Hamilton Insurance Designated Activity Company

Solvency & Financial Condition Report ("SFCR")

For Year Ended:
31st December 2022

Contents

Summary

The Solvency II ("SII") regime, a harmonised EU-wide regulatory framework for Insurance Companies, came into force with effect from 1 January 2016. The regime 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.

HIDAC is a subsidiary of Hamilton UK Holdings Limited, which is a wholly owned subsidiary of Hamilton Insurance Group, Ltd ("Hamilton"), a company registered in Bermuda.

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 the 1st April 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. Hamilton is a Bermuda-headquartered company that underwrites specialty insurance and reinsurance risks on a global basis through its wholly-owned subsidiaries.

As of December 31, 2022, Hamilton has approximately $1.7 billion in shareholders' equity.

See Appendix A for Hamilton's Group structure.

HIDAC closed the 2022 financial year with gross written premium of $344.3m ($356.9m in 2021), net written premium of $74.9m ($42.0m in 2021) and earned premiums, net of reinsurance of $60.4m ($36.1m in 2021). HIDAC revised the terms of the internal quota share agreement with Hamilton Re Limited ("HRe") in 2022. This has resulted in higher premium retention on business written in 2022. HIDAC's net loss after taxes for 2022 was $35.2m ($16.4m net loss after taxes in 2021).

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 seven 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 31 December 2022:

2022 US'000s	Medical Expenses	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)**

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 2022, the Company produced a pre-tax loss of $35.9m (2021 pre-tax loss of $18.2m), of which $16.2m (2021 $14.8m) related to underwriting activities. Underwriting activities reported a net loss ratio of 35.7% (2021 42.5%) and a combined ratio of 126.1% (2021 141.0%).

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 31 December 2021 were as follows:

2021 US'000s	Medical Expenses	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	1,882	9,674	25,919	167,062	63,183	29,460	23,321	36,424	356,925
Net premium written	330	1,843	3,511	21,484	6,634	3,799	2,220	2,133	41,954
Net premium earned	128	705	2,612	22,625	4,324	2,666	1,801	1,274	36,135
Net claims incurred	69	506	982	13,423	(1,985)	314	456	1,416	15,181
Expenses incurred	188	1,216	2,039	14,326	3,973	5,670	4,440	3,901	35,752
Net result	**(129)**	**(1,017)**	**(409)**	**(5,124)**	**2,336**	**(3,318)**	**(3,095)**	**(4,043)**	**(14,799)**

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

	2022 US'000s	2021 US '000s
Net result from underwriting activities	(16,189)	(14,799)
Investment income (excl. investment mgmt. expenses)	(21,755)	(3,981)
Other income	-	1,462
Foreign exchange (losses) / gains	2,084	(853)
(Loss) / profit before taxation	**(35,860)**	**(18,171)**

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.

	2022 US'000s	2021 US '000s
Ireland	70,978	32,228
Other EU	52,169	40,036
United States	97,249	123,020
Worldwide	123,916	161,641
Total	**344,312**	**356,925**

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 2022 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:

	2022 US$000	2021 US$000
Government bonds	69,554	39,228
Agency and corporate debt securities	193,918	184,974
Covered bonds and securitised bonds	8,182	13,141
Total	**271,654**	**237,343**

This next table below provides a summary of investment performance in 2022 and for the comparative period, showing income and expenses with respect to investment activities:

	2022 US$000	2021 US$000
Interest and other income	3,619	3,900
Realised gains / (losses)	(1,984)	412
Unrealised gains / (losses)	(23,390)	(6,831)
Investment fees	(442)	(368)
Total	**(22,197)**	**(2,887)**

The majority of the investment fees incurred are charged by the investment managers. Fees are leveraged based on a sliding scale applied to the closing value of assets under management at each period end. The widening of credit spreads and sharp rise in government bond yields over the course of the year resulted in an increased level of unrealised losses versus prior years. The Company would expect the unrealised losses to reduce and unwind naturally over the remaining duration of the assets.

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, servicer, 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

B.1.1 Overview of 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's") and Group Non-Executive Directors ("NEDs"), with at least 2 INED's required).

The Board is currently composed of five Directors, has two Independent Non-Executive Directors – Karen Forte 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
Fiona Marry	CEO
Robert Vetch	Group NED
Adrian Daws	Group NED and Chair of the Risk Committee

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: HIDAC is required to have an Audit Committee to consist of at least three Non-Executive Directors, the majority to be independent. Due to the Board being composed of five members, the Board approved the Audit Committee and Risk Committee membership to be made up of the entirety of the Board, in accordance with section 19.1 of the Requirements.

The Audit Committee Terms of Reference provides that the Audit Committee, as a whole, should have;

i) an understanding of GAAP and financial statements,
ii) experience in preparing, auditing, analysing or evaluating financial statements,
iii) an understanding of internal controls and procedures for financial reporting and IT systems, and
iv) understanding of audit committee functions.

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: HIDAC is required to have a Risk Committee as part of the Requirements. Due to the Board being composed of five members, the Board approved the Audit Committee and Risk Committee membership to be made up of the entirety of the Board, in accordance with section 19.1 of the Requirements.

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

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

Management Committees

International 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 from the preceding Underwriting Committee meeting.

International 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 HIDAC Board on a quarterly basis.

International Finance and Investment Committee

The Finance and Investment Committee meets at least eight times a year in order to identify, assess and mitigate the significant financial and market risks to the achievement of HIDAC's business objectives. The CFO provides reports to both the Audit Committee and Board on a quarterly basis.

International Operations Committee

The Operations Committee meets quarterly to provide oversight of the effectiveness of the operations function. The Operations Committee provide oversight of the operations data of the Company and review reports from the operations and related functions. An operations report is presented to the HIDAC Board on a quarterly basis.

Reserving Committee

The 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 make recommendations as to the steps to be taken.

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

HIDAC 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") attends the quarterly Risk, Underwriting, 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 all 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 the management concerned. Where material, reporting is made to the Board and its Committees.

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 based salary along with an annual performance based bonus which varies in accordance with Hamilton's financials, and the Company's and individual's performance. Bonus compensation structure is based primarily on underwriting income by Company and line of business ("LOB"), not top line growth. This structure helps the prevention of poor underwriting selection. We emphasise pay-for-performance and design our executive pay practices to provide incentives that drive business results and reward financial outcomes. 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 fostered 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

The Company has adopted a Fitness and Probity Manual and a Code of Conduct, which sets out the due diligence checks that must be performed in the following areas and which aligns with the CBI's Guidance on Fitness and Probity Standards 2018. Consideration has been given within this manual to the Dear CEO letter issued in November 2020. 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

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

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 if breached. Quarterly updates on 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 assistance from the ERM Function,
ii) The identified risks are assessed and potentially formalised through the risk register, where ongoing regular assessments continue to be carried out by the business and the ERM Function, concentrating on rating the risks and ensuring that appropriate controls are in place to mitigate those risks,
iii) Manage risks through these four main activities: avoidance, acceptance, mitigation and transfer,
iv) Escalation of risks identified by the business is facilitated by the ERM Function to the Risk Committee and other relevant committees to assess whether they represent key risks and if they require remediating or management actions,
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.

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 normal 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 utilises the internal control model that comprises three lines of defence. The three lines of defence address 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 ("IA") and each line performs the following activities:

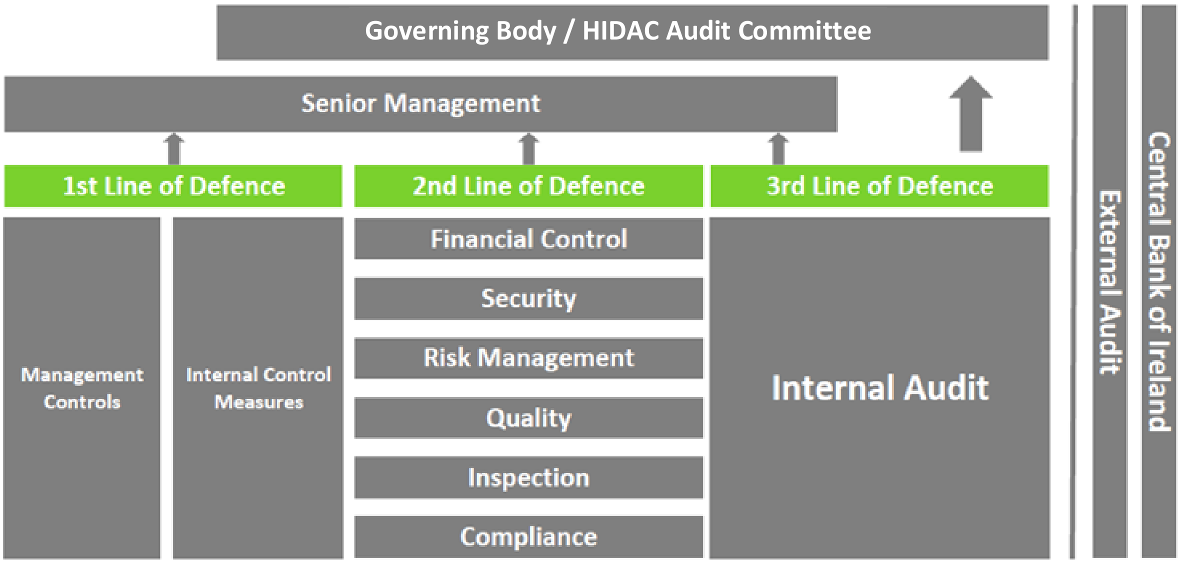
i) Functions that own and manage risk and control (front line operating management): The majority of employees comprise the first line of defence. Senior Management and oversight committees have responsibility setting the organisation's objectives, defining strategies to achieve those objectives, and establishing governance structures. Operational management identifies, assesses, controls, and mitigates risks, guiding the development and implementation of internal policies and procedures and ensuring that activities are consistent with goals and objectives. Managers design and implement detailed policies and procedures that serve as controls and supervise the execution of those procedures by their employees.

ii) Functions that monitor risk and control in support of management (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 monthly risk indicators reporting and quarterly Risk and Control assessments. These risks represent significant events 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 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 Risk Management team and then passed to the Risk Committee for review and challenge in turn the Risk Committee will then submit those findings and their recommendations to the Board for their review and challenge. Any actions emanating from the recommendations approved by the Board will then be incorporated in HIDAC's business strategy.

   The Compliance function monitors various specific risks such as noncompliance with applicable laws and regulations.

iii) 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 is relied upon by the external auditors, who also perform a necessary independence 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 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.

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 & 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 AF is supported cross departmentally by the CEO, Chief Risk Officer ("CRO"), Chief Underwriting Officer ("CUO"), Chief Financial Officer ("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 Chief Actuary of Hamilton International. 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 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

Risk Summary

The undertaking´s Solvency Capital Requirement ("SCR") is used to assess HIDAC's ability to meet all of its regulatory capital obligations under normal and stressed conditions. The Company uses the Standard Formula as defined by the European Insurance and Occupational Pensions Authority ("EIOPA") to calculate the SCR. The Company's SCR at 31 December 2022 was $67.7 million (197%) compared to $70.7 million (136%) at 31 December 2021.

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

The aforementioned exercise covers both quantified and non-quantified risks, and is undertaken based on both ongoing conditions and as part of stressed scenarios, informing HIDAC ORSA policy and Capital Management Strategy, which includes capital needs and transferability as appropriate.

The Company has undertaken 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.

C.1 Underwriting Risk

Underwriting Risk is the risk of loss arising from inappropriate business being written, including:

i) Selecting undesirable risks that are outside of appetite,
ii) Impact of the underwriting cycle,
iii) Fluctuations in the timing, frequency and severity of insured events, relative to expectations at the time of underwriting,
iv) Failure to accurately measure/model exposure, including CAT risk, and
v) Inaccurate pricing.

Underwriting risk is primarily managed through the setting of underwriting limits, guidelines, premiums and pricing targets 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.

HIDAC continuously works to reduce the overall risk to the Company which arises from various sources (as below) by having controls in place to manage Underwriting Risk, including Reserving Risk, Catastrophe Risk and Claims Management risk.

Reserving Risk

Reserving Risk is the risk that inappropriate reserves are held resulting in actual losses and related expenses exceeding the expected level of loss. HIDAC mitigates this risk through various controls such as: benchmark pricing, 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 a single natural catastrophe event (or series of such events) of significant magnitude, usually over a short period of time, leads to a significant deviation in actual claims from the total expected claims. Catastrophe Risk is also a source of concentration risk for the Company. Catastrophe Risk is monitored by assessing the Company's occurrence and aggregate probable maximum losses ("PMLs") and aggregate risk exposures against the risk appetites and tolerances set by the Board.

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 trends, reinsurer disputes, inadequate reserves, delayed or incorrect payments, increased expenses, regulatory action or reputational damage. HIDAC monitors and manages this risk through various controls such as the recording and review of claims reserves, claims review by relevant committees such as the Claims Committee, claims peer review or letters of authority.

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 Investment Policy has seen no significant changes and remains conservative, reflected in the asset quality held in the investment portfolio. The portfolio is high grade, low risk investments and is well diversified.

There have been no purchases of investments which sit outside HIDAC's investment management policy and guidelines. All assets are invested in accordance with the "prudent person principle" as required under Regulation 132 of the Solvency II Regulations. 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) Investments – issuer default results in the Company losing all or part of the value of a financial instrument or a derivative financial instrument,
iii) Brokers and coverholders – may fail to pass on premiums or claims collected or paid on our behalf,
iv) Insureds and reinsureds – may fail to pay premiums in a timely manner; and
v) Cash and cash equivalents.

New reinsurers are subject to approval and recoveries due are frequently monitored, as are any changes to credit rating.

Investment guidelines have been provided to HIDAC's investment managers to ensure the type, duration, counterparty, credit rating and quality of investments are in line with the Company's appetite.

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.

C.4 Liquidity Risk

Liquidity Risk is the risk that the Company has insufficient cash or is unable to realise investments and other assets in order to settle its financial obligations when they fall due.

Liquidity guidelines are part of the Investment Framework and set minimum cash requirements to meet expected future cash flows. The total amount of expected profit included in the future premiums as calculated in accordance with Article 260 (2) is $17.4m.

C.5 Operational Risk

Operational Risk refers to the risk of business interruption, poor data management, personnel-related risks, and inappropriate management of outsourcing and reinsurance. Hamilton ensures a strong 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.

Included within this category are the risks relating to recruiting and retaining suitable talent, which is a key business imperative at Hamilton. Risks relating to the ability to attract and retain staff are monitored as KRIs through analysis of turnover and tenure. The HR team monitors this further through surveys, exit interviews, and annual performance reviews.

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 Reinsurance, Group, Strategic, Tax and Legal & Regulatory risks.

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 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 also purchases its own external reinsurance protection where deemed necessary and in line with its strategy to manage the degree of net risk carried by HIDAC to an appropriate level.

Group Risk is the adverse impact on the Company as a result of corporate group interactions and/or reputation.

Legal & Regulatory Risk is the potential for losses due to legal or regulatory action, or the risk that law or regulation changes result in new compliance costs.

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

The Company has implemented the following controls to manage its Group, Strategic and Legal & Regulatory risks:

i) Policies are in line with market standards and acceptable to our regulators,
ii) Compliance training, disciplinary & grievance procedures and a remuneration policy are in place to ensure equality among staff, attraction of best talent and adherence to applicable employment law,

iii) Best business practices, proportionate to the needs of the Company, are in place and sufficient to satisfy regulation regarding Group Risk, and

iv) Limits and tolerances are set around the strategic and business, conduct, and group risk appetites and monitored on a quarterly basis by the risk management function.

C.7 Any Other Information

The Company has no other material information to disclose regarding its risk profile.

D. Valuation for Solvency Purposes

D.1 Assets

31 December 2022	2022 Irish GAAP Value US$000	2022 Adjustment US$000	2022 SII Value US$000	2021 SII Value US$000	Reference
Investments	271,653	1,257	272,910	238,276	D.1.1
Deferred acquisition costs	34,906	(34,906)	-	-	D.1.2
Deferred tax asset	-	308	308	1,792	D.1.3
Reinsurance recoverables	765,324	(250,758)	514,566	615,519	D.1.4
Insurance and intermediaries receivables	110,012	(91,385)	18,627	90,892	D.1.5
Reinsurance receivables	146,994	-	146,994	79,687	D.1.6
Cash and cash equivalents	39,281	-	39,281	42,093	D.1.7
Any other assets	42,343	(1,257)	41,086	27,233	D.1.6
Total assets	**1,410,512**	**(376,741)**	**1,033,771**	**1,095,492**	

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 and this consists 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 31 December 2022, all of the fair value of 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 GAAP balance sheet as being a cost carried forward in the balance sheet for the future earnings of premium, have been removed in total from the 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 Speciality 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 economic balance sheet as compared with the financial statements.

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 2022	2022 Irish GAAP Value US$000	2022 Adjustment US$000	2022 SII Value US$000	2021 SII Value US$000
Gross technical provisions	826,836	(217,306)	609,530	739,533
Risk margin	-	6,603	6,603	8,120
Total technical provisions	**826,836**	**(210,703)**	**616,133**	**747,653**

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 introduces 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 31 December 2022 by SII line of business:

Technical Provisions as at December 31, 2022	Total best estimate - gross US$000	Total best estimate - net US$000	Risk Margin US$000	Technical Provisions Total US$000
Income protection insurance	3,817	3,267	73	3,340
Marine, aviation and transport insurance	23,484	8,645	900	9,545
Fire and other damage to property insurance	116,821	39,685	1,457	41,142
General liability insurance	279,049	17,892	884	18,776
Credit and suretyship insurance	26,595	11,358	964	12,322
Legal expense insurance	23,132	(763)	250	(513)
Miscellaneous financial loss	32,604	5,020	646	5,666
Non-proportional health reinsurance	55	(2)	11	9
Non-proportional casualty reinsurance	62,534	1,000	316	1,316
Non-proportional marine, aviation and transport reinsurance	506	1,338	262	1,600
Non-proportional property reinsurance	40,933	7,524	840	8,364
	609,530	**94,964**	**6,603**	**101,567**

The Company, having commenced operations in 2010, does not have a significant quantity of data and claims development history. 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, and
ii) Outstanding claims on the excess of loss and facultative reinsurance treaties are allowed for.

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 generally 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 31 December 2022 are reflected in the table below:

Irish GAAP Position to SII Technical Provisions as at 31 December 2022	2022 US$000	2021 US$000
Irish GAAP position	**61,513**	**44,097**
Credit for future premiums	49,072	76,233
Removal of future profits	(21,817)	(8,602)
Bound but not incepted business	(976)	(2,016)
SII expenses	9,272	9,380
Cost of future reinsurance	629	3,108
Reinsurance bad debt	1,274	2,713
ENID load	1,968	1,646
Allowance for discounting	(5,971)	(2,545)
SII best estimate - net	**94,964**	**124,014**
Risk margin	6,603	8,120
SII technical provision total - net	**101,567**	**132,134**

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.2.6 The transitional deduction

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

D.2.7 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 internal 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.

The Company does not have any special purpose vehicles.

D.2.8 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 31 December 2022, the Company reported the following liabilities for SII purposes:

31 December 2022	2022 Irish GAAP Value US$000	2022 Adjustment US$000	2022 SII Value US$000	2021 SII Value US$000
Reinsurance payables	409,038	(164,584)	244,454	213,065
Payables (trade, not insurance)	15,416	-	15,416	5,467
Insurance & intermediaries payables	24,404	-	24,404	33,020
Total liabilities excluding technical provisions	448,858	(164,584)	284,274	251,552

D.3.1 Reinsurance payables

Reinsurance payables in the financial statements 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 financial statements.

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. There are no restrictions on the availability of eligible own funds to support the SCR. 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 31 December 2022		As at 31 December 2021	
	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	(64,555)	(64,555)	(38,116)	(38,116)
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	-	-	-	-
An amount equal to the value of net deferred tax assets	308	-	1,792	-
Other own fund items approved by the supervisory authority as basic own funds not specified above	195,111	195,111	130,111	130,111
Total available own funds to meet the SCR	**133,364**	**133,056**	**96,287**	**94,495**

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 (2021: $130.1 million) of capital contributions, all of which has been approved by the CBI to classify as unrestricted Tier 1 funds as at 31 December 2022. 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 2022:

	As at 31 December 2022		As at 31 December 2021	
	Total US$000	Eligible own funds US$000	Total US$000	Eligible own funds US$000
Total available own funds to meet SCR	133,364	133,364	96,287	96,287

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.

31 December 2022	2022 SII Value US$000	2021 SII Value US$000
Irish GAAP equity	**134,818**	**105,003**
Net deferred acquisition costs	(10,780)	1,297
Net technical provisions movements	(33,452)	(79,916)
Risk margin	(6,603)	(8,120)
Reclassification of not yet due debtors and creditors to technical provisions	49,073	76,231
Deferred tax on reconciliation movements	308	1,792
Excess assets over liabilities	**133,364**	**96,287**

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.

E.2.1 Solvency Capital Requirement and Minimum Capital Requirement as at 31 December 2022

The table below shows HIDAC's SCR and MCR as at 31 December 2022.

	As at 31 December 2022		As at 31 December 2021	
	Ratio of eligible own funds	US$000	Ratio of eligible own funds	US$000
Total eligible own funds to meet SCR		133,364		96,287
Total eligible own funds to meet MCR		133,057		94,495
SCR	196.9%	67,747	136.2%	70,701
MCR	677.7%	19,635	453.2%	20,849

E.2.2 SCR by Risk Modules

The key components of the SCR are:

	2022 US$000	2021 US$000
Market risk	19,899	15,638
Counterparty default risk	11,118	14,878
Health underwriting risk	1,691	801
Non-life underwriting risk	36,022	38,566
Diversification	(16,617)	(15,498)
Basic SCR	**52,113**	**54,385**
Operational risk	15,634	16,316
SCR	**67,747**	**70,701**

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 2022		As at 31 December 2021	
	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
Medical expense insurance	-	-	228	330
Income protection insurance	3,267	5,048	1,789	1,818
Marine, aviation and transport insurance	8,645	9,524	22,752	3,092
Fire and other damage to property insurance	39,685	28,383	30,580	19,423
General liability insurance	17,892	11,443	22,997	6,260
Credit and suretyship insurance	11,358	8,509	23,529	3,764
Legal expense	-	1,464	7,371	2,220
Miscellaneous financial loss	5,020	4,290	-	1,676
Non-proportional health reinsurance	-	47	254	25
Non-proportional casualty reinsurance	1,000	487	2,435	374
Non-proportional marine, aviation and transport reinsurance	1,338	643	4,901	420
Non-proportional property reinsurance	7,524	5,069	12,990	2,552

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.

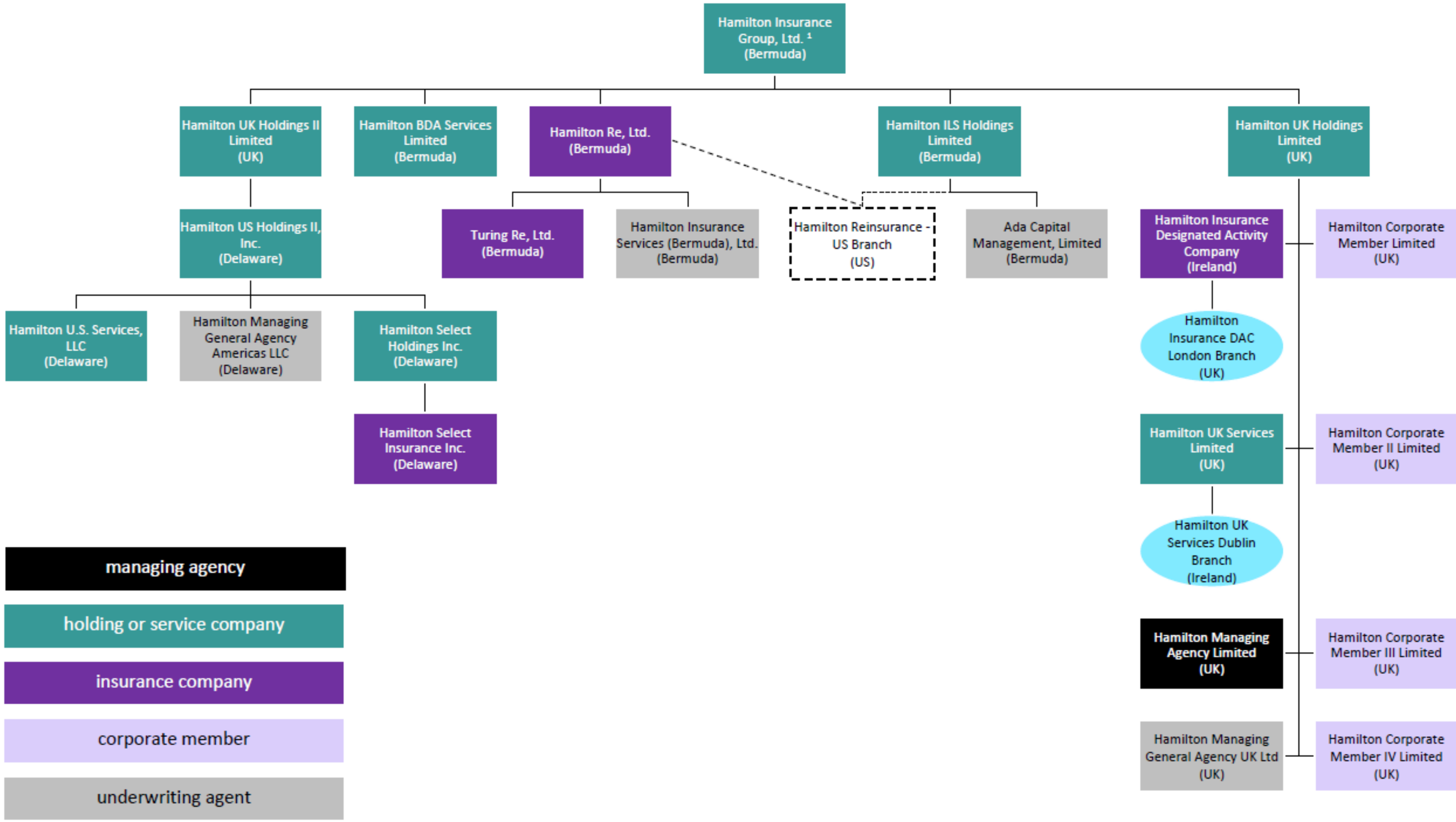
E.5 Non-Compliance with the Minimum Capital Requirement or Significant Non-Compliance with the Solvency Capital Requirement

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 Insurance Designated Activity Company

Solvency and Financial Condition Report

Disclosures

For Year Ended:
31st December 2022

(Monetary amounts in USD thousands)

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	308
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)	272,910
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*	272,910
R0140	*Government Bonds*	69,686
R0150	*Corporate Bonds*	195,023
R0160	*Structured notes*	0
R0170	*Collateralised securities*	8,200
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:	514,566
R0280	*Non-life and health similar to non-life*	514,566
R0290	*Non-life excluding health*	513,959
R0300	*Health similar to non-life*	607
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	18,627
R0370	Reinsurance receivables	146,994
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	39,281
R0420	Any other assets, not elsewhere shown	41,086
R0500	**Total assets**	1,033,771

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	616,133
R0520	*Technical provisions - non-life (excluding health)*	612,177
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	605,659
R0550	*Risk margin*	6,518
R0560	*Technical provisions - health (similar to non-life)*	3,956
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	3,872
R0590	*Risk margin*	85
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	24,404
R0830	Reinsurance payables	244,454
R0840	Payables (trade, not insurance)	15,416
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**	900,407
R1000	**Excess of assets over liabilities**	133,364

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
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business	0	14,812				35,905	83,668	70,902	17,033	13,690		34,385					270,395
R0120	Gross - Proportional reinsurance accepted	0	0				2,616	21,321	427	14,310	0		0					38,674
R0130	Gross - Non-proportional reinsurance accepted													194	1,918	2,953	30,177	35,242
R0140	Reinsurers' share	0	9,764				28,996	76,606	59,886	22,835	12,226		30,095	147	1,431	2,310	25,108	269,405
R0200	Net	0	5,048				9,524	28,383	11,443	8,509	1,464		4,290	47	487	643	5,069	74,907
	Premiums earned																	
R0210	Gross - Direct Business	0	12,833				32,319	94,865	72,260	21,207	19,106		38,631					291,220
R0220	Gross - Proportional reinsurance accepted	0	0				3,543	20,284	427	17,804	0		0					42,059
R0230	Gross - Non-proportional reinsurance accepted													244	2,680	2,786	27,751	33,461
R0240	Reinsurers' share	0	9,432				28,671	90,648	62,620	31,972	17,729		35,335	187	2,279	2,298	25,207	306,377
R0300	Net	0	3,401				7,191	24,501	10,068	7,039	1,376		3,297	56	401	488	2,544	60,362
	Claims incurred																	
R0310	Gross - Direct Business	0	8,531				18,392	81,065	23,301	18,475	18,118		16,647					184,531
R0320	Gross - Proportional reinsurance accepted	0	0				2,004	21,337	88	5,787	0		0					29,216
R0330	Gross - Non-proportional reinsurance accepted													-29	18,157	614	22,652	41,395
R0340	Reinsurers' share	0	7,099				18,155	90,259	22,499	22,636	17,174		16,531	-31	18,093	544	20,617	233,577
R0400	Net	0	1,432				2,241	12,144	891	1,625	944		116	2	65	70	2,035	21,565
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net	0	0				0	0	0	0	0		0	0	0	0	0	0
R0550	**Expenses incurred**	0	2,309				5,145	24,479	4,519	9,678	3,528		3,469	-19	311	14	1,552	54,986
R1200	**Other expenses**																	
R1300	**Total expenses**																	54,986

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			US	GB	LU	DE	NE	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	70,408	86,059	67,875	9,042	3,115	7,489	243,988
R0120	Gross - Proportional reinsurance accepted		10,044	6,345	0	5,179	120	21,687
R0130	Gross - Non-proportional reinsurance accepted	570	3,667	360	666	316	173	5,752
R0140	Reinsurers' share	61,754	69,448	61,264	6,094	6,537	6,304	211,399
R0200	Net	9,224	30,322	13,317	3,614	2,072	1,478	60,028
	Premiums earned							
R0210	Gross - Direct Business	57,811	92,632	85,212	8,386	3,429	5,878	253,347
R0220	Gross - Proportional reinsurance accepted		12,801	4,547		3,002	23	20,372
R0230	Gross - Non-proportional reinsurance accepted	546	3,716	416	732	780	162	6,352
R0240	Reinsurers' share	51,708	82,344	78,951	6,565	5,994	5,044	230,606
R0300	Net	6,649	26,805	11,224	2,553	1,217	1,018	49,466
	Claims incurred							
R0310	Gross - Direct Business	65,884	99,126	8,280	5,650	7,257	-1,599	184,598
R0320	Gross - Proportional reinsurance accepted		11,374	9,008		-904	12	19,490
R0330	Gross - Non-proportional reinsurance accepted	-551	12,286	-91	-1,367	203	91	10,570
R0340	Reinsurers' share	62,874	111,174	16,211	3,194	6,357	-1,582	198,229
R0400	Net	2,458	11,612	986	1,089	199	86	16,429
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	6,784	25,406	8,697	1,324	1,367	613	44,191
R1200	**Other expenses**							
R1300	**Total expenses**							44,191

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	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	2,140				6,786	5,759	13,608	2,207	5,849		8,951	10	1,502	216	5,432	52,460
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	-85				3,680	-7,633	8,840	-2,059	7,797		8,871	18	1,644	-445	3,044	23,673
R0150	**Net Best Estimate of Premium Provisions**	0	2,225				3,106	13,392	4,768	4,266	-1,949		80	-8	-141	661	2,388	28,787
	Claims provisions																	
R0160	Gross	0	1,677				16,698	111,062	265,443	24,388	17,283		23,653	44	61,031	290	35,501	557,070
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	635				11,159	84,768	252,318	17,296	16,098		18,712	38	59,890	-386	30,364	490,893
R0250	**Net Best Estimate of Claims Provisions**	0	1,042				5,539	26,294	13,124	7,092	1,185		4,940	6	1,141	677	5,136	66,177
R0260	**Total best estimate - gross**	0	3,817				23,484	116,821	279,050	26,595	23,132		32,604	55	62,534	506	40,933	609,530
R0270	**Total best estimate - net**	0	3,267				8,645	39,685	17,892	11,358	-763		5,020	-2	1,000	1,338	7,524	94,964
R0280	**Risk margin**	0	73				900	1,456	883	964	250		645	11	316	262	841	6,603
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**	0	3,890				24,384	118,277	279,934	27,559	23,382		33,249	66	62,850	768	41,774	616,133
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	0	550				14,839	77,135	261,158	15,238	23,895		27,583	56	61,534	-832	33,409	514,566
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	0	3,340				9,545	41,142	18,776	12,321	-513		5,666	9	1,316	1,600	8,365	101,567

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											12,594	12,594	12,594
R0160	2013	3,625	12,914	13,614	4,229	23,721	9,636	4,975	2,767	3,992	3,761		3,761	83,232
R0170	2014	910	24,888	57,343	27,613	7,458	46,880	6,305	-2,298	3,937			3,937	173,037
R0180	2015	3,095	17,762	17,719	15,106	16,259	71,796	10,377	12,847				12,847	164,961
R0190	2016	5,919	23,517	24,735	24,621	11,508	10,484	15,826					15,826	116,609
R0200	2017	17,933	76,286	35,666	41,172	23,977	18,400						18,400	213,434
R0210	2018	10,490	52,512	32,780	13,549	27,392							27,392	136,723
R0220	2019	16,806	27,636	22,511	16,192								16,192	83,145
R0230	2020	8,446	29,244	37,457									37,457	75,146
R0240	2021	15,978	57,794										57,794	73,771
R0250	2022	14,395											14,395	14,395
R0260												**Total**	220,595	1,147,049

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											18,192	14,548
R0160	2013	0	0	0	57,125	24,989	36,598	28,934	32,077	32,959	30,837		23,762
R0170	2014	0	0	75,423	80,145	75,480	36,464	46,158	53,105	48,197			38,268
R0180	2015	0	78,351	111,913	99,705	84,110	54,257	44,192	26,291				20,869
R0190	2016	53,845	100,460	110,470	79,360	94,533	87,746	72,189					59,552
R0200	2017	114,669	138,990	114,062	85,723	71,791	55,041						46,958
R0210	2018	81,061	98,849	124,594	135,462	105,477							92,552
R0220	2019	40,822	36,102	42,376	21,927								19,986
R0230	2020	29,631	81,036	48,504									44,272
R0240	2021	89,271	138,263										124,075
R0250	2022	81,285											72,228
R0260												**Total**	557,070

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	-64,555	-64,555			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	308				308
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**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	133,364	133,057	0	0	308
	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	133,364	133,057	0	0	308
R0510	Total available own funds to meet the MCR	133,057	133,057	0	0	
R0540	Total eligible own funds to meet the SCR	133,364	133,057	0	0	308
R0550	Total eligible own funds to meet the MCR	133,057	133,057	0	0	
R0580	**SCR**	67,747				
R0600	**MCR**	19,635				
R0620	**Ratio of Eligible own funds to SCR**	196.86%				
R0640	**Ratio of Eligible own funds to MCR**	677.65%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	133,364
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	197,919
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	-64,555
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	17,415
R0790	**Total Expected profits included in future premiums (EPIFP)**	17,415

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	19,899		
R0020	Counterparty default risk	11,118		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	1,691		
R0050	Non-life underwriting risk	36,022		
R0060	Diversification	-16,617		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	52,113		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	15,634
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**	67,747
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	67,747
	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

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

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	19,635

		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	3,267	5,048
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	8,645	9,524
R0080	Fire and other damage to property insurance and proportional reinsurance	39,685	28,383
R0090	General liability insurance and proportional reinsurance	17,892	11,443
R0100	Credit and suretyship insurance and proportional reinsurance	11,358	8,509
R0110	Legal expenses insurance and proportional reinsurance	0	1,464
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	5,020	4,290
R0140	Non-proportional health reinsurance	0	47
R0150	Non-proportional casualty reinsurance	1,000	487
R0160	Non-proportional marine, aviation and transport reinsurance	1,338	643
R0170	Non-proportional property reinsurance	7,524	5,069

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	19,635
R0310	SCR	67,747
R0320	MCR cap	30,486
R0330	MCR floor	16,937
R0340	Combined MCR	19,635
R0350	Absolute floor of the MCR	4,269
R0400	**Minimum Capital Requirement**	19,635