

Solvency and Financial Condition Report

IDA Insurance Limited

Table of Contents

Section A – Business and Performance	5
A.1 Business	5
A.2 Underwriting Performance	7
Income Statement – Technical Account	9
A.3 Investment Performance	10
A.4 Performance of other activities	11
A.5 Events after the reporting period	11
A.6 Any other information	11
Section B – System of Governance	11
B.1 General information on the system of governance	12
B.2. Fit and Proper Requirements	29
B.3 Risk Management System including ORSA	33
B.4 Internal Control System	48
B.5 Internal Audit Function	49
B.6 Actuarial Function	51
Section C – Risk Profile	59
C.1 Underwriting Risk	60
C.2 Market Risk	61
C.3 Credit Risk	61
C.4 Liquidity Risk	62
C.5 Operational Risk	62
C.6 Other material risks	63
C.7 Any other information	64
Section D – Valuation for Solvency Purposes	65
D.1 Valuation of Assets	65
D.2 Valuation of Technical Provisions	70
D.3 Valuation of Other Liabilities	77
D.4 Alternative Methods of Valuation	77
Section E - Capital Management	78
E.1 Own Funds	78
E.2 Capital Objectives and Policies	80
E.3 SCR and MCR	81
E.4 Use of the duration-based equity risk sub-module in the calculation of the SCR	83

E.5 Differences between the standard formula and any internal model used	83
E.6 Non-Compliance with MCR and SCR during the period	83
E.7 Any Other Material Information	83

This Solvency and Financial Condition Report (SFCR) has been prepared to allow IDA Insurance Limited ('IDA' or 'the Company') to comply with the Pillar II reporting requirements under Directive 2009/138/EC and Associated Regulations ('the Solvency II Directive').

IDA Insurance Limited maintains a robust system of governance which is commensurate to the nature, scale and complexity of the Company's activities and its risk profile. The system of governance revolves around the Board and its Committees the Investment Committee and Risk and Compliance Committee; with key functions outsourced to external service providers in line with the Company's Outsourcing Policy. The mainstay of the system of governance is risk management system: which is designed to ensure that all the material risks are identified; and that policies and procedures are in place to assess their potential impact and to adequately report them, so that they can be managed or mitigated.

This financial period is from 1st January 2021 to 31st December 2021. During the period under review, the Company registered a loss after tax amounting to €1,148,963 (loss after tax for the year ended 31st December 2020: €275,151 (restated)). Direct premiums written by the Company during this period amounted to €4,616,609 (31st December 2020 € 4,151,875). Claims performance deteriorated with claims incurred net of reinsurance for the period amounted to €2,099,501 compared to €1,315,997 for the year ended 31st December 2020.

The Company's Directors manage the Company's capital structure and make adjustments to it, in the light of changes in economic conditions. The capital requirement of the Company is maintained in accordance with regulatory solvency and capital requirements of the Insurance market in which it operates.

The Company monitors its capital level on a regular basis. The Company complied with the regulatory capital requirement during the years ended 2020 and 2021. No changes were made in the Company's approach to capital management during the period ended 31st December 2021.

Going forward, the Company is expected to continue meeting the Solvency II regulatory capital requirements based on the latest audited SCR calculations as at 31st December 2021 and those resulting from the 2021 Own Risk and Solvency Assessment.

IDA's internal capital target is to hold 140% of its Pillar 1 Minimum Capital Requirement.

On an annual basis, the Board considers whether a dividend should be paid to remit any surplus capital to its parent entity.

Section A – Business and Performance

A.1 Business

Legal Form

The Company was incorporated in Malta on 8th July 2005 and is a 100% subsidiary of DAN Europe Foundation, a non-profit Emergency Medical Organisation. DAN Europe (Divers Alert Network Europe) is an international non-profit medical and research organisation founded in 1983, dedicated to the health and safety of the global dive community. DAN helps divers and their families by providing emergency medical assistance, promoting dive safety and conducting vital research. DAN also offers education, products and services to beginners, experts and all kinds of explorers in between. The DAN network protects what good divers value most; the ability to explore hidden worlds in safety.



Registered Office and Registered Number

Registered Office: DAN Building, Sir Ugo Mifsud Street, Ta' Xbiex, Malta
 Registration Number: C36602

Regulator

IDA is authorised to carry on business of insurance in in terms of the Insurance Business Act 1998, regulated by the Malta Financial Services Authority. The Regulator can be contacted as follows:

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

Tel: +356 21441155

www.mfsa.com.mt

Insurance and Pensions Supervision Unit

Auditors

The statutory accounts are audited by Deloitte Audit Limited who can be contacted as follows:

Deloitte Audit Limited
 Deloitte Place,
 Triq L-Intornjatur,
 Central Business District,
 CBD3050
 Malta.

Partner: Mr. Mark Giorgio.

Risk Profile

IDA is authorised to offer classes of insurance business namely, accident, sickness, fire and natural forces, other damage to property, general liability, legal expenses and assistance. Furthermore, it is authorised to provide insurance under EU's Freedom to provide services in another Member State in Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and United Kingdom.

This insurance policy is distributed by VING Insurance Brokers Limited ("VING"), a related insurance intermediary incorporated in Malta and authorised by the Malta Financial Services Authority to carry on insurance intermediary activities, on behalf of IDA Insurance Limited.

IDA and VING made a valid notification to the Prudential Regulation Authority ('PRA') in the UK, to continue carrying out business in the UK, under the Temporary Permission Regime (TPR).

The Company is also licenced to provide insurance services in Switzerland through a branch, regulated by Swiss authorities, FINMA.

The main line of insurance classes that is currently provided is namely, accident, general liability, legal expenses and assistance. The principal activity is to underwrite scuba diving risk for the leisure and commercial diving industry. The company offers its policies through the group's online portals.

The Company writes insurance for students, recreational and professional divers. This business is accepted within safe practice guidelines issued by the international recognised diving bodies. The Company insure members of DAN Europe Foundation the majority of who are EU residents. The policies issued are in the EU but provide insurance benefits when diving anywhere in the world.

The salient features of the current policies issued are provided hereunder:

- Sport Member (Sport Bronze, Sport Silver and Sport Gold), which are products suitable for recreational divers;
- Pro Member (Pro Bronze, Pro Silver and Pro Gold, products which are designed for Professional

Divers and Instructors Student Insurance (First level courses, Advanced courses, Speciality courses and Freediving stage), suitable for diving students;

- Club Member (Club Member and Club Member Plus) products that are designed for dive centres and are intended for both instructors and students Family Plans (Family Sport and Family Mix) products, which are suitable for family members, including both recreational and professional divers.

Significant events in the reporting period

- IDA Insurance Limited acquired all the shares in VING Insurance Brokers Ltd from its parent;

A.2 Underwriting Performance

The Company's main products and the ways in which it manages the associated risks are as follows:

Emergency medical, personal accident, repatriation and travel assistance

These policies offer insurance cover for emergency medical, personal accident, repatriation and travel assistance anywhere in the world. As such the claim costs of the insured accident vary depending on the severity of the accident, its location and the quality extent and tariffs of the medical facilities in the accident location.

Civil and professional liability

These policies are occurrence-based wordings. Therefore, the Company is liable to all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract terms. These liability claims also take longer to develop than claims submitted under the Company's Accident programme and as a result, the estimation of claims incurred but not reported and claims incurred but not enough reported is generally subject to a greater degree of uncertainty.

Legal defence

These policies offer legal defence benefits when diving anywhere in the world. As a result, the claim costs of the insured accident vary.

The Company manages these risks by implementing its underwriting and claims management strategy after having obtained and considered expert advice approved by the board. The skills available to the Company to manage the insurance claims issues arising from the insured accidents have been built over many years.

During this financial period, the Company reported gross written premiums of €4,636,129. Claims incurred during the financial period amounted to €1,506,295.

This year, the Company closed the financial year with an underwriting profit of €489,328 broken down as follows:

The primary drivers for the results were the following:

1. The Company's Premium increased month on month, however still not in line with pre-COVID premiums. Therefore, the Company wasn't able to meet its projected GWP;
2. The loss ratio for the year has worsened when compared to the prior year results; this is mainly due to the fact that in prior year, the company was still earning premiums from the prior year therefore the earned premium of 2020 was higher when compared to 2021.
3. The total claims paid for the year stood at €1,506,295;
4. Total claims outstanding as at year end stood at €3,102,842 whilst the IBNER stood at €53,131 and IBNR at €416,736. There were no further changes to the commission rate.
5. There were no further changes to the RI structure for Liability during the UW year.

	Line of Business for non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Total
	Medical expense insurance	liability insurance	Legal expenses insurance	
Premiums Written				
Gross - Direct Business	3,066,623	1,103,595	241,672	4,411,890
Gross - Proportional reinsurance accepted	111,521	84,742	8,456	204,719
Gross - Non-proportional reinsurance accepted				0
Reinsurers' share		975,000		975,000
Net	3,178,144	1,183,337	250,128	4,611,609
Premiums Earned				
Gross - Direct Business	2,931,166	106,824	232,515	3,270,505
Gross - Proportional reinsurance accepted				0
Gross - Non-proportional reinsurance accepted				
Reinsurers' share	430,936			430,936
Net	2,500,230	106,824	232,515	2,839,569
Claims Incurred				
Gross - Direct Business	1,252,785	243,894	9,615	1,506,295
Gross - Proportional reinsurance accepted				
Gross - Non-proportional reinsurance accepted				
Reinsurers' share	235,554			235,554
Net	1,017,231	243,894	9,615	1,270,740
Change in other technical provisions				
Gross - Direct Business	(14,919)	475,114	42,235	502,430
Gross - Proportional reinsurance accepted				
Gross - Non-proportional reinsurance accepted				
Reinsurers' share	519,294	8,968		528,262
Net	504,375	484,082	42,235	1,030,692
Expenses incurred	787,019	351,510	(1,433)	1,137,096
Other expenses				
Total expenses				1,137,096

Income Statement – Technical Account

Statement of Profit or Loss and Other
Comprehensive Income – Technical Account

For the Year Ended 31 December 2021

	Notes	Dec 2021	Dec 2020 (Restated)
		EUR	EUR
Earned premiums, net of reinsurance			
Gross premiums written	17	4,411,890	4,151,875
Outward reinsurance premiums	17	(872,600)	(2,091,705)
Inward reinsurance premium	17	204,719	158,251
Net premiums written		3,644,109	2,218,421
Change in gross provision for unearned premiums		(390,324)	983,407
Change in provision for unearned premiums, Reinsurer's share		(450,535)	(693,755)
		(821,262)	309,652
Earned premiums net of reinsurance		2,819,849	2,560,073
Profit commission		67,961	75,805
Allocated investment returns transferred from the non-technical account	8	2,586	971
Total technical income		2,889,496	2,636,849
Claims incurred, net of reinsurance			
Claims paid			
- Gross amount		1,505,295	2,452,187
- Reinsurer's share		(235,554)	(1,062,140)
		1,270,741	1,390,047
Change in the provision for claims			
- Gross amount		500,507	(243,467)
- Reinsurer's share		(320,253)	(462,407)
		180,254	(705,874)
Claims incurred, net of reinsurance		2,095,501	1,315,957
Net operating expenses	9	1,137,098	1,600,041
Total technical charges		3,236,597	2,925,038
Balance on the technical account for general business (page 9)		(347,101)	(219,199)

A.3 Investment Performance

3. Investment income and charges

	2021	2020
	EUR	EUR
Investment gains		
Interest income on bank deposits	15,606	12,727
Interest income on financial assets	78,898	88,866
Realised loss/ gain on sale of investments	(6,444)	(33,518)
Exchange gain	7,640	(80,449)
	<u>95,692</u>	<u>7,625</u>
Analysed between:		
Allocated investment return transferred to the general business technical account	2,585	971
Investment return included in the non-technical account	<u>93,006</u>	<u>6,654</u>
	<u>95,692</u>	<u>7,625</u>

A.4 Performance of other activities

Statement of Profit or Loss and Other Comprehensive Income – Non-Technical Account

For the Year Ended 31 December 2021

	Notes	2021 EUR	2020 (Restated) EUR
Balance on technical account for general business (page 8)		(347,101)	(219,189)
Investment income	8	94,396	101,592
Investment expenses and charges	8	1,196	(93,967)
Allocated investment return transferred to the general business technical account	8	(2,586)	(771)
Other income		68,097	10,924
Net operating expenses	9	(1,294,790)	(382,715)
Loss before tax		(1,480,794)	(584,326)
Income tax credit	12	331,831	309,175
Loss for the year		(1,148,963)	(275,151)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain on available-for-sale financial assets, net of deferred tax		897	44,315
Total comprehensive loss for the year attributable to ordinary shareholders		(1,148,066)	(230,836)

A.5 Events after the reporting period

On 24 February 2022, Russian troops started invading Ukraine. The ongoing military attack has led, and continues to lead, to significant casualties, dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine.

In response, multiple jurisdictions, including the EU have imposed economic sanctions on Russia.

In light of the above, the directors therefore consider that the company continues to be a going concern since there is no material impact on the company financial statements.

A.6 Any other information

COVID-19 impact

The spread of COVID-19 has severely impacted many local economies around the globe through the year. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to the diving community. In the year 2020, the COVID-19 pandemic has resulted in a reduction in premiums written by the Company which were mostly limited to the months in which all diving activities were suspended. In 2021, in line with expectation the reduction in written premiums started being rectified since a number of people/countries become immune to the virus with the help of the vaccine.

Within the year 2021, travelling activities were carried out and clients renewed their policies as diving and travelling activities started being carried out with more ease. As at the date of this report, the Company has not incurred significant claims (medical expenses) arising from COVID-19. The policies written by the company have now been updated to exclude Pandemic Diseases, prior to this such claims were being covered subject that the insured travelled abroad before the Governments issued travel warnings. Such cases have been noted as minimal; moreover, it has been noted that the claims incurred from the impacted period reduced due to the restriction in diving activities. The Directors therefore consider that whilst the Company's profitability have been impacted during 2020 and In 2021; when combined with the Company's overall liquidity and solvency position, the Company continues to be a going concern.

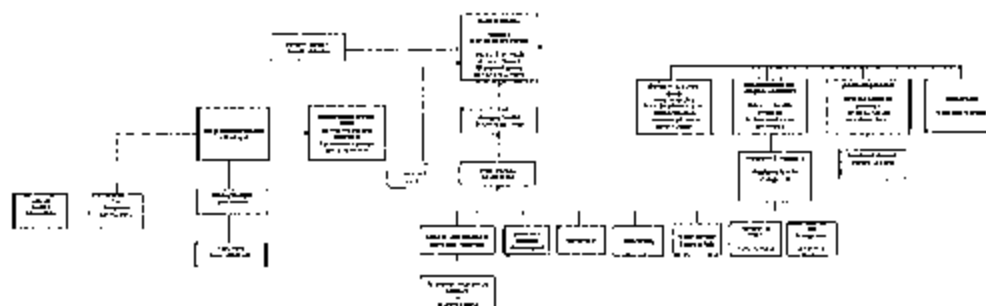
Section B – System of Governance

B.1 General information on the system of governance

The Board of Directors has adopted a supervisory structure to suit the requirements of IDA's operational needs. This structure grants the required flexibility that leads to an efficient decentralization of selective decision making while ensuring that responsibility for overall governance rests within the Board. The Board and Committees are comprised of a mix of Non- executive Directors and Executive Directors who meet on a regular basis typically on a quarterly basis.

The Managing Director and the Senior Manager assisted by the Insurance Manager oversee all activities undertaken and escalates material matters to the Board.

IDA simplified organisation and governance chart is illustrated below:



B1.1 Board of Directors

The Board of the Company is of sufficient size and expertise to oversee adequately the operations of the Company. The composition of the Board has been designed to ensure:

- that it can adequately discharge its responsibilities and duties;
- that it has a proper understanding of, and competencies to deal with, the current and emerging issues of the business;
- that it can effectively review and assess the performance of outsourced arrangements.

The following were members of the Board at 31st December 2021:

- Prof Alessandro Marroni (Chairman)
- Dr Iro Cali Corleo (Managing Director)
- Dr Filomena de Angelis (Executive Director)
- Ms Laura Marroni (Executive Director)
- Dr Matthew Bianchi (Independent Non-Executive Director)
- Ray Mercieca (Independent Non-Executive Director)

The Board of Directors appoint a Chairman of the Board and determine the period for which he will hold office.

The Board of Directors is made up of mix of individuals who have the necessary skills and expertise in the following areas:

- **Market knowledge** - the awareness and understanding of the wider business, economic and market environment in which the undertaking operates and the knowledge and needs of policy holders;
- **Business strategy and Business model** - an appropriately detailed understanding of the undertaking's business strategy and model;
- **System of governance** - this includes risk management and control, which means the awareness and understanding of the risks the undertaking is facing and the capability of managing them. Furthermore, the ability to assess the effectiveness of the undertaking's arrangements to deliver effective governance, oversight and controls in the business and, if necessary, oversee changes in these areas;
- **Financial and actuarial analysis** - the ability to interpret the undertaking's financial and actuarial information, identify key issues, put in place appropriate controls and take necessary measures based on this information;
- **Regulatory framework and requirements** - awareness and understanding of the regulatory framework in which the undertaking operates, and the regulatory requirements and expectations relevant to it and the capacity to adapt to changes which stem from the regulatory framework without delay.

The Board of Directors is made up of a mix of Executive Directors, Non-Executive Directors and Independent Non-Executive Directors.

The Roles and Responsibilities of the Board are the following:

- Provide entrepreneurial leadership of IDA within a framework of prudent and effective controls which enable risk to be assessed and managed.
- Set IDA's strategic aims, ensure that the necessary financial resources are in place for the Company to meet its objectives, and review the insurance manager's performance.
- Set IDA's values and standards and ensure that its obligations to its shareholders and others are understood and met.
- Comply with the Memorandum and Articles of Association of the Company.
- Comply with requirements set out in the Maltese Companies Act and Maltese Insurance Business Act (Cap 403) and comply with the General Good Requirements for all classes of business in each country within which IDA is operating.
- Assume responsibility for the day-to-day conduct of IDA's business. Clearly and appropriately apportion significant responsibilities to the Insurance Manager and other third-party providers.
- Oversee the establishment and maintenance of robust and clearly documented systems and controls in accordance with applicable regulations.
- Review and approve business submitted by the Internal Control Working Group Risk Management & Compliance Committee and the Investment Committee.
- Oversee the process of outsourcing, and monitor the discharge of the Compliance, Risk Management, Internal Audit and Risk Management functions.
- Ensure that assets are invested in line with the Prudence, Persons, Principle and in a manner that is appropriate to the nature and duration of the insurance liabilities
- Oversee the claims process and claims provisions

Meetings of the Board

- Meetings of the Board of Directors (BoD) are held no less than four times annually but are also held as frequently as considered appropriate.
- All meetings of the BoD and any general meeting of the members of the Company are held in Malta unless otherwise resolved by the Directors of the Company.
- A person is entitled to participate at a meeting of the BoD or at any GM by means of a

telephone link provided the other members or directors agree to such participation by telephone. The Chairman of the meeting, in such cases, shall sign on behalf of the person participating by telephone and shall record the fact that all persons present at the meeting have agreed to such telephone participation.

- ◆ The Chairman or any member of the Board may call meetings of the Board.
- A minimum of seven days' notice in writing is provided to all directors of a Board meeting. However, the Company recognises that from time-to-time Board meetings may need to be called at short notice. If a Board meeting is called at short notice all directors must be contacted in writing or by telephone advising them of the meeting and the proposed agenda. Prior approval for the meeting to take place must be obtained from all directors notwithstanding that a director may not be able to attend a meeting called at short notice. Such approval must be documented in the meeting minutes.

Quorum

The quorum for decisions of the Board is three.

Attendance

1. The Chairman presides on each board meeting held.
2. A member of the Board is entitled to appoint an alternate in his stead.
3. The Chairman, at his/her discretion, may invite other executives to attend and be heard at meetings of the Board.

Decisions/noting

1. The directors meet for the dispatch of business, adjourn or otherwise regulate their meetings, as they think fit. Questions arising at any meeting are decided by a 4/5th majority of votes.
2. No advisers are entitled to vote at meetings of the Board.
3. In the case of round robin approvals, a resolution in writing, including through the medium of electronic facsimile, approved by all members, is as valid and effectual as if it had been passed at a Board meeting duly called and constituted.
4. Such a round robin approval is tabled at the next meeting for noting.

Minutes

1. Detailed minutes of all Board meetings are prepared with all decisions, discussions and points for further actions being documented. Abstentions or negative votes are documented in terms acceptable to the abstaining or dissenting person or negative voter. The minutes of meetings provide sufficient detail to evidence appropriate Board attention, the substance of discussions and

their outcome and are agreed at the subsequent Board meeting. Minutes also document the attendance or non-attendance of members of the Board.

2. Minutes of all Board meetings are taken by the Company Secretary and are circulated to all directors for review in a reasonable timeframe after each meeting.
3. The final draft of the Board minutes of a meeting are presented to the Board for approval at the next Board meeting. If approved the minutes are signed by the Chairman of the Meeting and kept at the Company's registered address.

Information on Remuneration Policies and Practices

The governance framework includes a Remuneration policy for defining the remuneration practices of the Company designed to support the Company's risk appetite, strategy, objectives and values. The Board of Directors is responsible for the Remuneration Policy and the regular review of the Policy.

The Remuneration Policy applies to all levels of the organisation and categories of employees including Directors. It contains specific arrangements that take into consideration the roles of the members of the Board, persons responsible for key functions, senior management, and personal undertakings that involve significant risk taking and other employees. It further extends to the arrangements with any outsourced parties involved in the distribution of the Company's products.

The Remuneration Policy reflects the Company's objectives for good corporate governance as well as sustained and long-term value creation of the shareholders. The Remuneration Policy does not excessively reward short term profits and discourages incentives to take on risks that are not in line with the Company's risk profile. This can undermine the sound and effective risk management framework, exacerbate excessive risk-taking behaviour and the protection of the policy holders. Hence the performance criteria, including non-financial performance factors such as goals and criteria relating to effective risk management practices are considered.

The salary is made up of a fixed component namely salary and benefits. The fixed component represents a significant and sufficiently proportion of the total remuneration and thus avoids that the employees are any way dependent on the variable component.

Variable components are discretionary and fully flexible as opposed to a contractual entitlement. It is based on performance and are capped at a maximum limit set by the Company. The Company has the right to withhold bonuses where its financial objectives have not been met.

Performance based remuneration is aligned to an assessment of the strategic priorities of the Company which promotes sound risk management, the strengthening of long-term customer relations and the

value of the business. Non-financial factors are taken into consideration. Persons responsible for a key function are not eligible for performance-based remuneration.

Currently the Company has no arrangements applicable to supplementary persons or early retirement scheme for members of the Board.

B1.2 Investment Committee

The Company's Investments are managed through an Investment Committee which operates within investment parameters set and approved by the Board of Directors. The procedures consider a recommended portfolio structure, asset and counterparty limits as well as currency restrictions.

IDA Investment Committee (IC) has been established as a committee of the Board and is comprised of the Managing Director, an independent non-executive director and an independent Investment advisor. A third-party Investment Manager, duly appointed by the Board of Directors also attends every meeting. The quorum for the meetings is two members present in person.

The objectives of the Committee are to:

- 1) Prepare and submit for approval by the Board, and thereafter communicate to the Investment Manager, the basic investment strategy and policy for the Company, after considering the relative recommendations submitted to it by the Investment Manager.

Such recommendations are based on, inter-alia:

- consideration of the Company's cash flow projections, and forecast assets and liabilities, which the
 - Insurance Manager shall determine in conjunction with the Manager;
 - compliance with relevant statutory and regulatory solvency requirements as agreed with the Insurance Manager;
 - the Company's latest investment strategy and policies, and anticipated market evaluations;
 - the Company's credit, market and liquidity risk policies, and the performance benchmark as recommended by Investment manager and approved by the Investment Committee;
 - a considered view of future investment prospects.
- 2) To review the Investments Manager's report of its activity in the preceding period, and to ensure that the actual tactical changes carried out during such period were consistent with approved policy and restrictions and reasonable in the light of short to medium term investment prospects prevailing at the time.
 - 3) Monitor the Investment activity and performance of the Investment Manager and their ongoing ability and suitability to provide the appropriate services, and to recommend appropriate action to the Board where necessary.

- 4) Review and determine any limits, authorities and procedures that are relevant to the effective execution of investment policy, and advise the Board accordingly.

The Board supports the Investment Committee in attaining its objectives, and procures that the responsibilities of the Investment Manager will similarly include providing such support to the Investment Committee in any form that it may be reasonably required.

The investment parameters are documented in the Asset Allocation policy, which are reviewed by the Committee in line with changing market trends and Company needs at every meeting.

- 5) The Committee reviews the performance of the portfolio in line with the investment parameters set out in the Asset Allocation policy

The Investment Committee meets at least every quarter. The Investment Committee meetings may be held via teleconference link and any resolutions or recommendations or decisions of the

Committee in writing signed by all the members of the Investment Committee shall be equivalent to a meeting of the Committee.

A representative from the Insurance Manager and the Group Financial Controller is invited to attend each Meeting.

Any decision in respect of recommendations submitted to the Company by the Investment advisors, require the consent of all the members of the Investment Committee. A written record of such decisions is maintained in relation to each recommendation and maintained in relation to each recommendation and are submitted to the Company, and such records are made available to all members of the Investment Committee.

B1.3 Risk Management & Compliance Committee

The Risk Management & Compliance Committee (RMC) has been established as a committee of the Board and is comprised of an Executive Director who also acts as Chairman and the Managing Director. The Insurance Managers, duly appointed by the Board of Directors also attends every meeting.

The purpose of the Risk Management & Compliance Committee is to have overall responsibility for establishing a strategic approach to Risk Management & Compliance across the organisation, ensuring that the approach is pro-active. The Committee is also responsible for the overall co-ordination of Risk Management & Compliance activity. It ensures that the necessary processes are in place to achieve compliance with statutory requirements and to protect the Company's policyholders, staff and assets. Risk Management & Compliance is an integral part of the Company's strategic and operational objectives.

The Risk Management & Compliance Committee is established in accordance with guidance set

out by the Regulator and the obligations under the present corporate governance standards. It is sufficiently robust to evolve in compliance with Solvency II requirements when there are required to be implemented.

The Committee is one of the Committees of the Board authorised to make executive decisions regarding the management of risk and compliance with regulations. The Chairman of the

Committee reports to the Board at every board meeting and provides an update of the salient matters discussed during the Risk Management & Compliance meetings which are held on a quarterly basis in the same month prior to the Board meeting.

The Committee

1. Agrees, monitors and ratifies the Company's Risk Management & Compliance strategy and policies.
2. The Committee is made aware of all policies approved under the Insurance Financial Risk, Non-Insurance Financial Risk, Non-Financial Risk, Internal Control, Compliance and Outsourcing policies and of any material decisions taken by the Investment Committee or the Internal Control Working Group and ensure the policies are implemented effectively, reviewed, updated and approved;
3. Acts as the Company co-ordinating body on all risk-related policies and procedures in conjunction with other specialist committees or departments;
4. Assists the Board in defining acceptable risk within the organisation and propose the Company's risk appetite statement;
5. Ensures that adequate organisational systems are in place for implementing, monitoring and reviewing assurances on controls;
6. Makes recommendations to the Board on priority risk areas and on the appropriate action required to avoid or mitigate these risks;
7. Oversees, identifies and implements the Risk Management & Compliance action plan and risk registers;
8. Receives information from any director or officer highlighting any "high" risk areas of concern outside the rolling programme of risk register reviews.
9. Reviews and approves the risk registers;
10. Monitors and reviews the Company's internal control framework and monitors the assurances detailed within the document;

11. Designs, manages and implements the Company's insurance and claims, Risk Management & Compliance strategy to assess and anticipate trends and developments and makes recommendations on appropriate actions or improvement;
12. Reviews the Risk Management & Compliance Strategy through the approval of the Risk Management and Compliance Plan on an annual basis.
13. Review all documentation is in line with the Company's product governance and oversight arrangements prior to its approval by the Board of Directors.
14. Approve any changes to existing insurance products or new insurance products ensuring that the products are in line with the Product Oversight Governance requirements, prior being presented to the Board for approval.
15. Oversee the existing and new insurance products throughout their lifetimes

The Risk Management & Compliance Committee receives reports from the Risk Management Function, Underwriting Function, Claims Function and Compliance Function at each Committee meeting.

Appointed members are required to attend the Risk Management & Compliance Committee on a regular basis. No more than two meetings should be missed in any one year unless due to extenuating circumstances. Should a Committee member not be able to attend the meeting, the meeting should if possible be postponed to another day provided it is still possible to make it in time to report to the subsequent board meeting.

The effectiveness of the Risk Management & Compliance Committee is monitored through the following:

1. Committee minutes to be monitored by the Board;
2. Internal audit;
3. Associated action plans related to the internal controls' framework

The Secretary of the Committee is a representative from the Insurance Manager who attends all meetings and prepares minutes.

B1.4 Internal Control Working Group

Given the size, the Company is exempt from having an Audit Committee however it has set up an Internal Control Working Group with the following objectives:

1. Monitoring the integrity of the financial statements of the Company, independent auditors qualifications and independence, performance of the Company's independent auditors, appropriateness of the Company's internal data, systems and controls, compliance by the

Company with legal and regulatory requirements relating to audit and financial reporting functions and Company's internal audit and risk management functions.

2. Reporting to the Board on the foregoing and to assist the Board in considering and adopting accounting policies.

The Working Group is composed of such Directors as may be recommended to the Board who after considering its Corporate Governance and the requirements and guidelines and obligations under Solvency II has nominated the Chairman of the Company, an independent non-executive director and an executive director.

A representative from the Insurance Manager acts as secretary for the purpose of the Working Group meeting who attends all meetings and prepare minutes.

The quorum for the meeting is one plus the Chairman of the Working Group. The Working Group Responsibilities are:

1. To make recommendations to the Board to appoint, dismiss, agree compensation of and oversee the work of the independent auditor in connection with conduct of the audit, issuing an audit report and related work (including liaising between management and the auditor regarding financial reporting), including:
 - Reviewing the experience and qualifications of the independent audit firm and the senior members of the independent auditor team;
 - Obtaining and reviewing a report from the independent auditor at least annually regarding the auditors internal quality-control procedures,
 - Evaluating the performance of the independent auditor;
 - Presenting its conclusions on the preceding point to the Board, taking any actions deemed necessary or desirable by the working group to satisfy itself as to the qualifications, performance and independence of the independent auditor, and making any recommendations to the Board concerning such matters as the working group deems advisable;
 - Meeting with the independent auditor prior to the audit to discuss the planning and staffing of the audit;
 - Receiving direct reports from the independent auditor in connection with conduct of the audit, issuing an audit report and related work;
 - Reviewing and agreeing the independent auditors annual engagement letter (including terms of remuneration); and
 - Assessing the effectiveness of the audit process.
2. To receive, and take any appropriate action in relation to, all reports and other communications which the independent auditor is required to make to the working group, including timely

reports concerning:

- All critical accounting policies and practices to be used;
 - All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company.
 - Ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - Other material written communications between the independent auditor and the management of the Company, such as any management letter or schedule of unadjusted differences.
3. To review and discuss with management and the independent auditor the annual audited financial statements (and where practicable any other material public or regulatory financial statements), including disclosures made in management's discussion and analysis and the audit representation letters, and recommend to the Board whether the audited financial statements should be approved.
 4. To discuss with management and the independent auditor significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements.
 5. To discuss with management and the independent auditor the effect of regulatory and accounting initiatives.
 6. To meet with management, the internal accountants/ auditors and the independent auditor separately, quarterly or at such other interval as the working group deems reasonable.
 7. To monitor the independence of the independent auditor, including:
 3. Evaluating the independence of the Independent auditor, including whether the provision of non-audit services is compatible with maintaining the auditors independence;
 4. Approving or disapproving any engagement by the Company or its subsidiaries of the Independent auditor to perform any non-audit services, subject to a de minimis threshold of €2,500; and
 8. To monitor the integrity of the Company's financial and other internal controls.
 9. To oversee and monitor the documentation the reports and documents produced by the risks

management committee.

10. To receive from management reports on the effectiveness of the internal control and risk management systems, and the conclusions of any testing carried out by internal and external auditors.
11. To review and approve the statements included in the annual report in relation to internal control and the management of risk
12. To monitor and review the effectiveness of the internal audit function, and to approve the appointment or termination of the internal auditor.
13. To review and discuss with management the reserving methodology and process of establishing the Company's reserves, together with internal or external reports or studies.
14. To receive reports from the Company's Head of Compliance, on compliance related matters including any material compliance breaches.
15. To recommend to the Board for adoption a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting, auditing or other matters.
16. To meet at least quarterly.
17. To make regular reports to the Board.
18. To review and reassess the adequacy of these objectives and its own performance annually and recommend any proposed changes to the Board for approval.
29. To provide a statement about its activities for the annual report.

Working Group Authority

1. The Working Group has the authority reasonably required to enable it to discharge the Working Group Responsibilities.
2. The Working Group has the authority to engage at the Company's expense independent counsel and other advisors as it determines to be reasonable to carry out the Working Group's Responsibilities
3. The Working Group has the authority to require any officer or employee of the Company, of the Company's outside counsel or independent auditor to attend a meeting of the Working Group or to meet with any members of, or consultants to, the Working Group.

4. The Working Group may form subcommittees and delegate authority to such subcommittees or an individual member of the Working Group when appropriate.
5. The Responsibilities and Authority of the Working Group do not include the obligation to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Independent auditor, as applicable. It is also not the responsibility of the Internal Controls Working Group to set or determine the adequacy of the Company's reserves.

Managing Director

The Managing Director is empowered to exercise the authority of the Board between board meetings and has delegated authority in all issues, except matters reserved for the Board.

Representatives of all the key functions and businesses that either provides services to, or use, IDA are members of the executive group which provides a forum for ensuring:

- Issues are raised, debated and solved (being escalated to the Board where necessary)
- Proposals are discussed and shared across the stakeholder network
- Matters to be raised for decision at the Board are communicated and support gained

B1.5 Management Working Group

The Company has appointed a Management Working Group (the "Working Group") to promote a communication flow between the Finance Function, the Claims Function and the Risk Management Function with the Actuarial Function.

Constitution and Composition of the Working Group

1. The Working Group is composed of such members as appointed by the Board. There is a minimum of four (4) members.
2. The current Working Group comprises:
 - The Finance Function
 - The Actuarial Function
 - The Risk Management Function
 - The Claims Function
3. A representative from the Insurance Manager attends the Working Group.
4. The Swiss Branch Actuarial Function is asked to attend the meetings on a quarterly basis.

5. The Working Group may also include from time to time, in an advisory non-voting capacity, other professionals where their specific technical skills and support are required.
6. The Working Group members may nominate other individuals to attend in their stead as their alternate subject to adherence to the membership structure set out above.

Working Group Responsibilities

The Working Group's responsibilities are as follows:

- a) Ensuring effective implementation of any established Board policies relating to the activities of the Company as follows:
 - o Actuarial Policy
 - o Risk Management Policy
 - o Reserving Policy
- b) Assess the impact of the launching of new products or new lines of business on the financial results and solvency of the Company
- c) Monthly monitoring of claims and claims reserving, including claims triangulations
- d) Discuss possible scenarios that could be run as part of the ORSA.
- e) Discuss matters relative to accuracy, reliability and completeness of data.

The Chairperson of the Working Group is responsible for leadership of the Working Group, including preparing the agenda, presiding over Working Group meetings and making Working Group assignments. The Chairperson of the Working Group reports to the Compliance and Risk Working Group at every Working Group Meeting and provides an update of the salient matters discussed during the Working Group meetings which are held on a monthly basis in the same month prior to the CRC meeting.

Related Party Transactions

During the year the Company entered into various transactions which are subject to common control. All transactions are conducted within the normal course of business.

The Company is a subsidiary of the Dan Europe Foundation (the "parent") which holds 99% of the ordinary shares of the Company. The registered address of the Foundation is 26, Fidiel Zarb Street, Gharghur, Malta. Ving Insurance Brokers is the subsidiary of the Company, holding 100% of the Ordinary Share of VIR.

During the course of the year, the Company entered into transactions with related parties as set out below.

All the Company's insurance business is transacted through a licensed broker, which is the Company's subsidiary. The transactions with the broker are included with "other related parties", defined below.

The related party transactions in question were:

	2021		2020			
	Related party activity EUR	Total activity EUR	%	Related party activity EUR		Total activity EUR
Other operating income Related party transactions with - Other related parties	63,164	121,211	44	264,726	263,734	59
Acquisition costs Related party transactions with - Other related parties	593,045	591,923	98	540,922	546,120	51
Administrative expenses Related party transactions with - Parent company and other related parties	186,202	872,884	20	331,905	1,383,985	31

"Other related parties" consist of related parties other than the parent, entities that are controlled or jointly controlled by, directly or indirectly, key management personnel of the Company.

The terms and conditions in respect of the related party balances do not specify the nature of the consideration to be provided in settlement. No guarantees have been given or received. The amounts were unsecured and interest-free. The amounts due from the parent is expected to be extinguished through structured cash settlements over a period of seven years.

Key Functions

The Company complies with the requirements under Solvency II and the Fitness & Probity Standards to ensure that Key Functions are held by persons with the appropriate knowledge, experience and competence. The following Key Functions are outsourced by the Company:

Risk Management Function

Risk management lies at the heart of the Company's business activities. The adopted risk appetite reflects the articulated risk profile set by the Board through its risk-return profiling of the identified key risks.

The Board is assisted by Willis Towers Watson Management (Malta) Limited being the outsourced service provider of this Function in executing the risk management strategy laid down by the Board, in developing a risk management framework of the company's risk appetite, limits and tolerances, in establishing internal risk management structures, and in ensuring that the necessary resources are available and dedicated to achieving the risk management objectives. The Risk Management and Compliance Committee chaired by Mrs Laura Marroni act as oversight.

Furthermore, Willis Towers Watson Management (Malta) Limited also assists the Board and other functions in assessing and defining the risks existing in specific risk areas and from those assessments

developing written risk management policies and procedures to manage those risks. It also assists the Board in assessing the company's capacity to absorb risk with due regard to the nature, probability, duration, correlation and potential severity of risks, including looking at risks from different perspectives, such as by territory. It also seeks to identify and assess emerging risks and advise the Board thereon.

Acceptable risk limits for each risk type are determined to facilitate control mechanisms to ensure that limits and procedures are adhered to, and that the company is operating within the risk appetite parameters set by the Board.

As the Company operates in a dynamic business environment it is alert to changes in the Company and in the environment in which it operates and modifies the Risk Management system as necessary.

Compliance Function

The Compliance Function is outsourced to Willis Towers Watson Management (Malta) Limited, with Ms Marie Louise Cassar being the Compliance Officer and the Risk Management & Compliance Committee chaired by Mrs Laura Marroni acting as Board oversight

The Compliance Officer's role and responsibilities include the following:

1. To identify the legal, regulatory and statutory code requirements, under which the undertaking is authorised and licensed to operate;
2. to establish and oversee the establishment of controls, policies and procedures, and to work with other business areas within the undertaking in embedding these controls and policies, thus ensuring that adequate record-keeping is evident to comply with the regulatory requirements on a continuous basis;
3. to monitor or oversee the monitoring of activities of the firm on a risk basis consistent with the controls and procedures in place and to report to the Board and senior management of the undertaking on same;
4. to advise the Board and senior management of the undertaking of new and impending regulations and standards and of the implication for the firm of compliance with these new requirements;
5. to assist the Board and the senior management of the undertaking in the design and implementation of controls necessary to meet the standards in this Policy;
- to prepare the Compliance Policy and the Compliance Plan, to implement the Compliance Audit Statement and ensure that they are agreed and approved by the Board on an annual basis;

- to liaise with the Regulator in relation to regulatory reporting and/or regulatory visits or inspections, also in relation to errors or breaches of requirements;
- to make representations to the Regulator and to oversee the development of the necessary procedures or alterations to existing procedures to meet any new regulatory obligations or requirements;
- to report to the Board at each Board meeting/quarterly on the standards of compliance of the Company with its Compliance Obligations and on the findings of the Compliance Audit Statement;
- to ensure that breaches on internal control procedures and systems or conditions of authorisation imposed upon the business of the Company are not permitted and notified to the Board and the persons concerned if identified;
- to notify the MFSA of any breach of the conditions of its authorisation upon becoming aware of such breach;
- to promote a "culture of compliance" by example and by clear and well directed communication within the Company;
- to assess the training needs and agree a training plan with those individuals who require compliance competencies as part of their roles; and
- to review products, procedures and systems on a planned basis from the viewpoint of effective compliance and to advise as to steps necessary to ensure compliance.

Actuarial Function

The Company's Actuarial Function is currently outsourced to Marsh UK Limited with Profs Alessandro Marroni acting as oversight.

The Actuarial Function is carried out by persons who have an appropriate knowledge of actuarial and financial mathematics, commensurate with the nature, scale and complexity of the risks inherent in the Company, and who can demonstrate their relevant experience with applicable professional and other standards in line with the Company's Fitness and Probity Policy and the Malta Financial Services Authority's rules and regulations.

Internal Audit Function

The Internal Audit Function is an outsourced service, provided by a third-party audit firm (Mazars Consulting Limited) with Mr Ray Mercieca acting as oversight. The Internal Audit Function's mission is to independently examine and evaluate the functioning effectiveness and efficiency of the Company's internal control system and all other elements of governance.

The activities of the Internal Audit function are designed to provide advice to management in improving the internal control environment, monitoring the implementation of strategic control initiatives and managements remediation activity. The Internal Audit Function provides a formal

report to the Board at least annually. The findings of Internal Audit reviews conducted are discussed with and challenged by the Board and an action plan is agreed upon to remediate any issues identified, along with a timeline for completion.

B2. Fit and Proper Requirements

The Company ensures that its Directors and Officers are fit and proper to ensure the sound and prudent management of the undertaking. The Company considers the following as Relevant Persons for the purposes of its Fit and Proper Policy:

1. The Board of Directors of IDA;
2. The Members of the Investment Committee, the Risk & Compliance Committee and the Internal Control Working Group of IDA;
3. any advisor of the Board of Directors of IDA;
4. the persons who effectively run IDA;
5. any person performing a key function of IDA including persons performing the function under an outsourcing arrangement; and
6. any other personnel of IDA for the time being or from time to time prescribed by regulation or identified by the Board as being subject to fitness and propriety requirements.

The Company considers the key functions to be the following:

- Risk Management;
- Compliance;
- Internal Audit;
- Actuarial;
- Insurance Distribution directive responsible as per the Insurance Distribution Directive requirement
- any other key function identified by the Board as important or critical in IDA's system of governance considering the nature, scale and complexity of its business and organisational structure.

The Company's Fit and Proper Policy aims to ensure that no person is appointed to or confirmed in a Relevant Person role unless they have been appropriately assessed by IDA to be fit and proper for the role in accordance with regulatory requirements referenced in the Company's policy. The principles for achieving that objective are:

Fitness:

1. Every Relevant Person must be fit for their role and responsibilities and hold the qualifications, knowledge and experience relevant and necessary to ensure that the role is managed in a professional manner with the necessary degree of management and technical competence.

2. The members of the Board of IDA collectively must possess at least qualification, experience and knowledge:
 - of insurance and financial markets relevant to the operations of the Company;
 - of the business strategy and business model of IDA;
 - of IDA's system of governance;
 - to perform required financial and actuarial analysis in respect of IDA;
 - of the regulatory framework and requirements applicable to the Company; and
 - generally to be able to provide for the sound and prudent management of IDA.
3. The appointment and continuing engagement of any Relevant Person must comply with the fitness elements as set out within the applicable MFSA rules and guidelines.

Propriety:

1. The honesty, financial soundness and reputation of every Relevant Person must be assessed by the Company to determine that they are of good repute and integrity, based on relevant evidence regarding their character, personal behaviour and business conduct including any criminal, financial and supervisory aspects, regardless of location but taking account of any applicable period of limitation in respect of any committed offence.
2. The appointment and continuing engagement of any Relevant Person must comply with the probity elements of the aforementioned MFSA rules and guidelines.

Each Relevant Person shall complete a Fit & Proper Questionnaire and submit to the Compliance officer.

Board

The Board is responsible for:

- The approval and periodic review of this policy;
- overseeing the implementation of this policy;
- establishing the minimum criteria for each Relevant Person, including any minimum qualifications, experience and competencies deemed necessary to fulfil their respective functions.
- establishing who are IDA's Relevant Persons, considering the nature, scale and complexity of the risks inherent in the business, the nature of the relevant function and its organisational

structure.

- assessing (pre-appointment and at least annually thereafter) the fitness and propriety and approving any new or ongoing appointment of each Relevant Person.
- suggesting the removal of any Relevant Person from their key function role if a material issue arises.
- designating a Relevant Person to have overall responsibility for overseeing any outsourced key function's Relevant Persons and to challenge and monitor the performance and results on a regular basis.

Compliance Officer - The Compliance Officer is responsible for:

1. Maintaining a record of IDA's Relevant Persons including evidence of:
 - Name;
 - key function;
 - date of appointment;
 - date of Board approval of appointment;
 - date of National Regulator approval of appointment (where required) or date of notification of appointment to National Regulator;
 - board approved minimum criteria for the function and the basis on which the Relevant Person satisfies these;
 - date and result of last Board fitness and propriety assessment;
 - due date of next Board fitness and propriety assessment;
 - date of removal from function;
 - date of Board approval for removal from function;
 - date of notification to National Regulator of removal from function; and any other details considered necessary from time to time to evidence IDA's compliance with this policy and the regulatory requirements;
2. ensuring that all notifications required to be made by IDA to the National Regulator in respect of the appointment or removal of a Relevant Person are submitted in the prescribed manner and within the prescribed time limit;
3. assisting the Board in the performance and documenting of its pre-appointment and ongoing

fitness and propriety assessment of Relevant Persons;

4. monitoring and reporting to the Board on the execution and implementation and any identified breaches of this policy;
5. Ensuring the proper implementation of policies and procedures, so that the management person responsible for IDA's insurance distribution activities (the "relevant person") as well as any employee of the Company directly involved in the carrying out of insurance distribution activities (the "relevant employee") perform their duties adequately in accordance with the requirements of Chapter 7 of the Insurance Distribution Rules;
6. Ensuring that the Board of Directors assesses the relevant person's and the relevant employee's knowledge and ability against the requirements set out in Chapter 6 of the Insurance Distribution Rules.

To assist the Board in overseeing the execution and implementation of this policy, the Compliance Officer keeps the report to the Board on the Fitness and Propriety Assessment completed on an annual basis.

The IDA outsourcing model and functional organisation of the Company mean that individuals that head Group functions also have individual accountability for the performance of their functions in respect of services provided to IDA. Accordingly, in addition to Board members, the following individuals had been approved by the MFSA regulatory bodies:

Approved Person	Function
Marie Louise Cassar	Designated Compliance Officer - Willis Towers Watson Management (Malta) Limited
Konrad Farrugia	Designated Actuary-Marsh UK Limited
Mazars Consulting Limited	Internal Audit
Willis Towers Watson - Insurance Managers	Risk Management
Claudia Schranz	Person responsible for distribution

B.3 Risk Management System including ORSA

The Company's Risk Management Function is outsourced to Willis Towers Watson Management (Malta) Limited, subject to the conditions outlined in the Company's Outsourcing Policy.

The Board reviews the composition of its Risk Management Function at least annually.

The acceptance of risk is fundamental to the Company and a core element of the overall strategic objectives as an insurance company.

IDA therefore recognizes the importance of having an effective risk management system embedded throughout all areas of the Company.

The Company's Risk Management System is comprised of the following elements;

1. Risk Register
2. Risk Appetite Statement (RAS)
3. Formal Policy Documents for all key risks
4. Own Risk and Solvency Assessment (ORSA)
5. Formalised Risk Reporting

Each of the elements of the Risk Management System detailed above contribute to the identification, measurement, monitoring, management and reporting of risks and is intended to work as an integrated system, and therefore each is considered in both in terms of the specific function of the respective element, and in terms of its function within the overall system.

Each element of the system is embedded effectively within the Company and managed by the Risk Management Function with appropriate oversight from the Board.

B3.1 Risk Management Strategy

The purpose of the Company's Risk Strategy is to define and communicate its approach to managing risk in order to support the successful delivery of IDA's defined business strategy. It provides details of IDA's risk management objectives, key risk management principles, risk appetite framework and risk governance and responsibilities. The more accurately IDA can assess the risks to its business strategy, the more likely it is to achieve its business objectives.

In order to link IDA's approach to risk management with its business strategy, IDA has agreed a set of Risk Management objectives derived directly from the actions in place to deliver IDA's business strategy. These are as follows:

- To fully implement a transparent risk capacity, appetite and tolerance framework that is widely understood across the business;
- To embed robust Risk Management practices to manage risks and opportunities appropriately;

- To fully implement practical and commercial risk mitigation techniques that are widely understood and valued;
- To maximise the use of the capital model as a management tool for optimising the underwriting portfolio within the agreed appetite and for early recognition of reserving trends;
- Establish a recognition by its peers, stakeholders and regulators that IDA consistently demonstrates operational excellence in risk and capital management;
- To apply the highest standards of corporate governance, transparency and accountability;
- To implement proportionate and efficient compliance practices and processes, and
- To conduct business with integrity, due skill, care and diligence, observing the highest possible standards of market conduct.

In order to meet these objectives and deliver the vision they are designed to support, IDA must first ensure it identifies and manages its key risks. With this in mind, IDA has categorised its risk into three main areas, summarised as follows:

1. Insurance Risk that offers the potential for both risk and reward and focuses on the optimisation and management of its insurance risks in order to make a profit. Insurance risk is the only type of risk that is actively encouraged and includes underwriting income and other income.

From an underwriting perspective IDA currently focuses on writing Diving related risks. However the company is looking into expanding into other products such as, Travel, All Sports and Professional Indemnity and After the Event Insurance products. IDA also receives profit share commission from its reinsurers. IDA is happy to accept a higher degree of volatility in its results.

2. Market and Investment Risks are those which IDA could be rewarded for but chooses to take a cautious approach. This category includes asset-liability management, investment, default & credit, market risk etc. Asset and liability management is the practice of managing risks arising from mismatches between assets and liabilities. Investment risk is concerned with the risk that an investment will result in a loss. It is always possible to target a higher level of investment risk in order to earn a higher return. However, as a matter of choice, IDA takes a rather conservative approach.

Operational risks that arise in order to support a business and include outsourcing, business continuity, compliance, financial and regulatory risk. They offer only the potential for loss and are therefore managed downwards. Wherever possible IDA seeks to avoid, mitigate or transfer these risks.

These are further defined in the Risk Appetite Statements agreed annually by the Board.

Having identified the risks, IDA ensures they are managed on a continual basis principally using a risk register, the contents of which are subject to regular risk and control assessment process, monitoring of exposure via key risk indicators (KRIs). These risk management tools seek to provide assurance that the business remains adequately controlled and "on track" to achieve the agreed business objectives. They also provide early warning mechanisms of potential threats to achieving these objectives.

1. Risk Governance and Culture

To achieve its mission and goals, people throughout the organisation are engaged in the management of risk. This is realised through a strong 'tone at the top' that emphasises the importance of effective risk management, with functional management accountable for embedding risk in their own areas. The Company has adopted the "three lines of defence" governance model, of which the risk management function forms part.

First Line of Defence

The first line of defence has primary decision-making authority, and accordingly its focus is as follows:

- Operational decision making to execute and implement the Company's strategic objectives. Facilitation and oversight of the business plans of the Company, including delivery against predetermined goals.
- Day to day management of business activities.
- Management of the risk profile of the business, in line with Board and stakeholder expectations.

The first line of defence includes the Company's boards of directors. In this context, the board has ultimate accountability for risk management, the related control environment and for approving and reviewing any relevant risk policies, including risk appetite frameworks. In practice, responsibility is devolved to the relevant executive/functional committees and/or board.

Risk owners retain overall responsibility for managing the risks for which they are the designated owner, including those risks where some or all the controls in place have a separate control owner (i.e., the operation of the control is in the charge of another manager).

Second Line of Defence

The second line of defence provides a key input into tactical and strategic decision making, and its overall focus is on the following:

- Provision of assurance to the board of directors that the risk profile, as represented in the relevant risk registers or otherwise, and the associated internal control framework is in line with board and stakeholder expectations. Where it is not, appropriate actions with owners and timescales are proposed to bring it back into line with those expectations.
- Escalation of all material risk issues to the risk and compliance committee and Board.
- Provision of input, challenge, and oversight of first line decision making where appropriate, i.e., the input of risk and capital information to aid effective decisions.

Third Line of Defence

The third line of defence provides independent assurance and challenge across all business functions in respect of the integrity and effectiveness of the risk management system.

The internal audit function is outsourced to a third-party professional company. It is responsible for independently assessing the effectiveness of the risk management processes and practices and for providing timely objective assurance on the control of risk.

Internal audit activity is carried out in accordance with an annual pre agreed audit plan.

Risk Transparency

Underpinning the three lines of defence is risk transparency within the group. This involves raising awareness and understanding of risk across the group, effective reporting of risk internally and appropriate disclosure risks to all interested stakeholders, internal and external.

2. Risk Management Framework (RMF)

The acceptance of risk is fundamental to the Company and a core element of the overall strategic objectives as an insurance company. IDA therefore recognizes the importance of having an effective risk management system embedded throughout all areas of the Company.

The Company's Risk Management System is comprised of the following elements.

- Risk Register
- Risk Appetite Statement (RAS)
- Formal Policy Documents for all key risks
- Own Risk and Solvency Assessment (ORSA)
- Formalised Risk Reporting

Each of the elements of the Risk Management System detailed above contribute to the identification, measurement, monitoring, management and reporting of risks and is intended to work as an integrated system, and therefore each should be considered in both in terms of the specific function of the respective element, and in terms of its function within the overall system. Each element of the system shall be embedded effectively within the Company and managed by the Risk Management Function with appropriate oversight from the Board

The Board recognises that a well-defined risk appetite supports the business decision making and planning. The Board reviews and sets the risk appetite at least annually, and when there is a significant change in business strategy.

The Risk Appetite Framework sets the boundaries within which risk taking should remain to meet the expectations of the capital providers and other stakeholders.

Risk Appetite reflects the amount of risk taking which is acceptable to the Company. Accordingly, risk appetite refers level of exposure to specific risks or risk categories.

Risk Tolerance represents the Company's ability and willingness to bear risk. When considering this,

factors such as the availability of capital, ability to raise capital, strength of underlying operational processes and procedures and strength of the organisation's operational culture are all relevant.

Risk Identification

The process begins with the identification of risks and an analysis of the nature of each risk. Managers within the company are involved at this stage of risk management, whether for new or existing risks. The aim is for all involved to be aware of the risks to the business objectives and to be able to highlight any new risks that may be developing over time or changes in existing risk levels such that they are reported and responded to appropriately.

Risk Assessment

Once risks have been identified, they are measured and assessed in terms of their impact and probability, by means of qualitative or quantitative measurement. This stage of the cycle involves the participation of the risk and delegated risk owners. The assessment and quantification process may differ dependant on the type of risk e.g., Financial Risk is typically quantified in terms of its financial impact at one or more return periods, allowing aggregation and comparison across categories of risk using a common denominator, whilst Operational Risk is assessed in accordance with an assessment methodology.

Risk Evaluation and Mitigation

Once risks have been identified, they are assessed in terms of their impact and probability.

- The **Impact** is defined as the level of extent to which the risk would affect the ability of the business to deliver its strategy and objectives were it to occur.
- The **Probability** is defined as the likelihood that the risk will materialise within the next twelve months. This assessment is based on previous history, management experience, intuition and any current factors or circumstances which may be of relevance.

Probability and Impact is assessed both on an inherent risk basis and a residual risk basis.

- **Inherent Risk** is the risk in a business or process before the effect of any risk mitigation, control, or transfer activity.
- **Residual Risk** is the potential impact and likelihood of an identified risk exposure, considering the effect of the existing (but excluding planned) controls. See section Risk Control and Mitigation.

Probability

The probability (likelihood) rating is determined by considering:

- The chance of the risk crystallising within the next twelve months.
- The likelihood of the event happening.
- The effectiveness of the control environment.

Impact

The risk impact assessment criteria consist of both quantitative and qualitative measures under three main categories:

- **Financial impact** – the monetary impacts are guidelines only. For some legal entities, other measures may be more appropriate, for example, net assets/reserves/turnover etc.
- **Reputational & Regulatory** – the qualitative measures include relationship with regulators, compliance with law and regulations and brand damage.
- **Operational** - Operational impact has been sub-divided into a further six elements, in order to make the rating of operational risks more targeted and appropriate to the nature of the risk.

When assessing the risk, the most significant impact areas are identified in the assessment process.

Where a risk is impacted by a number of different potential outcomes, e.g., financial and/or, reputational and/or regulatory, the most significant potential outcome is to be taken as the impact rating.

Risk Control and Mitigation

Once the risk has been assessed by means of qualitative or quantitative measurement above, the level of each risk is then transferred or controlled down to a satisfactory level. This stage will not only involve both risk and control owners (see Section: Risk and Control Self-Assessment) but also many other departments that are involved in undertaking control activities.

There are four possible responses to managing a risk:

- **Avoid the risk** – i.e. not engage in the activity that gives rise to the risk exposure. This action is not always possible nor desirable as it may mean not entering into or exiting a business to avoid the risk.
- **Reduce the risk** - reduce the impact and/ or probability of the risk materialising by carrying out specific actions and developing controls.
- **Mitigating actions** – to reduce the risk may include strengthening the design of existing processes or on-going controls.
- **Controls** – help to ensure that the risk is mitigated and increase the probability that the business can meet its objectives.
- **Risk Transfer** - where the risk bearing activity is transferred to a third party, usually for consideration (for example insurance, for a premium).
- **Risk Retention/ Acceptance** – The risk is accepted as is where there are no further management actions available to mitigate the risk further, or the cost is deemed to be excessive in relation to the risk mitigation benefit.

Control Identification

Controls are defined as either a preventive and/or detective and/or monitoring activity. They relate

to the management of the potential probability and/or risk exposure but may also involve other methods of risk treatment such as transfer (e.g., by insurance or other contractual means), or by avoidance (elimination of the risk creating activity completely).

Controls are identified by similar means to risks, but particularly by discussion with the risk owners, to gain an understanding of the measures in place to mitigate an identified risk.

Each control is assigned a control owner. Responsibilities of control owners are described in more detail later in this policy.

In addition to existing controls, this process identifies potential controls which may serve to reduce the inherent risk grading to a target (desired) level.

Control Assessment Criteria

Controls are evaluated to understand the residual rating risk of any item in the relevant risk register by using a variety of methods, for example control assessment templates.

When assessing a control, consideration is given to whether it is a **preventative** or **detective** control, as well as the balance between the two types of control.

- **Preventative controls** are high-level controls aimed at preventing risks from materialising at a very early stage. Examples may include the business planning process, internal policies and procedures, regulatory guidelines, segregation of duties etc.
- **Detective controls** are typically carried out on a periodic basis, for example weekly, monthly, quarterly, to identify any issues and related remedial action. Examples of such controls include quarterly reviews, monthly reconciliations, underwriting peer reviews etc.

Risk Reporting

It is critical that the relevant information for each key risk is seen by the "right people at the right time". This information is most likely to be provided by risk and control owners as they are closest to the issues. Reporting is often consolidated or reviewed by the risk management function and then escalated up to senior management.

Regular Reporting

Routine risk reporting consists of summary reports to the risk and compliance committee (where relevant) and to the board of directors. This contains summary information on changes to the risk profile any significant issues arising out of the risk workshop process, any new emerging risks, and significant risk management activity during the period under review and any movement in KRIs.

Escalation of Issues

Escalation typically occurs when there has been a breach/potential breach of any of the pre-defined risk appetite Statements.

Immediate Escalation

The Company requires immediate escalation under the following circumstances:

- Unauthorised deviations from any of the standards set out in this document, and/or
- Likely or actual breaches of thresholds agreed by the risk and compliance committee, the board of directors or the risk management function.

Risk Review

Once the key business risks have been identified and assessed, any control/mitigation activities are reviewed to ensure they are operating effectively and that the risk and control scoring is valid.

Risk & Control Self-Assessment

The risk and control self-assessment process is the responsibility of the first line and is designed to ensure that the risks and controls identified continue to be relevant against business objectives, changes in strategy and external environmental influences, as well as appropriately managed to an agreed risk appetite.

Risk Owners

Each risk within the risk register is assigned a risk owner.

A risk owner has ultimate responsibility to ensure that the risk is managed, mitigated, monitored, and reported on appropriately. Typically, the risk owner may be part of the business Senior management team and/or subject matter expert. They may also act as the delegated owner depending on the individual risk, and the structure of the business unit concerned.

The risk owner's responsibility includes:

- The identification of a delegated owner if appropriate (a risk owner may also be a delegated owner).
- Overall responsibility/ ownership of the risk, ensuring that it is managed, mitigated, monitored, and reported on appropriately.
- Regular review of the risk with the delegated owner to ensure that the risk is relevant and appropriately mitigated and rated.

Delegated Owners

Each risk within the risk register may also be assigned a delegated owner.

A delegated owner has the following day-to-day responsibilities:

- To identify, regularly maintain and communicate up to date information to the risk management function and to the risk owner.
- Ongoing monitoring of owned risks for changes in their impact and likelihood (part of the risk

workshop process).

- **Communication and liaison with control owners to put in place control activities appropriate to the nature of the risk.**
- **Identifying and assessing the appropriateness and effectiveness of controls and systems being relied on to manage risk.**
- **Sourcing, collating, and analysing relevant data indicating movements in impact or likelihood of the risk.**
- **Reporting information in a regular and timely manner to the risk owner/ appropriate individuals forums/committees/risk management function as appropriate.**
- **Creating and implementing appropriate action.**
- **Escalating/immediate reporting of any changes in existing, or new risks as well as any significant control failings/weaknesses or events that may arise.**
- **Ensuring effective implementation of mitigating action plans.**
- **Accountability for the effective management of owned risks.**

Control Owners (if applicable)

Each mitigating control is assigned a control owner. A control owner has the following responsibilities in respect of the controls they own:

- **Ensuring effective and efficient control design to manage the impact and likelihood of the risk.**
- **Effective performance of control activities as designed.**
- **Provision of information/reporting related to the performance of controls.**
- **Sourcing and collating relevant data concerning the performance of controls.**
- **Analysis of this data and conversion into indicative information.**
- **Reporting information on a regular and timely manner to the risk owner and other individuals or committees.**
- **Creating and implementing appropriate action.**
- **Escalating/Immediate reporting to the risk owner and other individuals or committees of any control weaknesses or breakdowns.**

Periodical Risk Workshop Process

The risk management system requires risk owners and / or delegated owners to review and confirm that the risks for which they are responsible are appropriately graded in terms of inherent and residual probability and severity. Furthermore, they are also required to review and confirm that the mitigating controls identified for each risk for which they are responsible are in place and working.

This process takes the form of a face-to-face meeting or virtual meetings, with the risk management function. Following the meeting, the risk owners/ delegated owners and control owners are required to sign off the status of the risk and controls that they are responsible for.

The risk owner is ultimately responsible for the risk, whilst the delegated owner maintains overall responsibility for the day-to-day management of the risks for which they are the designated owner, including those risks where some, or all, of the controls in place are in the charge of another manager.

Whilst the risk owner/ delegated owner has ultimately responsible for each control appearing in their risk(s), there are some controls that they do not manage directly. Under these circumstances, the control bears the sign-off of the individual who manages that control.

Risk Monitoring and Reviewing

All identified risks are recorded on the risk register and allocated to the risk owner. The controls and mitigations are also recorded on the Risk Register once they are identified. The risk register is a 'live' document and is updated each time a risk/mitigant/control is identified or changed.

Risk Management Roles and Responsibilities

The Board, with assistance from the Risk Management and Compliance Committee, is responsible for ensuring the effectiveness of the Company's Risk Management System, for setting the risk appetite and tolerance levels as well as approving all related risk management strategies and policies.

The Company's Risk Management Function is responsible for the application of the Company's Risk Management arrangements within the operations of the Company on an ongoing basis.

The Risk Management Function is also responsible for effective reporting to the Board on the material risks to which the Company is exposed and on other specific areas of risks both on its own initiative and following directive from the Board.

The Board is ultimately responsible for all the Risk Management activities within the Company and for all decisions relating to how risk is managed.

Hereunder are further areas the Risk Management Function can assist with as part of the Risk Management Process.

- Working with the Board and other functions in assessing and defining the risks existing in specific risk areas and from those assessments developing written risk management policies and procedures to manage those risks.
- Assisting the Board in assessing the Company's capacity to absorb risk with due regard to the nature, probability, duration, correlation, and potential severity of risks, including looking at risks from different perspectives, such as by territory or by line of business.
- Identifying and assessing emerging risks and advising the Board thereon.
- Working with the Board and other functions to determine acceptable risk limits for each risk type and facilitating control mechanisms to ensure that limits and procedures are adhered to, and that the Company is operating within the risk appetite parameters set by the Board.
- Assisting the Board in implementing the risk strategy agreed upon by ensuring the effective operation of the risk management system, by facilitation of other functions and by performing specialist analysis and quality reviews.
- Maintaining an organisation-wide, aggregated view of the Company's risk profile.
- Preparing reports, either separately or in conjunction with other functions as needed, for formal discussion at Board meetings and for presentation to other stakeholders on the material risks faced by the Company and on the effectiveness of the risk management system.

- Developing documented processes to respond to imminent and past loss risk events, including contingency and business continuity programmes.
- Evaluating on a regular basis the design and operational effectiveness of the risk management system to identify, measure, monitor, manage and report risks the Company is exposed to.
- Advising the Board on the effectiveness of strategies and policies with respect to maintaining, on an on-going basis, amounts, types, and distribution of capital adequate to cover the risks of the institution.
- Working with the Board and other functions to develop, when applicable, and to regularly carry out, a suitable Own Risk and Solvency Assessment ("ORSA") process.
- When applicable, maintain the ORSA record and prepare both the ORSA reports, in conjunction with other functions as appropriate.

B3.2 Risk Management Approach

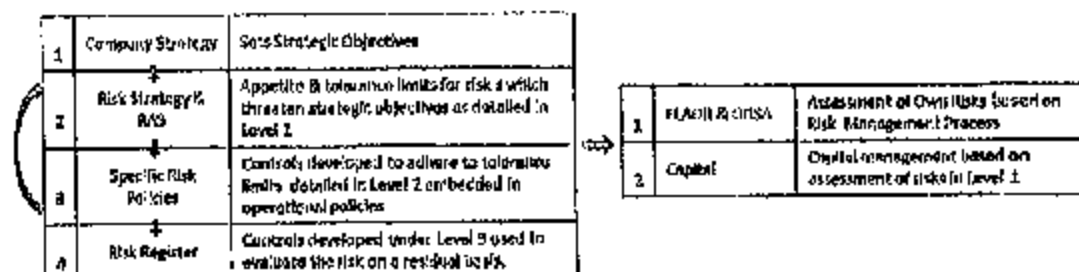
Risk management is the continuous approach and dynamic process that aims to guide the Company to understand, evaluate and assess all of its risk with a view to increasing the successful achievement of its strategic objectives and reducing the likelihood of the unwanted risk.

Risk management is integral to the Company's corporate governance, business strategy and ORSA. The framework consists of an effective program led by senior management, which clearly identifies risk appetite; risk policies, standards, roles and responsibilities for managers and other employees involved in the management of risk.

Thus, the Company's risk management approach is centred on ensuring the inherent risk which the Company faces in the course of its business is appropriately managed to ensure the strategic objectives are achieved.

A direct linkage from strategic to operational levels is established through a cascading of the principles of the hierarchy down to the immediate sub level. This approach also ensures that risk management is appropriately included in the Company's decision-making processes.

The following level hierarchy summarises this approach:



B3.3 Risk Profile

The risk profile of IDA is included in the latest ORSA report. The Company's risk profile is formally reviewed at least annually as part of the Company's ORSA exercise. The Risk Management Function monitors the Company's risk profile and the corresponding risk management arrangements in place on an annual basis and report to the Board on any observed material changes.

B3.4 Risk Function

The Risk Function of the Company is responsible for the operational coordination and application of all Risk Management activities throughout the Company on an ongoing basis.

The Risk Function reports directly to the Board on an annual basis or upon occurrence of an event which could materially impact the Company's risk profile.

The Function is responsible for coordination of all risk management activities throughout the Company. The Function is also responsible for providing the Board with assistance and support in development and implementation of the various risk management arrangements within the Company.

B3.5 Risk Categories & Key Risks

Key risks are considered to be the six risk categories detailed in the Solvency II Directive text together with any other risks evaluated as being key risk through the operation and activity of the Risk Management Function and approved by the Board.

All risks, aside from those which fall within the risk categories prescribed in the Solvency II text, is considered to be a key risk if, on a residual basis, a material level of capital is deemed to be required in order to accept the risk, or if particular controls or risk mitigation techniques specific for the risk in question must be employed.

Each of the key risks is included in the Risk Appetite Statement and is subject to a specific policy document which addresses how the risk is to be managed in line with the hierarchy outlined previously.

The risk categories and key risks to which the Company is exposed is reviewed periodically by the Risk Management Function and at least;

1. annually
2. on occurrence of an event which could materially affect the Company's risk profile
3. on the introduction of material new business
4. at the discretion or order of the Board

B3.6 Risk Appetite Statement

The Company has in place a Risk Appetite Statement ("RAS"). The RAS sets out the risk appetite and tolerance levels for all key risks over the planning period of the Company.

The Company considers the RAS to be the primary element of the Risk Management System, direct linking to the overall Company Strategy and determining the levels retained for each key risk, and also influencing the nature of the controls and mitigation techniques employed to ensure that the risk remains within the tolerable range.

The Board is responsible for setting the Company's RAS. The Board periodically reviews the appropriateness and effectiveness of the RAS and will perform a formal review of the RAS at least annually or upon a material change in the Company's risk profile.

The RAS includes both qualitative and quantitative aspects for each key risk and is aligned to the planning period of the Company.

The RAS is included in the decision-making processes of the Company. The Board, before finalizing any material decision which could impact the risk profile of the Company, refer to the RAS for guidance as to the likely effect of the decision on the tolerance levels of the Company.

The RAS is also used to track actual performance against the metrics detailed in the RAS to ensure that no breach in the agreed tolerance levels has occurred.

Monitoring of the actual performance against the metrics identified in the RAS is performed periodically by the Risk Management Function and reported to the Board in line with the reporting triggers system included in the RAS.

B3.7 Risk Policies

The Company holds a formal policy for each key risk included in the RAS. The policies for each specific risk are consistent with the details contained in the RAS relating to the risk in question. The controls, reporting triggers and any other relevant aspects of the management of the risk are appropriately reflected in the policy for the risk.

B3.8 Risk Register

The Company has in place a comprehensive Risk Register to evaluate and assess the risks to which the Company is exposed.

The Risk Register initially assesses the risk universe of the Company on an inherent basis. The controls and risk mitigating techniques employed by the Company and as detailed in the individual risk

policies which act on the risk allow for an evaluation of the risk on a residual basis.

If the risk on a residual basis is deemed to potentially require a material level of capital to accommodate the risk, this risk is considered a key risk and is considered for inclusion in the RAS by the Board and a policy developed.

The Risk Management Function is responsible for the ongoing maintenance of the Risk Register. The Risk Register is updated on at least an annual basis and upon the occurrence of an event which may materially impact the Company's risk profile.

A summary of the results of the Risk Register is distributed to the Board upon completion of each review as soon as is practicable and form part of the Risk Management Function's periodic Risk Reporting.

As part of each update, the Risk Register is reviewed by the Risk Management Function to ensure that the Risks included represent all the material risks to which the Company is exposed and that all applicable emerging risks have been appropriately included.

Where an emerging risk has been identified as one which should potentially be included in the Risk Register, the Risk Function will advise the Board of the nature and context of the risk. The Board then shall determine whether the risk in question should be considered as a Key Risk.

B3.9 ORSA

The Company aims to ensure that the Company is appropriately and prudently capitalized to accept the risk to which the Company is exposed. To ensure this, the Company performs an ORSA at least annually and upon the occurrence of an event which may materially impact the Company's risk profile. The Company maintains separate policies on ORSA and Capital Management.

B3.10 Risk Reporting

The Risk Management Function formally reports to the Board every board meeting. The report contains details of the outcome of the Risk Register review, the results of the comparison of the RAS to actual results and an update on emerging risks.

The Risk Management Function is responsible for the development of the Risk Reports. The Risk Management Function provides a report to the Board based on the occurrence of an event which materially alters the risk profile of the Company or if the tolerance level triggers are detonated.

The Risk Management Function comments on the quality of the data used in the Risk Management System and advise the Board where data quality issues may distort or mislead results.

B3.11 ORSA Approach

The Board believes the ORSA process to be an important component of the Company's overall Risk Management System.

IDA's ORSA approach is based on recognized Enterprise Risk Management principles and considers the Company's risk, controls and capital in a coordinated and holistic manner, building upon the strength of the risk management arrangements in place within the Company.

The Board is satisfied that the Company's ORSA approach is commensurate with the nature, scale and complexity of the Company's operations.

The risk profile of IDA can be found in the Company Strategy section of the latest ORSA report and is updated at least on an annual basis.

The Board is satisfied that they have a strong understanding of the risks to which the Company is exposed and that the controls and risk mitigation techniques in place provide appropriate protection to the Company's strategic objectives.

Based on this, the Board is satisfied that they can assess the range within which risk is expected to materialize with an adequate level of confidence. This assessment can be made for each material risk to which the Company is exposed allowing the Company to assess the range within which the risk is likely to fall with an appropriate level of confidence on a risk-by-risk basis. This risk range can then be used as a basis for profiling each material risk that the Company is exposed to over the planning period. This will provide an 'expected' risk assessment under normal business conditions.

The assessment made for a given risk is corroborated by the observed actual results of how IDA has managed this risk over the preceding periods. The findings of the Risk Management Function as documented in the reports produced by the function serves to corroborate the basis for risk assessments made.

An appropriate level of stress test is applied to the overall risk assessment process. The stress test should adversely affect the outcome of the risk profiled on an expected basis. An overall 'risk capital amount can then be determined for each material risk individually and for the Company's overall business over the planning period. The Board believes that this approach focuses on the risks assumed by the Company, the effectiveness of the controls and risk mitigation techniques employed, and the resultant level of capital held by the Company for each of these risks on an individual and aggregated level, and therefore directly links the risk profile, tolerance limits and overall capital and solvency needs of the Company in line with ORSA requirements.

B.4 Internal Control System

IDA utilises the internal control system that comprises three lines of defence, comprising primary risk owners (first line), Independent risk management and control functions (second line) and an independent internal audit (third line). This structure is consistent with IDA's risk management structure and the IDA Board considers it appropriate to the management of the IDA risks.

1. **First line:** The majority of IDA's employees comprise the first line of defence.
2. **Second line:** The insurance managers as the Risk Management and Compliance function holders comprise the second line of defence. The managers provide independent oversight of the activities performed within the first line. The Investment Committee is the second line of defence for investments.
3. **Third line:** The third line of defence comprises the Internal Audit function. Senior managers are attendees of risk governance committees.

The Company is fully committed to compliance with the requirements of the MFSA and all applicable legislation and regulations (collectively known as the Company's "Compliance Obligations"). The Board of Directors is fully committed to ensuring that the Company's activities remain within the boundaries of these "Compliance Obligations".

In order to demonstrate the Company's ongoing commitment to compliance, a submission is made by the appointed Compliance Officer to the Board of Directors at each Board meeting. This reporting activity addresses how the Company is achieving full compliance, if there are any breaches and how such breaches are being rectified.

In terms of the Compliance Policy

1. The Company has appropriate policies and procedures as are required to ensure that it can meet its Compliance Obligations;
2. the Company prepares on an annual basis an appropriate Compliance Plan, in order to set the compliance objectives and detailing the actions to be taken by the Compliance Function;
3. a program of monitoring is implemented to assess the Company's fulfilment of its Compliance Obligations;
4. the Company maintains/retains documentary evidence to support the conclusions reached regarding the status of its Compliance.
In assessing the requirements
5. All the legal, regulatory and statutory code requirements underlying the Compliance Obligations and under which the Company is authorised and licensed to operate are identified on an annual basis as being the Compliance Universe for the Company and included into the annual Compliance Plan of the undertaking;
6. the Compliance Universe of the Company is updated according to any new legislation, regulations, standards or guidelines enacted or introduced during the year;

7. the detailed requirements of the Company's Compliance Obligations are monitored and documented into the Compliance Audit Statement in order to identify the current state/method of compliance and any deficiencies; and
8. any identified deficiencies or breaches are brought to the attention of the Board of Directors and a relevant action plan is prepared, thus identifying the specific actions to be taken, the relevant owner and a reasonable timeframe for completion.

B.5 Internal Audit Function

Internal audit primarily provides an independent and objective opinion to the Board and Management of the Company, and to its supervisory authority as necessary, on the functioning, adequacy, and effectiveness of the company's system of governance, internal controls and risk management framework, and on compliance with the Company's established policies and procedures, internal strategies and reporting requirements. The Internal Audit findings are also of benefit to line management in the audited areas.

Internal Audit is independent of the organisational and operational activities which it audits to ensure that the judgements essential to its proper conduct and impartial advice to management are objective and unbiased. The Company commits itself to ensuring that the Internal Audit Function is not subject to influence from the Board of Directors that can impair its operational independence and impartiality. Given the size of the Company, the Internal Audit Function reports on a regular basis directly to the Board of Directors. It is free to express its opinions and to disclose its findings and appraisals to the whole Board.

Under the authority conferred on it by the Board of Directors, Internal Audit has UNRESTRICTED ACCESS to all records, including management information and Board and Board committees' minutes, assets, third party service providers (TPSP) and their premises and has the authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities, by direct communication with all members of staff of TPSPs.

By order of the Board of Directors all business units are obliged to inform the internal audit function when control deficiencies are recognised, losses are sustained or there is a definite suspicion concerning irregularities.

Internal Audit is required to operate to the standards of the International Institute of Internal Auditors or similar standards. It fulfils its role by systematic review and evaluation of risk management, control and governance which comprises the policies, procedures, and operations that management have put in place to:

1. establish, and monitor the achievement of, the company's objectives;
2. identify, assess and manage the risks to achieving the organisation's objectives;
3. ensure the economical, effective and efficient use of resources;
4. ensure compliance with established policies (including behavioral and ethical expectations), procedures, laws and regulations;

5. safeguard the organisation's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption;
6. ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

In order to support this role, the Internal Audit Function is required to maintain an audit strategy in line with the best practice guidance issued by the International Institute of Internal Auditors or any guidance issued by EIOPA or local regulators that is more specific to the internal auditing of Insurers.

Reporting

Following an audit, once reports have been agreed and finalised with line managers of the audited unit, a copy of the final report is copied to the following:

- TPSPs responsible for the area in question;
- Members of the Board of Directors.

These written reports are issued regardless of whether material shortcomings have been found. These reports include recommendations on how to remedy inadequacies, including the envisaged period of time to remedy such shortcomings. The Board, supported by the Management, determines what actions are to be taken with respect to each of the internal audit finds and recommendations and ensures that these actions are carried out.

Internal audit periodically reports to the Board on the status of the implementation of findings reported in prior audit reports.

The internal audit function prepares an audit plan setting out the audit work to be undertaken in the upcoming business year(s). The audit plan is based on a methodical risk analysis, taking into account all activities and the complete system of governance, as well as expected developments of activities and innovations. On the basis of the result of this risk analysis, a detailed plan for the upcoming year, with an outline plan for the following 3 years, is established.

The plan allows for the review, within a reasonable period of time based on the audit cycle principle, of all significant activities, taking into consideration how often important areas of the company require scrutiny.

During the course of the year the detailed plan is varied as necessary to take account of altered circumstances and new or emerging risks, with the approval of the Board.

The IA can be outsourced to a specialised TPSP or to the Internal Audit function of the Group. The Board will need to ensure that the TPSP or Group have the resources necessary for the delivery of the IA service for the year(s) ahead.

The Board of Directors is entitled to instruct the Internal Audit Function to perform any other special tasks as deemed appropriate.

B.6 Actuarial Function

IDA outsources the Actuarial Function to take advantage of external expertise. This critical operational service is outsourced to Marsh UK Limited. Marsh UK carries out the duties of the Actuarial Function as required by the Solvency II Directive. These services are outlined below as per the Solvency II Directive and are explained in more detail:

1. coordinate the calculation of technical provisions;
2. ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
3. assess the sufficiency and quality of the data used in the calculation of technical provisions;
4. compare best estimates against experience;
5. inform the Board of the reliability and adequacy of the calculation of technical provisions;
6. oversee the calculation of technical provisions;
7. express an opinion on the overall underwriting policy;
8. express an opinion on the adequacy of reinsurance arrangements;
9. contribute to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements, and to the Own Risk and Solvency Assessment.
10. Review the Own Risk and Solvency Assessment ("ORSA") report as set out in Article 45 of the Solvency II Directive including an assessment of the range of risks and stresses considered, and the appropriateness of the financial projections
11. Review the calculation of the Solvency Capital Requirement ("SCR") and the Minimum Capital Requirement ("MCR") and Own Funds.
12. Attend Board of Directors meetings as required by the Company
13. Liaise with the Company's auditors as necessary

B6.1 Coordinate the Calculation of Technical Provisions

The frequency of the valuation is quarterly for all reserves and all classes of business.

The scope of Engagement also includes active participation and mediation with the Malta Financial Services Authority for any regulatory matters of the company.

The following duties fall within the scope of the Function:

1. Identification of any sources of deviation from statutory requirements and implementation of any relevant changes in order to ensure that the calculation performed is consistent with those requirements. In particular, BWC use methodologies that allow a complete analysis regarding

those requirements;

2. Validation of the methodologies used to assess the sufficiency of the technical provisions, including back testing against past experience, giving due considerations to changes over time;
3. Development of an understanding of the different drivers of risk that affect the level of technical provisions and its structure of dependencies. Furthermore, we will perform any relevant analysis of the internal data and consult relevant market information in order to improve this understanding;
4. Coordination of the assessment and validation of internal data to determine the level of compliance according to the standards for data quality and, if necessary, recommend the implementation of improvements in the internal procedures that are considered relevant;
5. Comparison and validation of technical provisions based on experience and identification of solutions on how to deal with any material differences detected, which may imply revisions of assumptions and/or methodologies;
6. High level analysis of movement between successive valuations.

As from 2021, Pillar 3 reports are being prepared inhouse and reviewed by Marsh Management Malta Limited.

B6.2 Calculation of SCR and MCR

IDA Insurance finance team is responsible for the calculation of the SCR and the MCR, while the review of such workings is carried out by Marsh Management Services Malta Limited together with Marsh UK, the actuarial function. The frequency of the calculation will be quarterly.

A management report on the process and results is prepared at least quarterly, covering:

1. The revised balance sheet of the company pinpointing the valuation adjustments to assets and liabilities due to the differences in the valuation principles;
2. Summary of the indicative results of the stress test regarding the calculation of the MCR and the SCR;
3. Analysis of capital requirement, including capital requirements per type of risk and simulations to assess how capital requirements vary with different strategic options;
4. Interpretation of results, identifying any particular issues with the EIOPA methodology;
5. A comparison of results with the ones under the existing solvency capital methodology, highlighting key differences;
6. Identification of areas for improvement in the process and methodology and suggestions of methods to improve.

7. Prepare the required input into the ORSA if the risk profile and/or the business model of the Company changes during a year, requiring an additional SCR calculation and an exceptional ORSA to be carried out during the same year.

B6.3 Issuing an Opinion on the Underwriting Policy

The opinion on the overall underwriting policy covers the following:

1. whether the underwriting policy is consistent with product pricing;
2. an opinion on the principal risk factors influencing the profitability of business to be written during the next year, including the potential impact on future profitability of external factors such as inflation, legal risk and changes in the market environment;
3. an opinion on the likely financial impact of any material planned changes in products' terms and conditions;
4. the approximate degree of variability surrounding the estimate of expected profitability; and,
5. the consistency of this approximate degree of variability with the risk appetite of the undertaking.

All information is communicated to the senior management of the Company. The opinions on the underwriting policy and reinsurance arrangements include, when necessary, recommendations regarding the most appropriate strategies to be followed by the company in this matter.

B6.4 Issuing an opinion on the reinsurance arrangements

The opinion on the adequacy of the undertaking's reinsurance arrangements includes the following components:

1. the consistency of the company's reinsurance arrangements with its risk appetite;
2. the treatment and effect of reinsurance on the estimation of net technical provisions; and
3. the effect of reinsurance arrangements on the volatility of the company's financial strength.

The opinion on the adequacy of reinsurance arrangements will include an assessment of how the reinsurance coverage could respond under a number of stress scenarios. These scenarios may include situations such as the following:

1. exposure of the undertaking's portfolio of business to catastrophic claims experience,
2. aggregations of risks,
3. concentrations of reinsurance security and potential reinsurance exhaustion.

B6.5 Contributing to the effective implementation of the risk-management system

Marsh provides guidance and expertise for the implementation of an effective ERM framework. This service encompasses all critical steps of the framework.

The Actuarial Function works closely with the Risk Management Function (RMF) and makes available to it our expertise and experience. The Actuarial Function supports the RMF in meeting the various requirements of its role and be familiar with what is required of it.

The Actuarial Function contributes to the risk modelling underlying the calculation of both the solvency capital requirement and minimum capital requirement. Depending on the complexity of the risk management system, actuarial methods are applied that call for a detailed understanding of statistical methods and the probabilities of insurance risks, such as claims frequencies and severities, understanding and assessing the use of risk mitigation techniques and understanding volatility and adverse deviation.

The Actuarial Function guides the Company on how to reflect business realities in actuarial models and risk management processes, to ensure that the ORSA output is relevant for the business. The Actuarial Function provides the necessary expertise in order to:

- Understand the detailed requirements regarding the ORSA and identify gaps relative to current risk management processes
- Begin to plan how current risk management, financial reporting and modelling Systems will need to change to create an effective ORSA

As part of the ORSA, the Actuarial Function contributes to the assessment of the compliance with the requirements regarding the technical provisions and the analysis of deviations of the company's risk profile from the assumptions underlying the calculation of the solvency capital requirement with the standard formula.

The Actuarial Function is also expresses an opinion on the following parts of the ORSA process:

- Determine the risks to be included in the ORSA and how these will be quantified
- Set up processes in order to notify the Company whenever the risk profile deviates from the assumptions underlying the SCR
- Introduce a formalised and documented capital monitoring and management process.
- Describe the controls and processes needed to ensure that robust & formalised modelling, monitoring and roll forward tools are in place

- Assist the company in preparing and adequately document a risk based business strategy and a process to ensure that the business strategy is reviewed and updated regularly
- Identify and introduce projections of the business risks which are a key part of any undertaking's financial planning, such as projections of the business plan (capital impact), economic balance sheet and profit and loss account
- Provide the resources and the expertise necessary in order to set up the processes to facilitate a regular assessment of the company's solvency needs and compliance.

B.7 Outsourcing

IDA outsources various activities where the Board believes outsourcing can provide access to superior processes and technical skills than it would achieve on a standalone basis. As a result of these arrangements, IDA has transferred its functional risk exposure but accepts counterparty risk exposure.

The objectives and high-level principles of the outsourcing policy are;

1. that the risks associated without sourcing are appropriately managed and that the Company has adequate measures in place to identify, measure, monitor, manage and report these risks in a timely manner as part of the Company's overall risk management system;
2. that outsourced service providers have the appropriate expertise and experience and resources to undertake the outsourced activities to the standards required by the Company;
3. that there is no reduction in the Board of Directors' ("the Board"), and where applicable a relevant subcommittee's responsibility for, or influence over, key functions of the Company as a result of outsourcing;
4. that there is no material impairment of the quality of the Company's System of Governance as a result of outsourcing a key activity or function;
5. that the Company's approved policies and procedures are adhered to by the outsourced service provider;
- that there is no material impairment of the Company's ability to fulfil its obligations to stakeholders, nor impede effective supervision by regulators as a result of outsourcing a key activity or function;
6. that no material conflicts of interest result from outsourcing a key function or activity;
7. that all outsourcing arrangement are supported by appropriately detailed written agreements

The Board is responsible for the approval, application and review of the Outsourcing Policy. The Board is ultimately responsible for the approval of and termination of all outsourcing arrangements of critical or important functions and activities.

The Board may delegate the ongoing monitoring and supervision of outsourcing arrangements to a subcommittee of the Board.

All functions and activities of the Company are eligible to be outsourced provided that each of the objectives detailed above are achieved in each instance.

A service provider may be either an entity from within the Group (Internal Outsourcing) or an entity that is not part of the same (External Outsourcing), provided that the objectives detailed above are achieved in each instance.

Sub outsourcing is allowable on the condition that the sub outsourced service provider satisfies the Service Level Agreements requirements and is subject to approval from the Board. Any sub-outsourcing activities shall be governed by the conditions established in the outsourcing agreements:

- between the Company and the outsourcing provider
- between the outsourcing provider and the sub-outsourcing provider

All outsourcing relationships must be governed by written contracts in accordance with specific Service Level Agreement requirements.

Critical or important functions or activities include key functions of the Company's System of Governance and all functions and activities within the Company that are fundamental to carry out its core business.

The Board decides whether arrangements with third parties are deemed to fall within the scope of this Outsourcing Policy. The provision of services which do not form part of the Company's core activities need not be included within the scope of the policy.

Upon agreement by the Board to outsource a critical or important function, formal 'requests for proposal' ('RFP') should be sent to at least three potential providers where possible. The RFP shall specify the information required to allow the Board to evaluate the service provider based on the evaluation rationale detailed below.

The appointment of a service provider is subject to the following:

- An evaluation process must be undertaken prior to any decision on appointments.
- The evaluation process must include an assessment of the service provider's control framework, covering performance standards, policies, procedures, compliance, reporting, monitoring processes and BCP.
- The evaluation should also address other issues, such as business strategy, reputation,

experience with the proposed outsourced activities and potential conflict of interest where the service provider is related to the Company or has arrangements with competitors.

- The Board may delegate the execution of the evaluation process to a subcommittee, function or Company representative provided no material conflict of interest arises from such delegation.
- The risks associated with the outsourcing of the activity or function, shall be considered and included in the evaluation process.
- The evaluation process should be appropriately documented with results presented to the Board for consideration.
- All decisions in relation to approval of outsourcing rest with the Board of Directors only.
- The Board shall ensure prior to appointment of a service provider that the service provider has checked the fitness and propriety of the key persons working on the function or performing the activity.
- The Board shall ensure that the outsourced service provider adheres to the Company's policies and that the effectiveness of the Company's system of governance is not lessened or compromised by the outsourcing arrangements.

This adherence to the Companies policies shall contribute to the evaluation process of the service provider as outlined in the following section.

- The Board shall review the performance of service providers acting in an outsource capacity on a periodic basis and at least annually.
- The Company shall ask each Critical Outsourced Function to complete a questionnaire to assess the continued appropriateness of its outsourcing arrangements.
- The Board may delegate the responsibility for the performance evaluation to a subcommittee, function, Company representative or Group subject to conflict of interest considerations. The Board retains ultimate responsibility for all decisions in relation to outsourcing arrangements.
- The performance of the service provider will be based on a comparison of the actual performance of the service provider in comparison with the required performance as per the agreed Service Level Agreement ('SLA').
- The review shall also consider the requirement for the function or activity to be outsourced for the short, medium and long term.
- The review process shall be adequately documented with results communicated to the Board for

consideration.

- All decisions and actions points arising from the Board's considerations of the Company's outsourcing arrangements shall be appropriately actioned and documented.

Outsourcing risk shall be monitored by the Risk Management Function periodically in line with the Company's overall risk management arrangements and procedures, be present in the Company's Risk Appetite and Risk Register as required.

The results of the assessment of the risks associated with outsourcing shall be documented and reported to the Board at least annually.

The following risks and related mitigations available should at least be considered as part of this process:

- **The financial, reputational, and operational impact on the Company of the failure of a service provider to adequately perform the activity;**
- **The financial, reputational, and operational impact on the Company of service provider failure;**
- **The risk associated with increased considerations in Business Continuity Planning (BCP);**

Consideration should be given as to whether all the risks associated with the outsourcing of an activity or functions are included in the Company's Risk Management System.

All outsourcing arrangements deemed within scope of the Company's Outsourcing policy must be undertaken using a written, legally binding Service Level Agreements ("SLA"). The SLA must document all components of the outsourcing arrangement between the parties.

The agreement shall have a termination clause.

The SLA shall specify the content, frequency and format of the service being provided.

The SLA shall specifically cover any subcontracting by the service provider, including any specific rules or limitations to such arrangements. The same terms that apply to the service provider, as outlined in the SLA, should apply to sub-contractors or outsourcing arrangements by the primary service provider.

The SLA shall include clauses enabling the Company to access documentation related to the outsourcing arrangement, and to conduct on-site visits to the service provider. This should include arrangements for the Company to meet directly with the service provider, and for the service provider to cooperate with the Company's requests for information and assistance. The regulatory and supervisory authority and the external auditor of the Company shall also have effective access to all information relating to the outsourced functions and activities, including

carrying out on-site inspections at the business premises of the service provider. The regulatory and supervisory authority may also address questions directly to the service provider, to which the service provider shall reply.

The SLA shall require the service provider to disclose any development which may have a material impact on its ability to carry out the outsourced functions and activities effectively and in compliance with applicable laws and regulatory requirements.

With respect to default arrangements, the SLA shall clearly specify what constitutes a default event, identify how these are to be rectified and specify any indemnity provisions.

The circumstances that would lead to a termination of the outsourcing arrangement should be clearly specified in the SLA. It should set out possible reasons for terminating the arrangement and procedures to be followed in the event of termination, including notice periods, the rights and responsibilities of the respective parties and transition arrangements. The latter would address access to, and ownership of, documents, records, software and hardware. Termination clauses should also specify the time period over which the business activity continues to be undertaken by the service provider and its role in transitional arrangements. The service provider can only terminate the SLA with a period sufficiently long to enable the Company to find alternate solutions or service providers and without detriment to the continuity and quality of its provision of service to the policyholders.

The designated subcommittee/function/representative shall report on the performance of the various outsourced service providers against the agreed SLA as appropriate, and the finding will be documented appropriately.

The Risk Management Function shall report at least annually to the Board on the assessment of the risks associated with the outsourcing of the various functions as part of the overall risk monitoring and reporting arrangements of the Company.

B.8 Any other information

There is no other information to report on.

Section C – Risk Profile

The Company operates a low-risk business model that is supported by a robust risk management framework that ensures risks are well understood and controlled. This is facilitated by daily systematic quantification of all risks and a culture that promotes the importance of risk management. Integral to this is a thorough understanding and articulation of the Company's risk exposures. Determining the prevailing risk landscape within the Company allows Management, the Risk & Compliance Committee and the Board to assess the appetite for each emerging risk and to ensure that all are quantifiable and managed consistently with our appetite to risk.

An overview of the principal risks associated with the business including an outline of how they are each managed is provided below.

C.1 Underwriting Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random, unknown and unpredictable.

As its primary insurance activity the Company assumes risks relating to underwater diving activity. The Company is therefore exposed to the uncertainty surrounding the timing and severity of claims under the insurance contract. The terms and conditions of the insurance contracts it issues set out the basis for the determination of the company's liability should the insured event occur. Through its insurance and investment activity the Company also has exposure to market and financial risk.

The Company also faces risks that the actual claims are significantly different to the amounts included within the technical provisions. This could occur because the frequency or severity of claims is greater or lower than estimated. The insurance risks are further mitigated through strict underwriting criteria, the utilising of actuarial review and the use of reinsurance.

The Company manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging issues.

Since its establishment, the Company has developed its own underwriting criteria and strategy which have evolved in line with the technical underwriting discipline of its international treaty reinsurers. The Company reinsures part of the risks it underwrites in order to control its exposures to losses and protect capital resources. The Company buys a combination of proportionate and non-proportionate reinsurance treaties to reduce the Company's net exposure.

Ceded reinsurance contains credit risk, and such reinsurance recoverable are reported after deductions, if any, for known insolvencies and uncollectible items. The Company monitors the financial condition of reinsurers' on an ongoing basis and reviews its reinsurance arrangements annually. The Company utilises a reinsurance agreement with non-affiliated reinsurers to control its exposure to losses resulting from one occurrence and for the accumulation of net losses arising out of one occurrence.

C.2 Market Risk

C.2.1 Interest Rate Risk

The Company is exposed to cash flow interest rate risk on debts instruments carrying a floating interest rate and to fair value interest rate risk on debt instruments carrying a fixed interest rate. Investments in equity instruments are not exposed to interest rate risk. Approximately 99% (2020: 97%) of the Company's debt instruments and cash and cash equivalents bear fixed interest rates.

Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by restructuring its financing structure and by maintaining an appropriate mix between fixed and floating rate borrowings.

Should market prices at the end of the reporting period increase/decrease by 10%, with all other variables held constant, the impact on the Company's other comprehensive income would be +/- EUR383,066 in 2021 (2020: +/-EUR432,381).

C.2.2 Counterparty Default Risk

The Group utilises reinsurance to manage efficiently insurance risk. The Group is therefore exposed to the failure of these counterparties. The exposure is reduced as the counterparties are diversified and also their credit riskiness is managed by ensuring A+ or above credit rating.

C.3 Credit Risk

The company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are:

1. Cash and cash equivalents
2. Reinsurer's share of technical provisions
3. Insurance and Other Receivables
4. Loans and receivables
5. Available-for-sale investments

The Company cedes insurance risk to limit exposure to underwriting losses under various agreements. These reinsurance agreements spread the risk and minimise the effect of losses. The amount of each risk retained depends on the Company's evaluation of the specific risk subject in certain circumstances, to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However the Company remains liable to its policyholders with respect to ceded insurance. If any reinsurer fails to meet the obligations it assumes. The Company manages its credit risk arising through its reinsurance arrangements by using "A" rated reinsurers or reinsurers that

are part of an "A" rated group. When selecting a reinsurer the Company considers their relative security. The security of the reinsurer is assessed from public rating information and from internal investigations.

The Company is exposed to contract holders and insurance intermediaries for insurance premium due. Insurance receivables are presented net of any allowance for doubtful debts. An allowance for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Credit risk with respect to insurance receivables is limited as insurance receivables are due from related parties.

The Company's investments are managed through an Investment committee which operates within investment parameters set and approved by the Board of Directors. The procedures consider a recommended portfolio structure, asset and counterparty limits as well as currency restrictions.

Loans and receivables are term deposits held with quality financial institutions.

Available-for-sale investments comprise locally and foreign quoted bonds, locally and foreign quoted equities as well as an exchange traded fund. Quoted investments are acquired after assessing the quality of the relevant investments.

C.4 Liquidity Risk

A lack of liquidity within the business may both prevent the Company from being able to pay its obligations as amounts fall due. Such outcomes will clearly limit the ability of IDA to continue as a going concern and write new business.

The Company has to meet daily calls on its cash resources, notably from claims arising on its insurance contracts. There is therefore a risk that cash will not be available to settle liabilities when due. The Company manages this risk by adhering to its investment policy ensuring that an adequate amount of funds are invested in highly liquid investments.

Furthermore, the Company's Liquidity Policy requires sufficiently liquid assets to be held in order to meet outflows in extreme market. The liquidity buffer exists; ongoing monitoring also allows mitigating actions to be taken at an early stage if required.

C.5 Operational Risk

The Company is exposed to operational risk, which is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In particular,

this includes the failure of key outsourcing arrangements, business disruption, fraud and loss of key management.

This definition also includes legal risk and reputational risk, as the Company considers reputational risk critical and therefore has adopted this broad definition of operational risk.

The process through which the Company's operational risk universe is determined and subsequent estimates of frequency and severity are assessed is captured in the Operational Risk Policy document. This process safeguards the ongoing improvement of the control environment and ensures that operational risk is identifiable and mitigated.

The Company is reliant on the use of external parties to provide some services, and thus is therefore exposed to the potential failure of these outsourcing partners. All high value functions are managed in-house in order to mitigate this risk and to ensure direct oversight so that should an outsourced partner fail, the service can be shifted with applicable continuity.

C.6 Other material risks

C6.1 Regulatory Risks

A change in the regulatory, legal or political environment may have consequences on the Company's Business Model, operations and financials. The Company is subject to financial regulation in Malta and is required to comply with capital adequacy requirements.

Although the Solvency 11 regime has now been implemented, it remains subject to future amendments to improve its operation and to better align approaches across Europe. The Company maintains ongoing dialogue with the Regulator in order to ensure ongoing compliance and the ability to react quickly to any unanticipated changes.

Investment of Assets in accordance with the Prudent Person Principle

The Company invests its assets in a manner to ensure the quality of security, performance and its convertibility into cash for its life and non-life portfolio of investments.

The Investment Committee takes investment decisions based on Prudent Person Principle in the interest of policyholders and shareholders. The Committee manages the investments through an investment policy approved by the Board. The strategy allows instruments, within the tolerance levels, that can be identifiable, measured and monitored. The Committee ensures that the assets of the Company are held with a Custodian of good repute.

In particular, the Company invests in a prudent manner, in securities

1. In countries with a stable outlook
2. Which are sufficiently liquid
3. Of high and good quality
4. Not subordinate; and
5. Not in government securities in countries included in the 'blacklist' of the Financial Action Task Force (FATF)

C.7 Any other information

There are no other information to report on.

Section D – Valuation for Solvency Purposes

D.1 Valuation of Assets

The valuation and measurement bases of assets under the International Financial Reporting Standards ("IFRS") as adopted by the EU and Solvency II Directive with the valuation and recognition for material classes is as follows:

D.1.1 Investments

IFRS

The Company's investments are classified into the following categories – loans and receivables and available-for-sale financial assets and investment in subsidiary. The classification depends on the purpose for which the investments were acquired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that are held for trading or are designated upon initial recognition as at fair value through profit or loss or as available-for-sale financial assets or those for which the Company may not recover substantially all of its initial investment other than because of credit deterioration. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method.

Available for sale financial assets are those non-derivative financial assets that are either designated in this category by the Company or not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. After initial recognition, available-for-sale financial assets are measured at their fair value.

Solvency II

All investments must be measured at fair value on the Solvency II balance sheet, regardless of the accounting portfolio under which they are classified. As the assets are reported on a fair value basis for IFRS and Solvency II, the only difference is the inclusion of the accrued interest received in the investments in bonds as required for Solvency II purposes.

D.1.2. Plant and equipment

IFRS

The Company's plant and equipment relates to the computer equipment acquired during the year. Plant and equipment are initially measured at cost. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The Company's plant and equipment relates to the computer equipment acquired during the year.

Solvency II

For Solvency II balance sheet, plant and equipment should be revalued at fair value. Since the amount of the plant and equipment is not material, the carrying value of the computer equipment as at balance sheet date was deemed to approximate its fair value.

D.1.3 Deferred acquisition costs**IFRS**

Acquisition costs comprise all direct and indirect costs arising from entering into general insurance contracts. Acquisition costs are accrued over an equivalent period to that over which the underlying business is written and charged to the accounting periods in which the related premiums are earned. Deferred acquisition costs represent those acquisition costs incurred in respect of unearned premiums existing at the end of each reporting period.

Solvency II

There is no concept of Deferred acquisition costs in Solvency II hence the account has nil value per Solvency II balance sheet.

D.1.4 Deferred tax asset**IFRS**

Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current

tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Assets and liabilities are measured on an economic basis under Solvency II. This creates a difference in valuation as compared with IFRS. As a consequence a further profit/ loss can arise as compared with the accounting basis, with an associated deferred tax liability/ deferred tax asset.

EUR 482,946 deferred tax asset is expected to be utilised with reference to probable future taxable profit. As at 31 December 2021 there are no deferred tax liabilities.

The net deferred tax assets are available as basic own-fund items classified as Tier 3 in accordance with Article 76(a)(iii) of the Delegated Regulations. EUR 482,946 is recognised as eligible own funds after applying the eligibility limits set out in Article 82 of the Delegated Regulations. However, as at 31 December 2021 the MCR is greater than the SCR. The solvency of the Company is therefore driven by the relationship between the MCR and the total eligible own funds to meet the MCR. Tier 3 own funds items, such as deferred tax assets, do not contribute to total eligible own funds to meet the MCR and as such do not currently affect the solvency of the Company. Future taxable profit has been projected based on the Company's ORSA, which based on a 3 year budgeting exercise that projects income statements and balance sheets. Future levels of new business, claims, expenses, reserves and investment income are predicted. The process currently assumes a continuation of the IFRS 4 approach for the calculation of taxable profits.

D.1.6 Cash and cash equivalents

IFRS

Cash and cash equivalents comprise of cash balances and term deposits with an originating maturity of three months or less.

Solvency II

There are no differences between the recognition and valuation for cash and cash equivalent for Solvency II and IFRS balance sheet.

D.1.7 Reinsurance recoverable

IFRS

Reinsurance assets consist of receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities

are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting period. Such assets are deemed as being impaired if objective evidence exists, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

On a Solvency II valuation, these reinsurance recoverable are valued on a best estimate basis.

D.1.8 Receivables

IFRS

Receivables are stated at their nominal value unless the effect of discounting is material, in which case receivables measured at amortised cost using the effective interest method.

Solvency II

There are no differences between the recognition and valuation for receivables for Solvency II and IFRS balance sheet except for the accrued interest receivable which are reported as part of the investments for Solvency II purposes.

D.1.9 Inventories

None held at year end.

D.1.10 Investment in Subsidiary

IFRS

Investment in Subsidiary is stated at the cost value within the IFRS Balance sheet.

Solvency II

Within the Solvency II Balance sheet this is recognised at the adjusted net asset value and classified under participations and related undertakings.

D.1.11 Leases

None held at year end.

Summary of Differences between IFRS and Solvency II Valuation

IDA Insurance Limited Assets (EUR)	Current Accounting Bases	SII Valuation Principles
Goodwill		
Deferred Acquisition Costs	309,473	
Intangible Assets	-	
Deferred Tax Assets	370,000	482,946
Pension benefit surplus		
Property, plant & equipment held for own use	0	0
Investments	5,869,807	6,081,621
Property (Other than Own Use)		
Participations and related undertakings	1,000,000	1,179,217
Equities (Other than Participations)	292,656	292,656
Equities (Other than Participations) - Listed	292,656	292,656
Equities (Other than Participations) - Unlisted		
Bonds	3,830,743	3,863,340
Government and Multilateral Banks		
Corporate	3,830,743	3,863,340
Structured Notes		
Collateralised Securities		
Collective Investments Undertakings	146,410	146,410
Derivatives		
Deposits other than cash equivalents	599,998	599,998
Other Investments		
Mortgages and Loans Made		
Mortgages & loans to individuals		
Other Mortgages & loans		
Loans on Policies		
Reinsurance recoverables	1,328,009	1,194,347
Reinsurance share of TP - non-life excluding health	1,341,066	1,268,697
Reinsurance share of TP - health similar to non-life	13,057	74,350
Deposits to cedants		
Insurance & Intermediaries Receivables	251,755	237,297
Reinsurance Receivables	1,486,237	1,486,237
Receivables (trade, not insurance)	2,726,867	2,726,867
Own Shares		
Amounts due in respect of own fund items or initial fund called up but not yet paid in		
Cash & Cash Equivalents	1,358,523	1,358,523
Any Other Assets, Not Elsewhere Shown	32,422	32,422
Total assets	13,733,093	13,600,259

Differences exist for Reinsurance Recoverable, Deferred Acquisition Costs and Investments as described below:

1. **Reinsurance recoverable** – these represent the amounts expected to be received from reinsurers in respect of outstanding, incurred but not reported and future claims in respect of existing policies. They are calculated as the difference between Gross and Net provisions. On a Solvency II valuation, these are valued on a best estimate basis.
2. **Deferred Acquisition Cost (DAC)** – There is no concept of DAC in solvency II. The premium provision only allows for future expense cashflows. For these policies already in-force, Initial expenses such as up-front commission occurred in the past and so not been allowed in the premium provision.
3. **Investments** – Within IFRS, the accrued interest is not taken into consideration as part of the value of investments. Whereas within Solvency II figures it is being taken into consideration as part of bonds. Investment in subsidiary which is classified as participations and related undertakings in solvency II is measured at cost in IFRS Balance Sheet whereas at adjusted net asset value in the Solvency II Balance Sheet.

D.2 Valuation of Technical Provisions

This section includes discussion of the technical provision valuations using Solvency II criterion including qualitative explanations for the main differences arising from their valuations using Solvency II and IFRS accounting.

Under IFRS accounting technical provisions are considered to be current in nature. The technical provisions are based on case by case estimates supplemented with additional provisions for incurred but not reported reserves ("IBNR") incurred but not enough reported ("IBNER"). In those instances where the ultimate cost determined by the estimation techniques is higher. In addition, allowance is made for unexpired risks. The process used to calculate the 'ultimate cost' is by a continuous review and updating of its estimates arising from reported and unreported losses and establishes resulting provisions and adequate amounts recoverable under reinsurance. Adjustments from this review are reflected in the statement of comprehensive income. The process relies on the basic assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for developing expectations of future events that are deemed to be reasonable in the circumstances.

The presence of claims which have been incurred but not reported is inherently uncertain, as is the outcome of claims notified and outstanding. Accordingly the directors have made estimates of the company's ultimate liabilities based on their knowledge and understanding of the business. The ultimate liability will vary because of subsequent events and may result in significant adjustments to the amounts recognised. A key variable in the estimation methodology applied is the initial loss ratio estimate.

The table below shows the IFRS results compared to Solvency II.

IDA Insurance Limited Liabilities (EUR)	Current Accounting Bases	SII Valuation Principles
Gross Technical Provisions – Non-Life (Excluding Health)	3,970,549	4,249,344
<i>TP calculated as a whole (Best estimate + Risk margin)</i>	3,970,549	
<i>Best Estimate</i>		4,157,422
<i>Risk Margin</i>		91,922
Gross Technical Provisions - Health (Similar to Non-Life)	2,080,431	1,893,016
<i>TP calculated as a whole (Best estimate + Risk margin)</i>	2,080,431	
<i>Best Estimate</i>		1,822,407
<i>Risk margin</i>		70,609

D.2.1 methodology Assumptions used in the Valuation of Technical Provision for Solvency II Purposes

The calculation of Technical Provision under Solvency II includes changes to the calculation of provisions for claims outstanding and premium provisions. It also introduced the calculation of a risk margin that is not considered under IFRS.

D.2.1.1 Premium Provision

The calculation of the best estimate premium provision relates to all future claim payments expected to arise from future events (post the valuation date) that are insured under the insurer's existing policies that have not yet expired and to all expenses associated with these policies.

The premium provision is determined on a prospective basis taking into account the expected cash-in and cash-out flows and time value of money. The expected cash flows for claims were determined by applying an appropriate claims ratio to the Unearned Premium Reserve ("UPR"). An overall expense provision has been calculated separately and apportioned between the premium provision and claims provision.

On the basis of the data analysis, this methodology and its underlying model and assumptions are deemed to be realistic for each line of business. The conditions rendering this method valid are met; namely:

1. It can be expected that the claims ratio, remains stable over the run-off period of the premium provision,
2. A reliable estimate of the claims ratio can be made,
3. The unearned premium provision is an adequate exposure measure for estimating future claims during the unexpired risk period.

For the purpose of this valuation we have assumed that "Expenses", under the Premium Provision, include all expense items, except acquisition costs which are allocated to each line of business by the company.

The difference between the Premium Provision and the current UPR represents an expected source of profits (losses if negative) that are expected to emerge during the remaining duration of unexpired policies. (The cost of commission is not taken into account).

D.2.1.2 Claims Provision

The provision for claims outstanding relates to claim events that have already occurred, regardless of whether the claims arising from those events have been reported or not. Thus, the components of the Claims Provision are the Case by Case Estimates (OSLR), the IBNR, the IBNER and the reserve for associated expenses. Under Solvency II, the reserves are discounted to allow for the time value of money.

D.2.1.2a Incurred But Not Reported Claims (IBNR) and Incurred but not enough Reported (IBNER)

IBNR claims include an estimate for claims that have not yet been reported but have been incurred (i.e. "pure" IBNR claims) while IBNER is an estimate for future movements on claims that have already been reported. A combination of the Chain ladder and Bornheutter-Ferguson method, have been used to project the gross incurred claims to ultimate. The ultimate position is the incurred position plus the Incurred But Not Reported claims plus the Incurred But Not Enough Reported claims.

The chain ladder method involves deriving loss development factors from the claims history at different points in time. From these incremental movement in total loss costs, an average development pattern is calculated. This pattern is used to develop the latest claims position for each underwriting year to its ultimate position – i.e. the cost at which the claims are likely to settle.

The Bornhuetter-Ferguson method combines the chain ladder projection method with an exposure-based method. The exposure based method looks at the trends in cost per unit of exposure over the historical years to establish a suitable rate (a priori) to be applied to the relevant year.

In addition to the above methods an Average Cost per Claim method (ACPC) has been used for classes and segmentations which had limited claims data (i.e. for Legal Expenses and for the claims above €150k for General Liability). THE ACPC method is one that is usually adopted for more immature years or where there is limited data when the chain ladder technique is less reliable.

Policies are written on an annual and short term basis throughout the year. Therefore, in any one underwriting year, there will be an earned and unearned portion of the policy period which will spill over into the following year. Earned ultimate claims is calculated by multiplying the earned premium to the earned loss ratios. The Earned IBNR is then calculated by subtracting the total claims incurred to date from the earned ultimate claims.

D.2.1.2b Large Losses

Large losses usually exhibit a development pattern different to that of attritional claims. The threshold for large claims in the valuation of 31 December 2021 was €150k for the General Liability Solvency II line of business which was determined following a claims and inflation analysis as part of the review of reserves.

Projections for Medical Expenses were not split into attritional and large losses, given that there is only one claim to date which is above the €150k large loss threshold.

The Legal Expenses class has not seen any claims to date above the €150k large loss threshold and therefore the projection of ultimate claims for this class was not split by attritional and large losses.

D.2.1.3 Risk Margin

The Risk Margin is designed to ensure that the value of technical provisions is equivalent to the amount that insurance and reinsurance undertakings would be expected to require in order to take over and meet the Company's insurance obligations. The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the Company's reinsurance obligations over the lifetime thereof. This rate, called the Cost-of-Capital, is prescribed by EIOPA and currently stands at 6%.

Article 58 of the Commission Delegated Regulations allows insurance and reinsurance undertakings to use simplified methods when they calculate the risk margin. Guideline 61 of the the EIOPA guidelines on the valuation of technical provisions lists a hierarchy of methods for the calculation of the risk margin. IDA adopted method 1. This method approximates the individual

risks or sub-risks within some or all modules and sub-modules to be used for the calculation of future Solvency Capital Requirement. The total risk margin is allocated to the three Solvency II lines of business on the basis of each line of business reference SCR in proportion to the total reference SCR. The reference SCR represents the SCR that would be borne by a third party should they accept IDA's insurance obligations. The reference SCR used to calculate the risk margin is comprised of:

- 1) Non-life risk capital requirement
- 2) Health underwriting risk capital requirement;
- 3) Counterparty default risk capital requirement in respect of reinsurer default risk.

The market risk and counterparty default risk in respect of non-reinsurance counterparties capital requirements have been excluded from the reference SCR, as these are risks that would not be borne by a third party, should IDA's insurance obligations be transferred.

D.2.1.4 Gross-to-Net Adjustment

Reinsurance recoverable represents the amount of the company's losses from claims that can be recovered from reinsurance companies. They are calculated as the difference between Gross and Net provisions.

The Company had proportional reinsurance arrangements for the Medical Expense line of business until the 30th September 2020. The Net provisions for Medical Expenses was determined by apply the incurred net to gross ratio to the gross IBNR.

The General Liability line of business has non-proportional reinsurance arrangements. The Net IBNR for this class was calculated by carrying out an ACPC approach to the Net large loss claims data to calculate the large loss IBNR for the 2021 underwriting year. The attritional claims are not expected to have a reinsurance recovery as it does not breach the reinsurance limit. An additional IBNER loading was included for this class given its long-tailed nature, future movements on claims that have been reported is expected.

There is no reinsurance in place for the Legal Expenses line of business.

D.2.1.5 Discounting

The reserve payment pattern for each line of business has been derived using the historical payment pattern as derived by the paid claims triangles. The euro risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA, has been used for discounting. As expected, the impact of discounting was not material due to the relatively short-term nature of the business and the low interest rates.

D.2.2 Level of Uncertainty Associated with the Value of Technical Provisions

Management is required to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are continually evaluated and reviewed and are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. As a result, actual results may differ from estimates.

Any revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Solvency II technical provisions are calculated on a best estimate. The key assumption concerning the future, and other key sources of estimation uncertainty, at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of insurance liabilities within the next financial year, is discussed below:

The ultimate claims, when fully settled, may turn out to be different from the best estimates. This uncertainty results from a number of sources and is normal for any actuarial investigation. Some of the sources contributing to uncertainty include:

- The inherent uncertainty in the process of statistical estimation
- The extent to which past development patterns and emerging experience different to that of past experience
- Uncertainty in the level of future claims inflation
- Uncertainty with regard to claim propensity, severity and frequency
- Premium provision loss ratios higher than expected
- The impact of climate change on the diving industry such as global warming and the increased frequency of natural catastrophes
- The emerging trends from the COVID-19 pandemic

The uncertainty of reserve estimates was quantified using two approaches:

- For the Legal Expenses class where there is limited data, the variability of reserves were calculated by applying the standard deviation for the non-life premium and reserve risk sub-modules of the Standard Formula as outlined in the Solvency II Delegated Regulations. This technique determines the variability between the expected results and those at different confidence levels.
- For Medical Expenses and General Liability classes, where there was sufficient data, the Bootstrapping approach is used. This is a simulation technique to analyse the

uncertainty of the results. It determines the variability between the expected results and those at different confidence levels. This approach calculates the uncertainty using the company's own data and is therefore specific to the company.

D.2.3 Additional Disclosures

Solvency II requires Insurers to consider all possible future cash-flows in their assessment of Best Estimate Liabilities. Some events may not appear either within the data of the insurer at all or at a frequency or severity that represents the underlying risks. These events are described as events not in data (ENIDs).

The Solvency II technical provisions should allow for all possible outcomes, not just those that have occurred historically. An allowance should therefore be made for events that have not historically occurred but could occur in the future. This allowance called Events Not in Data ("ENID"). An explicit ENID allowance has been included for the three lines of business as outline in the table below:

LoB	ENID
Medical Expenses	1.2%
General Liability	2.5%
Legal Expenses	2.0%

The Company does not use the matching adjustment, the volatility adjustment, extrapolation of the risk-free rate, the transitional risk-free interest rate-term structure or the transitional deduction in calculating its technical provisions. Neither does it use economic scenario generator.

The euro risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA, has been used for discounting

D.2.4 Summary of Differences between Solvency II Valuation and IFRS Valuation

The main valuation principles of Solvency II leading to differences from reserves shown in the IFRS financial statements are:

- Removal of any implicit or explicit margin for prudence
- Allowance for time value of money through the discounting of future cash flows
- In the calculation of the Premium Provision under Solvency II, an insurer may take credit for profits embedded in unexpired policies. Under IFRS valuation basis this is disallowed, and any profits embedded in the UPR may not be recognised until the expiry of these contracts. An Additional Unexpired Risk Reserve (AURR) is mandatory only where it is positive but not when

it is negative.

- The UPR/URR only allows for policies in force at the valuation date. The Premium Provision needs to include all policies that the insurer is obligated to, at the valuation date, including policies that have not yet inception.
- There is no concept of risk margin under the current IFRS valuation
- Increase in overhead expense reserves under Solvency II to fully allow for duration of the liability reserves. No such reserves exist under IFRS.

In addition to differences stemming from requirements to value in line with gross liabilities, there are also differences in requirements specific to the valuation of reinsurance. These include the requirement to allow for expected non-payment due to default or dispute.

D.3 Valuation of Other Liabilities

The valuation of other liabilities of the Company other than technical provision for Solvency II and IFRS balance sheets are described as follows:

D.3.1 Bank overdrafts

IFRS

Bank overdrafts are repayable on demand and form an integral part of the Company's cash management.

Solvency II

There are no differences between the recognition and valuation for bank overdrafts for Solvency II and IFRS balance sheet.

D.3.2 Payables

IFRS

Trade payables are classified with current liabilities and are stated at their nominal value. Current liabilities approximated their fair values due to the short term maturities of liabilities. Payables comprise (a) Insurance and intermediaries payable, and (b) Payables (trade, not insurance).

Solvency II

The only difference between the Insurance & Intermediaries payables SII figures and IFRS figures is due to the netting off of intercompany balances. There are no differences between the recognition and valuation for payables for Solvency II and IFRS balance sheet.

D.4 Alternative Methods of Valuation

The Company does not make use of an internal model, of undertaking specific parameters to calculate the SCR. No matching adjustment is applied to the relevant risk free interest term

structure.

D.5 Any Other Material Information

There is no other material information that has not already been disclosed in the sections above.

Other Technical Provisions		
Contingent Liabilities		
Provisions Other Than Technical Provisions		
Pension Benefit Obligations		
Deposits from Reinsurers		
Deferred Tax Liabilities		-
Derivatives		
Debts owed to credit institutions	407,451	407,451
Financial liabilities other than debts owed to credit institutions		
Insurance & intermediaries payables	1,177,466	1,163,008
Reinsurance payables		-
Payables (trade, not insurance)	383,995	383,995
Subordinated liabilities		
Subordinated liabilities not in BOF		
Subordinated liabilities in BOF		
Any other liabilities, not elsewhere shown		
Total liabilities	8,019,892	8,096,496

Section E - Capital Management

E.1 Own Funds

IDA has three components of own funds, two of which are tier 1 basic own funds; ordinary share capital, capital contribution and retained earnings. One of which is tier 3 own funds; Deferred tax asset.

IDA's ordinary shares have full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

E.1.1 Analysis of Significant Changes of each Tier over the Reporting Period

Basic Own Funds movement

Own Funds	Share Capital (€'000)	Capital Contribution (€'000)	Surplus Fund/Res Res (€'000)	Other own fund items approved by the (€'000)	Deferred Tax asset (€'000)	Total
Basic own funds at 31 December 2020 (restated)	4,000	€'000	€'000	€'000	€'000	€'000
Movement in capital contribution	5,850	-	1,158	-	€'000	5,350
Movement in surplus fund	-	550	-	-	-	550
Movement in Deferred tax asset	-	-	246	-	-	246
Movement in other fund	-	-	-	25	-	25
Basic own funds at 31 December 2021	9,850	550	1,404	25	482	5,503

The movement of the reconciliation reserve during the year is as follows:

Reconciliation reserve	€'000
Balance as at 31 December 2020 (restated)	1,158
Movement during the year	246
Balance as at 31 December 2021	1,404

E.1.2 Material Differences between Equity as shown in the IFRS financial statements and the Excess of Assets over Liabilities under Solvency Purposes

The following table shows the comparisons and movement in IFRS and Solvency II valuation of assets, liabilities and own funds.

Reconciliation between IFRS and Solvency II	€'000
Excess assets over liabilities as per Solvency	5,503
- Difference in valuation of assets	133
- Difference in valuation of technical provisions & liabilities	77
Equity as per IFRS	5,713

The movement in the valuation of assets and liabilities, as explained in Section D, arises from the difference between the IFRS and Solvency II principles as explained below:

1. DAC is only included under IFRS
2. Net Technical provision including risk margin making allowance of the time value of money
3. Deferred Tax asset is adjusted depending on differences between net assets under IFRS and Sol.

E.1.3 Eligible Amount of Own Funds to Cover the SCR and MCR

The MCR and SCR were calculated using the standard formula, and the eligible own funds are shown in the table below:

Eligible Own Funds (€'000)	Total	Tier 1		Tier 2	Tier 3
		Unrestricted	Restricted		
Total eligible own funds to meet SCR	5,355	5,000	-	-	355
Total eligible own funds to meet the MCR	5,020	5,020	-	-	-
SCR	2,231	-	-	-	-
MCR	3,790	-	-	-	-
Ratio of eligible funds to the SCR	240%	-	-	-	-
Ratio of eligible funds to the MCR	133%	-	-	-	-

E.2 Capital Objectives and Policies

The Company's objectives when managing capital are:

1. To comply with the obligations to maintain positive solvency position based on the regulatory requirements of the insurance market where the Company operates;
2. To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
3. To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The Company's Directors manage the Company's capital structure and make adjustments to it, in the light of changes in economic conditions. The capital requirement of the Company is maintained in accordance with regulatory solvency and capital requirements of the insurance market in which it operates.

The Company is financed by shareholders' total equity. The capital structure is reviewed on an ongoing basis. Based on recommendations of the Directors, the Company balances its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt.

As of 1 January 2016, the Solvency II Directive (2009/138/EC) came into force, introducing new risk-based, regulatory requirements that ascertain the level of the required regulatory capital to be held on the basis of the risks that the Company is or can be exposed to. Solvency II also sets out the approach to be undertaken in order to establish the amount of Solvency II own funds, namely by converting the statement of Financial Position from an IFRS perspective to one where assets and liabilities are measured in line with their underlying economic value.

The Company's internal capital target is to hold the higher of 1.4 times the pillar 1 requirement or the requirement identified during the ORSA process plus a board approved buffer. On an annual basis, and having regard to the results of stress tests applied to projections over the three year planning period, the Board will consider whether a dividend should be paid to remit any surplus capital above

this target to the Foundation.

The Company's Directors manage the Company's capital structure and make adjustments to it, in the light of changes in economic conditions. The capital requirement of the Company is maintained in accordance with regulatory solvency and capital requirements of the insurance market in which it operates. Regular monitoring of the Solvency Capital Requirement ('SCR') and the Minimum Capital Requirement ('MCR') is considered crucial. To this effect, a Capital Management Policy, outlining the main drivers of the SCR, was put in place to address the procedures and controls in this regard. In the case of any identified breaches with the SCR and MCR, the Directors have put in place a capital plan aimed at ensuring that the Company will restore its level of own funds to one which covers both the SCR and MCR.

E.3 SCR and MCR

E.3.1 Solvency Capital Requirements Split by Risk Modules

The table below sets out the risk modules making up the solvency capital requirement of the Company.

	00070
Linear MCR	582,493
SCR	2,230,740
MCR cap	1,003,633
MCR floor	582,414
Combined MCR	582,493
Absolute floor of the MCR	3,700,000
Minimum Capital Requirement	3,700,000

	00070
Provision for claims payable	
Operational risk	12,182
Provision for claims payable	
Provision for claims payable	
Capital requirement for business operated in accordance with Act of October 2004 (1)	
Emergency Capital Requirement including capital add-on	2230,740
Operational risk	
Solvency capital requirement	2,230,740

E.3.2 Input used for MCR calculation and material changes to MCR and SCR

The MCR was calculated based in the standard formula.

In addition to the above, the table below shows a comparison between SCR as at 31st December 2021 and 31st December 2020 (restated):

Solvency Capital requirement	2021 €'000	2020 €'000 (restated)
Market risk	1,050	1,144
Counterparty risk	758	516
Life underwriting risk	-	-
Health underwriting risk	487	417
Non life underwriting risk	714	658
Diversification effects	906	853
Basic SCR	2,052	1,882
Operational risk	179	171
Adjustments	-	-
SCR	2,231	2,053
MCR	3,700	3,700
Basic Own Funds (Assets-Liabilities)	5,503	5,880
Own Funds in excess of Solvency Capital requirement	3,272	3,327
Solvency Ratio	240%	243%

The MCR did not change over the period and remained at the level of the absolute MCR (AMCR) of EUR 3,700,000.

The most material movements are listed below:

-The increase in the Counterparty Default Risk (i.e. from €516k in 2020 to €758k in 2021) is mainly attributed to the increase of the Insurance & intermediaries' receivables that have been outstanding for more than 3 months.

-The increase in the Health underwriting risk and Non-Life underwriting risk in 2021 is mainly attributed to the increase in the respective premium and reserve risk sub-modules, which in turn are due to higher premium and reserve volume measures for the majority of

lines of business when compared to prior year.

E.4 Use of the duration-based equity risk sub-module in the calculation of the SCR

Duration-based equity risk sub module is not used in the Company's SCR calculation.

E.5 Differences between the standard formula and any internal model used

As at 31st December 2021, the Company used solely the standard formula for its SCR calculation.

E.6 Non-Compliance with MCR and SCR during the period

The Company was compliant at all times with the MCR and SCR requirements during the reporting period.

E.7 Any Other Material Information

The Company currently makes no allowance for LACDI within the calculation of the SCR.

IDA Insurance Limited

Solvency and Financial Condition Report

31 December

2021

(Monetary amounts in EUR thousands)

General information

Undertaking name	IDA Insurance Limited
Undertaking identification code	71480104CYS1530M7N69
Type of code of undertaking	IFI
Type of undertaking	Non-life undertakings
Country of authorisation	MT
Language of reporting	en
Reporting reference date	31 December 2021
Currency used for reporting	EUR
Accounting standards	IFRS
Method of calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

- S.02.01.02 - Balance Sheet
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.01 - Premiums, claims and expenses by country
- S.17.01.02 - Non-Life Technical Provisions
- S.19.01.01 - Non-Life Insurance claims
- S.23.01.01 - Own funds
- S.25.01.01 - solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

01.01.11.01 Balance sheet

Assets	Code	Value	Balance sheet value	
			USD	EUR
Intangible assets	10000	0	0	
Property, plant and equipment	10010	0	0	
Financial assets	10020	0	0	
Loans and receivables	10030	0	0	
Investments	10040	487,540	370,000	
Other financial assets	10050	0	0	
Insurance contracts	10060	0	0	
Other assets	10070	0	0	
Liabilities	20000	0	0	
Provisions	20010	0	0	
Reserves	20020	0	0	
Other liabilities	20030	0	0	
Capital	20040	0	0	
Equity	20050	0	0	
Reserves	20060	0	0	
Other equity	20070	0	0	
Technical provisions	20080	0	0	
Other liabilities	20090	0	0	
Total	30000	487,540	370,000	

MC

IDA Insurance Ltd 2021									
General Information					Financial Information				
Policy No.	Policyholder Name	Policy Type	Effective Date	Expiration Date	Sum Insured	Annual Premium	Unearned Premium	Reserve	Other
1001	ABC Insurance Co	General	2021-01-01	2021-12-31	1000000	120000	80000	150000	10000
1002	DEF Insurance Co	General	2021-01-01	2021-12-31	2000000	240000	160000	300000	20000
1003	GHI Insurance Co	General	2021-01-01	2021-12-31	500000	60000	40000	70000	5000
1004	JKL Insurance Co	General	2021-01-01	2021-12-31	3000000	360000	240000	450000	30000
1005	MNO Insurance Co	General	2021-01-01	2021-12-31	1500000	180000	120000	200000	15000
1006	PQR Insurance Co	General	2021-01-01	2021-12-31	750000	90000	60000	100000	7500
1007	STU Insurance Co	General	2021-01-01	2021-12-31	1200000	144000	96000	150000	10000
1008	VWX Insurance Co	General	2021-01-01	2021-12-31	400000	48000	32000	50000	3500
1009	YZA Insurance Co	General	2021-01-01	2021-12-31	2500000	300000	200000	350000	25000
1010	BCD Insurance Co	General	2021-01-01	2021-12-31	1800000	216000	144000	220000	18000
1011	EFG Insurance Co	General	2021-01-01	2021-12-31	900000	108000	72000	110000	8000
1012	HIJ Insurance Co	General	2021-01-01	2021-12-31	600000	72000	48000	70000	5000
1013	KLM Insurance Co	General	2021-01-01	2021-12-31	3500000	420000	280000	500000	35000
1014	NOP Insurance Co	General	2021-01-01	2021-12-31	1100000	132000	88000	130000	9000
1015	QRS Insurance Co	General	2021-01-01	2021-12-31	800000	96000	64000	90000	6500
1016	TUV Insurance Co	General	2021-01-01	2021-12-31	2000000	240000	160000	250000	20000
1017	WXY Insurance Co	General	2021-01-01	2021-12-31	1300000	156000	104000	160000	12000
1018	ZAB Insurance Co	General	2021-01-01	2021-12-31	550000	66000	44000	60000	4500
1019	BCD Insurance Co	General	2021-01-01	2021-12-31	2200000	264000	176000	280000	22000
1020	EFG Insurance Co	General	2021-01-01	2021-12-31	700000	84000	56000	75000	5500
1021	HIJ Insurance Co	General	2021-01-01	2021-12-31	1600000	192000	128000	180000	14000
1022	KLM Insurance Co	General	2021-01-01	2021-12-31	450000	54000	36000	45000	3500
1023	NOP Insurance Co	General	2021-01-01	2021-12-31	3000000	360000	240000	400000	30000
1024	QRS Insurance Co	General	2021-01-01	2021-12-31	1000000	120000	80000	110000	8000
1025	TUV Insurance Co	General	2021-01-01	2021-12-31	1700000	204000	136000	190000	14000
1026	WXY Insurance Co	General	2021-01-01	2021-12-31	650000	78000	52000	65000	5000
1027	ZAB Insurance Co	General	2021-01-01	2021-12-31	2800000	336000	224000	350000	28000
1028	BCD Insurance Co	General	2021-01-01	2021-12-31	950000	114000	76000	100000	7500
1029	EFG Insurance Co	General	2021-01-01	2021-12-31	1400000	168000	112000	150000	11000
1030	HIJ Insurance Co	General	2021-01-01	2021-12-31	500000	60000	40000	50000	4000
1031	KLM Insurance Co	General	2021-01-01	2021-12-31	2100000	252000	168000	230000	18000
1032	NOP Insurance Co	General	2021-01-01	2021-12-31	850000	102000	68000	85000	6500
1033	QRS Insurance Co	General	2021-01-01	2021-12-31	1900000	228000	152000	200000	15000
1034	TUV Insurance Co	General	2021-01-01	2021-12-31	700000	84000	56000	70000	5500
1035	WXY Insurance Co	General	2021-01-01	2021-12-31	2300000	276000	184000	280000	23000
1036	ZAB Insurance Co	General	2021-01-01	2021-12-31	1100000	132000	88000	115000	8500
1037	BCD Insurance Co	General	2021-01-01	2021-12-31	600000	72000	48000	60000	4500
1038	EFG Insurance Co	General	2021-01-01	2021-12-31	1800000	216000	144000	190000	14000
1039	HIJ Insurance Co	General	2021-01-01	2021-12-31	900000	108000	72000	90000	7000
1040	KLM Insurance Co	General	2021-01-01	2021-12-31	2600000	312000	208000	300000	26000
1041	NOP Insurance Co	General	2021-01-01	2021-12-31	1200000	144000	96000	125000	9500
1042	QRS Insurance Co	General	2021-01-01	2021-12-31	400000	48000	32000	40000	3000
1043	TUV Insurance Co	General	2021-01-01	2021-12-31	2000000	240000	160000	220000	18000
1044	WXY Insurance Co	General	2021-01-01	2021-12-31	750000	90000	60000	75000	6000
1045	ZAB Insurance Co	General	2021-01-01	2021-12-31	1500000	180000	120000	160000	12000
1046	BCD Insurance Co	General	2021-01-01	2021-12-31	300000	36000	24000	30000	2500
1047	EFG Insurance Co	General	2021-01-01	2021-12-31	1700000	204000	136000	175000	13500
1048	HIJ Insurance Co	General	2021-01-01	2021-12-31	1000000	120000	80000	100000	7500
1049	KLM Insurance Co	General	2021-01-01	2021-12-31	2900000	348000	228000	320000	29000
1050	NOP Insurance Co	General	2021-01-01	2021-12-31	1300000	156000	104000	135000	10000
1051	QRS Insurance Co	General	2021-01-01	2021-12-31	500000	60000	40000	50000	4000
1052	TUV Insurance Co	General	2021-01-01	2021-12-31	2100000	252000	168000	230000	18000
1053	WXY Insurance Co	General	2021-01-01	2021-12-31	800000	96000	64000	80000	6000
1054	ZAB Insurance Co	General	2021-01-01	2021-12-31	1600000	192000	128000	165000	12500
1055	BCD Insurance Co	General	2021-01-01	2021-12-31	450000	54000	36000	45000	3500
1056	EFG Insurance Co	General	2021-01-01	2021-12-31	2200000	264000	176000	230000	18000
1057	HIJ Insurance Co	General	2021-01-01	2021-12-31	1100000	132000	88000	110000	8500
1058	KLM Insurance Co	General	2021-01-01	2021-12-31	600000	72000	48000	60000	4500
1059	NOP Insurance Co	General	2021-01-01	2021-12-31	1900000	228000	152000	200000	15000
1060	QRS Insurance Co	General	2021-01-01	2021-12-31	700000	84000	56000	70000	5500
1061	TUV Insurance Co	General	2021-01-01	2021-12-31	2300000	276000	184000	240000	19000
1062	WXY Insurance Co	General	2021-01-01	2021-12-31	950000	114000	76000	95000	7500
1063	ZAB Insurance Co	General	2021-01-01	2021-12-31	1400000	168000	112000	145000	11000
1064	BCD Insurance Co	General	2021-01-01	2021-12-31	350000	42000	28000	35000	2500
1065	EFG Insurance Co	General	2021-01-01	2021-12-31	1800000	216000	144000	185000	14000
1066	HIJ Insurance Co	General	2021-01-01	2021-12-31	1000000	120000	80000	100000	7500
1067	KLM Insurance Co	General	2021-01-01	2021-12-31	2700000	324000	216000	280000	27000
1068	NOP Insurance Co	General	2021-01-01	2021-12-31	1200000	144000	96000	125000	9500
1069	QRS Insurance Co	General	2021-01-01	2021-12-31	500000	60000	40000	50000	4000
1070	TUV Insurance Co	General	2021-01-01	2021-12-31	2000000	240000	160000	220000	18000
1071	WXY Insurance Co	General	2021-01-01	2021-12-31	750000	90000	60000	75000	6000
1072	ZAB Insurance Co	General	2021-01-01	2021-12-31	1500000	180000	120000	160000	12000
1073	BCD Insurance Co	General	2021-01-01	2021-12-31	400000	48000	32000	40000	3000
1074	EFG Insurance Co	General	2021-01-01	2021-12-31	1900000	228000	152000	195000	14500
1075	HIJ Insurance Co	General	2021-01-01	2021-12-31	1100000	132000	88000	110000	8500
1076	KLM Insurance Co	General	2021-01-01	2021-12-31	600000	72000	48000	60000	4500
1077	NOP Insurance Co	General	2021-01-01	2021-12-31	1700000	204000	136000	175000	13500
1078	QRS Insurance Co	General	2021-01-01	2021-12-31	800000	96000	64000	80000	6000
1079	TUV Insurance Co	General	2021-01-01	2021-12-31	2100000	252000	168000	230000	18000
1080	WXY Insurance Co	General	2021-01-01	2021-12-31	950000	114000	76000	95000	7500
1081	ZAB Insurance Co	General	2021-01-01	2021-12-31	1400000	168000	112000	145000	11000
1082	BCD Insurance Co	General	2021-01-01	2021-12-31	350000	42000	28000	35000	2500
1083	EFG Insurance Co	General	2021-01-01	2021-12-31	1800000	216000	144000	185000	14000
1084	HIJ Insurance Co	General	2021-01-01	2021-12-31	1000000	120000	80000	100000	7500
1085	KLM Insurance Co	General	2021-01-01	2021-12-31	2700000	324000	216000	280000	27000
1086	NOP Insurance Co	General	2021-01-01	2021-12-31	1200000	144000	96000	125000	9500
1087	QRS Insurance Co	General	2021-01-01	2021-12-31	500000	60000	40000	50000	4000
1088	TUV Insurance Co	General	2021-01-01	2021-12-31	2000000	240000	160000	220000	18000
1089	WXY Insurance Co	General	2021-01-01	2021-12-31	750000	90000	60000	75000	6000
1090	ZAB Insurance Co	General	2021-01-01	2021-12-31	1500000	180000	120000	160000	12000
1091	BCD Insurance Co	General	2021-01-01	2021-12-31	400000	48000	32000	40000	3000
1092	EFG Insurance Co	General	2021-01-01	2021-12-31	1900000	228000	152000	195000	14500
1093	HIJ Insurance Co	General	2021-01-01	2021-12-31	1100000	132000	88000	110000	8500
1094	KLM Insurance Co	General	2021-01-01	2021-12-31	600000	72000	48000	60000	4500
1095	NOP Insurance Co	General	2021-01-01	2021-12-31	1700000	204000	136000	175000	13500
1096	QRS Insurance Co	General	2021-01-01	2021-12-31	800000	96000	64000	80000	6000
1097	TUV Insurance Co	General	2021-01-01	2021-12-31	2100000	252000	168000	230000	18000
1098	WXY Insurance Co	General	2021-01-01	2021-12-31	950000	114000	76000	95000	7500
1099	ZAB Insurance Co	General	2021-01-01	2021-12-31	1400000	168000	112000	145000	11000
1100	BCD Insurance Co	General	2021-01-01	2021-12-31	350000	42000	28000	35000	2500

S.05.02.01.01 Home Country - non-life obligations

Z Axis:

		Home country	
		Home country	
		C0080	
Premiums written	Gross - Direct Business	R0110	39,301
	Gross - Proportional reinsurance accepted	R0120	
	Gross - Non-proportional reinsurance accepted	R0130	
	Reinsurers' share	R0140	8,269
	Net	R0200	31,032
Premiums earned	Gross - Direct Business	R0210	27,723
	Gross - Proportional reinsurance accepted	R0220	
	Gross - Non-proportional reinsurance accepted	R0230	
	Reinsurers' share	R0240	3,653
	Net	R0300	24,070
Claims incurred	Gross - Direct Business	R0310	87,236
	Gross - Proportional reinsurance accepted	R0320	
	Gross - Non-proportional reinsurance accepted	R0330	
	Reinsurers' share	R0340	75
	Net	R0400	87,161
Changes in other technical provisions	Gross - Direct Business	R0410	2,815
	Gross - Proportional reinsurance accepted	R0420	
	Gross - Non-proportional reinsurance accepted	R0430	
	Reinsurers' share	R0440	(3,044)
	Net	R0500	(5,229)
Expenses incurred		R0550	6,941
Other expenses		R1200	
Total expenses		R1300	

5.05.02.01.02 Top 5 countries (by amount of gross premium written) - non-IDA-obligation
 2.4a)

		Top five home states					
		Country (by amount of gross premium written) - non-IDA					
		BELGIUM	FRANCE	ITALY	SPAIN	UNITED KINGDOM	
		00000_10	00000_10	00000_10	00000_10	00000_10	
Gross written	Gross - Direct business	80110	895 247	543 821	837 483	817 240	530 684
	Gross - Proportional reinsurance accepted	80120					
	Gross - Non-proportional reinsurance accepted	80130					
	Net	80140	895 247	543 821	837 483	817 240	530 684
Gross earned	Gross - Direct business	80210	871 216	77 384	176 215	24 536	34 343
	Gross - Proportional reinsurance accepted	80220					
	Gross - Non-proportional reinsurance accepted	80230					
	Net	80240	871 216	77 384	176 215	24 536	34 343
Gross premium	Gross - Direct business	80310	129 000	28 087	113 617	10 637	15 717
	Gross - Proportional reinsurance accepted	80320					
	Gross - Non-proportional reinsurance accepted	80330					
	Net	80340	129 000	28 087	113 617	10 637	15 717
Change in provisions	Gross - Direct business	80410	27 925	24 028	89 501	36 726	33 610
	Gross - Proportional reinsurance accepted	80420					
	Gross - Non-proportional reinsurance accepted	80430					
	Net	80440	27 925	24 028	89 501	36 726	33 610
Gross total	Gross - Direct business	80510	1 024 463	621 205	1 014 698	837 776	565 027
	Gross - Proportional reinsurance accepted	80520					
	Gross - Non-proportional reinsurance accepted	80530					
	Net	80540	1 024 463	621 205	1 014 698	837 776	565 027

2.10.01.01.02 Gross Claims Paid (non-cumulative) - Current year, sum of years (cumulative)

7.Avg. Annual expense in advance (fixed), class not reported (proportional) reinsurance, Accident year, EUR, Not applicable / Expressed in (converted to) reporting currency

	In Current year (EUR)	Sum of years (cumulative) (EUR)
1.00	15,400	
1.14	17,474	
1.15	16,000	
1.19	18,130	111,270
1.41	16,011	220,000
1.18	18,150	1,307,810
1.2	16,150	2,029,170
1.8	18,170	2,417,150
1.1	16,060	2,421,330
1.5	18,180	2,715,490
1.6	16,040	2,588,830
1.3	18,190	2,655,670
1.69	16,040	2,383,170
1.65	16,010	2,421,300
1.11	18,190	2,601,170
1.1	16,040	2,601,170
1.12	18,190	2,601,170
1.13	16,040	2,601,170
1.14	18,190	2,601,170
1.15	16,040	2,601,170
1.16	18,190	2,601,170
1.17	16,040	2,601,170
1.18	18,190	2,601,170
1.19	16,040	2,601,170
1.20	18,190	2,601,170
1.21	16,040	2,601,170
1.22	18,190	2,601,170
1.23	16,040	2,601,170
1.24	18,190	2,601,170
1.25	16,040	2,601,170
1.26	18,190	2,601,170
1.27	16,040	2,601,170
1.28	18,190	2,601,170
1.29	16,040	2,601,170
1.30	18,190	2,601,170
1.31	16,040	2,601,170
1.32	18,190	2,601,170
1.33	16,040	2,601,170
1.34	18,190	2,601,170
1.35	16,040	2,601,170
1.36	18,190	2,601,170
1.37	16,040	2,601,170
1.38	18,190	2,601,170
1.39	16,040	2,601,170
1.40	18,190	2,601,170
1.41	16,040	2,601,170
1.42	18,190	2,601,170
1.43	16,040	2,601,170
1.44	18,190	2,601,170
1.45	16,040	2,601,170
1.46	18,190	2,601,170
1.47	16,040	2,601,170
1.48	18,190	2,601,170
1.49	16,040	2,601,170
1.50	18,190	2,601,170
1.51	16,040	2,601,170
1.52	18,190	2,601,170
1.53	16,040	2,601,170
1.54	18,190	2,601,170
1.55	16,040	2,601,170
1.56	18,190	2,601,170
1.57	16,040	2,601,170
1.58	18,190	2,601,170
1.59	16,040	2,601,170
1.60	18,190	2,601,170
1.61	16,040	2,601,170
1.62	18,190	2,601,170
1.63	16,040	2,601,170
1.64	18,190	2,601,170
1.65	16,040	2,601,170
1.66	18,190	2,601,170
1.67	16,040	2,601,170
1.68	18,190	2,601,170
1.69	16,040	2,601,170
1.70	18,190	2,601,170
1.71	16,040	2,601,170
1.72	18,190	2,601,170
1.73	16,040	2,601,170
1.74	18,190	2,601,170
1.75	16,040	2,601,170
1.76	18,190	2,601,170
1.77	16,040	2,601,170
1.78	18,190	2,601,170
1.79	16,040	2,601,170
1.80	18,190	2,601,170
1.81	16,040	2,601,170
1.82	18,190	2,601,170
1.83	16,040	2,601,170
1.84	18,190	2,601,170
1.85	16,040	2,601,170
1.86	18,190	2,601,170
1.87	16,040	2,601,170
1.88	18,190	2,601,170
1.89	16,040	2,601,170
1.90	18,190	2,601,170
1.91	16,040	2,601,170
1.92	18,190	2,601,170
1.93	16,040	2,601,170
1.94	18,190	2,601,170
1.95	16,040	2,601,170
1.96	18,190	2,601,170
1.97	16,040	2,601,170
1.98	18,190	2,601,170
1.99	16,040	2,601,170
2.00	18,190	2,601,170
2.01	16,040	2,601,170
2.02	18,190	2,601,170
2.03	16,040	2,601,170
2.04	18,190	2,601,170
2.05	16,040	2,601,170
2.06	18,190	2,601,170
2.07	16,040	2,601,170
2.08	18,190	2,601,170
2.09	16,040	2,601,170
2.10	18,190	2,601,170
2.11	16,040	2,601,170
2.12	18,190	2,601,170
2.13	16,040	2,601,170
2.14	18,190	2,601,170
2.15	16,040	2,601,170
2.16	18,190	2,601,170
2.17	16,040	2,601,170
2.18	18,190	2,601,170
2.19	16,040	2,601,170
2.20	18,190	2,601,170
2.21	16,040	2,601,170
2.22	18,190	2,601,170
2.23	16,040	2,601,170
2.24	18,190	2,601,170
2.25	16,040	2,601,170
2.26	18,190	2,601,170
2.27	16,040	2,601,170
2.28	18,190	2,601,170
2.29	16,040	2,601,170
2.30	18,190	2,601,170
2.31	16,040	2,601,170
2.32	18,190	2,601,170
2.33	16,040	2,601,170
2.34	18,190	2,601,170
2.35	16,040	2,601,170
2.36	18,190	2,601,170
2.37	16,040	2,601,170
2.38	18,190	2,601,170
2.39	16,040	2,601,170
2.40	18,190	2,601,170
2.41	16,040	2,601,170
2.42	18,190	2,601,170
2.43	16,040	2,601,170
2.44	18,190	2,601,170
2.45	16,040	2,601,170
2.46	18,190	2,601,170
2.47	16,040	2,601,170
2.48	18,190	2,601,170
2.49	16,040	2,601,170
2.50	18,190	2,601,170
2.51	16,040	2,601,170
2.52	18,190	2,601,170
2.53	16,040	2,601,170
2.54	18,190	2,601,170
2.55	16,040	2,601,170
2.56	18,190	2,601,170
2.57	16,040	2,601,170
2.58	18,190	2,601,170
2.59	16,040	2,601,170
2.60	18,190	2,601,170
2.61	16,040	2,601,170
2.62	18,190	2,601,170
2.63	16,040	2,601,170
2.64	18,190	2,601,170
2.65	16,040	2,601,170
2.66	18,190	2,601,170
2.67	16,040	2,601,170
2.68	18,190	2,601,170
2.69	16,040	2,601,170
2.70	18,190	2,601,170
2.71	16,040	2,601,170
2.72	18,190	2,601,170
2.73	16,040	2,601,170
2.74	18,190	2,601,170
2.75	16,040	2,601,170
2.76	18,190	2,601,170
2.77	16,040	2,601,170
2.78	18,190	2,601,170
2.79	16,040	2,601,170
2.80	18,190	2,601,170
2.81	16,040	2,601,170
2.82	18,190	2,601,170
2.83	16,040	2,601,170
2.84	18,190	2,601,170
2.85	16,040	2,601,170
2.86	18,190	2,601,170
2.87	16,040	2,601,170
2.88	18,190	2,601,170
2.89	16,040	2,601,170
2.90	18,190	2,601,170
2.91	16,040	2,601,170
2.92	18,190	2,601,170
2.93	16,040	2,601,170
2.94	18,190	2,601,170
2.95	16,040	2,601,170
2.96	18,190	2,601,170
2.97	16,040	2,601,170
2.98	18,190	2,601,170
2.99	16,040	2,601,170
3.00	18,190	2,601,170
3.01	16,040	2,601,170
3.02	18,190	2,601,170
3.03	16,040	2,601,170
3.04	18,190	2,601,170
3.05	16,040	2,601,170
3.06	18,190	2,601,170
3.07	16,040	2,601,170
3.08	18,190	2,601,170
3.09	16,040	2,601,170
3.10	18,190	2,601,170
3.11	16,040	2,601,170
3.12	18,190	2,601,170
3.13	16,040	2,601,170
3.14	18,190	2,601,170
3.15	16,040	2,601,170
3.16	18,190	2,601,170
3.17	16,040	2,601,170
3.18	18,190	2,601,170
3.19	16,040	2,601,170
3.20	18,190	2,601,170
3.21	16,040	2,601,170
3.22	18,190	2,601,170
3.23	16,040	2,601,170
3.24	18,190	2,601,170
3.25	16,040	2,601,170
3.26	18,190	2,601,170
3.27	16,040	2,601,170
3.28	18,190	2,601,170
3.29	16,040	2,601,170
3.30	18,190	2,601,170
3.31	16,040	2,601,170
3.32	18,190	2,601,170
3.33	16,040	2,601,170
3.34	18,190	2,601,170
3.35	16,040	2,601,170
3.36	18,190	2,601,170
3.37	16,040	2,601,170
3.38	18,190	2,601,170
3.39	16,040	2,601,170
3.40	18,190	2,601,170
3.41	16,040	2,601,170
3.42	18,190	2,601,170
3.43	16,040	2,601,170
3.44	18,190	2,601,170
3.45	16,040	2,601,170
3.46	18,190	2,601,170
3.47	16,040	2,601,170
3.48	18,190	2,601,170
3.49	16,040	2,601,170
3.50	18,190	2,601,170
3.51	16,040	2,601,170
3.52	18,190	2,601,170
3.53	16,040	2,601,170
3.54	18,190	2,601,170
3.55	16,040	2,601,170
3.56	18,190	2,601,170
3.57	16,040	2,601,170
3.58	18,190	2,601,170
3.59	16,040	2,601,170
3.60	18,190	2,601,170
3.61	16,040	2,601,170
3.62	18,190	2,601,170
3.63	16,040	2,601,170
3.64	18,190	2,601,170
3.65	16,040	2,601,170
3.66	18,190	2,601,170
3.67	16,040	2,601,170
3.68	18,190	2,601,170
3.69	16,040	2,601,170
3.70	18,190	2,601,170
3.71	16,040	2,601,170
3.72	18,190	2,601,170
3.73	16,040	2,601,170
3.74	18,190	2,601,170
3.75	16,040	2,601,170
3.76	18,190	2,601,170
3.77	16,040	2,601,170
3.78	18,190	2,601,170
3.79	16,040	2,601,170
3.80	18,190	2,601,170
3.81	16,040	2,601,170
3.82	18,190	2,601,170
3.83	16,040	2,601,170
3.84	18,190	2,601,170
3.85	16,040	2,601,170
3.86	18,190	2,601,170
3.87	16,040	2,601,170
3.88	18,190	2,601,170
3.89	16,040	2,601,170
3.90	18,190	2,601,170
3.91	16,040	2,601,170
3.92	18,190	2,601,170
3.93	16,040	2,601,170
3.94	18,190	2,601,170
3.95	16,040	2,601,170
3.96	18,190	2,601,170
3.97	16,040	2,601,170
3.98	18,190	2,601,170
3.99	16,040	2,601,170
4.00	18,190	2,601,170
4.01	16,040	2,601,170
4.02	18,190	2,601,170
4.03	16,040	2,601,170
4.04	18,190	2,601,170
4.05	16,040	2,601,170
4.06	18,190	2,601,170
4.07	1	

6.19.01.01 CA Gross discounted Best Estimate Claims Provisions - Current year, sum of years (annualized)
 Z Axis - Legal expenses and interest (to net business and accepted proportional reinsurance), Accident year, F.I.R. not applicable / Figure used in (column 16) reporting currency

		Year end 2021/2022
01	01/01/2021	---
02	02/01/2021	---
03	03/01/2021	---
04	04/01/2021	---
05	05/01/2021	---
06	06/01/2021	---
07	07/01/2021	52,245
08	08/01/2021	---
09	09/01/2021	---
10	10/01/2021	---
11	11/01/2021	---
12	12/01/2021	---
13	01/02/2022	---
14	02/02/2022	---
15	03/02/2022	---
16	04/02/2022	---
17	05/02/2022	---
18	06/02/2022	---
19	07/02/2022	---
20	08/02/2022	---
21	09/02/2022	---
22	10/02/2022	---
23	11/02/2022	---
24	12/02/2022	---
25	01/03/2023	---
26	02/03/2023	---
27	03/03/2023	---
28	04/03/2023	---
29	05/03/2023	---
30	06/03/2023	---
31	07/03/2023	---
32	08/03/2023	---
33	09/03/2023	---
34	10/03/2023	---
35	11/03/2023	---
36	12/03/2023	---
37	01/04/2024	---
38	02/04/2024	---
39	03/04/2024	---
40	04/04/2024	---
41	05/04/2024	---
42	06/04/2024	---
43	07/04/2024	---
44	08/04/2024	---
45	09/04/2024	---
46	10/04/2024	---
47	11/04/2024	---
48	12/04/2024	---
49	01/05/2025	---
50	02/05/2025	---
51	03/05/2025	---
52	04/05/2025	---
53	05/05/2025	---
54	06/05/2025	---
55	07/05/2025	---
56	08/05/2025	---
57	09/05/2025	---
58	10/05/2025	---
59	11/05/2025	---
60	12/05/2025	---
61	01/06/2026	---
62	02/06/2026	---
63	03/06/2026	---
64	04/06/2026	---
65	05/06/2026	---
66	06/06/2026	---
67	07/06/2026	---
68	08/06/2026	---
69	09/06/2026	---
70	10/06/2026	---
71	11/06/2026	---
72	12/06/2026	---
73	01/07/2027	---
74	02/07/2027	---
75	03/07/2027	---
76	04/07/2027	---
77	05/07/2027	---
78	06/07/2027	---
79	07/07/2027	---
80	08/07/2027	---
81	09/07/2027	---
82	10/07/2027	---
83	11/07/2027	---
84	12/07/2027	---
85	01/08/2028	---
86	02/08/2028	---
87	03/08/2028	---
88	04/08/2028	---
89	05/08/2028	---
90	06/08/2028	---
91	07/08/2028	---
92	08/08/2028	---
93	09/08/2028	---
94	10/08/2028	---
95	11/08/2028	---
96	12/08/2028	---
97	01/09/2029	---
98	02/09/2029	---
99	03/09/2029	---
100	04/09/2029	---
101	05/09/2029	---
102	06/09/2029	---
103	07/09/2029	---
104	08/09/2029	---
105	09/09/2029	---
106	10/09/2029	---
107	11/09/2029	---
108	12/09/2029	---
109	01/10/2030	---
110	02/10/2030	---
111	03/10/2030	---
112	04/10/2030	---
113	05/10/2030	---
114	06/10/2030	---
115	07/10/2030	---
116	08/10/2030	---
117	09/10/2030	---
118	10/10/2030	---
119	11/10/2030	---
120	12/10/2030	---
121	01/11/2031	---
122	02/11/2031	---
123	03/11/2031	---
124	04/11/2031	---
125	05/11/2031	---
126	06/11/2031	---
127	07/11/2031	---
128	08/11/2031	---
129	09/11/2031	---
130	10/11/2031	---
131	11/11/2031	---
132	12/11/2031	---
133	01/12/2032	---
134	02/12/2032	---
135	03/12/2032	---
136	04/12/2032	---
137	05/12/2032	---
138	06/12/2032	---
139	07/12/2032	---
140	08/12/2032	---
141	09/12/2032	---
142	10/12/2032	---
143	11/12/2032	---
144	12/12/2032	---
145	01/01/2033	---
146	02/01/2033	---
147	03/01/2033	---
148	04/01/2033	---
149	05/01/2033	---
150	06/01/2033	---
151	07/01/2033	---
152	08/01/2033	---
153	09/01/2033	---
154	10/01/2033	---
155	11/01/2033	---
156	12/01/2033	---
157	01/02/2034	---
158	02/02/2034	---
159	03/02/2034	---
160	04/02/2034	---
161	05/02/2034	---
162	06/02/2034	---
163	07/02/2034	---
164	08/02/2034	---
165	09/02/2034	---
166	10/02/2034	---
167	11/02/2034	---
168	12/02/2034	---
169	01/03/2035	---
170	02/03/2035	---
171	03/03/2035	---
172	04/03/2035	---
173	05/03/2035	---
174	06/03/2035	---
175	07/03/2035	---
176	08/03/2035	---
177	09/03/2035	---
178	10/03/2035	---
179	11/03/2035	---
180	12/03/2035	---
181	01/04/2036	---
182	02/04/2036	---
183	03/04/2036	---
184	04/04/2036	---
185	05/04/2036	---
186	06/04/2036	---
187	07/04/2036	---
188	08/04/2036	---
189	09/04/2036	---
190	10/04/2036	---
191	11/04/2036	---
192	12/04/2036	---
193	01/05/2037	---
194	02/05/2037	---
195	03/05/2037	---
196	04/05/2037	---
197	05/05/2037	---
198	06/05/2037	---
199	07/05/2037	---
200	08/05/2037	---
201	09/05/2037	---
202	10/05/2037	---
203	11/05/2037	---
204	12/05/2037	---
205	01/06/2038	---
206	02/06/2038	---
207	03/06/2038	---
208	04/06/2038	---
209	05/06/2038	---
210	06/06/2038	---
211	07/06/2038	---
212	08/06/2038	---
213	09/06/2038	---
214	10/06/2038	---
215	11/06/2038	---
216	12/06/2038	---
217	01/07/2039	---
218	02/07/2039	---
219	03/07/2039	---
220	04/07/2039	---
221	05/07/2039	---
222	06/07/2039	---
223	07/07/2039	---
224	08/07/2039	---
225	09/07/2039	---
226	10/07/2039	---
227	11/07/2039	---
228	12/07/2039	---
229	01/08/2040	---
230	02/08/2040	---
231	03/08/2040	---
232	04/08/2040	---
233	05/08/2040	---
234	06/08/2040	---
235	07/08/2040	---
236	08/08/2040	---
237	09/08/2040	---
238	10/08/2040	---
239	11/08/2040	---
240	12/08/2040	---
241	01/09/2041	---
242	02/09/2041	---
243	03/09/2041	---
244	04/09/2041	---
245	05/09/2041	---
246	06/09/2041	---
247	07/09/2041	---
248	08/09/2041	---
249	09/09/2041	---
250	10/09/2041	---
251	11/09/2041	---
252	12/09/2041	---
253	01/10/2042	---
254	02/10/2042	---
255	03/10/2042	---
256	04/10/2042	---
257	05/10/2042	---
258	06/10/2042	---
259	07/10/2042	---
260	08/10/2042	---
261	09/10/2042	---
262	10/10/2042	---
263	11/10/2042	---
264	12/10/2042	---
265	01/11/2043	---
266	02/11/2043	---
267	03/11/2043	---
268	04/11/2043	---
269	05/11/2043	---
270	06/11/2043	---
271	07/11/2043	---
272	08/11/2043	---
273	09/11/2043	---
274	10/11/2043	---
275	11/11/2043	---
276	12/11/2043	---
277	01/12/2044	---
278	02/12/2044	---
279	03/12/2044	---
280	04/12/2044	---
281	05/12/2044	---
282	06/12/2044	---
283	07/12/2044	---
284	08/12/2044	---
285	09/12/2044	---
286	10/12/2044	---
287	11/12/2044	---
288	12/12/2044	---
289	01/01/2045	---
290	02/01/2045	---
291	03/01/2045	---
292	04/01/2045	---
293	05/01/2045	---
294	06/01/2045	---
295	07/01/2045	---
296	08/01/2045	---
297	09/01/2045	---
298	10/01/2045	---
299	11/01/2045	---
300	12/01/2045	---
301	01/02/2046	---
302	02/02/2046	---
303	03/02/2046	---
304	04/02/2046	---
305	05/02/2046	---
306	06/02/2046	---
307	07/02/2046	---
308	08/02/2046	---
309	09/02/2046	---
310	10/02/2046	---
311	11/02/2046	---
312	12/02/2046	---
313	01/03/2047	---
314	02/03/2047	---
315	03/03/2047	---
316	04/03/2047	---
317	05/03/2047	---
318	06/03/2047	---
319	07/03/2047	---
320	08/03/2047	---
321	09/03/2047	---
322	10/03/2047	---
323	11/03/2047	---
324	12/03/2047	---
325	01/04/2048	---
326	02/04/2048	---
327	03/04/2048	---
328	04/04/2048	---
329	05/04/2048	---
330	06/04/2048	---
331	07/04/2048	---
332	08/04/2048	---
333	09/04/2048	---
334	10/04/2048	---
335	11/04/2048	---
336	12/04/2048	---
337	01/05/2049	---
338	02/05/2049	---
339	03/05/2049	---
340	04/05/2049	---
341	05/05/2049	---
342	06/05/2049	---
343	07/05/2049	---
344	08/05/2049	---
345	09/05/2049	---
346	10/05/2049	---
347	11/05/2049	---
348	12/05/2049	---
349	01/06/2050	---
350	02/06/2050	---
351	03/06/2050	---
352	04/06/2050	---
353	05/06/2050	---
354	06/06/2050	---
355	07/06/2050	---
356	08/06/2050	---
357	09/06/2050	---
358	10/06/2050	---
359	11/06/2050	---
360	12/06/2050	---
361	01/07/2051	---
362	02/07/2051	---
363	03/07/2051	---
364	04/07/2051	---
365	05/07/2051	---
366	06/07/2051	---
367	07/07/2051	---
368	08/07/2051	---
369	09/07/2051	---
370	10/07/2051	---
371	11/07/2051	---

S.23.01.01 Own Funds
Z Axis

			Dec 2021	Jan 1 - restricted 2021	Jan 1 - restricted 2021	Jan 1 - 2021	Jan 1 2020
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 Restricted Z own funds	Common share capital (gross of own shares)	0001		8,890,200			
	Share emission account related to ordinary share capital	0002	1,000,000				
	Investor funds, members' contributions to the restricted own fund - fund fees for risk/ and mutual fund undertakings	0003					
	Subordinated mutual fund/retail accounts	0004					
	Deposits funds	0005					
	Participating shares	0006					
	Share placement account related to preferred shares	0010					
	Reconciliation reserve	0013	1,404,728				
	Subordinated benefits	0014					461,390
	An amount equal to the sum of net derivative assets	0015	88,894				
	Other own fund fees approved by the Administrative Council, at least own funds not specified above	0018	178,527				
	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 Restricted Z own funds	0020	1,851,119				
	Deferrals for participations in financial and other ventures	0021					
Transferred own funds after distribution	0022	1,000,000	1,000,000			1,000,000	
Restricted own funds	Assets and associated liabilities where capital is locked in accordance with the terms of the contract	0030					
	Assets and associated liabilities, members' contributions to the restricted own fund from life, mutual and multi-asset undertakings - (table as amount)	0031					
	Assets and associated liabilities of former entities of former members	0032					
	A legally binding commitment to subscribe and pay for additional shares of equity	0033					
	Letters of credit and guarantees under Article 9(2) of the Directive 2009/138/EC	0034					
	Letters of credit and guarantees other than under Article 9(2) of the Directive 2009/138/EC	0035					
	Guaranteeing members calls under the subprogramme in Article 9(3) of the Directive 2009/138/EC	0036					
	Supplementary members' calls - other than under the subprogramme of Article 9(3) of the Directive 2009/138/EC	0037					
	Other restricted own funds	0038					
	Other own funds	0039					
Total eligible own funds to meet the SCR	0040	1,114,411	3,000,490			11,111	
Total eligible own funds to meet the MCR	0041	3,000,490	3,000,490	0			
Total eligible own funds to meet the SCR	0042	1,114,411	3,000,490	0	0	334,811	
Total eligible own funds to meet the MCR	0043	3,000,490	3,000,490	0	0		
SCR	0044	3,000,490	3,000,490				
MCR	0045	1,114,411	1,114,411				
Ratio of Eligible own funds to SCR	0046	100.0%	100.0%				
Ratio of Eligible own funds to MCR	0047	100.0%	100.0%				

S.23.01.01.02 Reconciliation reserve
Z Axis

			C0060
Reconciliation reserve	Excess of assets over liabilities	R0700	5,503,445
	Own shares (held directly and indirectly)	R0710	
	Foreseeable dividends, distributions and charges	R0720	
	Other basic own fund items	R0730	6,908,173
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve		R0760	11,404,728
Expected profits	Expected profits included in future premiums (EPIFP) - Life business	R0770	
	Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total Expected profits included in future premiums (EPIFP)		R0790	

M/G

S.25.01.01.01 Basic Solvency Capital Requirement

Z Axis: No

		Net solvency capital requirement	Gross solvency capital requirement
		C0030	C0040
Market risk	R0010	1,059,378	1,059,378
Counterparty default risk	R0020	758,361	758,361
Life underwriting risk	R0030		0
Health underwriting risk	R0040	487,481	487,481
Non-life underwriting risk	R0050	713,548	713,548
Diversification	R0060	(967,422)	(967,422)
Intangible asset risk	R0070		
Basic Solvency Capital Requirement	R0100	2,051,345	2,051,345

S.25.01.01.02 Calculation of Solvency Capital Requirement

Z Axis: No

		Value
		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Operational risk	R0130	179,395
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	2,230,740
Capital add-on already set	R0210	
Solvency capital requirement	R0220	2,230,740

S.25.01.01.03 Approach to tax rate

Z Axis: No

		Yes/No
		C0109
Approach based on average tax rate	R0590	Null value

S.25.01.01.04 Calculation of loss absorbing capacity of deferred taxes

Z Axis: No

	Solvency II	
	Before the shock C0110	After the shock C0120
DTA	R3630	
DTA carry forward	R3610	
DTA due to deductible temporary differences	R3620	
DT	R3630	

S.26.01.01.05 Calculation of loss absorbing capacity of deferred taxes

Z Axis: No

Loss absorbing capacity of deferred taxes	LAC DT	Solvency II LAC DT	
		C0130	
	LAC DT justified by reversal of deferred tax liabilities	RC640	
	LAC DT justified by reference to probable future taxable economic profit	RC650	
	LAC DT justified by carry back, current year	RC660	
	LAC DT justified by carry back, future years	RC670	
	Maximum LAC DT	RC680	

S.28.01.01.01 Linear formula component for non-life insurance and reinsurance obligations

MCR components	
C0010	
Solvency II MCRNL Result:	R0010 582.490

mc

S.28.01.01.02 Background information

Z Axis:

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	1,896,758	3,197,665
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090	2,775,029	212,836
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110	112,698	250,127
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

S.28.01.01.05 Overall MCR calculation

Z Axis:

		C0070
Linear MCR	R0300	582,493
SCR	R0310	2,230,740
MCR cap	R0320	1,003,833
MCR floor	R0330	582,414
Combined MCR	R0340	582,493
Absolute floor of the MCR	R0350	3,700,000
Minimum Capital Requirement	R0400	3,700,000



Independent auditor's report (continued)

to the directors of
IDA Insurance Limited

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the SFCR does not cover the Other Information and, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the SFCR, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the SFCR, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the SFCR or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact.

We have nothing to report in relation to these matters.

Responsibilities of the Directors for the Solvency and Financial Condition Report

The Directors are responsible for the preparation of the SFCR in accordance with the financial reporting provisions contained in the relevant legislation referred to above. In accordance with section 8.9 of Chapter 8 of the Insurance Rules, the Directors are responsible for having in place appropriate systems and structures to meet the Company's public disclosure requirements in relation to the SFCR and for the approval of the SFCR.

The Directors are also responsible to have the necessary internal controls to enable the preparation of the SFCR which is free from material misstatement, whether due to fraud or error. The Directors are responsible for overseeing the Company's financial reporting process.

The Directors satisfy themselves that, throughout the financial year in question, the Company has complied in all material respects with the requirements of the relevant legislation as applicable to the Company. The Directors are also required to sign a Declaration Form, in accordance with paragraph 8.6.2 of Chapter 8 of the Insurance Rules and Annex IV to the said Chapter, for submission with the SFCR to the competent authority.

Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report

It is our responsibility to form an independent opinion on the Narrative Disclosures subject to audit that the Company shall disclose and on the Templates subject to audit, in accordance with paragraph 8.10.2 of Chapter 8 of the Insurance Rules and Annex V to the said Chapter, opining on whether the said relevant elements of the SFCR have been prepared in all material respects in accordance with the relevant legislation. Such audit is to be made in accordance with paragraph 8.10.2 and Annex V of Chapter 8 of the Insurance Rules and with International Standards on Auditing.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the SFCR are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the SFCR.

Independent auditor's report (continued)

to the directors of
IDA Insurance Limited

Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the relevant elements of the SFCR, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the relevant elements of the SFCR or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the relevant elements of the SFCR, including the disclosures, and whether the relevant elements of the SFCR represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our Report

This report is made solely to the Directors of the Company in accordance with our engagement letter dated 12 October 2021. We acknowledge that our report will be provided to the MFSA for the use of the MFSA solely for the purposes set down by Chapter 8 of the Insurance Rules issued under the Insurance Business Act (Cap. 403). Our audit work has been undertaken so that we might state to the Company's Directors those matters we are required to state to them in an auditor's report on the relevant elements of the SFCR and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the MFSA, for our audit work, for this report or for the opinions we have formed.



Mark Giorgio as Director
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Central Business District, Birkirkara, Malta

18 April 2022