Colonnade Insurance S.A.

Solvency and Financial Condition Report

Year ended 31 December 2016

Contents

Summary

Purpose of report

The Solvency II regulations came into effect on 1 January 2016 and require new reporting and public disclosure arrangements to be implemented by insurance companies within the European Union. This document is the first version of the Solvency and Financial Condition Report (“SFCR”) that is required to be prepared annually by Colonnade Insurance S.A. (“the Company”).

A. Business and Performance

This section summarises how the Company operates and how it has performed since commencing underwriting operations through branches established in Hungary, Slovakia and the Czech Republic during the first half of 2016. The Company’s financial year runs to 31 December and it reports its results in Euro.

B. System of Governance

The Company maintains a strong framework for the control and management of the business. This section describes the key committees and functions which serve to provide sound and prudent management of our operations.

C. Risk profile

This section provides information regarding our risk management processes, for each of the principal risks faced by the Company.

D. Valuation for solvency purposes

The Solvency II regulations require the Company to value assets and liabilities on a different basis to that used in the Company's financial statements when assessing its solvency requirements. This section describes the main methods and assumptions used in the valuation.

E. Capital management

The Company holds capital, in excess of its regulatory requirements, to maintain its ability to pay its policyholders even if extreme events materialise. In order to assess its regulatory Solvency Capital Requirement, the Company uses the standard formula specified in the Solvency II legislation. This section summarises the assets held to meet the regulatory Solvency Capital requirement.

A. Business and Performance

A.1 Business

i. Business profile

Colonnade Insurance S.A. ("the Company") is a Luxembourg insurer which is authorised to write all classes of non-life insurance business with the exception of class 10 (motor vehicle liability).

Through its branches, the Company offers a wide range of non-life insurance products, through personal and corporate lines, including property and liability insurance, household insurance, motor insurance (own damage), GAP[1] insurance and travel and accident insurance.

The Company's guiding principle is to underwrite "quality" business and not to necessarily look for "volume". Premium writings will be reduced in circumstances where unfavourable market conditions exist or when pricing does not compensate for the risk assumed.

ii. Significant business events

Acquisition of QBE's Hungarian, Slovakian and Czech businesses

On December 16, 2014, Fairfax Financial Holdings Limited ("Fairfax") entered into an agreement with QBE Insurance (Europe) Limited (''QBE'') to acquire QBE's insurance operations in the Czech Republic, Hungary and Slovakia (the ''QBE insurance operations''). *Fairfax is described overleaf.*

A new Luxembourg insurer, **Colonnade Insurance S.A.**, was established by Fairfax in July 2015 and branches of Colonnade were established in each of the Czech Republic, Hungary and Slovakia during the fourth quarter of 2015. The business and renewal rights of QBE's Hungarian, Czech and Slovakian insurance operations were transferred to the Company on February 1, 2016, April 1, 2016 and May 2, 2016 respectively. On these respective dates, the staff working in the QBE branches transferred to Colonnade.

Acquisition of the renewal rights to AIG's businesses in Hungary, Slovakia, Czech Republic, Poland, Bulgaria and Romania

In October 2016, it was announced that Fairfax will acquire renewal rights for the portfolio of local business written by the operations of American International Group, Inc. ("AIG") in Bulgaria, Czech Republic, Hungary, Poland, Romania, and Slovakia (the "AIG business") and assume AIG's employees and certain operating assets in these countries.

It is intended that this business will be underwritten by the Company.

The transactions with respect to Czech Republic, Hungary and Slovakia closed in April 2017 and the transactions with respect to the remaining countries are expected to close during the course of 2017.

iii. Capital and solvency cover

The Company's SCR (standard formula) cover ratio stood at 136% at 31 December 2016. In order to maintain solvency levels whilst writing the AIG business, a schedule of further proposed capital injections during 2017 and 2018 has been established. During 2017 to date, further capital of EUR 33.5 million (cash) has been injected into the Company, consistent with the schedule.

[1] GAP insurance covers the difference between the actual cash value of a vehicle and the balance owed on the financing (car loan, lease, etc.).

iv. About Fairfax

The Company's shareholder is Fairfax Luxembourg Holdings S.àr.l., a company registered in Luxembourg.

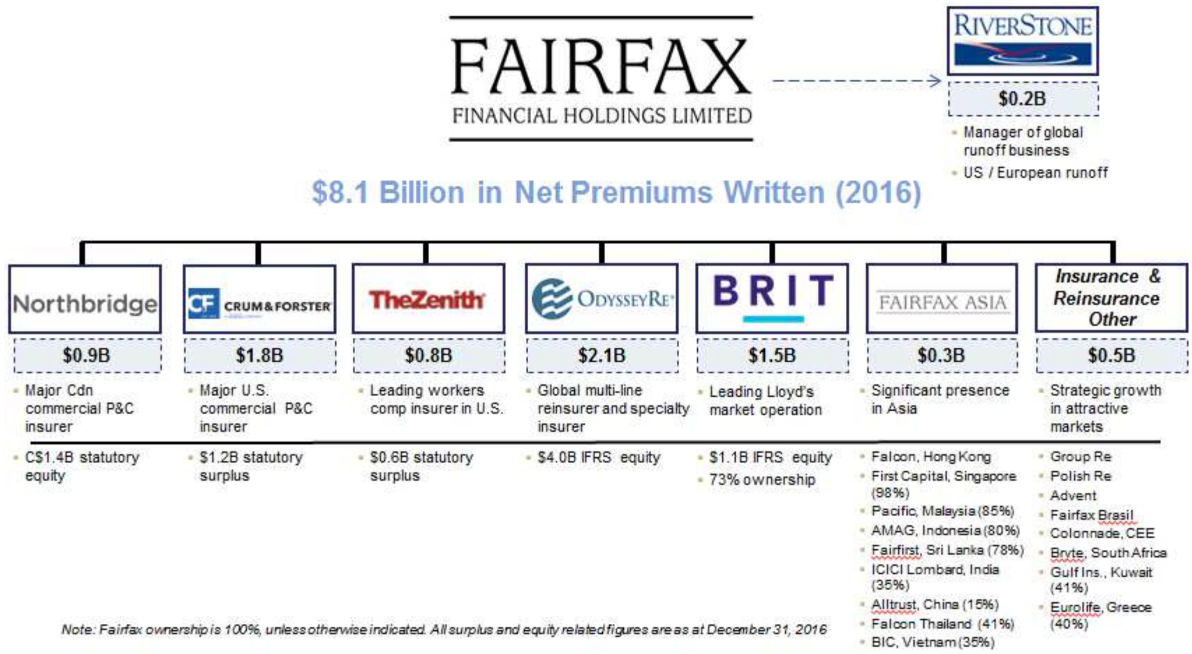
The Company's ultimate parent is Fairfax Financial Holdings Limited ("Fairfax"), a major Canadian holding company whose common shares are listed on the Toronto Stock Exchange, and whose address is 95 Wellington Street West, Suite 800, Toronto, Ontario M5J 2N7, Canada.

Fairfax, through its subsidiaries, has an international insurance and reinsurance business which has a global underwriting reach with longstanding relationships and a broad product range. At each of its subsidiaries there is an experienced management team focused on underwriting discipline and prudent reserving. Management at these companies are committed to Fairfax's goals of underwriting profitability.

Fairfax (http://www.fairfax.ca/) is described in summary detail below:

- Significant player in the P&C industry with US$9.5 billion in gross premium, US$8.5 billion in equity capital and over 10,000 employees (as at 31 December 2016).
- Strong long-term relationships developed over 30 years and multiple cycles.
- Global territorial reach in both insurance and reinsurance - underwriting offices in over 30 countries.
- Over 140 discrete underwriting profit centers through our network of companies.
- Developed footprint in emerging markets (India, China, MENA, Brazil, South East Asia).
- Fairfax culture is well known and respected within the industry.

Fairfax's diversified operating platform is illustrated below:



From a European Union perspective, Fairfax has well established (re)insurance operations in the United Kingdom via its Lloyd's platforms (Brit, Advent and Newline), a London branch of Odyssey Re and the RiverStone run-off operations. The remaining European (re)insurance operations comprise Polish Re (Poland), branches of Odyssey Re in Paris and Stockholm, as well as Colonnade in Luxembourg (with existing branches in Slovakia, Hungary and Czech Republic and branches to be established in Poland, Romania and Bulgaria).

v. Summary Financial Performance

The Company's summary income statement for the year ended 31 December 2016 is set out below:

Income Statement (EUR'000)	2016
Net earned premium	7,516
Claims Incurred	(2,976)
Net operating expenses	(13,424)
Underwriting result	**(8,884)**
Other income and charges	(340)
Loss before tax	**(9,224)**
Taxes	(80)
Loss for the financial period	**(9,304)**

The loss for the financial year reflects the start-up nature of the Company's operations.

A.2 Underwriting Performance

The Company established branches in Hungary, the Czech Republic and Slovakia and commenced writing business in Hungary on 1 February 2016, in the Czech Republic on 1 April 2016 and in Slovakia on 2 May 2016.

During 2016, the Company wrote total gross premiums of EUR 16.7 million (across its three established branches in Hungary, Slovakia and Czech Republic). The premium volumes and combined ratio of 218.2% reflects the start-up nature of the Company's operations.

Given the start-up nature of the Company's operations, a commentary on the performance by line of business or territory is not considered meaningful.

A.3 Investment Performance

As at 31 December 2016, the Company's investment portfolio was held entirely in cash (circa EUR 23.1 million), as was the case throughout the entire period. Reflecting the prevailing low interest rate environment, the investment return recorded during the period was not significant.

The Company is also parent to TIG (Bermuda) Ltd. and its balance sheet includes an asset of EUR 1.0 million in relation to its ownership of this entity. TIG (Bermuda) Ltd. is an insurance company authorised in Bermuda but has not written any new or renewing insurance business for at least the last 7 years. Its net assets comprise a cash / investment portfolio of approximately $1 million (with nil liabilities).

A.4 Performance of other activities

There are no other activities to disclose.

A.5 Other information

i. Guarantee from Fairfax

The Company benefits from a guarantee provided to it by Fairfax, under which it guarantees the performance of all (re)insurance business written by the Company. Under the terms of this agreement, Fairfax undertakes to pay all valid claims in the event of insolvency of the Company. The agreement remains in force until and automatically terminates on 31 December 2017 (unless renewed or extended by Fairfax) and covers all policies issued or renewed prior to the date of termination of the agreement.

ii. Supervisory Authority

The Company is regulated in Luxembourg by the Commissariat aux Assurances ("CAA") whose address is 7, boulevard Joseph II, L-1840 Luxembourg.

iii. Auditor

The Company's auditor is PwC whose address is 2 Rue Gerhard Mercator, 2182 Luxembourg.

iv. Employees

The average number of staff employed across the Company's operations in Luxembourg, Hungary, Slovakia and the Czech Republic during 2016 was 175.

v. Head office address

The Company's head office address is Rue Eugene Ruppert 20, L-2453 Luxembourg, R.C.S. Luxembourg B 61 605.

B. System of Governance

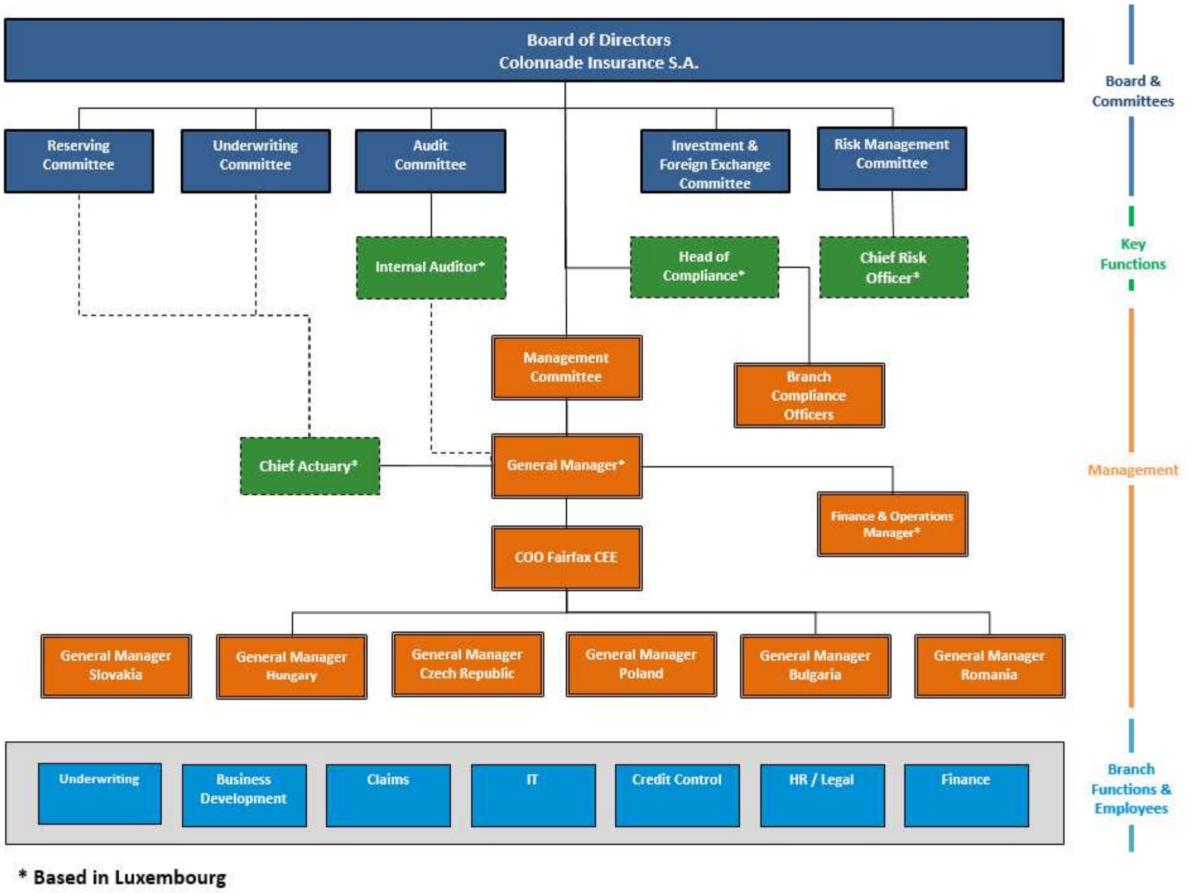
B.1 General information on the system of governance

i. Introduction

The Company has implemented a system of governance which provides for sound and prudent management. Risk management, compliance, internal audit and actuarial functions which are consistent with the needs of Company's operations have been established. The Company's staff and directors have the skills, knowledge and expertise to fulfil their allocated responsibilities. The system of governance is therefore considered proportionate to the nature, scale and complexity of the Company's business.

ii. Management and Governance Structure

The Company has a Board and, currently, four board committees being the Reserving Committee, Underwriting Committee, Investment & Foreign Exchange Committee and the Risk Management Committee (together with a Management Committee). The following diagram summarises the Company's governance structure and the key function holders and management (this chart has been updated to reflect the creation of an Audit Committee, reflecting the increased scale of the Company's operations, as well as the inclusion of branches to be established in Poland, Romania and Bulgaria during 2017).



The Board of Directors currently comprises five Directors: an executive Chairman, one executive Director and three independent non–executive Directors (listed overleaf).

The Board of Directors are:

- Mr. Ronald Schokking (Chairman)
- Mr. Frederick Gabriel (Independent)
- Mr. Marnix Wielenga (Independent)
- Mr. Leo de Waal (Independent)
- Mr. Jean Cloutier

Under the Board's terms of reference, the Board is required to meet at least four times a year.

The independent, non-executive Directors do not have any executive relationship with the wider Fairfax group. They bring a wide range of experience and expertise from both the insurance and general business sectors.

The Board oversees the conduct of the business and its senior management and is responsible for ensuring the maintenance of a sound system of internal control and risk management and for the approval of any changes to the capital, corporate and/or management structure of the Company.

iii. Remuneration

The Company's remuneration structures are designed to motivate delivery of the Company's key business strategies, create a strong performance-orientated environment and reward achievement of meaningful targets over the short- and long-term.

Variable elements of executive remuneration (such as discretionary bonuses) packages are subject to a maximum percentage of their fixed annual salary. Further, variable elements of remuneration for staff within controls functions (such as actuarial, risk, compliance and internal audit) are determined independently from the performance of the operational units and areas that are subject to oversight by these functions.

iv. Material transactions during the period

The Company received capital injections amounting to EUR 14 million from its immediate parent during 2016. There were no further material transactions during 2016 between the Company and its immediate and ultimate parents, the Board members or management.

B.2 Fit and proper requirements

The Company has adopted a Fitness and Probity policy to ensure that individuals who effectively run the Company or otherwise exercise control functions have adequate qualifications, knowledge and experience to enable sound and prudent management (fit) and are of good repute and integrity (proper).

Our Directors, senior managers and those exercising control functions must meet the following criteria, amongst others, to be deemed fit and proper:

- Possess appropriate experience, educational or professional qualifications;
- Display a high degree of competency in current and previous roles;
- Demonstrate at all times good integrity, honesty and sound ethical character;

The ongoing assurance of fitness and propriety of our Directors and senior managers is re-assessed annually. A register of all persons falling within the Fit and Proper regime is maintained by the Compliance function.

B.3 Risk management system including the own risk and solvency assessment

i. Risk Management Framework

The Company's Risk Management Framework ("RMF") has been designed to:

- Provide management and the Board of Directors with reasonable assurance that the organisation's business objectives will be achieved by aligning risk appetite and strategy, proactively responding to risks, reducing the number of operational incidents and losses, and identifying and managing cross-enterprise risks.
- Facilitate deployment of capital.
- Ensure appropriate corporate governance practices are in place and successfully respond to a changing business environment.
- Assist management in implementing a sound and risk-based internal control system and provide the risk reporting tools to be used to identify significant control lapses/weaknesses and monitor corrective action.
- Guide staff in understanding the risk assessment methodology and strengthen their risk awareness and capability to identify, manage and control business risks.
- Assist the internal audit function in implementing a risk-based audit process for their independent review of the Company's processes.

The key elements of the RMF are:

- **Identification:** Risk events, risks and relevant controls are identified, classified and recorded in the Company's risk register.
- **Monitoring:** Risks are assessed and controls are evaluated. On a quarterly basis the Risk Register is reviewed for any changes in the risk assessment (both inherent and residual).
- **Management:** The information resulting from risk identification and measurement is used to improve how the business is managed. For example, key risk indicators (KRIs) are monitored quarterly to provide early warning of any changes in the Company's risk profile.

The key categories of risk facing the Company include: insurance, market, credit, liquidity and operational risks. The key governance bodies involved in the risk management process in the Company are set out below:

- The **Board** has ultimate responsibility for the oversight of the business and setting the strategy and risk appetite.
- The responsibilities of the **Audit Committee (to be established)** will include monitoring the Company's financial reporting process; monitoring the effectiveness of the Company's systems of internal control, internal audit and risk management; monitoring the statutory audit of the statutory financial statements; and reviewing and monitoring of the independence of the statutory auditors.
- The **Reserving Committee** oversees the setting of the Company's reserves.
- The **Underwriting Committee** oversees the development of, and adherence to, the Company's Underwriting Policy.
- The **Investment & Foreign Exchange Committee** oversees the management of the Company's investment portfolio by Hamblin Watsa (a Fairfax company), ensuring compliance with the investment guidelines established by the Board.
- The **Risk Committee** oversees the Company's risk-management system.

- The objective of the **Management Committee** is to take decisions, or to establish the basis on which all decisions are taken, required to execute the strategy determined by the Board, including all major operational decisions.

The Company's strategy for managing its risks includes:

- Identifying and analysing risk through a disciplined risk management process;
- Mitigating, transferring or avoiding risks that do not fit our business objectives;
- Retaining risk within an agreed risk appetite with appropriate levels of capital.

Risk appetite

The Board sets the Company's risk appetite at an overall level and each of the key categories of risk. The risk appetite will be reviewed on an annual basis to ensure that it appropriately captures the risks faced by the Company, and that it aligns to the Company's business and strategic objectives.

The Board receives a quarterly update on performance against the risk appetites. Regular management team meetings and committee meetings taken place that monitor limits and implement remedial actions as required.

ii. Risk Management processes

This section summarises the Company's processes and tools to identify, measure, monitor, manage and report the risks to which the Company is exposed.

Risk identification

The following tools and processes are used in the risk identification process:

- **Risk Register**: The Chief Risk Officer maintains a Risk Register which ensures all risks and controls are recorded and categorised.
- **Monitoring of risk events**: All employees are required to report all actual and near-miss risk events to the Chief Risk Officer.
- **Emerging risk analysis**: The Board and senior management periodically review the potential for risks not yet on the register to adversely impact the Company. These risks are reviewed and monitored in the business, and then added to the Risk Register if material enough.

Risk measurement

The following tools and processes are used to quantify the risks faced by the Company:

- **Stress testing:** The Company performs stress testing as part of its ORSA process, and reports the results to the Risk Committee.
- **Qualitative assessments:** where identified risks are not quantifiable, a view on the likely materiality and nature of such risks is undertaken by the Chief Risk Officer. These risks are reported to the Risk Committee in the same way as quantifiable risks.

Risk management, monitoring and reporting

One of the key objectives of the RMF is to provide senior management and the Board with relevant risk information. The following processes and tools are in place to ensure risks are effectively monitored and escalated:

- **Risk policies:** The Company has developed policies for each of the key risk categories which set out the roles of each committee and the process to be followed to monitor and report risks.

- **Oversight by the Risk, Investment & Foreign Exchange and Reserving and Underwriting committees:** These Board-level committees, which meet quarterly, receive periodic updates from the Chief Risk Officer to ensure that risks are effectively monitored and reported.
- **Chief Risk Officer updates to the Board:** A quarterly update from the Company's Chief Risk Officer is provided which sets out the key changes to the Company's key risk indicators ("KRIs") and a summary of the key risk activities since the last update.

iii. Own risk and solvency assessment

Annually, or more frequently, if the Company's circumstances materially change, the Company prepares an ORSA. The objective of the ORSA is to enable the Board to assess its capital adequacy given its assessments of the risks facing the Company and to enable meaningful strategic decisions to be made.

The ORSA outcomes are used to facilitate strategic decision making. The capital management process is a key part of the overall ORSA process as capital considerations are critical in making key strategic decisions.

An annual ORSA report is produced which summarises the outcomes of the above process, in accordance with the full Solvency II requirements. This report is reviewed and approved by the Board, who have ultimate responsibility for the ORSA process.

B.4 Internal control system

i. Overview

The Company's internal controls framework is made up of:

- The control environment - the culture and organisational structures that support sound internal control;
- Risk assessment – to determine controls that should be implemented to manage identified risks to within tolerance levels;
- Control activities – the elements of effective control design and operation;
- Information and communication – reporting lines to report achievement of goals and adverse reporting to the Board and its sub-committees; and
- Monitoring and oversight - supporting the oversight and governance of internal control.

In order to ensure the ongoing effectiveness and efficiency of the control framework, the Company operates a "three lines of defence model".

Controls are the responsibility of the business and relevant line management, i.e. the 'first line of defence'. As the first line of defence, line management is responsible for monitoring day to day adherence to this framework within its area of jurisdiction. There is close interaction between management based in Luxembourg and those located in the Company's branch offices.

Assurance, or the 'second line of defence', is provided by employees who are independent from business line management. Assurance functions include Risk Management and Compliance. Second line of defence assurance functions monitor compliance to the control framework. Breaches are reported to the Board and the Risk Committee on an exceptions-basis as appropriate.

The third line of defence is provided by Internal Audit and the (to be established) Audit Committee.

Ultimate responsibility for implementing and monitoring the Internal Control Framework resides with the Board. The Internal Control Framework is reviewed and approved by management and the Board on an annual basis.

ii. Compliance

The Company has appointed a Luxembourg based Compliance Officer who works closely with staff at branch level and is responsible for ensuring that all external compliance obligations, and internal Fairfax requirements, are appropriately addressed.

The responsibilities of the Compliance Officer are carried out under a compliance programme that sets out its planned activities, such as the implementation and review of specific policies and procedures, compliance risk assessment, compliance testing, and educating staff on compliance matters. The compliance programme is risk-based and subject to oversight by the Board to ensure appropriate coverage and co-ordination among risk management functions.

The Compliance Officer reports on a regular basis to the Board on compliance matters. In the event that any compliance breaches or deficiencies have been identified, the Compliance Officer will report on the corrective measures recommended to address them, and on corrective measures already taken.

B.5 Internal audit function

The Company has appointed a Luxembourg based Internal Auditor. The Internal Auditor is responsible for evaluating the effectiveness and adequacy of the internal control system and other areas of governance within the Company.

Internal Audit activity is driven by a three year Internal Audit planning cycle which covers all areas of the Company's activities. A "rolling" three year Internal Audit plan, together with the proposed internal audit activities for the coming year, is approved by the Board annually. This utilises a risk based approach to ensure that the internal audit plan provides adequate coverage of business activities with a particular focus on the higher risk areas of the business.

The Internal Auditor is supported, as required, by ***ffh*** Management Services (based in Dublin). ***ffh*** Management Services, a Fairfax subsidiary, has extensive internal audit experience and provides internal audit services to a number of Fairfax subsidiaries.

B.6 Actuarial function

The Company's Luxembourg based Chief Actuary is responsible for setting the Company's technical provisions, which are developed in accordance with Fairfax Group reserving policies and local requirements (including Solvency II). The Chief Actuary is also a member of the Company's Reserving Committee and Underwriting Committee. Additionally, amongst other duties, the Chief Actuary is responsible for preparing an opinion on the Company's underwriting policy and the adequacy of the reinsurance arrangements in place as well as contributing to the effective implementation of the risk management system.

In discharging these duties, the Chief Actuary works closely with actuarial resources located in the Company's branches as well as other business functions; namely Underwriting, Finance, Risk Management, Claims and Operations.

B.7 Outsourcing

The Board of Directors are responsible for all of Colonnade's activities, irrespective of whether the function is outsourced or not.

Intra company outsourcing arrangements are subject to the same level of diligence and monitoring as third party service providers. Terms are negotiated on an arm's length basis.

A Fairfax group company, ***ffh*** Management Services, located in Ireland, provides IT Administration & Support services, including Business Continuity Management, to the Company and provides financial reporting, risk management (supporting the CRO in Luxembourg) and internal audit (supporting the Internal Auditor in Luxembourg) support as may be required.

At year end December 2016, the Company was solely invested in cash. However, any investment portfolio that the Company may hold in future periods will be managed by Hamblin Watsa Investment Counsel Ltd, a wholly owned subsidiary of Fairfax.

Furthermore, Fairfax's head office (in Toronto) provides legal, tax and tax planning, actuarial (as may be required) support to the Company.

Responsibility for overseeing each of the outsourced activities is assigned to an individual within the Company who has the requisite knowledge and experience.

The Company's outsourcing policy is reviewed and approved by both management and the Board each year and more frequently, if required.

B.8 Other information

All relevant information regarding the Company's risk profile is considered to be included in sections B1-B7 above.

C. Risk profile

The Company's activities expose it to a number of key risks which have the potential to affect its ability to achieve its business objectives. The main risks facing the Company's business include insurance (reserving and underwriting), credit, market, liquidity and operational risks. The Company's approach to managing these risks is as follows:

C.1 Insurance risk

i. Underwriting risk

Underwriting risk includes both the risk of inappropriate underwriting and inadequate pricing. The Company, since commencing operations earlier in 2016, is following the disciplined underwriting approach taken by the branches (under QBE ownership) historically, led by experienced teams of managers and underwriters. This philosophy and approach will continue.

Underwriting is subject to a number of protocols such as underwriting authorities, guidelines, rate monitoring and peer review. Underwriting is overseen by the Underwriting Committee, which monitors and reports on performance against plan.

Control structures are in place to mitigate the risk of accumulations of loss from catastrophic events and the Company is further protected by the reinsurance programme comprising a range of quota share and excess of loss contracts that cover the different lines of business written by the Company (for example, the Company's net exposure to a natural catastrophe event is limited to EUR 2 million).

ii. Reserving risk

This is the risk that unpaid loss reserves prove to be inadequate. The Company has recorded gross reserves for unpaid losses of EUR 1.9 million (in addition to a gross unearned premium reserve amounting to EUR 8.5 million) in the Luxembourg GAAP financial statements for the year ended 31 December 2016.

The Company has appointed a Chief Actuary, who is based in Luxembourg, to assess reserving levels, working in close cooperation with underwriting and claims staff within each of the branches. Oversight of reserve setting is the responsibility of the Reserving Committee which meets at least quarterly. Fairfax's group actuarial team in Toronto also reviews the final reserve selections.

C.2 Market risk

At 31 December 2016, the Company's investment portfolio was comprised solely of cash (EUR 23.1 million), with the exception of an investment in a subsidiary, TIG (Bermuda) Ltd., recorded at EUR 1 million. Therefore, the Company's market risk exposure is not significant (and predominately results from currency risk exposure given that the Company underwrites contracts denominated in Czech Koruna, Hungarian Forints and Euros, whilst the cash balances are largely denominated in Euros).

C.3 Credit risk

This is the risk that one party to a financial arrangement will fail to discharge an obligation and cause the other party to incur a financial loss. The main sources of credit risk relate to:

- **Reinsurers:** through the failure to pay valid claims against a reinsurance contract held by the Company.

- **Premium debtors**: where a broker, intermediary or policyholder fails to pass on premiums or claims collected or paid on behalf of the Company.
- **Investments:** through the issuer default of all or part of the value of a financial instrument or the market value of that instrument.

Reinsurance credit risk

Credit risk from reinsurers is controlled through only transacting with reinsurers that meet certain minimum requirements and that have been approved by the Fairfax Reinsurance Security Committee in advance.

At 31 December 2016, the Company's balance sheet exposure to reinsurers is limited and relatively small, the largest exposure is Swiss Re who provided 35% of capacity on the Risk XL and Cat XL contracts in 2016 (which amounts to less than EUR 0.1 million of premium).

Premium debtors credit risk

The Company's premium debtors arising from direct insurance and reinsurance operations are EUR 4.6 million and EUR 0.8 million respectively. Debtors are valued at the lower of their nominal or estimated realisable value. The credit risk associated with these receivables is considered low.

Investment credit risk

Credit risk relating to financial investments and cash and cash equivalents is monitored by the Investment & Foreign Exchange Committee, which is responsible for the management of investment credit risk.

At 31 December 2016, the Company has an exposure to credit risk in relation to cash held with credit institutions (EUR 23.1 million). Cash is placed, in accordance with established policy, with credit institutions having a rating of at least A-.

C.4 Liquidity risk

This is the risk the Company, though solvent, may encounter difficulty in meeting obligations associated with financial liabilities as they fall due.

The Company monitors the levels of cash and investments to ensure liquidity requirements are addressed. The Company's exposure to liquidity risk is considered low, given the significant cash balances held at 31 December 2016 (EUR 23.1 million) and throughout the reporting period.

C.5 Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events.

Managing day-to-day operational risk is the responsibility of the line managers, both within Luxembourg and the branch offices. This includes responsibility for managing claims risks through policies and procedures including defining authority levels, protocols for management oversight, an automated system to support and report on major claims activity and a formal review process for major claims. The Company's investment managers are responsible for establishing processes and controls to ensure an effective risk management framework with regard to investments. Operational risks through exposures to key counterparties like banks are managed by the Luxembourg management team whereas risks arising from relationships with brokers and other local counterparties are the responsibility of local branch managers.

C.6 Other material risks

As at 31 December 2016, the execution risk associated with the acquisition of the renewal rights to the AIG businesses (as described in section A.1) was significant. However, an extensive programme of work was undertaken, which commenced in 2016 and continued into 2017, to ensure the Company's readiness to on-board the AIG business, employees and assets by the transaction closing date in each of the relevant countries.

C.7 Other information

Off-balance sheet positions

The Company does not transfer any risk to off-balance sheet or Special Purpose Vehicles.

D. Valuation for solvency purposes

The Company prepares its financial statements on a going concern basis and in accordance with Luxembourg GAAP ("Lux GAAP").

At 31 December 2016, the Lux GAAP financial statements recorded shareholder's equity amounting to EUR 26.4 million. This consists of EUR 9.5 million of subscribed capital (of which EUR 7 million was unpaid), a share premium account of EUR 27.8 million, a legal reserve of EUR 0.95 million and retained losses of EUR 11.9 million.

The difference between the shareholder's equity in the Lux GAAP financial statements (EUR 26.4 million) and the excess of assets over liabilities on the Solvency II balance sheet (EUR 17.3 million), as set out in the appendix, amounts to EUR 9.1 million and results from the differing valuation / balance sheet treatment of certain assets and liabilities, such as technical provisions. These are described below.

D.1 Assets

The differences in valuation / balance sheet treatment of assets between Lux GAAP and Solvency II are discussed below.

i. Subscribed, uncalled and unpaid share capital (EUR 7 million)

Subscribed, uncalled and unpaid share capital of EUR 7 million is shown as an asset and included within shareholder's funds on the Lux GAAP balance sheet.

Under Solvency II rules, uncalled and unpaid share capital is considered "ancillary own funds" (an off balance sheet item) and, subject to the approval of the regulator, may be used to meet a company's solvency capital requirement (subject to certain limits). The CAA has given its approval to the Company for its use of the EUR 7 million subscribed, uncalled and unpaid share capital as Tier 2 ancillary own funds.

ii. Deferred Acquisition Costs (EUR 1.9 million)

Deferred Acquisition Costs of EUR 1.9 million on the Lux GAAP balance sheet are fully earned under Solvency II rules, in line with the full earning of associated gross Unearned Premium reserve (EUR 8.5 million).

iii. Intangible assets (EUR 0.7 million)

For Solvency II purposes, intangible assets recognised in the Lux GAAP financial statements (being policy data rights; software; and concessions, patents, licences and trademarks) at EUR 0.7 million have been ascribed a nil value.

iv. Reinsurance recoverables (EUR 0.5 million lower on Solvency II balance sheet)

EUR 0.75 million of ceded UPR on the Lux GAAP Balance Sheet is recognised within the technical provisions on a Solvency II basis.

v. Deferred Tax Asset (EUR 1.1 million on Solvency II balance sheet)

The Solvency II balance sheet includes a deferred tax asset of EUR 1.1 million, arising from trading losses incurred at the level of the Company's branches, which is not allowable under Lux GAAP rules.

D.2 Technical provisions

i. Technical Provisions as at 31 December 2016 (EUR 0.1 million higher (gross) on Solvency II balance sheet)

A breakdown of the Solvency II technical provisions as at 31 December 2016 is provided below. Given the start-up nature of the Company's operations, an analysis by line of business is not considered meaningful.

EUR'000	Best Estimate	Risk Margin	Total
Gross	7,543	3,082	**10,626**
Reinsurers' share	487	0	**487**
Net	7,057	3,082	**10,139**

ii. Reserving Process and Governance

The Company's reserving process to determine the technical provisions on GAAP and Solvency II bases broadly comprises the following steps, as part of a robust and rigorous process for setting reserves:

- Determination and recommendation of ultimate claims by the Actuarial Function;
- Review/validation by the Fairfax actuaries, Chief Operating Officer and branches;
- Determination of the technical provisions to adopt in the GAAP/Solvency II technical provisions; and
- Review and approval by the Reserving Committee / Board.

iii. Key methodology and assumptions used to determine ultimate premiums and claims

To determine the estimate for ultimate premiums and claims, analysis is undertaken separately for each line of business.

For the majority of the classes of business, the following standard actuarial projection techniques are used to calculate ultimate premiums and claims:

- Basic Chain Ladder (based on paid and incurred claims)
- Bornhuetter-Ferguson (based on paid and incurred claims)
- Initial Expected Loss Ratio

Claim experience on the most recent years of account is relatively immature. As a result, the Basic Chain Ladder methods produce estimates with a relatively higher level of uncertainty. When projecting estimates for these years of account, the Bornhuetter-Ferguson and Initial Expected Loss Ratio methods are used instead.

Specific adjustments may be made to projected ultimate claims at either a class or an individual claim level. This may be due to a known large loss and/or loss experience on a particular contract.

When choosing between methods, the maturity of each year of account, volume of data, benchmark information and other business-specific issues that are known about at the time of valuation are taken into account.

iv. *Key methodologies and assumptions used to determine best estimate technical provisions on a GAAP and Solvency II basis*

Having determined the ultimate premiums and claims to form the basis for the technical provisions, a number of additional material assumptions are required to determine the technical provisions on a GAAP and Solvency II basis:

- **Writing and earnings patterns** – used to determine the level of earned and unearned premiums. These are based on the inception and expiry dates of the underlying contracts.
- **Expense provisions** – an Unallocated Loss Adjustment Expenses (ULAE) provision is held within the GAAP technical provisions. In addition, expense provisions are required within the Solvency II technical provisions in respect of premiums, claims and investments which represent the on-going servicing of the business included in the valuation.
- **Payment patterns** – used to determine the cashflow profiles. When calculating technical provisions to demonstrate solvency on a Solvency II basis, the time-value of money must be allowed for. This requires the estimation of timing and quantum of future cashflows associated with the technical provisions. These cashflows are then discounted back to present value using risk-free yield curves.
- **Risk free yield curves** – by currency and based on those set by EIOPA.

A Risk Margin, being the expected cost of capital to support the run-off of the technical provisions, is also added and is calculated based on the standard formula.

v. *Reserve Uncertainty*

The key uncertainties surrounding the technical provisions relate to the ultimate unpaid claims reserves. These uncertainties are present on both a financial accounting and Solvency II basis. However, in determining the ultimate unpaid claims reserves, it was established that the Company was not exposed to any individual or aggregation of large losses which increased the uncertainty of the Company's reserves beyond the normal range of uncertainty for insurance liabilities at this stage of development.

vi. *Impact of Reinsurance*

The impact of reinsurance on the Solvency II technical provisions is quantified above. As this is small relative to the gross technical provisions, the impact of reinsurance is expected to be limited.

vii. *Material differences between technical provisions on GAAP and Solvency II bases*

The key differences between the GAAP and Solvency II technical provisions are:

- **Profit on Unearned Premiums** – the UPR is based on 100% of unearned premium on a GAAP basis, whereas under Solvency II, profit relating to the unearned premium is recognised at the relevant expected loss ratio.
- **Additional Solvency II loads** - in addition to the Unallocated Loss Adjustment Expenses (ULAE) and bad debt held on a GAAP basis, provisions are required in respect of premiums, claims and investment expenses.
- **Discounting** - the impact of discounting using yield curves provided by EIOPA as at 31 December 2016.
- **Risk Margin** – the load required for the Risk Margin as at 31 December 2016.

In valuing the Solvency II technical provisions:

- There are no matching adjustments applied.
- There are no volatility adjustments used.
- There are no transitional risk-free interest term structures applied.
- There are no transitional deductions applied.

D.3 Other liabilities

For all other liabilities other than the technical provisions, there are no valuation differences between the GAAP and Solvency II bases.

D.4 Alternative methods for valuation

There are no alternative valuation methods to disclose.

D.5 Other information

All relevant information regarding the Company's valuation methodologies is considered to be included in sections D1-D4 above.

E. Capital management

E.1 Own funds

i. Policy

The Company's capital policy sets out capital requirements and principles of funding and states the importance of ensuring that the Company is sufficiently capitalised at all times and complies with the Solvency II requirements. Responsibility for ensuring compliance with this policy rests with the Board.

ii. Capital requirements

With effect from 1 January 2016, the regulatory and solvency requirements for most insurers and reinsurers underwent a major change with the introduction of Solvency II, which provides for the valuation of both assets and liabilities on a market consistent basis.

The Solvency Capital Requirement ("SCR") is the amount of capital required to ensure continued solvency over a one year time frame with a probability of 99.5%. The Company calculates its SCR using the standard formula specified in detail in the Solvency II legislation.

The absolute minimum level of capital required under Solvency II is the Minimum Capital Requirement (MCR). This amount is lower than the SCR and defines the point of intensive regulatory intervention.

Under Solvency II, capital is referred to as Own Funds and a distinction is made between Basic Own Funds (BOF) and Ancillary Own Funds (AOF). Capital starts with the excess of assets over liabilities on the Solvency II balance sheet (EUR 17.3 million at year end 2016) to which qualifying subordinated debt are added (the Company has no subordinated debt) to arrive at Basic Own Funds. Off balance sheet items that may absorb losses are known as Ancillary Own Funds.

The Own Funds are classified into tiers of Own Funds and restrictions are applied to limit the extent to which the components of Own Funds can be used to meet the capital requirements (SCR and MCR).

iii. Own Funds structure as at 31 December 2016

The composition and total available own funds for the Company at 31 December 2016 is set out below. Whilst Basic Own Funds may fall within one of three tiers, Ancillary Own Funds are only permitted to form part of Tier 2 or 3 reflecting the fact they are not on the balance sheet.

EUR'000	Tier 1 Unrestricted BOF	Tier 2 Ancillary	Tier 3 BOF	Total
Paid up share capital	2,500			2,500
Uncalled and unpaid share capital		7,000		7,000
Share Premium	27,876			27,876
Legal reserve	950			950
Deferred Tax Asset			1,080	1,080
Reconciliation reserve	(15,073)			(15,073)
Total Own Funds	**16,253**	**7,000**	**1,080**	**24,333**

The Company's paid up share capital, share premium and legal reserve have been classified as Tier 1 capital. The reconciliation reserve is also classified as Tier 1 capital in accordance with the Solvency II guidelines.

The Company has also accounted for EUR 7 million of unpaid share capital in its eligible own funds at 31 December 2016. Under Solvency II rules, unpaid share capital is considered “ancillary own funds” and is eligible (subject to certain limits) given the approval of the regulator. The CAA has given its approval to the Company for its use of the EUR 7 million of unpaid share capital as ancillary own funds. The unpaid share capital is classified as a Tier 2 ancillary own funds item and is eligible to cover the Company’s SCR, but not MCR, at 31 December 2016.

The reconciliation reserve has been calculated as follows:

Reconciliation reserve	EUR’000
Excess of assets over liabilities	17,333
Less:	
Paid up Ordinary Share Capital	(2,500)
Share Premium	(27,876)
Legal Reserve	(950)
Deferred Tax Assets	(1,080)
Reconciliation Reserve	**(15,073)**

iv. Eligible Own Funds at 31 December 2016

The classification into tiers is relevant to the determination of eligible own funds – being the own funds that are eligible to cover the MCR and SCR.

The MCR may only be covered by Tier 1 and Tier 2 basic own funds.

The table below shows the amount of eligible own funds to cover the SCR and MCR by tier:

EUR’000	Total eligible own funds	Tier 1 Unrestricted BOF	Tier 2 Ancillary	Tier 3 BOF
Total eligible own funds to meet the **SCR**	**24,333**	16,253	7,000	1,080
Total eligible own funds to meet the **MCR**	**16,253**	16,253	0	0

EUR 16.3 million (66.8%) of the company’s eligible own funds are unrestricted tier 1 capital. This consists of the Company’s paid up share capital, share premium, legal reserve and the reconciliation reserve.

v. *Eligible Own Funds to cover capital requirements (SCR and MCR)*

The table below presents the ratio of eligible own funds that the Company holds to cover its capital requirements at 31 December 2016.

EUR'000	2016
SCR	17,839
MCR	4,459
Capital available for SCR	24,333
Capital available for MCR	16,253
Ratio SCR	**136%**
Ratio MCR	**365%**

E.2 Solvency capital requirement and Minimum capital requirement

The Company uses EIOPA's Solvency II Standard Formula to calculate its SCR. It does not use Company specific parameters and does not use simplified calculations in its computation. The table below sets out the capital requirements for each risk module of the Standard Formula.

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Capital requirement for each risk module (EUR'000)	Net solvency capital requirement
Non-life underwriting risk	15,906
Life underwriting risk	0
Health underwriting risk	3,141
Market risk	409
Counterparty default risk	2,151
Diversification	(4,012)
Basic Solvency Capital Requirement	**17,594**
Operational risk	245
Solvency Capital Requirement ("SCR")	**17,839**

As at 31 December 2016, the main component of the Company's SCR is non-life underwriting risk, particularly premium risk, in expectation of the significantly increased premiums to be written in 2017, including the AIG business. Also included within non-life underwriting risk is a catastrophe risk charge which relates relating primarily to flood and earthquake exposures.

The other components of Colonnade's SCR as at 31 December 2016 are market risk, which is predominantly currency risk related; counterparty risk which largely relates to the cash held and premium receivables; health underwriting risk, which is in respect of medical expense business; and operational risk.

The Minimum Capital Requirement at 31 December 2016 is EUR 4.4 million which is the minimum calculated from the formula.

E.3 Use of the duration-based equity sub-module in the calculation of the Solvency capital requirement

As the Company does not write life insurance business, the duration-based equity risk sub-module set out in Article 304 is not relevant for the Company.

E.4 Difference between the standard formula and any internal model used

As the Company does not utilise an internal capital model, this is not relevant.

E.5 Non-compliance with the Minimum Capital requirement with the Solvency Capital requirement

There has been no non-compliance with the MCR or SCR during the reporting period, and the Company is expected to remain compliant going forward.

E.6 Other information

All relevant information regarding capital management has been included in sections E1-E5 above.

F. APPENDICES

S.02.01 - Balance Sheet (EUR)

Assets		Solvency II value
		C0010
Intangible assets	R0030	
Deferred tax assets	R0040	1,080,837
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**995,600**
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	995,600
Equities	*R0100*	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	*R0130*	
Government Bonds	R0140	
Corporate Bonds	R0150	
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	**R0230**	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	**R0270**	**486,693**
Non-life and health similar to non-life	R0280	486,693
Non-life excluding health	R0290	486,588
Health similar to non-life	R0300	105
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	4,639,041
Reinsurance receivables	R0370	776,417
Receivables (trade, not insurance)	R0380	1,335,815
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	23,115,355
Any other assets, not elsewhere shown	R0420	628,096
Total assets	**R0500**	**33,057,854**

Liabilities		
Technical provisions - non-life	**R0510**	**10,625,862**
Technical provisions - non-life (excluding health)	**R0520**	**9,641,059**
TP calculated as a whole	R0530	
Best estimate	R0540	6,887,534
Risk margin	R0550	2,753,525
Technical provisions - health (similar to non-life)	**R0560**	**984,803**
TP calculated as a whole	R0570	
Best estimate	R0580	655,915
Risk margin	R0590	328,887
TP - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	R0620	
Best estimate	R0630	
Risk margin	R0640	
TP - life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	R0660	
Best estimate	R0670	
Risk margin	R0680	
TP - index-linked and unit-linked	**R0690**	
TP calculated as a whole	R0700	
Best estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	1,478,208
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	754,191
Reinsurance payables	R0830	94,550
Payables (trade, not insurance)	R0840	405,879
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	2,365,354
Total liabilities	**R0900**	**15,724,044**

Excess of assets over liabilities	**R1000**	**17,333,809**

Excess of assets over liabilities minus Subordinated Liabilities in BOF		**17,333,809**

S.05.01 - Premiums, claims and expenses by line of business (EUR)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110	2,703,840				187,823	381,970	3,165,135	1,585,964	39,187	2,677	698,801	6,761,065					**15,526,461**
Gross - Proportional reinsurance accepted	R0120						663	997,498	190,628									**1,188,789**
Gross - Non-proportional reinsurance accepted	R0130														6,101			**6,101**
Reinsurers' share	R0140	88,670				8,718	140,758	550,289	629,346	7,797								**1,425,578**
Net	**R0200**	**2,615,170**				**179,105**	**241,875**	**3,612,344**	**1,147,246**	**31,390**	**2,677**	**698,801**	**6,761,065**		**6,101**			**15,295,773**
Premiums earned																		
Gross - Direct Business	R0210	2,517,188				104,145	239,846	1,624,887	539,602	22,278	2,149	659,207	1,887,556					**7,596,860**
Gross - Proportional reinsurance accepted	R0220						457	533,298	72,197									**605,952**
Gross - Non-proportional reinsurance accepted	R0230														4,666			**4,666**
Reinsurers' share	R0240	88,670				5,095	140,758	283,415	153,155	5,463								**676,556**
Net	**R0300**	**2,428,518**				**99,050**	**99,545**	**1,874,770**	**458,644**	**16,815**	**2,149**	**659,207**	**1,887,556**		**4,666**			**7,530,921**
Claims incurred																		
Gross - Direct Business	R0310	833,776				76,740	262,879	895,700	255,501	2,281	156	117,347	643,380					**3,087,761**
Gross - Proportional reinsurance accepted	R0320							43,671										**43,671**
Gross - Non-proportional reinsurance accepted	R0330														512			**512**
Reinsurers' share	R0340	779					109,928		50,036	3								**160,747**
Net	**R0400**	**832,997**				**76,740**	**152,951**	**939,372**	**205,465**	**2,278**	**156**	**117,347**	**643,380**		**512**			**2,971,198**
Changes in other technical provisions																		
Gross - Direct Business	R0410																	**0**
Gross - Proportional reinsurance accepted	R0420																	**0**
Gross - Non-proportional reinsurance accepted	R0430																	**0**
Reinsurers' share	R0440																	**0**
Net	**R0500**																	**0**
Expenses incurred	**R0550**	**2,724,456**				**87,279**	**232,941**	**3,145,365**	**765,868**	**268**	**959**	**287,997**	**3,362,292**		**13**			**10,607,440**
Other expenses	R1200																	**547,182**
Total expenses	**R1300**																	**11,154,622**

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410									**0**
Reinsurers' share	R1420									**0**
Net	**R1500**									**0**
Premiums earned										
Gross	R1510									**0**
Reinsurers' share	R1520									**0**
Net	**R1600**									**0**
Claims incurred										
Gross	R1610									**0**
Reinsurers' share	R1620									**0**
Net	**R1700**									**0**
Changes in other technical provisions										
Gross	R1710									**0**
Reinsurers' share	R1720									**0**
Net	**R1800**									**0**
Expenses incurred	**R1900**									**0**
Total expenses	**R2600**									
Total amount of surrenders	**R2700**									**0**

S.05.02 - Premiums, claims and expenses by Country (EUR)

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		HU	SK	CZ	FR	AT	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premium written								
Gross - Direct Business	R0110		8,174,079	5,910,372	1,430,149	4,673	4,284	**15,523,557**
Gross - Proportional reinsurance accepted	R0120			667,775	521,015			**1,188,790**
Gross - Non-prop reinsurance accepted	R0130		6,101					**6,101**
Reinsurers' share	R0140		126,299	581,907	300,498			**1,008,704**
Net	**R0200**		**8,053,881**	**5,996,240**	**1,650,666**	**4,673**	**4,284**	**15,709,743**
Premium earned								
Gross - Direct Business	R0210		6,275,332	967,276	342,391	4,673	4,284	**7,593,956**
Gross - Proportional reinsurance accepted	R0220			404,870	201,082			**605,952**
Gross - Non-prop reinsurance accepted	R0230		4,666					**4,666**
Reinsurers' share	R0240		126,299	154,931	116,393			**397,623**
Net	**R0300**		**6,153,699**	**1,217,215**	**427,079**	**4,673**	**4,284**	**7,806,951**
Claims paid								
Gross - Direct Business	R0310		2,157,910	656,703	273,149			**3,087,761**
Gross - Proportional reinsurance accepted	R0320				43,671			**43,671**
Gross - Non-prop reinsurance accepted	R0330		512					**512**
Reinsurers' share	R0340		126,299	16,817	17,631			**160,747**
Net	**R0400**		**2,032,123**	**639,886**	**299,189**			**2,971,198**
Changes in other technical provisions								
Gross - Direct Business	R0410							**0**
Gross - Proportional reinsurance accepted	R0420							**0**
Gross - Non-prop reinsurance accepted	R0430							**0**
Reinsurers' share	R0440							**0**
Net	**R0500**							**0**
Expenses incurred	**R0550**		6,497,295	2,758,083	1,309,275	1,168	1,111	**10,566,932**
Other expenses	**R1200**							
Total expenses	**R1300**							**10,566,932**

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R01400							
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premium written								
Gross	R1410							**0**
Reinsurers' share	R1420							**0**
Net	**R1500**							**0**
Premium earned								
Gross	R1510							**0**
Reinsurers' share	R1520							**0**
Net	**R1600**							**0**
Claims paid								
Gross	R1610							**0**
Reinsurers' share	R1620							**0**
Net	**R1700**							**0**
Changes in other technical provisions								
Gross	R1710							**0**
Reinsurers' share	R1720							**0**
Net	**R1800**							**0**
Expenses incurred	**R1900**							**0**
Other expenses	**R2500**							
Total expenses	**R2600**							

S.17.01 - Non-Life Technical Provisions (EUR)

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance:☐				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligations
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**																	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050																	0
Technical Provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross - Total	R0060	110,105				52,032	84,223	1,239,312	745,429	10,200	316	23,935	2,939,455					5,205,007
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	105				1,850	291	112,250	201,086	938			11,634					328,154
Net Best Estimate of Premium Provisions	**R0150**	110,000				50,181	83,932	1,127,062	544,343	9,262	316	23,935	2,927,821					4,876,853
Claims provisions																		
Gross - Total	R0160	545,811				57,060	292,050	844,775	284,037			3,162	311,548					2,338,443
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240						110,737		47,802									158,538
Net Best Estimate of Claims Provisions	R0250	545,811				57,060	181,314	844,775	236,235			3,162	311,548					2,179,905
Total Best estimate - gross	R0260	655,916				109,091	376,273	2,084,088	1,029,466	10,200	316	27,097	3,251,003					7,543,450
Total Best estimate - net	**R0270**	655,811				107,241	265,245	1,971,838	780,578	9,262	316	27,097	3,239,369					7,056,757
Risk margin	**R0280**	328,887				31,354	312,044	802,489	756,039	3,388	287	76,191	771,734					3,082,413
Amount of the transitional on Technical Provisions																		
TP as a whole	**R0290**																	0
Best estimate	**R0300**																	0
Risk margin	**R0310**																	0
Technical provisions - total																		
Technical provisions - total	R0320	984,803				140,445	688,317	2,886,576	1,785,505	13,588	603	103,288	4,022,737					10,625,862
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	105				1,850	111,028	112,250	248,888	938			11,634					486,693
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	984,698				138,595	577,289	2,774,327	1,536,617	12,650	603	103,288	4,011,103					10,139,170

S.19.01 - Non-Life Insurance Claims Information (EUR)

		Development year (absolute amount)																		In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +				
Gross Claims Paid (non-cumulative)		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160			C0170	C0180
Prior	R0100																		R0100		
2002	R0110																		R0110		
2003	R0120																		R0120		
2004	R0130																		R0130		
2005	R0140																		R0140		
2006	R0150																		R0150		
2007	R0160																		R0160		
2008	R0170																		R0170		
2009	R0180																		R0180		
2010	R0190																		R0190		
2011	R0200																		R0200		
2012	R0210																		R0210		
2013	R0220																		R0220		
2014	R0230																		R0230		
2015	R0240																		R0240		
2016	R0250	1,205,383																	R0250	1,205,383	1,205,383
																		Total	R0260	1,205,383	1,205,383

		Development year (absolute amount)																		Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +			
Gross undiscounted Best Estimate Claims Provisions		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0310	C0320	C0330	C0340	C0350			C0360
Prior	R0100																		R0100	
2002	R0110																		R0110	
2003	R0120																		R0120	
2004	R0130																		R0130	
2005	R0140																		R0140	
2006	R0150																		R0150	
2007	R0160																		R0160	
2008	R0170																		R0170	
2009	R0180																		R0180	
2010	R0190																		R0190	
2011	R0200																		R0200	
2012	R0210																		R0210	
2013	R0220																		R0220	
2014	R0230																		R0230	
2015	R0240																		R0240	
2016	R0250	2,338,443																	R0250	2,338,443
																		Total	R0260	**2,338,443**

S.23.01 - Own Funds (EUR)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	2,500,000	2,500,000			
Share premium account related to ordinary share capital	R0030	27,876,287	27,876,287			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings☐	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	-15,073,315	-15,073,315			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	1,080,838				1,080,838
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	950,000	950,000			
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	**R0290**	**17,333,810**	**16,252,972**			**1,080,838**
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	7,000,000			7,000,000	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand☐	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	**R0400**	**7,000,000**			**7,000,000**	
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	**24,333,810**	**16,252,972**		**7,000,000**	**1,080,838**
Total available own funds to meet the MCR	**R0510**	**16,252,972**	**16,252,972**			
Total eligible own funds to meet the SCR	**R0540**	**24,333,810**	**16,252,972**		**7,000,000**	**1,080,838**
Total eligible own funds to meet the MCR	**R0550**	**16,252,972**	**16,252,972**			
SCR	**R0580**	**17,839,847**				
MCR	**R0600**	**4,459,962**				
Ratio of Eligible own funds to SCR	**R0620**	**1**				
Ratio of Eligible own funds to MCR	**R0640**	**4**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	17,333,810
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	32,407,125
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	**R0760**	**-15,073,315**
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**	

25.01 – Solvency Capital Requirement – for undertakings on Standard Formula (EUR)

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios	USP	Simplificaciones
Market risk	R0010	409,715	409,715			
Counterparty default risk	R0020	2,150,513	2,150,513			
Life underwriting risk	R0030					
Health underwriting risk	R0040	3,140,908	3,140,908			
Non-life underwriting risk	R0050	15,905,975	15,905,975			
Diversification	R0060	-4,012,122	-4,012,122			
Intangible asset risk	R0070					
Basic Solvency Capital Requirement	**R0100**	**17,594,989**	**17,594,989**			

Calculation of Solvency Capital Requirement

		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Total capital requirement for operational risk	R0130	244,857
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	**R0200**	**17,839,847**
Capital add-on already set	R0210	
Solvency capital requirement	**R0220**	**17,839,847**
Solvency capital requirement		**17,839,847**
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01 - Minimum Capital Requirement – only life or non-life insurance or reinsurance activity

MCR calculation Non Life		Non-life activities	
		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	655,811	2,649,877
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	107,241	163,071
Marine, aviation and transport insurance and proportional reinsurance	R0070	265,245	344,948
Fire and other damage to property insurance and proportional reinsurance	R0080	1,971,838	3,728,876
General liability insurance and proportional reinsurance	R0090	780,578	1,286,537
Credit and suretyship insurance and proportional reinsurance	R0100	9,262	26,389
Legal expenses insurance and proportional reinsurance	R0110	316	2,374
Assistance and proportional reinsurance	R0120	27,097	615,524
Miscellaneous financial loss insurance and proportional reinsurance	R0130	3,239,369	5,556,735
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obliga

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

		MCR components	
		Non-life activities	Life activities
		C0010	C0040
MCRNL Result	R0010	2,307,826	
MCRL Result	R0200		

Overall MCR calculation

		C0070
Linear MCR	R0300	**2,307,826**
SCR	R0310	17,839,847
MCR cap	R0320	**8,027,931**
MCR floor	R0330	**4,459,962**
Combined MCR	R0340	**4,459,962**
Absolute floor of the MCR	R0350	3,700,000

		C0070
Minimum Capital Requirement	**R0400**	**4,459,962**