Allianz Re Dublin
Designated Activity Company

Solvency and Financial Condition Report
Year ended 31 December 2019

Registered number 307500

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Disclaimer regarding rounding

Figures in this report are presented in millions of Euro ('EUR mn') unless stated otherwise. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not reflect precisely the absolute figures.

Executive Summary

Allianz Re Dublin Designated Activity Company ('AZRD', 'Allianz Re Dublin dac' or 'the Company') has prepared this Solvency and Financial Condition Report ('SFCR') for public disclosure in compliance with the requirements set forth in the Commission Delegated Regulation (EU) 2015/35 ('Delegated Regulation') of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) ('Solvency II Directive').

The structure of the SFCR follows the requirements set forth in Chapter XII, Section 1, Article 290 – Article 303 and Annex XX of the Delegated Regulation, and consists of the following sections: (A) Business and Performance, (B) System of Governance, (C) Risk Profile, (D) Valuation for Solvency Purposes and (E) Capital Management.

A Business and Performance

Allianz Re Dublin dac, a wholly owned subsidiary of Allianz Europe B.V., is a legal entity of Allianz Group with Allianz SE the ultimate parent company. The Company is an Irish composite reinsurance undertaking under supervision of the Central Bank of Ireland ('CBI') and underwrites most property and casualty reinsurance lines of business from cedants within Allianz Group. The Company's cedants, some of which have a worldwide presence and cover risks globally, are domiciled primarily in Western European countries or the United States.

The Company's portfolio of assumed reinsurance risks remained mostly stable in 2019. The main retrocession arrangements, a whole account stop loss ('WASL') and a per event natural catastrophe ('NatCat') excess of loss cover with Allianz SE, continued to be in place.

The Company's technical result before tax for 2019 decreased to EUR 0.7mn from EUR 372.2mn in 2018. There was a significant deterioration from prior year in the Company's loss ratio, combined ratio and technical result primarily due to the performance of one large calendar-year-based stop loss contract recording a significant loss due to underlying performance of the contract's worldwide casualty line of business. Despite a falling interest rate environment, the 2019 investment result was consistent with prior year helped by a higher asset base.

B System of Governance

This section aims at enabling the public to assess whether the system of governance is set up in an appropriate manner with regard to the Company's strategic objectives and business operations. No material changes to the Company's system of governance were implemented in 2019.

The Company's Board of Directors (hereafter 'the Board') is responsible for the overall management and oversight of the Company. The Board strives to keep the current corporate governance framework up to date with new legislation and to identify best practice.

The Board is composed of a majority of non-executive Directors and performs its duties with the support of the following Committees: Audit Committee, Risk Committee, Finance and Investment Committee, Underwriting Committee and Reserve Committee. The general operational management and control of the Company is delegated to the Chief Executive Officer ('CEO').

The Company's Fit and Proper Policy sets out principles, criteria and processes to ensure the fitness and probity of those who manage the undertaking or work within key functions.
The Company has set up a comprehensive risk management framework which ensures the coordination of the Company's business and risk strategies and the integration of the different elements of the risk management system.

The internal control system of the Company comprises the set of activities undertaken to achieve the objectives of (i) effective and efficient operations, (ii) reliability of management and financial reporting and (iii) compliance with applicable laws and regulations.

The Company's internal control system is embedded into the operational and organisational set-up throughout the Company and is articulated along the three-lines-of-defence model. According to the model, the first line of defence covers operational controls; assurance functions (risk management, actuarial and compliance) represent the second line, while internal audit provides the third line of defence.

C Risk Profile

The section describes the risk management, exposure and sensitivity for each material risk category. In line with the Company's risk strategy, underwriting risk is the largest and most important strategic risk for the Company and is to be sought as long as the risk bearing capacities of the Company are not exceeded and it can generate enough profit or reduce capital, to create value for the shareholder. Any other risk is to be actively avoided if possible or managed down to an acceptable level.

With regards to the Prudent Person Principle, the section outlines how the security, quality, liquidity, profitability and diversification of the investment portfolio are achieved and how specific rules are applied for certain investment categories, e.g. derivatives.

D Valuation for Solvency Purposes

This SFCR provides information on the Market Value Balance Sheet ('MVBS') and a comparison of MVBS and the Company's statutory financial statements, which are based on *Financial Reporting Standard 101 Reduced Disclosure Framework* ('FRS 101'). Explanations for material differences in the valuation of assets, technical provisions and other liabilities are provided in this section.

There were no material changes to the valuation of assets, technical provisions and other liabilities in 2019 compared to the previous reporting period.

The matching adjustments and the transitional measures referred to in Articles 308c and 308d of the Solvency II Directive are not applied.

E Capital Management

The Company uses the Allianz internal model for the calculation of the Solvency Capital Requirement ('SCR') and applies an integrated capital framework as described in its Capital Management Policy.

As at 31 December 2019, the Company's Own Funds amounted to EUR 1,255.5mn and consisted fully of unrestricted Tier 1 Basic Own Funds eligible to meet the SCR and Minimum Capital Requirement ('MCR').

As at 31 December 2019, the SCR amounted to EUR 733.8mn and the MCR to EUR 330.2mn. The Company's solvency ratio therefore was 171% (165% excluding the impact of the Volatility Adjustment).

The Company complied with the MCR and the SCR at all times during the financial year 2019 and is expected to continue doing so despite the likely impacts on

(1) the Company's underwriting performance due to COVID-19-related claims and changes in demand for reinsurance, and
(2) the valuation of the Company's investment portfolio

resulting from the adverse impact from the ongoing COVID-19 pandemic on the global economic development, financial markets and the insurance industry in general.

COVID-19 refers to the pneumonia detected in Wuhan, China and first reported to the World Health Organisation ('WHO') on 31 December 2019. The WHO declared the outbreak to be a global pandemic on 11 March 2020. As a result, travel and social gathering restrictions (including restrictions on the opening of businesses) are currently in place across many parts of the world.

A Business and Performance

1 Business

1.1 Financial supervision, group membership and legal structure

Allianz Re Dublin dac is a composite reinsurance undertaking domiciled in Ireland under financial supervision of the Central Bank of Ireland (New Wapping Street, North Wall Quay, Dublin 1, Ireland).

The Company, a legal entity of Allianz Group, is a wholly owned subsidiary of Allianz Europe B.V., whose registered office is Keizersgracht 484, 1017 EH, Amsterdam, the Netherlands. This follows the transfer of its 100% shareholding in the Company, by Allianz Europe Limited, whose registered office is in London, United Kingdom, to Allianz Europe B.V. on 6 November 2019.

Allianz SE, the parent company of Allianz Group, has its headquarters in Königinstrasse 28, 80802 Munich, Germany and holds the legal form of a European company (Societas Europaea, 'SE').

The German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht ('BaFin'), Graurheindorfer Str. 108, 53117 Bonn, Germany) is the group supervisor of Allianz Group.

The Company's position within Allianz Group's legal structure is shown below:

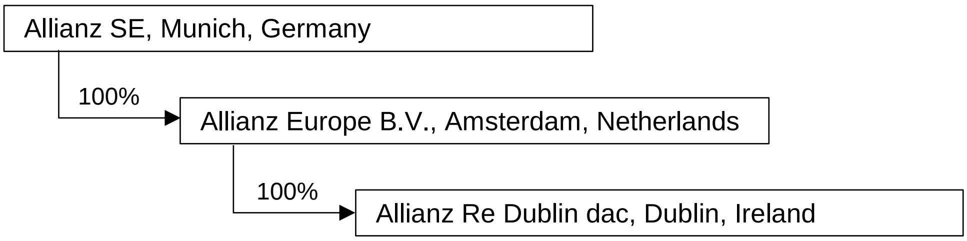

Figure 1: The Company's position within Allianz Group's legal structure as at 31 December 2019

1.2 External auditors

PricewaterhouseCoopers (One Spencer Dock, North Wall Quay, Dublin 1, Ireland) audited the Company's financial statements and the relevant elements of this report for the year ended 31 December 2019. The conduction of the audit and the resulting opinion is stated in the independent auditors' report signed by the audit partner Paraic Joyce.

1.3 Principal activities

The principal activity of the Company is the transaction of international reinsurance business. The Company utilises its in-house expertise to provide reinsurance to companies within Allianz Group.

1.4 Significant business and other events

Non-Life reinsurance business

The Company's portfolio of assumed reinsurance risks remained mostly stable in 2019. The main retrocession arrangements, a whole account stop loss ('WASL') and a per event NatCat excess of loss cover, both with Allianz SE, continued to be in place.

Regulatory developments

In 2019, the Company completed the annual Solvency II submission including a summary of the Regular Supervisory Report for financial year 2018 and conducted a review of all policies implemented per the Solvency II Directive requirement to ensure each policy was fully executed and operational within the Company.

2 Underwriting performance

The Company defines underwriting performance based on FRS 101 as applied in the Company's Financial Statements for all qualitative and quantitative information provided in this chapter in line with the Quantitative Reporting Templates S.05.01 and S.05.02 as

	premiums
+/-	*claims incurred*
+/-	*acquisition and administrative expenses incurred*
+/-	*change in other technical provisions*
=	*underwriting result*

Information is provided net of retrocession, if not stated otherwise.

2.1 Non-life underwriting performance

In 2019, the Company's ***gross written premium*** amounted to EUR 1,846.2mn with the slight reduction compared to the prior year's level mostly due to the Motor line of business.

In EUR mn	**2019**	**2018**
Gross written premiums	1,846.2	1,885.2
Net earned premiums	1,730.7	1,783.3
Net claims incurred	(1,359.8)	(937.6)
Net change in other technical provisions	(1.7)	(1.5)
Net expenses incurred	(399.6)	(503.3)
Net underwriting result	**(30.4)**	**340.9**

Table 1: Non-life underwriting performance

Due to the performance of one large stop loss contract recording a significant loss due to underlying performance of the contract's worldwide casualty line of business, the Company's ***underwriting result*** net of reinsurance decreased to a loss of EUR 30.4mn (2018: profit of EUR 340.9mn), while the prior year had been marked by a benign loss environment and a favourable development of prior accident year losses.

The decrease in expenses is predominantly the result of different result composition of a large stop loss treaty.

2.2 Non-life underwriting performance by material line of business

The Company underwrites most property and casualty reinsurance lines of business including property, natural catastrophe, motor, aviation, liability, marine, engineering, workers' compensation, agricultural, credit and space and provides both proportional and non-proportional reinsurance cover to its cedants.

Underwriting performance by material line of business in EUR mn		Gross written premiums		Net underwriting result	
		2019	2018	2019	2018
accepted proportional reinsurance (r/i)	Motor*	394.4	433.4	(2.0)	24.4
	Fire and other damage to property	285.2	301.0	(52.4)	(29.3)
	Miscellaneous financial loss	239.7	234.1	16.6	25.8
	General liability	253.4	247.0	24.2	13.8
	Other accepted proportional r/i	177.9	162.6	(4.0)	76.5
accepted non-proportional reinsurance (r/i)	Property	315.0	313.4	152.8	151.5
	Casualty	141.4	149.7	(160.9)	80.2
	Other accepted non-proportional r/i	39.1	44.1	(4.6)	(2.1)
Total non-life portfolio		**1,846.2**	**1,885.2**	**(30.4)**	**340.9**

* Includes Motor vehicle liability and Other motor accepted proportional reinsurance
Table 2: Non-life underwriting performance by material line of business

Motor, the Company's biggest proportional line of business in terms of premiums, is predominantly Motor vehicle liability and to a smaller extent Motor own damage and other Motor lines of business.

The net underwriting result in the ***Fire and other damage to property*** line of business remained at an unsatisfactory level.

The ***Miscellaneous financial loss*** portfolio comprises pet insurance and to a significantly smaller extent also business interruption reinsurance.

The underwriting performance of the ***General liability*** reinsurance portfolio improved compared to last year.

The following lines are summarised under ***Other accepted proportional reinsurance***:
- Assistance reinsurance;
- Credit and suretyship reinsurance;
- Income protection reinsurance;
- Legal expenses reinsurance;
- Marine, aviation and transport reinsurance;
- Workers' compensation reinsurance.

Property, the biggest ***accepted non-proportional reinsurance*** line of business in terms of premiums, continued reporting a favourable result thanks to limited natural catastrophe activity.

The adverse result in the ***accepted non-proportional Casualty reinsurance*** was due to one large stop loss contract recording a significant loss due to underlying performance of the contract's worldwide casualty line of business.

The following lines are summarised under ***Other accepted non-proportional reinsurance***:
- Marine, aviation and transport reinsurance;
- Health reinsurance.

2.3 Non-life underwriting performance by material geographical area

The Company provides reinsurance protection to cedants domiciled primarily in Western European countries and the United States. Some cedants have a worldwide presence and cover risks globally.

The allocation of the Company's portfolio to geographical areas in this chapter follows the definition applicable for reinsurance in the Quantitative Reporting Template S.05.02 and is based on the cedant's country of residence.

Underwriting performance by material geographical area in EUR mn		**Gross written premiums**		**Net underwriting result**	
		2019	**2018**	**2019**	**2018**
Country of residence	Ireland	282.7	287.7	(15.1)	(3.8)
Other material geographical areas	United Kingdom	899.5	902.3	22.3	51.5
	Germany	418.7	560.1	(76.1)	146.4
	Other markets	245.3	135.2	38.6	146.8
Total non-life portfolio		**1,846.2**	**1,885.2**	**(30.4)**	**340.9**

Table 3: Non-life underwriting performance by material geographical area

The Company's country of residence is ***Ireland***. The figures for Ireland presented in Table 3 include not only the proportional and non-proportional cessions from the Company's Irish cedant but also the Company's administrative costs and the expense for the Company's retrocession predominantly to Allianz SE (Reinsurance).

The ***United Kingdom*** is the Company's biggest source of business in terms of premiums as the result of a large quota share cession.

The underwriting result of the cessions from the Company's cedants residing in ***Germany*** was affected by the performance of one large stop loss contract recording a significant loss due to underlying performance of the contract's worldwide casualty line of business.

The underwriting result from ***Other markets*** normalized after an extra-ordinarily favourable performance in the prior year.

3 Investment performance

The following table provides details on the Company's investment performance based on FRS 101 as disclosed in the Company's Financial Statements:

Investment performance in EUR mn	**2019**	**2018**
Interest income on securities and deposits	61.1	54.9
Realised gains on other financial investments	4.1	1.6
Realised FX gains	102.0	74.0
Unrealised gains / (losses) on FX forwards	1.4	0.5
Investment return	**168.7**	**130.9**
Investment management and interest expenses	(9.8)	(2.0)
Realised losses on other financial investments	(1.1)	(3.4)
Realised FX losses	(105.4)	(71.6)
Amortisation of securities	(12.3)	(13.6)
Investment charges	**(128.6)**	**(90.6)**
Investment result	**40.0**	**40.4**

Table 4: Investment income and expenses

Despite a falling interest rate environment, the 2019 investment result was consistent with prior year helped by a higher asset base. The Company reported EUR 2.5bn (2018: EUR 2.1bn) worth of debt and other fixed income securities and EUR 2.0bn (2018: EUR 1.9bn) worth of deposits to cedants relating to reinsurance accepted in its MVBS. For further details on the fixed income portfolio please refer to section D Valuation for Solvency Purposes, in particular D.1.7 Investments and D.1.9 Loans and Mortgages, for further details on the deposits to cedants relating to reinsurance accepted please refer to chapter D.1.11.

The following table provides information on gains / (losses) recognised directly in equity:

Other comprehensive income / (loss) in EUR mn	**2019**	**2018**
Unrealised gains / (losses) on available-for-sale investments	51.3	(13.3)
Tax on unrealised gains / (losses) on available-for-sale investments	(6.4)	1.7
Total	**44.9**	**(11.7)**

Table 5: Other comprehensive income / (loss)

For the MVBS the Company defines securitisation as the sum of investments in 'structured notes' and 'collateralised securities'. In line with the Company's Strategic Asset Allocation ('SAA'), the Company invested EUR 104.3mn in collateralised securities (2018: EUR 106.3mn) and nil in structured notes (2018: nil).

The Company's principles and processes with regards to investments in securitisation are documented in the AZRD Functional Rules for Investment Management.

4 Performance of other activities

The Company has in place a serviced office rental agreement with Allianz p.l.c. for a term expiring 1 January 2023.

There were no other material lease arrangements – neither operational nor financial – in place as at 31 December 2019.

5 Any other information

All material information on the Company’s business and performance has been provided in the previous chapters.

B System of Governance

1 General information on the system of governance

1.1 Roles and responsibilities

The Company is a composite reinsurer undertaking registered in Ireland with the company number 307500. A company registered in Ireland is subject to Irish regulations and laws. Company law requires the Directors of the Company to prepare financial statements for each financial year. Under that law they have prepared the Financial Statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the UK Financial Reporting Council, including Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and Irish law) addressing the financial reporting requirements and disclosure exemptions for the individual financial statements of subsidiaries and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a wholly owned subsidiary of Allianz SE and part of the global operating entity ('OE') Allianz Reinsurance ('Allianz Re'), an object in the management hierarchy of Allianz Group, encompassing Allianz SE (Reinsurance) (the reinsurance department of the parent company), Allianz Re Dublin dac and further legal entities.

To ensure an effective oversight and steering, the Board define the Company's business strategy, working closely together with the Functional Board of Allianz Re. The overall responsibility for the global steering lies with the Functional Board of Allianz Re.

1.1.1 The Board of Directors

Responsibility for Corporate Governance, i.e. the overall management and oversight of the Company, lies with the Company's Board of Directors. The Directors are committed to achieving and maintaining the highest standards of Corporate Governance in regards to the procedures, processes and attitudes according to which the organisation is directed and managed.

The Central Bank of Ireland Corporate Governance Requirements for Insurance Undertakings (the 'Requirements') issued in November 2015 set out the minimum core standards of Corporate Governance. The Company is subject to the Requirements and has been designated by the CBI as a 'Medium-High' risk impact institution and accordingly is required to comply with the majority of its requirements. The Directors and senior management believe the Company is materially compliant with the Requirements.

The Board is constituted and regulated in accordance with and under the provisions of the Companies Act 2014. Board and Director proceedings and conduct are regulated specifically by the provisions of the Company's Constitution. In addition, the Board must comply with the provisions of the Requirements.

Within the Directors' Report forming part of the Company's Financial Statements for the financial year ended 31 December 2019 dated 4 March 2020, the Board issued the following Directors' Compliance Statement: 'The Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations and have drawn up a compliance policy statement; put in place appropriate arrangements or structures that are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations; and reviewed, during the financial year those arrangements or structures.'

The current Board consists of eight Directors, the majority of whom are non-executive Directors ('NED'); four are independent non-executive Directors ('INED'). The roles of the Board's Chairman and Company's Chief Executive Officer ('CEO') are separate. The Board's Chairman is a non-executive Director, in line with the provisions set forth in the Company's Board Charter. The Company's Directors are:

- Amer Ahmed (Chairman) – Non-executive
- Colm Costello – Chief Executive Officer
- Manfred Eberl – Non-executive
- Thomas David Kingston – Independent non-executive
- Frank Mee – Non-executive
- Andrew Stephen Melcher – Independent non-executive
- Michelle Moore – Independent non-executive
- Michael Steel – Independent non-executive

Michelle Moore was appointed to the Board of Directors during the financial year on 4 December 2019. In accordance with the Articles of Association, the Directors are not required to retire by rotation.

The overall corporate governance responsibility of the Board covers the following:

- The effective, prudent and ethical oversight of the Company;
- Setting the business strategy; and
- Ensuring that risk and compliance are properly managed within the organisation.

Responsibility for general operational management and control of the Company is delegated by the Board to the CEO with certain powers reserved (including those which cannot be delegated under law or the Constitution of the Company; these Board Reserve Powers are detailed in the Company's Board Charter).

The matters requiring approval by the Board include, but are not limited to:

- Approval of the Terms of Reference for all Board Committees;
- With the exception of current management of the Company's investment and hedge portfolios, any purchase, sale, transfer of shares or securities which impact the capital structure of the Company;
- Decisions regarding the dividend policy;
- The removal from office of any of the heads of a control function as defined by the Corporate Governance Requirements for Insurance Undertakings issued in 2015;
- Any incorporation of or acquisition or control of any company including without limitation, by way of take-over or merger;
- Approval of the audited Financial Statements of the Company, including approval of any significant changes in accounting policies or practices;
- Changes to the structure, size and composition of the Board including appointment and dismissal of the CEO.

1.1.2 Committee framework

The Board operates an effective committee structure to assist it in its governance of the Company. The committee framework comprises (1) Board Committees that involve one or more Board member(s), though not the Chairman of the Board, and (2) Management Committees, where only the executive Director is represented. The committees furthermore involve participants, who are either directly involved at the functional level or are involved in similar roles at Allianz SE or at Allianz Re, and admit guests (both standing and ad-hoc), but these have no voting rights. The Board retains responsibility for oversight of any matters delegated to any committee or to the management.

The Board has established and maintains the following committees:
- Audit Committee (Board Committee)
- Risk Committee (Board Committee)
- Finance and Investment Committee (Board Committee)
- Underwriting Committee (Management Committee)
- Reserve Committee (Management Committee)

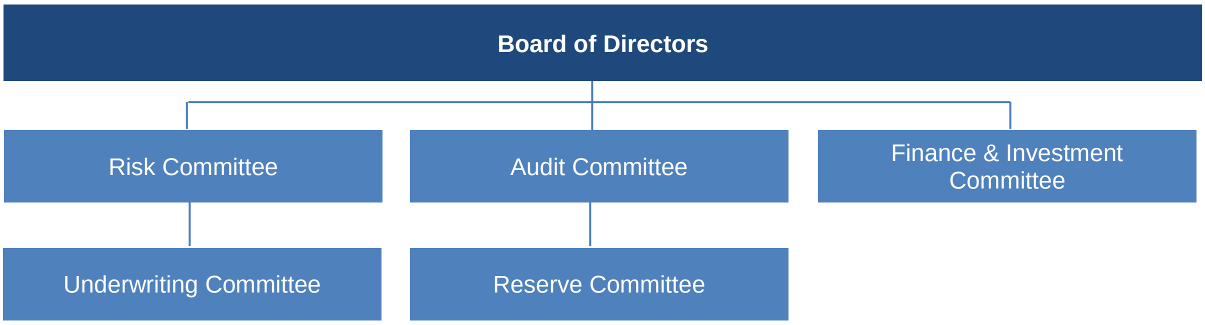

Figure 2: Overview of the Company's committee structure as at 31 December 2019

Committees aim to facilitate business steering and to safeguard the Company's oversight function (hereby also supporting the internal control system). Committees have clearly defined mandates, authority, appropriate independence and are composed in a manner appropriately reflecting different functions. Committees report their decisions and activities to the Board for further discussions or for approval. For each committee, terms of reference have been approved and are regularly reviewed.

Risk Committee

The Risk Committee's objective is to define and maintain oversight of all risk management activities within the Company. It supports the Board and supervises the Head of Risk, key function holder of the Company's risk management function, by acting as the primary risk controlling body within the Company. Specific functions and responsibilities of the Risk Committee include the following:
- Oversee the overall risk position of the Company, monitoring all risk types (both quantifiable and unquantifiable, e.g. emerging risk, reputational risk);
- Define, maintain and monitor the structure and scope of the risk management and controlling frameworks, including risk limits, guidelines, the capital model and risk methodology (procedures for the identification, assessment, quantification and reporting of risks);
- Promote and enhance a strong risk culture and develop risk talent for the Company;
- Consider, assess and contribute to the development of the Company's risk / return strategy;
- Ensure that appropriate internal reporting to the Committee, the Board and the Group, is in place both on regular and ad-hoc basis.

The Risk Committee is chaired by an independent non-executive Director.

Audit Committee

The Audit Committee is constituted to assist the Board in fulfilling its oversight responsibilities. Specific oversight responsibilities of the Audit Committee include:
- The integrity of the Company's Financial Statements;
- The Company's compliance with legal and regulatory requirements, including review and pre-approval of annual quantitative and qualitative regulatory reporting such as the Quarterly Reporting Templates ('QRTs') and narrative reports;

- The independent auditor's qualifications and independence;
- The performance of the Company's internal audit function and independent auditors.

The Audit Committee is subject to stringent requirements to ensure its independence. The Chairman of the Board shall not be a member of the Audit Committee. The Audit Committee is composed of non-executive Directors, the majority of those Directors being independent. At least one of the Directors on the committee shall have an appropriate qualification and at least one of the Directors on the committee shall be a person who has competence in accounting or auditing.

The Chairman of the Audit Committee must be an independent non-executive Director.

Finance and Investment Committee

The Finance and Investment Committee is constituted to support the Board in fulfilling its oversight responsibilities regarding investments and market risk in compliance with the Company's risk framework. The Committee assumes the following main functions:

- Oversee and review the investment portfolios of the Company within the framework set by the Company's Risk Appetite Framework;
- Review and recommend to the Board the Company's Strategic Asset Allocation ('SAA');
- Oversee planning and development of asset allocation and investment income;
- Oversee the Company's capital structure and liquidity position;
- Advise on a dividend policy, in line with the Company's Capital Management policy;
- Decide on the Company's derivative strategies;
- Approve setup of investment-related contracts, incl. asset management mandates;
- Implement a defined investment management process;
- Approve individual investment transactions with significant impact for the Company.

The Finance and Investment Committee is chaired by a non-executive Director.

Underwriting Committee

The Underwriting Committee is a management committee that reports to the Risk Committee. It is constituted to assist the Board in fulfilling its oversight responsibilities regarding underwriting activities and acts as consulting and procedure/processes proposal making body to the Risk Committee. The Underwriting Committee's mission is to lay down the underwriting policies within the Company. Specific responsibilities of the Underwriting Committee are:

- Oversee the overall underwriting position of the Company;
- Define the structure and scope of the underwriting management and controlling frameworks for approval by the Risk Committee, including underwriting policies, limits, guidelines and underwriting methodology;
- Discuss and propose approval of certain deals with high exposure to the Company;
- Monitor on an ongoing basis the Company's underwriting performance.

The Underwriting Committee is chaired by the Company's Head of Underwriting.

Reserve Committee

The Reserve Committee is a management committee that reports to the Audit Committee. It is constituted to assist the Board in fulfilling its oversight responsibilities regarding the Company's technical reserves.

The mission of the Committee is to regularly review portfolio experience and the actuarial reserve proposals as well as to qualitatively review the risks inherent in the reserves. It decides the level of loss and loss expense reserves to be carried by the Company under FRS 101 and the technical provisions under Solvency II at the close of each calendar quarter and makes a recommendation for the appropriate levels to be pre-approved by the Audit Committee and approved by the Board of Directors at year end.

In particular, the Committee assumes the following main functions and responsibilities:
- Maintain an adequate level of loss reserves to be carried by the Company on an FRS 101 and MVBS basis;
- Oversight of Reserving Policy, including proposing changes to the Audit Committee and Board for approval;
- Review the approach, methods and granularity of loss reserve analysis for the major business segments;
- Ensure that approved changes in carried reserves are well understood and communicated so that appropriate business responses are implemented.

The Reserve Committee is chaired by the Company's Chief Financial Officer ('CFO').

1.1.3 Policy framework

Steering and controlling of the Company is supported by a set of corporate rules which are aligned with the corresponding corporate rules adopted by the Allianz Group. Corporate rules include all the Company's internal rule-setting documents issued by an authorised owner with the intention to establish binding regulations or guidelines of relevant topics (related to business segments, operations, functions, or specific issues). Each corporate rule needs documented approval by the respective approval body.

The Company has in place a defined policy framework that outlines the relevant criteria for creating and updating corporate rules including the underlying rule-setting process. The policy framework, in concrete, comprises four levels (from top to bottom): (1) Code of Conduct; (2) Policies; (3) Standards; and (4) Functional Rules.

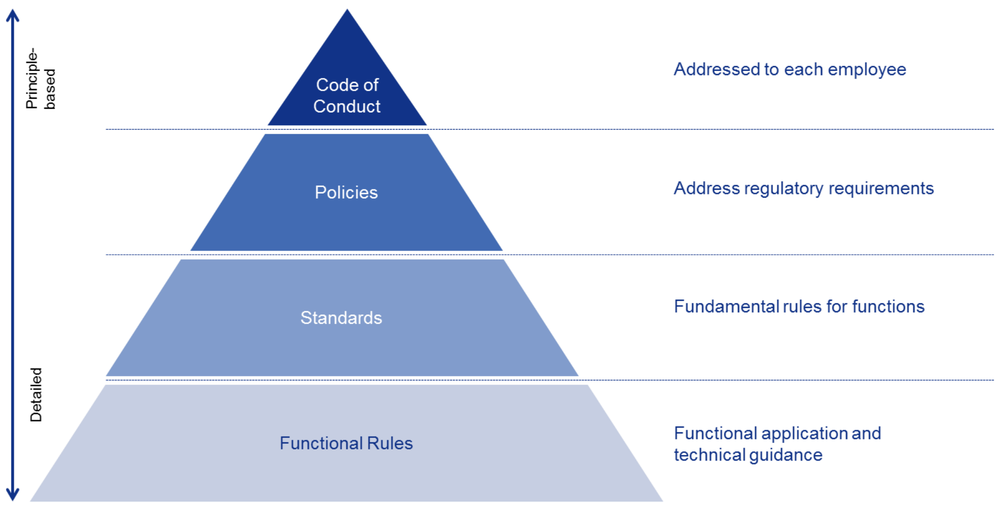

Figure 3: The Company's policy framework

In particular, the Company has adopted the below listed policies:

Policy	Responsible	Rationale
Accounting and Reporting Policy	CFO	Defining the framework for the provision of reliable and high quality financial information by the Company
Actuarial Policy	Head of Actuarial Function	Describing the framework for actuarial work within the Company
Anti-Corruption Policy	Head of Compliance	Setting out AZRD's minimum anti-corruption and anti-bribery standards
Board Diversity Policy	Head of Compliance	Establishing core principles regarding diversity with regard to selection of persons for nomination to become members of the Board
Capital Management Policy	Head of Risk	Establishing the core principles and processes for the Company's capitalisation
Compliance Policy	Head of Compliance	Establishing core principles regarding key responsibilities, organisational framework and reporting and monitoring duties of the Compliance Function
Fit and Proper Policy	Head of Compliance	Establishing core principles and processes to ensure sufficient knowledge, experience, professional qualifications, integrity and soundness of judgment for senior management and key function holders
Governance and Control Policy	Head of Compliance	Describing core principles and processes to ensure an effective management and oversight of the Company's business
Internal Audit Policy	Head of Compliance	Ensuring the effectiveness of the controls necessary to achieve the Company's goals
Legal Policy	Head of Compliance	Establishes core principles of the legal function, its key responsibilities and tasks as well as its organisational framework
Outsourcing Policy	Head of Compliance	Determining the relevant processes and strategies for outsourcing to ensure adherence to regulatory requirements
Reserving Policy	Head of Actuarial Function	Establishing the core principles and processes for the calculation and reporting of non-life reserves
Remuneration Policy	CEO	Setting the framework for the Company's remuneration system and facilitating the implementation of regulatory requirements
Retrocession Policy	Underwriting Function / Head of Risk	Establishing the core principles and processes for retrocession placement
Risk Policy	Head of Risk	Laying down the fundamental elements of the risk management and risk controlling framework
Whistleblowing Policy	Head of Compliance	Establishing core principles regarding whistleblowing and the Audit Committee acting as the Company's Integrity Committee

Table 6: Policies adopted by the Company as at 31 December 2019

1.1.4 Key functions

The Company's Fit and Proper Policy specifies that heads of department are considered key function holders and comparable to the Central Bank of Ireland's designation of pre-approval controlled functions ('PCFs').

The Company's key functions and key function holders have been identified as:

Key function	Key function holder
Risk management function	Head of Risk
Compliance function	Head of Compliance
Internal audit function	Outsourced to Allianz SE
Actuarial function	Head of Actuarial Function
Accounting and reporting function*	Chief Financial Officer
P&C underwriting function*	Head of Underwriting

*Considered a key function by the Company although not mandated by Solvency II

Table 7: Key function holders

Risk management function

Please refer to chapter B.3 for a detailed description of the set-up of the risk management function and the Head of Risk's roles and responsibilities.

Compliance function

Please refer to chapter B.4.4.1 for a detailed description of the roles and responsibilities of the Compliance function.

Internal audit function

Please refer to chapter B.5 for a detailed description of the roles and responsibilities of the internal audit function.

Actuarial function

Please refer to chapter B.6 for a detailed description of the roles and responsibilities of the actuarial function.

Accounting and reporting function

Although not mandated by the Solvency II framework, the Company considers the accounting and reporting function a key function in line with Allianz Group's policy and as documented in the Company's Fit and Proper Policy. The CFO is the key function holder for this role, which is a pre-approval controlled function under the CBI's Fitness and Probity Regime and embedded in the global Allianz Re accounting and reporting function.

The principles for the Company's accounting and reporting function are defined in the Company's Accounting and Reporting Policy:
- Transparency in cooperation with all internal and external stakeholders;
- Compliance with the legal framework;
- Consistency;
- Interpretation of external reporting requirements;
- Information quality – neutral, complete, unbiased, faithfully representing underlying economics, proportionate to the needs of the addressees;
- Collaboration between departments;
- Reporting culture minimizing the potential for errors.

Main responsibilities include:
- Establishment of accounting and reporting principles and procedures according to local accounting standards and regulatory guidance as set out by the CBI and in accordance with Allianz Group accounting and reporting principles and procedures;
- Support of Audit Committee in audit tender processes;
- Closing: coordination, information collection, closing entries and qualitative reviews;
- External reporting: regulatory reporting including Solvency II quantitative and qualitative reporting, reporting to Allianz Group, local statutory reporting;
- Documentation.

P&C underwriting function

The Company's underwriting policies provide the basis for the P&C underwriting function which is – although not mandated by the Solvency II framework – considered a key function by the Company as documented in its Fit and Proper Policy. The Head of Underwriting is the key function holder, fulfilling the Head of Underwriting P&C pre-approval controlled function under the CBI's Fitness and Probity regime, and acts as chairman and secretary to the Company's Underwriting Committee. Please refer to chapter B.1.1.2 for a detailed description of the roles and responsibilities of the Underwriting Committee.

Underwriting authority framework:
The delegation of underwriting authority enables the authorised person to enter into binding reinsurance contracts on behalf of the Company. The underwriting authorities only apply to business where a decision within the Company is admissible by law and Group policies. The underwriting authority framework is proposed by the Head of Underwriting and requires approval by the Underwriting Committee and Risk Committee. Details of the current framework are outlined in the Company's Standard for Non-Life Treaty Underwriting and Functional Rule for Non-Life and Life & Health Underwriting.

Assignment of underwriting authorities:
Upon alignment with the Global Allianz Re Chief Underwriting Officer ('CUO'), authority to the Head of Underwriting is assigned by the Company's CEO who will sign the respective authority letter together with the Company's CFO.
The Head of Underwriting assigns, modifies and withdraws upon consultation with the Global Allianz Re CUO and the Allianz Re Underwriting Governance all other underwriting authorities by formal authority letters. The individual authority letters will be signed by the Company's CEO and the Head of Underwriting. The recipient of the underwriting authority has to acknowledge the assignment of authority by countersigning the authority letter.
Any delegation of underwriting authority to internal or external parties not outlined in the framework requires prior written authorisation of the Underwriting Committee as well as the Board and has to be recorded by the Allianz Re Underwriting Governance accordingly.

1.2 Material changes in the system of governance in 2019

No material changes to the system of governance were implemented in 2019.

1.3 The Company's remuneration policy

Remuneration structures and incentives are designed to encourage sustainable value-creating activities. The remuneration policy provides for an appropriate balance of fixed and variable remuneration components for executive Directors, senior management and other employees of the Company:

1, Base salary: Base salary is the fixed remuneration component. Annual adjustments also take account of sustained performance in the position, the performance of the Company and general economic and compensation market conditions. The proportion of the fixed component within total remuneration is designed to balance performance incentives to avoid excessive risk-taking. Base salary is expressed as an annual cash sum paid in monthly instalments.

2, Variable remuneration: Variable remuneration is designed to encourage and reward achievement of annual performance goals. Annual targets, both quantitative and qualitative are set in advance of the performance period and documented in Allianz Group's HR system. In the case of breaches of the Allianz's Code of Conduct, compliance or other relevant criteria, pay-out can be reduced partially or in full.

Selected key performance indicators ('KPIs') from the financial plans form the basis for the financial and operational targets which shall reflect the strategy of the Company and global Allianz Re. The performance management system has been furthermore adjusted to support Allianz Group's strategic Renewal Agenda. Under the 'Inclusive Meritocracy' approach, financial KPIs can make up half the performance equation. The remaining element is linked to individual performance linked predominantly to qualitative criteria. For executives the approach places greater emphasis on behavioural aspects of performance through a common standard designed to drive cultural change across Allianz Group. These are Customer and Market Excellence, Collaborative Leadership, Entrepreneurship, and Trust. The relative importance of the fixed and variable components is based on the individual roles and responsibilities.

The Company's employees including members of the executive management and key function holders are entitled to join the Company pension scheme which is a defined contribution scheme. The Company contributes an amount equal to a percentage of the employee's base salary into the pension fund. The assets of the plan are held separately from the Company in independently administered funds. Employees contribute additional contributions.

Non-executive Directors (excluding those non-executive Directors who work for an Allianz Group company) are entitled to a fixed remuneration and do not receive any performance-related variable remuneration.

1.4 Material transactions with related parties

The Company has not paid any dividend during the year (2018: nil).

All material transactions of the Company with related parties were conducted on an arm's length basis, and were related to the following types of transaction:

- The Company engages in reinsurance transactions with Allianz SE (Reinsurance) and other Allianz Group entities;
- The Company uses the Allianz SE Cash Pool;
- The Company provides a loan to Allianz SE;
- The Company invests in debt notes issued by an affiliated entity;
- The Company engages in derivative transactions with Allianz SE to hedge its foreign exchange risk.

Materiality is based on the thresholds set by BaFin, the group supervisor for Allianz Group, for the reporting of significant and very significant internal transactions provided by Allianz SE to the group supervisor on an annual basis.

2 Fit and proper requirements

The Company's Fit and Proper Policy sets out principles, criteria and processes to ensure the fitness and probity of those persons who manage the undertaking or work within key functions. The Policy provides guidance on how fitness and probity are assessed depending on the findings and information gathered during recruiting, regular reviews and ad-hoc reviews, and on the consequences of a negative assessment. The policy furthermore contains a definition of fitness and probity and the requirements for the various relevant positions and describes the processes necessary to ensure the fitness and probity of the persons holding these positions.

At recruitment, the specific fitness requirements for both internal and external candidates must be determined. A CV is to be submitted by each candidate and interviews are scheduled. Reference checks and public media searches may be made by the Company as part of background checks to ensure the applicant's information is correct; in the absence of any document required as part of the background check the Company can request a self-declaration to serve as proof. Any employment contract for a pre-approval controlled function ('PCF') role under the CBI's Fitness and Probity Regime is subject to receiving CBI approval initially and continually adhering to the Fit and Proper standards.

Performance reviews take place on a regular basis for all permanent employees of the Company in order to, amongst other goals, assess the fitness and probity of staff. In addition, PCF and controlled functions are required to certify that they are aware of the Fit & Proper standards, and to agree to continue to abide by those standards. These individuals must also declare whether they are aware of any material developments in relation to their compliance with the standards of which the Company ought to be aware.

On an ongoing basis, professional training ensures that the fit and proper requirements are constantly met and training on compliance topics (including ethical business behaviour, anti-fraud and anti-corruption) is offered to provide employees with clear rules for proper behaviour. The Company requires individuals to self-certify that they are compliant with their particular continuing professional developments requirements.

Ad-hoc reviews of a person's fitness and probity may take place in certain extraordinary situations giving rise to questions regarding a person's fitness or probity.

The Company's Fit and Proper Policy specifies that heads of department are key function holders and therefore comparable to the Central Bank of Ireland's designation of PCFs. Please refer to chapter B.1.1.4 for an overview of the Company's key function holders.

In respect of key function holders, the Directors and any person performing a PCF within the Company are subject to the Fitness and Probity standards, the Code issued under Section 50 of the Central Bank Reform Act 2010. All persons performing PCFs in 2019 have declared that they meet the Fitness and Probity standards, that they are competent and capable, act honestly, ethically and with integrity, and are financially sound.

The internal audit function is outsourced to Allianz SE which is regulated by BaFin, the German Federal Financial Supervisory Authority. The arrangement is governed by a service level agreement and therefore is exempt from the CBI's Fitness and Probity Regime. In order to comply with the Company's Fit and Proper Policy, confirmation has been received from the service provider that all personnel are fit and proper.

3 Risk management system including the own risk and solvency assessment

3.1 Risk management framework

Figure 4 shows how the parts of the Company's Risk Management Framework (hereafter 'RMF') fit together. The Business Strategy (which is not part of the RMF) steers the Risk Strategy which, in turn, dictates the Risk Appetite. These three core elements of the business influence the Internal Model ('IM'), the Top Risk Assessment ('TRA'), Risk Reports and the Own Risk and Solvency Assessment ('ORSA'). The IM and TRA are also used in both the Risk Reports and the ORSA, and any issues arising from the ORSA may be fed back into the TRA, or back into one of the core elements. The whole process is governed by the Risk Policy.

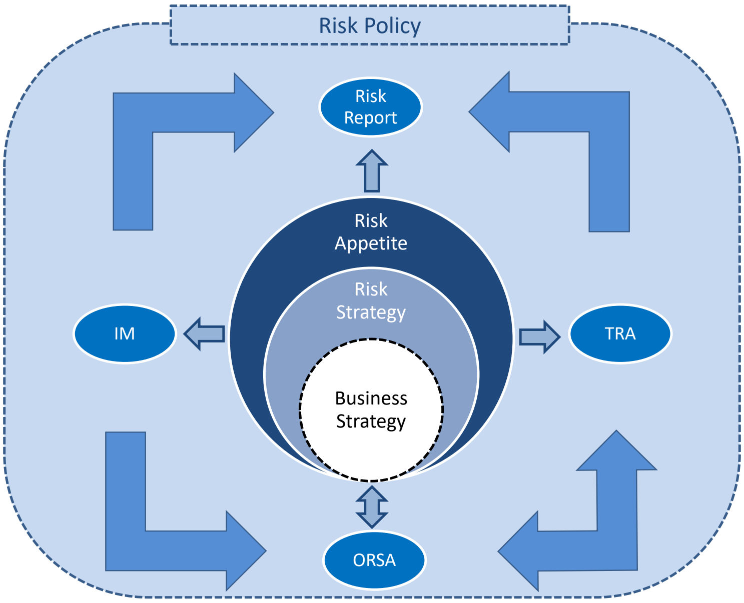

Figure 4: Risk management framework

The risk management framework's four primary components are:

Risk identification and underwriting: A robust system of risk identification and underwriting forms the foundation for adequate risk management decisions. Supporting activities include standards for underwriting, valuation methods, individual transaction and new product approvals, emerging / operational / top-risk assessments, and scenario analysis, etc.

Risk strategy and risk appetite: The Risk Strategy defines the Risk Appetite consistent with the Business Strategy. It ensures that rewards are appropriate based on the risks taken and capital required and that delegated authorities are in line with our overall risk-bearing capacity and strategy.

Risk reporting and monitoring: A comprehensive qualitative and quantitative risk monitoring and reporting framework provides management with the transparency needed to assess whether the risk profile falls within delegated limits and to identify emerging issues and risks quickly. For example, risk dashboards and limit consumption reports as well as scenario analysis and stress tests are regularly prepared and communicated.

Communication and transparency: Transparent risk disclosure provides the basis for communicating our strategy and performance to internal and external stakeholders, ensuring a sustainable positive impact on valuation and financing. It also strengthens the risk awareness and risk culture throughout the Company.

3.2 Risk Strategy and Risk Appetite Framework

The Company's risk strategy and overall risk appetite are coordinated with and derived from the Company's business strategy. As a reinsurer, the Company actively pursues insurance risks as long as its risk bearing capacities are not exceeded (e.g. by creating undue accumulations of risks) and they can generate enough profit or reduce capital, to create value for the shareholder. Any other risk should be actively avoided if possible or managed down to an acceptable level.

A detailed description of how the Company interprets the Risk Strategy is set out in the Risk Appetite Framework, which incorporates the Company's Risk Appetite Statement outlining the level of risk the Company is willing and able to accept in pursuit of economic value. The Risk Appetite is expressed in qualitative and quantitative metrics for the key risks faced by the Company across a short, medium and long term horizon.

The Risk Appetite Framework includes a clearly defined monitoring, escalation and reporting framework in particular covering the following elements:
1. Obligatory requirements including target and minimum solvency ratios;
2. Top risks – reviewed in the annual TRA
3. Limits management based on the Risk Tolerance and Control Statements.

Link to business strategy

Business Strategy and Risk Appetite are set by the Board and are dependent upon, and inter-related with, one another – as outlined in the Business Strategy of Allianz Re Dublin dac reviewed and approved by the Board on 18 September 2019.

The business strategy is implemented by a Group-wide management dialogue process which leads to a three-year business plan and to the financial plan of the Company. Risk assessments, including outputs from the IM, and a review of the Risk Appetite Statement, form an integral part of this process. As such, the entire business strategy and planning process is part of the Company's ORSA process.

Principles for risk management

The fundamental principles of risk management, included in the Risk Policy, provide a high-level guidance to the risk management of the Company:
- The Board is responsible for the risk strategy;
- Risk capital is a key risk indicator;
- Consistent qualitative and quantitative methods are to be used to measure and evaluate risks;
- A consistent limit system is to be developed to ensure adherence to the Risk Appetite and to manage concentration risk exposure;
- Appropriate risk mitigation techniques are to be employed to address instances where identified risks breach the established Risk Appetite;
- Consistent and efficient monitoring is to be established to ensure risk tolerance limits and top risk target ratings are adhered to;
- Complete, consistent and timely risk reporting and risk communication is to be made available to all relevant levels of management.

3.3 Risk governance

Risk management is to be embedded throughout the Company and enacted at all levels of authority. Responsibilities for risk management are clearly defined and allocated in a manner that allows for the appropriate separation of duties consistent with the 'three lines of defence' model as described in chapter B.4.

Board of Directors
The Board holds ultimate responsibility for the Company. It is responsible for (i) setting and approving the Risk Strategy including the Risk Appetite and (ii) ensuring the Company's adherence to this Risk Strategy. Ultimately it is responsible for assessing the risk exposure of the Company and ensuring the risk management framework and internal control framework reflect its Risk Appetite.

The Board aims to establish a risk culture by demonstrating that the management of risks is an important factor towards the achievement of business objectives. Accordingly, the Board shall:

- Review and approve business strategies and main policies, as well as the Company Risk Strategy (including the Risk Appetite Statement);
- Identify and understand major risks faced by the Company within the execution of the business strategies;
- Ensure that a suitable and proportionate system of risk management is established and maintained, including regular internal reviews of the system of governance; and
- Ensure that the system of risk management is effective.

While risk management is the responsibility of the Board as a whole, one member of the Board (the Chairman of the Risk Committee) is designated to oversee the risk management system.

In fulfilling these tasks the Board is supported by the Company's committee framework. Please refer to chapter B.1.1.2 for further details.

Head of Risk
The Head of Risk is the key function holder as regards the independent risk oversight of the Company. The role is a PCF and reports into the Risk Committee. His core task is to establish and maintain the Company's risk management framework in close coordination with the global Allianz Re function, encompassing:

- Maintenance of risk policies and guidelines and the Risk Strategy for the Risk Committee and Board;
- Co-ordination of risk identification, assessment, measurement, monitoring and reporting;
- Co-ordination, tracking and follow-up on all risk mitigation actions taken;
- Organisation, collation, preparation and distribution of the Risk Report and other material for the Risk Committee;
- Ensuring proper operation of the risk capital calculations, performed jointly with the Risk Controlling team of Allianz Re;
- Supporting the Company's employees in the assessment and communication of risks upon request.

For day-to-day operations the Head of Risk is supported in his oversight and control responsibilities by the Risk Controlling team of Allianz Re, of which he is a member. The Risk Controlling Team develops methods and processes for identifying, assessing and monitoring risks within all units of global Allianz Re, consistently with the Group's approach based on systematic qualitative and quantitative analysis.

The Head of Risk acts as secretary to the Risk Committee.

Risk owners
Risk Owners are responsible for the risk in their area of the business. They are also responsible for developing, implementing and monitoring remediation plans for breaches in the Risk Appetite and for flagging risk issues to the Head of Risk that have the potential for deterioration if not acted upon immediately.

3.4 Risk categorisation

According to the Allianz Group Risk Policy, which is adopted as part of the Company's Risk Policy, risk is defined as an unexpected, negative change in the appraisal value of Allianz or, insofar as influenced by a failure of Allianz to meet fiduciary or regulatory requirements, in the economic position of Allianz stakeholders. Appraisal value in this context includes both current economic value and the value of future business.

Risks are categorised into one of the following eight broad risk categories, which may then be further broken down into risk types:

Market risk: Unexpected losses arising due to changes in market prices or parameters influencing market prices, as well as the resultant risk from options and guarantees that are embedded in contracts or from changes to the net worth of assets and liabilities in related undertakings driven by market parameters. In particular, these include changes driven by equity prices, interest rates, real estate prices, exchange rates, inflation rates, credit spreads and implied volatilities. By that it also includes changes in market prices due to a worsening of market liquidity.

Credit risk: Unexpected losses in the market value of the portfolio due to deterioration in the credit quality of counterparties including their failure to meet payment obligations or due to non-performance of instruments (i.e. payment overdue).

Underwriting risk (or actuarial or insurance risk): Unexpected financial losses due to the inadequacy of premiums for catastrophe and non-catastrophe risks, due to the inadequacy of reserves or due to the unpredictability of mortality, morbidity or longevity.

Business risk: Unexpected decrease in actual results compared to business assumptions, which leads to a decline in income without a corresponding decrease in expenses; this includes lapse risk.

Operational risk: Unexpected losses resulting from inadequate or failed internal pro-cesses and systems, from human misbehaviour or errors or from external events.

Reputational risk: Unexpected drop in the value of the Allianz share price, value of in-force business or value of future business caused by a decline in the reputation of Allianz Group or one or more of its specific OEs from the perspective of its stakeholders.

Liquidity risk: Unexpected financial losses due to a failure to meet, or to meet based on unfavourably altered conditions, short-term current or future payment obligations, as well as the risk that in the event of an OE liquidity crisis, refinancing is only possible at higher interest rates or by liquidating assets at a discount.

Strategic risk: Unexpected negative changes in an entity's value arising from the adverse effect of management decisions regarding business strategies and their implementation.

Some of the risk categories may accumulate as a result of an unbalanced risk profile with one or more disproportionately large risks (concentration risk). Expected or possible changes to the current risk profile due to future events whose impacts are either unknown or subject to great uncertainty may also emerge within the eight risk categories (emerging risk). Concentration risk and emerging risk do not constitute separate risk categories.

3.5 Risk management processes

For all material quantifiable and non-quantifiable risks, a comprehensive risk management process is in place that incorporates (i) risk identification, (ii) risk assessment, (iii) risk response and control activities, (iv) risk monitoring, and (v) risk reporting. The process is implemented and conducted within the confines of the Risk Strategy and Risk Appetite and periodically assessed for adequacy. Please refer to section C Risk Profile for details.

3.5.1 Top Risk Assessment (qualitative approach)

All material quantifiable and non-quantifiable risks across all risk categories, including any risk concentrations, are analysed via the annual performance of a TRA. The Company has adopted the methodology for TRA as laid down in the Allianz Standard for Top Risk Assessment.

The principle objective of the TRA is to identify and remediate significant threats to financial results, operational viability or the delivery of key strategic objectives, regardless of whether they relate to quantifiable or non-quantifiable risks. It is the Company’s approach for ensuring that top risks are identified, assessed, managed, mitigated and monitored.

The ultimate responsibility for identifying and assessing risks as well as for setting an appropriate risk target and implementing risk mitigation plans lies with the risk owner at senior management level.

3.5.2 Internal risk capital model (quantitative approach)

Risk capital for all material and quantifiable risks, namely market, credit, underwriting, business and operational risk, are calculated on a quarterly basis using the Allianz IM.

The Company uses the IM to ensure that adequate capital is held to protect against unexpected, extreme economic losses. It is also used for decision-making and risk management processes. For example, the Company considers the IM in the following decisions:

- Setting the business strategy, capital planning and the risk strategy including the limit framework;
- The underwriting process (covering underwriting and business risks) in the analysis and development, as well as in the pricing and approval, of new and existing treaties;
- Setting the retrocession strategy;
- The strategic asset allocation (the analysis of the risk bearing capacity with respect to market and credit risk).

The Board is responsible for approving the IM and any material changes to it, subject to a stringent model validation process, thereby ensuring the ongoing appropriateness of the model for the Company’s risk capital calculation.

The framework for model governance is given by the Allianz Group’s Internal Model Governance Guidelines comprising the Allianz Standard for Model Governance and the Allianz Standard for Model Change, which have been adopted locally. The framework covers the lifecycle of the IM from model development to its implementation and use, ensuring the ongoing adequacy of the internal risk capital model to business profile. Specifically, key topics covered include: model changes, model updates, validation, approval, implementation and operational use, as well as the monitoring of the ongoing appropriateness for use.

For model validation the following approach is applied:
- Model owner activities assess whether the results produced by the model are appropriate and the existing documentation is sufficient;
- Independent validation considers model specific validation topics, such as coverage, methodology, calibration, data, computational process, results and documentation as well as qualitative aspects, such as model governance, expert judgment, data quality, and use test;
- Suitability assessments assess whether central model components are appropriate taking into account local specificities;
- Transversal model validation is employed to validate the entire model taking into consideration results across all validation areas and the interrelation between them.

The annual validation report drafted by the Head of Risk and presented to the Risk Committee and Board for approval is produced to document the results of the regular validation assessment and confirm the ongoing appropriateness of the internal risk capital model, as well as its fulfilment of Solvency II regulatory requirements.

The Allianz Standard for Model Change sets the rules and principles for ensuring the appropriateness of IM changes based on the following key principles:
- The internal risk capital model may need to be changed after initial validation and approval to ensure that it remains appropriate after events that may require a model change (e.g. changes in the risk profile, business model or operating environment);
- All model changes must go through a structured model change and approval process before the changed model can be used;
- The depth of the respective model governance (i.e. approval body) depends on the materiality and proportionality of the model component;
- The quantitative impact of individual changes, as well as the combined impact of multiple changes, are analysed as an integral part of the model change process.

3.5.3 Risk reporting

The Head of Risk is responsible for the regular reporting of all major risks of the Company in a quarterly Risk Report. Once the Risk Committee has signed off the Risk Report (or requested changes have been implemented) the final version is made available to the Board and the employees of the Company.

At a minimum, the Risk Report covers all limits in the Risk Appetite Statement and all Key Risk Areas identified in the TRA process. In particular all Key Risk Indicators identified are reported on a regular basis to provide management with an early warning system. Risk issues identified by management that have the potential for deterioration if not acted upon immediately are flagged to the Head of Risk without delay, who will include them in an ad hoc report to the Risk Committee.

3.6 Own risk and solvency assessment (‘ORSA’)

The ORSA is a comprehensive assessment of all risks inherent in the business in order to determine whether current and future capital will be sufficient to ensure sustained solvency in the face of these risks. It is part of a cyclical and iterative system involving the Board, senior management, the risk function and employees of the Company. It aims to provide the Board with confidence on how the strategy of the Company will perform against various risks (both quantifiable and non-quantifiable).

It goes beyond the determination of capital needs determined by solely applying risk capital models. Additionally, it considers stress scenarios, model limitations, and other non-quantifiable risks and determines how these risks translate into capital needs or how they can be otherwise mitigated.

As such, the ORSA is an integral part of the business strategy and is performed and documented at least once a year (‘regular ORSA’). It is also performed whenever the risk profile changes significantly (‘ad-hoc ORSA’).

4 Internal control system

4.1 Internal controls

Internal controls describe the set of activities undertaken by the Company to provide reasonable assurance regarding the achievement of the following objectives:

- Effective and efficient operations;
- Reliability of management and financial reporting;
- Compliance with applicable laws and regulations.

The internal control system is articulated along the 'three-lines-of-defence model' with graduated control responsibilities:

The ***first line of defence*** is performed in the business through the management of day-to-day activities, risk management and controls. In particular, the first line of defence is responsible for the operational management of risks and returns by taking or directly influencing the origination and acceptance of risks.

The ***second line of defence*** provides independent oversight and challenges the day-to-day risk taking and controls by the first line. The second line of defence defines the overarching control frameworks within which the business is entitled to operate; it oversees adherence to control frameworks and challenges business decisions; and finally it advises on risk mitigation strategies and control activities. The following functions are considered to represent the second line of defence: risk management function (Head of Risk), compliance function (Head of Compliance) and actuarial function (Head of Actuarial Function).

The ***third line of defence*** provides independent assurance across the first and second lines. Its activities include particularly an independent assessment of the effectiveness and efficiency of the internal controls of the Company, including the activities exercised by the first and second lines. The third line of defence is represented by the Internal Audit Function.

To ensure an effective internal control system, all control functions are obliged to co-operate and to exchange necessary information and advice.

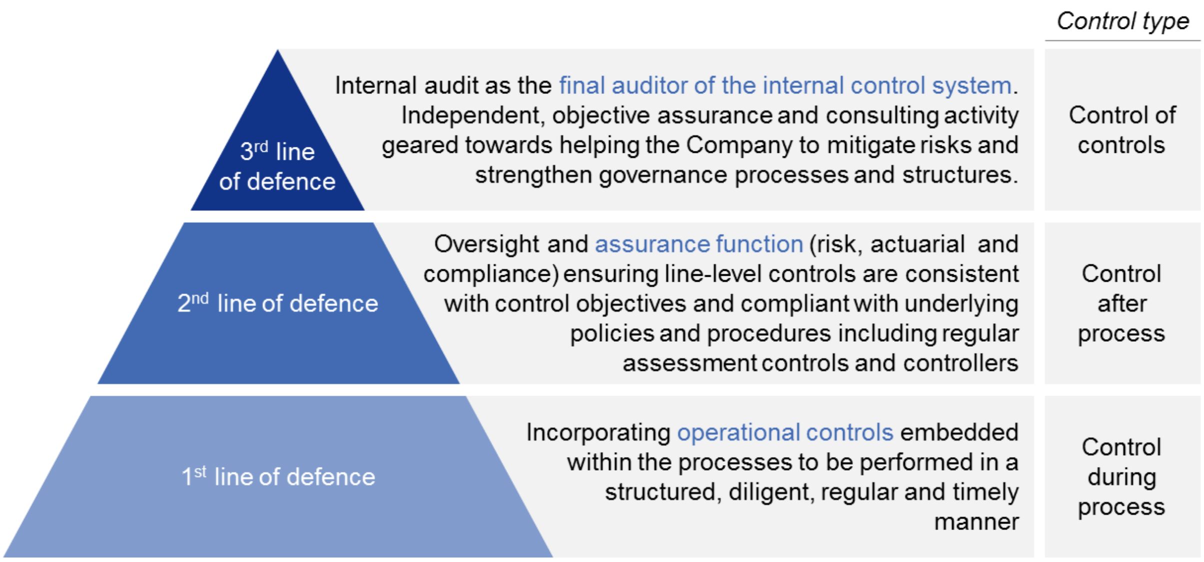

Figure 5: Internal control system

Regardless of the activity in question, the implementation of the Company's internal control system is based on the following general principles, as set out in the Company's Governance and Control Policy:

- Four eyes principle: material decisions are taken by at least two representatives of the Company;
- Segregation of duties: where appropriate, duties are segregated in order to avoid potential conflict of interest; examples include separating payments, settlement and bookings from trade takings; separation of limit setting and authorisations of transactions; separation of control performance and control testing or monitoring;
- Three lines of defence model: line management responsibility and independent risk oversight are separated in the internal control framework;
- Raising awareness to perform internal controls by defining and communicating clear responsibilities;
- Implementing and maintaining structured processes for which key controls are in place and are working effectively.

4.2 Internal control framework

The internal control system comprises a series of specific entity level controls (Entity-Level Controls Assessments, 'ELCA') and an Integrated Risk and Control System ('IRCS') at the process level. The ELCA controls cover all elements of the System of Governance and are therefore an important source of information for the regular review of the Company's System of Governance. At process level, the IRCS framework ensures that there are effective controls or other risk mitigation measures for all material operational risks.

The objective of IRCS is to bring one approach to conduct risk and control assessment in a manner that allows a focus on key risks and controls. It aims to integrate governance and increase effectiveness and efficiency.

The IRCS framework consists of several steps:

1. ***Scoping.*** The scoping exercises allows the Company to focus efforts on the most significant risks and associated key controls.

2. ***Risk and Control assessment.*** Assessment of in-scope risks and identification of their key controls. A qualitative conclusion is drawn regarding the overall adequacy of these controls. If a specific risk level is not acceptable, remediation activities need to be established.

3. ***Key control testing.*** Key controls are tested in line with a structured risk-based testing plan

4. ***Monitoring and Reporting.*** IRCS reporting is conducted and information provided to management regarding identified deficiencies, established remediation activities and the overall effectiveness of the IRCS. The risk landscape is monitoring continuously to initiate actions as needed..

Although no system of internal control can provide absolute assurance against misstatement or loss, the Company's systems are designed to provide the Directors with reasonable assurance of the management of business objectives and compliance, and that physical and financial assets are safeguarded, transactions are authorised and recorded properly and material errors and irregularities are either prevented or detected with minimum delay.

4.3 Main control areas of first line of defence

In addition to the key controls illustrated above, examples of normal controls that the Company has in place are described in this chapter.

4.3.1 Controls around risk capital calculations

The Company has implemented a control concept in the risk capital calculation and aggregation process as the internal risk capital calculations incorporate economic factors which are not fully reflected in accounting results. This control concept has been integrated into the IRCS framework as much as possible, and thus the same requirements apply (e.g. documentation, clear assignment of responsibilities, etc.). Key risks have been identified and respective controls have been implemented to mitigate risk capital miscalculation.

Additionally, the model governance framework adopted by the Company establishes a set of compulsory model governance and control principles in line with the Solvency II requirements for IM use. The framework also defines the general requirements for data quality assurance and documentation, including the specific areas of expert judgment, external models and data. It ensures that all models used to determine solvency capital requirements produce reliable output.

4.3.2 Controls around underwriting

Underwriting is the Company's core activity and is therefore subject to thorough controls. The control environment on the underwriting process is included in the IRCS framework,.

Underwriting controls are set out locally in the Standard for Underwriting and the Functional Rule for Non-Life and Life & Health Underwriting, which follow the Allianz Group Standard for P&C Underwriting. These documents jointly outline the set of rules detailing which exposures, clauses and conditions may or may not be written in the P&C business, or are subject to upfront approvals. The definition of the structure and scope of the underwriting governance and controlling framework is one of the key responsibilities of the Company's Underwriting Committee.

The Company's underwriting activities are subject to, among others, the following principles:

- **Four eyes principle:** Technical assessments, pricing decisions (including contract signing) are reviewed by at least two people. The four eyes principle is properly documented and applies to all commitments made on behalf of the Company.
- **Segregation of duties:** Duties are segregated between client managers, underwriters, the underwriting processing team of Allianz Re (which manages the administration of the contracts) and the Company's accountants.
- **Transfer pricing (arm's length principle):** All reinsurance contracts, incoming as well as outgoing, between Allianz Group Companies and the Company are based on arm's length terms, i.e. rates and conditions are in line with market practice.
- **Technical pricing:** A technical pricing / risk assessment is an integral and mandatory part of the underwriting process.
- **Transaction Summary Sheet:** The creation of a Transaction Summary Sheet is mandatory for all business and includes the conclusions of the underwriter and where necessary the actuary, Cat modeller, etc. together with final conclusions of the client manager. Included in this summary sheet are flagging guidance (Red, Amber, Green) for technical pricing economics, coverage & conditions and robustness of technical pricing, including data quality.

- **Expert consultation:** In specific circumstances defined by the guidelines, Allianz SE (Reinsurance) and Group experts are consulted prior to any underwriting decision (for example, Allianz SE (Reinsurance) Centre of Competence NatCat for natural catastrophes exposures).
- **Actuarial involvement and sign-off:** Certain reinsurance programmes require actuarial support as deemed necessary by the underwriter.
- **Documentation:** All treaties have to be entered in the underwriting IT system GRIP4UW, in order to ensure transparency and accountability.
- **Underwriting file reviews:** A self-review process whereby the underwriting files belonging to the business are regularly assessed against the underwriting practices and functions and their linkage to relevant underwriting guidelines to ensure continued compliance. Such reviews are conducted by independent underwriters within Allianz Re but from outside of the Company.

In addition to the controls implied by the underwriting principles, and the controls set up within the IRCS framework, a fundamental control process is represented by the referral process which is fully documented in the Standard for Underwriting and the Functional Rule for Non-Life and Life & Health Underwriting.

As the Company's underwriting strategy is steered in alignment with the overall global Allianz Re underwriting strategy, the referral process is also instrumental in coordinating portfolio steering across the entities and locations that compose Allianz Re.

Therefore, for treaty programmes exceeding certain quantitative thresholds (expected premium income or exposure / capacity), a mandatory referral process is in place known as a Global Review. The Global Review is jointly performed by the Allianz Re CUO and Global Managing Director Reinsurance who may consult with other Global Functional Board members. Global referrals are pure underwriting referrals and as the Global CUO is also a member of the Underwriting Committee, such reviews can be done simultaneously. Following this consultation the final decision rests with the Underwriting Committee.

4.3.3 Controls around investments

In addition to the controls around investments included in the IRCS framework (e.g. regular reconciliations of trades, positions, or cash flows), a high level control framework around the Company's financial assets is in place as part of the overall investment management governance.

The Company's Finance and Investment Committee, when defining the Company's Strategic Asset Allocation, monitors quotas and leeway for the main asset classes. This Committee, together with the Risk Committee, is also responsible for the financial control process, in particular for the oversight of investment risks and results.

4.3.4 Controls around IT

Activities related to IT application development and maintenance have been outsourced by the Company to Allianz SE (Reinsurance), which is part of the legal entity Allianz SE, a German, BaFin-regulated entity, and the respective service level agreements are subject to the Company's Outsourcing Policy. Allianz SE (Reinsurance) in turn outsources IT activities to Allianz Technology. These outsourced processes are governed by the Group's IT standards and guidelines which require Allianz SE (Reinsurance) and Allianz Technology to adhere to a group-wide IT risk management and internal control framework.

The Company has in place a Board approved Information Security Framework and Strategy.

4.3.5 Entity Level Controls

Entity Level Controls represent control activities whose conduct has a fundamental impact on the operating effectiveness of the Company and its process level controls. Examples of entity level controls implemented at the Company are controls over the effectiveness of the organisational structure or controls over the implementation of the Allianz Code of Conduct.

The design and operating effectiveness of the entity level controls is regularly assessed by the internal audit function through an Entity Level Controls Assessment and includes a follow-up to ensure that any associated control deficiencies are addressed in an appropriate and timely manner.

4.4 Second line of defence controls

Second line of defence controls are effected by the risk management function (please refer to chapter B.3), the actuarial function (please refer to chapter B.6) and the compliance function in the ongoing performance of their duties.

4.4.1 Compliance function

The Head of Compliance is the key function holder as regards the independent compliance function, which is a PCF and part of the second line of defence. He has a direct reporting line to the Company's Audit Committee and a functional reporting line to the Allianz Re Head of Legal and Compliance.

The activities and processes of the compliance function are performed locally by the Head of Compliance with additional support provided by the Legal and Compliance department of Allianz Re.

The objectives of the compliance function are:

- Support and monitor compliance with applicable law, regulations and administrative provisions to protect the Company against compliance risks. This includes the identification, assessment and mitigation of these risks;
- Advise senior management and Board on compliance risks, including compliance with laws, regulations and administrative provisions adopted pursuant to the Solvency II Directive.

The Company has in place a structured compliance risk assessment process which is described in the Company's Compliance Policy.

Compliance risk identification and assessment

Compliance risk is defined as the risk of legal or regulatory sanctions, significant financial loss or loss to reputation that the Company may suffer as a result of not complying with laws, regulations and administrative provisions as applicable to its activities. Within his area of responsibility, the Head of Compliance identifies and evaluates potential areas of compliance risk which might lead to damage to the Company's reputation, regulatory sanctions or financial loss. Results of the assessment form the basis for the compliance plan, the compliance report and for the compliance risk sections of the Risk and Control Self-Assessment ('RCSA') and possibly the TRA, both owned by the risk management function.

Compliance risk management

The Head of Compliance advises and assists the management with measures to prevent, mitigate or minimise compliance risks. In particular, he develops and implements an annual compliance plan, outlining the planned compliance control activities for the individual relevant risk areas including underlying timeframes.

A compliance culture is promoted within the Company through an on-going cycle of compliance training and education, with the aim of ensuring strong awareness and understanding of compliance standards, procedures and guidelines. Compliance related training is coordinated by the Head of Compliance.

The Head of Compliance is responsible for adequately responding to compliance violations, if required by escalating to the Company's Audit Committee or to the appropriate Allianz Group bodies (e.g. the Group's Integrity Committee). In order to capture relevant incidents, the Head of Compliance facilitates and channels employee reporting and analyses other evidence related to potential incidents. However, employees have also the possibility to independently report a compliance case using a dedicated functionality of the Allianz intranet (Allianz whistleblowing function).

Compliance risk reporting

A quarterly compliance report is prepared by the Head of Compliance for submission to the Audit Committee. The report outlines key activities, relevant compliance obligations and indicates any deficiencies and actions taken.

4.4.2 Risk and Control Self-Assessment

The effectiveness of the internal control system is regularly assessed in the Risk and Control Self-Assessment ('RCSA') by the Head of Risk. This is a risk-based, structured appraisal involving the entire management of the Company. The objective of the RCSA is to identify and assess operational risks with particular focus on low frequency high impact events, that may potentially result in significant financial losses or may have significant impacts on the balance sheet. In cooperation with the relevant functions, such risks are managed by assessing the control environment and establishing remediation activities and/or controls where necessary.

For further details please refer to chapter C.5.

5 Internal audit function

Internal audit independently reviews processes and determines whether the Company's control framework, as designed and represented by the management, is adequate, in place and operating effectively.

The internal audit team is a key function and represents the third line of the 'three lines of defence' system. The outsourcing of the internal audit services does not imply any delegation of management responsibility for the internal audit function, which remains the corporate responsibility of the Company.

In particular, audit activities are performed in accordance with the Company's strategic and annual audit plans, as agreed between the Company's Audit Committee and internal audit function. Results of audits completed are formally reported by the internal audit function to the Company's Audit Committee. Internal audit assists the Company in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of control touch points and governance processes. This means that a key responsibility of the internal audit is to assess the quality of the internal control system, while being independent of the activities which are audited.

Internal audit has interfaces and a close cooperation with other functions. In line with regulatory requirements, reciprocal oversight is exercised amongst the other risk and control functions: Risk, Actuarial and Compliance, notwithstanding the internal audit function's responsibility to review and audit these functions.

The following Allianz Group Audit Policy requirements ensure independence and objectivity of the internal audit function:

- The internal audit function must have a standing within the organisational structure that ensures to maintain the necessary independence. Necessary independence means that no undue influence is exercised over the internal audit function, for instance in terms of reporting, objectives, target setting, compensation or by any other means. Internal audit must avoid conflicts of interest in fact or appearance. Internal auditors and the internal audit function have the authority to express assessment and recommendations but cannot give orders (except in cases of suspicion of illegal activities or fraud).

- Each holder of an internal audit function (i.e. head of the internal audit department) must report directly to the CEO and, when permitted, to the respective Group Company's Audit Committee. The Head of Internal Audit must regularly have direct interaction with the CEO and the Chair of the applicable Audit Committee, where existing. Internal audit departments also report functionally to Allianz Group Audit and are subject to oversight from Group Audit.

- The internal audit function shall have the right to communicate with any employee and obtain access to any information, records or data necessary to carry out its responsibilities, to the extent legally permitted. It has the responsibility and the right to review activities, procedures and processes in all areas of the Group, without limitation. Internal audit has the unlimited right to obtain information and management must inform internal audit of serious deficiencies and major changes in internal control systems. This information must be handled with discretion and confidentiality.

6 Actuarial function

The Head of Actuarial Function, a PCF, is the actuarial key function holder and part of the second line of defence in relation to reporting, oversight and controlling activities. The actuarial function and its activities are governed by the Company's Actuarial Policy.

The core tasks performed by the actuarial function as a second line of defence are based on regulatory requirements, in particular:

- coordination of calculation of technical reserves for accounting and regulatory purposes and other controlling and reporting figures;
- expression of an opinion on the overall underwriting policy and on the adequacy of (outwards) reinsurance arrangements; and
- contribution to the effective implementation of the risk management system including expressing an opinion on each ORSA process.

In line with the 'Domestic Actuarial Regime and Related Governance under Solvency II', latest version issued by the CBI in 2018, the Head of Actuarial Function produces an Actuarial Opinion on Technical Provisions ('AOTP') for the Board and the CBI and an Actuarial Report on Technical Provisions ('ARTP'), supporting the AOTP, for the Board. The regime also requires an independent peer review of the technical provisions and the associated AOTP and ARTP, thereby providing an 'independent view of the Company's calculation of technical provisions'. For the Company, this peer review is to take place at least every three years and was carried out for the first time in 2018 on the technical provisions as at end of 2017.

With respect to the non-life portfolio, activities related to the calculation of technical provisions have been outsourced to the Corporate Actuarial department of Allianz SE (Reinsurance), the arrangement being governed by a service level agreement and subject to the Company's Outsourcing Policy. Oversight of the calculation of technical provisions is provided by the Company's Head of Actuarial Function.

7 Outsourcing

The Company has a Board approved Outsourcing Policy, which is the local implementation of the Allianz Group Outsourcing Policy. The policy requires that prior to the commencement of any outsourcing of critical or important functions or activities, formal written notification should be provided to the CBI, in line with the CBI's Outsourcing Notification Process under Solvency II. All outsourcing arrangements are subject to on-going monitoring and annual review.

The Company seeks to retain a lean organisation, focused on the business of reinsurance and leverages other Allianz Group entities with capacity or core competencies in specific operational and technical areas.

The Company's outsourcing of any critical or important operational functions or activities, as at 31 December 2019, are set out below:

Provider	Outsourced service(s) or function(s)	Jurisdiction of Provider	Relationship Owner
Allianz SE (Reinsurance)	Claims Services	Germany	CFO
Allianz SE (Reinsurance)	IT Services	Germany	CEO
Allianz SE (Reinsurance)	Actuarial, NatCat & Risk Management Services	Germany	Head of Risk, Head of Actuarial Function
Allianz SE	Internal Audit	Germany	CEO
Allianz Investment Management SE	Investment Management	Germany	CFO
Pacific Investment Management Company Europe Ltd	Asset Management	United Kingdom	CFO
Pacific Investment Management Company LLC	Asset Management	United States	CFO

Table 8: The Company's outsourcing arrangements for critical or important operational functions or activities as at 31 December 2019

8 Any other information

8.1 Assessment of adequacy

The Company operates in a continually changing environment with new risks emerging on a constant basis, however the Company has a successful track record of managing these risks. The Directors have expressed their confidence that they have put in place a strong management team, a solid risk management and governance framework, processes and controls capable of dealing with risks as they arise.

Furthermore, in line with the Company’s Internal Audit Policy, the quality of the internal control system is assessed by the Internal Audit function, that is independent of the activities which are audited. In particular, audit activities are performed in accordance with the Company's strategic and annual audit plans, as agreed between the Company’s Audit Committee and Internal Audit function. Results of audits completed are formally reported by the Internal Audit function to the Company’s Audit Committee.

8.2 Any other material information

All material information on the Company’s system of governance has been provided in the previous chapters.

C Risk Profile

The current risk profile of the Company is captured by the solvency requirements. The Company is subject to Solvency II and uses the Allianz IM for the calculation of the Solvency Capital Requirement ('SCR').

As at 31 December in EUR mn	2019	2018
Solvency Capital Requirement	733.8	638.9
Own Funds	1,255.5	1,172.7
Solvency Ratio	**171%**	**184%**

Table 9: The Company's capital position and solvency requirements

The Company's IM results per risk category are set out below:

As at 31 December in EUR mn		2019	2018
Stand-alone	Market risk	189.8	92.3
	Credit risk	43.1	29.8
	Underwriting risk	707.4	625.9
	Business risk	8.1	7.1
	Operational risk	17.9	22.8
Aggregation (undiversified)		**966.4**	**778.1**
./. Diversification		(200.1)	(71.3)
Aggregation (diversified)		**766.2**	**706.7**
./. Tax		(32.4)	(67.8)
Solvency Capital Requirement		**733.8**	**638.9**

Table 10: The Company's IM results per risk category

The Company has established risk limits for each of the main risks, using the internal risk capital model where appropriate. The first set of limits reflects the upper boundary of what the Board views as acceptable risks for the Company to assume, and therefore they are documented in the Risk Appetite Statement. Accumulation and aggregation of risks across categories and concentration of risks within categories are considered. All upper boundary limits are monitored in the quarterly risk report.

Secondary risk limits may be set to provide early warning or directional information. Early warning indicators are also included within the Risk Appetite Statement. All secondary risk limits are included in the quarterly risk report.

A description of the IM and how risks are measured and aggregated is provided in section E Capital Management.

None of the changes to the IM that were implemented during 2019 were material for the Company.

1 Underwriting risk

The underwriting risk (also referred to as insurance or actuarial risk) consists of:

- Non-Catastrophe (Non-Cat) premium risk,
- Natural Catastrophe (NatCat) premium risk, and
- Reserve risk.

They are the largest and most important strategic risks of the Company. As a reinsurer, the Company actively pursues underwriting risk as a core competence. The Company's Risk Strategy states: insurance risks should be sought as long as the risk bearing capacities of the Company are not exceeded (e.g. by creating undue accumulations of risks) and they can generate enough profit or reduce capital, to create value for the Group.

The framework for premium risks is set out in the Company's Standard for Underwriting, the Functional Rule for Non-Life and Life & Health Underwriting and the Handbook for P&C Reinsurance Pricing. These documents set out the types of insurance risk the Company is willing to accept, how premium adequacy is ensured and what reviews and approvals are required. All treaties are designed and priced independently of any risk-mitigating retrocession that may be available.

It is mandatory that an internal reference price is calculated in accordance with the guidelines and with the tools approved by Actuarial Pricing. The key points of the pricing methodology have to be approved by the Risk Committee. Final approval for the underwriting of individual treaties is handled within Underwriting authorities (as outlined in the Functional Rule for Non-Life and Life & Health Underwriting).

For details on controls for underwriting activities please refer to chapter B.4.3.2.

Reserve risk is managed according to the Company's Reserving Policy. The following processes are in place to ensure adequate reserve setting:

- Quarterly reserve calculations by dedicated actuarial department;
- Process and methodology in line with Group Actuarial reserving standards;
- Reserves are presented to and agreed by the Company's Reserve Committee;
- IRCS documentation of the reserving process.

Concentration of underwriting risk

The Company writes various types of non-life insurance risks, including property, motor and liability. The most significant risks arise from natural catastrophes (high-severity low-frequency events); this risk is not geographically specific, and hence there is little concentration risk under these treaties. Concentration of risk may also arise from insurance contracts issued to a cedant, within a geographical location. The relative variability of the outcome is mitigated if there is large portfolio of similar risks. Concentration of risk is also mitigated through retrocession.

Sensitivity of underwriting risk

In order to adequately manage the Company's risk exposures, scenario analyses are performed. The base case is the official plan for the coming year from the Group-wide management dialogue process. Various claims scenarios based on the IM results are reviewed to inform senior management and the Board of the sensitivity of the Company's solvency ratio to underwriting variability. For example, the impact from two EUR 100mn NatCat events was expected to decrease the Company's Own Funds by EUR 65.6mn which would reduce the Company's Solvency II ratio by 9%.

Retrocession of underwriting risk

The Company utilises retrocession to mitigate its underwriting risk to within the defined risk appetite, to protect the solvency of the Company, to improve the efficiency of its use of capital and to meet Group strategic goals. The Company uses the scenario analyses mentioned above as a basis for setting its retrocession structures.

The Company's Retrocession Policy specifies the principles that govern the appropriate structures and counterparties for retrocession arrangements. The Risk Appetite Statement defines the Company's risk limits and the associated minimum levels of retrocession that are appropriate for the Company.

The Risk Committee is responsible for all outgoing retrocession activities, while very large or strategically significant treaties require the approval of the Board. The underwriting function acts as point of entry for all Company retrocession topics and is responsible for monitoring compliance and non-compliance with the Retrocession Policy.

Included within this retrocession program is a Whole Account Stop Loss ('WASL') treaty which limits the overall exposure of the Company. This is the primary risk mitigation program that has been put in place for the Company and ensures that the potential underwriting losses of the Company are within acceptable limits. The retrocession limit has been calibrated to cover 1:200 year losses.

Supporting the WASL is a Natural Catastrophe retrocession program that provides the Company with additional resilience against large losses.

2 Market risk

Investment risk for the portfolio, including liquidity, is monitored in the Risk Committee. The management of the investment assets of the Company is the responsibility of the Finance and Investment Committee ('FICo'), who have outsourced the execution within a specified mandate to Pacific Investment Management Company Europe Ltd and Pacific Investment Management Company LLC (together 'PIMCO') and receive advice from Allianz Investment Management SE ('AIM').

The FICo is responsible for the SAA of the portfolio which aims to ensure that the assets and liabilities are appropriately matched by currency and duration, with a certain amount of leeway to cover tactical decisions and market or liability movements. The IM is used in setting the SAA.

The robustness of Allianz Group's Non-Life SAAs are annually tested under several dimensions, including market stresses, using both historic data and forward looking scenarios (e.g. AIM capital market scenarios). Changes to the portfolio of assets would be tested against IM capital limits.

Other than derivative instruments used to hedge foreign exchange exposures and the assets to meet liquidity requirements, investments are generally made in various types of bonds (sovereign, covered, corporate, etc.) with the aim of generating maximum return, subject to acceptable risk (credit default, asset liability mismatch, etc.).

The target level of security of the portfolio of assets, including quantitative limits, is set out in the Risk Appetite Statement and monitored in the quarterly risk reports. The target profitability for investments is based on benchmark indices which are stated in the investment mandates.

The Company is exposed to various forms of market risk. These risk factors include interest rate risk, foreign exchange risk and market sensitivity risk. The Company targets assets (mainly bonds) that match its portfolio of liabilities by currency and by duration. Hence, the Company is exposed to concentration risk by product (bonds) and by currency (and therefore by geographical area). Other asset characteristics (industry, counterparty, etc.) are well diversified. In the sections below, the sensitivity of the Company's Own Funds to movements in parameters and resulting impact on Solvency II capital ratio have been assessed. The impacts on the SCR have been ignored as they are considered to be less material.

Market sensitivity risk

Market risk is mitigated by the formulation of, and adherence to, clearly defined investment policy statements. Limits are set in relation to the magnitude and nature of risk exposure which can be undertaken. These guidelines are subject to strict internal controls and reporting procedures and are monitored by the FICo, which is chaired by a Director. The contractual appointment of external investment experts also serves to mitigate the risk.

Each quarter, as part of the risk closing process, the IM is used to generate the SCR, and to perform sensitivity analyses on the level of Own Funds following various shocks to the market. The shocks are applied to the assets and liabilities and the net movement provides the impact on the Own Funds. The analyses show that the Company is able to withstand relatively severe shocks in the market.

Interest rate risk

For the Company, interest rate risk arises primarily from investments in fixed interest securities and is managed, in the main, by matching the average duration of the fixed interest debt securities held to the average duration of the insurance liabilities they support.

The average expected duration of the liabilities was approximately 2.8 years for the reporting period (2018: approximately 2.6 years). Interest rate risk in respect of cash holdings is mitigated by holding cash and term deposits only to provide short term liquidity.

As of 31 December 2019, sensitivity analyses show that an increase in interest rates by 100 basis points would cause a drop in the Own Funds of EUR 34.2mn which would reduce the Solvency II capital ratio from 171% to 166%.

Foreign exchange risk

The Company currently transacts business primarily in three currencies – Euro, Pound Sterling and US Dollar. Therefore, it holds technical reserves and balances in these currencies.

The Company’s functional currency is Euro. This means that exchange movements in Sterling or US Dollar against the Euro can result in foreign exchange gains or losses in the Company’s Euro denominated accounts. This risk is controlled by ensuring that assets and liabilities match so that any exchange movement in foreign currencies against the Euro results in matching foreign exchange gains and losses.

As of 31 December 2019, sensitivity analyses show that a weakening of 10% of foreign currencies would cause a drop in the Own Funds of EUR 13.2mn and therefore a decrease in the Solvency II capital ratio from 171% to 169%.

Credit spread risk

The internal risk capital framework fully acknowledges the risk of declining market values for the Company’s fixed income assets due to the widening of credit spreads. However, the Company’s risk management and appetite also take into account the business model’s underlying economics. Applying the volatility adjustment – a standard method developed for this case – to the underlying interest rate curve, reflects the fact that fixed income assets are typically held until maturity which means that short-term changes in market prices do not materially affect the Company. This allows the Company to invest in bonds yielding spreads over the risk-free return and earn this additional yield component as a long term investor.

Even excluding the mitigating impact of the volatility adjustment, as of 31 December 2019, sensitivity analyses show that an increase in credit spread of 100 basis points for bonds would cause a drop in the Own Funds of EUR 58.7mn and a corresponding reduction in the Solvency II capital ratio from 171% to 163%.

Inflation risk

As a reinsurance undertaking, the Company is exposed to changing inflation rates, predominantly due to its non-life reinsurance obligations. Since inflation increases both claims and costs, higher inflation rates will lead to higher liabilities. Inflation assumptions are taken into account in pricing and the risk of changing inflation rates is reflected in the IM.

As of 31 December 2019, sensitivity analyses show that a permanent increase in global inflation by 100 basis points would cause a drop in the Own Funds of EUR 140.2mn and a corresponding reduction in the Solvency II capital ratio from 171% to 152%.

3 Credit risk

For the Company, credit risk arises from one of three sources:

Assumed reinsurance

All of the Company’s premium is received directly from cedants or one of their appointed brokers. All cedants are Allianz Group companies. The Company does not have security in respect of any of its premium debtors, therefore these debtors have to be classified as “unrated”. All reinsurance debtors are due within 90 days.

Outgoing reinsurance (i.e. retrocession)

Retrocession is managed according to the Company’s Retrocession Policy. The Company considers only retrocession companies with strong credit profiles.

In 2019 the Company retroceded business mainly to the following retrocession partners: Allianz SE (credit rating AA) and further retrocessionnaires including Swiss Reinsurance Company Ltd. (credit rating AA-), Muenchener Rueckversicherungs-Gesellschaft AG (credit rating AA-), National Indemnity (credit rating AA+), E+S Rueckversicherung AG (credit rating AA-), AXIS Re SE (credit rating A+) and Transatlantic Reinsurance Co. (credit rating A+).

Investments

The Company has an exposure in relation to its bank deposits, bond and derivative portfolios. The Company manages the risk on its fixed income portfolio within its defined risk appetite by implementing investment guidelines for the PIMCO managed bond funds which set the minimum issue quality for purchases at S&P rating BBB- (or Moody’s / Fitch equivalent) with the exception of Board-approved single transactions.

Derivatives are marked to market.

The Company assesses its credit risk using Allianz Group’s Credit Risk Platform (‘CRisP’). CRisP is a modelling framework that is used for the monthly monitoring of limit breaches and the quarterly monitoring of credit risk accumulation.

CRisP is a proprietary Allianz Group-wide obligor and country limit management system for identification, assessment and management of exposure concentration risk in order to restrict potential losses from single credit events and on annual aggregated basis at the Group and entity level. The limit framework covers obligor concentration risk related to credit and equity exposures. Credit risk limits are set by the Company’s Risk Committee, while the implementation is delegated to the Company’s FICo. It is the responsibility of the Head of Risk, supported by the Allianz Re Risk Controlling Team, to monitor the exposure and request corrective actions in case of breaches.

4 Liquidity risk

The Company’s SAA, including appropriate minimum and maximum parameters, takes cognisance of the Company's liquidity requirements in meeting all liabilities as they fall due over the short and medium term. In general, the Company generates sufficient operational cash inflows to satisfy most payment requirements in conjunction with the minimum cash holding parameters.

The Company uses the Allianz Group Cash Pool operated by Allianz SE as preferred liquidity investment vehicle in line with the AZRD Standard for Liquidity Risk Management.

The Company employs actuarial methods for estimating the liabilities arising from reinsurance contracts. In the course of standard liquidity planning the cash flows from the investment portfolio are reconciled with the estimated liability cash flows.

The Company mitigates liquidity risk by holding funds on short term deposits. The quality of the investments also provides comfort that the Company can meet high liquidity requirements in unlikely events. Furthermore, in the case of an extraordinary event, a portion of the applicable payments may usually be made with a certain time lag, which reduces the risk that short-term current payment obligations cannot be met.

Liquidity risk is measured over various time horizons (1 week, 1 month, 3 months and 12 months). The following figures relate to the 12 months horizon which has the poorest liquidity coverage. At the end of the reporting period, the Company was exposed to EUR 587mn liquidity risk, based on the information provided internally to the management and the Board of Directors. The Company had available liquidity of EUR 3,386mn to cover this exposure. Available liquidity includes cash plus assets available for sale, valued after assuming a haircut to allow for forced sale. Under the most extreme stress event (large catastrophe claim), the liquidity risk would increase to EUR 1,344mn, while the available liquidity would reduce to EUR 2,890mn, still providing adequate liquidity coverage.

The expected profit included in future premiums as at 31 December 2019 amounted to EUR 215.8mn (gross of reinsurance) (2018: 128.5mn gross of reinsurance).

5 Operational risk

The Company's operational risk management framework is set by adopting the Allianz Standard for Operational Risk Management. The operational risk is managed through a combination of processes, the main ones being the Operational Risk Loss Data Capture Process and the Risk and Control Self-Assessment ('RCSA').

The capture and reporting of operational risk event data are to meet Allianz operational risk management requirements and external regulatory requirements. The Operational Risk Loss Data Capture Process collects all potential or realised operational losses in a central IT-System "Open Pages" (also called Operational Risk Governance System, 'ORGS'). The Company leverages the framework and processes of Allianz Re which are implemented in line with the Group guidelines and described in the Allianz Re Operational Risk Loss Data Capture Process. This is the Allianz Re implementation of the Allianz Group Operational Risk Event Capture Guideline.

The Risk and Control Self-Assessment process is a group-wide process, similar to the TRA but focussing only on operational risk with the following objectives:

- to ensure, through scenario based analyses, that effective risk mitigation activities are in place for all potentially large operational risks;
- to identify operational risk scenarios to be included in the operational risk capital model;
- to identify operational risks that may be subject to the Top Risk Assessment process ('TRA').

There is a clear link between TRA and RCSA:

- Risk experts from the TRA are risk owners in the RCSA process to ensure proper communication and information.
- Operational top risks correspond to one or more risk scenarios in the RCSA.
- Every year, relevant risk scenarios are identified for each business area, based on expert opinion and experience, incorporating an operational risk scenario catalogue made available by Group Risk. A risk owner at management level is appointed for each identified risk scenario.

The RCSA process feeds into a detailed Scenario Analysis, which gives input into the operational risk capital model. The framework for the RCSA process is described in the Operational Risk and Control Self-Assessment Guideline issued by Group Risk.

In addition to the general operational risk management processes described above, additional framework and processes focused primarily on specific operational risk types also exist. Most notable amongst these are the frameworks related to Legal and Compliance Risk, Business Continuity Risk and Outsourcing Risk.

Legal and compliance risk

The Company leverages guidelines issued from Group Legal and Compliance. The Company's Governance and Control, Compliance, and Fit and Proper policies have been developed using this process, adjusted for specific local requirements (e.g. CBI Fitness and Probity Regime, CBI Corporate Governance Requirements). Regular assessments regarding Legal and Compliance risk are conducted. The results of these assessments are shared with the Head of Risk. As Legal and Compliance risk forms part of operational risk these aspects are also discussed on an aggregate level in the RCSA.

Business continuity risk

The Company leverages the Business Continuity Management (‘BCM’) Framework as defined by the Allianz Group BCM Core Team. As required, a BCM plan, a business impact analysis and risk identification assessment have been developed. They are updated annually by the Company’s BCM officer and reviewed by the Company’s Head of Risk.

Outsourcing risk

The governance of all outsourced activities is covered by the Company’s Outsourcing Policy. In addition, IT application development and maintenance are outsourced by the Company to Allianz SE (Reinsurance) who in turn outsources IT-related activities to Allianz Technology. These processes follow Allianz Group’s IT standards and guidelines.

6 Other material risks

Reputational risk

The Company does not see high potential for reputational risk as a reinsurer, as it writes only internal business. The Company places reliance on the fact that Allianz operating entities should already conduct a detailed reputational risk assessment in accordance with Group requirements set out in the Allianz Standard for Reputational Risk and Issues Management. Nonetheless, at Allianz Re level there is a defined process in place to identify, assess and manage and report reputational risk which is followed by the Company. Among the reputational risk management activities, reputational risk is assessed annually for each top risk within the TRA. Action plans (if in place) are monitored and reported according to the TRA process.

Business (cost and lapse) risk

This is the risk of not writing new business and still incurring fixed acquisition cost (cost risk) and the risk of not renewing existing business and hence losing profits embedded in these contracts (lapse risk). Given the internal nature of the Company’s clients and the structure of many of the treaties, this risk is seen as low for the Company. Accordingly, business risk has a minimal impact on the Company’s risk capital.

Key person risks

Within the business, sudden and unsought departures for most roles can be covered in the short-term by other employees elsewhere in the Allianz Group. However, there are certain roles which require skills and experience that are not widely available within the Group and therefore represent significant risk should the current employee leave the Company or is unable to fulfil his role. These key person risks are monitored by the Risk Committee and managed via succession planning by the CEO and Board.

New product risks

Most P&C reinsurance renewal arrangements do not constitute new products as they are traditional reinsurance treaties. This risk is most likely to materialise as part of a non-traditional, capital management reinsurance strategy for the Group or for one of the OEs. There is a defined process for new products in the underwriting guidelines, and new products require approval from the Risk Committee and the Board.

Emerging risk

Emerging risks include risks from new technological developments, new or changing environmental, industry or regulatory risks, socio-demographic changes or pandemic events. These risks have implications on credit and insurance risks, bear a high loss potential (e.g. asbestos, drug related product liability claims and gene technology) and are often difficult to quantify due to a lack of historical information. Other emerging risks may be identified during normal business activities and should be reported to the Head of Risk.

7 Any other information

7.1 The Prudent Person Principle

The specific requirements of the Prudent Person Principle and its implementation within the Company are detailed in the Company's Standards for Investment Management. This standard outlines the principles and rules which apply to the investment assets of the Company. The implementation of the Prudent Person Principle comprises rules concerning the due diligence and processes, the care, skills and delegation, the quality of investments, diversification, and specific rules for certain investment categories.

General rules

In general, the Company only invests in assets and instruments whose risks it can properly identify, measure, monitor, manage, control and report, taking into account the assessment of its overall solvency needs, the specific risk profile, approved risk tolerance limits including limits for off-balance exposure and the business strategy. Accordingly, an investment is only admissible if it can be properly modelled in the applied internal risk model, adequately reflecting its risk profile. Asset Liability Management is the central part of the Investment Process for the Company: assets held to cover technical provisions are invested in accordance with the nature and duration of the liabilities.

Due diligence and processes

The Company has established an investment management function to ensure the security, quality, liquidity, profitability and availability of its investment portfolio as a whole. In performing its investment management function, the Company has transferred its investment management tasks to Allianz Investment Management SE ('AIM') in accordance with the rules and procedures as described in the Company's Outsourcing Policy. The services to be performed are described in the service level agreement between AIM and the Company.

Care, skill and delegation

The Company ensures, within the service level agreements with AIM, that the involved and appointed parties and individuals have the necessary knowledge and qualifications for managing, steering and controlling the investment portfolios in order to understand (i) the risks associated with the investments, (ii) the Company's Investment Risk Management Policy, (iii) the necessary level of "familiarity" with the liabilities and (iv) regulatory constraints to appropriately carry out their responsibilities.

Qualitative features of investments

The Company invests all insurance investment assets in such a manner as to ensure achievement of the target level for the security, quality, liquidity, profitability and availability of its portfolio as a whole. The target level of security of the portfolio of assets, including quantitative limits, is set out in the Risk Appetite Statement and monitored in the quarterly risk reports. The target profitability for investments is based on benchmark indices which are stated in the investment mandates.

The level of security and quality of the overall portfolio of insurance investment assets is high in order to ensure that the Company can fulfil promises to its cedants at all times. That means that risks taken in the investment portfolio are in line with overall solvency and risk bearing capability of the Company and of Allianz Group as a whole, taking into account characteristics of the assets such as tangibility, sustainability, rarity, demand, liquidity, credit quality of counterparties, gearing or encumbrances, tranches, localisation and availability.

The investment portfolio consists mainly of fixed income investments and cash, with a limited amount of FX forwards used to hedge foreign exchange risk within the framework set by the Company's hedging strategy.

The Company diversifies its whole portfolio to increase the security of the portfolio, to ensure the coverage of the technical provisions and to avoid excessive reliance on any particular asset, excessive exposure to any issuer or group of undertakings, excessive concentration of risk in a geographical area or excessive accumulation of risk in the portfolio as a whole.

Security and quality of investment portfolios are regularly assessed, both within the investment management tasks performed by AIM and also in the Company's relevant committees. In particular, the Company's FICo oversees the investment portfolio of the Company. Appropriate KPIs have been implemented to measure and monitor the level of security and quality of the assets of the portfolio.

Fixed income investments are measured by means of credit quality and market risk. Credit quality is continually monitored to ensure that total portfolio credit risk is in line with the overall solvency situation. The quality of the fixed income investments is not solely measured on the basis of ratings but by calculating credit risk using probability of default and loss given default and tenor concentration.

Specific rules for derivative instruments

Derivative investments are only allowed at the Company insofar as they contribute to a reduction of risks, i.e. to hedge foreign exchange risk.

Specific rules for investments in new asset classes or otherwise unusual, large or complex investments

An investment or investment activity is of a non-routine nature if it concerns a new asset class or requires material changes in operating processes (e.g. settlement, accounting, monitoring and cost controlling), in risk capital models, in IT systems, or shows significant impact from an accounting, compliance, legal, regulatory or tax view (e.g. implementation of a complex holding structure) or from a treasury perspective (e.g. in case of significant cash outflows or need to provide collaterals).

Before making any investment or performing any investment activity of a non-routine nature, the New Financial Instrument Implementation Process would have to be adhered to.

Investments in assets which are not admitted to trading on a regulated financial market are kept to prudent levels. Such assets are known as over the counter ('OTC'). OTC derivative contracts are traded directly between two parties, without going through an exchange or other intermediary. The Company has only one type of OTC derivative: FX Forwards. These assets are used to hedge foreign exchange risk for the portfolio.

7.2 Any other material information

The Company has not transferred risk to a special purpose vehicle and does not hold any material off-balance sheet positions.

D Valuation for Solvency Purposes

1 Assets

In order to compare the assets as reported in the Financial Statements based on FRS 101 and the Solvency II Market Value Balance Sheet figures, the FRS 101 data is remapped to the MVBS line item structure. Accordingly, the classes shown below are those used in the Solvency II Market Value Balance Sheet ('MVBS').

Assets as at 31 December 2019	MVBS	FRS 101 (MVBS class.)	*Delta*
1. Goodwill	0.0	0.0	*0.0*
2. Deferred acquisition costs	0.0	129.1	*(129.1)*
3. Intangible assets	0.0	0.0	*0.0*
4. Deferred tax assets	0.0	0.0	*0.0*
5. Pension benefit surplus	0.0	0.0	*0.0*
6. Property, plant and equipment held for own use	0.0	0.4	*(0.4)*
7. Investments(other than assets held for index/unit-linked)	2,359.9	2,359.9	*0.0*
7.1 Property (other than for own use)	0.0	0.0	*0.0*
7.2 Participations	0.0	0.0	*0.0*
7.3 Equities	0.0	0.0	*0.0*
7.4 Bonds	2,358.8	2,358.8	*0.0*
7.5 Collective investments undertakings	0.0	0.0	*0.0*
7.6 Derivatives	1.1	1.1	*0.0*
7.7 Deposits other than cash equivalents	0.0	0.0	*0.0*
7.8 Other investments	0.0	0.0	*0.0*
8. Assets held for index-linked and unit-linked funds	0.0	0.0	*0.0*
9. Loans and mortgages	294.2	294.2	*0.0*
9.1 Loans on policies	0.0	0.0	*0.0*
9.2 Loans and mortgages to individuals	0.0	0.0	*0.0*
9.3 Other loans and mortgages	294.2	294.2	*0.0*
10. Reinsurance recoverables from:	457.2	521.2	*(64.1)*
10.1 Non-life and health similar to non-life	457.2	521.2	*(64.1)*
10.1.1 Non-life excluding health	258.7	284.2	*(25.4)*
10.1.2 Health similar to non-life	198.4	237.0	*(38.6)*
10.2 Life & health similar to life, excl. health/index-linked	0.0	0.0	*0.0*
10.3 Life index-linked and unit-linked	0.0	0.0	*0.0*
11. Deposits to cedants	2,007.6	1,989.7	*17.8*
12. Insurance and intermediaries receivables	16.2	27.8	*(11.7)*
13. Reinsurance receivables	0.5	1.1	*(0.6)*
14. Receivables (trade, not insurance)	34.9	34.8	*0.1*
15. Own shares (held directly)	0.0	0.0	*0.0*
16. Amounts due in respect of own fund items or initial fund called up but not yet paid in	0.0	0.0	*0.0*
17. Cash and cash equivalents	3.1	3.1	*0.0*
18. Any other assets, not elsewhere shown	0.0	0.0	*0.0*
Total assets	**5,173.5**	**5,361.5**	***(188.0)***

Table 11: Comparison of MVBS and FRS 101 – Assets

1.1 Goodwill

Not relevant for the Company.

1.2 Deferred acquisition costs

Under FRS 101 deferred acquisition costs ('DAC') represent any un-expensed acquisition costs. They are recognised on the balance sheet and calculated in line with the unearned premium to which they are attributable. In MVBS deferred acquisition costs are included in the best estimate of the technical provisions and are not recognised separately on the asset side. Therefore, in contrast to FRS 101, the MVBS does not contain an asset for deferred acquisition costs. For further details please refer to chapter D.2 on technical provisions.

1.3 Intangible assets

Not relevant for the Company.

1.4 Deferred tax assets

Deferred tax assets ('DTA') are the amounts of income tax recoverable in future periods with respect to deductible temporary differences, tax losses and tax credits. Deferred taxes – except deferred tax assets arising from the carry forward of unused tax losses or unused tax credits – shall be valued on the basis of the difference between:

- the values ascribed to assets and liabilities recognised and valued in accordance with the Solvency II Directive and
- the values ascribed to assets and liabilities as recognised and valued for tax purposes.

Deferred taxes shall be recognised and valued in relation to all assets and liabilities that are recognised for Solvency II or for tax purposes. Please refer to chapter D.3.5 Deferred tax liabilities for further details.

1.5 Pension benefit surplus

The Company operates a defined contribution pension scheme and therefore does not have a pension benefit surplus (or deficit).

1.6 Property, plant and equipment held for own use

This position reflects the following tangible fixed assets: computer equipment, office fixtures and fittings. These are stated at cost less depreciation. The charge for depreciation is calculated to write down the cost to their estimated residual values by equal instalments over their expected useful lives which are as follows:

- Computer equipment and software 3 years;
- Office fixtures and fittings 5 years.

In addition, under FRS this position includes a right-of-use asset calculated in accordance with IFRS 16 for the office rental agreement with Allianz p.l.c. for a term expiring 1 January 2023.

The asset class is immaterial for the Company.

1.7 Investments (other than assets held for index/unit-linked)

Property (other than for own use)
Not relevant for the Company.

Participations
Not relevant for the Company.

Equities
Not relevant for the Company.

Bonds
This category includes government and corporate bonds including collateralised securities. Government bonds are bonds issued by public authorities, e.g. central governments, supra-national government institutions, regional governments or municipal governments. Corporate bonds are bonds issued by corporations and covered bonds which are backed by cash flows from mortgages or public sector loans.

As at 31 December 2019 in EUR mn	
Government bonds	614.0
Corporate bonds	1,640.5
Structured notes	0.0
Collateralised securities	104.3
Total	**2,358.8**

Table 12: The Company's bond portfolio

All bonds held by the Company as at 31 December 2019 were classified as "available for sale" investments and measured at fair value as either modelled with significant observable market inputs (EUR 2,274.9mn / Level 2 based on the hierarchy set out in IFRS 7) or inputs not based on observable market data (EUR 67.5mn / Level 3) under FRS 101. There is no difference in valuation between FRS 101 and MVBS for bonds classified as "available for sale" and measured at fair value.

Collective investments undertakings
Not relevant for the Company.

Derivatives
Derivatives are financial instruments whose values are based on the price movements of the underlying assets to which they are linked. Derivatives with positive values are reported on the asset side. All derivatives are valued at fair value under FRS 101 and MVBS with fair values obtained from quoted prices prevailing in active markets. As at 31 December 2019 the Company held only short-dated FX forwards.

Deposits other than cash equivalents
Not relevant for the Company.

Other investments
Not relevant for the Company.

1.8 Assets held for index-linked and unit-linked funds

Not relevant for the Company.

1.9 Loans and mortgages

In MVBS, loans and mortgages are financial assets created when creditors lend funds to debtors, with or without collateral.

In line with this definition, the Company's loans and mortgages include
(1) EUR 159.3mn the Company holds in the Allianz SE cash pool, measured at nominal value under FRS 101 and also MVBS as it is considered a good proxy for the fair value within the materiality and proportionality principles;
(2) EUR 134.9mn issued as a loan to the Company's ultimate parent Allianz SE measured at amortized cost under FRS 101 and at Fair value for the MVBS.

1.10 Reinsurance recoverables

The valuation basis for reinsurance recoverables is different under FRS 101 and MVBS. For details please refer to chapter D.2 on Technical Provisions.

'Life and health similar to life' and 'Life index-linked and unit-linked' reinsurance recoverables are not relevant for the Company.

1.11 Deposits to cedants

Deposits to cedants consist of deposits relating to reinsurance accepted. The difference between FRS 101 and MVBS is due to different measurement bases: Deposits to cedants are measured at market value in MVBS but are recorded at face value in FRS 101.

Where the interest rates are close to the market rate and/or the duration of the deposits is one year or less, the nominal value can be considered a good proxy for the market value within the materiality and proportionality principles. However, for a long-duration contract with a fixed guaranteed interest rate, the face value does not represent the economic value appropriately and the deposit is revalued by applying the risk-free rate to the expected future cash flows.

1.12 Insurance and intermediaries receivables

In the MVBS, insurance and intermediaries receivables include those receivables from policyholders, insurers, and others participating in the insurance business that are not considered as future technical cash inflows in the technical provisions.

Receivables from insurance and intermediaries are generally measured at their nominal amount with an adjustment for the probability of default of the counterparty as applicable. The nominal value is considered a good proxy for the fair value within the materiality and proportionality principles. Therefore, insurance and intermediaries of receivables are measured at nominal value with an adjustment for the probability of default of the counterparty under both IFRS and MVBS if required.

1.13 Reinsurance receivables

In the MVBS, reinsurance receivables include those receivables from reinsurers that are linked to the reinsurance business but that are not considered as future technical cash inflows in the reinsurance recoverables.

Reinsurance receivables are generally measured at their nominal amount with an adjustment for probability of default of the counterparty if required. The nominal value is considered as a good proxy for the fair value within the materiality and proportionality principles.

1.14 Receivables (trade, not insurance)

Receivables (trade, not insurance) include amounts receivable from employees or various business partners and tax-related receivables. They are not insurance-related. Receivables (trade, not insurance) are measured at their nominal amount under FRS 101. The nominal value is considered a good proxy for the fair value within the materiality and proportionality principles.

1.15 Own shares (held directly)

Not relevant for the Company.

1.16 Amounts due in respect of own fund items or initial fund called up but not yet paid in

Not relevant for the Company.

1.17 Cash and cash equivalents

Cash and cash equivalents include notes and coins in circulation that are commonly used to make payments, and deposits with very short duration exchangeable for currency at par and which are directly usable for making payments by cheque, draft, giro order, direct debit/credit or other direct payment facility without penalty or restriction.

Cash and cash equivalents are measured at the nominal amount in FRS 101. The nominal value is considered as a good proxy for the fair value within the materiality and proportionality principles.

1.18 Any other assets, not elsewhere shown

Any other assets, not elsewhere shown include any assets that are not included in the other Balance Sheet items. They are generally measured at fair value or at nominal amount. This asset class is immaterial for the Company.

2 Technical provisions

2.1 Non-life technical provisions per material line of business

The following table shows the Company's non-life technical provisions[1] net of reinsurance by material lines of business:

As at 31 December 2019 In EUR mn		Net Best Estimate Liabilities	Risk Margin	Net Technical Provisions
accepted proportional reinsurance (r/i)	Motor*	692.2	4.6	**696.8**
	General liability	681.3	6.9	**688.2**
	Fire and other damage to property	417.1	8.2	**425.3**
	Other accepted proportional r/i	224.6	13.0	**237.6**
accepted non-proportional reinsurance (r/i)	Property	233.5	21.2	**254.7**
	Casualty	651.2	11.6	**662.9**
	Other accepted non-proportional r/i	45.8	2.7	**48.5**
Total[1]		**2,945.7**	**68.2**	**3,013.9**

* Includes Motor vehicle liability and Other motor accepted proportional reinsurance
Table 13: The Company's non-life technical provisions net of reinsurance by material line of business

The technical provisions correspond to the current amount that the Company would have to pay if it was to transfer its reinsurance obligations immediately to another reinsurance undertaking. It equals the sum of the Best Estimate Liabilities ('BEL') and the Risk Margin ('RM'), which are calculated separately.

2.1.1 General principles for the calculation of technical provisions

Proportionality
The actuarial function ensures that technical provisions are determined appropriately, using data, assumptions, and methods proportionate to the risk profile of the legal entity, taking into account the nature, scale and complexity of the risks in question.

Materiality
The concept of materiality is an essential dimension of the calculation of technical provisions. It is reflected in the Company's materiality concept for technical provisions, which applies to the scope, valuation method, assumptions, and data quality, and has been approved by the Board of Directors. The materiality concept is used in model governance to ensure that actuarial models are appropriate for the calculation of technical provisions.

Expert judgment
In line with the above, the valuation of technical provisions for all lines of business is a process that requires expert judgment in a number of areas – for example, regarding the credibility assigned to historical data, the extent to which prospective models can be relied upon, and the appropriate extent to which uncertainty must be considered in an estimation. Regardless of the technique, judgment is required in making additions or adjustments to estimates in order to allow for circumstances hitherto not included and which need to be incorporated in the BEL (for example, binary events). Hence, expert judgment cannot be regarded separately from all other tasks performed by the actuarial function. Rather, its role is to complement the statistical analysis performed, interpret the results obtained, and identify a solution in the event of any shortcomings.

[1] Excluding EUR 67.5mn Life technical provisions comprising EUR 66.8mn BEL and EUR 0.8mn RM.

As part of the analysis, the actuarial function substantiates the appropriateness of the expert judgment, in order to avoid biased estimates that either over- or underestimate the true underlying risk. That said, expert judgment is not applied in isolation, unless there is no reliable alternative, for example because of a lack of relevant data. Where an assumption depends on expert judgment, it is expressed by person(s) with relevant knowledge and a comprehensive understanding of the subject.

The internal governance framework requires documentation on the expert judgment applied. The selection of the level and scope of documentation considers proportionality and materiality based on quantitative and qualitative indicators.

2.1.2 Best Estimate Liabilities

The BEL represent the probability-weighted average of the expected future cash flows for the term of the policy, taking into account the time value of money (expected present value of future cash flows) and using the relevant risk free interest rate (i.e. currency specific swap-rate curve with volatility adjustment) term structure.

BEL are calculated for all in-force policies at the valuation date. Their calculation is based on up-to-date and credible information and best estimate assumptions and is performed using adequate, applicable and relevant actuarial and statistical methods.

The cash flow projection used in the calculation takes account of all the cash inflows and cash outflows required to settle the reinsurance and retrocession obligations over their lifetime including future claims and annuity payments, future expenses (e.g. for maintenance, servicing, overhead, commission) and future premiums. The BEL comprise claims and premium provisions. These are calculated separately.

The best estimate of the claims provision comprise best estimates of claims reserves, including salvage and subrogation as well as loss adjustment expenses. They also consider low probability and extreme events (‘low frequency, high severity’), i.e. ‘binary events’.

The best estimate of the premium provision is defined as the expected present value of future in- and outgoing cash flows including (for example) future premium payments, future claims, future expenses, etc. It follows from the definition that in some cases, the resulting premium provision might lead to a negative provision, i.e. an asset.

For discounting, the relevant risk-free interest rate for the term (i.e. currency specific swap-rate curve with volatility adjustment) is used.

2.1.3 Risk Margin

Solvency II requires an allowance for the cost of holding non-hedgeable risk capital. No RM is required for hedgeable financial risks as these can be transferred to the capital markets. The cost of capital is the expected cost of transferring the non-hedgeable financial, insurance and operational risks to another insurer, reinsurer or other market participants.

The RM is defined as the cost of capital required to run off the business until final settlement, thus representing the cost of holding the necessary capital in excess of BEL. In other words, at the time the balance sheet is drawn up, all contractual obligations are reported as their expected value (discounted for the time value) plus RM.

The Company's insurance risk is capped due to the Whole Account Stop Loss ('WASL'). This is taken into account in the calculation of the RM, along with future WASL premiums to reflect the cost of future capital restrictions.

2.2 Sources of uncertainty in the non-life technical provisions

There is an inherent uncertainty in any estimate of loss reserves. This is because the ultimate liability for claims is subject to the outcome of events yet to occur. Examples of these events include jury decisions, court interpretations, legislative changes, subsequent damage to property, changes in the medical conditions of claimants, public attitudes and social/economic conditions such as inflation. The estimation of reinsurance reserves introduces additional uncertainty as the reinsurer is a further step removed from the actual underlying claims and exposures and is heavily reliant on the claims administration, underwriting and reporting of its cedants.

So while the technical provisions reflect the best estimate of the ultimate claims liability of the in-force business, future claims emergence is likely to deviate, possibly materially, from these estimates.

The projection of future claim reporting and payment profiles is based, in part, on historical experience. It is possible however, that this historical data will not be predictive of future claim reporting and this would impact the accuracy of the estimates. While this is always an issue for any insurance company, it is amplified for reinsurance business where, for example, changes to any one of the numerous underlying cedants' claims handling processes have the potential to reduce the accuracy of projections based on historical development.

Likewise, the methodologies implicitly assume that relevant claims inflation in the future will reflect the experience of previous years. When this turns out not to be the case, it has the potential to result in losses different to the estimates contained within the technical provisions. This is likely to be most material for those classes of business that are most exposed to inflation (e.g. long-tailed liability classes) and for non-proportional structures that inherently amplify the effects of changes in inflation. Given the recent history of comparatively low inflation, the Company has included an explicit future inflation assumption in the estimation of the claims provisions for those classes most likely to be affected.

The claims provisions attempt to take into account the full range of possible loss outcomes on a probability-weighted basis, including an allowance for low frequency, high severity scenarios known as 'binary events' or 'events not in data'. However, because these events have a low probability of occurrence, the provisions held for these events on a probability-weighted basis are likely to be minimal. This means that losses due to potential future claims arising from causes that are not substantially recognised in the historical data have the potential to significantly exceed the expected losses contained within the technical provisions. For example, if a new latent claim type liability were to arise in respect of policies issued by the Company, this could substantially increase the technical provisions going forward (as this new type of claim now becomes far more likely).

The premium provision is subject to additional uncertainty over and above that contained within the claims provision in that it contains cost estimates for future exposure. Particularly at year end, it must also contain an allowance for business bound in the main renewal season for the following year that are not yet recorded on the Company's systems but which nonetheless fall within the contract boundary. Similarly, allowance must be made for premium contracted and on the system but not yet received. Both of these involve additional assumptions which increase the level of uncertainty, although this is mitigated to a degree by reasonableness checks.

For the Company, there is a further significant source of uncertainty arising out of quality of historical data, although there is an ongoing effort to improve the data. There is currently no separation of large individual losses or losses due to large loss events from attritional losses in the triangulated data. In general, these two types of losses would be expected to develop differently and their inclusion in triangles may distort the derived development patterns. A significant improvement was made during 2019 which enabled large loss triangles to be populated, however these triangles were available solely for information purposes (i.e. projections of patterns are not performed for large loss triangles). Although judgmental adjustments may be made from knowledge of the timing of such losses, these adjustments can never be as accurate as they would be from projecting attritional and large losses separately. These data issues add materially to the uncertainty associated with the estimates of the technical provisions.

2.3 Comparisons between Solvency II and FRS 101

Although the definitions of best estimate under FRS 101 and Solvency II are not identical in terms of wording, the theoretical concepts and calculation methods applied in the estimation process are the same; and so is the judgment used in model selection and calibration.

The main differences between IFRS and MVBS values result from the following:

- Different consideration of risk: Under MVBS there is an explicit RM.
- Different valuation basis: MVBS and FRS 101 have different definitions for contract boundaries. Accordingly, FRS 101 unearned premium reserves differ from the MVBS premium provisions. Differences relate to e.g. the allowance for future profits in Own Funds and the consideration of the future premium cash inflow in the premium provision in MVBS.
- Interest rates: MVBS technical provisions are calculated by discounting the cash flows with a risk-free interest rate curve, while the Company's FRS 101 claims reserves are not discounted for the time-value-of-money, except for those that relate to future payments for Periodic Payment Order ('PPO') claims under the UK non-proportional liability lines of business.
- Inclusion of technical receivables and payables from (re-)insurance not yet due. These amounts are considered within the MVBS technical provisions, but are included in a separate line item under FRS 101.

The following table sets out differences between valuation for financial reporting and valuation for solvency purposes.

As at 31 December 2019 in EUR mn	MVBS	FRS 101	*Delta*
Gross Premium Provision / UPR	(124.9)	651.7	*(776.6)*
Gross Claims Provision / Reserves	3,527.7	3,024.4	*503.4*
Risk Margin	68.2	n/a	*68.2*
Non-life technical provisions	3,471.1	3,676.1	*(205.0)*

Table 14: Valuation differences of non-life technical provisions

2.4 Reinsurance Recoverables

The amounts recoverable from retrocession contracts are best estimates and calculated consistently with the boundaries of the underlying contracts to which they relate. No RM is reported in the retrocession recoverable section as the RM recognised within the technical provisions is already net of retrocession.

However, the retrocession recoverable is reduced to take into account expected losses due to counterparty default. That adjustment is based on an assessment of the probability of default of the counterparty and the average loss resulting therefrom (loss-given-default).

Cash in-flows include at least (1) recoverables from retrocession contracts for claims payments or benefits and related expenses; and (2) retrocession commission. Cash out-flows include at least future premiums for retrocession contracts.

2.5 Methods

The calculation of the technical provisions is performed using an appropriate valuation method. This is crucial as it ensures that the nature and complexity of the insurance risks are adequately addressed and the limitations are known. The choice between life or non-life actuarial methodologies is based on the nature of the liabilities being valued and on the identification of risks which materially affect the underlying cash flows.

The selection of the appropriate method is based on expert judgment which considers, among other factors, the quality, quantity and reliability of the available data and analyses all important characteristics of the business. The method is designed to ensure that the assumptions and parameters used in the method are clear and explicit. Key influencing factors are identified. Key drivers and uncertainties associated with the BEL are analysed and documented. This is done, for example, by performing stress and scenario testing, back-testing and movement analyses.

The methods used are appropriate for the nature and complexity of the risks. Some aspects (not exhaustive) that are considered are as follow:

- Whether the analysis is by accident period or underwriting period;
- The type of business being valued;
- The type of reinsurance cover provided;
- The maturity of the business;
- Relevant industry practice.

In the analysis of the claim experience, the following aspects (not exhaustive) are considered:

- Development of claim payments;
- Development of reported losses;
- Incidence and development of large claims;
- Potential impact of catastrophes.

Risk-free discount rates are used to discount future best-estimate cash flows. The reference rate is the swap yield curve appropriate to the currency of the cash flows, unless the concept of proportionality applies, plus a volatility adjustment.

The Company applies the volatility adjustment according to article 77d of Directive 2009/138/EC. As at 31 December 2019 a change of the volatility adjustment to zero would

- increase the technical provisions (gross of reinsurance) by EUR 18.2mn and decrease the Own Funds by EUR 10.1mn;
- increase the Solvency Capital Requirement by EUR 19.5mn and the Minimum Capital Requirement by EUR 8.8mn.

The Company does not apply:

- The matching adjustment (Art. 77b of the Solvency II Directive);
- The transitional risk-free interest rate term structure (Art. 308c of the Solvency II Directive);
- The transitional deduction (Art. 308d of the Solvency II Directive).

3 Other liabilities

In order to compare the liabilities as reported in the Financial Statements based on FRS 101 and the Solvency II MVBS figures, the FRS 101 data is remapped to the MVBS line item structure. Accordingly, the liability classes shown below are those used in the Solvency II MVBS.

Liabilities as at 31 December 2019	MVBS	FRS 101 (MVBS class.)	*Delta*
19. Technical provisions - non life	3,471.1	3,676.1	*(205.0)*
19.1. Technical provisions - non-life (excluding health)	3,257.5	3,419.4	*(161.9)*
19.1.1 TP calculated as a whole	0.0	0.0	*0.0*
19.1.2 Best Estimate	3,198.3	3,419.4	*(221.1)*
19.1.3 Risk margin	59.2	0.0	*59.2*
19.2. Technical provisions - health (similar to non-life)	213.6	256.6	*(43.0)*
19.2.1 TP calculated as a whole	0.0	0.0	*0.0*
19.2.2 Best Estimate	204.5	256.6	*(52.1)*
19.2.3 Risk margin	9.0	0.0	*9.0*
20. Technical provisions - life (excl. index/unit-linked)	67.5	66.7	*0.8*
20.1. Technical provisions - health (similar to life)	0.0	0.0	*0.0*
20.1.1 TP calculated as a whole	0.0	0.0	*0.0*
20.1.2 Best Estimate	0.0	0.0	*0.0*
20.1.3 Risk margin	0.0	0.0	*0.0*
20.2. Technical provisions - life (excl. health similar to life)	67.5	66.7	*0.8*
20.2.1 TP calculated as a whole	0.0	0.0	*0.0*
20.2.2 Best Estimate	66.8	66.7	*0.1*
20.2.3 Risk margin	0.8	0.0	*0.8*
21. Technical provisions - index-linked and unit-linked	0.0	0.0	*0.0*
21.1 TP calculated as a whole	0.0	0.0	*0.0*
21.2 Best Estimate	0.0	0.0	*0.0*
21.3 Risk margin	0.0	0.0	*0.0*
22. Other technical provisions	0.0	0.0	*0.0*
23. Contingent liabilities	0.0	0.0	*0.0*
24. Provisions other than technical provisions	1.4	1.4	*0.0*
25. Pension benefit obligations	0.0	0.0	*0.0*
26. Deposits from reinsurers	256.5	238.6	*17.8*
27. Deferred tax liabilities	31.4	7.2	*24.2*
28. Derivatives	0.0	0.0	*0.0*
29. Debts owed to credit institutions	0.0	0.0	*0.0*
30. Financial liabilities other than debts owed to credit institutions	0.0	0.0	*0.0*
31. Insurance and intermediaries payables	71.6	270.4	*(198.8)*
32. Reinsurance payables	17.9	13.9	*4.0*
33. Payables (trade, not insurance)	0.2	0.6	*(0.4)*
34. Subordinated liabilities	0.0	0.0	*0.0*
35. Any other liabilities, not elsewhere shown	0.4	0.4	*0.0*
Total liabilities	**3,918.0**	**4,275.4**	***(357.3)***
Excess of assets over liabilities	**1,255.5**	**1,086.1**	***169.4***

Table 15: Comparison of MVBS and FRS 101 – Liabilities

3.1 Provisions other than technical provisions

These provisions refer to liabilities of uncertain timing and amount. They may include, e.g., staff-related provisions or other expense provisions. There are no material differences between FRS 101 and MVBS in valuation.

3.2 Contingent liabilities

Not relevant for the Company.

3.3 Pension benefit obligations

The Company operates a defined contribution pension scheme and has made all contribution obligations by end of year.

3.4 Deposits from reinsurers

Please refer to chapter D.1.11 Deposits to cedants for the valuation approaches also applicable to deposits from reinsurers under FRS 101 and for the MVBS.

3.5 Deferred tax liabilities

Deferred tax liabilities (‘DTL’) are the result of temporary differences between the Company's accounting and tax carrying values, the anticipated and enacted income tax rate, and estimated taxes payable for the current year. This liability may or may not be realised during any given year, which makes the deferred status appropriate.

Deferred taxes – except deferred tax assets arising from the carry forward of unused tax losses or unused tax credits – shall be valued on the basis of the difference between:

- the values ascribed to assets and liabilities recognised and valued in accordance with the Solvency II Directive and
- the values ascribed to assets and liabilities as recognised and valued for tax purposes.

Deferred taxes shall be recognised and valued in relation to all assets and liabilities that are recognised for Solvency II or for tax purposes.

The difference between MVBS and FRS 101 relates mostly to deferred taxes on temporary differences resulting from revaluation adjustments concerning values of assets and liabilities under FRS 101 and MVBS. The delta mainly comes from the different valuation of Technical Provisions.

3.6 Derivatives

Derivatives are financial instruments whose values are based on the price movements of the underlying assets to which they are linked. Derivatives with negative values are reported on the liability side. All derivatives are valued at fair value under FRS 101 and MVBS with fair values obtained from quoted prices prevailing in active markets where available. Otherwise, valuation techniques including discounted cash flow analysis and option pricing are used to value the instruments. There is no difference between FRS 101 and MVBS.

As at 31 December 2019 the Company held only short-dated FX forwards.

3.7 Debts owed to credit institutions

Not relevant for the Company.

3.8 Financial liabilities other than debts owed to credit institutions

Not relevant for the Company.

3.9 Insurance and intermediaries payables

Insurance and intermediaries payables refer to amounts owed to insurers and others participating in the insurance business that are not considered under technical provisions in the MVBS. They are generally measured at their nominal amount, i.e. the amount due on repayment. Due to their short-term nature, the nominal value is considered as a good proxy for the fair value within the materiality and proportionality principles. Insurance and intermediaries payables are measured at nominal value under FRS 101 and MVBS.

3.10 Reinsurance payables

Reinsurance payables refer to amounts owed to retrocessionaires other than deposits that are linked to the retrocession, which are not considered in the technical provisions. They are generally measured at their nominal amount, i.e. the amount due on repayment. Due to their short-term nature, the nominal value is considered as a good proxy for the fair value within the materiality and proportionality principles. Reinsurance payables are measured at nominal value under FRS 101 and MVBS.

3.11 Payables (trade, not insurance)

Payables (trade, not insurance) include amounts owed to employees, suppliers and various business partners as well as tax-related payables. They are not insurance-related. In addition, under FRS this position includes the lease liability calculated in accordance with IFRS 16 for the office rental agreement with Allianz p.l.c. for a term expiring 1 January 2023

3.12 Subordinated liabilities

Not relevant to the Company.

3.13 Any other liabilities, not elsewhere shown

Any other liabilities, not elsewhere shown include any liabilities that are not included in the other balance sheet items. They mainly include other liabilities and deferred income. The nominal value is considered as a good proxy for the fair value within the materiality and proportionality principles. There are no differences between FRS 101 and MVBS. This liability class is immaterial for the Company.

4 Alternative methods for valuation

Information on the valuation methods applied is provided under the respective line items.

5 Any other information

All material information regarding the valuation of its assets, technical provisions and other liabilities for solvency purposes is addressed in the above chapters.

E Capital Management

1 Own Funds

1.1 Objectives, policies and processes for managing Own Funds

The Company applies an integrated capital framework as described in its Capital Management Policy. The main objectives of the Company's capital management are:

- to provide the Company with a level of capital adequate to fulfil its regulatory requirements at all times in an efficient manner, and
- to deliver on its business strategy within the constraints of its Risk Appetite.

The Risk Appetite of the Company is reviewed and approved at least once a year and includes an explicit discussion of capital targets and thresholds. The Head of Risk prepares a recommendation for the Risk Appetite for the Risk Committee, coordinating the capital target and threshold discussions with the FICo and/or the CFO and CEO. The Risk Committee recommends the Risk Appetite for approval to the Board. In the Risk Committee and the FICo, regular updates on the status of the Company's capitalisation are presented.

Any capital repatriation recommendations (e.g. dividends) are proposed by the FICo to the Board within the framework set out within the Company's Capital Management Policy. The Board takes the final decision on any capital repatriation actions.

There were no material changes over the reporting period with regards to objectives, policies and processes employed by the Company for managing its Own Funds.

1.2 Structure, amount and quality of Own Funds

The classification into tiers follows the criteria set out in articles 93 to 96 of the Solvency II Directive 2009/138/EC as well as in articles 69 to 78 of the Solvency II Delegated Regulation: Ordinary share capital (paid-in), the reconciliation reserve and other own fund items approved by the supervisory authority as basic own funds are classified as Tier 1 unrestricted Own Funds.

The Own Funds of EUR 1,255.5mn (2018: EUR 1,172.7mn) fully consist of unrestricted Tier 1 Basic Own Funds. The Own Funds relate to the ordinary share capital and other own fund items approved by the CBI as basic own funds amounting EUR 60.2mn (2018: EUR 60.2mn) and the reconciliation reserve amounting to EUR 1,195.3mn (2018: EUR 1,112.5mn). The reconciliation reserve consists mainly of retained earnings and expected profits from bound contracts.

The whole amount of Own Funds is available to fully absorb losses on a going-concern basis.

There are no ancillary Own Funds. No items of the Company's basic Own Funds are subject to the transitional arrangements referred to in Article 308b(9) and (10) of the Solvency II Directive.

Table 17 provides details with regard to the individual basic own fund items and the respective classification into tiers:

As at 31 Dec 2019 in EUR mn	Total	Tier 1	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	**3.4**	3.4	-	-
Other own fund items approved by CBI as basic own funds	**56.8**	56.8	-	-
Reconciliation reserve	**1,195.3**	1,195.3	-	-
Total basic Own Funds after adjustments	**1,255.5**	1,255.5	-	-
Total eligible Own Funds to meet the SCR	**1,255.5**	1,255.5	-	-
Total eligible basic Own Funds to meet the MCR	**1,255.5**	1,255.5	-	-

As at 31 Dec 2018 in EUR mn	Total	Tier 1	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	**3.4**	3.4	-	-
Other own fund items approved by CBI as basic own funds	**56.8**	56.8	-	-
Reconciliation reserve	**1,112.5**	1,112.5	-	-
Total basic Own Funds after adjustments	**1,172.7**	1,172.7	-	-
Total eligible Own Funds to meet the SCR	**1,172.7**	1,172.7	-	-
Total eligible basic Own Funds to meet the MCR	**1,172.7**	1,172.7	-	-

Table 16: Classification of Own Funds

The Own Funds as at the end of the reporting period exceeded the Own Funds as at the end of the previous year mainly as the result of the higher expected profits from business bound at year-end, whereas 2019 profits remained behind expectation.

1.3 Reconciliation between FRS 101 and MVBS excess of assets over liabilities

Deviations arise from different valuation approaches between MVBS and FRS 101 as described in section D and are mainly attributable to the following key drivers:

- IFRS balance sheet items that are not recognised in the MVBS (e.g. goodwill, deferred acquisition costs) and MVBS balance sheet items that are not recognised in FRS 101 (e.g. risk margin);
- Differences in recognition / valuation of technical provisions and reinsurance recoverables (chapter D.2) and the valuation of deposits to cedants / from reinsurers (chapter D.1);
- Deferred taxes on the above mentioned balance sheet differences.

The following table shows a high-level reconciliation between FRS 101 equity as shown in the Company's Financial Statements to Solvency II (MVBS) Own Funds:

As at 31 December 2019 in EUR mn	
FRS 101 equity	**1,086.1**
Deferred acquisition costs	(129.1)
Deposits to cedants / from reinsurers	0.0
Reinsurance recoverables & reinsurance receivables / payables	(68.7)
Technical provisions Non-Life & Life & insurance receivables / payables	391.2
Deferred tax liabilities	(24.2)
Other	0.1
Total net adjustment	**169.4**
Solvency II Own Funds	**1,255.5**

Table 17: Reconciliation of FRS 101 Equity to Solvency II Own Funds

2 Solvency Capital Requirement and Minimum Capital Requirement

The Company’s Solvency Capital Requirement (‘SCR’) as at 31 December 2019 amounted to EUR 733.8mn (2018: EUR 638.9mn) and the Minimum Capital Requirement (‘MCR’) to EUR 330.2mn (2018: EUR 287.5mn).

The level of the Company’s SCR and MCR as at the end of the reporting period is higher compared to the level as at the end of the previous reporting period reflecting the increase in the Company’s underwriting risk resulting from the higher economic retention under the WASL and higher risk capital required for market risk mainly due to inflation risk.

The Company uses the Allianz IM for the calculation of the Solvency Capital Requirement. A split of the SCR into the risk categories according to the IM is shown in Table 10 in section C.

The calculation of the MCR follows the methodology described in the Solvency II regulation and uses the SCR as an input parameter.

3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

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

4 Differences between the standard formula and the Allianz internal model

4.1 Purposes

The IM is used for various purposes, in particular for quantification and comparison of different risk categories and segments. It is a fundamental element for risk-based and forward-looking steering. Moreover, by using an IM, the calculated risk capital better reflects the Company's underlying business and is more appropriate compared to the standard formula approach of Solvency II.

4.2 Scope

Risk categories covered by the IM are presented and explained in chapter C.

4.3 Methods used

The IM is based on a Value at Risk ('VaR') approach using a Monte Carlo simulation. Risk calculation begins with the market value balance sheet, attributing each position to relevant risk drivers and associated risk categories. For example a bond will be included in the respective market risk categories (interest rate, credit spread and / or currency risk) as well as the credit risk category. Risk capital is defined as the change in economic net fair values of assets and liabilities over the projected time period based on the underlying distribution assumptions for each risk factor.

Following this approach, the maximum loss in the portfolio value of the business in scope of the model within a specified timeframe ('holding period') and probability of occurrence ('confidence level') is determined. A confidence level of 99.5% and a holding period of one year are assumed. The risk capital is computed as the 99.5% Value at Risk from the profit and loss distribution, where in each scenario the change in economic value is derived from the simultaneous realisation of all risk factors.

Wherever possible, distributions are calibrated to market data or internal historical data, e.g. for setting actuarial assumptions. In addition, recommendations from the insurance industry, supervisory authorities and actuarial associations are considered.

The IM contains different risk categories, which can be subdivided into risk types. For each level the IM delivers risk figures on a stand-alone basis (i.e. before diversification against other risk types or categories) and on an aggregated level (taking diversification into account). A description of each risk category can be found in section C.

An industry-standard approach based on a Gaussian copula is used for the aggregation of risks. A correlation matrix defines the interdependencies between risks of the copula. Wherever possible, correlation parameters for each pair of market risks are derived through statistical analysis of historical market data, considering quarterly observations over several years. In case historical market data or other portfolio-specific observations are insufficient or not available, correlations are set according to a well-defined, Allianz Group-wide process. This is done by a dedicated internal Allianz Group committee, the Correlation Settings Committee, which combines the expertise of risk and business experts. In general, correlation parameters are defined such that they represent the joint movement of risks under adverse conditions.

For the valuation of technical provisions, a volatility adjustment is applied on top of the risk-free interest rate curve. Conceptually, as the volatility adjustment ('VA') is derived from credit spreads, simulated changes in the credit spreads also imply changes in the volatility adjustment in each underlying scenario of the risk calculation. Consequently, these changes can be anticipated and considered for the valuation of technical provisions in each underlying scenario and then reflected in the risk capital. Therefore, the internal model contains a dynamic component to cover this impact. Allianz's approach to modelling the dynamic component does not replicate the EIOPA VA methodology. In the risk capital calculations, the model reflects the impact of the dynamic movement of the volatility adjustment based on the credit spread movements of the Allianz portfolio. This asset-side effect is converted to a liability-side impact by using asset and liability durations. To account for deviations with respect to the EIOPA VA methodology, Allianz applies a scaling factor for the dynamic volatility adjustment. A regular validation is performed to verify the appropriateness and prudence of the approach.

During 2019 an immaterial model change was implemented to improve the way inflation is reflected in the Company's SCR.

To determine the diversified risk capital, the change in economic value is calculated for the 200-year event based on the joint realisation of risks applying the methodology described above.

4.4 Main differences between the standard formula and the internal model

A fundamental difference between the standard formula and the IM is that the standard formula uses factor-based shock scenarios while the IM derives the risk capital by simulating each risk driver (and its corresponding economic P&L impact) based on its assumed distribution and dependence on other risk drivers.

The following table provides an overview of differences between the standard formula and the IM by risk module (including only those modules relevant for the Company):

Risk Module	Standard Formula	Internal Model
Interest rate	▪ Pre-defined up / down shocks as percentage change to the EIOPA risk-free rates varying by term to maturity from 20% to 75%. Minimum up-shock of 100bp ▪ Worst shock determines capital requirement	▪ Underlying distributions of interest-rate term nodes are calibrated to market data for each interest rate curve modelled ▪ Various changes in the yield curve considered, such as twists
Spread	Spread risk is subdivided into three categories for bonds and loans, securitisations, and credit derivatives. Shock impacts are calculated using a pre-defined methodology for each category, and summed up to obtain the overall spread module figure. ▪ For bonds, loans, and securitisations, shock factors depend on the respective modified duration and credit rating. No spread risk on certain bonds and loans (e.g. EEA sovereign bonds) denominated and funded in domestic currency ▪ Credit derivatives: shock factors for an increase in spreads depend on the credit rating of the underlying. Down-shock of 75% for all ratings ▪ Where approved by the regulator, the EIOPA volatility adjustment is used as a constant discount rate for the valuation of the technical provisions.	Modelling of various spreads differentiated by e.g. sector, rating, country/region. The underlying distribution of each spread modelled is calibrated to market data. Main differences: ▪ EEA sovereign bonds, AAA and AA rated non-EEA sovereign bonds, supranational bonds, and mortgage loans on residential property are not exempt from spread risk ▪ Shocks which under the internal model are calibrated for securitisations are lower than those in the standard formula, which can be as high as 100% ▪ Aggregation based on correlations between modelled spreads, calibrated to market data and on expert estimates ▪ Where approved by the regulator, the EIOPA volatility adjustment is used for the valuation of the technical provisions. In addition, the volatility adjustment is also modelled dynamically within the risk capital calculation. During the risk capital calculation, the dynamic component's contribution towards the value of the technical provisions is determined based on the portfolio movements caused by simulated changes in credit spreads
Currency	▪ +/- 25% for each currency, except for currencies pegged to the EUR ▪ Worst-case scenario is selected for each currency ▪ No diversification / netting of cross currencies	▪ FX spot rates for all major world currencies and significant IM currencies are modelled against EUR using Geometric Brownian Motion ▪ FX forward rates and cross-currency exchange rates are derived from the FX spot rates
Concentration	▪ Formula based on exposure, rating, and total assets held	▪ Implicitly covered in the credit risk models and via diversification in market risk modules

Credit risk / counterparty default risk	Scope: Limited to specific exposure types ▪ Type 1: Mainly reinsurance arrangements, derivatives, cash at bank, deposits with ceding undertakings, and commitments ▪ Type 2: Mainly receivables, policyholder debtors, retail mortgage loans ▪ Counterparty default risk module does not contain bond portfolio and credit insurance ▪ Methodology: Closed-formula approach to determine possible losses resulting from unexpected counterparty default, for exposures in scope of the module ▪ Parameters: Assigned according to Delegated Regulation (e.g. PDs, LGDs). PDs predominantly based on ratings from external rating agencies	Scope: Much broader scope including ▪ Investment portfolio: Fixed-income investments, cash positions, derivatives, securities lending and structured transactions, receivables, off-balance exposures (e.g. guarantees and commitments) ▪ Reinsurance exposures ▪ Credit insurance exposures ▪ Methodology: portfolio model based on Monte Carlo simulation and covering default and migration risk. Loss distribution is determined by taking into account interdependencies and exposure concentrations ▪ Parameters: Mostly own internal estimates (e.g. PDs, LGDs). Ratings derived via an internal rating approach based on long-term ratings from rating agencies
Underwriting Risk for Non-life & Health (not similar to life techniques)	(1) Premium and reserve risk In the standard formula, a factor-based approach is used to estimate the combined premium and reserve risk: ▪ Standard volatility factors (market averages) by Solvency II ('SII') line of business are applied to different volume measures, such as net earned premiums and net claim reserves ▪ In a linear correlation approach, values are aggregated over SII lines of business and risk modules using pre-defined correlations ▪ Different submodules for Non-life and Health (not similar to life techniques) SII lines of business ▪ Allowance for geographical diversification based on 18 regions	(1) Premium and Reserve risk In the IM, premium Non-Cat and reserve risk are modelled individually: ▪ Actuarial models are fitted to local company-specific data, leading to a reflection of the individual risk profile ▪ Standard actuarial techniques such as frequency/severity modelling and bootstrapping are used ▪ The granularity of the modelling is more detailed than SII line of business and in line with the risk profile observed ▪ Application of reinsurance for premium risk is more advanced in the IM, as single large losses are modelled separately and non-proportional reinsurance contracts can be applied ▪ The aggregation method used is based on a copula approach
	(2) Catastrophe risk ▪ Catastrophe risk is split into 4 modules: Natural Catastrophe, Non-proportional property reinsurance, Man Made, Other ▪ Standardised shock scenarios are applied as specified by the delegated Acts ▪ The 1-in-200-year-loss Natural Catastrophe is largely based on shocked sums insured and gross premiums. Reinsurance is applied based on the consideration of single events. Separate approach for Health Catastrophe risk (Mass Accident, Accident Concentration and Pandemic modules)	(2) Catastrophe risk ▪ Natural Catastrophe risk is based on probabilistic models, which use special modelling techniques to combine portfolio data (such as the geographic distribution and characteristics of insured objects and their values) with simulated natural disaster scenarios to estimate the magnitude and frequency of potential losses ▪ Man-made risk is modelled together with Premium Non-Cat risk ▪ Reinsurance can be reflected, e.g. single event losses are simulated and mitigated with the respective reinsurance arrangement, if applicable
	(3) Business risk ▪ Only lapse risk is considered with focus on deterioration of future earnings	(3) Business risk ▪ Both the lapse and the cost risk are explicitly modelled with a focus on cost coverage

Loss absorbing capacity of tax	▪ The adjustment is equal to the change in value of deferred taxes that results from an instantaneous loss of an amount equal to the basic solvency capital requirement plus capital requirement for operational risk plus adjustment for the loss absorbing capacity of technical provisions. Under the standard formula, only the corporate tax rate is considered	▪ The tax relief on risk capital is based on tax rates applied to the overall market-value balance sheet shock in the 99.5-quantile scenario, capped by the level of net deferred tax liabilities plus loss carry back capacity. In the IM framework, a separate tax rate for equities is considered in addition to the corporate tax rate
Loss absorbing capacity of technical provisions	▪ Ensures that for participating business there is no multiple usage of the future discretionary benefit buffers ▪ The BSCR is calculated with and without allowance for FDB and the total relief is limited to the current value of FDB	▪ As SCR figures are calculated directly on a net basis, based on replicating portfolios for technical provisions, they already include the loss-absorbing capacity of technical provisions
Intangible asset risk	▪ 80% of intangible assets recognised	▪ Intangible asset risk is not covered by the IM
Operational Risk	▪ Factor-based approach based on earned premium amount and technical provisions	▪ Scenario-based risk modelling approach ▪ Risk identification within each entity ▪ Aggregation of operational risks based on loss frequency and loss severity distributions
Aggregation	▪ Simple correlation approach with pre-defined correlations between risk modules	▪ Aggregation based on Correlation matrix calibrated where possible to available market data or based on expert judgment in case no or limited data is available. ▪ Aggregation model (Copula approach)

Table 18: Main differences between standard formula and Allianz IM

For non-life underwriting risk, the difference with respect to the risks covered by the IM compared to the standard formula is very limited. However, there are differences in the modelling approach. The standard formula does not reflect reinsurance across categories, and provides only limited benefit from the Company's Whole Account Stop Loss ('WASL') against premium risks (both NatCat and Non-Cat) and no benefit against reserve risk. Furthermore, the standard formula does not deal with the aggregation benefits of the WASL (the retrocession covers all actuarial risks concurrently). The IM deals with these (and other) issues more accurately and is therefore a more appropriate model. All other risk categories under the IM are also covered, if only implicitly, by the standard formula.

Another difference concerns the credit risk module: in contrast to the standard formula, the respective risk module of the IM covers the entire bond and loan portfolio as well as credit insurance exposures. This allows the Company to model diversification and concentration effects across all credit risk bearing exposures.

4.5 Data

A variety of data sources is used as input for the IM and for the calibration of parameters. Where reasonable, the input data is identical to the data used for other purposes, e.g. for statutory accounting. The appropriateness of this data is regularly verified internally and by external auditors.

5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

The Company complied with the Minimum Capital Requirement and the Solvency Capital Requirement during the financial year 2019.

6 Any other information

All material information regarding the Company’s capital management is addressed in the above chapters.

Appendix I – Abbreviations

AIM	Allianz Investment Management SE
Allianz Re	Allianz Reinsurance
Allianz SE	Allianz Societas Europaea
AOTP	Actuarial Opinion on Technical Provisions
ARTP	Actuarial Report on Technical Provisions
AWP	Allianz Worldwide Partners
AZRD	Allianz Re Dublin Designated Activity Company
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
BCM	Business Continuity Management
BEL	Best Estimate Liability
CBI	Central Bank of Ireland
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COVID-19	Coronavirus disease
CRisP	Credit Risk Platform
CUO	Chief Underwriting Officer
DAC	Designated Activity Company
DTA / DTL	Deferred Tax Asset / Deferred Tax Liability
EIOPA	European Insurance and Occupational Pensions Authority
ELCA	Entity-Level Controls Assessments
EU	European Union
EUR	Euro
FICo	Finance and Investment Committee
FRS 101	Financial Reporting Standards 101 Reduced Disclosure Framework
FX	Foreign exchange
IFRS	Internal Financial Reporting Standard
IRCS	Integrated Risk and Control System
IM	Internal Model
INED	Independent Non-Executive Director
KPI	Key Performance Indicator
MCR	Minimum Capital Requirement
MN	Millions
MVBS	Market Value Balance Sheet
NatCat	Natural Catastrophe
NED	Non-Executive Director
OE	Operating Entity
ORGS	Operational Risk Governance System
ORSA	Own Risk and Solvency Assessment
OTC	Over The Counter
P&C	Property and Casualty
P&L	Profit and Loss
PCF	Pre-approval Control Function
PIMCO	Pacific Management Investment Company
QRT	Quantitative Reporting Template
RCSA	Risk and Control Self-Assessment
R/I	Reinsurance
RM	Risk Margin
RMF	Risk Management Framework
SAA	Strategic Asset Allocation
SCR	Solvency Capital Requirement
SE	Societas Europaea
SFCR	Solvency and Financial Condition Report
SII	Solvency II
THOU	Thousands
TP	Technical Provisions
TRA	Top Risk Assessment
UPR	Unearned Premium Reserve
WASL	Whole Account Stop Loss
WHO	World Health Organization

Appendix II – List of References

Allianz Group, Allianz Code of Conduct for Business Ethics and Compliance
Allianz Group, Allianz Group Risk Policy
Allianz Group, Allianz Internal Model Governance Framework
Allianz Group, Allianz Standard for Operational Risk Management
Allianz Group, Allianz Standard for Reputational Risk and Issues Management
Allianz Group, Allianz Standard for Top Risk Assessment
Allianz Group, Group Audit Policy
Allianz Group, Operational Risk and Control Self-Assessment Guideline
Allianz Group, Operational Risk Event Capture Guideline

Allianz Re, Operational Risk Loss Data Capture Process

Allianz Re Dublin dac, Accounting and Reporting Policy
Allianz Re Dublin dac, Actuarial Policy
Allianz Re Dublin dac, Anti-Corruption Policy
Allianz Re Dublin dac, Audit Committee Terms of Reference
Allianz Re Dublin dac, Board Charter
Allianz Re Dublin dac, Board Diversity Policy
Allianz Re Dublin dac, Business Strategy of Allianz Re Dublin dac
Allianz Re Dublin dac, Capital Management Policy
Allianz Re Dublin dac, Compliance Policy
Allianz Re Dublin dac, Constitution
Allianz Re Dublin dac, Directors' Report and Financial Statements for the Financial Year ended 31 Dec 2019
Allianz Re Dublin dac, Finance and Investment Committee Terms of Reference
Allianz Re Dublin dac, Fit and Proper Policy
Allianz Re Dublin dac, Functional Rule for Non-Life and Life & Health Underwriting
Allianz Re Dublin dac, Functional Rules for Investment Management
Allianz Re Dublin dac, Governance and Control Policy
Allianz Re Dublin dac, Information Security Framework and Strategy
Allianz Re Dublin dac, Internal Audit Policy
Allianz Re Dublin dac, Legal Policy
Allianz Re Dublin dac, 2019 ORSA Report
Allianz Re Dublin dac, Outsourcing Policy
Allianz Re Dublin dac, P&C Reserving Policy
Allianz Re Dublin dac, Remuneration Policy
Allianz Re Dublin dac, Reserve Committee Terms of Reference
Allianz Re Dublin dac, Retrocession Policy
Allianz Re Dublin dac, Risk Appetite Framework
Allianz Re Dublin dac, Risk Committee Terms of Reference
Allianz Re Dublin dac, Risk Policy
Allianz Re Dublin dac, Standard for Liquidity Risk Management
Allianz Re Dublin dac, Standard for Model Governance
Allianz Re Dublin dac, Standard for Model Change
Allianz Re Dublin dac, Standard for Underwriting
Allianz Re Dublin dac, Standards for Investment Management
Allianz Re Dublin dac, Underwriting Committee Terms of Reference
Allianz Re Dublin dac, Whistleblowing Policy

Central Bank of Ireland, Central Bank Reform Act
Central Bank of Ireland, Corporate Governance Requirements for Insurance Undertakings
Central Bank of Ireland, Domestic Actuarial Regime and Related Governance under Solvency II
Central Bank of Ireland, Guidelines on Preparing for Solvency II - Submission of Information

European Commission, Commission Implementing Regulation (EU) 2015/2452
European Commission, Commission Delegated Regulation (EU) 2015/35 ('Delegated Regulation')
European Insurance and Occupational Pensions Authority (EIOPA), Guidelines on Submission of Information to National Competent Authorities (EIOPA-CP-13/010)
European Insurance and Occupational Pensions Authority (EIOPA), Guidelines on reporting and public disclosure (EIOPA-BoS-15/109)
European Parliament and European Council, Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) ('Solvency II Directive')
European Parliament and European Council, Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC

Appendix III – Annual Quantitative Reporting Templates

In line with Article 2 of the Commission Implementing Regulation (EU) 2015/2452 all monetary amounts in the Quantitative Reporting Templates disclosed in this Appendix are rounded to and presented in thousands of Euro (‘EUR thou’).

S.02.01.02 Balance Sheet (1/2)
In EUR thou as at 31 December 2019

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	0
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	7
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	2,359,903
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	2,358,804
Government Bonds	**R0140**	614,040
Corporate Bonds	**R0150**	1,640,512
Structured notes	**R0160**	
Collateralised securities	**R0170**	104,252
Collective Investments Undertakings	**R0180**	
Derivatives	**R0190**	1,099
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	294,224
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	294,224
Reinsurance recoverables from::	**R0270**	457,162
Non-life and health similar to non-life	**R0280**	457,162
Non-life excluding health	**R0290**	258,750
Health similar to non-life	**R0300**	198,412
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**	2,007,560
Insurance and intermediaries receivables	**R0360**	16,155
Reinsurance receivables	**R0370**	487
Receivables (trade, not insurance)	**R0380**	34,870
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**	3,145
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	5,173,514

S.02.01.02 Balance Sheet (2/2)
In EUR thou as at 31 December 2019

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	3,471,075
Technical provisions – non-life (excluding health)	**R0520**	3,257,517
Technical provisions calculated as a whole	**R0530**	
Best Estimate	**R0540**	3,198,312
Risk margin	**R0550**	59,205
Technical provisions - health (similar to non-life)	**R0560**	213,558
Technical provisions calculated as a whole	**R0570**	
Best Estimate	**R0580**	204,544
Risk margin	**R0590**	9,014
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	67,537
Technical provisions - health (similar to life)	**R0610**	
Technical provisions calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	67,537
Technical provisions calculated as a whole	**R0660**	
Best Estimate	**R0670**	66,755
Risk margin	**R0680**	781
Technical provisions – index-linked and unit-linked	**R0690**	
Technical provisions calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	1,445
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	256,485
Deferred tax liabilities	**R0780**	31,393
Derivatives	**R0790**	0
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	71,583
Reinsurance payables	**R0830**	17,906
Payables (trade, not insurance)	**R0840**	211
Subordinated liabilities	**R0850**	
Subordinated liabilities not in Basic Own Funds	**R0860**	
Subordinated liabilities in Basic Own Funds	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	409
Total liabilities	**R0900**	3,918,044
Excess of assets over liabilities	**R1000**	1,255,470

S.05.01.02 Premiums, claims and expenses by line of business

In EUR thou as at 31 December 2019

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: 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	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110																	
Gross - Proportional reinsurance accepted	R0120		5,460	0	319,990	74,456	25,198	285,210	253,442	88,313	16,232	42,699	239,681					1,350,681
Gross - Non-proportional reinsurance accepted	R0130													7,829	141,426	31,238	315,038	495,531
Reinsurers' share	R0140		0	0	782	0	0	680	49,542	0	0	-6	30	-87	19,114	2,107	59,987	132,149
Net	R0200		5,460	0	319,208	74,456	25,198	284,530	203,900	88,313	16,232	42,705	239,651	7,915	122,312	29,131	255,051	1,714,064
Premiums earned																		
Gross - Direct Business	R0210																	
Gross - Proportional reinsurance accepted	R0220		5,047	0	330,770	77,128	27,698	291,426	262,669	85,771	9,132	44,504	234,599					1,368,744
Gross - Non-proportional reinsurance accepted	R0230													7,829	145,384	31,926	320,432	505,570
Reinsurers' share	R0240		0	0	874	0	0	1,108	59,852	114	0	357	78	-87	18,978	2,343	59,960	143,577
Net	R0300		5,047	0	329,895	77,128	27,698	290,317	202,817	85,658	9,132	44,147	234,521	7,915	126,405	29,583	260,472	1,730,737
Claims incurred																		
Gross - Direct Business	R0310																	
Gross - Proportional reinsurance accepted	R0320		3,016	-8,820	266,667	45,908	23,327	224,939	158,054	46,786	7,300	19,816	177,243					964,238
Gross - Non-proportional reinsurance accepted	R0330													1,424	296,812	39,723	109,439	447,398
Reinsurers' share	R0340		0	-8,811	-12	0	0	-2,808	45,244	0	0	366	0	-856	10,673	-319	8,315	51,792
Net	R0400		3,016	-9	266,679	45,908	23,327	227,747	112,810	46,786	7,300	19,450	177,243	2,280	286,139	40,042	101,124	1,359,844
Changes in other technical provisions																		
Gross - Direct Business	R0410																	
Gross - Proportional reinsurance accepted	R0420								688									688
Gross - Non-proportional reinsurance accepted	R0430														962			962
Reinsurers' share	R0440																	
Net	R0500								688						962			1,650
Expenses incurred	R0550		1,583	0	87,959	8,437	7,819	114,988	65,154	38,192	3,810	24,438	40,699	48	157	-230	6,555	399,607
Other expenses	R1200																	
Total expenses	R1300																	399,607

S.05.02.01 Premiums, claims and expenses by country
In EUR thou as at 31 December 2019

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
	R0010			(GB) United Kingdom	(DE) Federal Republic of Germany	(CH) Switzerland		
		C0080	C0140	C0090	C0090	C0090	C0090	C0090
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120	260,301	1,335,756	859,825	124,911	90,720		
Gross - Non-proportional reinsurance accepted	R0130	22,419	381,921	39,695	293,773	26,033		
Reinsurers' share	R0140	49,516	119,177	10,362	54,295	5,004		
Net	R0200	233,204	1,598,501	889,158	364,390	111,749		
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220	260,215	1,352,125	854,587	153,630	83,693		
Gross - Non-proportional reinsurance accepted	R0230	22,419	391,973	38,788	298,929	31,837		
Reinsurers' share	R0240	49,516	129,570	10,204	64,483	5,367		
Net	R0300	233,119	1,614,528	883,171	388,076	110,163		
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320	174,143	941,468	584,715	130,648	51,962		
Gross - Non-proportional reinsurance accepted	R0330	2,601	389,854	22,041	350,648	14,564		
Reinsurers' share	R0340	224	48,312	2,012	45,709	367		
Net	R0400	176,520	1,283,009	604,743	435,587	66,159		
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420		688	688				
Gross - Non-proportional reinsurance accepted	R0430		962	962				
Reinsurers' share	R0440							
Net	R0500		1,650	1,650				
Expenses incurred	R0550	71,745	388,836	254,491	28,585	34,015		
Other expenses	R1200							
Total expenses	R1300		388,836					

S.12.01.02 Life and Health SLT Technical Provisions
In EUR thou as at 31 December 2019

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**	**C0160**	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**									0	0						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0020**																
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	**R0030**									66,755	66,755						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**																
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**									66,755	66,755						
Risk margin	**R0100**									781	781						
Amount of the transitional on Technical Provisions																	
Technical provisions calculated as a whole	**R0110**									0	0						
Best Estimate	**R0120**									0	0						
Risk margin	**R0130**									0	0						
Technical provisions - total	**R0200**									67,537	67,537						

S.17.01.02 Non-life Technical Provisions

In EUR thou as at 31 December 2019

		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 obligation
		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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050																	
Technical provisions calculated as a sum of BE and RM																		
Best Estimate																		
Premium provisions																		
Gross	R0060	-14,335	4,232		-2,582	-16,204	887	30,766	11,146	-22,118	16,596	-1,776	36,658	-3,270	3,989	-8,735	-160,132	-124,879
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140				1,288			70	9,678	26		260	1,180	281	-3,113	-138	-15,445	-5,913
Net Best Estimate of Premium Provisions	R0150	-14,335	4,232		-3,870	-16,204	887	30,696	1,468	-22,144	16,596	-2,036	35,478	-3,550	7,102	-8,597	-144,687	-118,966
Claims provisions																		
Gross	R0160	0	5,456	199,036	712,030	3,833	63,711	397,592	827,465	46,774	7,641	5,287	76,054	13,424	717,224	46,620	405,587	3,527,735
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240			197,890	3,639		0	11,201	147,644			101	0	242	73,102	1,871	27,387	463,075
Net Best Estimate of Claims Provisions	R0250	0	5,456	1,146	708,392	3,833	63,711	386,391	679,821	46,774	7,641	5,186	76,054	13,183	644,122	44,749	378,201	3,064,660
Total Best estimate - gross	R0260	-14,335	9,688	199,036	709,448	-12,371	64,597	428,358	838,611	24,655	24,238	3,511	112,712	10,154	721,213	37,885	245,456	3,402,856
Total Best estimate - net	R0270	-14,335	9,688	1,146	704,521	-12,371	64,597	417,087	681,289	24,630	24,238	3,149	111,532	9,632	651,224	36,152	233,514	2,945,694
Risk margin	R0280	7,828	790	15	4,499	139	2,074	8,186	6,921	769	390	227	876	380	11,647	2,293	21,185	68,219
Amount of the transitional on Technical Provisions																		
Technical provisions calculated as a whole	R0290	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Best Estimate	R0300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk margin	R0310	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions - total																		
Technical provisions - total	R0320	-6,506	10,479	199,051	713,947	-12,232	66,671	436,544	845,532	25,424	24,628	3,738	113,587	10,534	732,860	40,178	266,640	3,471,075
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330			197,890	4,927		0	11,271	157,321	26		361	1,180	522	69,989	1,733	11,941	457,162
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	-6,506	10,479	1,161	709,021	-12,232	66,671	425,273	688,210	25,398	24,628	3,377	112,407	10,012	662,871	38,444	254,699	3,013,912

S.19.01.21 Non-life insurance claims information

In EUR thou as at 31 December 2019

Accident year / Underwriting year	Z0020	2 - Underwriting year

Gross Claims Paid (non-cumulative)

(absolute amount)

Year		Development year 0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											-1,433	R0100	-1,433	-1,433
N-9	R0160	3,322	11,281	59,640	7,486	373	381	-343	13,019	881	4,072		R0160	4,072	100,111
N-8	R0170	2,562	51,936	62,438	36,706	22,918	6,606	4,337	938	2,874			R0170	2,874	191,315
N-7	R0180	2,768	42,652	26,452	5,627	4,936	3,536	-5	-274				R0180	-274	85,692
N-6	R0190	12,871	49,500	28,493	11,597	9,668	2,757	-869					R0190	-869	114,017
N-5	R0200	5,970	8,417	7,412	9,030	5,017	6,453						R0200	6,453	42,299
N-4	R0210	12,619	421,851	31,587	10,013	1,630							R0210	1,630	477,700
N-3	R0220	-166,740	933,511	9,133	-5,506								R0220	-5,506	770,398
N-2	R0230	-597,706	1,413,828	84,852									R0230	84,852	900,973
N-1	R0240	-420,408	1,299,744										R0240	1,299,744	879,335
N	R0250	-147,584											R0250	-147,584	-147,584
												Total	R0260	1,243,958	3,412,825

Gross undiscounted Best Estimate Claims Provisions

Year		Development year 0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											59,787	R0100	55,689
N-9	R0160	0	0	0	0	0	0	60,684	50,271	31,087	24,800		R0160	24,377
N-8	R0170	0	0	0	0	0	76,092	57,552	38,797	37,603			R0170	35,410
N-7	R0180	0	0	0	0	97,702	69,332	63,884	61,032				R0180	57,737
N-6	R0190	0	0	0	101,621	86,515	73,581	66,446					R0190	63,478
N-5	R0200	0	0	106,036	87,548	80,786	66,522						R0200	62,601
N-4	R0210	0	135,796	133,785	121,752	109,384							R0210	104,476
N-3	R0220	1,105,361	190,519	180,806	148,228								R0220	141,119
N-2	R0230	2,142,050	764,530	627,418									R0230	574,000
N-1	R0240	1,502,823	306,785										R0240	299,495
N	R0250	2,116,280											R0250	2,109,353
												Total	R0260	3,527,735

S.22.01.21 Impact of long term guarantees and transitional measures

In EUR thou as at 31 December 2019

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	3,538,611	0	0	18,159	0
Basic own funds	R0020	1,255,470	0	0	-10,093	0
Eligible own funds to meet Solvency Capital Requirement	R0050	1,255,470	0	0	-10,093	0
Solvency Capital Requirement	R0090	733,849	0	0	19,516	0
Eligible own funds to meet Minimum Capital Requirement	R0100	1,255,470	0	0	-10,093	0
Minimum Capital Requirement	R0110	330,232	0	0	8,782	0

S.23.01.01 Own Funds
In EUR thou as at 31 December 2019

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35		C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	3,400	3,400		0	
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	1,195,270	1,195,270			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	56,800	56,800	0	0	0
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	1,255,470	1,255,470	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
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					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	1,255,470	1,255,470	0	0	0
Total available own funds to meet the MCR	R0510	1,255,470	1,255,470	0	0	
Total eligible own funds to meet the SCR	R0540	1,255,470	1,255,470	0	0	0
Total eligible own funds to meet the MCR	R0550	1,255,470	1,255,470	0	0	
SCR	R0580	733,849				
MCR	R0600	330,232				
Ratio of Eligible own funds to SCR	R0620	171%				
Ratio of Eligible own funds to MCR	R0640	380%				

Reconciliation reserve		C0060
Excess of assets over liabilities	R0700	1,255,470
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	60,200
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	1,195,270
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	215,791
Total Expected profits included in future premiums (EPIFP)	R0790	215,791

S.25.03.21 Solvency Capital Requirement – for undertakings on Full Internal Models

In EUR thou as at 31 December 2019

Unique number of component	Components description	Calculation of the Solvency Capital Requirement
C0010	C0020	C0030
10	IM - Market risk	189,840
11	IM - Underwriting risk	1,212,350
12	IM - Business risk	8,101
13	IM - Credit risk	43,055
14	IM - Operational risk	17,938
15	IM - LAC DT (negative amount)	-32,393
16	IM - Capital Buffer	0
17	IM - Adjustment due to RFF/MAP nSCR aggregation	0

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	1,438,891
Diversification	R0060	-705,042
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional)	R0160	0
Solvency capital requirement, excluding capital add-on	R0200	733,849
Capital add-ons already set	R0210	0
Solvency Capital Requirement	R0220	733,849
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	0
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	32,393
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 Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

		Yes/No	LAC DT
Approach to tax rate		C0109	C0130
Approach based on average tax rate	R0590	No	
Calculation of loss absorbing capacity of deferred taxes			
Amount/estimate of LAC DT	R0640		32,393
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650		31,393
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	R0660		0
Amount/estimate of LAC DT justified by carry back, current year	R0670		1,000
Amount/estimate of LAC DT justified by carry back, future years	R0680		
Amount/estimate of Maximum LAC DT	R0690		95,780

S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity (1/3) – Linear formula component for non-life insurance and reinsurance obligations
In EUR thou as at 31 December 2019

		C0010
MCRNL Result	R0010	576,965

		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	0	0
Income protection insurance and proportional reinsurance	R0030	9,715	5,460
Workers' compensation insurance and proportional reinsurance	R0040	1,520	0
Motor vehicle liability insurance and proportional reinsurance	R0050	705,718	319,208
Other motor insurance and proportional reinsurance	R0060	0	74,456
Marine, aviation and transport insurance and proportional reinsurance	R0070	65,183	25,198
Fire and other damage to property insurance and proportional reinsurance	R0080	418,703	284,530
General liability insurance and proportional reinsurance	R0090	681,936	203,900
Credit and suretyship insurance and proportional reinsurance	R0100	24,667	88,313
Legal expenses insurance and proportional reinsurance	R0110	24,343	16,232
Assistance and proportional reinsurance	R0120	3,157	42,705
Miscellaneous financial loss insurance and proportional reinsurance	R0130	112,022	239,651
Non-proportional health reinsurance	R0140	9,645	7,915
Non-proportional casualty reinsurance	R0150	651,953	122,312
Non-proportional marine, aviation and transport reinsurance	R0160	36,158	29,131
Non-proportional property reinsurance	R0170	233,700	255,051

S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity (2/3) – Linear formula component for life insurance and reinsurance obligations
In EUR thou as at 31 December 2019

		C0040
MCRL Result	R0200	1,402

		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	0	
Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	66,755	
Total capital at risk for all life (re)insurance obligations	R0250		0

S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity (3/3) – Overall MCR calculation
In EUR thou as at 31 December 2019

Overall MCR calculation		**C0070**
Linear MCR	**R0300**	578,367
SCR	**R0310**	733,849
MCR cap	**R0320**	330,232
MCR floor	**R0330**	183,462
Combined MCR	**R0340**	330,232
Absolute floor of the MCR	**R0350**	3,600
Minimum Capital Requirement	**R0400**	330,232