Hamilton Insurance Designated Activity Company

Solvency & Financial Condition Report ("SFCR")

For Year Ended: December 31, 2023

HAMILTON

Contents

Summary

The Solvency II ("SII") regime, a harmonised EU-wide regulatory framework for Insurance Companies, requires reporting and public disclosure arrangements to be put in place by insurers and certain aspects are required to be published on the Hamilton Insurance Designated Activity Company ("HIDAC" or "the Company") public website. This document is the Solvency and Financial Condition Report ("SFCR"), prepared in accordance with SII requirements, and seeks to provide stakeholders with an insight into the Company's overall financial condition.

This report covers the Business and Performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. The ultimate administrative body that has the responsibility for all of these matters is the Company's Board of Directors ("The Board"). The Board is supported in discharging this responsibility by the Company's governance structures, including its Committees, Senior Management and Internal Control Functions.

Some figures in the tables in this report are rounded to the nearest USD 1,000.

A. Business and Performance

A.1 Business

HIDAC is a regulated non-life insurance private company limited by shares and operating in Ireland. The Company's registered address is 2 Shelbourne Buildings, Crampton Avenue, Ballsbridge, Dublin 4, Republic of Ireland.

HIDAC is regulated by the Central Bank of Ireland ("CBI"), North Wall Quay, Spencer Dock, PO Box 11517, Dublin 1, Republic of Ireland.

Hamilton Insurance Designated Activity Company (London Branch) ("HIDAC (London Branch)") is a third country Branch of the Company, and is regulated by the Prudential Regulation Authority ("PRA"), and by the Financial Conduct Authority ("FCA") for conduct of business rules. This branch was authorised as of April 1, 2022. The registered address of HIDAC (London Branch) is Level 3, 8 Fenchurch Place, London, EC3M 4AJ.

The Company is wholly owned by Hamilton UK Holdings Limited, which is a wholly owned subsidiary of Hamilton Insurance Group, Ltd ("Hamilton"). Hamilton is a Bermuda-headquartered company that underwrites specialty insurance and reinsurance risks on a global basis through its wholly owned subsidiaries. On November 13, 2023 Hamilton, under the symbol "HG", began trading on the New York Stock Exchange ("NYSE").

As of December 31, 2023, Hamilton has approximately $2.0 billion in shareholders' equity.

See Appendix A for Hamilton's Group structure.

HIDAC closed the 2023 financial year with gross written premium of $341.5m ($344.3m in 2022), net written premium of $94.7m ($74.9m in 2022) and earned premiums, net of reinsurance of $88.2m ($60.4m in 2022). HIDAC's net loss after taxes for 2023 was $1.9m ($35.2m net loss after taxes in 2022).

The Company's external auditor is Mazars, Chartered Accountants and Statutory Audit Firm, with an address at Block 3 Harcourt Centre, Harcourt Road, Dublin 2, Ireland.

The Company's financial year-end is 31 December.

A.2 Underwriting Performance

The Company prepares its financial statements in accordance with United Kingdom (UK) and Irish Generally Accepted Accounting Practice ("GAAP"), and accordingly the underwriting performance information given in this section is on a GAAP basis.

The Company writes a diverse product portfolio, spanning several SII lines of business. The table below shows the Company's premiums, claims and expenses split by SII lines of business for the year ended December 31, 2023:

2023 US'000s	Income Protection	Marine, Aviation and Transport	Fire and Other Damage to Property	General Liability	Credit and Suretyship	Legal expenses	Misc Financial Loss	Total
Gross premium written	17,024	64,526	103,387	79,647	34,974	24,577	17,357	341,492
Net premium written	6,286	18,478	32,707	15,298	17,099	230	4,571	94,669
Net premium earned	5,157	16,701	35,188	13,195	13,327	684	3,964	88,216
Net claims incurred	1,826	5,556	7,987	2,273	1,586	1,925	251	21,404
Expenses incurred	4,319	14,341	33,447	13,514	13,552	2,994	4,695	86,862
Net result	**(988)**	**(3,196)**	**(6,246)**	**(2,592)**	**(1,811)**	**(4,235)**	**(982)**	**(20,050)**

For the purposes of this analysis direct, proportional reinsurance and non-proportional reinsurance are not separately presented, rather the SII line of business to which the obligations relate has been presented, regardless of the method of placement. This is consistent with how the Company manages the business.

In the year ended 31 December 2023, the Company produced a pre-tax loss of $1.7m (2022: pre-tax loss of $35.9m), of which $20.1m (2022: $16.2m) related to underwriting activities. Underwriting activities reported a net loss ratio of 24.3% (2022: 35.7%) and a combined ratio of 122.2% (2022: 126.1%).

The Company utilises reinsurance to limit the exposure on individual risks, protecting against catastrophic risks, and controlling the aggregate exposure of the Company. Reinsurance may be purchased at several levels ranging from reinsurance of risks assumed on individual contracts to reinsurance covering a portfolio of polices or the book of business as a whole.

The comparative results by SII lines of business for the year ended December 31, 2022 were as follows:

2022 US'000s	Income Protection	Marine, Aviation and Transport	Fire and Other Damage to Property	General Liability	Credit and Suretyship	Legal expenses	Misc Financial Loss	Total
Gross premium written	15,006	41,473	119,884	73,247	38,211	13,690	42,801	344,312
Net premium written	5,095	10,168	28,433	11,930	12,471	1,464	5,346	74,907
Net premium earned	3,457	7,679	25,123	10,469	8,074	1,376	4,184	60,362
Net claims incurred	1,434	2,311	13,204	955	1,756	944	961	21,565
Expenses incurred	2,300	5,197	23,479	4,879	11,027	3,498	4,606	54,986
Net result	**(277)**	**171**	**(11,560)**	**4,635**	**(4,709)**	**(3,066)**	**(1,383)**	**(16,189)**

The reconciliation from the SII figures presented in QRT S.05.01 to statutory pre-tax GAAP profit / loss is as follows:

	2023 US'000s	2022 US'000s
Net result from underwriting activities	(20,050)	(16,189)
Investment income (excl. investment mgmt. expenses)	18,876	(21,755)
Other income	570	—
Foreign exchange (losses) / gains	(1,107)	2,084
(Loss) / profit before taxation	**(1,711)**	**(35,860)**

The geographical spread of gross premium written is presented in the table below. In this analysis risks are categorised by country based on the location of the insured.

	2023 US'000s	2022 US'000s
Ireland	839	1,018
Other EEA	68,197	52,170
United Kingdom	49,933	51,755
United States	157,571	184,170
Worldwide	64,952	55,199
Total	**341,492**	**344,312**

A.3 Investment Performance

The primary objective of the investment portfolio is the preservation of capital, as opposed to return on capital. This is the foundation upon which the investment strategy is based, which reflects the Company's relatively low risk appetite for investment risk and financial market loss over a short, medium or long term. The investment guidelines and performance benchmarks have been set accordingly with the investment manager.

The investment portfolio is managed exclusively by Conning Asset Management Limited ("Conning"). The investment portfolio is held in fixed income investment grade securities, with the majority of investments holding a credit quality of 'A-' or better.

There have been no material or significant changes in investment strategy during 2023 when compared with the prior year.

A.3.1 – Income and Expenses with Respect to Investment Activities

The table below shows the composition of the investment portfolio at the year-end and at the end of the previous financial year:

	2023 US$000	2022 US$000
Government bonds	85,870	69,554
Agency and corporate debt securities	189,473	193,918
Covered bonds and securitised bonds	16,598	8,182
Total	**291,941**	**271,654**

This next table below provides a summary of investment performance in 2023 and for the comparative period, showing income and expenses with respect to investment activities:

	2023 US$000	2022 US$000
Interest and other income	9,476	3,619
Realised gains / (losses)	(1,589)	(1,984)
Unrealised gains / (losses)	11,559	(23,390)
Investment fees	(440)	(442)
Total	**19,006**	**(22,197)**

The majority of the investment fees incurred are charged by the investment managers. Fees are charged based on a sliding scale applied to the closing value of assets under management at each period end. The improved investment result is largely attributable to unrealised gains from the Company's investment portfolio driven primarily by global interest rate movements. Investment income was also impacted favourably by elevated interest yields across the investment portfolio.

A.3.2 – Investments in Securitised Assets

The Company's investment mandate states that the Company may, to a limited extent, invest in securitised obligations as part of its ongoing investment operations.

The Company's potential market risk exposure to such investments is managed via a well-defined mandate given to Conning including specific parameters around credit quality and restrictions within classes of securitised assets.

The risk is also managed by holding a well-diversified portfolio; at all times Conning are directed to maintain a portfolio that is not only diversified at the security level but also within the deal structures. This covers all areas including geographic, insurer, and all other areas of potential concentration.

A.4 Performance of Other Activities

The Company does not carry out any activities which are not directly connected to the provision of insurance.

A.5 Any Other Information

The Company has no other material information to disclose.

B. System of Governance

B.1 General Information on the System of Governance

The Company is subject to the CBI's Corporate Governance Requirements for Insurance Undertakings 2015 (the "Requirements") and the System of Governance requirements of the SII regulations. There have been no material changes to the Company's system of governance within the period.

Board

The Board carries responsibility for the oversight of the business and sets its strategy and risk appetite. The Board determines the overall strategy of the Company, supervises senior management and addresses key matters in the areas of strategy, finance, structure and organisation and business development. The Board approves the annual plans developed by management and reviews and approves the annual financial statements.

The Board supervises management and monitors its performance through reporting and controlling processes. Regular reporting by the Chief Executive Officer ("CEO") and other executives to the Board provides appropriate information and updates, including key data for the core business, financial information and legal and regulatory updates.

Under section 7 of the Requirements, the Board of an insurance undertaking shall be of sufficient size and expertise to oversee adequately the operations of the insurance undertaking and shall have a minimum of five directors (majority to be Independent Non-Executive Directors ("INED") and Group Non-Executive Directors ("NEDs"), with at least 2 INED's required).

The Board is currently composed of six Directors, has three Independent Non-Executive Directors – Karen Forte, Patricia Billingham and Peter Haynes who bring independent thought, challenge and critical thinking to both the Board and Board sub-committees. Under the Requirements, Group Directors shall act critically and independently so as to exercise objective and independent judgement.

Director	Position
Peter Haynes	INED and Chairman of the Board
Karen Forte	INED and Chair of the Audit Committee
Patricia Billingham	INED and Chair of the Risk Committee
Fiona Marry	Executive Director and CEO
Robert Vetch	Executive Director and Head of Compliance
Adrian Daws	Group NED

The Company is committed to high standards of corporate governance. The Board has completed an annual review of governance, performance, and its committee structures, in line with the Requirements.

The following committees and control functions have been established by the Board (and its committees) to assist it in discharging its obligations and operated throughout the year under review. Each committee operates under defined terms of reference and reports to the Board at each Board meeting.

Audit Committee

Composition and Membership: The Company is required to have an Audit Committee to consist of at least three Non-Executive Directors, the majority to be independent. Currently Karen Forte (Chairperson and INED), Patricia Billingham (INED) and Adrian Daws (NED) serve on this committee.

The responsibilities of the Audit Committee include:

i) Monitoring the adequacy and effectiveness of the Company's internal control, internal audit and IT systems;
ii) Liaising with the external auditor, particularly in relation to their audit findings;
iii) Reviewing the integrity of the institution's financial statements and ensuring that they give a "true and fair view" of the financial status of the Company;
iv) Reviewing any financial announcements and reports and recommending to the Board whether to approve the Company's financial returns and statements; and
v) Assessing auditor independence and the effectiveness of the audit process.

The Audit Committee meets at least four times a year and the Terms of Reference are reviewed on an annual basis.

External auditors, internal auditors, and management attend these meetings by invitation in order to, inter alia, discuss auditors' reports, review and assess the audit plan and approach and the examination process, and to assess the activities of both external and internal auditors.

Risk Committee

Composition and Membership: The Company is required to have a Risk Committee as part of the Requirements. The Committee consists of four members: Patricia Billingham (Chairperson and INED), Karen Forte (INED), Adrian Daws (NED) and Fiona Marry (CEO).

In general, the Risk Committee:

i) Oversees the Risk Framework, including risk management and control, risk policies, their implementation and the risk strategy and the monitoring of operational risks,
ii) Reviews the methodologies for risk measurement and the Company's adherence to its risk limits and reviews the performance of the Risk Management Function,
iii) Reviews, with business management and the Risk Management Function, the entities' general policies and procedures and satisfies itself that effective systems of risk management are established and maintained, and
iv) Receives periodic reports from the HIDAC Risk Management Function and assesses whether significant issues of a risk management and control nature are being appropriately addressed by management in a timely manner.

The Risk Committee meets at least four times a year and the Terms of Reference are reviewed on an annual basis.

Other Board Sub-Committees

The Company has decided not to have a separate Remuneration and Nomination committee, as allowable under the Requirements.

Management Committees

Hamilton Global Specialty Executive Committee

The Executive Committee meets monthly to review the day-to-day operation of the Company's business and will review and note monthly updates from sub-committees and develop management actions as required. An update is presented to the Board of the salient points on a quarterly basis or more frequently as required.

Hamilton Global Specialty Underwriting Committee

The Underwriting Committee meets monthly to review the underwriting performance of the Company and to review reports from the underwriting and related functions. An update is presented to the Board of the salient points on a quarterly basis or more frequently as required.

Hamilton Global Specialty Claims Committee

The Claims Committee meets monthly to review the claims data of the Company and to review reports from the claims and related functions. This information is also presented at the Underwriting Committee meetings, and a claims report is presented to the Board on a quarterly basis or more frequently as required.

Hamilton Global Specialty Finance and Investment Committee

The Finance and Investment Committee meets at least quarterly in order to identify, assess and mitigate the significant financial and market risks to the achievement of the Company's business objectives. The Chief Financial Officer ("CFO") provides reports to both the Audit Committee and the Board on a quarterly basis.

Hamilton Global Specialty Operations Committee

The Operations Committee meets quarterly to provide oversight of (i) the effectiveness of the operations function and (ii) data pertaining to the Company and reviews reports from the operations and related functions. An operations report is presented to the Board on a quarterly basis.

HIDAC Reserving Committee

The HIDAC Reserving Committee meets quarterly and is responsible for the effective oversight of the reserving function, and reports to the Audit Committee on any matters in respect of which the Reserving Committee considers that action or improvement is needed and makes recommendations as to the steps to be taken.

Hamilton Global Specialty Product Oversight Group

As part of the review of any new products or lines of business discussed as part of the business planning process the level of product risk is assessed in line with conduct risk requirements. The Product Oversight Group ("POG"), which has authority delegated from the Board, as per its terms of reference, is responsible for this assessment to ensure that all lines of business are selling products that are in line with the Company's Risk Appetite. The POG also monitors the Company's conduct risk.

Control Functions

Compliance Function

The Company adheres to all of the corporate governance requirements for insurance undertakings; reserving requirements; fitness and probity and whistleblowing. Board training is given by various functions (including Compliance) on a periodic basis.

The Head of Compliance (“HOC”) or a delegate, attends the quarterly Risk, Underwriting, Executive, Audit Committee and Board meetings and gives an update to each of any new developments or issues that may have arisen in the previous quarter. The Compliance Framework, and Compliance Plan are submitted on at least an annual basis to the Board for review and approval.

Management and the Company are responsible for notifying the HOC of any breach of applicable laws and regulations that fall within the scope of their responsibilities. Upon receipt of notification, the HOC records the relevant breach item in the Company’s breach register and discusses remedial actions with senior management. Where material, reporting is made to the Board, its Committees and regulators as appropriate.

Enterprise Risk Management Function

The Enterprise Risk Management (“ERM”) Function is responsible for implementing the Risk Management Framework and promoting a strong risk culture within the Company. In particular, the overall objective is to ensure that all areas of the business are operating within the appropriate risk appetite levels that have been approved by the Board. Through the framework, the ERM Function ensure key risks and changes to the risk profile are reported through the governance structure to support risk taking and decision making.

Remuneration Policy

The Company’s remuneration policy is to provide a fixed base salary along with an annual performance based bonus which is determined by both the Company's performance (measured in terms of achievement against a range of both financial and non-financial objectives) and the individual's performance. In addition, long term incentives are offered to senior employees. We emphasise pay-for-performance and design our executive pay practices to provide incentives that drive business results and reward financial outcomes, and, as such, there is a strong correlation between the Company’s performance and executive compensation awards on both a relative and absolute basis.

Our executive compensation program is intended to focus on our strategic priorities and drive decision-making to promote our Company’s most important financial and business goals. Hamilton has developed an executive compensation program that seeks to drive a performance culture, align long-term economic interests of key employees with both the short and long term interests of our shareholders; and reward successful results. At Hamilton, we expect our executive team to possess and demonstrate accountability for results, strong leadership and management competencies.

B.2 Fit and Proper Requirements

In 2023 the Company updated its Fitness and Probity ("F&P") manual to take into account the new Conduct Standards. The manual sets out the due diligence checks that must be performed in accordance with CBI Guidance. These include:

i) Compliance with the minimum competency code, where relevant;
ii) Professional qualification(s);
iii) Continuous professional development;
iv) Interview and application;
v) References;

vi) Record of previous experience;
vii) Record of experience gained outside the state;
viii) Concurrent responsibilities;
ix) Individual questionnaire; and
x) Annual F&P certifications

In addition, other governance documentation is being updated to take into account the new Senior Executive Accountability Regime.

For key Control Functions (referred to as Pre-approved Control Functions or "PCFs"), approval from the CBI is required prior to appointment by the Board. All employees are required to read and sign the Hamilton Code of Conduct policy annually, and inform relevant personnel of any potential conflicts of interest.

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

B.3.1 Risk Management Framework

The Risk Management Framework has been developed and is maintained in line with HIDAC's risk management principles which underpin our systematic approach taken to manage risk effectively. The principles promote a dynamic, enterprise view of risk across the Company, with a risk-aware culture in which ownership of risks has been established and where the ERM Function forms part of the overall governance structure.

A key part of the Risk Management Framework is risk appetite. The risk appetite is set in line with HIDAC's strategic objectives and requires management actions to remediate if breached. Quarterly updates on monitoring against the risk appetite tolerances are provided to the Risk Committee and other relevant committees for review and discussion.

The Risk Management process also forms a key part of the Risk Management Framework. The process is used to:

i) Identify risks which may hinder HIDAC's ability to meet its strategic objectives. The risk identification process is performed by the business with support and appropriate challenge from the ERM Function;
ii) The identified risks are assessed and, where appropriate, monitored through the risk register. Risks on the register undergo regular self-assessments by the business, with oversight and support from the ERM Function, with the main output being rating risks on a residual basis, considering the effect of the controls. The process also aims to ensure that appropriate controls are in place to mitigate those risks;
iii) Four potential actions may be taken in response to risks: avoidance, acceptance, mitigation and transfer. The course of action taken, and the rationale for doing so, are appropriately documented and reported against;
iv) Where appropriate, escalation of risks identified by the business is facilitated by the ERM Function to the Risk Committee and other relevant committees, in order for actions to be enacted which require board or senior management level authorisation or governance; and
v) The ERM Function and relevant Committees are there to challenge assumptions made with regards to identified risks and take the appropriate action in relation to those risks.

B.3.2 Own Risk and Solvency Assessment

The Own Risk and Solvency Assessment ("ORSA") is an integral part of HIDAC's business strategy and decision making process. The ORSA Framework enables the Company to identify, assess, monitor, manage and report the risks it may face and manage its risk profile against risk appetite to ensure there is appropriate capital.

The ORSA process is ultimately owned by the Board, who is responsible for the on-going development of the ORSA process and challenging the results. The annual ORSA report provides a view on the quality and quantity of the Company's capital under baseline and stressed conditions. Outputs from the ORSA process are considered during the business planning process and when setting risk appetite. The Board reviews and approves an ORSA report at least annually, prior to submission to HIDAC's regulators.

There are various internal and external events which could impact HIDAC's risk profile. As a result, a full or partial ORSA exercise may be conducted outside of the usual cycle if any change is significant enough that the prior ORSA analysis is no longer relevant and useful.

B.4 Internal Control System

B.4.1 Description of the Internal Control System

HIDAC adopts an internal control and governance model that comprises three lines of defence. The three lines of defence is a framework for how specific duties related to risk and control are assigned and managed within the organisation. The three separate lines of defence are organised in the framework developed by the Institute of Internal Auditors and each line performs the following activities:

First Line

Functions that face risks in day to day activities and control (first line operating management): The majority of employees comprise the first line of defence. Senior Management and oversight committees have responsibility for setting the organisation's objectives and an appropriate tone from the top, defining strategies to achieve those objectives, and establishing governance structures. In carrying out these activities, first line management have a key role in identifying, assessing, controlling, and mitigating risks. In addition, adherence to procedures, policies and guidelines set by management that are designed to minimise and mitigate risks, as well as reporting and escalating identified risk events, are the responsibility of all employees.

Second Line

Functions that provide oversight over risk, control and regulatory matters (second line Risk Management and Compliance Functions): Risk Management provides guidance to Risk Owners in defining the target risk exposure and reporting adequate risk-related information throughout the organisation. The identification of new and emerging risks and/or movements in known and registered risks is primarily managed through quarterly risk metrics reporting and quarterly Risk and Control assessments. These processes aim to monitor position against material risks that could impact severely the operational capability of the Company. These include but are not limited to the following: risk aggregation, loss reserving, failure of IT, failure to appropriately calculate account pricing and new, or emerging risks. The monitoring and reporting of risk events from a broader base of business owners and/or their respective subordinates via HIDAC's Decision Focus system is utilised within the Company. These risks are specifically focused on the operational risks associated to that business unit and as such are varied in their impact from being informative to critical to that unit and/or the Company as a whole in terms of HIDAC's objectives and performance.

The collective findings are reviewed by the Risk Management team and reported to the Risk Committee for review and challenge. In turn, the Risk Committee will escalate, as appropriate, such findings and their recommendations to the Board for their review and challenge. Any actions emanating from the recommendations approved by the Board will then, where appropriate, be incorporated in HIDAC's business strategy.

The Compliance function monitors legal and regulatory risks on the risk register, and carries out a formal monitoring programme against key areas such as financial crime, conduct risk and regulatory change. The Compliance function also supports the Legal and Company Secretarial functions with maintaining corporate governance structures and ensuring compliance with fit and proper requirements for senior management.

The Actuarial function is a key control function set out in Solvency II, playing a key part in applying appropriate and suitable actuarial methodologies to various reporting outputs that the Risk management function produces. Further overview of the Company's Actuarial functions is provided in section B6.

Third Line

The function that provides independent assurance to the board and senior management concerning the effectiveness of management of risk and control (Internal Audit): Internal Audit provides senior management and the Audit Committee of HIDAC with assurance based on independence and objectivity. Internal Audit provides assurance on the effectiveness of governance, risk management, and internal controls, including the manner in which the first and second lines of defence achieve risk management and control objectives. The Internal Controls team within the Internal Audit function provides independent testing of management's controls. Some of this work may be relied upon by the external auditors, who also perform a necessary and statutory assurance function.

B.4.2 Compliance Function Implementation

The Compliance Function is a key part of the Company's overall corporate governance structure. The function is responsible for the monitoring, managing, and reporting of the compliance risks to which the Company is exposed. Compliance monitoring occurs in line with an annually approved compliance plan, to check that the Company and its service providers are adhering to its obligations. Compliance reports are issued to the Board assessing the effectiveness and adequacy of compliance within the Company.

Management of the Company, and its service providers, are responsible for notifying the Head of Compliance of any breach of applicable laws and regulations that fall within the scope of their responsibilities. Upon receipt of notification, this is recorded in the Company's breach register and remedial actions discussed with the management concerned. Where material, reporting is made to the Board, its Committees and, where appropriate, the CBI.

B.5 Internal Audit Function

B.5.1 Internal Audit Function Implementation

The purpose, role, professionalism, authority and responsibilities of the Internal Audit function are set out within the Group Internal Audit ("GIA") Charter. It and associated methodology provide guidance on annual audit planning as well as audit review planning, fieldwork, reporting and follow-up processes. The Charter is reviewed annually with consultation and approval by the HIDAC Audit Committee. The Charter was last reviewed and approved by the HIDAC Audit Committee in their December 2022 meeting. The methodology is continuously reviewed and updated as needed. It is next due to be presented to the HIDAC Audit Committee in May 2024.

A risk-based approach is taken to develop the annual audit plan, auditing all areas over three years. Consideration is given to when areas were last audited and the audit rating, as well as recommendations by management, regulators and industry hot topics. Material areas, underwriting and investments are covered annually. Where possible audits are performed group wide to allow identification and sharing of better practices. Specific entity level audits are also completed as required. The scope of the audits includes assessment of the risks, controls, and mitigations identified by risk and control owners. External specialist resources are used where appropriate to supplement internal skills of the Internal Audit function.

B.5.2 Independence and Objectivity

Internal Audit's independence and objectivity is dependent on having no operational responsibility for, or authority over, any of the activities subject to review. Internal Audit's assessment does not relieve other personnel in the organisation of the responsibilities assigned to them. Internal Audit does make recommendations regarding the quality of operations and/or adequacy of internal controls. Internal Audit takes an active role in assisting the formulation of policy or development of new systems (process or technical), but it will be an advisory capacity only. All final decisions and implementation being the responsibility of appropriate management.

B.6 Actuarial Function

HIDAC's Actuarial Function ("AF") is led by the Head of Actuarial Function ("HoAF") and is responsible for the actuarial work of the Company. HIDAC's AF is supported cross-departmentally by the CEO, Chief Risk Officer ("CRO"), Chief Underwriting Officer ("CUO"), CFO as well as members of their respective teams. The personnel in the AF possess the required level of skills and qualifications for their roles and responsibilities. Any resourcing gaps identified are raised with the Board and filled by discharging duties to the contracted external service providers.

B.6.1 Head of Actuarial Function

The HoAF position is held by the Head of Reserving of Hamilton Global Specialty. The following areas fall under their responsibility:

B.6.2 Quarterly Calculation of the Technical Provisions

HIDAC's internal AF team calculate the GAAP reserves which form the base for the SII Technical Provisions ("SII TPs") calculation.

The calculation for the SII TPs is currently outsourced to Willis Towers Watson ("WTW"). WTW calculate the technical provisions using GAAP data provided by HIDAC Finance and Actuarial. A key responsibility of the HoAF is to coordinate the calculation of the TPs and provide a report to the Board on the TPs. This includes the HoAF's own views on the TPs, including setting out how the requirements of SII have been met. The HoAF interprets deviations of best estimates against experience, ensures the appropriateness of the methodologies and underlying models used, as well as the assumptions made in the calculation of the technical provisions.

B.6.3 Actuarial Opinion on the ORSA

The HoAF provides an actuarial opinion to the Board in respect of the ORSA process undertaken during the year. This opinion covers the range of risks and the adequacy of stress scenarios considered as part of the ORSA process, the appropriateness of the financial projections included within the ORSA process and whether the undertaking is continuously complying with the requirements regarding the calculation of TPs and potential risks arising from the uncertainties connected to this calculation.

B.6.4 Underwriting Opinion & Reinsurance Opinion

Each year, the HoAF provides an opinion on the underwriting policy and an opinion on the reinsurance arrangements of the Company.

B.6.5 Actuarial Function report

The HoAF produces a written report at least annually, which documents all the tasks that have been undertaken by the AF. This report summarises the work undertaken and refers back to the individual reports produced throughout the year. The Actuarial Function Reports will also include the Actuarial Opinion on Technical Provisions (“AOTP”), the Actuarial Report on Technical Provisions (“ARTP”).

B.6.6 Validation of the Technical Provisions

The TPs are validated at least once a year. This validation is performed by a team within WTW who are independent from the actuaries who prepared the technical provisions in the first instance. The results of this validation are approved by the HoAF.

B.6.7 Risk

The HoAF contributes to the effective implementation of the risk management system.

B.7 Outsourcing

Outsourcing is the use of a third party (either an affiliated entity within the same group or an external entity) to perform activities on a continuing basis that would normally be undertaken by the Company. The third party to whom an activity is outsourced is called a ‘service provider’.

The Board is responsible for ensuring that an outsourcing arrangement does not diminish the Company’s ability to fulfil its obligations to customers or its regulator, nor impede effective supervision by its regulator. Fundamental responsibilities such as the setting of strategies and policies, the oversight of the operation of the Company’s processes, and the final responsibility for customers, are not outsourced.

To this end the Board have established an Outsourcing Policy. The aim of this Policy is to outline prudent practices in relation to the senior management of the Company’s outsourcing arrangements, consistent with the requirement of Article 46 of the SII Directive.

Adherence to this policy will ensure that the operational and financial risks associated with outsourcing arrangements are properly managed. The policy also ensures that outsourcing arrangements are subject to appropriate due diligence, approval and on-going monitoring. Where appropriate, notifications are submitted to the CBI in relation to outsourcing of critical or important functions or activities (“CIFA").

The Outsourcing Policy outlines the procedures to meet the above and also incorporates the requirements of the Guidelines on Outsourcing published by the CBI in 2016. The CBI acknowledges that the European Banking Authority (“EBA”) Guidelines on outsourcing arrangements will not apply to all sectors. Nevertheless, the CBI have stated they are a source of useful information which may be of assistance to other sectors in considering how to comply with their obligations.

HIDAC’s material outsourcing arrangements are the contract between Hamilton, including all its subsidiaries as the Group operates under a Service Company structure, Genpact (India), Conning and the outsourcing of the calculation of TPs to Willis Towers Watson. Other material outsourcing arrangements include Delegated Underwriting Authorities. HIDAC maintains an outsourcing register with details of all outsourcing arrangements, which is submitted to the CBI annually.

B.8 Any Other Information

The Company has assessed its corporate governance system and has concluded that it effectively provides for the sound and prudent management of the business, which is proportionate to the nature, scale and complexity of the operations of the Company.

C. Risk Profile

The undertaking´s Solvency Capital Requirement ("SCR") is calculated to determine HIDAC's continuous capital adequacy and holding of eligible own funds. The Company uses the Solvency II Standard Formula as defined by the European Insurance and Occupational Pensions Authority ("EIOPA") to calculate the SCR. The SCR number corresponds to a value-at-risk calculation of basic own funds at a confidence level of 99.5% or 1-in-200 over a one-year period, factoring in all quantifiable risks. The Company's SCR at December 31, 2023 was $68.6 million (representing a coverage ratio of 185% from eligible SII own funds of $127.1m) compared to $67.7 million (197%) at December 31, 2022.

In order for HIDAC to be able to properly reflect its risk profile and the commensurate SCR, all material risks are monitored and reported against as part of HIDAC's Risk Management Framework, insofar as they may adversely impact the achievement of its goals.

The associated processes of risk profile monitoring and SCR calculation covers both quantified and non-quantified risks, and is undertaken based on both ongoing conditions and as part of stressed scenarios, informing the production of HIDAC's ORSA, the HIDAC ORSA policy and Capital Management Strategy, which includes capital needs and transferability as appropriate.

The Company undertakes stress testing as part of its annual ORSA process. The results provide assurance that HIDAC can withstand severe, but plausible, shocks over its business planning horizon, including analysis on risk sensitivity. Stress and scenario testing considers external risk factors, which if fully emerged or deteriorates, could provide a trigger for severe but plausible shocks to the balance sheet.

C.1 Underwriting Risk

Underwriting Risk is the risk of unexpected developments or fluctuations in insured losses comparative to plan. Underwriting risk may arise from various sources, including:

i) Selecting undesirable risks that are outside of appetite;
ii) Impact of the underwriting cycle, which may lead to inadequate premium income for the risks assumed;
iii) Inaccurate reserving, including both over and under reserving;
iv) Fluctuations in the timing, frequency and severity of insured events, relative to expectations at the time of underwriting;
v) Failure to accurately measure/model exposure, including CAT risk; and
vi) Inaccurate pricing.

Underwriting Risk

The Company writes business in a diversified range of geographies and products, spanning property, casualty and specialty. Underwriting risk is regularly monitored via application of actuarial techniques and methodologies, ensuring appropriate pricing, reserving and monitoring of exposures, and assessing the impact of large losses arising from both natural and man-made catastrophes. Controls to ensure appropriate underwriting practices include underwriting limits, guidelines and premiums and pricing benchmarking on at least an annual basis through the business planning process. Underwriting authorities are issued in accordance with underwriters' experience. Peer reviews are subsequently performed to attest the appropriateness of the underwriting decision.

There are also a number of subcategories and related risks that can have a material impact upon Underwriting Risk:

Reserving Risk

Reserving Risk is the risk that inappropriate reserves are held, due to inappropriate assumptions, human error, or data quality and availability issues. HIDAC mitigates this risk through various controls such as: bi-annual independent external review, claims peer review, exposure data accuracy checks, review of reserving results to ensure assumptions are accurate and through the Reserving Committee.

Catastrophe Risk

Catastrophe Risk is the risk that either a single or a combination of natural or man-made catastrophe event (or series of such events) of significant magnitude, usually over a short period of time, leads to a materially negative impact to earnings and/or balance sheet strength. Catastrophe Risk is also a source of concentration risk for the Company. Catastrophe Risk is monitored by a number of controls and activities, such as assessing the Company's occurrence and aggregate exposures against the risk appetites and tolerances set by the Board, analysis of exposures through scenarios, and continuous calibration against external data and vendor models.

Claims Management Risk

Claims Management Risk relates to inadequate or inconsistent claims philosophy, procedures, reserving or oversight, which could result in a delay in management recognising claims or litigation trends, reinsurer disputes, inaccurate reserves, delayed or incorrect payments, and increased loss adjustment expenses. Poor adherence to claims handling philosophy and procedures may also lead to regulatory action or reputational damage. HIDAC monitors and manages this risk through various controls such as the timely recording, update and review of claims reserves, claims review by relevant committees such as the Claims Committee, claims peer review and setting of claims handling levels of authority.

Outwards Reinsurance Risk

Outwards Reinsurance Risk is the risk of loss arising from inadequate or inappropriate reinsurance cover, through inadequate matching of inwards and outwards exposures or wording issues and disputes. This may lead to higher than expected net losses and inability to meet business plan. This risk is managed through the reinsurance purchasing and business planning processes, and monitored on an ongoing basis through various committees and working groups. The Company has an appropriate reinsurance strategy and governance process in relation to purchasing reinsurance, in line with its strategy to manage the degree of net exposures carried by HIDAC to an appropriate level.

Premium Risk

Premium risk is the risk that the company does not charge adequate premium for the risks it underwrites. This could be caused by the inaccurate assessment of technical price (relative to the underlying exposure), or failure to accurately capture changes in terms and conditions, exposure trends, or commissions. The risk is controlled by regular monitoring of risk-adjusted rate change ("RARC") and reporting to the Underwriting Committee. In calculating premium risk for the Company's SCR, appropriate techniques and methodologies are applied in line with the Solvency II Standard Formula.

C.2 Market Risk

Market Risk refers to significant movements in financial markets and certain macro economic factors resulting in realised or unrealised investment losses impacting financial performance and potentially eroding capital. This risk includes foreign exchange risk, default risk, interest rate risk, and devaluation risk. Within Market Risk, HIDAC is exposed to Investment Risk, which is monitored and managed adequately through various controls, the most important of which being the setting of investment guidelines and an invest management mandate to the Company's external investment manager. The Investment Policy is prudent and conservative, setting out appetite towards credit quality, asset class, concentration, and duration considerations. This approach is thus reflected in the asset quality held in the investment portfolio. The portfolio is high grade, low risk investments and is well diversified in terms of sectors and sovereign issuers. Asset and liability matching is carried out to minimise foreign exchange risk and ensure appropriate liquidity. Whilst certain macroeconomic conditions which influence interest rate risk can cause unrealised adverse impacts, this is an acceptable level of risk in exchange for an asset portfolio that seeks to minimise overall investment risk and preserve capital to support underwriting activities.

There have been no purchases of investments which sit outside HIDAC's investment management policy and guidelines over the past year. All assets are invested in accordance with the "prudent person principle" as required under Article 132 of Solvency II, which sets out expectations that assets are invested in line with capital adequacy requirements and ability to cover technical provisions. There are no intentions at the date of writing for any significant structural changes in investments in the foreseeable future or any intention to amend the existing investment strategy and/or investment risk appetite.

C.3 Credit Risk

Credit Risk refers to financial loss due to an inability or unwillingness to pay by a counterparty. The primary sources of credit risk for HIDAC are:

i) Reinsurers – may fail to pay valid claims against a reinsurance contract held by HIDAC;
ii) Brokers and coverholders – may fail to pass on premiums or claims collected or paid on our behalf;
iii) Insureds and reinsureds – may fail to pay premiums in a timely manner; and
iv) Banking counterparties, with whom the Company hold cash and cash equivalents.

A tolerance is in place that reinsurers should have a credit rating of A- or better, with collateralisation in place for reinsurance contracts where reinsurers have a credit rating below this threshold. New reinsurers are subject to approval and recoveries due are frequently monitored, as are any changes to credit rating.

All brokers are subject to an approval process and performance is carefully monitored. HIDAC's credit control function regularly assesses the ageing and collectability of outstanding balances.

The Company manages its risk to banking and other financial institution counterparties through monitoring of their credit ratings and ensuring appropriate due diligence processes are followed before any new relationships. There is also diversification of banking relationships to avoid concentration risk with any one particular banking counterparty.

C.4 Liquidity Risk

Liquidity Risk is the risk that the Company has insufficient liquid assets in order to settle its financial obligations when they fall due.

As mentioned in section C2, ensuring appropriate liquidity, including cash and cash equivalents, is a key consideration of the Investment Framework. Minimum cash requirements are set, based upon both technical provisions and operations related liabilities, and monitored to meet expected future cash flows. Access to, and quantity of, liquid assets is also considered as part of the annual recovery plan exercise undertaken by the Company.

The total amount of expected profit included in the future premiums as calculated in accordance with Article 260 (2) at December 31, 2023 is $29.2m.

C.5 Operational Risk

Operational Risk includes a broad range of risks that arise from the day-to-day operations of the company, and includes subcategories such as people risk, business continuity, procurement, cybersecurity, technology, outsourcing, data governance, financial reporting, legal & regulatory and projects.

Hamilton has implemented, and continuously enhances, its business continuity and disaster recovery control framework in order to ensure resilience against operational risks that could impact its ability to conduct business or adversely impact its customers and stakeholders. Continuous efforts are also made to enhance the resilience of Hamilton Group's IT infrastructure and cybersecurity defences, upon which HIDAC relies.

Appropriate management of people risk is crucial in delivering a key business imperative at Hamilton. Risks relating to the ability to attract and retain staff are monitored through analysis of turnover and tenure. The HR team monitors any systemic issues and undertakes analysis of causes of turnover through surveys, exit interviews, and annual performance reviews. Controls are also in place to ensure appropriate employment practices, aiming to prevent unfair or discriminatory practices or unacceptable behaviours or workplace culture.

Legal & Regulatory Risk is the potential for financial penalties or regulatory censure arising due to non-compliance with law and regulations. In addition, there is the related risk that legal or regulation changes result in non-compliance, either due to such changes not being identified, or due to inability to implement such changes in a timely or complete manner.

HIDAC actively seeks to minimise all aspects of Operational Risk to reduce the risk of financial loss or reputational damage.

C.6 Other Material Risks

Other material risks include Group, Strategic and Tax risks.

Group Risk is the adverse impact on the Company as a result of corporate group interactions or dependencies, such as reliance on Group credit rating or financial resilience, and brand or reputation risks that may have a contagion effect from Group or other entities within the Hamilton Group.

Strategic Risk arises from the inability to implement or achieve appropriate business plans and/or strategies.

Tax Risk arises from either incorrect assessment of applicable taxes, delays in filing, or errors in calculation of taxes due.

The Company has implemented the following controls and mitigation measures to manage its Group, Strategic and Tax risks:

i) Business planning and strategy process are devised by the Board and senior management, who instill an appropriate tone from the top;
ii) Policies are in line with market standards and acceptable to our regulators;
iii) Best business practices, proportionate to the needs of the Company, are in place and sufficient to satisfy regulation and considerations regarding Group Risk; and
iv) Controls and risk metrics are set around group risk and monitored on a quarterly basis by the risk management function.

C.7 Any Other Information

Financial Impacts of Climate Risk

The Company monitors and assesses the potential financial impacts of climate change. The risks arising from climate change are closely integrated with existing risks outlined in this section, such as underwriting risk, market risk, credit risk, operational risk and harder to quantify risks such as strategic and legal and regulatory. As such, the Company seeks to integrate climate risk mitigation measures into its existing risk management framework and practices.

D. Valuation for Solvency Purposes

D.1 Assets

December 31, 2023	2023 Irish GAAP Value US$000	2023 Adjustment US$000	2023 SII Value US$000	2022 SII Value US$000	Reference
Investments	291,941	1,734	293,675	272,910	D.1.1
Deferred acquisition costs	38,026	(38,026)	—	—	D.1.2
Deferred tax asset	—	1,091	1,091	308	D.1.3
Reinsurance recoverables	747,582	(173,347)	574,235	514,566	D.1.4
Insurance and intermediaries receivables	136,177	(124,172)	12,005	18,627	D.1.5
Reinsurance receivables	243,252	—	243,252	146,994	D.1.6
Cash and cash equivalents	39,348	—	39,348	39,281	D.1.7
Any other assets	30,669	(1,734)	28,935	41,086	D.1.6
Total assets	**1,526,995**	**(334,454)**	**1,192,541**	**1,033,772**	

D.1.1 Investments

The Company's investments in fixed maturity securities are reported in the GAAP balance sheet at fair value to profit and loss, consisting primarily of government bonds, corporate bonds and collateralised securities. For the purpose of the SII balance sheet valuation accrued investment income has been added to such fair values, whereas it is disclosed separately in the GAAP balance sheet.

Fair values of the Company's fixed maturity securities are based on quoted market prices at the reporting date or observable market data. As at December 31, 2023, the fair value of all the Company's investments are based on observable market data. Investment transactions are recorded on a trade date basis with balances pending settlement recorded as receivable for investments sold or payable for investments purchased.

D.1.2 Deferred Acquisition Costs

Deferred acquisition costs, which are recognised under the GAAP balance sheet as being a cost carried forward for the future earnings of premium, have been removed in total from the SII asset base as these are considered in arriving at the best estimate valuations for technical provisions. As such the asset does not carry any value within the SII balance sheet.

D.1.3 Deferred Tax Asset

There is no deferred tax asset recognised on the Company's GAAP balance sheet. Under GAAP, a deferred tax asset can only be recognised to the extent it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The valuation of deferred tax assets under SII is determined by the tax effect of differences between the economic valuation of an asset or liability on the SII balance sheet and the carrying amount under GAAP balance sheet.

D.1.4 Reinsurance Recoverables

The SII economic value of the reinsurance recoverable is calculated as a best estimate, which corresponds to the probability-weighted average of future cash-flows, taking account of the time value of money. Included within HIDAC's register of technical provisions are five charges in respect of residual value insurance policies issued in 2015 and 100% reinsured to Liberty Specialty Markets Bermuda ("LSMB") at inception. The charges relate to the recoveries on these reinsurance policies. Technical provisions are discussed in Section D.2.

D.1.5 Insurance and Intermediaries Receivables

Insurance and intermediaries receivables primarily consists of premium debtors. In the financial statements this balance is comprised of netted down amounts and includes premiums now due and premiums not yet due. Any balances that are not yet due are considered to be future cash flows under SII balance sheet and therefore reclassified to technical provisions in the calculation of "best estimate" values for such provisions. These are further split between claims provisions for the earned element of not yet due and premium provisions for the unearned element, see Section D.2 for further details.

As a result of this reclassification, the premium debtor balances are significantly reduced in the SII balance sheet as compared with the GAAP balance sheet.

D.1.6 Reinsurance Receivables and any Other Assets

Reinsurance receivables and all other assets are valued for SII purposes on the same basis as the financial statements. The accrued investment income has been reclassified to investments as per Section D.1.1.

There were no changes to any of the recognition criteria or valuation methods during the year.

D.1.7 Cash and Cash Equivalents

Cash and cash equivalents have an original maturity of ninety days or less. Balances held at the reporting date are denominated in Euro, Sterling and United States Dollars. Cash and cash equivalents are valued at fair value and are not adjusted or reclassified in the SII balance sheet.

D.2 Technical Provisions

31 December 2023	2023 Irish GAAP Value US$000	2023 Adjustment US$000	2023 SII Value US$000	2022 SII Value US$000
Gross technical provisions	824,254	(231,473)	592,781	609,530
Risk margin	—	6,535	6,535	6,603
Total technical provisions	**824,254**	**(224,938)**	**599,316**	**616,133**

The valuation of technical provisions follows the transfer value principle, under which the value of technical provisions shall correspond to the current amount the insurer would have to pay if it was to transfer its insurance obligations immediately to another insurer. To achieve a valuation consistent with this principle, the technical provisions are calculated as a best estimate plus a risk margin. The best estimate corresponds to the probability-weighted average of future cash-flows, taking account of the time value of money. The risk margin represents the cost of providing an amount of eligible own funds equal to the SCR necessary to support the insurance and reinsurance obligations over the lifetime thereof.

SII introduced a legal obligations concept to accounting under which all bound and existing contracts must be valued, whether the contracts have incepted or not. For this purpose, the total technical provisions are split into earned and unearned elements. These are designated into the claims and premium provision respectively.

D.2.1 Bases, Methods and Main Assumptions for the Valuation of Technical Provisions

Value of technical provisions as at December 31, 2023 by SII line of business:

Technical Provisions as at December 31, 2023	Total best estimate - gross US$000	Total best estimate - net US$000	Risk Margin US$000	Technical Provisions Total US$000
Income protection insurance	5,690	1,170	89	1,259
Marine, aviation and transport insurance	29,541	(2,761)	932	(1,829)
Fire and other damage to property insurance	82,544	2,694	1,737	4,431
General liability insurance	268,730	11,642	913	12,555
Credit and suretyship insurance	24,652	(157)	1,008	851
Legal expense insurance	30,838	2,471	219	2,690
Miscellaneous financial loss	37,070	2,686	517	3,203
Non-proportional health reinsurance	28	6	18	24
Non-proportional casualty reinsurance	65,566	764	234	998
Non-proportional marine, aviation and transport reinsurance	1,372	(137)	296	159
Non-proportional property reinsurance	46,750	170	571	740
	592,782	**18,546**	**6,535**	**25,081**

There is limited historic data and claims development history on some classes of business which the Company has only commenced underwriting in recent years. The context for the calculation of technical provisions is therefore one of using the Company's data where appropriate, but necessarily supplementing this with external benchmarks and the use of expert judgment. The assumptions and actuarial techniques used are relatively standard; extensive use is made of the chain-ladder and Bornhuetter-Ferguson techniques. Over time it is expected that the use of the Company's own data will increase.

Each reserving class contains homogenous risks based on the Company's assessment of the underlying policies. Each reserving class includes risks which have similar characteristics (for example, in terms of underwriting policy, claims settlement patterns, risk profile of policyholders, likely policyholder behaviour, product features including guarantees, future management actions and expense structure) to ensure that there is a sufficient volume of data for projections purposes but at the same time allowing the Company to manage the business at a sufficiently granular level.

Calculating technical provisions at a reserving class level also allows for the calculation of reinsurance recoveries (and hence the calculation of the net best estimate reserves) to be carried out at a sufficiently granular level with regards to the reinsurance programs in place. Reinsurance is typically purchased to cover specific reserving classes and performing calculations at reserving class level will ensure that sufficient allowance is made for the impact of any changes in the reinsurance structure over time.

Having established estimates of gross IBNR, and hence gross reserves, by reserving class and underwriting year, reinsurance is then applied to produce the equivalent net reserves.

The approach used for netting down the gross reserves is undertaken at a class level as follows:

i) Quota share recoveries are allowed for in proportion to the earned premium ceded to the quota shares;
ii) Outstanding claims on the excess of loss and facultative reinsurance treaties are allowed for; and
iii) IBNR on excess of loss and facultative reinsurance treaties are determined using netting down assumptions determined through review of historical recoveries, discussions with underwriters and review of the reinsurance programmes.

It is assumed that the Company will purchase a reinsurance program for future years consistent with that described in the Company's business plan, which is set at broadly the same coverage and cost as purchased in the previous year, subject to availability and commercial terms.

D.2.2 The level of uncertainty associated with the value of technical provisions

Estimates of SII technical provisions are subject to a significant level of estimation and expert judgement, since the ultimate amounts of cash inflows (such as premiums) and cash outflows (such as claims and expenses) are subject to the outcome of events that have not yet occurred. Examples of these events include jury decisions, court interpretations, legislative changes, changes in the medical condition of claimants, public attitudes, social / economic conditions such as inflation, returns on assets backing the liabilities and the ultimate level of business written for legally obliged contracts at the valuation date. Any estimate of future cashflows is subject to the inherent limitation on one's ability to predict the aggregate course of future events. The estimate of the SII technical provisions represents a point estimate of the provisions as at the year end.

The uncertainty arising under insurance contracts may be characterised under a number of specific headings, such as:

i) uncertainty as to whether an event has occurred which would give rise to a policyholder suffering an insured loss;
ii) uncertainty as to the extent of policy coverage and limits applicable;
iii) uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring; and
iv) uncertainty over the timing of a settlement to a policyholder for a loss suffered.

The degree of uncertainty will vary by class according to the characteristics of the insured risks. The calculation of technical provisions is an inherently judgemental and uncertain process and, as a consequence of this uncertainty, the eventual costs of settlement of outstanding claims provisions can vary materially from initial estimates. The Company seeks to provide appropriate levels of claims provisions, taking the known facts and experience into account.

The Company actively manages the risks around uncertainties through on-going monitoring of claims and mitigates its gross exposure to claims through the purchase of reinsurance. The Underwriting Committee and Actuarial Function monitor claims developments and reinsurance arrangements.

D.2.3 Material differences between the bases, methods and main assumptions used by the Company for the valuation for solvency purposes and those used for their valuation in the financial statements

The changes to technical provisions as at December 31, 2023 are reflected in the table below:

Irish GAAP Position to SII Technical Provisions as at December 31, 2023	2023 US$000	2022 US$000
Irish GAAP position	**76,672**	**61,513**
Credit for future premiums	(42,443)	49,072
Removal of future profits	(28,010)	(21,817)
Bound but not incepted business	(1,817)	(976)
SII expenses	12,805	9,272
Cost of future reinsurance	1,259	629
Reinsurance bad debt	825	1,274
ENID load	2,881	1,968
Allowance for discounting	(3,626)	(5,971)
SII best estimate - net	**18,546**	**94,964**
Risk margin	6,535	6,603
SII technical provision total - net	**25,081**	**101,567**

The calculation of technical provisions under SII is significantly different from the current reserves in the GAAP financial statements. Technical provisions are reported by SII lines of business, with calculations performed at a homogeneous risk group and currency level. The differences include (but are not limited to) the following:

i) Credit for future premiums: There is no requirement to hold an unearned premium reserve or other non-monetary items. Instead, future premium on legally obliged business is estimated (on a best estimate basis) and, to the extent it relates to unearned business, is included in "premium provisions". There is also an element of future premium, where it relates to earned business, within the claims provision. Technical provisions include premium (and reinsurance premium) already included as debtors and creditors within the GAAP balance sheet. All such premium is allocated to technical provisions, unless it is overdue at the balance sheet date.

ii) Removal of future profit: Profit recognition is accelerated under SII effectively removing it from the technical provisions. No implicit or explicit margins are held within technical provisions to give a "true best estimate" for solvency purposes. The Company policy is to book its GAAP reserves at best estimate and hence there is no requirement to adjust the GAAP reserves to remove any such implicit or explicit margins.

iii) Inclusion of legally obliged business: Contracts need to be recognised on a "legal obligation basis". For instance, policies incepting on or after 1 January which have been legally agreed in the period running up to 31 December in the preceding year are required to be included within the technical provisions as at 31 December. This will therefore generally include all renewals incepting on the first day of the forthcoming period.

iv) SII expenses: The claims and premium provisions include an allocation of all expense cashflows related to running off all liabilities (including allocated / unallocated claims handling expenses, ongoing admin expenses and subrogation / salvage), but on a "going concern" basis. This expense is in excess of the booked unallocated loss adjustment expenses ("ULAE").

v) Cost of future reinsurance: Allowance is made within technical provisions for a share of the cost of excess of loss contracts which have not yet been renewed but which are likely to be renewed at a point in the future that allows the current unearned business to benefit from them.

vi) Reinsurance bad debt: Technical provisions include an allowance for counterparty default.

vii) ENIDS: Inclusion of the valuation of very low probability extreme events, including latent claims, referred to as "events not in data" ("ENIDS"), by SII class of business. The aim of this is to ensure that the technical provisions represent the mean of the full range of possible future outcomes, and not just the range of outcomes included within the data used to calculate the GAAP reserves.

viii) Allowance for discounting: Both inwards gross and outwards reinsurance provisions are valued on a cashflow basis. This introduces the concept of discounting (the time value of money) to the balance sheet. Technical provisions are discounted (within present value calculations) using risk-free interest rate term structures published by EIOPA.

ix) Risk margin: Technical provisions include a risk margin in addition to the discounted best estimate. The risk margin calculation allows for the discounted cost of holding the required SCR during the run-off of the risks. The relevant SCR is that calculated using the Standard Formula, on the basis that the run-off liabilities are transferred to a "reference undertaking".

D.2.4 Matching adjustment

The matching adjustment referred to in Article 77b of Directive 2009/138/EC has not been applied.

D.2.5 Volatility adjustment

The volatility adjustment referred to in Article 77d of Directive 2009/138/EC has not been used by the Company.

D.2.6 The transitional risk-free interest rate-term

The transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC has not been applied by the Company.

D.2.7 The transitional deduction

The transitional deduction referred to in Article 308d of Directive 2009/138/EC has not been applied by the Company.

D.2.8 Reinsurance contracts

In the normal course of business, the Company seeks to mitigate its gross exposure to claims through the purchase of reinsurance. The Company participates in a number of global reinsurance policies for certain risks and, where considered to be appropriate, purchases additional facultative reinsurance protection on certain risks. The Company participates in an intergroup quota share agreement across all risks written since acquisition with HRe, a company registered in Bermuda. The

Company participates in a quota share agreement with Liberty Specialty Markets Bermuda Limited, a company registered in Bermuda, on all risks written prior to the acquisition of the Company by Hamilton in August 2019.

The Company does not have any special purpose vehicles.

D.2.9 Material changes in the assumptions made in the calculation of technical provisions

There have been no material changes in the assumptions made in the calculation of the technical provisions compared to the previous reporting period.

D.3 Other Liabilities

As at December 31, 2023, the Company reported the following liabilities for SII purposes:

December 31, 2023	2023 Irish GAAP Value US$000	2023 Adjustment US$000	2023 SII Value US$000	2022 SII Value US$000	Reference
Reinsurance payables	522,003	(104,365)	417,638	244,454	D.3.1
Payables (trade, not insurance)	6,670	—	6,670	15,416	D.3.2
Insurance & intermediaries payables	38,089	—	38,089	24,404	D.3.2
Total liabilities excluding technical provisions	566,762	(104,365)	462,397	284,274	

D.3.1 Reinsurance payables

Reinsurance payables in the GAAP balance sheet comprise of netted down amounts and include payables now due and payables not yet due including the reinsurance share of deferred acquisition costs. In the SII balance sheet the ‘not yet due’ amounts are reclassified to reinsurance technical provisions and are further split between claims provisions for the earned element of ‘not yet due’ and premium provisions for the unearned element. As a result of this reclassification, the reinsurance payables balance is significantly reduced in the SII balance sheet as compared with the GAAP balance sheet.

The reinsurance share of deferred acquisitions costs are not recognised for SII purposes following the recognition and valuation criteria of its asset base in Section D.1.2.

D.3.2 Payables

The payables comprise the following items:

- Payables (trade, not insurance);
- Insurance and intermediaries payables

There have been no valuation adjustments from GAAP balance sheet to Solvency II value.

D.4 Alternative Valuation Methods

The Company has not applied alternative valuation methods as set out in Article 10 (5) and Article 263 of the Commission Delegated Regulation (EU) 2015/35.

D.5 Valuation - Other Material Information

The Company has no other material information to disclose regarding its valuation for Solvency purposes.

E. Capital Management

E.1 Own Funds Overview

The Company classifies its own funds as tier 1, which is the best form of capital for absorbing losses. Available or eligible own funds to support the Minimum Capital Requirement ("MCR") are reduced by the deferred tax asset balance which is classified as tier 3.

The Company carries out an ORSA exercise at least annually, or when the risk profile of the Company changes materially. The ORSA comprises an assessment of the capital requirements based on the current risk profile, and potential changes to that profile over the next three years.

E.1.1 Capital Management Objective

As the Company's risk profile and strategic plans change, so will its capital needs. The Board recognise the importance of having a plan for addressing capital requirements to meet its strategic plans for growth and in times of crisis. The Company has a Capital Management Policy which seeks to provide a thorough and realistic structure for maintaining an efficient level of capital. Shortfalls will be managed by setting out actions that may be undertaken based on the severity and urgency of the deficit.

The successful execution of the Capital Management Policy requires a set of risk management standards to be embedded within the Company to promote consistency and best practice in the identification, assessment, monitoring and updating of risk as well as a commitment to employing leading practices in the management of the risks faced by it. HIDAC seeks to maintain a risk ownership environment which recognises the accountability for risk management within the business units. The Risk Function has developed a framework which allows risk owners to identify, assess, mitigate, monitor and report risk exposure. The risk owners' responsibilities and obligations of the Company to enable risk owners to fulfil these responsibilities are clearly set out in the Company's Risk Management Framework.

E.1.2 Contingency Capital Planning and Time Horizon for Business Planning

The standard formula is used to calculate the SII capital requirement and capital assessment. The future plans of the Company positively seek growth. The plans will be adapted year on year to reflect changes in market conditions and availability of capital.

Contingency Short and Medium Term

Capital management is closely aligned with the business planning process and utilises the risk appetite to guide business decisions. When creating the business plan for future time periods risk management review any new business opportunities and consider any implications this will have on the overall risk exposure. If the new business alters the profile of the Company in such a way that the Risk Appetite Statement does not provide a realistic point of measurement, then revised risk appetite measures will be designed in keeping with the new profile of the Company and submitted to the Board for approval.

Contingency Long Term

The Company's strategy is to consistently deliver superior profitable growth through a balanced and diversified portfolio with a keen focus on execution. This is accomplished over the insurance pricing cycle through revenue growth, expense management, investment management, focus on underwriting specialty lines and developing top talent.

E.1.3 Structure, Amount and Quality of Own Funds

The Company's own funds are made up of ordinary share capital, capital contributions and a reconciliation reserve.

The table below shows the capital components, all of which fall under Tier 1.

	As at December 31, 2023		As at December 31, 2022	
	Total US$000	Tier 1 Unrestricted US$000	Total US$000	Tier 1 Unrestricted US$000
Ordinary share capital (gross of own shares)	2,500	2,500	2,500	2,500
Reconciliation reserve	(67,874)	(67,874)	(64,555)	(64,555)
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 SII own funds	(3,746)	(3,746)	—	—
An amount equal to the value of net deferred tax assets	1,091	—	308	—
Other own fund items approved by the supervisory authority as basic own funds not specified above	195,111	195,111	195,111	195,111
Total available own funds to meet the SCR	**127,082**	**125,991**	**133,364**	**133,056**

Share Capital

The Company has $2.5 million of ordinary share capital. Ordinary shares in issue in the Company rank pari passu. All ordinary shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Company. Ordinary share capital is classified as Tier 1 in accordance with Article 94 (1) of Directive 2009/138/EC and meets the criteria set out in Article of 93 of that Directive.

Other own fund items approved by the supervisory authority as basic own funds

Other own fund items primarily relate to capital contributions. The Company has $195.1 million (2022: $195.1 million) of capital contributions, this excludes c $3.7m which is under review from the CBI in respect of its inclusion as tier 1 eligible own funds. Funds contributed by the Company's immediate parent undertaking are used to fund the insurance operations of the Company and are not given in return for any rights such as voting rights, a share in the profits nor a share in the surplus assets of the Company on liquidation.

Reconciliation reserve

The reconciliation reserve equals the excess of assets over liabilities less other basic own fund items, as at the reporting date. The reconciliation reserve consists of accumulated comprehensive income of the Company, the cost of share based payment awards accounted for as additional capital contribution, and movements between the GAAP balance sheet and SII balance sheet.

The reconciliation reserve is recognised in full under Tier 1 unrestricted basic own funds.

Deferred tax

Deferred tax is calculated on the reconciliation movement between the GAAP balance sheet and the SII balance sheet, see Section D.1.3. The deferred tax asset ("DTA") is classified as a Tier 3 capital. This category of own funds can be used to cover the SCR (for maximum 15%) but is not eligible for the MCR.

E.1.4 Available and Eligible Own Funds to cover SCR

The Company had the following eligible own funds to cover the SCR at 31 December 2023:

	As at December 31, 2023		As at December 31, 2022	
	Total US$000	Eligible own funds US$000	Total US$000	Eligible own funds US$000
Total available own funds to meet SCR	127,082	127,082	133,364	133,364

The amount included under "Other own fund items approved by the supervisory authority as basic own funds not specified above" represent capital contributions received by the Company from Hamilton. The CBI has approved the treatment of these capital contributions as Tier 1 own funds pursuant to the SII Directive.

There was no material change in the eligible own funds to cover the SCR during the period.

E.1.5 Available and Eligible Own Funds to cover MCR

The Tier 1 unrestricted available own funds presented in table E.1.3 above are eligible in full to cover the MCR.

E.1.6 Explanation of any material differences between equity as shown in the Financial Statements and the excess of assets over liabilities as calculated for solvency purposes

As discussed in section D, 'Valuation for solvency purposes', there are a number of reconciliation movements between the SII balance sheet and the GAAP financial statements. The table below shows a waterfall of the movement from GAAP equity to the excess of assets over liabilities under SII. The main adjustments are to the technical provisions. The movement from GAAP technical reserves to SII technical provisions is discussed in section D.2.3.

December 31, 2023	2023 SII Value US$000	2022 SII Value US$000
Irish GAAP equity	**135,980**	**134,818**
Net deferred acquisition costs	(15,390)	(10,780)
Net technical provisions movements	58,126	(33,452)
Risk margin	(6,535)	(6,603)
Reclassification of not yet due debtors and creditors to technical provisions	(42,444)	49,073
Deferred tax on reconciliation movements	1,091	308
Excess assets over liabilities	**130,828**	**133,364**

E.1.7 Transitional Arrangements

The Company does not have any basic own fund items that are subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of Directive 2009/138/EC.

E.1.8 Ancillary Own Funds

The Company does not have any ancillary own funds.

E.1.9 Items Deducted from Own Funds

The Company does not deduct any items from own funds nor are there any restrictions affecting the availability and transferability of own funds within the undertaking.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

HIDAC calculates the SCR by means of the Standard Formula.

The SCR is designed to cover all aspects of the Company's risk profile. It includes an assessment of exposure to catastrophic events, reserve deterioration, asset risk, counterparty risk, the reinsurance program, operational risk and the calculation of an 'economic consistent balance sheet'. This involves a different set of calculations from treatment under GAAP. Due to the breadth of data required to perform the calculation there are a number of different teams involved in preparing the information. The Company has a Standard Formula Framework in place which provides a guide to those involved in calculating the standard formula; articulates formal responsibilities and sign-offs required in supplying the data for the SCR and documents the process undertaken to calculate the SCR.

HAMILTON

E.2.1 Solvency Capital Requirement and Minimum Capital Requirement as at 31 December 2023

The table below shows HIDAC's SCR and MCR as at December 31, 2023.

	As at December 31, 2023		As at December 31, 2022	
	Ratio of eligible own funds	US$000	Ratio of eligible own funds	US$000
Total eligible own funds to meet SCR		127,082		133,364
Total eligible own funds to meet MCR		125,991		133,056
SCR	185.13%	68,643	196.86%	67,747
MCR	734.18%	17,161	677.65%	19,635

E.2.2 SCR by Risk Modules

The key components of the SCR are:

	2023 US$000	2022 US$000
Market risk	24,401	19,899
Counterparty default risk	8,138	11,118
Health underwriting risk	1,758	1,691
Non-life underwriting risk	35,644	36,022
Diversification	(17,139)	(16,617)
Basic SCR	**52,802**	**52,113**
Operational risk	15,841	15,634
SCR	**68,643**	**67,747**

E.2.3 Simplified Calculations

The Company does not apply any simplifications to the standard formula.

E.2.4 Undertaking Specific Parameters

The Company does not apply any undertaking-specific parameters to the standard formula pursuant to Article 104(7) of Directive 2009/138/EC.

E.2.5 Option provided for in Article 51(2) of Directive 2009/138/EC

The Company has not received any imposed capital add-ons or imposed undertaking specific parameters.

E.2.6 Significant deviations from the assumptions underlying the Standard Formula calculation

The Company is not required to adopt any undertaking specific parameters in accordance with Article 110 of Directive 2009/138/EC, nor has the supervisory authority applied any capital add-on to the SCR.

E.2.7 Inputs used to calculate the Minimum Capital Requirement

The inputs used to calculate the MCR of the Company are as follows:

	As at 31 December 2023		As at 31 December 2022	
	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	US$000	US$000	US$000	US$000
Income protection insurance	1,170	6,272	3,267	5,048
Marine, aviation and transport insurance	—	17,329	8,645	9,524
Fire and other damage to property insurance	2,694	32,776	39,685	28,383
General liability insurance	11,642	15,224	17,892	11,443
Credit and suretyship insurance	—	19,083	11,358	8,509
Legal expense	2,471	230	—	1,464
Miscellaneous financial loss	2,686	4,571	5,020	4,290
Non-proportional health reinsurance	6	14	—	47
Non-proportional casualty reinsurance	764	75	1,000	487
Non-proportional marine, aviation and transport reinsurance	—	1,149	1,338	643
Non-proportional property reinsurance	170	(2,053)	7,524	5,069

E.2.8 Material change to the Solvency Capital Requirement and the Minimum Capital Requirement over the reporting period

There was no material change to the SCR or MCR during the reporting period.

E.3 Use of the Duration-Based Equity Risk Submodule in the Calculation of the Solvency Capital Requirement

The Company does not use the duration-based equity risk sub-module set out in Article 304 of Directive 2009/138/EC.

E.4 Differences between the Standard Formula and any Internal Model used

The Company does not use an internal model to calculate the SCR.

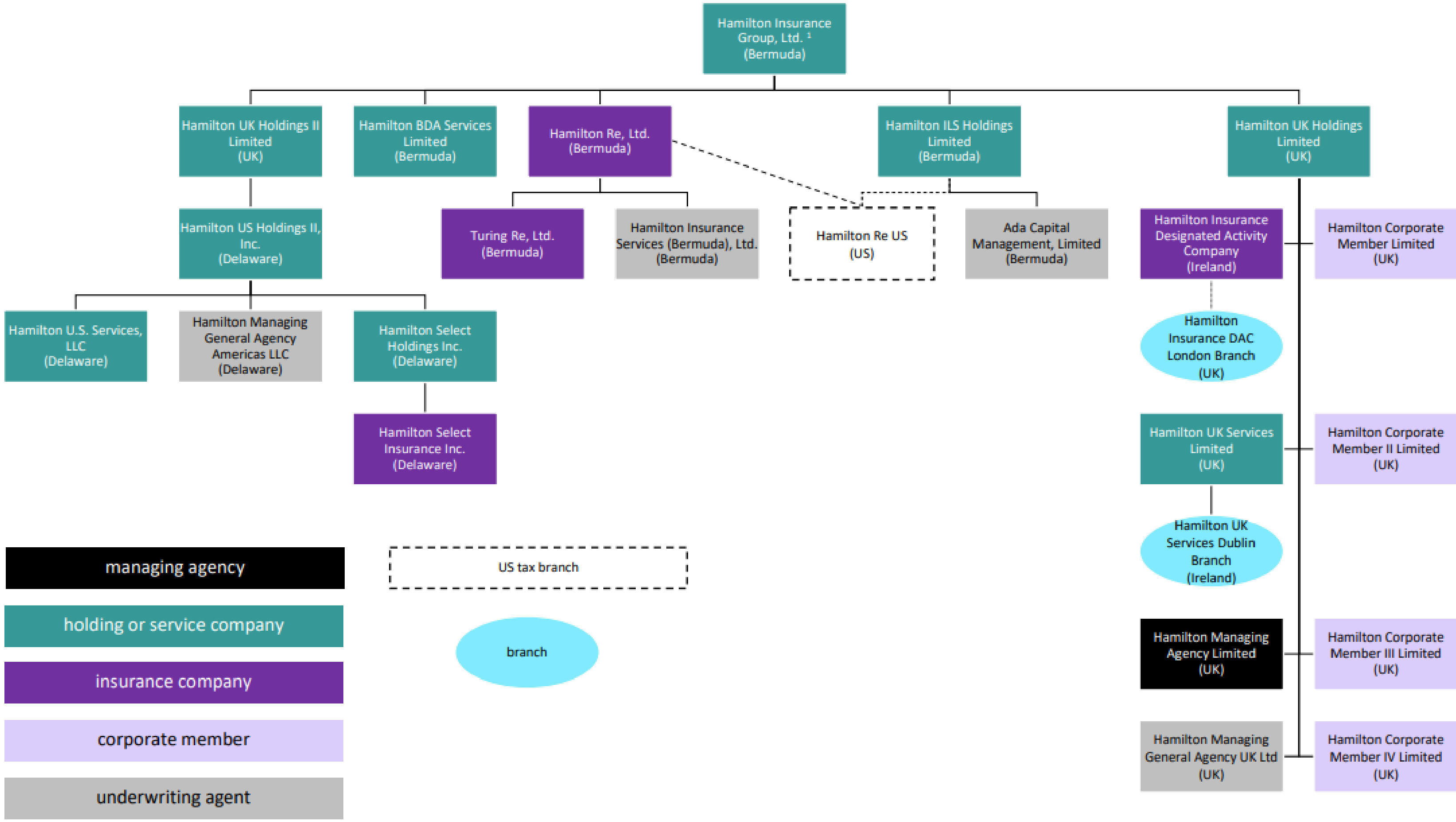
E.5 Non-Compliance with the Minimum Capital Requirement or Significant Non-Compliance with the Solvency Capital Requirement

The Company has been continuously compliant with both the MCR and the SCR requirements throughout the reporting period.

E.6 Capital Management - Other Material Information

The Company has no other material information to disclose regarding its capital management.

Hamilton Group structure



[1] Hamilton Insurance Group, Ltd. ("**Parent**") is the ultimate owner of all entities within the Hamilton Insurance Group corporate group of entities. All subsidiary entities are owned 100%, directly or indirectly, by Parent, unless indicated otherwise.

HAMILTON

Hamilton Insurance Designated Activity Company

Solvency and Financial Condition Report

Disclosures

For Year Ended:
December 31, 2023

(Monetary amounts in USD thousands)

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	1,091
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	293,675
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	293,675
R0140	*Government Bonds*	86,214
R0150	*Corporate Bonds*	190,803
R0160	*Structured notes*	0
R0170	*Collateralised securities*	16,658
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	574,235
R0280	*Non-life and health similar to non-life*	574,235
R0290	*Non-life excluding health*	569,692
R0300	*Health similar to non-life*	4,543
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	12,006
R0370	Reinsurance receivables	243,252
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	39,348
R0420	Any other assets, not elsewhere shown	28,935
R0500	**Total assets**	1,192,542

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	599,316
R0520	*Technical provisions - non-life (excluding health)*	593,490
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	587,063
R0550	*Risk margin*	6,427
R0560	*Technical provisions - health (similar to non-life)*	5,826
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	5,719
R0590	*Risk margin*	108
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	38,089
R0830	Reinsurance payables	417,639
R0840	Payables (trade, not insurance)	6,670
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	1,061,714
R1000	**Excess of assets over liabilities**	130,828

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
R0010			US	GB	DE	LU	CO
		C0080	C0090	C0100	C0110	C0120	C0130
	Premiums written						
R0020	Gross - Direct Business	223	152,364	39,632	8,725	14,042	-1,021
R0021	Gross - Proportional reinsurance accepted	616	1,843	2,178	257	-71	-2,041
R0022	Gross - Non-proportional reinsurance accepted	0	7,122	8,835	5,694	0	12,896
	Premiums earned						
R0030	Gross - Direct Business	1,133	156,635	40,771	6,921	12,070	-411
R0031	Gross - Proportional reinsurance accepted	583	3,148	2,512	374	331	247
R0032	Gross - Non-proportional reinsurance accepted	0	7,132	8,397	5,001	0	8,424
	Claims incurred						
R0040	Gross - Direct Business	-2,996	66,920	30,781	3,681	10,642	-166
R0041	Gross - Proportional reinsurance accepted	-33	-3,648	365	-810	-68	2,547
R0042	Gross - Non-proportional reinsurance accepted	-91	7,116	862	609	0	2,420
	Expenses incurred (gross)						
R0050	Gross Expenses Incurred (direct)	129	61,206	18,834	3,905	4,619	-330
R0051	Gross Expenses Incurred (proportional reinsurance)	136	633	384	53	30	-67
R0052	Gross Expenses Incurred (non-proportional reinsurance)	0	2,908	1,729	1,887	0	6,202

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)							Line of business for: accepted non-proportional reinsurance				Total
		Income protection insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0020	C0060	C0070	C0080	C0090	C0100	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written												
R0110	Gross - Direct Business	16,879	40,892	87,906	78,484	2,076	24,577	17,357					268,171
R0120	Gross - Proportional reinsurance accepted	118	18,828	2,146	482	32,898							54,473
R0130	Gross - Non-proportional reinsurance accepted								27	681	4,806	13,335	18,849
R0140	Reinsurers' share	10,725	42,392	57,276	63,742	17,875	24,348	12,786	13	606	3,657	13,405	246,824
R0200	Net	6,272	17,329	32,776	15,224	17,099	230	4,571	14	75	1,149	-69	94,669
	Premiums earned												
R0210	Gross - Direct Business	15,617	37,356	86,995	73,121	11,597	22,277	18,525					265,488
R0220	Gross - Proportional reinsurance accepted	118	17,648	3,671	482	21,155							43,074
R0230	Gross - Non-proportional reinsurance accepted								48	1,662	4,918	21,347	27,975
R0240	Reinsurers' share	10,701	39,551	58,574	60,686	19,425	21,593	14,561	-75	1,383	3,670	18,251	248,321
R0300	Net	5,034	15,453	32,092	12,917	13,327	684	3,964	122	279	1,248	3,096	88,216
	Claims incurred												
R0310	Gross - Direct Business	9,032	29,199	54,318	43,271	113	20,630	9,258					165,821
R0320	Gross - Proportional reinsurance accepted	-4	8,601	12,228	-1,684	8,030							27,171
R0330	Gross - Non-proportional reinsurance accepted								-20	10,108	1,021	11,097	22,206
R0340	Reinsurers' share	7,200	32,412	58,970	39,016	6,558	18,705	9,007	-17	10,406	852	10,687	193,794
R0400	Net	1,829	5,388	7,576	2,572	1,586	1,925	251	-3	-298	168	410	21,404
R0550	**Expenses incurred**	4,393	14,099	32,112	13,803	13,398	2,976	4,553	-99	8	62	1,559	86,864
R1200	**Other expenses**												
R1300	**Total expenses**												86,864

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance								Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0070	C0080	C0090	C0100	C0110	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**	0	0	0	0	0	0	0	0	0	0	0	0	0
R0050	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													0
	Technical provisions calculated as a sum of BE and RM													
	Best estimate													
	Premium provisions													
R0060	Gross	0	2,712	100	7,856	14,807	8,121	3,573	2,680	0	514	83	786	41,233
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	2,026	1,511	5,346	12,689	6,710	2,894	2,878	0	436	277	1,527	36,296
R0150	**Net Best Estimate of Premium Provisions**	0	686	-1,411	2,510	2,117	1,411	679	-198	0	77	-194	-741	4,937
	Claims provisions													
R0160	Gross	0	2,978	29,440	74,688	253,923	16,531	27,265	34,390	28	65,052	1,289	45,964	551,549
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	2,494	30,790	74,504	244,399	18,099	25,473	31,506	23	64,366	1,232	45,054	537,940
R0250	**Net Best Estimate of Claims Provisions**	0	484	-1,350	184	9,525	-1,568	1,792	2,884	6	687	57	910	13,609
R0260	**Total best estimate - gross**	0	5,690	29,541	82,544	268,730	24,652	30,838	37,070	28	65,566	1,372	46,750	592,782
R0270	**Total best estimate - net**	0	1,170	-2,761	2,694	11,642	-157	2,471	2,686	6	764	-137	170	18,546
R0280	**Risk margin**	0	89	932	1,737	913	1,008	219	517	18	234	296	571	6,535
R0320	**Technical provisions - total**	0	5,780	30,472	84,281	269,643	25,660	31,057	37,587	47	65,800	1,669	47,321	599,316
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	0	4,521	32,302	79,850	257,088	24,809	28,367	34,384	23	64,802	1,509	46,581	574,235
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	0	1,259	-1,829	4,431	12,555	851	2,690	3,203	24	998	159	740	25,081

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Underwriting Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	**Development year**											**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											3,091	3,091	3,091
R0160	2013	910	24,888	57,343	27,613	7,458	46,880	6,305	-2,298	3,937	2,752		2,752	175,790
R0170	2014	3,095	17,762	17,719	15,106	16,259	71,796	10,377	12,847	-14,341			-14,341	150,620
R0180	2015	5,919	23,517	24,735	24,621	11,508	10,484	15,826	39,658				39,658	156,268
R0190	2016	17,933	76,286	35,666	41,172	23,977	18,400	36,494					36,494	249,929
R0200	2017	10,490	52,512	32,780	13,549	27,392	15,466						15,466	152,189
R0210	2018	16,806	27,636	22,511	16,192	5,332							5,332	88,477
R0220	2019	8,446	29,244	37,457	22,365								22,365	97,512
R0230	2020	15,978	57,794	49,295									49,295	123,067
R0240	2021	14,395	51,734										51,734	66,129
R0250	2022	7,866											7,866	7,866
R0260												**Total**	219,713	1,270,935

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	**Development year**											**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											40,893	32,270
R0160	2014	0	0	75,423	80,145	75,480	36,464	46,158	53,105	48,197	36,162		28,964
R0170	2015	0	78,351	111,913	99,705	84,110	54,257	44,192	26,291	29,435			24,198
R0180	2016	53,845	100,460	110,470	79,360	94,533	87,746	72,189	45,570				39,984
R0190	2017	114,669	138,990	114,062	85,723	71,791	55,041	49,603					43,417
R0200	2018	81,061	98,849	124,594	135,462	105,477	87,459						77,122
R0210	2019	40,822	36,102	42,376	21,927	25,930							24,014
R0220	2020	29,631	81,036	48,504	38,037								35,168
R0230	2021	89,271	138,263	90,837									82,798
R0240	2022	81,285	118,488										107,134
R0250	2023	62,119											56,479
R0260												**Total**	551,549

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	2,500	2,500		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	-67,874	-67,874			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	1,091				1,091
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	195,111	195,111	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	3,746				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	127,082	125,991	0	0	1,091
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	127,082	125,991	0	0	1,091
R0510	Total available own funds to meet the MCR	125,991	125,991	0	0	
R0540	Total eligible own funds to meet the SCR	127,082	125,991	0	0	1,091
R0550	Total eligible own funds to meet the MCR	125,991	125,991	0	0	
R0580	**SCR**	68,643				
R0600	**MCR**	17,161				
R0620	**Ratio of Eligible own funds to SCR**	185.13%				
R0640	**Ratio of Eligible own funds to MCR**	734.18%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	130,828
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	198,702
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	-67,874
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	29,179
R0790	**Total Expected profits included in future premiums (EPIFP)**	29,179

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	24,401		
R0020	Counterparty default risk	8,138		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	1,758		
R0050	Non-life underwriting risk	35,644		
R0060	Diversification	-17,139		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	52,802		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	15,841
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	68,643
R0210	Capital add-ons already set	0
R0211	*of which, capital add-ons already set - Article 37 (1) Type a*	0
R0212	*of which, capital add-ons already set - Article 37 (1) Type b*	0
R0213	*of which, capital add-ons already set - Article 37 (1) Type c*	0
R0214	*of which, capital add-ons already set - Article 37 (1) Type d*	0
R0220	**Solvency capital requirement**	68,643
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	0

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	12,897

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	1,170	6,272
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	0	0
R0060	Other motor insurance and proportional reinsurance	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	17,329
R0080	Fire and other damage to property insurance and proportional reinsurance	2,694	32,776
R0090	General liability insurance and proportional reinsurance	11,642	15,224
R0100	Credit and suretyship insurance and proportional reinsurance	0	19,083
R0110	Legal expenses insurance and proportional reinsurance	2,471	230
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	2,686	4,571
R0140	Non-proportional health reinsurance	6	14
R0150	Non-proportional casualty reinsurance	764	75
R0160	Non-proportional marine, aviation and transport reinsurance	0	1,149
R0170	Non-proportional property reinsurance	170	0

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

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

	Overall MCR calculation	C0070
R0300	Linear MCR	12,897
R0310	SCR	68,643
R0320	MCR cap	30,889
R0330	MCR floor	17,161
R0340	Combined MCR	17,161
R0350	Absolute floor of the MCR	4,421
R0400	**Minimum Capital Requirement**	17,161