QEL

Solvency and Financial Condition Report 2024

QIC EUROPE LIMITED

Solvency and Financial Condition Report (SFCR)
For the financial year ended 31 December 2024

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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 2024.

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 A: Business and Performance

QIC Europe Limited ("QEL") is a wholly owned subsidiary of Antares Reinsurance Company Limited ("ARE"). The ultimate parent of QEL and ARE is Qatar Insurance Company Q.S.P.C. ("QIC"), 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, rated ''A-" by Standard and Poor's and A.M. Best and benefits from the QIC Group's capital base. The Group Structure graph can be found within this section of the report.

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 Company reported a net loss after tax of $7.0m in 2024, compared to the net loss $0.7m in 2023. These results are prepared under International Financial Reporting Standards ("IFRS"). The result from Insurance Operations was a loss of $4.4m in 2024 compared with a profit in 2023 of $1.1m.

QEL's investment income is driven by investments in fixed income bonds. The net investment income (net of investment management expenses) was USD $0.8m at the end of 2024, compared to USD $0.9m in 2023.

Section B: 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 an established Risk and Capital Committee and Audit Committee in addition to a range of other management committees which focus on specific areas. The Board also receives support and advice from various Antares Global committees namely the Finance, Investment, Security, and Remuneration committees that provide services, advice and recommendations to the Antares Global companies.

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. Each of the key functions is independent from the Company's operational functions, thereby ensuring they can undertake their activities in an unbiased and objective manner.

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

Section C: Risk Profile

QEL targets a multi-class balanced portfolio which is composed of principally 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 total SCR has fallen by $11.3m compared to last year. The percentage risk ranking by risk category has remained relatively stable. The most material risk category based on their capital impact continues to be counterparty default risk, however credit risk (mostly driven by currency risk) has now overtaken non-life underwriting risk as the second largest category.

Counterparty credit risk Type 1 is the single largest contributor to capital requirements. At the end of the reporting period, the Company's largest exposure to credit risk came from the underwriting risk ceded to reinsurance counterparties. Most of this cession is intra-Group, mainly driven by a quota share cession to Antares Re.

The Company has detailed policies and procedures on the management of all risk categories and the risk appetite and tolerance statements, approved by the Board, govern the concentration limits in relation to counterparties, credit quality and peril-regions to avoid material risk concentration.

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 D: Valuation for Solvency Purpose

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.

On an IFRS basis the asset base supporting the business decreased to USD $461.6m in 2024 from $519.8m in 2023. The reduction is in line with lower net insurance contract liabilities.

On a Solvency II basis the asset base has reduced from $614.5m in 2023 to $410.3m in 2024.

The main difference on a Solvency II basis compared with IFRS relates to the reclassification of assets for remaining coverage into the best estimate provision under solvency II, whilst there was a further impact of discounting and risk adjustment – the Solvency II impacts are prescribed under the EIOPA guidelines compared with accounting policy choice under IFRS.

On a net basis, the Solvency II Technical Provision have decreased in 2024 by $24.8m, when compared to 2023. The gross technical provisions decreased by 41.0% whilst the reinsurance recoverables decreased by 39.8% between 2023 and 2024. The similarity in reduction proportions reflect the consistent structure of reinsurance over the years. The Risk Margin also reduced between 2024 and 2023, reflecting a reduced risk profile.

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 Solvency II basis.

Section E: Capital Management

The Solvency Capital Requirement ("SCR") is calculated using the SII standard formula. The SCR as at 31 December 2024 is $26.7m (2023: USD $38.1m).

QEL - Eligible Capital to cover SCR (USD'000)	2024 YE	2023 YE	Diff
Eligible Capital for SCR	64,887	64,663	224
Solvency Capital Requirement (SCR)	26,747	38,063	(11,316)
SCR ratio	243%	170%	73%

*All numbers relate to the assessed Year End position

The Board has an approved risk appetite of maintaining 140-160% solvency coverage ratio and the solvency ratio stood at 243% as at 31 December 2024 compared to 170% at 31 December 2023.

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

Section F: Subsequent events

No events have been identified subsequent to balance sheet date which require new estimates or changes to existing accounting estimates.

<u>Directorship changes</u>
Marios Georgiou formally resigned from the Board of QEL at the meeting of the 13th March 2024.
Pantelis Koulovasilopoulos resigned from the Board effective 31 December 2024.
Michael van der Straaten was appointed as Chief Executive Officer on 31 December 2024.

A. Business and Performance

A.1 Business

A.1.1 The Company

QIC Europe Limited ('the Company') is a limited liability company registered in Malta. QIC Europe Limited (QEL) is a wholly owned subsidiary of Antares Reinsurance Company Limited (Antares Re, previously Qatar Reinsurance Company Limited), a Class 4 Bermuda-based (re)insurer. Antares 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-/Strong' by Standard and Poor's and ''A-/Excellent'' by A.M. Best and benefits from the QIC Group's capital base.

Established in 2014, QEL is a Malta domiciled insurer with a branch in the UK. QEL is authorised to underwrite all non-life classes of insurance and reinsurance throughout the European Economic Area ("EEA"). QEL's business model is based on writing insurance business through selected Managing General Agents (MGAs) and coinsurance partners across the EEA and UK. QEL's Italy Branch was closed on the 13th January 2022.

QEL is authorised and regulated by the Malta Financial Services Authority.

<u>Supervisory Authority</u>

Malta Financial Services Authority

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

<u>External Auditor:</u>

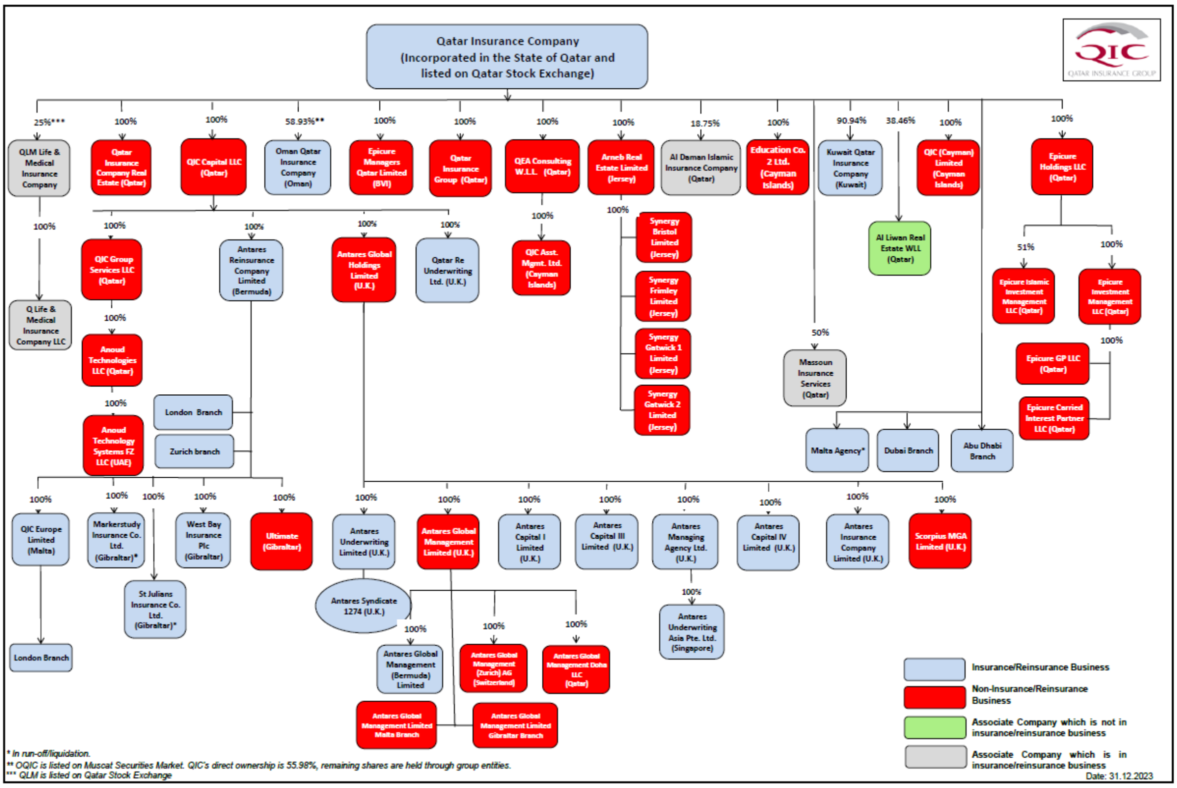
KPMG Malta

Portico Building, Marina Street, Pieta 2563 1000

A.1.2 Ownership Structure

The QIC Group legal structure is presented below. Antares Re owns 22,500,000 ordinary shares that have a nominal value of USD 1.00 in QEL.

QIC GROUP
LEGAL STRUCTURE



A.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

A.2 Insurance Service Result

Insurance Revenue in the year amounted to $77.1m, down from $128.6m in 2023. The decrease being primarily attributed to the non-renewal or cancellation of major coverholder contracts following a review of the portfolio in 2023 as well as the impact of Brexit, where all UK based business could no longer be renewed into the entity from 1 January 2024 following the conclusion of the Temporary Permissions Regime. All Insurance activities in both 2024 and 2023 relate to underwriting that took place across Europe, including the United Kingdom.

The reduction year on year in relation to the Insurance Service expense is resulting from a reduction in incurred claims combined with a reduction in the commission costs due to lower insurance revenue directly resulting from lower insurance revenue. The attributed expenditure percentage, allocated from operating expenses, remained constant year on year.

In both 2024 and 2023, the net expense from reinsurance contracts remained in an income position. This is attributed to a higher insurance service expense against revenue in the year with the main source of reinsurance protection continuing to be the internal proportional arrangements with Antares Re.

The table below summarises the Insurance Service Result in line with International Financial Reporting Standards ("IFRS") compared to the prior year by major class of business:

$'000	Activity in the year to 31 December 2024			Activity in the year to 31 December 2023		
	Property & Casualty	Marine & Aviation	Total	Property & Casualty	Marine & Aviation	Total
Insurance Revenue	76,597	485	77,082	(798)	129,421	128,623
Insurance Service Expense	(88,492)	(742)	(89,234)	272	(196,624)	(196,352)
Net Expense from Reinsurance Contracts	7,281	478	7,759	(226)	68,855	68,855
Insurance Service Result	**(4,614)**	**221**	**(4,393)**	**(752)**	**1,878**	**1,126**

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A.3 Investment Performance

QEL's investment strategy is tailored to meet the Company's business needs and objectives. The composition of our portfolio reflects our investment strategy. 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.

Income Allocation	YTD Dec-2024	YTD Dec-2023
Net Interest Income	**916**	**1,144**
-on Fixed Income	916	1,151
-Forex gain/(losses)	-	-7
Realized Gain / (Loss)	**-**	**-198**
Unrealized Gain / (Loss)	**-3**	**-**
Gross Investment Income	**913**	**946**
Less: Advisory Fee	-84	-80
Net Investment Income	**828**	**866**

The investment income has reduced in line with the reduction in GWP. The investment return has remained stable, in line with a consistent investment strategy and asset base.

A.4 Other Material Income and Expense

The main expenses that are not attributed to the insurance service result are listed below

	2024 Expense ($m)	2023 Expense ($m)
Employee Related Costs	3.9	2.9
Professional Fees	1.4	0.7
Other Administrative Costs	1.0	0.9
Total	**6.4**	**4.5**

A.5 Any other material information

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

B. System of Governance

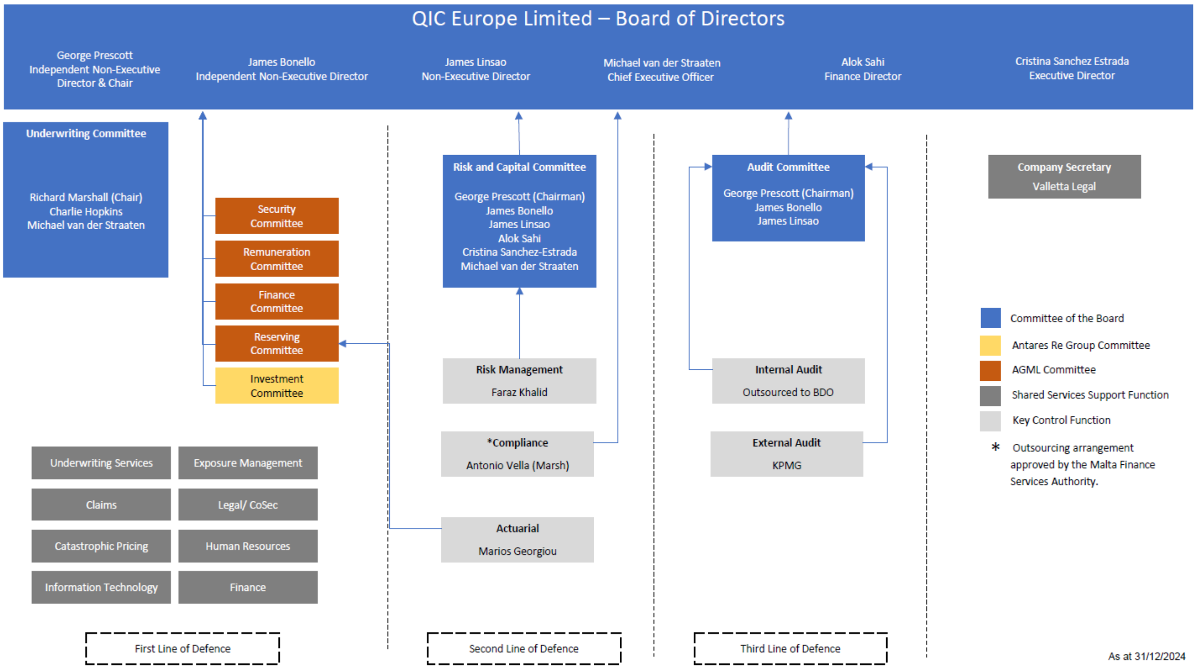
B.1 General Information on the system of governance

QEL has established a sound and effective corporate governance framework, which is appropriate to the size, nature, complexity and risk profile of the Company. 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 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 current governance structure for QEL at the time of writing this report is presented below.



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

B.1.1 Responsibilities of the Board and Committees

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

The Board has appointed a Risk and Capital Committee, an Underwriting Committee and an Audit Committee to assist in the effective discharge of its duties, although the Board retains ultimate responsibility.

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

Management Body	Key responsibilities
Board of Directors	• Approve strategy, annual business plan and any individual large or complex transactions and financial statements. • Oversee operating performance against the approved plan.

Management Body	Key responsibilities

	• Ensure sufficient capital is held to maintain the Company's ongoing solvency.
	• Oversee the risk management system, including setting the Company's risk appetite and tolerances.
	• Set and oversee the effectiveness of the Company's Governance Structure and Internal Control System as detailed within this policy.
	• Set and oversee adherence to corporate policies.
	• Ensure QEL meets minimum regulatory requirements.
	• Have on-going regard as to whether any outsourced functions to third parties or affiliates:
	  ○ adversely affect QEL's governance and risk management structures;
	  ○ have an increased operational risk;
	  ○ affect the MFSA's ability to effectively supervise QEL; and
	  ○ be detrimental to policyholder interests

Risk and Capital Committee (RCC)	• Review and approve for recommendation to the Board the Risk Management Policy and ORSA Policy. Ensure the enterprise risk management system remains adequate and effective given the Company's risk profile. • Identify current and future potential risk exposures and monitor actual exposures against risk appetite and tolerances, including emerging risks. • Ensure maintenance of sufficient economic and regulatory capital. • Promote a risk aware culture and encourage risk-based decision making.

Audit Committee (AC)	• Review and approve for recommendation to the Board the Company's annual and interim financial statements.
	• Review all significant changes concerning the principles and practice of auditing and accounting used by the external auditor or the Company's
	Finance department in preparing financial statements.
	• Review any internal audit or financial reports issued to management and any associated responses provided by management.
	• Annually review and report on the quality and effectiveness of the audit process, including assessing the external auditor's independence.
	• Evaluate the effectiveness of the Internal Audit function, including its purpose, activities, scope, adequacy and costs, and approve the three-year Internal Audit Plan and any subsequent material changes.
	• Provide assurance as to the integrity of:
	  ○ Risk Management and Internal Control System
	  ○ Compliance function
	  ○ Internal Audit Function

Underwriting Committee (UC)	• Review and/or approve periodically QEL's underwriting guidelines and policies, including entering into any major line of insurance or reinsurance; • Review QEL's underwriting performance both in the aggregate as well as in each major business segment or class of business; • Advise the Risk Management Department and the RCC of any changes in the risk profile or relevant external events that could impact QEL's Standard Formula validation; • Review and approve periodically QEL's underwriting guidelines and policies, including entering into or discontinuing any major line of insurance or reinsurance; • Review QEL's losses in the aggregate and by line of business in such manner and format as requested by the Board; • Review and recommend reinsurance programmes, practices and security;

Management Body	Key responsibilities
	• Advise the Audit Committee in such matters as may be required; • Review and recommend the annual business plan for QEL's underwriting activities; • Monitor monthly reports regarding the payment performance of material coverholders; • Undertake any other activities with respect to QEL's underwriting function consistent with these terms of reference; • Ensure an independent underwriting review of each MGA is conducted on an annual basis (the general methodology to be discussed and agreed with the CUO); • Provide Product oversight and monitoring of Conduct Risk issues in accordance with the Conduct Risk Policy; • Conduct Product Risk assessments covering all classes of business at least annually in accordance with the Conduct Risk Policy; • Monitoring and general oversight of the functioning of the Conduct / Product Risk assessments undertaken by the Product Oversight Group (POG), and providing further challenge. Approval/rejection of all High Conduct Risk business within QEL. • Monitor Conduct Risk management reporting and escalate matters, as appropriate, to the QEL Board. • Review reports received from the DA Group on the creditworthiness of potential new MGAs. • Review reports received from the DA Group on the recommendations of MGA audits and their current status. • Monitor monthly report outlining the DA Group's activity.

The Board also receives support and advice from the following Antares Global committees that provide services, advice and recommendations to the QIC Global companies, including:

- Reserving Committee;
- Remuneration Committee;
- Security Committee;
- Finance Committee;
- Investment Committee

This support is part of the successful initiative of integrating services through the intra-group Outsourcing Agreement to Antares Global Management Limited (previously QIC Global Services Limited) and by detailing the Service Level Agreement ("SLA") in respect of all functions, which is monitored by the Board and its Committees.

Additionally, the Antares Re Group also has an in place a Group Underwriting Committee.

QEL is also supported by a Product Oversight Group (POG), which was set up for the governance and oversight of insurance products which it manufactures - or co-manufactures - and distributes, including where it outsources the manufacture and/or distribution of insurance products.

B.1.2 Material Changes in the System of Governance

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

Some further changes were made in 2024:

- Resignation of Pantelis Koulovasilopoulos with Mike van der Straaten appointed as replacement (pending regulatory approval) carrying out the following positions:
  - CEO
  - Executive Director
  - Member of the Underwriting Committee and the Risk and Capital Committee
  - Oversight of the re-insurance distribution activities
- Resignation of Cristina Sanchez-Estrada as the person within the management structure responsible for the distribution of re/insurance products and Chief Underwriting Officer of the Undertaking, with Richard Marshall appointed as a replacement. Pending regulatory approval.

- Christopher Kelly was appointed as the Nominated Representative of the Regulatory Affairs Sector with the Insurance Association of Malta with effect from 15th November 2024.
- Cristina Sanchez-Estrada proposed as replacement to Faraz Khalid (pending regulatory approval) carrying out the following positions;
  - CRO
  - Executive Director
  - Member of the Underwriting Committee and the Risk and Capital Committee

B.1.3 Remuneration Policy

Antares Global'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 Antares Global Companies, including QEL.

Antares 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 Antares 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 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 QEL risk profile and/or results.
- Variable compensation awards should be linked to relevant performance metrics, which can include the performance of Antares 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.

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

B.1.4 Material transactions with shareholders, persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body

Directors

The independent non-executive directors received remuneration from the Company for their services. There are no other material transactions to note with other controllers.

Shareholders

Antares Reinsurance Company Limited (ARe): is immediate parent of the entity. ARe also provides a whole account variable quota share to the Company covering entire spectrum of classes of insurance written out of Malta.

No additional capital contribution was made in the Company from ARe during 2024.

Antares Global Management Limited (formerly QIC Global Services Limited): undertakes operational activities as part of a services agreement with the Company. These services are on cost plus margin basis.

Investment Management: Epicure Investment Management LLC, a wholly owned subsidiary of Qatar Insurance Company, manages the Company's invested assets. The management fee is governed by the investment mandate and ranges between 0.10% to 0.30% of the invested asset type.

B.2 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 Function Holders - Compliance, Risk Management, Actuarial and Internal Audit;
- Officers and managers of the company;
- Third-party service providers, including insurance managers, auditors, actuaries and country representatives; and
- Any other approved roles (as required by the local regulator)

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.

B.3 Risk Management System including Own Risk and Solvency Assessment

B.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.

B.3.2 Compliance Function

The Compliance function of QEL is performed by Marsh Management Services Malta Limited ("Marsh"), in their role as Insurance Managers, and Antares Global Management Limited ("Antares Global"), under an outsourced arrangement, and is comprised of: the Compliance Officer (an employee of Marsh) (ii) A central compliance team based in UK ("Antares Global").

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 and monitor the 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.

B.3.3 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 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; and
- 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 B.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 B.1.1 and B.3.1.

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

Risk Appetite & Risk Tolerance

QEL has 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.

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 is 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 risk register 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 Antares 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. Emerging Risks are 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 self-imposed target to maintain eligible capital above the SCR of 140% – 160% of the solvency coverage ratio, as defined in the Risk Appetite Statements.

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

A Capital Management plan is in place which provides formal guidance on how QEL maintains the required regulatory and economic capital to support its business plan over a three-year period.

Stress testing and scenario testing

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

B.3.4 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 long term 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

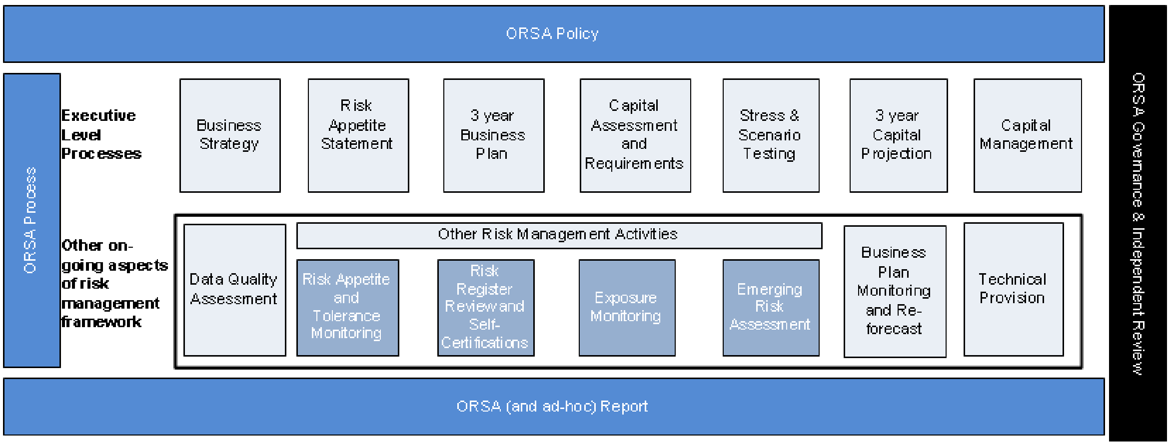
The risk management framework is implemented and integrated through the various committees, processes and procedures described in section B.1, B.1.1 and B.3.3. These processes contribute towards QEL's solvency self-assessment, which seeks to identify and measure all material risks to which the Company 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 Company's 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 (including foreign exchange risk)
- Credit 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 Enterprise Risk Management system and qualitatively assessed as part of the ORSA:

- Group Risk
- Strategic Risk
- Reputational Risk (including Conduct Risk)
- Liquidity Risk
- Regulatory Risk
- Emerging 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 on 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 QEL. These potential risks and the related courses of action inform the stress tests, reverse stress tests and emerging risks of the ORSA process.

B.3.5 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 stress and scenario testing is used to identify possible events and future changes in economic conditions that could have unfavourable effects on the business plan and financial standing.

The stress and scenario testing approach, process, governance and reporting requirements are described in the QEL Risk and ORSA policies that are approved by the Board.

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 are considered as part of the Own Risk and Solvency Assessment process and include those scenarios which 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. Potential scenarios considered include group risk and investment illiquidity.

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 unlikely.

B.4 Internal Control System

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 B.1 and B.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.

B.5 Internal Audit Function

The Internal Audit function is segregated from all operational functions and provides independent assurance on the effectiveness of the risk management, internal controls and governance frameworks.

Internal Audit has unrestricted access to all areas of the organisation so as to effectively conduct internal audit reviews. The Internal Audit function was outsourced to PricewaterhouseCoopers AG, Switzerland (PwC) during 2023 and will be succeeded by BDO LLP in 2024.

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.

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 International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors ("IIA") as well as further guidelines of the IIA.

B.6 Actuarial Function

QEL's Actuarial function support was provided via outsourcing agreements with an external consultant and through an intra-group Outsourcing Agreement with Antares Global Management Limited company (AGML), enabling segregation of duties within the actuarial team. All actuarial work is overseen by the Actuarial Key Function Holder.

The Actuarial function's responsibilities are as follows:

- Ongoing development of reserving systems for QEL; performing quarterly reserve reviews and preparing the necessary reserving reports for QEL's financial statements and external reporting including regulatory filings.
- Oversight of the calculation of the technical provisions, which are calculated externally
- 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 underwriting and outwards reinsurance strategy.
- Close communication with pricing function to discuss the ongoing monitoring of performance of key MGAs.
- Preparation of risk appetite statements to ensure any risks and uncertainties are well understood and clearly communicated.

AGML also 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.

B.7 Outsourcing

B.7.1 Outsourcing Policy

Antares Global'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 continues 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.

The Company's outsourcing policy requires QEL to notify the competent authority of its intention to outsource any critical or important outsourcing functions and activities sixty (60) days prior to the outsourcing of critical or important functions.

In line with the new paragraph 6.8.4 of Chapter 6 of the Insurance Rules, the MFSA will be required to review the information submitted by the authorised undertaking and within sixty (60) days. The competent authority may extend this time period where it deems necessary, and it shall inform the authorised undertaking of such extension.

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

Function / Work performed as at 31 December 2024	Jurisdiction of the Function	Name of Provider
Insurance Management	Malta	Marsh Management Services Malta Limited
Internal Audit (Critical Function)	London	BDO previously PwC
Company Secretarial	Malta	Valletta Legal
Compliance (Critical Function)	Malta	Marsh Management Services Malta Limited
Compliance (Critical Function)	London	Antares Global Management Limited
Payroll	Malta	RSM Malta
Investment Advisors	Doha	Epicure Investment Management LLC
Finance	London / Malta	Antares Global Management Limited
HR Support	London	Antares Global Management Limited
IT Services	London	Antares Global Management Limited
Reinsurance services	Bermuda/London	Antares Global Management Limited
Risk Management	Bermuda/London	Antares Global Management Limited
Actuarial	London	Antares Global Management Limited

The Board maintains oversight and control of all outsourced functions.

B.7.2 Delegated Underwriting and Claims Management

QEL focuses on coverholder or coinsurance partners across the UK and Europe. QEL's business model was designed to provide access to niche and traditional 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 is 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 detail 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 provide detailed guidance, limits, scope, terms and conditions. Delegated arrangements are reviewed by the compliance team and prior approval of each arrangement is sought from the Regulator.

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, including any specific post-licence conditions that may be imposed by the Regulator. 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.

B.8 Any other Material Information

There is no other material information regarding the system of governance

C. 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 continues to be the key driver of the SCR.

The ranking by risk category based on the standard formula SCR is set out below.

QEL – SCR impact assessment (USD'000)	2024 YE	% of undiv SCR	Rank	2023 YE	% of undiv SCR	Rank
Credit Risk	**13,449**	50%	1	**21,198**	59%	1
Underwriting Risk Non-Life	**5,838**	22%	3	**9,587**	26%	2
Market Risk	**7,550**	28%	2	**5,415**	15%	3
Underwriting Risk Health	**4**	0%	4	**7**	0%	4
Underwriting Risk Life	**0**	0%	5	**0**	0%	5
Undiversified SCR	26,841			36,207		
Diversification	-6,266			-6,928		
Basic SCR	**20,575**			**29,279**		
Operational Risk Charge	**6,172**	30% of BSCR		**8,784**	30% of BSCR	
Adjustment for Deferred Tax	-			-		
Solvency Capital Requirement (SCR)	**26,747**			**38,063**		

The total SCR has fallen by $11.3m compared to last year. The percentage risk ranking by risk category has remained relatively stable. The most material risk category based on their capital impact continues to be counterparty default risk, however credit risk (mostly driven by currency risk) has now overtaken non-life underwriting risk as the second largest category.

Counterparty credit risk Type 1 is the single largest contributor to capital requirements. At the end of the reporting period, the Company's largest exposure to credit risk came from the underwriting risk ceded to reinsurance counterparties. Most of this cession is intra-Group, mainly driven by a quota share cession to Antares Re.

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.

C.1. Underwriting Risk

C.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/or 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 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 and analyses, rating tools and related monitoring reports. QEL benefits from underwriting advice and assistance from affiliated companies.

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

C.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 Company's largest exposure to natural catastrophe risk is driven by the risk of flooding in Greece via its Motor portfolio and earthquake and flooding in Portugal. The risk of an accumulation relating to a natural catastrophe is low relative to the size of the portfolio, and excess of loss and quota share reinsurance protection is in place. This risk is continually monitored within the exposure management framework, ensuring that QEL's exposure remains within its approved risk appetite.

QEL's exposure to long-tailed insurance risk comes from its Motor portfolio. Hence, the Company's highest exposure to reserve risk comes from motor liability.

Solvency Capital Requirement

The SCR using the standard formula provides an appropriate method for QEL to quantify its exposure to insurance risk, given its risk profile, size and complexity. Any 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:

QEL – SCR impact assessment (USD'000)	2024 YE	2023 YE	Difference
Underwriting Risk Non-Life	**5,838**	**9,587**	**(3,750)**
Diversification within UW Risk NL	-321	-733	411
Premium and Reserve Risk	5,709	9,318	(3,609)
Lapse Risk	0	89	(89)
CAT Risk	450	912	(462)

The SCR for non-life underwriting risk has fallen by around $3.8m compared to last year.

The changes in sub-risks are explained as follows:

- Premium and Reserve risk has fallen by $3.6m due to a reduction in premium and reserve volumes.
- Peak catastrophe exposure has run-off during 2024, significantly reducing this risk.
- The reduction in lapse risk is a function of the reduction in premium volumes.

C.1.3 Insurance Risk Sensitivity analysis

During the annual ORSA process, a range of sensitivity and scenario testing against material risks is performed. During the 2025 ORSA process four scenarios around insurance risk were run, the outcomes were articulated as an impact to the SCR ratio. The SCR ratio remained above QEL's internal appetite of 140-160% SCR ratio coverage after all four stresses.

C.2 Market Risk

C.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.

Investment Strategy

The QEL Investment Strategy is to return an acceptable yield, whilst safeguarding the principal and meeting liquidity requirements. QEL has identified three key objectives for the investment of assets, consistent with its Risk Appetite. QEL recognises that the objectives can, at times, be conflicting, and therefore prioritises the achievement of each objective in the order listed below. These objectives are set out below:

Objective 1 – Preservation of capital

QEL recognises that losses can arise from the movement in market price of financial assets. QEL has some appetite for loss from this risk, however this is not significant. Accordingly, the investment portfolio should be comprised of well diversified, predominantly high quality (investment grade) assets with a duration not exceeding that of its liabilities.

The desire for capital preservation is the main objective of the investment strategy and should take priority over the other objectives. Importantly, this does not mean that capital preservation must be achieved to the exclusion of the other objectives, but rather, that when taking investment decisions, capital preservation is the priority.

Objective 2 – Appropriate return relative to risk

The second objective is to ensure that the return achieved from the financial assets is appropriate for the risk taken. To achieve this objective, QEL may set benchmark returns for the portfolio of financial assets that it holds and monitors performance against that benchmark. QEL recognises that actual performance may deviate from benchmark for any individual monitoring period. However, it does not expect the actual performance to be consistently worse or better than the benchmark, as this implies that return is not appropriate for the risk. Achievement of appropriate return is subordinate to preservation of capital.

Objective 3 – Liquidity requirements met

The third objective is to ensure that QEL has financial assets of sufficient liquidity to meet its cash-flow requirements, for the reasonably foreseeable future.

This objective does not mean simply that assets must be readily realisable, but rather that assets should be capable of being liquidated swiftly and without significant loss of value.

Achievement of the liquidity objective beyond the minimum requirement is subordinate to the preservation of capital and appropriate return.

Portfolio Execution

Epicure Investment Management LLC, the wholly owned investment advisory services subsidiary of QIC Group, is appointed as Investment Advisors for QEL. Epicure provides a range of investment advisory and investment management services to the Company under an Investment Management Agreement. Epicure is responsible for managing day-to-day portfolio activities under their management and providing a quarterly investment report to the investment committee. Investment Mandates are approved by the Investment Committee and the Board and include details of permitted investments (including limits), minimum credit ratings, maximum concentrations and duration limits (with due regard to liability duration).

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.

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

The Fixed Income portfolio has an average rating of BBB+.

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, Industrial & Basic Materials, Diversified, Utilities, Communications & Technology & Consumer Disc & Staples.

The highest contributor to market risk is currency risk. 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, 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 Antares 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.

Spread risk 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.

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.

Liquidity risk arises when the Company is unable to meet its payment obligations as and when they fall due. Liquidity risk management is discussed in section C.4.

Solvency Capital Requirement

The diversified SCR for market risk as follows:

QEL – SCR impact assessment (USD'000)	2024 YE	2023 YE	Difference
Market Risk	**7,550**	**5,415**	**2,135**
Diversification within Market Risk	*-2,892*	*-2,279*	*-613*
Spread Risk	1,754	1,677	77
Interest Rate Risk	1,081	223	858
Currency Risk	6,506	4,536	1,970
Concentration Risk	1,101	1,259	-158

The increase in currency risk is caused by unhedged increase in money market funds deposited in December. In 2024 these amounted to $11.8m compared to $1.5m in the prior year. The money market funds were placed due to excess cash held in one of our bank accounts due to premium receipts in Q4.

C.2.3 Market Risk Sensitivity analysis

During the annual ORSA process, a range of sensitivity and scenario testing against material risks is performed. During the 2025 ORSA process seven scenarios were run, the outcomes were articulated as an impact to the SCR ratio. These scenarios included inflationary stresses, spread widening as a result of ratings downgrades and interest rate movements. Whilst all seven scenarios resulted in a reduction in the SCR ratio, it remained above our internal appetite of 140%-160% SCR ratio coverage.

C.3 Credit Risk

C.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 cover holder 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 Finance Director 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 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 Antares Re, QEL takes advantage of risk mitigation techniques contemplated in Article 189 paragraph 2(d) of Commission Delegated Regulation (EU) 2015/35. This allows for the reclassification of certain counterparty exposures where certain tests criteria, set out in Articles 209-215 of the Delegated Regulation, can be satisfied. Antares Re has provided a facility to the Company that meets the requirements.

C.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 QEL's capital requirement. 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 Antares Re (and historical business which was ceded to QIC). Both Antares 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. There is no exposure against reinsurers with a rating below A-, unless via a collateral or similar arrangement.

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. T

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. 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 (50% of the undiversified SCR). It is mostly generated by Type 1 exposure due to its extensive reinsurance programme. This can be seen in the gross vs net TP numbers as shown in Section D.2.

QEL – SCR impact assessment (USD'000)	2024 YE	2023 YE	Difference
Credit Risk	**13,449**	**21,198**	**-7,749**
Diversification within Credit Risk	*-268*	*-575*	*307*
Type 1	12,557	19,198	-6,641
Type 2	1,159	2,575	-1,416

The reduction in Credit risk is explained by:

- A reduction in type 1 counterparty default risk due to a reduction in reinsurance recoverables because of declining business.

- A reduction in type 2 counterparty default risk due to a reduction in debtors overdue by >90 days because of declining business.

C.3.3 Credit Risk Sensitivity analysis

Two credit risk scenarios were run during the annual ORSA process, resulting in moderate decreases in the SCR ratio. The scenarios explored the failure of the largest premium debtor and failure of the largest external reinsurer. In all instances the SCR ratio remained above our internal appetite of 140%-160% SCR coverage.

C.4 Liquidity Risk

C.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 Key Function Holder for Finance. 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.

The approach to Liquidity Risk Management is set out in the Investment & Liquidity Policy. Liquidity risk limits are defined in the risk appetite and in the Investment Guidelines.

Liquidity risk monitoring is largely undertaken through internally built models and there are currently no plans to acquire any sophisticated liquidity management tools and/or software, as current processes are deemed to be sufficient for providing the required level of risk mitigation.

Other liquidity monitoring controls include:

- Cash balance monitoring through production of daily fund positions showing funds across all bank accounts of the Company.
- Cashflow forecasting & projections on a short-term basis to manage immediate liquidity requirements and on a long-term basis as part of the business planning process.
- Regular liquidity reporting to the Risk & Capital and Investment Committees of key liquidity risk metrics, such as asset/liability duration mismatch, short to medium term liquidity positions, extreme event liquidity etc.

C.4.2 Liquidity Risk Measurement and Exposure

The company continue to monitor its liquidity via a range of metrics including through a series of risk appetites. Based upon the liquid nature of QEL's investment portfolio there is no significant concern from a liquidity risk perspective.

C.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 gross and net of reinsurance is nil at the end of the 2024 reporting period, from $1.3 m gross of reinsurance and USD $0.1m net of reinsurance reported in 2023.

C.5 Operational Risk

C.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 risks arising from 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 broad range of controls including:

- 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.

C.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 considers the Company's gross earned premiums and gross technical provisions. 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 determined as 30% of the basic SCR.

The SCR for operational risk as follows:

QEL – SCR impact assessment (USD'000)	2024 YE	2023 YE	Difference
Operational Risk	6,172	8,784	**-2,611**

The operational risk capital requirement has fallen in line with the movement in total SCR.

C.5.3 Operational Risk Sensitivity analysis

During the annual ORSA process, a combined significant operational event scenario was run. The outcome was articulated as an impact to SCR ratio, potential for regulatory action, as well as impact to market confidence.

C.6 Other material risks

C.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.

C.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 Antares Re and historically to QIC, which are both rated A- by S&P Global Ratings and A-/Excellent by A.M. Best.

There is also some operational dependency as a result of some key functions being outsourced within the Group (see section B.7 for further details).

C.6.3 Emerging Risks

An ongoing emerging risks process is in place, with material risks identified, monitored, and where applicable managed.

C.6.4 Risk Exposure arising from Off-balance Sheet Positions

QEL does not have any risk exposure arising from Off-Balance sheet positions.

C.6.5 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 C.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 C.3. A large proportion of business is ceded to Antares Re (and historical business which was ceded to QIC). Both Antares Re and QIC are rated A- by S&P Global Ratings and A- by A.M. Best.

C.6.6 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 B.4. Key controls are captured within the Risk Register and assessed as part of the risk and control assessment process described in section B.4.

The Company purchases both quota share and excess of loss treaty reinsurance by line of business and/or individual MGA to reduce volatility and concentration of exposure to insurance losses.

The effectiveness of the reinsurance programme is monitored to ensure it meets the defined objectives.

C.7 Any other Material Information

Economic conditions and inflation: QEL is impacted by the wider economic environment including changes to inflation and/or interest rates.

Inflation peaked in the EU and the UK in Q3 2022. Sustained above average inflation rates continued throughout 2023 but, as forecast, the steady decrease commenced in both the UK and EU. Eurozone inflation has remained relatively stable throughout 2024 at around 2.5%, with UK rates higher at around 3.5%.

For the EU portfolio, underwriting has been proactive in its assessment of rate adequacy in an inflationary environment. QEL is also affected by UK inflation through its reserves.

The recent changes to the Ogden discount rate and other individual peaks and troughs have been managed using long-term inflationary assessments.

Covid-19: The legal landscape in respect of Covid-19 business interruption claims is now largely settled and QEL is continuing to work with its policyholders and their legal representatives to resolve any covered claims which have not yet been settled. A few coverage and quantification issues remain to be resolved by the courts and continuing cases are being closely monitored, with reserves reviewed in accordance with any legal developments. QEL's Covid-19 reserves continue to be set on a best estimate reserving methodology.

D. 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.

D.1 Assets

The following table sets out a comparison of assets resulting from unwinding of IFRS measurement principles in the Financial Statements with assets on Solvency II balance sheet: The difference column compares Financial Statement figures with Solvency II valuations:

USD'000	31/12/2024				31/12/2023	
Class of Asset	IFRS	Classification Difference	Valuation Difference	Solvency II	Solvency II	Difference
Cash & Cash Equivalents	11,401	-	-	11,401	19,148	-
Financial Investments	34,705	-	-	34,705	24,209	-
Deferred Tax Asset	275	-	(275)	-	-	275
Income Tax Receivable	-	-	-	-	4,545	-
Other Receivables	27,628	(27,628)	-	-	-	27,628
Reinsurance Contract Assets	387,558	(79,007)	(12,291)	296,260	492,242	91,298
Deposits to Cedants	-	29,714	-	29,714	53,000	(29,714)
Insurance & Intermediaries Receivables	-	7,415	-	7,415	13,376	(7,415)
Reinsurance Receivables	-	30,744	-	30,744	7,889	(30,744)
Receivables (trade, not Insurance)	-	5	-	5	31	5
Property, Plant & Equipment	31	-	-	31	38	-
Total Assets	461,598	(38,757)	(12,566)	410,275	614,478	51,323

D.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, which are the approximate fair value.

The Company's bond portfolio is invested in high quality and liquid securities. These bond securities are publicly listed and traded over the counter ("OTC") in active markets rather than on an exchange (like equities). The Fair value of the securities is based on the observable price within the market. We consider a market to be active in the context of market liquidity, considering factors such as trading volumes, bid-ask spreads, and market quotes (under normal market conditions)."

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 the financial statements are outlined below:

- Cash and cash equivalents are recorded at fair value on the Solvency II balance sheet in line with IFRS.
- Financial Investments are recorded at fair value under IFRS and Solvency II. On the SII balance sheet, financial investments are reclassified under bonds and collective investment undertakings.
- The Deferred Tax Asset under IFRS represents future tax recoverable on fair value movements in investment valued through OCI. This is treated as non-recoverable under Solvency II. Reinsurance Contract Assets represents the assets for incurred claims combined with the asset for remaining coverage. Reclassification differences represent presentation differences under Solvency II including the movements to Reinsurance Receivables and Reinsurance Payables. Valuation differences are explained at section D.2.4.
- Reinsurance – Contract Assets represents the assets for incurred claims combined with the asset for remaining coverage. Reclassification differences represent presentation differences under Solvency II including the movements to Reinsurance Receivables and Reinsurance Payables. Valuation differences are explained in section D.2.4 Insurance Receivables reported on SII balance sheet are derived from the reclassification of the liability for remaining coverage under IFRS.
- Deposits to Cedants is reclassified from Other Receivables under IFRS. On a Solvency II basis reclassified from Other Receivables under IFRS.

D.2 Technical Provisions

The main liabilities on the Solvency II balance sheet are the technical provisions, gross of reinsurance recoverables, which consist of liabilities for claims outstanding and premium provisions.
The following table sets out the net technical provisions as at 31st December 2024 compared to 31st December 2023 on a Solvency II basis.

Line Of Business	As at 2024 YE				As at 2023 YE			
	Gross Best Estimate Liability	Net Best Estimate Liability	Risk Margin	Net TP	Gross Best Estimate Liability	Net Best Estimate Liability	Risk Margin	Net TP
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
Workers' Compensation	250	11	2	12	400	20	2	22
Motor Vehicle Liability	144,126	7,830	1,051	8,881	179,303	496	1,180	1,676
Other Motor	40,055	1,967	275	2,242	51,842	248	327	576
Marine, Aviation & Transport	5,044	29	31	60	6,175	- 210	32	-178
Fire & Other Damage to Property	57,783	4,863	553	5,417	194,361	34,767	1,227	35,994
General Liability	63,858	5,156	501	5,656	98,345	8,254	691	8,945
Miscellaneous Financial Loss	3,099	83	22	105	3,393	106	22	128
Credit & Suretyship	2,422	440	60	500	2,516	411	45	456
Total	316,637	20,379	2,495	22,873	536,335	44,092	3,526	47,619
% Increase/ Decrease from 2023				**-51.97%**				

Overall, the technical provisions decreased to a value that is 52% lower than their estimated value in 2023.

D.2.1 Valuation Methods, Basis 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 capital 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 insurance contract liabilities, net of reinsurance as stated in the IFRS financial statements.

The reserves are estimated using the following reserving classes:

- Agriculture, including pets, livestock and bloodstock;
- Aviation & Space;
- Credit & Surety;
- 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.

In our IFRS financial statements, these classes are aggregated under Property & Casualty or Marine & Aviation.

The reserving classes segment divides the 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 II purposes 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 (i.e. allowing for the expected profits or losses in case of unprofitable business).
  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.

In addition to the key differences above, the Solvency II valuation of Fire & Other Damage to Property Line of business considers the use of Funds Withheld, which reduces the size of the technical provisions.

Furthermore, the Solvency II valuation of Motor Vehicle Liability, Other Motor, Fire & Other Damage to Property and General Liability line of business considers Variable Commission payments that are not taken into account in the IFRS basis, which also reduces the technical provisions.

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.

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.

D.2.2 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 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, the complexity of the analysis to project QEL's balance sheet over the lifetime of its insurance obligations in order to forecast the associated Solvency Capital Requirement at each future period would be disproportionate to the modest impact. QEL therefore calculates the risk margin using simplification method 1 as set out within Article 58 of the SII Delegated Regulation 2015/35, which is proportional to the nature, scale and complexity of QEL's business.

Under simplification method 1, QEL approximates the individual risks or sub-risks within some or all modules to be used for the calculation of future SCRs. This method considers a 'risk driver' approach to approximate the run-off of each risk at each time point in the future.

D.2.3 Uncertainty

There are several material assumptions, involved in the calculation of technical provisions which are also relevant in the context of the Solvency II Technical Provisions. The actuarial valuation of loss reserves incorporates a degree of uncertainty, emerging from the fact that the actual payment dates of the future cash flows as well as the actual eventual loss settlement amount are unknown. Additionally expected recoveries may not be realised as counterparties might default.

SII Technical Provisions
The uncertainties outlined above would also affect the SII technical provisions. There are also additional inherent uncertainties in the Solvency II valuation basis. It should however be noted that:

- The Methodologies and assumptions used in the Technical Provision valuation are appropriate for the specific classes of business of QEL and the way the business is managed, having regard to the available data.
- The calculations are performed in line with guidance issued by EIOPA

Lastly, in addition to the internal reserving quality assurance process, the reserve estimates are based on expert judgement, benchmarks and other available relevant market data. They are also subject to an external independent review as well as a full review from an Audit firm. These reviews provide an extra layer of assurance that the best estimate reserves are within a reasonable range.

D.2.4 Material differences between Solvency II and financial statement basis

The changes in bases, method and assumptions used in the valuation of technical provisions under Solvency II and the financial statements are set out in the table below:

	Total (USDm)
IFRS net Insurance Contract Liabilities	**9.8**
Classification differences	9.4
Valuation Differences on account of:	
- Discounting	1.0
- Risk Adjustment	1.1
- Measurement difference including expected credit losses & loss component	2.0
- Other valuation differences	(0.5)
Solvency II net technical provisions	**22.8**

Reclassification differences relate to where items belong on the balance sheet. Under IFRS, Insurance contract liabilities include elements of remaining coverage, which under Solvency II is shown as Insurance & Intermediary receivables.

Valuation differences include:

- Profit with a yet to expire period of risk recognised within premium provisions under Solvency II.
- Unwinding of loss components, expected credit losses and deferred costs for reclassified expenditure within IFRS 17.
- An adjustment is made to reflect the expected losses on reinsurance recoverable 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.
- Differences in risk margin and discounting are due to prescribed calculations under the Solvency II framework, compared to Group Accounting Policy choice selected under IFRS.

D.2.5 Reinsurance Recoverables

The following table shows the reinsurance recoverables as at 31 December 2024, valued under Solvency II, split by line of business.

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

Reinsurance Recoverables By Line of Business on a Solvency II (Best Estimate) Basis	2024 YE (USD'000)	2023 YE (USD'000)	Change (USD'000)
Medical Expense	-	-	-
Workers' Compensation	239.4	379.6	-140.2
Motor Vehicle Liability	136,297	178,807	-42,511
Other Motor	38,088	51,593	-13,505
Marine, Aviation & Transport	5,015	6,385	-1,370
Fire & Other Damage to Property	52,920	159,594	-106,674
General Liability	58,702	90,091	-31,389
Legal Expenses	-	-	-
Miscellaneous Financial Loss	3,015	3,286	-271
Credit & Suretyship	1,982	2,105	-123
Total Reinsurance Recoverable	**296,259**	**492,242**	**-195,983**

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 depending on their rating (e.g. 0.05% for an A rated reinsurer).

D.3 Other Liabilities

The following table sets out the liabilities held on QEL's audited balance sheet, under IFRS as at 31 December 2024:

USD'000	31/12/2024				31/12/2023	
Other Liabilities	IFRS	Classification Difference	Valuation Difference	Solvency II	Solvency II	Difference
Insurance & Reinsurance Intermediaries Payable	-	32,853	-	32,853	19,350	32,853
Deferred Tax Liability	148	-	(148)	-	-	(148)
Other Payables	7,851	(1,076)	-	6,775	5,090	(1,076)
Total Assets	7,999	31,777	(148)	39,628	24,440	31,611

Valuation bases, methods and main assumptions are:

1. Insurance and reinsurance payables are comprised of amounts owed to insurance and reinsurance companies and are carried at face value. Under IFRS these are part of asset for remaining coverage and included in insurance contracts assets on the balance sheet. They have been reclassified accordingly for Solvency II presentation. There are other balances which form part of other payables for SII purposes.
2. The Deferred Tax liability represents future tax on discounting taken through other comprehensive income on the IFRS balance sheet. It is adjusted down to nil under Solvency II.

D.4 Alternative Methods of Valuation

No alternative methods of valuation have been used during the reporting period.

D.5 Any other Material Information

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

E. 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 Antares Re and QIC.

E.1 Own Funds

E.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.

QEL projects a business plan for three years, which includes both projected income statement and balance sheets. These projected business plan profit and loss accounts and balance sheets form the basis of the SCR projection. Own funds have been projected (for three years) based on the business plans prepared under the previous accounting basis and claims development and payment patterns provided by the Reserving and Financial Planning and Analytics teams, allowing for an adjustment to translate this to a Solvency II Economic Balance Sheet.

There have been no material changes to the management of own funds during the reporting period.

E.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 Governance of QEL's Tier 1 assets is described in Section C.2.1 and follow the QEL Investment Strategy. 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.

The following table shows the available and eligible capital to cover the SCR as at the end of 2024

QEL - Eligible Capital to cover SCR (USD'000)	2024 YE	2023 YE	Diff
Tier 1 - Available Capital	51,513	45,632	5,882
Tier 2 - Available Capital	23,000	23,000	-
Tier 3 - Available Capital	-	4,545	(4,545)
Available Capital	**74,513**	**73,177**	**1,336**
Tier 1 - Eligible Capital	51,513	45,632	5,882
Tier 2 - Eligible Capital	13,373	19,031	(5,658)
Tier 3 - Eligible Capital	-	-	-
Eligible Capital for SCR	**64,887**	**64,663**	**224**
Solvency Capital Requirement (SCR)	**26,747**	**38,063**	**(11,316)**
SCR ratio	**243%**	**170%**	**73%**

The following table shows the eligible capital to cover the MCR:

QEL - Eligible Capital to cover MCR (USD'000)	2024 YE	2023 YE	Diff
Tier 1 - Eligible Capital	51,513	45,632	5,882
Tier 2 - Eligible Capital	-	-	-
Eligible Capital for MCR	**51,513**	**45,632**	**5,882**
Ineligible Capital for MCR	-	-	-
Minimum Capital Requirement (MCR)	**6,687**	**9,516**	**(2,829)**
MCR ratio	**770%**	**480%**	**291%**

The Tier 2 Letter of Credit is not eligible to cover the MCR as it is not a basic own fund item (Solvency II Delegated Regulation 2015/35, Article 98.4). QEL has submitted an application to the MFSA to reduce the LoC. There are no planned redemptions, repayment or maturity dates linked to the share capital.

No additional solvency ratios to the ones included in template S.23.01 (i.e. SCR and MCR) are disclosed by the Company.

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 (USD Million)	**31st December 2024 Tier 1 Unrestricted**	**31st December 2023 Tier 1 Unrestricted**	**31st December 2024 Tier 2**	**31st December 2023 Tier 2**	**31st December 2024 Tier 3**	**31st December 2023 Tier 3**
Ordinary Share Capital	22,500	22,500	-	-	-	-
Share premium account relating to ordinary share capital	-	-	-	-	-	-
Reconciliation Reserve	(10,444)	(16,326)	-	-	-	-
Letter of Credit	-	-	23,000	23,000	-	-
Deferred Tax Assets	-	-	-	-	-	4,545
Capital Contribution	39,458	39,458	-	-	-	-
Total Basic Own Funds	**51,513**	**45,632**	**23,000**	**23,000**	**-**	**4,545**

E.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 2024:

Detail USD'000s	Reference	IFRS	Solvency II Base	Variance
Ordinary Share Capital		22,500	22,500	-
Profit and loss Account	a	(5,063)	-	5,063
Reconciliation Reserve	a	-	(10,444)	(10,444)
Deferred Tax Assets	b	-	-	-
Capital Contribution		39,458	39,458	-
Total Basic Own Funds		**56,895**	**51,513**	**(5,382)**
Letter of Credit		-	23,000	23,000

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 $10.4m.

Reconciliation reserve has improved from -$16.3m to -$10.4m ($5.9m increase).

The volatility of the reconciliation reserve is subject to change throughout the year as a result of changes in economic earnings and capital measures (dividends, capital increases, etc.). Fluctuations in the reconciliation reserve are addressed via QEL's asset-liability management processes.

A net deferred tax asset (DTA) of USD $127k has arisen due to the difference between the previous accounting basis balance sheet and the Solvency II balance sheet. This amount is completely excluded from Eligible Own Funds used for calculation of SII Capital requirements."

E.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.

E.1.5 Ancillary Own Funds

At the end of the reporting period, QEL holds $23m of Tier 2 capital which has been provided in the form of Letter of credit (LoC) guaranteed by parent (Antares Reinsurance Company Limited). These are the only ancillary funds that are held by QEL.

There have been no material changes to the process used to determine the level of ancillary own funds.

E.1.6 Factors Affecting the Availability and Transferability of Own Funds

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

In 2024, the company did not deduct items from the Own Funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.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 2015/35.

For the calculation of Counterparty default risk, QEL uses a simplified calculation of the recoverables from reinsurance contracts, as per Article 107 of the SII Directive. This 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 Delegated Regulation 2015/35.

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.

E.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 $2.6m at 31st December 2024.
- The Combined MCR is based on the Linear MCR and this should fall within a range between 25% and 45% of the SCR, being $6.7m and $12.0m respectively. As the Linear MCR is below the lower limit, the Combined MCR is the lower limit of this range, being $6.7m.
- The MCR is then the greater of the Combined MCR and the Absolute floor of the MCR (AMCR). The AMCR is equivalent to EUR 4.0m for (re)insurers authorised for liability business, and for the period ended 31st December 2024, the AMCR equated to $4.1m. The Company's MCR is therefore $6.7m.

The following table shows the breakdown of the movements in MCR:

QEL - MCR Calculation (USD'000)	2024 YE	2023 YE	Diff
Total MCR NL	*2,589*	*5,189*	*(2,600)*
Cap 45%	12,036	17,128	(5,092)
Floor 25%	6,687	9,516	(2,829)
AMCR	4,142	4,416	(274)
MCR	**6,687**	**9,516**	**(2,829)**

The MCR has fallen in 2024 to $6.7m from $9.5m in 2023 as a result of the change in SCR

E.2.3 SCR by risk module

The following table shows the SCR by risk module:

QEL - Capital Requirement (USD'000)	2024 YE	2023 YE	Diff
Underwriting Risk Non-Life	**5,838**	**9,587**	**(3,750)**
Diversification within UW Risk NL	*(321)*	*(733)*	*411*
Premium and Reserve Risk	5,709	9,318	(3,609)
Lapse Risk	-	89	(89)
CAT Risk	450	912	(462)
Underwriting Risk Life	**-**	**-**	**-**
Underwriting Risk Health	**4**	**7**	**(3)**
Market Risk	**7,550**	**5,415**	**2,135**
Diversification within Market Risk	*(2,892)*	*(2,279)*	*(613)*
Spread Risk	1,754	1,677	77
Interest Rate Risk	1,081	223	858
Currency Risk	6,506	4,536	1,970
Concentration Risk	1,101	1,259	(158)
Credit Risk	**13,449**	**21,198**	**(7,749)**
Diversification within Credit Risk	*(268)*	*(575)*	*307*
Type 1	12,557	19,198	(6,641)
Type 2	1,159	2,575	(1,416)
BSCR post diversification	**20,575**	**29,279**	**(8,704)**
Diversification btw risk types	*(6,266)*	*(6,928)*	*662*
Operational Risk	**6,172**	**8,784**	**(2,611)**
SCR Adjustment	**0**	**0**	**-**
Solvency Capital Requirement (SCR)	**26,747**	**38,063**	**(11,316)**

The Company's SCR has fallen by $11.3m since last year, which is explained primarily by the following:

- Premium and Reserve risk has fallen by $3.6m due to a reduction in both premium and reserve volumes because of a decline in business.
- Credit risk has fallen by $7.7m due to a $6.6m decrease in type 1 counterparty default risk due to a reduction in reinsurance recoverables and a $1.4m decrease in type 2 counterparty default risk due to a reduction in debtors of >90 days.
- Market risk has increased by $2.1m due to an increase in Currency Risk.

E.2.4 Solvency Position

The following tables show the SCR and MCR ratio of the Company:

QEL - Eligible Capital to cover SCR (USD'000)	2024 YE	2023 YE	Diff
Eligible Capital for SCR	64,887	64,663	224
Solvency Capital Requirement (SCR)	26,747	38,063	(11,316)
SCR ratio	243%	170%	73%

QEL - Eligible Capital to cover MCR (USD'000)	2024 YE	2023 YE	Diff
Eligible Capital for MCR	51,513	45,632	5,882
Minimum Capital Requirement (MCR)	6,687	9,516	(2,829)
MCR ratio	770%	480%	291%

E.2.5 Other solvency matters

Other required notes:

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

• The Company does not use an internal capital model.

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

F. Subsequent Events

F.1 Changes in the System of Governance

Any changes to the System of Governance after the reporting period and up to the signing date of this report are outlined in section B.

F.2 Changes in the System of Governance Corporate Structure

There have been no changes to the corporate structure after the reporting period and up to the signing date of this report.

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

S.02.01.02.01 - Balance sheet

			Solvency II value
			C0010
Assets	Goodwill	R0010	
	Deferred acquisition costs	R0020	
	Intangible assets	R0030	
	Deferred tax assets	R0040	
	Pension benefit surplus	R0050	
	Property, plant & equipment held for own use	R0060	30,767
	Investments (other than assets held for index-linked and unit-linked contracts)	R0070	34,705,035
	Property (other than for own use)	R0080	
	Holdings in related undertakings, including participations	R0090	
	Equities	R0100	
	Equities - listed	R0110	
	Equities - unlisted	R0120	
	Bonds	R0130	22,896,482
	Government Bonds	R0140	3,153,993
	Corporate Bonds	R0150	19,742,489
	Structured notes	R0160	
	Collateralised securities	R0170	
	Collective Investments Undertakings	R0180	11,808,553
	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	296,259,188
	Non-life and health similar to non-life	R0280	296,259,188
	Non-life excluding health	R0290	269,019,760
	Health similar to non-life	R0300	239,429
	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	29,713,709
	Insurance and intermediaries receivables	R0360	7,414,872
	Reinsurance receivables	R0370	30,743,930
	Receivables (trade, not insurance)	R0380	5,250
	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	11,401,112
	Any other assets, not elsewhere shown	R0420	
	Total assets	R0500	410,273,862

S.02.01.02.01 - Balance sheet

					Solvency II value
					C0010
Liabilities	Technical provisions - non-life			R0510	319,132,061
		Technical provisions - non-life (excluding health)		R0520	318,880,321
			Technical provisions calculated as a whole	R0530	
			Best Estimate	R0540	316,387,548
			Risk margin	R0550	2,492,773
		Technical provisions - health (similar to non-life)		R0560	251,740
			Technical provisions calculated as a whole	R0570	
			Best Estimate	R0580	250,138
			Risk margin	R0590	1,602
	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	
	Derivatives			R0790	
	Debts owed to credit institutions			R0800	
	Financial liabilities other than debts owed to credit institutions			R0810	
	Insurance & intermediaries payables			R0820	32,043,023
	Reinsurance payables			R0830	809,928
	Payables (trade, not insurance)			R0840	6,775,431
	Subordinated liabilities			R0850	
		Subordinated liabilities not in Basic Own Funds		R0860	
		Subordinated liabilities in Basic Own Funds		R0870	
	Any other liabilities, not elsewhere shown			R0880	
	Total liabilities			R0900	358,760,443
Excess of assets over liabilities				R1000	51,513,419

S.05.01.02 – NON LIFE BUSINESS WRITTEN

S.05.01.02.01 - Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)

Z0001 Z Axis:

			Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								Total
			Workers' compensation insurance C0030	Motor vehicle liability insurance C0040	Other motor insurance C0050	Marine, aviation and transport insurance C0060	Fire and other damage to property insurance C0070	General liability insurance C0080	Credit and suretyship insurance C0090	Miscellaneous financial loss C0120	C0200
Premiums written	Gross - Direct Business	R0110	(5,956)	55,306,432	11,015,524	429,488	1,086,200	(321,283)	422,452	(12,817)	67,920,040
	Gross - Proportional reinsurance accepted	R0120									
	Gross - Non-proportional reinsurance accepted	R0130									
	Reinsurers' share	R0140	(7,284)	49,746,860	9,906,447	385,337	276,387	(370,451)	324,648	(15,163)	60,246,782
	Net	R0200	1,328	5,559,572	1,109,077	44,151	809,813	49,167	97,804	2,346	7,673,258
Premiums earned	Gross - Direct Business	R0210	(3,702)	46,325,478	9,368,025	441,116	18,842,681	52,889	1,850,225	(7,849)	76,868,864
	Gross - Proportional reinsurance accepted	R0220									
	Gross - Non-proportional reinsurance accepted	R0230									
	Reinsurers' share	R0240	(4,933)	41,708,907	8,457,272	396,853	16,269,807	(22,336)	1,444,274	(10,030)	68,239,813
	Net	R0300	1,230	4,616,571	910,752	44,264	2,572,874	75,225	405,951	2,182	8,629,050
Claims incurred	Gross - Direct Business	R0310	28,815	51,568,440	10,686,787	493,328	(21,818,468)	(10,288,007)	992,727	12,802	31,676,424
	Gross - Proportional reinsurance accepted	R0320									
	Gross - Non-proportional reinsurance accepted	R0330									
	Reinsurers' share	R0340	28,343	44,169,683	9,001,291	479,044	(19,062,044)	(8,896,046)	787,204	18,171	26,525,646
	Net	R0400	472	7,398,757	1,685,496	14,284	(2,756,424)	(1,391,961)	205,523	(5,369)	5,150,778
Expenses incurred		R0550	23,825	3,212,345	817,334	(109,796)	2,300,191	348,379	(99,174)	(27,762)	6,465,343
Balance - other technical expenses/income		R1210									
Total technical expenses		R1300									6,465,343

S.04.05.21.02 - Top 5 countries (by amount of gross premiums written): Non-life insurance and reinsurance obligations

Z0001 Z Axis:

			Top 5 countries: non-life				
			GREECE	NETHERLANDS	PORTUGAL	SPAIN	UNITED KINGDOM (GIBRALTAR)
			C0020_85	C0020_157	C0020_178	C0020_208	C0020_254
Premiums written (gross)	Gross Written Premium (direct)	R0020	57,788,015	1,481,788	1,416,946	3,833,610	2,791,115
	Gross Written Premium (proportional reinsurance)	R0021					
	Gross Written Premium (non-proportional reinsurance)	R0022					
Premiums earned (gross)	Gross Earned Premium (direct)	R0030	47,663,938	2,106,872	1,150,632	2,947,925	2,435,747
	Gross Earned Premium (proportional reinsurance)	R0031					
	Gross Earned Premium (non-proportional reinsurance)	R0032					
Claims incurred (gross)	Claims incurred (direct)	R0040	48,822,851	398,145	446,376	1,910,874	1,461,910
	Claims incurred (proportional reinsurance)	R0041					
	Claims incurred (non-proportional reinsurance)	R0042					
Expenses incurred (gross)	Gross Expenses Incurred (direct)	R0050	11,113,355	549,633	374,019	923,734	736,793
	Gross Expenses Incurred (proportional reinsurance)	R0051					
	Gross Expenses Incurred (non-proportional reinsurance)	R0052					

S.04.05.21.01 - Home country: Non-life insurance and reinsurance obligations

Z0001 Z Axis:

			Home country
			C0010
Premiums written (gross)	Gross Written Premium (direct)	R0020	303,132
	Gross Written Premium (proportional reinsurance)	R0021	
	Gross Written Premium (non-proportional reinsurance)	R0022	
Premiums earned (gross)	Gross Earned Premium (direct)	R0030	273,906
	Gross Earned Premium (proportional reinsurance)	R0031	
	Gross Earned Premium (non-proportional reinsurance)	R0032	
Claims incurred (gross)	Claims incurred (direct)	R0040	134,685
	Claims incurred (proportional reinsurance)	R0041	
	Claims incurred (non-proportional reinsurance)	R0042	
Expenses incurred (gross)	Gross Expenses Incurred (direct)	R0050	89,176
	Gross Expenses Incurred (proportional reinsurance)	R0051	
	Gross Expenses Incurred (non-proportional reinsurance)	R0052	

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	Credit and suretyship insurance	Miscellaneous financial loss	
					C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0130	C0180
Technical provisions calculated as a whole				R0010									
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole				R0050									
Technical provisions calculated as a sum of BE and RM	Best estimate	Premium provisions	Gross	R0060	0	(3,283,404)	(907,751)	(338,279)	(30,783,994)	(96,805)	(92)	728	(35,409,596)
			Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	(2,986,923)	(823,362)	(323,298)	(27,898,767)	(86,365)	(71)	710	(32,118,077)
			Net Best Estimate of Premium Provisions	R0150	0	(296,481)	(84,389)	(14,981)	(2,885,227)	(10,439)	(21)	19	(3,291,519)
		Claims provisions	Gross	R0160	250,138	147,409,820	40,962,954	5,382,177	88,567,393	63,954,782	2,422,076	3,097,941	352,047,282
			Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	239,429	139,283,566	38,911,404	5,338,488	80,818,979	58,788,604	1,982,101	3,014,695	328,377,265
			Net Best Estimate of Claims Provisions	R0250	10,709	8,126,254	2,051,551	43,689	7,748,415	5,166,179	439,975	83,247	23,670,017
	Total Best estimate - gross			R0260	250,138	144,126,416	40,055,203	5,043,898	57,783,399	63,857,978	2,421,984	3,098,670	316,637,686
	Total Best estimate - net			R0270	10,709	7,829,773	1,967,162	28,708	4,863,188	5,155,739	439,954	83,265	20,378,498
	Risk margin			R0280	1,602	1,050,891	274,867	31,086	553,374	500,696	59,954	21,904	2,494,374
Technical provisions - total	Technical provisions - total			R0320	251,740	145,177,307	40,330,070	5,074,984	58,336,774	64,358,674	2,481,938	3,120,574	319,132,060
	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total			R0330	239,429	136,296,643	38,088,042	5,015,190	52,920,212	58,702,238	1,982,030	3,015,404	296,259,188
	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total			R0340	12,311	8,880,664	2,242,029	59,793	5,416,562	5,656,436	499,908	105,169	22,872,872

S.19.01.21 – GROSS CLAIMS PAID (NON-CUMULATIVE) – DEVELOPMENT YEAR – TOTAL NON LIFE BUSINESS

		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	915,487	35,249,351	32,118,663	17,382,520	11,255,227	8,266,646	3,381,768	4,899,471	3,578,842	1,790,354	
N-8	R0170	17,495,955	71,589,986	47,040,437	18,327,412	38,780,926	2,769,768	8,745,799	11,329,751	7,658,073		
N-7	R0180	18,408,785	142,293,129	64,125,225	23,006,113	17,743,215	14,069,125	18,871,478	8,656,534			
N-6	R0190	30,444,657	142,317,341	89,394,955	31,822,027	24,043,672	18,111,408	18,541,715				
N-5	R0200	31,632,948	161,361,165	121,194,423	42,970,211	29,488,170	52,327,034					
N-4	R0210	19,854,330	154,928,236	105,474,272	32,848,526	35,500,869						
N-3	R0220	21,874,295	132,261,081	92,155,331	37,396,764							
N-2	R0230	8,897,115	29,319,143	26,138,855								
N-1	R0240	3,935,196	15,163,634									
N	R0250	9,013,291										

S.19.01.21 – GROSS CLAIMS PAID (NON-CUMULATIVE) – CURRENT YEAR, SUM OF YEARS (CUMULATIVE)-TOTAL NON-LIFE BUSINESS

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100		
N-9	R0160	1,790,354	118,838,328
N-8	R0170	7,658,073	223,738,107
N-7	R0180	8,656,534	307,173,603
N-6	R0190	18,541,715	354,675,775
N-5	R0200	52,327,034	438,973,953
N-4	R0210	35,500,869	348,606,232
N-3	R0220	37,396,764	283,687,471
N-2	R0230	26,138,855	64,355,112
N-1	R0240	15,163,634	19,098,829
N	R0250	9,013,291	9,013,291
Total	R0260	212,187,123	2,168,160,702

S.19.01.21 – GROSS UNDISCOUNTED BEST ESTIMATE CLAIMS PROVISIONS– DEVELOPMENT YEAR (ABSOLUTE AMOUNT) -TOTAL NON-LIFE BUSINESS

		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	0	0	33,618,594	29,067,869	26,570,860	19,656,753	17,053,004	4,561,473	5,309,369	2,396,230	
N-8	R0170	0	128,183,202	75,881,987	84,458,532	46,507,745	54,034,148	29,559,231	26,528,128	24,490,633		
N-7	R0180	94,094,759	144,211,203	88,188,909	71,365,972	55,912,810	44,074,923	26,737,868	8,470,615			
N-6	R0190	84,572,434	162,334,696	101,279,397	82,281,834	59,605,603	47,037,933	17,549,704				
N-5	R0200	105,791,589	251,879,945	178,649,112	136,315,113	145,091,101	92,558,852					
N-4	R0210	98,425,943	160,114,281	103,387,889	129,412,730	83,240,397						
N-3	R0220	59,972,939	136,436,916	123,513,435	91,041,680							
N-2	R0230	12,646,944	20,806,122	33,981,063								
N-1	R0240	12,450,467	11,254,673									
N	R0250	12,045,006										

S.19.01.21 – GROSS DISCOUNTED BEST ESTIMATE CLAIMS PROVISIONS–CURRENT YEAR, SUM OF YEARS(CUMULATIVE)-TOTAL NON-LIFE BUSINESS

		Year end (discounted data)
		C0360
Prior	R0100	651,699
N-9	R0160	1,835,355
N-8	R0170	972,623
N-7	R0180	1,434,531
N-6	R0190	4,551,201
N-5	R0200	7,147,983
N-4	R0210	9,864,295
N-3	R0220	9,911,392
N-2	R0230	24,014,646
N-1	R0240	47,452,865
N	R0250	244,210,694
Total	R0260	352,047,282

S.23.01.01 – OWN FUNDS

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 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	(10,444,471)	(10,444,471)			
	Subordinated liabilities	R0140					
	An amount equal to the value of net deferred tax assets	R0160					
	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	51,513,419	51,513,419			
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	23,000,000			23,000,000	
	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	23,000,000			23,000,000	
Available and eligible own funds	Total available own funds to meet the SCR	R0500	74,513,419	51,513,419		23,000,000	
	Total available own funds to meet the MCR	R0510	51,513,419	51,513,419			
	Total eligible own funds to meet the SCR	R0540	64,886,907	51,513,419		13,373,487	
	Total eligible own funds to meet the MCR	R0550	51,513,419	51,513,419			
SCR		R0580	26,746,974				
MCR		R0600	6,686,744				
Ratio of Eligible own funds to SCR		R0620	243%				
Ratio of Eligible own funds to MCR		R0640	770%				

S.23.01.02 – RECONCILIATION RESERVE

			Value
			C0060
Reconciliation reserve	Excess of assets over liabilities	R0700	51,513,419
	Own shares (held directly and indirectly)	R0710	
	Foreseeable dividends, distributions and charges	R0720	
	Other basic own fund items	R0730	61,957,890
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve		R0760	(10,444,471)
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	Simplifications
		C0110	C0120
Market risk	R0010	7,550,497	
Counterparty default risk	R0020	13,448,641	
Life underwriting risk	R0030	0	
Health underwriting risk	R0040	3,724	
Non-life underwriting risk	R0050	5,837,710	
Diversification	R0060	(6,265,976)	
Intangible asset risk	R0070		
Basic Solvency Capital Requirement	R0100	20,574,596	

S.25.01.21.02 – CALCULATION OF SOLVENCY CAPITAL REQUIREMENT

			Value
			C0100
Operational risk		R0130	6,172,379
Loss-absorbing capacity of technical provisions		R0140	
Loss-absorbing capacity of deferred taxes		R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC		R0160	
Solvency Capital Requirement excluding capital add-on		R0200	26,746,974
Capital add-on already set		R0210	
	of which, capital add-ons already set - Article 37 (1) Type a	R0211	
	of which, capital add-ons already set - Article 37 (1) Type b	R0212	
	of which, capital add-ons already set - Article 37 (1) Type c	R0213	
	of which, capital add-ons already set - Article 37 (1) Type d	R0214	
Solvency capital requirement		R0220	
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.25.03.21.03 – APPROACH BASED ON AVERAGE TAX RATE

		Yes/No
		C0109
Approach based on average tax rate	R0590	Approach based on average tax rate is not applicable as LAC DT is not used

S.25.01.21.05 – CALCULATION OF LOSS ABSORBING CAPACITY OF DEFERRED TAXES

			LAC DT
			C0130
LAC DT		R0640	
	LAC DT justified by reversion of deferred tax liabilities	R0650	
	LAC DT justified by reference to probable future taxable economic profit	R0660	
	LAC DT justified by carry back, current year	R0670	
	LAC DT justified by carry back, future years	R0680	
	Maximum LAC DT	R0690	

S.28.01.01.05 – OVERALL MCR CALCULATION

		Value
		C0070
Linear MCR	R0300	2,589,287
SCR	R0310	26,746,974
MCR cap	R0320	12,036,138
MCR floor	R0330	6,686,744
Combined MCR	R0340	6,686,744
Absolute floor of the MCR	R0350	4,142,000
Minimum Capital Requirement	R0400	6,686,744