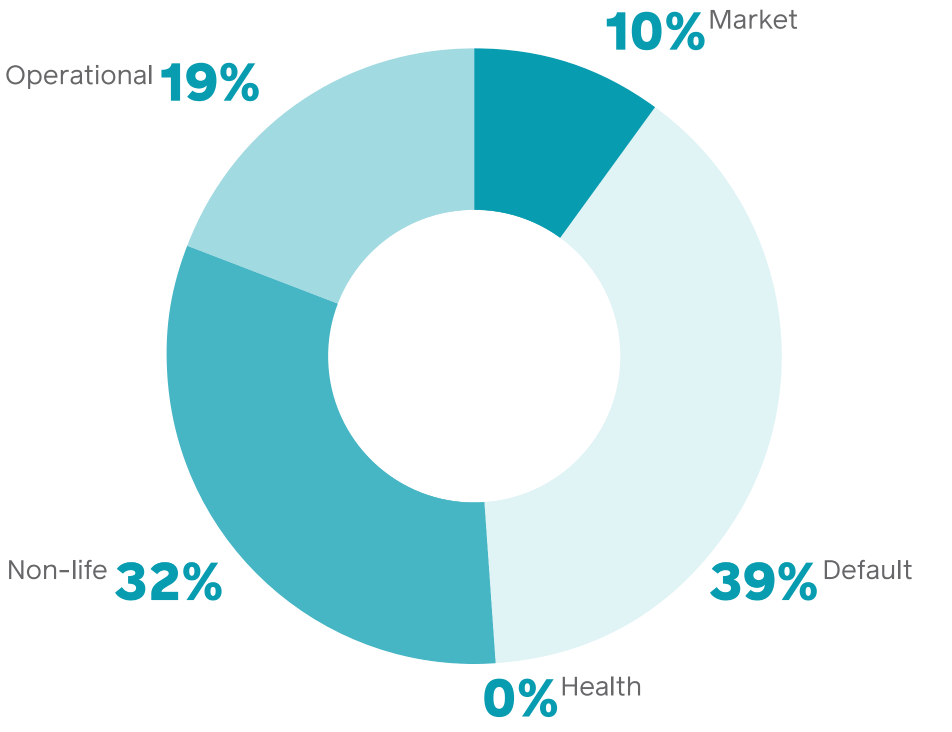
4 RISK PROFILE

The view of material risks at QEL is a combination of the top risks from the Risk Register (based on their residual rating) and the SCR risk ranking (based on the capital impact).

The most material risk categories based on their capital impact are outlined below. The counterparty default risk and non-life underwriting risk continue to be the key drivers of the SCR.

The ranking by risk category based on the 2019 year-end SCR calculations (as a percentage of the total SCR excluding the loss-absorbing capacity of deferred taxes, without allowing for diversification between risk modules) is as follows:

Solvency Capital Requirement Breakdown



The key risk drivers, the rationale for the ranking of each type of risk, and the approach to managing the risks are documented in this chapter.

4.1 Insurance risk

4.1.1 Insurance Risk Management

Insurance risk includes underwriting and reserve risk.

QEL manages the insurance risk through:

- Selection and implementation of the underwriting strategy and guidelines;
- Adequate reinsurance arrangements;
- Exposure management;
- Adequate reserves and claims management processes.

Underwriting risk is defined as the risk that the frequency and severity of insured events exceeds the expectations of QEL at the time of underwriting.

QEL manages underwriting risk through the use of defined limits, pricing models, peer review processes and oversight from the Underwriting Management Committee and the Board. QEL's underwriters ensure that:

- Inward business written, or authority delegated to coverholders is matched by suitable reinsurance;
- The net retained position of QEL remains within the risk appetite; and
- QEL has appropriate licenses and regulatory approval for any business written.

The pricing adequacy of the underlying business is assessed as part of the evaluation of coverholder business propositions at inception and renewal through the use of various pricing models, rating tools and related monitoring reports. QEL benefits from underwriting advice and assistance from affiliated companies.

Premium risk is the largest driver of QEL's insurance risk SCR.

Reserving risk is defined as the risk of loss due to the previously established reserves for claims reported on previously exposed business turning out to be incorrect in terms of quantum or timing.

Reserve risk arises from the inherent uncertainty (fluctuations in the timing and amount of claim settlements) surrounding the adequacy of the reserves or technical provisions set aside to cover insurance liabilities. QEL's reserve risk profile is primarily short-tail, where claims are reported and settled quickly. However, some classes include an element of long-tail run-off (notably UK motor that includes third-party liability) and they expose QEL to reserve variations in the longer term.

Robust controls are in place to ensure that reserving processes are adequate and that reserving data is complete and appropriate. Reserve risk is not a significant driver of QEL's insurance risk SCR, but will grow as the company matures and reserve volumes build up.

Reserve risk exposure is managed within the Actuarial function and through defined reserving practices, which are overseen by the Reserving Committee and the Board.

4.1.2 Insurance Risk Measurement and Exposure

QEL targets a multi-class balanced portfolio. The portfolio is composed of principally low severity/ high frequency business. The risk of an accumulation relating to a natural catastrophe is low relative to the size of the portfolio.

The Company's largest exposure to natural catastrophe risk is driven by the risk of a wind storm in the UK. This risk is continually monitored within the exposure management framework, ensuring that QEL's exposure remains within its approved risk appetite.

Stress tests are run to assess and quantify the impact on the Company's solvency position and to understand the severity of stress that would be required to cause QEL to breach its regulatory capital requirements, including:

- A significant and prolonged increase in the underwriting loss ratio;
- Increase in reserves;
- Increased underwriting activity beyond the business plan;
- 1-in-250 return period windstorm event occurring in Europe;
- Combination of underwriting, investment and reinsurance default risk scenario (which could be COVID-19 driven).

The outcome of these tests shows that none of the scenarios would cause QEL to breach its SCR, and that it would require a severe reduction in the market value of investments, combined with an increase in the underwriting loss ratio and reinsurance default to result in a danger of breaching the SCR. While the SCR coverage ratio remains above 100% in the European windstorm scenario, combining this with stress in the investment markets or increased loss ratios or underwriting activity could cause QEL to breach the SCR. An increase in underwriting activity in excess of the business plan would not result in a breach of the SCR, provided the loss ratios remain broadly as planned.

Reserve risk is increasing and becoming a more material driver of QEL's required capital as the portfolio matures and the volume of reserve increases.

The majority of QEL's insurance risk exposure is short-tailed with claims reported and settled quickly. The Company's highest exposure to reserve risk comes from longer-tail lines of business, notably motor liability, which is more exposed to reserve variations in the longer term. The long-tail portion of the UK motor portfolio contributes to around 10% of incurred losses within this line of business each year.

Solvency Capital Requirement

The SCR using the standard formula provides an appropriate method for QEL to quantify its exposure to insurance risk, given the risk profile, size and complexity of the Company. Material changes to the underwriting risk profile would trigger a recalculation of the SCR and a reassessment of the suitability of the standard formula for quantifying the risks to which the Company is exposed.

The diversified SCR for insurance risk at the end of the reporting period and at the end of last year is composed as follows:

Risk	Capital Requirement (USD) 31/12/2019	Capital Requirement (USD) 31/12/2018
Premium & Reserve	15,297,931	13,967,146
Lapse	2,943,332	3,585,448
Catastrophe	11,012,212	4,965,810
Total	**29,253,475**	**22,518,404**
Diversification	(8,082,959)	(6,169,858)
Diversified SCR	**21,170,516**	**16,348,547**

The SCR for non-life underwriting risk changed during 2019 for the following reasons:

- Premium & Reserve risk – The increase in non-life risk is driven by the increase in net claims provisions as the business matures and reserve volumes build up. The premium volume measure is broadly consistent with the premium volume measure as at the end of 2018.
- Catastrophe risk – QEL's exposure to catastrophe risk has increased in line with the improved flow of exposure data from coverholders.
- Lapse risk – The small reduction in lapse risk is a function of the reduction in premium volumes.

The highest contributor to premium and reserve risk is motor vehicle liability, which is driven by the relatively high volume of premium and reserves within QEL from this segment.

The capital charge for lapse risk is not significant.

4.2 Market risk

4.2.1 Market Risk Management

Market risk is defined as the risk of loss, or of adverse change in the financial situation, resulting directly or indirectly from fluctuations in the volatility of market prices of assets, liabilities and financial instruments. It is the risk that the value of basic own funds changes unfavourably, due to economic factors such as variations in interest rates.

The Board has adopted an investment strategy tailored to meet the Company's business needs, objectives and regulatory requirements. The investment strategy is designed to achieve:

- A low-risk portfolio, structured to deliver a consistent return.
- A low maintenance portfolio which is transparent and liquid.
- Matched duration of assets and liabilities.

In 2019, the Investment Committee was disbanded and its responsibilities taken over by the Board. The Board provides oversight of QEL's investment policy, strategy and performance. Qatar Economic Advisors S.P.C. (QEA), the wholly-owned investment advisory services subsidiary of QIC, are the appointed investment managers for QEL. QEA manages the portfolio under an Investment Advisory Agreement, which outlines the authorities granted, together with an investment guidelines document, which provides more specific policy guidance. QEA is responsible for monitoring the investment performance and providing quarterly investment reports to the Board.

Investment of assets in accordance with the prudent person principle

The investment strategy is heavily weighted towards fixed income and cash deposits and ensures that the Company only invests in instruments that any reasonable individual aiming for capital preservation and return on investment would own, in the best interests of its policyholders. Investment mandates include details of permitted investments (including limits), minimum credit ratings and maximum concentrations. The guidelines only allow the assumption of investment risks that can be properly identified, measured, responded to, monitored, controlled, and reported. The guidelines are set to ensure appropriate and adequate capital, liquidity and ability to meet policyholder obligations. QEL's investment guidelines are approved by the Board which provides oversight of QEL's investment policy, strategy and performance.

Political, economic and social environment

QEL continuously monitors the wider external risk environment, which includes emerging risks identified through the emerging risk process, as outlined in section 4.6.

4.2.2 Market Risk Measurement and Exposure

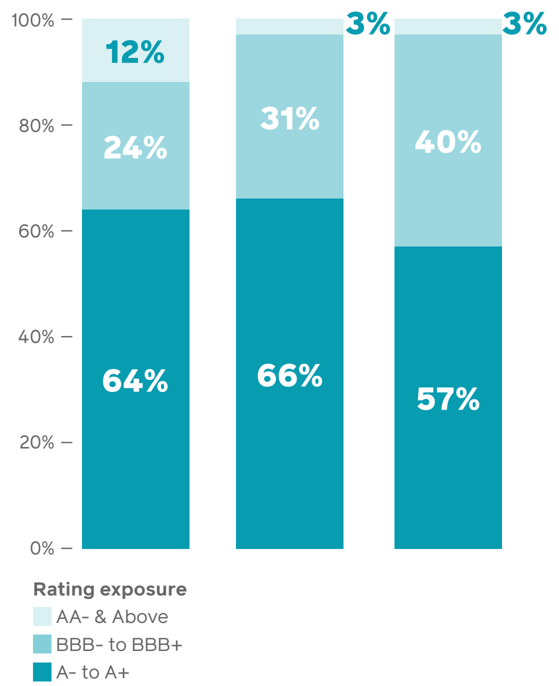
Market risk is measured against the Company's risk appetite and tolerance statements, which define the investment allocation limits by investment type, geographical region, credit rating etc.

The investment portfolio is as follows:

Investment Portfolio	(USD '000) 31/12/2019	(USD '000) 31/12/2018
Cash and cash equivalents	1,756	18,304
Bonds (Government & Corporate)	72,065	60,026
Collective Investment Undertakings	10,421	0
Total	**84,241**	**78,330**

The investment portfolio was comprised of cash, bonds and highly liquid money market funds (classified as collective investment undertakings) at the end of the reporting period.

The breakdown of the fixed income portfolio by rating is as follows:



The average credit rating of QEL's fixed income investment portfolio is A-.

In addition, QEL's exposure is further split amongst different sectors, with the greatest reliance being around investments in the financial sector. The remainder of the portfolio is spread across Government, Basic Materials, Communications, Airlines and Utilities.

The highest contributor to market risk is spread, which relates to the risks that arise from changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure. This is driven by QEL's fixed income portfolio.

Foreign exchange risk arises due to mismatches in the currencies of the assets held to match liabilities. The Company monitors this risk on an ongoing basis, including the impact of adverse currency movements as part of the stress and scenario testing. QEL invests predominantly in USD-denominated investments to optimise the returns achieved. Given that liabilities are mostly GBP and EUR denominated, QEL is exposed to a weakening of the USD. However, the main reinsurance contracts (which are with Qatar Re and the QIC Group) are USD denominated, but written so as to follow the fortunes of the ceded portion of risk so there is no mismatch between the foreign exchange rate at which the gross claim is paid and the rate at which the ceded portion is recovered.

Concentration risk can arise when the investment portfolio is not appropriately diversified across counterparties, geographical regions and industries. Concentration risk is measured with reference to the Company's risk appetite and tolerance statements, which limit the concentration of asset holdings.

Solvency Capital Requirement

The diversified SCR for market risk at the end of 2019 compared to 2018 is composed as follows:

Risk	Capital (USD) 31/12/2019	Capital (USD) 31/12/2018
Interest Rate	1,440,168	1,311,588
Property	-	0
Spread	5,343,270	2,675,603
Currency	2,010,030	2,088,373
Concentration	1,506,451	1,637,093
Total	**10,299,919**	**7,712,658**
Diversification	(3,685,413)	(3,231,155)
Diversified SCR	**6,614,506**	**4,481,502**

- Interest, concentration and currency risks – the required capital associated with these risk types remains broadly consistent with last year, with a small increase in interest rate risk driven by an increase in the proportion of the portfolio which is exposed to interest rate risk (i.e. fixed income and money market funds), offset by a reduction in concentration risk as the portfolio has become more diversified by issuer.
- Spread risk – spread risk has increased due to both an increase in the proportion of the portfolio exposed to spread risk and a small reduction in the average credit quality of the portfolio to A-.

4.3 Credit risk

4.3.1 Credit Risk Management

Credit risk is defined as the risk of loss due to counterparty default or failure to fulfil their obligations. It arises from both underwriting and investment activities.

Failure of a reinsurer to settle claims in full, failure of a coverholder or a bank are the most material credit risks for QEL.

The Board is ultimately responsible for ensuring that credit risk exposures are appropriately managed and monitored. The Chief Finance Officer (CFO) is responsible for the identification and management of credit risk with the support of the finance function, business functions and the Investment Managers.

The key mitigating controls for credit risk include:

- Approval procedures for accepting new counterparties;
- Monitoring of the security rating of all banking and reinsurance counterparties;
- Aged debt monitoring and reporting;
- Investment Guidelines that include details of permitted securities, minimum credit ratings and maximum concentrations;
- Monitoring of the concentrations of credit risk arising from similar geographic regions and activities
- Assessing the financial stability of the coverholders and third-party administrators during the due diligence process and before renewal.

Consistent with a Group-wide capital management strategy and the Group restructuring involving Qatar Re, QEL takes advantage of risk mitigation techniques contemplated in Article 189 paragraph 2(d) of Commission Delegated Regulation (EU) 2015/35 (the Delegated Acts). This allows for the reclassification of certain counterparty exposures where certain test criteria, set out in Articles 209-215 of the Delegated Acts can be satisfied. Qatar Re has provided a facility to the Company that meets the requirements and thus causes a reduction in the required capital of the Company.

4.3.2 Credit Risk Measurement and Exposure

Credit risk is measured through monitoring exposure in accordance with the risk appetite and tolerance statements.

Credit risk is the largest contributor to capital requirements. At the end of the reporting period, the Company's largest exposure to credit risk came from the large proportion of risk ceded to reinsurance counterparties. The majority of the exposure is intra-Group due to the large proportion of business ceded to Qatar Re (and historical business which was ceded to QIC). Both Qatar Re and QIC are rated A by S&P Global Ratings and A by A.M. Best. This exposure is classified as type 1 in the SCR standard formula.

In addition, QEL is exposed to premium counterparty default risk as it transacts with a number of coverholders. Exposure to coverholders is captured and actively monitored by the Finance function. Exposures to receivables from intermediaries and policyholder debtors are classified as type 2 exposures in the SCR standard formula.

The security rating of all banking and custodian counterparties is considered an appropriate metric for measuring credit risk arising as a result of QEL's need to hold cash at bank. These ratings are monitored on a daily basis. Deposits with banks and custodians are classified as type 1 exposures in the SCR standard formula.

Solvency Capital Requirement

Credit risk is the largest contributor to the Company's capital requirements (39% of the undiversified SCR). The diversified SCR for credit risk at the end of the reporting period, and at the end of last year is composed as follows:

Default risk capital requirements	Capital (USD) 31/12/2019	Capital (USD) 31/12/2018
Type 1	23,892,140	15,612,390
Type 2	2,689,373	10,962,110
Diversification within counterparty default risk module	(611,349)	(1,662,020)
Diversified Total	**25,970,163**	**24,912,480**

- Type 1 credit risk – As the earned reserve volumes increase as the business matures, so do the expected recoveries associated with these reserves, causing an increase in the type 1 counterparty default risk. Similarly as catastrophe risk increases, so does the risk mitigating effect of reinsurance, which is subject to type 1 credit risk.
- Type 2 credit risk – The proportion of receivable balances covered by the Qatar Re guarantee has increased, resulting in a movement from type 2 to type 1 counterparty default risk.

In managing exposure to credit risk, the Company also considers counterparty default risk arising as a result of the fixed income portfolio, and continuously monitors the ratings of its fixed income counterparties. This risk is considered within the market risk module of the SCR.

4.4 Liquidity risk

4.4.1 Liquidity Risk Management

Liquidity risk is the risk of loss or inability to realise investments and other assets in order to settle financial obligations when they fall due.

QEL ensures that sufficient liquidity is maintained to meet both immediate and foreseeable cash-flow requirements.

The Board has ultimate responsibility for the management of liquidity risk and it has delegated oversight and ownership of liquidity management to the CFO. Day-to-day management of liquidity is the responsibility of the Finance function. Both short-term and long-term liquidity risks are considered, with actions taken to ensure QEL has a long-term view of its liquidity requirements, arising from liabilities based on an actuarial assessment of risk, and to ensure access to liquid funds to meet these liabilities.

Liquidity risk limits are defined in the risk appetite and in the Investment Manager Guidelines (provided to the external manager of the funds).

Other liquidity monitoring controls are:

- Review of settlement advices that provides a useful indicator in forecasting short-term future cashflows;
- Bordereau monitoring process;
- Monitoring of the debt positions.

4.4.2 Liquidity Risk Measurement and Exposure

The market value of liquid assets is compared to the expected cash flows on a quarterly basis. In addition, QEL ensures that sufficient liquid funds will be available to meet the largest probable maximum loss, such that minimal costs are incurred to meet the cashflow requirements.

The Company remains within the liquidity risk appetite limits as at December 2019.

4.4.3 Expected Profit Included in Future Premiums

The amount of expected profit included in future premiums (EPIFP) was calculated in accordance with Article 260 of the Solvency II Delegated Acts.

The EPIFP net of reinsurance (QEL's profits are driven by net results) is USD 7,358,330 at the end of the reporting period. This is an increase from USD 6,646,684 reported prior year and results from an increase in the expected profitability of the business.

4.5 Operational risk

4.5.1 Operational Risk Management

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people, systems or from external events impacting the organisation's ability to operate. This risk encompasses all functions rendered in the course of conducting business. This includes legal and regulatory risk, but excludes strategic and reputational risk.

The heads of functions at QEL have responsibility for the oversight of operational risks in their respective areas.

Operational risk is managed through:

- A strong internal control culture
- Effective corporate governance, including segregation of duties, avoidance of conflicts of interest, clear lines of management responsibility, adequate management information reporting.
- Staff training/awareness of the control responsibilities relating to their roles.
- IT systems, Business Continuity and Disaster Recovery plans.
- Compliance with laws and regulations.
- Recruiting/retaining adequately skilled staff, adequate performance assessment system.
- Procedures to minimise internal/external fraud.
- Ensuring accurate and timely financial (and other external) reporting.
- Assessment of the impact of outsourcing material functions on operational risks and procedures for due diligence, monitoring and reporting of outsourced service providers.
- Operational loss monitoring process.

QEL monitors operational risk exposures through its Risk Register and the operational loss monitoring (risk event reporting) process, which are overseen by the Risk and Compliance Committee.

4.5.2 Operational Risk Measurement and Exposure

Solvency Capital Requirement

The operational risk capital charge calculations within the SCR standard formula are based on the volume of business, and do not take into account the quality of the operational risk management system or the internal control framework. The calculation factors in the Company's gross earned premiums and gross technical provisions, and is capped at 30% of the basic SCR. The premium-based operational risk charge, calculated based on earned gross premiums, exceeds the maximum capped capital charge set at 30% of the basic SCR, meaning that the charge is driven by 30% of the basic SCR.

The SCR for operational risk at the end of the reporting period and at the end of 2019 were as follows:

	Capital (USD) 31/12/2019	Capital (USD) 31/12/2018
Operational Risk	12,982,023	11,255,915

The operational risk capital requirement increased over the period in line with the reduction in the basic SCR.

4.6 Other material risks

4.6.1 Strategic and reputational risk

Strategic risk is defined as a function of the incompatibility between two or more of the following components: the strategic goals, the business strategies, the resources deployed to achieve these goals, the quality of implementation and the economic situation of the markets in which the insurer operates.

QEL recognises reputational risk as a by-product of inappropriate/inadequate management and mitigation of all other risk categories. As such, the identification of the reputational risk is the combined responsibility of all Risk Owners. The internal controls framework, effective compliance and risk management functions, monitoring of operations by the Board and the committees and the due diligence/audit procedures for coverholders contribute to minimising reputational risk.

Strategic and reputational risks are monitored through the risk appetite, risk management oversight and stress/reverse stress testing process. Other specific mitigants of strategic risk include:

- Effective business planning and performance monitoring.
- Aligning the business strategy, risk appetite, business plan, underwriting guidelines and capital requirements.
- Periodic review of the emerging risks and assessment of the potential impact on the business.
- Capital management planning.

QEL ensures that Board members are fit and proper to discharge their responsibilities, which includes providing the necessary strategic direction.

4.6.2 Group risk

Group risk arises as a result of being part of an insurance group, including exposures resulting from intra-group transactions.

QEL has ceded a large proportion of risk to Qatar Re and historically to QIC, which are both rated A by S&P Global Ratings and A by A.M. Best.

There is also some operational dependency as a result of some key functions being outsourced within the Group (see section 3.10 for further details).

4.6.3 Emerging risks

As at September 2019, the following emerging risks have a significant relevance to QEL:

Emerging risk	Comment
Non-Underwriting Cyber	Part of the risk has already materialised; given the retail nature of QEL, the risk is heightened in that it deals with personal data and high volumes of transactions. While no significant issues have materialised at QEL, QIC Global more broadly has been targeted by fraudsters and other cyber activity. From a business continuity standpoint, QEL is less exposed directly, given the MGA relationships. For QEL's own IT facilities, these are managed by QIC Global Services, where Cyber Risk is a key focus. Mitigation, including enhanced IT processes, controls and facilities, together with wider staff training has taken place. Mitigation is under constant review.
Brexit	At a QIC Global level, Brexit is a medium risk given the diverse platforms available within the Group. For QEL, Brexit is a greater risk, primarily due to cross-border business into the UK and the status of the London branch. In its preparation for Brexit, the Company is closely monitoring the evolving political landscape and the updates provided by the government and the regulators.

In addition to the emerging risks above, QEL is also closely monitoring a set of trends that could possibly have an impact on its business, such as:

- Underwriting Environment – Cyber, Big Data, Legislative Change and Changing Motor Technology,
- Tax Reform
- Middle East Political Situation
- Evolving Group Restructuring, including Capstone
- Regulatory Change

4.7 Risk Exposure arising from Off-balance Sheet Positions

QEL does not have any risk exposure arising from off-balance sheet positions.

4.8 Material Risk Concentrations

The Company's risk appetite and tolerance statements, approved by the Board, govern the concentration limits in relation to counterparties, credit quality and geographical locations to avoid material risk concentration.

There are also a number of managerial level limits used across different functions to manage risk exposures within the approved risk appetites. For example, investments are managed within the scope of the approved investment mandate. Market risk concentrations are discussed in section 4.2.2.

QEL's most material credit risk concentrations relate to reinsurance recoverables and receivables from coverholders. The approach to managing this risk is documented in section 4.3.

4.9 Risk Mitigation Techniques

The internal control framework seeks to mitigate risks, protect policyholders and limit the likelihood of losses or other adverse outcomes, as well as to provide a framework for the overall management and oversight of the business. QEL's internal control framework is summarised in section 3.8. Key controls are captured within the Risk Register and assessed as part of the risk and control assessment process described in section 3.7.1.

The Company purchases both quota share and excess of loss treaty reinsurance by line of business to provide stability in claims costs and increase capacity to write new and larger lines of business. The effectiveness of the reinsurance programme is monitored to ensure it meets the defined objectives.

As noted in section 4.3, QEL took advantage of the risk mitigation techniques contemplated in Article 189 of the Delegated Acts.

4.10 Risk Sensitivity Stress and Scenario Testing

Stress and scenario tests

QEL's risk management process includes a range of stress and scenario tests, analysing and reporting on the outputs as part of the ORSA processes. The Company explores plausible adverse scenarios that may arise in the normal course of business, which are derived from the key drivers of business and the risks identified in the Risk Register. There is also a quantitative analysis of the solvency and profit and loss impacts of the various stress and scenario tests, supplemented with qualitative analysis.

A total of 27 different stress and scenario tests have been run as part of the 2020 ORSA processes. The stress tests cover the most material risks, and are used to independently assess the level of capital buffer above the SCR.

The details of methods, assumptions and outcome of a small portion of the key stress tests are shown below:

1. European Windstorm Realistic Disaster Scenario (RDS) Event

This scenario assumes the occurrence of the largest RDS event, on a 1-in-250-year return period basis and considers the impact on profitability and solvency. A European Windstorm event would have wide-ranging consequences for the business and market in which QEL operates.

Risk in Scope	Methods and Assumptions	1 year P&L Impact	Impact on SCR
Cat Risk	The RDS assumes a European Windstorm event, translating to a USD 7.2m P&L impact (USD 1m loss overall).	USD 7.2 million	SCR coverage ratio reduces from 124% to 106%.

Analysis and Mitigating Actions

Catastrophe risk is primarily mitigated through reinsurance that is purchased to bridge the gap between the gross and net risk appetites of QEL, and through active monitoring of exposure through the Exposure Management framework. The assessment and management of this risk category is performed through a range of control activities, business plan limits and risk appetite/tolerance statements that monitor catastrophe exposures.

Despite the extreme nature of this event, the QEL capital position does not fall below the solvency capital requirements. Furthermore, the quantum of loss reduced the 2020 business plan profit of USD 6.2m to an overall net loss of USD 1m, which does not breach the balance sheet event threshold.

The immediate impact of such an event will be managed through the capital support from the Parent and revised business planning. It will be expected that an event of this magnitude will drive hardening of the market in future years.

The QEL Exposure Management framework has established appropriate measures in respect of aggregate exposure monitoring, mitigation and reporting.

2. COVID-19 Extreme Scenario

The COVID-19 situation continues to unfold and present great uncertainty to the business, at both entity and Group level. This is the single most extreme COVID-19 scenario we have performed, consisting of a soft market coupled with widening market spreads and reinsurers defaulting on obligations due to market pressures.

Risk in Scope	Methods and Assumptions	1 year P&L Impact	Impact on SCR
Underwriting risk Market risk Credit risk	It is assumed that a soft market leads to loss ratios increasing by 6%, with volumes reducing by 15%. Furthermore, extreme spread widening is assumed within the investment portfolio, and 3 mid-tier reinsurers default on their obligations due to the pressure of the COVID-19 situation.	USD 4.7 million	SCR coverage ratio reduces from 124% to 108%.

Analysis and Mitigating Actions

It can be seen that the QEL Eligible Own Funds remain above the Solvency Capital Requirements across all scenarios and it is only in the most extreme scenario, which combines material deterioration in the financial market with the underwriting loss exposure and the reinsurer default that the solvency ratio reduces materially below our risk appetite of a 120% solvency ratio.

It can be seen that even in the most extreme COVID-19 scenario QEL remains profitable, albeit at a reduced level from the current 2020 business plan assumption. The main impact is noted in respect of the investment portfolio and the QEL solvency coverage ratio falls significantly below the risk appetite of 120% but remains above the solvency capital requirements.

QEL is in advanced talks, which started before the COVID-19 outbreak, with the MFSA in relation to approving the use of Ancillary Own Funds for the capital provision. This is expected to be in the form of the Letter of Credit (LoC) and the maximum facility that may be required under the most extreme scenario will be USD 15m to restore the QEL solvency position to 120%. The QIC Group currently has an unused LoC facility in excess of USD 100m, which could be used in respect of QIC Global entities.

This extreme scenario applies the significant credit spread shock prescribed by the Bermuda Monetary Authority to already distressed market conditions. However, the management expects that the financial market downturn will not be lasting and it will also not be as extreme as captured by the Bermuda Monetary Authority (BMA) shock. Therefore, the management has formed its own stress view of the credit spread widening, which is illustrated in the table below and this results in a significantly less extreme balance sheet impact of USD 1.2m.

BMA Shock (bps)	BMA Shock + Further stress (bps)	Management's own view of Stress (bps)
AAA 152	AAA 154	B+ and below - > spreads double
AA 206	AA 232	BB -> downgraded to B – Spreads widen by 75%
A 195	A 275	100% of BBB -> downgraded to junk – Spreads widen by 50%
BBB 204	BBB 400	
BB 533	BB 962	
Below BB 4,231	B 1,139	
	CCC 4,231	

It should also be noted that in line with the MFSA requirements, the 2019 year-end balance sheet was stressed by the maximum widening of credit spreads, which was experienced during March 2020. This resulted in an improved solvency ratio of 130% due to the weakening of GBP and without this favourable impact the QEL solvency ratio falls to 119% which is marginally below our risk appetite level of 120%.

3. Reserve risk – Reserve deterioration

Several reserve deterioration scenarios have been considered. The most extreme of these assumes a 16% deterioration in all reserves across all years. This scenario targets a tail event, which would consequently have material profitability and capital implications for the business.

Risk in Scope	Methods and Assumptions	1 year P&L Impact	Impact on SCR
Reserve risk	It is assumed that all reserves deteriorate across all years by 16%	USD 6.5 million	SCR coverage ratio reduces from 124% to 114%.

Analysis and Mitigating Actions

This sensitivity demonstrates that a systemic reserving failure is a significant tail risk within the QEL risk profile. Reserve risk is primarily mitigated through a robust Reserving Framework that includes the following measures:

- Reserving Committee review
- External Independent review
- Risk Register Control Activities
- Risk Appetite and Tolerance Monitoring

An appropriate response to a QEL-specific systemic reserving failure would involve a significant downwards revision to the business plan and focus on getting the underwriting back on track.

It should be noted that a 16% deterioration of reserves across all years is an extreme stress and the probability of this is considered to be remote. In practice, such extreme movements are unlikely to occur instantaneously. The effective operation of our reserving framework and the annual independent external reviews are expected to highlight symptoms of such systemic reserve issues much earlier.

Furthermore, premium and reserve risk is the second most material driver of the QEL SCR and we continue to hold adequate capital in line with our 120% solvency coverage risk appetite.

Reverse stress tests

Reverse stress tests identify individual and combined scenarios that would place significant stress upon the business and threaten the financial viability of the Company. These scenarios could cause a loss of market confidence, which could render the business model unviable, albeit not necessarily to the point where the business runs out of capital.

As part of this process, potential scenario drivers are identified. The likelihood of their occurrence is assessed, and their materiality defined, management actions are then identified that could prevent and/or mitigate the scenarios.

Business model failure due to adverse outcomes of the reverse stress tests over the planning horizon is considered to be remote.

4.11 Any other Material Information

There is no other material information regarding the risk profile.

5 VALUATION FOR SOLVENCY PURPOSES

The assessment of available and required regulatory capital is made by taking an economic view of the Company's assets and liabilities, in accordance with the Solvency II valuation principles. The Solvency II balance sheet is produced on an economic basis and is presented in Appendix 1.

5.1 Assets

The following table sets out the assets held within QEL's balance sheet, alongside their value as at 31 December 2019 for the IFRS financial statements and the Solvency II balance sheet.

Class of Assets	31/12/2019 IFRS (USD)	31/12/2018 IFRS (USD)	31/12/2019 Solvency II Basis (USD)	31/12/2018 Solvency II Basis (USD)
Deferred Acquisition Costs (DAC)	108,146,885	91,996,000	0	0
Deferred Tax Assets	0	0	2,254,311	1,328,289
Property Plant & Equipment	64,875	63,000	64,875	63,000
Investments (Bonds)	72,064,639	60,026,000	72,064,639	60,026,000
Investments (Collective Investment Undertakings)	10,421,357		10,421,357	
Reinsurance Recoverables	700,643,336	562,070,396	591,036,652	431,583,575
Insurance Receivables	152,305,537	140,384,000	142,560,260	109,996,458
Cash & Cash equivalents	1,755,565	18,304,000	1,755,565	18,304,000
Deposits to Cedants	133,498,871	65,507,000	133,498,871	65,507,000
Other Assets	303,082	273,000	303,082	273,000
Total Assets	1,179,204,148	938,623,396	953,959,612	687,081,322
Reinsurance Recoverables	700,643,336	562,070,396	591,036,652	431,583,575
Insurance Receivables	152,305,537	140,384,000	142,560,260	109,996,458
Cash & Cash equivalents	1,755,565	18,304,000	1,755,565	18,304,000
Deposits to Cedants	133,498,871	65,507,000	133,498,871	65,507,000
Other Assets	303,082	273,000	303,082	273,000
Total Assets	1,179,204,148	938,623,396	953,959,612	687,081,322

5.1.1 Valuation bases, methods and main assumptions

Cash and cash equivalents, fixed income securities and all other assets on the Solvency II balance sheet are recorded at fair value in line with IFRS, with changes in fair value of available-for-sale investments being included in the statement of other comprehensive income, with the total comprehensive income (or loss) increasing (or decreasing) the own funds.

The Company does not use any alternative methods for valuation of investments, in accordance with Article 263 of the Solvency II Delegated Regulation.

In cases where the IFRS principles do not require fair value, investments are valued using the Solvency II valuation hierarchy, as defined in the Solvency II Delegated Regulation. Receivable balances which are due in more than one year are discounted using the risk-free discount curve.

Differences between the bases, methods and assumptions used for the valuation for solvency purposes (Solvency II balance sheet) and in financial statements (IFRS balance sheet) are outlined below:

- Deferred acquisition costs (DAC) are valued at nil in the Solvency II balance sheet as the company does not expect future cashflows to arise from this asset.
- Deferred tax assets in the Solvency II balance sheet arise from the difference between the IFRS balance sheet and the Solvency II balance sheet. As at 31 December 2019, the movement from the IFRS valuation basis to the Solvency II valuation basis resulted in an instantaneous reduction in equity. This 'loss' would give rise to a deferred tax asset. Deferred tax assets are recognised within the Solvency II balance sheet if there is a reasonable likelihood of the company making a large enough profit over a reasonable time horizon so as to be able to benefit from the deferred tax asset. The management believe that it is not unreasonable to expect QEL to make such a profit.

5.1.2 Comparison to previous year

QEL is a growing business and as such it is not unexpected for the asset base supporting the business to have increased in size over the 12 months to 31 December 2019, from USD 939 million to USD 1,179 million (IFRS basis).

The following asset items are directly affected by increases in business volume, the larger portfolio directly driving an increase in their value:

- DAC: deferred acquisition costs relate to the commissions/brokerage paid on the portion of premium that is written but not earned as at the valuation date. QEL wrote a greater volume of business during 2019 compared to the previous year. Assuming an average rate of acquisition costs that is stable over the two years, the greater level of business will generate a larger amount of unearned premium and a correspondingly larger amount of DAC.

DAC is not recognised as an asset on a Solvency II basis. Its change in value on an IFRS basis has no direct impact on the value of assets on a Solvency II basis.

- Reinsurance recoverables: the reinsurance recoverables relate to the portion of claims, both reported outstanding and incurred but not reported, that QEL expects to be able to recover from its reinsurance contracts. Since many of QEL's reinsurance contracts are proportional covers, the value of reinsurance recoverables is directly proportional to the value of gross claims reserves, which in turn increase with the increase in business written.

On a Solvency II basis, the reinsurance recoverable also increases for the same reasons.

- The increase in deposits to cedants relates to the amount of premium written by coverholders which is yet to be passed on to QEL under the relevant terms of the binding authority agreements. As volume of business increases this asset will increase in size.

Furthermore, there was an increase in the value of the investments held by QEL, with a corresponding reduction in cash. Investments also yielded returns that were reinvested in the portfolio. QEL continues to actively manage cash balances, ensuring it holds sufficient liquidity to meet liabilities falling due within a reasonable timeframe.

The value of property plant and equipment has remained stable over the year.

5.2 Technical Provisions

The main liabilities on the Solvency II balance sheet are the technical provisions, net of reinsurance recoverables, which consist of liabilities for claims outstanding and premium provisions.

As at 31 December 2019, QEL held technical provisions (TP) for non-life business and for health business (health exposure is very limited due to ancillary coverages on some of the core business lines) as defined within Solvency II.

The following table sets out the gross technical provisions and the expected reinsurance recoveries on both an IFRS and Solvency II basis.

	Liabilities – TP		Assets – Recoverable TP	
Non-Life & Health Technical Provisions	**IFRS (USD)**	**IFRS (USD)**	**IFRS (USD)**	**IFRS (USD)**
TP calculated as a whole	763,968,034		700,643,336	591,036,652
Best Estimate		647,385,239		
Risk Margin		6,747,795		
Gross TP – Non-Life (Including Health)	**763,968,034**	**654,133,034**	**700,643,336**	**591,036,652**

For a full breakdown of the technical provisions and reinsurance recoverables from reinsurance by line of business, see QRT S17.01 01.01 in Appendix 1.

5.2.1 Comparison to previous year

The above tables are compared to the analogous amounts as at 31 December 2018. These are set out in the tables below:

	Liabilities – TP		Assets – Recoverable TP	
Non-Life & Health Technical Provisions	**IFRS (USD)**	**IFRS (USD)**	**IFRS (USD)**	**IFRS (USD)**
TP calculated as a whole	611,767,171		562,070,396	431,583,575
Best Estimate		473,602,693		
Risk Margin		3,464,418		
Gross TP – Non-Life (Including Health)	**611,767,171**	**477,067,111**	**562,070,396**	**431,583,575**
% Increase/Decrease from 2019	**24.9%**	**37.1%**	**24.7%**	**37.0%**

Overall the technical provisions increased by 24.9% on an IFRS basis (37.1% on a Solvency II basis) in 2019 compared to 2018; this is driven by business volume growth.

Both the gross technical provisions and the reinsurance recoverables increased by the same proportion, reflecting the consistent structure of reinsurance in the later year compared to the previous.

Comparing the risk margin as at 31 December 2018 to that as at 31 December 2019 shows an increase. This reflects the greater level of technical provisions; the risk margin being calculated in proportion to the technical provisions.

The risk margin is also influenced by the magnitude of various other components of the SCR, such as non-life underwriting risk and counterparty default risk. These risks charges both increased compared to last year and have the effect of increasing the estimated risk margin.

The segmentation of the business between non-life classes and health classes remained stable over the last 12 months, with the proportion of the technical provisions relating to non-life classes being 99.7% at the end of 2019, as it was at the end of 2018.

5.2.2 Valuation Basis, Methods and Assumptions

Solvency II requires insurers to place an economic value on their assets and liabilities for solvency purposes. More specifically, the value of the technical provisions should be the amount that the insurer would be required to pay in order to transfer its obligations relating to its insurance contracts to a willing third party in an arm's-length transaction.

Insurance liabilities are difficult to value due to uncertainty of both the amounts and timing of future payments. Therefore, alongside the net present value of the expected future cashflows relating to claims liabilities, a risk margin is required to cover the cost of the increased risk that the receiving party is subject to, having taken on the obligations. The risk margin can be thought of as the mechanism that moves the valuation of the insurance liabilities to a mark-to-market basis.

The best estimate liability aims to represent the probability-weighted average of future cash flows required to settle the insurance obligations attributable to the lifetime of QEL's policies. The best estimate cash flows include future best estimate premium payments, claim payments, expenses expected to be incurred in servicing the Company's policies over their lifetime, investment costs and any payments to and from reinsurers. The best estimate liability is discounted using the currency-specific risk-free yield curves as published by the European Insurance and Occupational Pensions Authority (EIOPA).

The method and assumptions used within the estimation of the technical provisions are equivalent to those used within the estimation as at the previous reporting period.

In determining the technical provisions on a Solvency II basis, QEL's starting point is the technical provisions on an IFRS basis. These are valued at best estimate, with no explicit margin for prudence.

The reserves on an IFRS basis are estimated using the following reserving classes:

- Agriculture, including pets, livestock and bloodstock;
- Aviation & Space;
- Property: contracts covering single risks;
- Energy: contracts covering single risks;
- Property: binding authority business;
- Engineering: contracts covering single risks;
- Liability professional lines & General Liability;
- Marine;
- Motor: non-UK business; and
- Motor: UK business.

The reserving classes segment business into homogeneous groupings based on the underlying risks. The groupings set out above have been used for estimating QEL's reserves consistently since QEL's inception.

The reserves on an IFRS basis are split between earned reserves, relating to periods of past exposure, and the unearned premium reserve, relating to periods of future exposure on already incepted policies.

The main differences between the value of the technical provisions for solvency purposes and the IFRS valuation are as follows:

- Expected losses on the unearned business are taken into account in the calculation of premium provisions, removing any portion of the unearned premium reserve (UPR) that is in excess of this amount.
- The premium provisions and claims provisions include an amount relating to all future expenses to run off the insurance liabilities and for events not in the data set.
- Future cash flows are discounted to reflect the time value of money.
- A risk margin is added, calculated using the cost of capital approach.

The Company did not make use of any of the following:

- Matching adjustment referred to in Article 77b of the Solvency II Directive;
- Volatility adjustment referred to in Article 77d of the Solvency II Directive;
- Transitional risk-free interest term structure referred to in Article 308c of the Solvency II Directive;
- Transitional deduction referred to in Article 308d of the Solvency II Directive.

The best estimate of the amounts recoverable from reinsurance contracts and other risk transfer mechanisms is calculated separately from the gross best estimate. The calculation is based on principles consistent with those underlying the gross best estimate, projecting all cash flows associated with the recoverables and discounting using the risk free rate yield curve.

Further, on an IFRS basis, technical provisions are split into an earned portion, relating to periods of risk exposure that have already expired, and an unearned portion, relating to periods of risk exposure that are yet to expire.

On the Solvency II basis, this distinction is also made, however profit within the yet-to-expire period of risk is recognised immediately within the premium provisions.

Similarly any loss relating to the cession of assumed business due to the reinsurer's profit margin etc. is recognised immediately. An adjustment is made to reflect the expected losses on reinsurance recoverables due to counterparty default. The adjustment is based on an assessment of the probability of default of the counterparty and the average loss resulting from the default.

5.2.3 Risk margin

The risk margin is added to the best estimate to reflect the uncertainty associated with the probability-weighted cash flows. It is calculated using a cost of capital approach, which calculates the cost of providing eligible own funds for the duration of the run-off of the obligations to cover the insurance risk, counterparty credit risk and operational risk components of the SCR. The rate used in the determination of the cost of providing the own funds is called cost-of-capital rate. A cost-of-capital rate of 6% is applied to the cost of capital to cover the full period needed to run off the insurance liabilities. The cost of capital in each future year is discounted using the risk-free discount curve.

Given the size and complexity of QEL's business model, projecting QEL's balance sheet over the lifetime of its insurance obligations in order to forecast the associated SCR at each future period would be disproportionate to the amount of analysis required. QEL therefore calculated the risk margin using one of the simplifications set out within the Solvency II regulations and guidelines, which is proportional to the nature, scale and complexity of QEL's business.

Under this simplification, the risk module elements of future SCRs are assumed to be proportional to the value of the undiscounted technical provisions or the value of the undiscounted reinsurance recoverables. Under this assumption the expected run-off of the technical provisions was used to estimate the expected SCR over the lifetime of the insurance obligations.

5.2.4 Uncertainty

Considering the short period of operation of the Company, the growing and evolving portfolio and underlying volatility of the reinsurance business written, there is no credible volume of historical loss development triangles or factors, which increases the need to rely on pricing estimates and suitable benchmarks. QEL has selected benchmarks it believes are appropriate to the specifics of the business, and they are substituted for actual development experience as the Company builds up a volume of statistically credible data.

5.2.5 Reinsurance recoverable

The following table shows the reinsurance recoverable as at 31 December 2019, valued under IFRS and under Solvency II, split by line of business:

Reinsurers' share of technical provisions by line of business is as follows:

Non-Life Reinsurance Recoverables by Line of Business	IFRS (USD)	Solvency II (Best Estimate) (USD)
Motor Vehicle Liability	318,264,545	261,012,337
Other Motor	87,798,896	71,851,345
Marine, Aviation & Transport (MAT)	12,412,721	12,509,351
Fire & Other Damage to Property	147,857,677	141,108,099
General Liability	115,889,760	98,196,163
Legal Expenses	16,956,045	4,647,463
Miscellaneous Financial Loss	699,179,644	589,324,759
Total Reinsurance Recoverable (Non-life – Excluding Health)	**318,264,545**	**261,012,337**

Health Reinsurance Recoverable by Line of Business	IFRS (USD)	Solvency II (Best Estimate) (USD)
Medical Expense		
Workers' Compensation	1,463,692	1,711,892
Total Reinsurance Receivables (Health)	**1,463,692**	**1,711,892**

The estimation of the reinsurance recoverable is analogous to that of the gross technical provisions with the exception that the estimate of the reinsurers' share of technical provisions is adjusted to allow for the potential default of a reinsurer.

To estimate an appropriate adjustment for the potential default of a reinsurer, the best estimate of the reinsurance recoverable is multiplied by the counterparty recovery rate (which is set at 50%), multiplied by the modified duration of the receivables and again multiplied by the probability of default over a one-year time horizon which is set at 0.05%.

5.2.5.1 Comparison to previous year

The above tables are compared to the analogous amounts as at 31 December 2018. These are set out in the tables below:

Non-Life Reinsurance Recoverables by Line of Business	IFRS (USD)	Solvency II (Best Estimate) (USD)
Motor Vehicle Liability	160,864,683	205,206,403
Other Motor	43,626,776	55,152,800
Marine, Aviation & Transport (MAT)	9,332,299	11,782,106
Fire & Other Damage to Property	54,413,642	87,868,270
General Liability	61,576,945	66,194,383
Legal Expenses	0	0
Miscellaneous Financial Loss	1,741,807	3,952,321
Total Reinsurance Recoverable (Non-life – Excluding Health)	**334,556,152**	**430,156,283**

Health Reinsurance Recoverable by Line of Business	IFRS (USD)	Solvency II (Best Estimate) (USD)
Medical Expense	0	0
Workers' Compensation	2,347,356	1,427,293
Total Reinsurance Receivables (Health)	**2,347,356**	**1,427,293**

Changes in 2019 have been discussed in previous sections and are driven by growth in the business. Growth was greater in some segments than in others, resulting in the observed change in portfolio proportions between classes of business.

5.3 Other Liabilities

The liabilities other than the technical provisions as at 31 December 2019 are set out below, alongside their value as at 31 December 2018 on each of the IFRS and Solvency II bases.

Other Liabilities	Reference	31/12/2019 IFRS (USD)	31/12/2018 IFRS (USD)	31/12/2019 Solvency II (USD)	31/12/2018 Solvency II (USD)
Deferred Commission Income	a	99,097,570	82,950,000	0	0
Reinsurance Payables	b	232,187,232	170,045,000	220,524,012	140,556,571
Trade Payables	c	2,759,789	1,199,000	2,759,789	1,199,000
Insurance and Intermediaries Payables	d	13,515,726	14,144,000	13,515,726	14,144,000
Total		**347,560,317**	**268,338,000**	**236,799,527**	**155,899,571**

Valuation bases, methods and main assumptions are:

a. Deferred commission income is valued at nil within the Solvency II balance sheet as the Company does not expect future cashflows from this liability.

b. Reinsurance payables due within three months are not discounted. This is analogous to the treatment of insurance receivables within the balance sheet assets.

c. Payables (trade, not insurance) relate to trade accruals and are valued at face value.

d. Insurance and intermediary payables relate to amounts owed to intermediaries and for IPT and are valued at face value.

5.3.1 Comparison to previous year

The increase in balances during the 12 months to 31 December 2019 relates to business growth as described in previous sections.

5.4 Any other Material Information

There is no other material information regarding the valuation of assets and liabilities for solvency purposes.

6 CAPITAL MANAGEMENT

The Company is required by the MFSA to hold available own funds of an amount that is equal to or exceeds the MCR and SCR, in accordance with the Solvency II Directive. The SCR is calculated using the Solvency II standard formula.

QEL benefits from its parent company's credit rating due to the backing provided by QIC in the form of a parental guarantee and the quota share treaties with Qatar Re and QIC.

6.1 Own Funds

6.1.1 Management of Own Funds

Capital adequacy is maintained with reference to QEL's risk appetite. At any given time, the Company aims to maintain a strong capital base to enable QEL to support the business plan based on its own view of the capital required, and meeting regulatory capital requirements on an ongoing basis.

The ORSA process enables QEL to identify, assess, monitor, manage and report on the current and emerging risks that it faces, and to determine the capital necessary to ensure that overall solvency needs are met at all times.

The Capital Management Action Plan identifies the various thresholds below which available capital may be depleted, and the actions QEL will adopt to maintain capital adequacy. QEL can manage its capital position by either increasing the amount of available capital or by taking action to reduce the required capital. The approach taken is dependent on the specific circumstances of the event giving rise to the depletion of available capital.

6.1.2 Tiers of Own Funds

Solvency II legislation has introduced a three-tiered capital system designed to assess the quality of insurers' capital resources eligible to satisfy their regulatory capital requirement levels. The tiered capital system (Tiers 1, 2 and 3) classifies capital instruments into a given tier based on their loss absorbency characteristics. The highest quality capital is eligible for Tier 1, which is able to absorb losses under all circumstances, including as a going concern, during run-off, wind-up or insolvency. Tier 2, while providing full protection to policyholders in a wind-up or insolvency scenario, has moderate loss absorbency on a going-concern basis. Tier 3 meets, on a limited basis, some of the characteristics exhibited in Tiers 1 and 2.

Eligibility limits are applied to each tier in determining the amounts eligible to cover regulatory capital requirement levels.

The majority of QEL's own funds as of 31 December 2019 qualify as Tier 1 capital, confirming that the Company meets the eligibility limits applied to each tier to cover the MCR and SCR:

Composition	Eligible Capital (USD)	Eligible to meet MCR (USD)
Tier 1 Unrestricted	60,772,740	60,772,740
Tier 3	1,792,142	0
Total	**62,564,882**	**60,772,740**

The changes in own funds over the reporting period are presented in the table below. Please note: rounding differences of +/- one unit can occur in the table.

Basic Own Funds	December 2019 (USD million) Tier 1 Unrestricted	December 2018 (USD million) Tier 1 Unrestricted	December 2019 (USD million) Tier 3	December 2018 (USD million) Tier 3
Ordinary Share Capital	22.5	22.5		
Retained Earnings & Fair Value Reserve				
Reconciliation Reserve	(1.2)	(2.7)		
Deferred Tax Assets			1.8	1.3
Capital Contribution*	39.5	33.0		
Total Basic Own Funds	**60.8**	**52.8**	**1.8**	**1.3**

*Note: The USD 39.5 million is made up of a capital contribution of USD 6.5 million (2019), USD 20 million (2016) and USD 13 million (2017).

There were no material changes to the sources of capital during the reporting period.

There are no planned redemptions, repayment or maturity dates linked to the share capital.

6.1.3 Differences in Shareholder's Equity as Stated in the Financial Statements vs. the Available Capital and Surplus for Solvency Purposes

The table below shows the comparison of QEL's basic own funds under Solvency II and shareholders' equity under IFRS as of 31 December 2019:

Detail	Reference	IFRS (USD)	Solvency II Base (USD)	Variance (USD)
Ordinary Share Capital		22,500,000	22,500,000	
Surplus Funds		5,717,907		5,717,907
Fair Value Reserve				
Reconciliation Reserve	a		(1,185,150)	1,185,150
Deferred Tax Assets (Net)	b		1,792,142	(1,792,142)
Capital Contribution	c	39,457,890	39,457,890	-
Total Basic Own Funds		**67,675,797**	**62,564,882**	**5,110,915**

The key differences between the total equity shown under IFRS and Solvency II are as follows:

a) Under Solvency II, a reconciliation reserve is recognised. This reserve is the amount of the adjustments made to the assets and liabilities to arrive at the Solvency II estimates by applying Solvency II valuation principles. This reserve reduces the company's Total Basic Own Funds by USD 1.2 million.

b) A net deferred tax asset (DTA) of USD 1.8 million has arisen due to the difference between the IFRS balance sheet and the Solvency II balance sheet. The DTA is mainly driven by the difference in the valuation of the net best estimate liability when compared to IFRS net reserves. The DTA is considered under Tier 3 capital up to a limitation of 15% of the total capital being taken as allowable against the SCR.

c) In 2017, QIC in its capacity as shareholder made an additional capital contribution of cash amounting to USD 12.958 million. USD 20 million represents a capital contribution made in 2016. A further capital contribution of USD 6.5 million was made during 2019.

6.1.4 Own Funds subject to Transitional Arrangements

At the end of the reporting period, QEL does not hold any own funds which are subject to transitional arrangements.

6.1.5 Ancillary Own Funds

At the end of the reporting period, QEL does not hold any own funds which have been approved by the MFSA to be classified as ancillary own funds.

6.1.6 Factors Affecting the Availability and Transferability of Own Funds

There are no factors affecting the availability and transferability of own funds.

6.2 Solvency Capital Requirement and Minimum Capital Requirement

6.2.1 Calculation of the SCR

The SCR and MCR have been determined using the standard formula approach set out in the Solvency II Delegated Regulation.

QEL uses a simplified calculation of the recoverable from reinsurance contracts under Article 57, which is proportionate to the nature, scale and complexity of its risks.

QEL does not use undertaking-specific parameters pursuant to Article 104(7) of the Solvency II Directive.

No internal or partial model was used in the calculation of the SCR.

QEL is not subject to any capital add-on at the end of the reporting period.

The final amount of the SCR is subject to supervisory assessment.

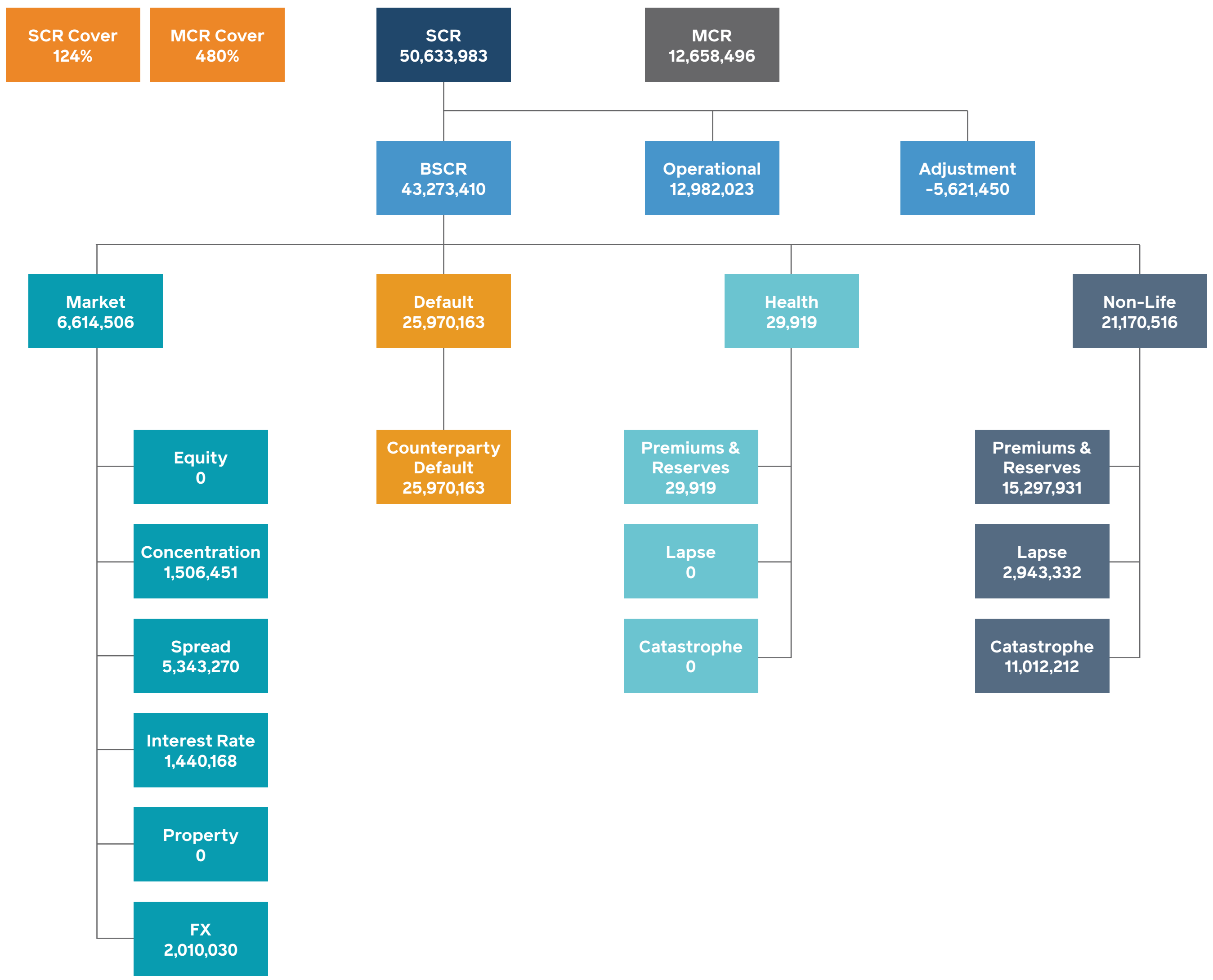
6.2.2 Calculation of the MCR

The MCR is determined by the standard formula as follows:

- The Linear MCR is calculated based on the net best estimate liability and net written premiums by Solvency II lines of business. The Company's Linear MCR equated to USD 9.6 million as at 31 December 2018.
- The Combined MCR is based on the Linear MCR and this should fall within a range between 25% and 45% of the SCR, being USD 12.7 million and USD 22.9 million respectively. As the Linear MCR is below the lower limit, the Combined MCR is at the lower limit of this range being USD 12.7 million.
- The MCR is then the greater of the Combined MCR and the Absolute floor of the MCR (aMCR). The aMCR is equivalent to EUR 3.7 million for (re) insurers authorised for liability business, and for the period ended 31 December 2019, the aMCR equated to USD 4.1 million. The Company's MCR is therefore USD 12.7 million.

6.2.3 SCR by risk module

The SCR and MCR for QEL, together with a split of the relevant risk modules that the Company is exposed to can be seen in the following diagram:



6.2.4 Movement in the SCR over the reporting period

The movements between the SCR and MCR over the reporting period are set out in the table below:

	31 December 2019 (USD million)	31 December 2018 (USD million)	Movement (USD million)
Market Risk	6.6	4.5	2.1
Counterparty Default Risk	26.0	24.9	1.1
Health Underwriting Risk	0.0	0.0	0.0
Non-Life Underwriting Risk	21.2	16.3	4.9
Undiversified SCR	53.8	44.4	9.4
Diversification	(10.5)	(7.9)	(2.6)
Basic SCR	43.3	37.5	5.8
Operational risk	13.0	11.3	1.7
Adjustment for Deferred Tax Assets	(5.6)	(5.5)	(0.1)
SCR	50.6	43.3	7.3
MCR	12.7	10.8	1.9

The Company's SCR increased over 2019 mainly due to the growth in reserves in line with the growth in the business since QEL's inception in 2014. The increase in the capital requirement for market risk is driven by an increase in spread risk. Counterparty Default Risk increased in line with the increase in the reinsurer's share in technical provisions. QEL continues to utilise risk mitigation techniques contemplated in Article 189 of the Delegated Acts.

Qatar Re guarantees certain balances due to QEL from agencies, therefore allowing QEL to look through to Qatar Re's rating when assessing the counterparty default risk associated with these balances. Section 4 provides additional information on the key risk drivers for each type of risk.

The MCR moved in line with the increase in the SCR over the reporting period.

6.2.5 Solvency Position

The Company maintained own funds in excess of the MCR and the SCR throughout the reporting period.

The solvency ratio stood at 124% as at 31 December 2019 (compared to 125% as at 31 December 2018). The solvency position is summarised in the table below:

Solvency Position	Capital Requirement (USD)	Eligible Capital (USD)	Solvency Ratio	MCR as % of SCR
SCR	50,633,983	62,564,882	124%	
MCR	12,658,496	60,772,740	480%	25%

7 SUBSEQUENT EVENTS

7.1 Board and executive management changes

These are detailed in section 3.4.

7.2 COVID-19

The Group's current operational focus is on keeping its people safe and maintaining their personal health and well-being while maintaining business continuity. The remote working arrangements remain fully operational across QIC Global offices and the Business Continuity Team (BCT) meets on a weekly basis to assess the effectiveness of the current arrangements and issue regular guidance to the staff members.

The Legal team has put in place appropriate arrangements for the review of all communication in respect of COVID-19 related matters and engaged an external law firm to provide QIC Global and its subsidiary companies with comprehensive legal support.

As a business, we are committed to delivering fair outcomes to our policyholders and each claim is being reviewed in light of the unique circumstances it presents and the coverages provided by the contract wordings. Furthermore, a review of our policy wording has been performed in respect of renewal business to ensure that suitable amendments have been incorporated within the policies in respect of pandemic coverage.

At the point of issuing this ORSA report, the COVID-19 pandemic continues to develop and the economic impact of this pandemic on QEL's insurance business and the investment portfolio is evolving.

We have developed a range of scenarios and concluded that our best case scenario is the recovery of the financial markets with neutral underwriting exposure and a temporary recession. Our worst case scenario is an extreme stress on the financial market with underwriting loss exposure plus significant recession with reinsurer defaults.

In all scenarios, the QEL eligible own funds remain above the solvency capital requirements. Critically, the quantum of the adverse impact does not breach the reverse stress test threshold.

The most material impact noted to date was through the widening of the credit spreads during March 2020, which started to settle towards the end of the month with some of the unrealised losses being reversed in the portfolios.

In line with the MFSA requirements, the 2019 year-end balance sheet was stressed by the maximum widening of credit spreads, which was experienced during March 2020. This resulted in an improved solvency ratio of 130% due to the weakening of GBP and without this favourable impact the QEL solvency ratio would have fallen to 119%, which is marginally below our risk appetite level of 120%.

The QEL capital base and the reported solvency ratio of 124% at the start of the year provide insulation against the deteriorating financial markets. Furthermore, QEL is in advanced talks, which started before the COVID-19 outbreak, with the MFSA in relation to approving the use of Ancillary Own Funds for the capital provision. This is expected to be in the form of the Letter of Credit (LoC) and the QIC Group currently has an unused LoC facility in excess of USD 100m, which could be used in respect of the QIC Global entities.

A change in the investment strategy is not envisaged in light of the COVID-19 outbreak. However, the investment portfolio continues to be closely monitored by the Investment team and any material decisions, as applicable, will be made in line with the Investment Policy and notified to the QEL Board.

The liquidity positions of Qatar Re (Bermuda) Group and its Group companies including QEL, remains satisfactory and the management currently does not have any constraints on the ability to meet claims and operational payments as they become due.

The management will continue to enhance and revise the COVID-19 assessment, as applicable, in light of the changing circumstances and all material instances of further development will be provided to the QEL Board in due course.

A

APPENDICES

Appendix 1

Quantitative Reporting Templates (QRTs) for Public Disclosure

S.02.01.02 – Balance sheet

S.02.01.02 – Balance sheet (continued)

S.05.01.02 – Non-life business written

S.05.01.02 – Non-life business written (top 5 countries)

S.05.01.02 – Non-life business written (top 5 countries total)

S.17.01.02 – Non-life technical provisions

S.19.01.21 – Gross claims paid triangulations – development year

S.19.01.21 – Gross claims paid triangulations – sum of years

S.19.01.21 – Gross undiscounted best estimate claims provisions triangulations – development year

S.19.01.21 – Gross undiscounted best estimate claims provisions triangulations – sum of years

S.23.01.01 – Own funds

S.23.01.02 – Reconciliation reserve

S.25.01.21.01 – Basic solvency capital requirement

S.25.01.21.02 – Calculation of solvency capital requirement

S.28.01.01 – Linear formula component for non-life insurance

S.28.01.01.02 – Background information

S.28.01.01.05 – Overall MCR calculation

Appendix 2

Technical Provisions split by non-life and health

Appendix 1: Quantitative Reporting Templates (QRTs) for Public Disclosure

S.02.01.02 – BALANCE SHEET

		Solvency II Solvency II value C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	2,254,311
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	64,875
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	82,485,997
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	
Equities – listed	R0110	
Equities – unlisted	R0120	
Bonds	R0130	72,064,639
Government Bonds	R0140	5,135,001
Corporate Bonds	R0150	66,929,638
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investment Undertakings	R0180	10,421,357
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	591,036,652
Non-life and health similar to non-life	R0280	591,036,652
Non-life excluding health	R0290	589,324,759
Health similar to non-life	R0300	1,711,892
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	133,498,871
Insurance and intermediaries receivables	R0360	142,560,260
Reinsurance receivables	R0370	
Receivables (trade, not insurance)	R0380	303,082
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	1,755,565
Any other assets not shown elsewhere	R0420	
Total assets	**R0500**	**953,959,612**

S.02.01.02 – BALANCE SHEET (CONTINUED)

		Solvency II Solvency II value C0010
Liabilities		
Technical provisions – non-life	R0510	654,133,034
Technical provisions – non-life (excluding health)	R0520	652,316,561
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	645,582,893
Risk margin	R0550	6,733,668
Technical provisions – health (similar to non-life)	R0560	1,816,473
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	1,802,346
Risk margin	R0590	14,127
Technical provisions – life (excluding index-linked and unit-linked)	R0600	
Technical provisions – health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	462,169
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	13,515,726
Reinsurance payables	R0830	220,524,012
Payables (trade, not insurance)	R0840	2,759,789
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities not shown elsewhere	R0880	
Total liabilities	**R0900**	**891,394,730**
Excess of assets over liabilities	**R1000**	**62,564,882**

S.05.01.02 – NON-LIFE BUSINESS WRITTEN

			Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)							Total
			Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	
			C0030	C0040	C0050	C0060	C0070	C0080	C0120	C0200
Premiums written	Gross – Direct Business	R0110	11,482	314,446,392	86,981,030	3,145,805	158,736,872	65,084,296	4,705,655	633,111,533
	Gross – Proportional reinsurance accepted	R0120								
	Gross – Non-proportional reinsurance accepted	R0130								0
	Reinsurers' share	R0140	10,908	293,519,226	81,280,103	3,043,566	141,133,266	59,738,425	4,601,638	583,327,132
	Net	R0200	574	20,927,166	5,700,927	102,239	17,603,606	5,345,871	104,017	49,784,401
Premiums earned	Gross – Direct Business	R0210	11,482	296,051,109	80,648,959	5,581,937	150,648,970	49,328,229	7,085,625	589,356,311
	Gross – Proportional reinsurance accepted	R0220								
	Gross – Non-proportional reinsurance accepted	R0230								
	Reinsurers' share	R0240	10,908	276,703,077	75,495,346	5,283,849	131,536,278	45,200,726	6,921,854	541,152,038
	Net	R0300	574	19,348,032	5,153,613	298,088	19,112,692	4,127,503	163,770	48,204,273
Claims incurred	Gross – Direct Business	R0310	182,334	164,684,538	47,219,433	12,992,573	93,855,698	45,639,600	9,711,886	374,286,063
	Gross – Proportional reinsurance accepted	R0320								
	Gross – Non-proportional reinsurance accepted	R0330								
	Reinsurers' share	R0340	173,247	153,088,241	43,987,929	12,170,974	81,557,147	40,980,608	9,267,379	341,225,524
	Net	R0400	9,087	11,596,298	3,231,504	821,600	12,298,551	4,658,993	444,507	33,060,539
Changes in other technical provisions	Gross – Direct Business	R0410								
	Gross – Proportional reinsurance accepted	R0420								
	Gross – Non-proportional reinsurance accepted	R0430								
	Reinsurers' share	R0440								
	Net	R0500								
Expenses incurred		R0550	(1,486)	5,594,479	1,473,349	(425,872)	7,223,473	261,103	(60,498)	14,064,548
Other expenses		R1200								
Total expenses		**R1300**								**14,064,548**

S.05.01.02 – NON-LIFE BUSINESS WRITTEN (TOP 5 COUNTRIES)

			Other than home country Country (by amount of gross premiums written) – non-life obligations DENMARK C0090_61	GREECE C0090_85	IRELAND C0090_106	SPAIN C0090_208	UNITED KINGDOM C0090_234
Premiums written	Gross – Direct Business	R0110	848,175	39,093,687	7,923,578	2,717,676	574,887,961
	Gross – Proportional reinsurance accepted	R0120					
	Gross – Non-proportional reinsurance accepted	R0130					
	Reinsurers' share	R0140	763,357	35,241,467	7,152,667	2,411,130	530,377,733
	Net	R0200	84,817	3,852,220	770,911	306,546	44,510,228
Premiums earned	Gross – Direct Business	R0210	396,402	32,137,618	3,843,130	1,768,821	539,712,160
	Gross – Proportional reinsurance accepted	R0220					
	Gross – Non-proportional reinsurance accepted	R0230					
	Reinsurers' share	R0240	364,885	28,946,271	3,424,752	1,572,921	495,803,511
	Net	R0300	31,517	3,191,347	418,378	195,900	43,908,649
Claims incurred	Gross – Direct Business	R0310	307,194	16,692,895	3,377,668	2,418,239	336,956,156
	Gross – Proportional reinsurance accepted	R0320					
	Gross – Non-proportional reinsurance accepted	R0330					
	Reinsurers' share	R0340	289,944	15,010,390	2,976,571	2,174,093	307,150,695
	Net	R0400	17,250	1,682,505	401,097	244,146	29,805,461
Changes in other technical provisions	Gross – Direct Business	R0410					
	Gross – Proportional reinsurance accepted	R0420					
	Gross – Non-proportional reinsurance accepted	R0430					
	Reinsurers' share	R0440					
	Net	R0500					
Expenses incurred		R0550	(13,153)	524,648	(53,926)	(20,310)	13,627,289
Other expenses		R1200					
Total expenses		**R1300**					

S.05.01.02 – NON-LIFE BUSINESS WRITTEN (TOP 5 COUNTRIES TOTAL)

			Non-life and Health non-SLT Total Top 5 and home country C0140
Premiums written	Gross – Direct Business	R0110	624,622,902
	Gross – Proportional reinsurance accepted	R0120	
	Gross – Non-proportional reinsurance accepted	R0130	
	Reinsurers' share	R0140	575,182,997
	Net	R0200	49,439,905
Premiums earned	Gross – Direct Business	R0210	577,461,730
	Gross – Proportional reinsurance accepted	R0220	
	Gross – Non-proportional reinsurance accepted	R0230	
	Reinsurers' share	R0240	529,747,455
	Net	R0300	47,714,275
Claims incurred	Gross – Direct Business	R0310	359,444,958
	Gross – Proportional reinsurance accepted	R0320	
	Gross – Non-proportional reinsurance accepted	R0330	
	Reinsurers' share	R0340	327,311,750
	Net	R0400	32,133,208
Changes in other technical provisions	Gross – Direct Business	R0410	
	Gross – Proportional reinsurance accepted	R0420	
	Gross – Non-proportional reinsurance accepted	R0430	
	Reinsurers' share	R0440	
	Net	R0500	
Expenses incurred		R0550	14,064,548
Other expenses		R1200	
Total expenses		**R1300**	**14,064,548**

S.17.01.02 NON-LIFE TECHNICAL PROVISIONS

				Direct business and accepted proportional reinsurance							Total Non-Life obligation
				Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	
				C0040	C0050	C0060	C0070	C0080	C0090	C0130	C0180
Solvency II											
Technical provisions calculated as a whole			R0010								
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated with TP calculated as a whole			R0050								
Technical provisions calculated as a sum of BE and RM											
Best estimate	Premium provisions	Gross	R0060		94,164,400	26,608,616	671,561	44,023,414	19,526,990	1,442,331	186,437,311
		Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140		87,358,414	24,685,626	582,244	40,057,355	18,443,959	1,393,965	172,521,564
		Net Best Estimate of Premium Provisions	R0150		6,805,986	1,922,990	89,317	3,966,058	1,083,032	48,365	13,915,747
	Claims provisions	Gross	R0160	1,802,346	185,796,959	50,384,298	12,825,131	116,801,126	89,985,163	3,352,904	460,947,927
		Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	1,711,892	173,653,923	47,165,719	11,927,106	101,050,744	79,752,205	3,253,498	418,515,088
		Net Best Estimate of Claims Provisions	R0250	90,454	12,143,036	3,218,579	898,024	15,750,382	10,232,958	99,406	42,432,840
Total Best estimate – gross			R0260	1,802,346	279,961,359	76,992,914	13,496,692	160,824,540	109,512,154	4,795,235	647,385,239
Total Best estimate – net			R0270	90,454	18,949,022	5,141,568	987,341	19,716,440	11,315,990	147,772	56,348,587
Risk margin			R0280	14,127	2,755,940	739,075	142,327	1,807,842	1,210,417	78,068	6,747,795
Amount of the transition on Technical Provisions		Technical Provisions calculated as a whole	R0290								
		Best estimate	R0300								
		Risk margin	R0310								
Technical provisions – total											
Technical provisions – total			R0320	1,816,473	282,717,298	77,731,989	13,639,018	162,632,382	110,722,570	4,873,303	654,133,034
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default – total			R0330	1,711,892	261,012,337	71,851,345	12,509,351	141,108,099	98,196,163	4,647,463	591,036,652
Technical provisions minus recoverables from reinsurance/SPV and Finite Re – total			R0340	104,580	21,704,961	5,880,643	1,129,668	21,524,283	12,526,407	225,840	63,096,382

S.19.01.21 – GROSS CLAIMS PAID TRIANGULATIONS – DEVELOPMENT YEAR

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											
N-9	R0160											
N-8	R0170											
N-7	R0180											
N-6	R0190											
N-5	R0200											
N-4	R0210	915,487	35,249,351	32,118,663	17,382,520	11,255,227						
N-3	R0220	17,495,955	71,589,986	47,040,437	18,327,412							
N-2	R0230	18,408,785	142,293,129	64,125,225								
N-1	R0240	30,444,657	142,317,341									
N	R0250	31,632,948										

S.19.01.21 – GROSS CLAIMS PAID TRIANGULATIONS – SUM OF YEARS

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100		
N-9	R0160		
N-8	R0170		
N-7	R0180		
N-6	R0190		
N-5	R0200		
N-4	R0210	11,255,227	96,921,248
N-3	R0220	18,327,412	154,453,789
N-2	R0230	64,125,225	224,827,139
N-1	R0240	142,317,341	172,761,997
N	R0250	31,632,948	31,632,948
Total	R0260	267,658,153	680,597,122

S.19.01.21 – GROSS UNDISCOUNTED BEST ESTIMATE CLAIMS PROVISIONS TRIANGULATIONS – DEVELOPMENT YEAR

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											
N-9	R0160											
N-8	R0170											
N-7	R0180											
N-6	R0190											
N-5	R0200											
N-4	R0210	0	0	33,618,594	29,067,869	26,570,860						
N-3	R0220	0	128,183,202	75,881,987	84,458,532							
N-2	R0230	94,094,759	144,211,203	88,188,909								
N-1	R0240	84,572,434	162,334,696									
N	R0250	105,822,959										

S.19.01.21 – GROSS UNDISCOUNTED BEST ESTIMATE CLAIMS PROVISIONS TRIANGULATIONS – SUM OF YEARS

		Year end (discounted data)
		C0360
Prior	R0100	
N-9	R0160	
N-8	R0170	
N-7	R0180	
N-6	R0190	
N-5	R0200	
N-4	R0210	26,570,860
N-3	R0220	84,458,532
N-2	R0230	88,188,909
N-1	R0240	162,334,696
N	R0250	105,822,959
Total	R0260	467,375,956

S.23.01.01 – OWN FUNDS

			Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sectors as foreseen in article 68 of Delegated Regulation 2015/35	Ordinary share capital (gross of own shares)	R0010	22,500,000	22,500,000			
	Share premium account related to ordinary share capital	R0030					
	Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040					
	Subordinated mutual member accounts	R0050					
	Surplus funds	R0070					
	Preference shares	R0090					
	Share premium account related to preference shares	R0110					
	Reconciliation reserve	R0130	(1,185,150)	(1,185,150)			
	Subordinated liabilities	R0140					
	An amount equal to the value of net deferred tax assets	R0160	1,792,142				1,792,142
	Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	39,457,890	39,457,890			
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions	Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions		R0290	62,564,882	60,772,740			1,792,142
Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	R0300					
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
	Unpaid and uncalled preference shares callable on demand	R0320					
	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
	Supplementary members' calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
	Supplementary members' calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
	Other ancillary own funds	R0390					
Total ancillary own funds		R0400					
Available and eligible own funds	Total available own funds to meet the SCR	R0500	62,564,882	60,772,740			1,792,142
	Total available own funds to meet the MCR	R0510	60,772,740	60,772,740			
	Total eligible own funds to meet the SCR	R0540	62,564,882	60,772,740			1,792,142
	Total eligible own funds to meet the MCR	R0550	60,772,740	60,772,740			
SCR		**R0580**	**50,633,983**				
MCR		**R0600**	**12,658,496**				
Ratio of Eligible own funds to SCR		**R0620**	**124%**				
Ratio of Eligible own funds to MCR		**R0640**	**480%**				

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S.23.01.02 – RECONCILIATION RESERVE

			C0060
Reconciliation reserve	Excess of assets over liabilities	R0700	62,564,882
	Own shares (held directly and indirectly)	R0710	
	Foreseeable dividends, distributions and charges	R0720	
	Other basic own fund items	R0730	63,750,032
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	R0740	
Reconciliation reserve		R0760	(1,185,150)
Expected profits	Expected profits included in future premiums (EPIFP) – Life business	R0770	
	Expected profits included in future premiums (EPIFP) – Non-life business	R0780	
Total expected profits included in future premiums (EPIFP)		R0790	

S.25.01.21.01 – BASIC SOLVENCY CAPITAL REQUIREMENT

		Gross solvency capital requirement C0110	Simplifications C0120
Market risk	R0010	6,614,506	
Counterparty default risk	R0020	25,970,163	
Life underwriting risk	R0030	0	
Health underwriting risk	R0040	29,919	
Non-life underwriting risk	R0050	21,170,516	
Diversification	R0060	(10,511,693)	
Intangible asset risk	R0070		
Basic Solvency Capital Requirement	R0100	43,273,410	

S.25.01.21.02 – CALCULATION OF SOLVENCY CAPITAL REQUIREMENT

			Value C0100
Solvency II			
Operational risk		R0130	12,982,023
Loss-absorbing capacity of technical provisions		R0140	
Loss-absorbing capacity of deferred taxes		R0150	(5,621,450)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC		R0160	
Solvency Capital Requirement excluding capital add-on		R0200	50,633,983
Capital add-on already set		R0210	
Solvency capital requirement		R0220	50,633,983
Other information on SCR	Capital requirement for duration-based equity risk sub-module	R0400	
	Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
	Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	
	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
	Diversification effects due to RFF nSCR aggregation for Article 304	R0440	

S.28.01.01 – LINEAR FORMULA COMPONENT FOR NON-LIFE INSURANCE

			MCR components C0010
Solvency II	MCRNL Result	R0010	9,596,386

S.28.01.01.02 – BACKGROUND INFORMATION

		Background information	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole C0020	Net (of reinsurance) written premiums in the last 12 months C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040	90,454	574
Motor vehicle liability insurance and proportional reinsurance	R0050	18,949,022	20,927,166
Other motor insurance and proportional reinsurance	R0060	5,141,568	5,700,927
Marine, aviation and transport insurance and proportional reinsurance	R0070	987,341	102,239
Fire and other damage to property insurance and proportional reinsurance	R0080	19,716,440	17,603,606
General liability insurance and proportional reinsurance	R0090	11,315,990	5,345,871
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130	147,772	104,017
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

S.28.01.01.05 – OVERALL MCR CALCULATION

		C0070
Linear MCR	R0300	9,596,386
SCR	R0310	50,633,983
MCR cap	R0320	22,785,292
MCR floor	R0330	12,658,496
Combined MCR	R0340	12,658,496
Absolute floor of the MCR	R0350	4,104,038
Minimum Capital Requirement	R0400	12,658,496

Appendix 2: Technical Provisions split by non-life and health

Non-Life and Health technical provisions split as at 31 December 2019:

	Liabilities – TP		Assets – Recoverable TP	
Non-Life Technical Provisions	**IFRS (USD)**	**IFRS (USD)**	**IFRS (USD)**	**IFRS (USD)**
TP calculated as a whole	762,426,788		699,179,644	
Best Estimate		645,582,893		589,324,759
Risk Margin		6,660,212		
Gross TP – Non-Life (Excluding Health)	**762,426,788**	**652,234,104**	**699,179,644**	**589,324,759**

	Liabilities – TP		Assets – Recoverable TP	
Health Technical Provisions	**IFRS (USD)**	**IFRS (USD)**	**IFRS (USD)**	**IFRS (USD)**
TP calculated as a whole	1,541,234		1,463,692	
Best Estimate		1,802,346		1,711,892
Risk Margin		14,019		
Gross TP – Health	**1,541,234**	**1,816,365**	**1,463,692**	**1,711,892**

Non-Life and Health technical provisions split as at 31 December 2018

	Liabilities – TP		Assets – Recoverable TP	
Non-Life Technical Provisions	**IFRS (USD)**	**IFRS (USD)**	**IFRS (USD)**	**IFRS (USD)**
TP calculated as a whole	611,767,171		560,226,260	
Best Estimate		472,098,686		430,156,283
Risk Margin		3,457,926		
Gross TP – Non-Life (Excluding Health)	**611,767,171**	**475,556,612**	**560,226,260**	**430,156,283**

	Liabilities – TP		Assets – Recoverable TP	
Health Technical Provisions	**IFRS (USD)**	**IFRS (USD)**	**IFRS (USD)**	**IFRS (USD)**
TP calculated as a whole	1,933,306		1,844,136	
Best Estimate		1,504,007		1,427,293
Risk Margin		3,035		
Gross TP – Health	**1,933,306**	**1,507,042**	**1,844,136**	**1,427,293**

	Liabilities – TP		Assets – Recoverable TP	
Non-Life Technical Provisions	**IFRS (USD)**	**IFRS (USD)**	**IFRS (USD)**	**IFRS (USD)**
TP calculated as a whole	762,426,788		699,179,644	
Best Estimate		645,582,893		589,324,759
Risk Margin		6,660,212		
Gross TP – Non-Life (Excluding Health)	**762,426,788**	**652,234,104**	**699,179,644**	**589,324,759**

	Liabilities – TP		Assets – Recoverable TP	
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TP calculated as a whole	1,541,234		1,463,692	
Best Estimate		1,802,346		1,711,892
Risk Margin		14,019		
Gross TP – Health	**1,541,234**	**1,816,365**	**1,463,692**	**1,711,892**

Non-Life and Health technical provisions split as at 31 December 2018

	Liabilities – TP		Assets – Recoverable TP	
Non-Life Technical Provisions	**IFRS (USD)**	**IFRS (USD)**	**IFRS (USD)**	**IFRS (USD)**
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Best Estimate		1,504,007		1,427,293
Risk Margin		3,035		
Gross TP – Health	**1,933,306**	**1,507,042**	**1,844,136**	**1,427,293**

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