



Euromex NV

**Solvency and Financial
Condition Report**

2018

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Glossary

Ancillary Own Funds

Ancillary Own Funds shall consist of items other than Basic Own Funds which can be called up to absorb losses. They require supervisory approval and cannot be used to cover the MCR.

(Solvency II Directive 2009/138/EC, Article 89)

Basic Own Funds

Basic Own Funds are composed of the excess of assets over liabilities, valued according to market-consistent principles, and subordinated liabilities.

Best Estimate

The Best Estimate is part of the Technical Provisions. It corresponds to the probability-weighted average of future cash-flows, taking account of the time value of money (expected present value of future cash-flows), using the relevant Risk-free Interest Rate Term Structure. The calculation of the Best Estimate is based upon up-to-date and credible information and realistic assumptions and is performed using adequate, applicable and relevant actuarial and statistical methods. The cash-flow projection used in the calculation of the Best Estimate takes account of all the cash in- and out-flows required to settle the insurance and reinsurance obligations over the lifetime thereof. It is calculated gross of reinsurance.

Minimum Capital Requirement

The Minimum Capital Requirement corresponds to an amount of eligible Basic Own Funds. Below this amount policy holders and beneficiaries are exposed to an unacceptable level of risk so that insurance and reinsurance undertakings are not allowed to continue their operations.

(Solvency II Directive 2009/138/EC, Article 129)

Own Risk and Solvency Assessment (ORSA)

Own Risk and Solvency Assessment is a risk management process which connects business strategy and capital planning and which is an integral part of the business strategy. ORSA needs to be performed annually or whenever the risk profile changes significantly. The process is owned by the Board, and has to be documented and reported internally and to the supervisor.

Own Funds

Own Funds are defined as the sum of Basic Own Funds and Ancillary Own Funds.

(Solvency II Directive 2009/138/EC, Article 77)

Reconciliation Reserve

The Reconciliation Reserve (revaluation reserve) is part of the own funds of the Solvency II balance sheet. It results from the surplus of assets over liabilities less items such as share capital, capital reserve or foundation fund, preference shares and surplus fund. In addition, adjustments must be made, such as for foreseeable dividend payments.

Risk Margin

The Risk Margin is part of the Technical Provisions and shall be such as to ensure that the value of the Technical Provisions is equivalent to the amount that insurance and reinsurance undertakings would be expected to require in order to take over and meet the insurance and reinsurance obligations. The Risk Margin is determined by the cost of providing an amount of eligible own funds equal to the Solvency Capital Requirement necessary to support the insurance and reinsurance obligations over the lifetime thereof. (Solvency II Directive 2009/138/EC, Article 77)

Risk-free Interest Rate

The Risk-free Interest Rate term structure is relevant for the calculation of liabilities by insurance and reinsurance undertakings. EIOPA is required to publish the Risk-free Interest Rate for Solvency II.

As a default approach, the Risk-free Interest Rate is primarily derived from the rates at which two parties are prepared to swap fixed and floating interest rate obligations. (EIOPA-BoS-15/035)

Solvency Capital Requirement (SCR)

The Solvency Capital Requirement should reflect a level of eligible own funds that enables insurance and reinsurance undertakings to absorb significant losses and that gives reasonable assurance to policy holders and beneficiaries that payments will be made as they fall due. This amount is determined with reference to the risks assumed by the company.

(Solvency II Directive 2009/138/EC, Paragraph 62)

Solvency II Ratio

The Solvency II Ratio represents the company's own funds against its SCR. Insurance and reinsurance undertakings are required to maintain their Solvency II Ratio above 100%. If the ratios are lower, measures are initiated by the national supervisory authority, such as the need for an action plan to restore the ratios to required levels.

Surplus Funds

Surplus Funds shall be deemed to be accumulated profits which have not been made available for distribution to policy holders and beneficiaries.

In so far as authorised under national law, Surplus Funds shall not be considered as insurance and reinsurance liabilities to the extent that they fulfil the criteria set out in Article 94(1).

(Solvency II Directive 2009/138/EC, Article 91)

Technical Provisions

The value of the Technical Provisions under Solvency II correspond to the amount which another insurance or reinsurance undertaking would be expected to require to take over and fulfil the underlying insurance and reinsurance obligations. They are calculated as the sum of the best estimates liabilities and the Risk Margin.

Volatility Adjustment

The Volatility Adjustment is a measure to ensure the appropriate treatment of insurance products with long-term guarantees under Solvency II. (Re) insurers are allowed to adjust the risk-free-rate to mitigate the effect of short-term volatility of bond spreads on their solvency position. In that way, the Volatility Adjustment prevents pro-cyclical investment behavior of (re)insurers.

(<https://eiopa.europa.eu/Pages/News/EIOPA-updates-representative-portfolios-to-calculate-volatility-adjustments-to-the-Solvency-II-risk-free-interest-rate-term.aspx>)

Legal Disclaimer

This report has been prepared solely to fulfill the obligations arising from the supervisory reporting (Solvency and Financial Condition Report under Articles 51 et seq. of the SII Directive 2009/138 / EC in conjunction with Articles 290 et seq. of Delegated Regulation (EU) 2015 / 35 of the Commission of 10 October 2014). Unless otherwise indicated in this report, all statements and information contained herein are based on facts and knowledge as at the reference date of the report. The same applies to all forward-looking statements and information contained in this report, such as f.e. forecasts, expectations, developments, plans, intentions, assumptions, beliefs or outlooks. Forward-looking statements are subject to many factors, and no assurance, warranty or guarantee is given that the forward-looking statements will take place or be fulfilled as expected. Furthermore, new factors with a significant impact on forward-looking statements may arise at any time. It can not be predicted what these factors are and what influence they have individually or in combination with other circumstances. It is not intended to update any of these forward-looking statements and information due to changed circumstances or new knowledge unless expressly required by applicable laws or regulations.

Executive Summary

Introduction

Euromex is a monoline Belgian insurance company specialized in legal protection since 1948. It operates under the legal form of a "Public Limited Company ('Naamloze Vennootschap)". Euromex is part of, and strongly embedded in the Baloise Group (owned by Baloise Holding Ltd, Switzerland). Located at the heart of Europe, with its head office in Basel, the Baloise Group is a provider of prevention, pension, assistance and insurance solutions.

The purpose of this report is to satisfy the public disclosure requirements under the law of 13/03/2016 including the Solvency II Directive 2009/138/EC, the Commission Delegated Regulation (EU) 2015/35 and the EIOPA Guidelines on Reporting and Disclosure. The elements of the disclosure relate to business & performance, system of governance, risk profile, solvency valuation and capital management.

Business and Performance

Stable profit despite uncertain economic situation

Euromex generated a net profit in 2018 of 6.8 Mio EUR (in accordance to the Belgian Accounting Standards BGAAP). This result was conducted by a business volume of 66.3 Mio earned premium, an increase with 4.8% compared to yearend 2017. The year was shaped by political economic uncertainties like the fall of the Belgian government, the "Gilets jaunes" in France and Belgium, the uncertainty about the Brexit, the tradewar between the USA and China and the instability in Germany (Merkel/CDU). From an operating perspective, the focus at Euromex was on maintaining the strong technical result that she performed the previous years and control the expenses. This resulted in an annual gross technical result of 9.2 Mio EUR (9.8 Mio EUR YE 2017), as mentioned above, with a combined ratio of 86.1%.

System of Governance

We practice sound, responsible corporate governance.

As a company that adds value, Euromex attaches great importance to practicing sound, responsible corporate governance.

The system of governance in place at Euromex is considered as adequate to the nature, scale and complexity of the risks inherent in the company's business. This is confirmed by the Board of Directors of Euromex. Adequacy is deducted from the governance principles and framework

in line with regulatory requirements. Furthermore, the Fit and Proper process applied, together with the company's Code of Conduct ensure the adequacy of key personnel such as the adequacy of key functions implemented according to the Solvency II regulation.

Risk Profile

All material risks are identified, assessed and managed.

All risks as defined in the Baloise risk map - consisting of insurance, investment, financial structure, environment, operational and strategic risk - are assessed on a regular basis taking into account risk mitigating measures in place. On a yearly basis risks are assessed in a bottom-up and top-down process by the functional department responsables (risk owner and risk controller), the executive committee and validated by the risk management function. The process also considers emerging and strategic risks. The results of the different assessments highlight the typical risks of a monoline insurance company.

Valuation for Solvency Purposes

The different valuation principles mount up the local own funds from 47.8 Mio EUR Solvency II available capital of 60.8 Mio EUR.

Valuation principles and results are presented under both the Solvency II and local accounting framework. Significant differences between these frameworks are documented. This not only comprises differences in valuation principles, but also differences in recognition and/or in classification of certain assets and liabilities. Due to these differences the local GAAP own funds mount up to 47.8 Mio EUR, where in Solvency II an extra gain of 13 Mio EUR exists resulting in SII own funds of 60.8 Mio EUR. The main differences find their origin in the different valuation of the technical provisions and the capital gains on the bonds. The balance sheet can be summarized as below

Balance Sheet - Local GAAP and Solvency II Valuation

	2018.12		
	Solvency II	LocalGAAP	Difference
EUR '000			
Total assets	180,798.6	176,863.0	3,935.6
Total liabilities	120,043.4	129,111.2	-9,067.8
Excess of assets over liabilities	60,755.2	47,751.8	13,003.4

Capital Management

The Solvency II quote for Euromex is 183.0%

Despite the difficult market environment the Solvency II quote for the Euromex was 183.0% at the end of 2018. The legal requirement to hold sufficient own funds to cover the solvency capital requirement has therefore been fulfilled. Compared to year end 2017 a decrease in solvency ratio can be observed due to an increase in capital requirements related to increased business volumes (underwriting risk) and the introduction of property risk not fully compensated by the increase in own funds that were impacted by the less favourable market circumstances (drop in equity market, increase in spreads)

Solvency II Ratio

	2017	2018
	Total	Total
EUR '000		
Total available own funds to meet the SCR	55,185.0	57,005.2
Solvency Capital Requirement	28,790.4	31,157.3
Solvency II Ratio	191.7%	183.0%

A. Business and performance (Article 51(1)(a))

A.1. Business

A.1.1. General information

Euromex is a monoline Belgian insurance company specialised in legal protection since 1948.

It operates under the legal form of a Limited Liability Company ('Naamloze vennootschap'). The 'Nationale Bank van België' ('NBB') represents the responsible supervisory authority. The external auditor is Ernst & Young Bedrijfsrevisoren CV, De Kleetlaan 2, 1831 Diegem, represented by mrs. C. Wymeersch.

Baloise Belgium NV, (with registered office at Posthofbrug 16 2600 Berchem, BELGIUM) is the main (99.82%) shareholder of Euromex. 0.18% is owned by Mercator-Immo NV (with registered office at Posthofbrug 16 2600 Berchem, BELGIUM). Euromex is part of, and strongly embedded in the Baloise Group (owned by Baloise Holding Ltd¹, at 21, Aeschengraben, 4002 Basel, SWITZERLAND). Located at the heart of Europe, with its head office in Basel, the Baloise Group is a provider of prevention, pension, assistance and insurance solutions.

At the end of 2018, in addition to its Swiss and Belgian activities, the group has relevant foreign operations in Germany, Luxemburg and Liechtenstein.

An active interaction is established between Baloise Belgium NV and Euromex, based on, a.o. the presence of Baloise Belgium representatives on Euromex' Board of Directors, and the extensive management reporting procedures. Important synergies exist, a.o., in financial reporting, asset management, actuarial services, IT and in risk management.

In 2018, Euromex realized a total business volume of 66.4 Mio EUR in premium earned. This is an increase compared to 2017 in which 63.3 Mio EUR premium was earned.

¹ Baloise Group's supervisor is the Swiss 'Financial Market Supervisory Authority ('FINMA'), and can be contacted at Laupenstrasse 27 – CH-3003 Bern.

A.1.2. Significant business and geographical coverage

A.1.2.1. Main business lines and geographical areas

In 2018, Euromex realized a BGAAP gross earned premium volume of 66.4 Mio EUR, that is the sum of inclusion and separate production.

Per 31/12/2018, the corresponding BGAAP technical provisions amounted to 118.0 Mio EUR (112.5 Mio EUR at YE 2017) concerning the external claims payments and the internal claims costs.

As a monoline insurer Euromex provides service in the legal expenses insurance business.

The premium volume is almost fully realised in Belgium with highest concentration in the Flemish part of the country.

A.1.2.2. Significant business or other events

An update in the governance circular resulted in a review of the tasks of the Board of Directors and its appointed committees.

The company continues to invest in a profitable growth via brokers.

Even though the non-life insurance business is less susceptible to the low interest rate environment, the company closely monitors the market evolutions with respect to the interest and spread risk and invests in high quality assets.

In general, external developments like technological changes, access to big data, use of portable devices by customers, service providers offering legal protection other than insurance companies... are more and more impacting the insurance market. Euromex is closely monitoring these evolutions, and is actively exploring the opportunities these developments offer.

Finally, regulatory changes (IDD, Assurmifid, GDPR, Solvency II...) are also heavily impacting the way insurers conduct their businesses and interact with their customers, resulting in strong market competition. The company's customer centricity approach perfectly fits within these developments.

A.2. Performance of underwriting activities

A.2.1. The overall performance under BGAAP

The following table summarizes the P&L account of Euromex under BGAAP, as disclosed in the annual reporting, over the actual and the previous reporting period. There have been no major changes in the range of activities (like mergers, or transfers of material insurance portfolio's) during the reporting period, hence, as such, the comparison between both data is meaningful.

The next subsection will further analyze the underwriting component of the technical results.

S.05.01. Premiums, claims and expenses - Non-Life aggregated

	2017		2018	
	Gross	Net	Gross	Net
EUR '000				
Premiums earned	63,338.1	59,780.1	66,354.6	62,691.9
Claims incurred	25,355.6	23,513.5	27,304.2	25,827.3
Changes in other technical provisions	0	0	0	0
Total Expenses	28,177.3	28,177.3	29,819.3	29,819.3
Annual underwriting result	9,805.3	8,089.3	9,231.1	7,045.2
Combined ratio	84.5%	86.5%	86.1%	88.8%

A.2.2. The underwriting performance of the non-life activity under BGAAP

The underwriting performance is considered at the portfolio level. In addition to the underwriting related P&L elements (i.e. premiums, claims incl. changes in reserves and expenses), the combined ratio is a relevant indicator for the assessment of the underwriting performance. Both the situations before and after reinsurance are considered.

S.05.01. Premiums, claims and expenses - Non-Life aggregated

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	Gross	Net	Gross	Net
EUR '000				
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Total Expenses	28,177.3	28,177.3	29,819.3	29,819.3
Annual underwriting result	9,805.3	8,089.3	9,231.1	7,045.2
Combined ratio	84.5%	86.5%	86.1%	88.8%

With a gross underwriting result of 9.2 M EUR, the non-life underwriting activity clearly provides a large contribution to the company's total result. The gross combined ratio of 86.1%

confirms the profitability of the business activity as a whole. It confirms the adequacy of the company's pricing policy. The results are comparable to the results of last year highlighting the stability of Euromex as an insurance company. This reflects the company's efforts to reduce its costs and to focus on efficient processes. Moreover, a strict follow-up of the underwriting result allows the company to identify unfavorable risks, and to take appropriate action wherever needed.

Further, reinsurance had a negative contribution to the total result.

A.2.3. The underwriting performance of the life activity under BGAAP

As Euromex is a non life insurance company this chapter is without subject.

A.3. Performance of investments activities

A.3.1. Overview of the investment performance as per financial statements and current income

In 2018, financial markets were further characterized by persistently low interest rates. Also the equity markets have known a drop in 2018. 2018 was further characterized by political and economic uncertainty like the fall of the Belgian government, "Gilets Jaunes" in France and Belgium, uncertainty about the Brexit deal, the instability in Germany (Merkel / CDU) and the tradewar between the USA and China resulting in a run from equity markets into government bonds.

Euromex increased the proportion of property in its asset allocation, but kept the large majority of its assets invested in bonds.

Under the given asset allocation, the large majority of Euromex investment income (100%) are recurring, as is demonstrated in the table below. For the bonds portfolio, this recurring income corresponds to earned interest as well as changes in the book value of the bonds w.r.t. amortization ofagio/disagio's and provides a stable income. The recurring income coming from property will only be reported as from 2020 as the property acquisition has only been finalized by the end of 2018. The result of the financial income is presented below.

Income and expenses from investments by asset class

	Bonds	Equities	Property	Other	Charges &	Total
EUR '000						
Income and expenses from investments						
Investment income	2,606.7	245.5	0.8	-28.6	-226.7	2,597.8

Compared to last year we observe a decrease in financial income. This change finds its origin in the renewal of the bonds portfolio at lower interest rates .

A.3.2. Gains and losses recognized directly in equity

Under BGAAP, there are no gains or losses that are recognized directly in equity.

A.3.3. Investments in financial instruments based on repackaged loans

At YE2018, Euromex has no investments in SSL's (Senior Secured Loans).

A.4. Performance of other activities

In addition to the elements discussed in the sections about underwriting and investment performance, a few other elements with significant impact on the company's profit and loss have to be mentioned.

The company's P&L account was impacted by 'other costs' for an amount of 1.5 Mio EUR.

Euromex has no material lease contracts.

A.5. Other relevant information

No further information

B. System of Governance (B – Article 51(1)(b))

B.1. General information

B.1.1. Governance structure : overview

B.1.1.1. Board of Directors

The Board of Directors is composed of executive and non-executive directors appointed by the General Shareholders Meeting for a renewable term of each at most six years.

The Board of Directors meets at least three times a year and every time the interest of the company demands. The Board of Directors has i.a. the following missions:

- Determining the general company strategy, Risk Policy and Integrity Policy:
 - the strategy, values and objectives of the company with, among other things, the Commercial Policy, the Governance Policy (the Fit & Proper Policy, the Remuneration Policy, the Outsourcing Policy, the internal rules regarding external functions, the policy concerning security and continuity with regard to information technology, and the charters of the independent control functions), the organisational structure, the internal control structure, and the reports intended for the public (the ‘Solvency and Financial Condition Report’);
 - the Risk Policy, more specifically the risk appetite, the general risk tolerance limits for all activities, the Risk Management Policy, strategic risk-related decisions and the approval of the reports for the supervisory authority (the Regular Supervisory Report (RSR) and the Own Risk and Solvency Assessment (ORSA));
 - the Integrity Policy of the company with, among other things, the Code of Conduct and the rules to be observed in relation to the main areas of compliance.
- Supervising the activities and governance of the company, in particular:
 - the activities of the Management Committee;
 - the effectiveness of the system of governance and internal control;
 - compliance with the Risk Policy;
 - the activities of the four independent control functions (Internal Audit, Compliance, Risk Management and the Actuarial Function) and the implementation of their recommendations;
 - the integrity of the accounting and financial reporting.

- Approving transactions or projects that represent an investment or divestment above certain thresholds, defined in the policy.

The Board of Directors also has the duties and responsibilities reserved for it by Belgian company law and the Articles of Association.

B.1.1.2. Executive Committee

The managing directors make up the Executive Committee responsible for the effective management of the enterprise.

The Executive Committee meets weekly and whenever necessary. Periodic reports are submitted to this committee on the main issues and business risks. This committee acting as a collegial, subject to the allocation of specific responsibilities to individual Managing Directors.

The Executive Committee forms a college that jointly - preferably by consensus, if not a majority - comes to decisions. The members are loyal to the decisions taken.

The Executive Committee has i.a. the following missions:

- Executing the strategy defined by the Board of Directors and managing the company:
 - managing the company in accordance with the established strategic objectives and subject to the risk tolerance limits laid down by the Board of Directors;
 - supervising the line management and compliance with the powers and responsibilities conferred;
 - submitting proposals and giving advice to the Board of Directors for the purpose of defining the general policy and strategy of the company;
- Implementing the risk management system:
 - working out the details of risk appetite as well as risk management and control;
 - determining, measuring, managing, controlling and reporting all relevant risks (financial risks, insurance risks, operational risks and other risks);
 - supervising the development of the company's risk profile and control of the risk management system;
- Introducing, monitoring and evaluating the organisational and operational structure:
 - executing the Governance Policy;
 - implementing an organisational and operational structure, determining powers, responsibilities and reporting procedures;
 - setting up and monitoring suitable internal control mechanisms;

- enabling the independent control functions to work well and assessing the efficiency and effectiveness of the regulations defined by the company with regard to risk management, internal control and governance;
- supervising correct implementation of the Remuneration Policy;
- setting up a system of internal reporting that creates a reasonable degree of assurance regarding the reliability of the financial information and prudential reporting;
- Implementing the Integrity Policy (with, among other things, rules relating to conflicts of interest, whistle-blowing, the prevention of money laundering and terrorist financing, and codes of conduct, etc.);
- Reporting to the Board of Directors (and/or to a subcommittee of the Board) and to the supervisory authorities (the NBB and FSMA) as prescribed by company and supervisory legislation;

Notwithstanding the collective responsibility of the executive committee specific tasks are assigned to the different members.

B.1.1.3. Specialized Committees of the Board of Directors (composition, functions, working)

The Board appointed an Audit and Risk Committee and a Remuneration Committee.

The Audit and Risk Committee is composed of two non-executive directors, including one independent director. The Audit and Risk committee meets at least twice a year and reports to the Board of Directors.

The **Audit Committee** has the following tasks:

- Overseeing the financial reporting process and the integrity of the financial statements;
- Monitoring the effectiveness of the systems and functions for internal control and risk management;
- Monitoring the internal audit and relevant activities, including the audit plan, take note of the audit reports, to ensure that the Executive Committee shall take appropriate steps to remedy the shortcomings which have adopted by the internal auditors;
- Monitor the statutory audit of annual accounts and consolidated accounts, including the compliance with the questions and recommendations formulated-taught by a certified public accountant;
- Reviewing and monitoring the independence of the statutory auditor, with particular attention to the supply of additional services to the company or to a person with which it has close links;

- Report regularly to the Board on the exercise of his tasks, at least on the annual and consolidated financial statements and periodic information at the end of the financial year and at the end of the first half;
- Provide the Board of Directors recommendations on the appointment and reappointment of the auditor's independence and remuneration.

The **Risk Committee** has the following tasks:

- Provide advice to the Board on the current and future risk tolerance and risk strategy;
- Assist the Board of Directors in the exercise of monitoring the implementation of the risk strategy by the Executive Committee;
- Monitoring the effectiveness of the governance systems and risk management function.
- Defining the nature, scope, form and frequency of the information that must be presented to the committee concerning the risks;
- Making sure that variable remuneration and the performance objectives set out in the Remuneration Policy are consistent with the company's risk profile;
- Monitoring the effectiveness of the risk management system and risk management function;
- Examining how the company covers the risks associated with its assets, operations and liability by means of adapted insurance policies;
- Requesting all necessary information (at least the annual report) from the Risk Management function, and familiarising itself with the action plan and the monitoring of this plan by the Risk Management function;
- Asking the Board to impose specific duties on the Risk Management function where appropriate.

The Audit and Risk Committee can receive specific missions from the Board of Directors, is completely independent in the execution of these missions, and reports regularly to the Board of Directors until the completion of the assignment.

The members are exclusively non-executive directors, and the majority are independent. This does not prevent the Chairman or members of the Management Committee, the persons responsible for the independent control functions or the external auditor from taking part in the meetings if this boosts their effectiveness. The committee is collectively competent in the financial enterprise's activities, financial management, financial reporting, accounting, auditing and risk management.

The **Remuneration Committee** has been appointed to determine the fixed and variable remuneration of the members of the Executive Committee in accordance with its approved

remuneration policy. The Remuneration Committee is composed of two non-executive directors, including one independent director.

The Remuneration Committee has the following tasks:

- Advising on the Fit & Proper and Remuneration policies to be adopted by the Board of Directors and on any amendment to them;
- The preparation of decisions regarding remuneration, particularly those which have implications for the risk management of the company and which the Board of Directors have to decide; in the preparation of such decisions, the Remuneration Committee taken into account the long term interests of shareholders, investors and other stakeholders of the company, as well as the general interest.
- The preparation of decisions regarding the remuneration of the persons responsible for the independent control;
- Monitoring the remuneration of those responsible for the independent control.

B.1.1.4. Other Key Functions

Alongside the aforementioned functions observed by the (executive and non-executive) Directors, the company has also created a number of appropriate independent control functions which are also key functions.

Management monitors the implementation and organization of these functions, and uses their findings and recommendations to strengthen the administrative structure, organization and internal control.

Independence of these control functions mainly involves the following elements:

- They have an appropriate statute guaranteeing all necessary powers, resources, expertise and access within the organization;
- They are independent of the hierarchical and organizational levels of the operational activity they have to control;
- They report both to the executive and non-executive directors according to the established procedures;
- Remuneration of persons responsible for those functions is from a material point of view not related to the profitability of the activity.

The different control functions are

- Compliance
- Risk Management

- Internal Audit
- Actuarial Function

They are discussed further below in this report.

B.1.1.5. The Policy framework

A key element in the company's governance framework is its policy framework. This framework contains all documents (policies) within the context of Solvency II and contain the high level principles according to which the company organizes its working. Policies typically contain general, more abstract rules and guidelines which are further translated into processes and procedures. The policy framework is itself also subject to detailed governance rules, which guarantee a.o. the periodic review of these documents.

B.1.2. Remuneration Policy

B.1.2.1. Remuneration principles and objectives

The general remuneration policy is compliant with, and contributes to a healthy and efficient risk management. The remuneration policy and practices are determined and implemented according to the business and risk management strategy, the risk profile, the goals, the risk management practices and the long term interest and performances of the company as a whole. They comprise measures geared towards avoiding conflicts of interest. The remuneration of the Executive Directors is based on value creation and is determined according to the remuneration concept as decided by the Remuneration Committee of Baloise Holding Ltd.

The company's success is largely dependent on the skills, capabilities and performance of its workforce. It is therefore essential to recruit, develop and retain suitably qualified, highly capable and highly motivated professionals and executives. The level of remuneration offered by Baloise is in line with the going market rate and performance-related. Euromex has put in place a remuneration policy that is also compliant with the Baloise Group Remuneration Policy.

The objectives of the remuneration system are to further increase the emphasis on performance at Euromex and to strengthen employees' and executives' loyalty and commitment to the organisation.

In addition to paying its staff in line with market rates and according to individual achievement, the company encourages its executives to focus on the longer term and on its shareholder's interests.

B.1.2.2. Remuneration components

The company's compensation packages consist of the basic salary plus short- and long term variable remuneration and of other material and non-material benefits such as pension contributions, additional benefits, and staff development.

Basic salary

The basic salary constitutes the level of remuneration that is commensurate with the functions and responsibilities of the position concerned as well as the employee skills and expertise required in order to achieve the relevant business targets and objectives. When determining the level of its basic salaries, Euromex aims to position itself around the market median. In compliance with its code of conduct Euromex applies the internal fair-pay principle that people who do the same job and have the same qualifications should be paid the same amount.

Variable remuneration

The key factors determining the amount of variable remuneration paid are the global result or the economic value added, and the employee's individual performance. Euromex attaches considerable importance to managing its business sustainably.

Besides the profit sharing which applies to all staff members and depends on the company's profit, a Performance Pool is also available. The volume of the Performance Pool, which is decided by the Remuneration Committee, depends on business performance, the evolution of the share price, risk mitigation and implementation of the strategy. It is distributed individually to all staff members who qualify for access to the Performance Pool (the executives) by taking into account the performance assessment as the primary guideline, based on performance, commitment, collaboration, leadership and behavior.

B.1.2.3. Pension schemes

The company provides its employees with an attractive occupational pension solution (Pillar 2) that meets the following objectives:

- It covers the needs of its insured employees' needs in the event of old age, death or disability and mitigates the resultant financial consequences by offering an occupational pension scheme based on the principle of social partnership.
- It enables its retirees to maintain the standard of living to which they are accustomed by providing them with a sufficiently high level of income replacement (combination of Pillar 1 and Pillar 2 benefits) to compensate for their loss of earnings.

- The employer makes an important contribution to the funding of its occupational pension scheme.
- Its pension solutions are future-proof, robust, predictable and cost efficient.

The members of the Executive Committee are insured under a pension scheme run by Baloise Belgium NV. The other (non-executive) members of the Board of Directors have never been entitled to have contributions paid to the pension fund, nor have such contributions been paid to them.

B.1.2.4. Practical implementation

The (annual) determination of (individual and corporate) targets, the performance assessment and the determination of the variable remuneration is controlled centrally through a performance management process.

Euromex provides systems of performance related remuneration for all of its staff members, although this variable part depends on the group to which each staff member belongs. These distinct groups are the members of the Executive Committee, the management, the employees and the Sales team.

B.1.3. Shareholders

B.1.3.1. Group Structure – shareholders with a qualified participation

The shareholders of Euromex are:

- Baloise Belgium NV,
- Mercator-Immo NV

Euromex is part of, and strongly embedded in the Baloise Group (owned by Baloise Holding Ltd, Switzerland). Located at the heart of Europe, with its head office in Basel, the Baloise Group is a provider of prevention, pension, assistance and insurance solutions.

As a Swiss financial group the Baloise Group is under control of the Swiss supervisor FINMA.

B.1.3.2. Loans to Directors

As Euromex currently does not grant loans to directors this chapter is without subject.

B.1.3.3. Transactions with shareholders

Euromex' reinsurance is made within the Baloise Group. This resulted in a net contribution to the company's P&L account of -0,5 Mio EUR, and a Solvency II balance sheet amount of (intra group) reinsurance recoverables and receivables of 5,7 Mio EUR.

Operating expenses, paid to Baloise Belgium amounted to 0,3 Mio EUR, and covered IT, HR, accounting, actuarial and audit services and asset management services provided by group divisions.

B.2. Fit and proper requirements, transactions with leaders

Euromex complies with all regulatory 'Fit & Proper' requirements. According to its 'Fit and Proper policy', the executive committee has put in place all necessary processes to guarantee the required 'fit and proper' status of its key function holders. These requirements are checked whenever such a function is taken up, and further on an annual basis by means of a declaration by the function holder, but also with a periodic evaluation process conducted by the company.

B.2.1. Fit & Proper Policy

Euromex ensures that the members of the Board of Directors and the Executive Committee and those responsible for independent control functions have sufficient expertise, and taking into account the respective tasks assigned to individuals, to provide appropriate diversity of skills, knowledge and to ensure relevant experience, so the company is managed professionally and is monitored professionally.

The Board of Directors collectively has the appropriate qualifications, experience and knowledge relating to at least the insurance and financial markets, business strategy and business model, the system of governance, financial and actuarial analysis, the regulatory framework and regulatory requirements.

On the basis of antecedents can be verified whether one can reasonably assume that a person will perform duties entrusted to him in an honest, dedicated, independent, ethical and integrity.

B.2.1.1. Assessment

With a view to ensuring a permanent suitability the following measures are taken

- Self-Assessment;
- Requirement for a written statement at the start when taking up the function in which the latter confirms the prejudice to respect applicable Fit & Proper standards for that function and will promptly communicate any circumstance that may be relevant in this context;
- Annual declaration of the persons assumed Fit & Proper that they are not aware of any relevant and material change regarding their compliance with the Fit & Proper standard;
- Euromex challenges the self-assessments and documents its results.

B.2.1.2. Transactions with leaders

As Euromex currently does not have transactions with leaders this chapter is without subject.

B.3. Risk management system including the ORSA

B.3.1. The risk management system

A key methodological element in Euromex risk management system is the Risk Map, in which risks are categorized at different levels of aggregation. It provides the basic taxonomy along which the company organizes the identification, assessment, monitoring and mitigation of the risks to which it is exposed. The high level of granularity supports a deep and broad integration of the risk management activity throughout the different levels and domains of Euromex' activities. The risks are categorized under the following building blocks:

- Business risks
- Investment risks
- Financial structure risks
- Business environment risks
- Operational risks
- Information/Leadership risks

In order to monitor and manage the risks listed in the Risk Map, Euromex has implemented a comprehensive risk management system throughout its whole organization. Herein, Euromex follows a holistic approach to an integrated risk management for risk identification, management and evaluation in the areas of ICS, compliance and risk management. In addition to purely financial risks, operational and strategic risks as well as reputation risks and compliance risks are also recorded and assessed.

The yearly risk assessment process along the risk map involves representatives of the operational departments, as the "first line of defense", for the identification, assessment, monitoring, mitigation and reporting of the risks the company is exposed to. The assessment also considers emerging risks and strategic risks. More detailed information on how the different risks are specifically managed, can be found in the chapter 'Risk Profile'. The risk management function, as the "second line of defense" controls and integrates the reported risk position and guarantees further reporting to the Executive Committee and the Board of Directors. Annually, the risk management function thoroughly reviews the assessments by the 'first line' operators.

In 2018 the internal control system has been enriched with an operational risk database, listing important operational events, and an outsourcing assessment on critical outsourcing activities.

Adequate reporting processes, covering the aforementioned procedures as well as the extensive internal control system, are in place, guaranteeing that the Board of Directors, the executive committee, the risk management function and the Asset Liability and Risk Committee (ALCO-RICO) always receive all relevant information allowing to follow up the company's risk position.

Furthermore, the solvency II standard formula, which is used by the company together with USP's for regulatory purposes, provides an additional framework which is in particular useful for measurement of risks, from the point of view of the quantitative risk management at the level of the higher aggregations of risks and the capital management in relation to the company's overall risk position.

The strategic choices concerning risk and capital management are integrated into the business strategy. When defining the business strategy and its translation into business practice, eg. In the business plan, the principles of risk management and risk tolerance limits are taken into account. The Executive Committee, which includes the Risk Management function is represented by the CEO, monitors compliance with the conditions for the types of risks to endorse the company is willing, on profitability of conduct, and on the above mentioned limit system.

The strategy for managing the individual risks based on the risk map is fully integrated into the organizational structure.

The established procedure for decision-making procedure ensures compliance with the various elements of the risk management system. ALCO-RICO plays a crucial role as a central advisory: representatives of different business sectors lay there all decisions with potentially significant impact on the risk position of the company for.

Risk management is thus embedded in the decision-making processes. The effectiveness of the risk management system is confirmed by the incurred risks and by the effectiveness of the risk managing and mitigating measures taken. Risk management and related systems and processes are continually being further developed and revised in order to guarantee their long term efficiency and to enhance them on an ongoing basis.

The appropriate governance for risk management is supported by the company's governance framework in its policy framework. This framework contains all written documents (policies) within the Solvency II framework providing the high level principles according to which the company organizes its working, both in addressing the risks it is exposed to, and in organizing its activities in general. These policies furthermore fully comply with Standards and Policies issued at the level of the Baloise Group.

Euromex' policies typically contain general rules and guidelines which are further translated into processes and procedures.

The policy framework is itself also subject to detailed governance rules, which guarantee a.o. the periodic review of these documents.

B.3.2. ORSA process

In the ORSA process, the company documents its current and derives its future capital needs in function of its future risk exposure, as projected in line with the company's business planning assumptions. In turn, these projected capital needs provide crucial input in the development of the company's business strategy and planning, which also includes capital planning.

The principles underlying the ORSA process are inscribed in the company's ORSA policy. The regular ORSA process is performed on an annual basis by the risk management function, the results are presented in a written ORSA report which is discussed with, and reviewed and approved by the Executive Committee and the Board of Directors. The process includes, a.o.:

- The verification of the continuous compliance with the regulatory requirements regarding technical provisions and required capital, as well as with the company's own risk appetite, and this under normal and stressed conditions;
- The assessment of the own solvency needs given the company's risk profile, both from a 'point in time' and a 'forward looking' point of view;
- The assessment of the sensitivity of the solvency position to specific factors and circumstances, including (reverse) stress testing;
- The assessment of the appropriateness of the determination of the current solvency requirements.

During the ORSA process, systematic interaction takes place between the risk management function and the management, e.g. in view of the ongoing business planning activities and w.r.t. (reverse) stress testing. The validated results are disclosed to, and discussed with all stakeholders within the company.

B.3.3. The risk management function

Euromex' risk management function, which operates directly under the responsibility of the CEO, has the following responsibilities :

- To detect, measure, manage and report all significant risks to which the company is exposed;
- To participate actively in the definition of the risk strategy in alignment with the group strategy;
- To participate in all management decisions which have a significant impact on the company's risk position;
- To provide a complete overview of the risk to which the company is exposed.

This further includes:

- The assistance of the Board of Directors, the Executive Committee and the other functions in view of the efficiency of the risk management system;
- The definition and implementation of risk measurement methodologies and control processes in compliance with the regulatory requirements and in line with the group approach;
- The monitoring of the company's risk management system and general risk profile;
- The regular reporting on the company's risk exposure and the ad hoc escalation in case of critical risks;
- Advising the Board of Directors and the Executive Committee in risk related matter;
- The identification and assessment of new and emerging risks;
- The fulfilment of regulatory requirements and the contacts with the supervisor.

B.4. Internal control system

B.4.1. Internal control system overview

Within the company's integrated and companywide risk management approach, the Internal Control System (ICS) is one of the most important components. Effectiveness, traceability and

efficiency of the implemented control processes are important principles underlying the design and implementation of the internal control.

The Board and executive committee are responsible for the implementation of an adequately functioning internal control system with the required level of development. Strategy and objectives are defined in the company's internal control policy. The Board of Directors is responsible for ensuring an adequate control over the effectiveness of the ICS by the management, and annually assesses the results of the scoping of the ICS.

The policy concerning the internal control system includes a set of measures that should allow with reasonable assurance for the responsibility of the management of the insurance company that:

- Business is organized with well-defined objectives;
- The resources are used economically and efficiently;
- The laws, regulations, and general policies, plans and internal regulations are complied with;
- The risks are known and are adequately controlled to protect the assets;
- Financial and management information is honest and trustworthy.

Hence the company's internal control system covers not only the financial reporting but also the compliance and operational risks at entity, process and IT level.

Euromex has assigned an ICS officer. He reports annually on the current ICS situation (points of improvement, risk situation). He is responsible for the communication within the company. He supervises the entire ICS system, is responsible for its quality, including staff training, and its continuous improvement.

B.4.2. Compliance function

As a key function within Euromex integrated risk management, the compliance function, which acts under the responsibility of the CEO, monitors and promotes compliance with the company standards and regulations necessary for the preservation of the public trust, integrity and good reputation of the company. By monitoring the company's remaining exposure to compliance risks, it contributes to the company's entity wide risk management.

The principles on which the organization and implementation of this function are based, are inscribed in the company's compliance policy. Essential in executing its functions are its independence, its preventive and proactive approach, its strong integration in the company's general governance framework and its interaction with the other control functions like risk management, actuarial function and internal audit.

As a key function, the Compliance Officer has direct access to the Board of Directors, the Executive Committee, the Audit and Risk Committee or the auditor, without having to justify it. The compliance function reports to the Board and the Executive committee.

Assessment of the residual exposure to compliance related risks is made on a regular basis, and in methodologically integrated is the company wide risk assessment process.

B.5. Internal audit function

B.5.1. Internal audit: organization and governance

Euromex' Internal Audit area covers the systematic assessment of the adequacy and effectiveness of the company's processes and of the corresponding elements of risk management, control and governance. On the one hand, the internal Audit function ensures that the processes take place as intended and supports the achievement of the company's objectives. On the other hand, recommendations are made to improve the efficiency and profitability of these processes. The principles governing the company's internal audit approach are inscribed in the company's Internal Audit Policy.

Internal Audit is authorized to perform audits throughout the complete Euromex' organization. Internal Audit possesses extensive, unlimited rights to information, inspection and control, which are necessary for it to fulfil its assignments. A system of close follow up of its recommendations guarantees the effective remediation of identified issues.

The establishment of the audit planning is essentially risk driven, and takes into account input obtained from sources like yearly risk assessments, interviews with executive directors, an 'Internal audit Watchlist' and external benchmarking.

Although Euromex has outsourced its internal audit function to Baloise Belgium, the final responsibility, including the necessary control procedures remains at Euromex.

B.5.2. Independence of the internal audit function .

The Internal Audit function is organizationally independent from the operational business activities. Internal Audit functionally reports to the chairman of the Executive Management and has unrestricted access to the Executive Committee, and the Board of Directors / Audit Committee.

B.6. Actuarial function

Within Euromex' governance framework, the actuarial function has several responsibilities which include the coordination of the calculation of the technical provisions and the assessment of the overall underwriting policy and the reinsurance program. More generally, it contributes to the effective implementation of the Risk Management System.

The principles on which the organization and implementation of this function are based, are inscribed in the company's actuarial function policy.

The Actuarial Function is independent of hierarchical and organizational levels of the activity lines, business unit and the revenue-generating departments of Euromex they have to control.

It undertakes its duties in an objective and fair manner, and is also subject to the company's Fit & Proper requirements.

The actuarial function works in close collaboration with the other control functions. It has direct access to the Board of Directors and the Executive Committee, to which it also provides its opinions.

B.7. Outsourcing

The outsourcing policy defines principles and procedures which have to be adhered to before and after the contract with an external service provider has been signed. It ensures that the interests of all relevant stakeholders are considered by prohibiting outsourcing in case one of the following occurs:

- Endangerment of the continuous and satisfactory provision of services to customers;
- Significant impairment of the quality of the company's processes;
- Unduly increase in risk;
- Endangerment of the governance system;
- Impairment of the ability to monitor compliance with the company's obligations.

The principles cover topics such as responsibility, requirements on the skills and resources of the provider and its continuous monitoring, compliance with laws and regulations and minimum contractual contents.

The policy further demands that several pre-defined stages have to be completed for any function to be outsourced. First, the current state has to be analysed on whether the function or process is legally and economically viable to be provided by a second party. After the decision

has been made in favour of outsourcing, a formal tender begins. After the most suitable bidder is chosen and the contract signed, the outsourcing has to be integrated in the governance framework of the company. The business relationship has to be actively managed in line with its nature and scope. This includes the monitoring and control of the services provided, the data safety and the risk situation as well as the evaluation whether the external service provider has implemented adequate emergency plans.

Outsourced function	Area	Internal/ External	Jurisdiction of service provider
Internal Audit	Contr. Function	Internal	Belgium
Planning and Controlling, Actuarial services	Finance	Internal	Belgium
Accounting and Reporting	Finance	Internal	Belgium
Asset and cash Management	Finance	Internal	Belgium
Asset and cash Management	Finance	Internal	Switzerland
HR reporting & Admin	Gen. Services	Internal & External	Belgium
Sap Hosting	Finance	Internal	Belgium
ICT Support and Architecture	IT	External	Belgium
IT Security	IT	Internal	Belgium
BCM	Business	Internal	Belgium
Underwriting broker	Business	External	Belgium
Underwriting mandated insurer	Business	Internal & External	Belgium

B.8. Any other Information

The Company has assessed its corporate governance system and has concluded that all relevant information with respect its system of Governance in view of its regular disclosure reporting has been communicated in the other sections of the chapter 'System of Governance' of the current report.

C. Risk Profile (Article 51(1)(c))

Overview

Euromex is a monoline insurer legal protection that provides access to the legal system to her insured policyholders. Largest risks for the company are an incorrect pricing of the future insurance risk and an excess of legal expenses when settling a case.

Given the company's strategy to highly match the cash flow structure of its assets with that of its liabilities, the net exposure to the interest rate is limited (i.e. in terms of changes in the own funds due to changes in interest rates). The most substantial market risk is then the credit spread risk, which is followed up very closely, and for which ample measures like limits w.r.t. the quality or rating of the counterparties hold.

The company no longer mitigates its exposure to equity risk by using derivatives. New in 2018 is the property risk related to the change in asset mix.

C.1. Underwriting risk

C.1.1. Non-Life

Euromex mainly underwrites insurance risks of individuals and small and medium-sized enterprises. However, the company is also further expanding its activities in the south of the country.

Euromex' underwriting activities are strongly embedded in its general risk governance. Starting from the company's general risk strategy and risk appetite, clear underwriting instructions and underwriting guarantees have been developed in terms of which types of risks qualify for acceptance, and in terms of underwriting limits with respect to amounts insured. This, together with an adequate reinsurance plan, will guarantee that exposure to the underwriting risk stays well in line with the company's size and risk capacity.

Written documents like policies and procedures formalize these instructions and provide further guidance for the processes that have to be followed, and for the responsibilities that are assigned to the respective staff members.

At YE 2018 the underwriting risk for Euromex mounted up to 26.2 Mio EUR compared to 23.7 Mio EUR at YE 2017. The increase finds its origin in the update of the USP parameters and the increased volumes for both the premium and reserve risk.

C.1.1.1. Risk Exposure

As a legal protection insurance company Euromex provides access to the law for the insured policyholders. In case of a conflict the company provides the policyholder with advise, the necessary legal assistance provided, possibly by a lawyer, and the technical expertise of an expert. Due to the nature of the business the company is not exposed to catastrophe risk.

C.1.1.2. Risk Concentration

Under the concentration risk, a cumulative accumulation of individual occurrences of incentives is considered, which can lead to a significant burden on the insurance business. As provider of legal services in case of a conflict Euromex is only affected by a risk concentration in a second order in case of natural catastrophe or disaster. Therefore Euromex is in this case not impacted by catastrophes. Clumping and concentration risks can nevertheless occur both on the asset and on the liability side. As an example, the insurance of a customer from the industry and the investment in shares of the same company is mentioned. Euromex counteracts risks of this kind by diversifying its business in both areas.

It has to be noticed that Euromex is a monoline insurance company. Any event, internal or external, most probably hits the entire company and cannot be compensated by other business lines. This is clearly quantified in the standard formula that allows no diversification within a business line.

C.1.1.3. Risk mitigation

Reinsurance is the main risk mitigating technique for the company's exposure to the non-life underwriting risk exposure and the related concentration risk. The active reinsurance program of Euromex is incorporated in the Baloise Belgium reinsurance program and consists of a quota share and an excess of loss.

C.1.1.4. Risk sensitivity

As a monoline insurer it is clear that the company is sensitive with respect to concentration risk on its business. Within the ORSA process Euromex performs stress test relating to disappointing business volumes or unforeseen technical results. These stress tests are also projected in the future. None of the performed stress tests could jeopardize the Solvency II ratio.

C.1.2. Underwriting risk Life

Due to the nature of the business written by Euromex, she is not susceptible to the life underwriting risk.

C.2. Market Risk

According Euromex' risk strategy and risk appetite statement, the company only accepts a low level of market risk with respect to its investment assets. It complies with the prudent person principle in its investment decisions.

Below we discuss the different components of market risk and the way they are specifically managed by Euromex. We mention also that all material aspects of the market risk are the object of Euromex general risk management process, and are hence monitored, and assessed within the yearly risk assessment process.

The market risk of Euromex decreased at year end 2018 from 11.2 Mio EUR to 10.8 Mio EUR. The decrease is the result of:

- A decreasing interest rate risk due to the changed asset allocation that reduced the contribution of bonds in the asset allocation and resulting in a better duration matching (4.1 Mio EUR YE 2017 → 3.7 Mio EUR YE 2018).
- The point above, together with a decrease in duration, resulted in a strong decrease in spread risk (7,2 Mio EUR at YE 2017 → 6.5 Mio EUR at YE 2018).
- An important decrease is also to be reported with respect to the equity risk (3.8 Mio EUR at YE 2017 → 2.7 Mio EUR at YE 2018) caused by decreased market values and a decreased shock.
- The new asset allocation also investing in property invoked an increase in property risk. (0.1 Mio EUR at YE2017 → 2.0 Mio EUR at YE2018)

S.26.01 Market risk components

	2017.12	2018.12
in TEUR		
Interest rate risk	4,149.4	3,748.3
Equity risk	3,858.5	2,692.9
Property risk	48.0	2,073.7
Spread risk	7,199.1	6,543.8
Concentration risk	-	-
Currency risk	-	-
Diversification	-4,020.0	-4,251.2
Market risk	11,235.0	10,807.6

The following sections specifically address the interest rate risk, equity risk, spread risk, and property risk that are relevant for the undertaking.

C.2.1. Risk exposure

C.2.1.1. Interest rate risk

Interest-rate risk is the risk that the undertaking's interest margin, and therefore its income, may be reduced by fluctuations in money-market and capital-market interest rates (income effect), or that the fair value of a portfolio of interest- rate sensitive products may decline (asset-price effect).

Within Euromex assets, the bonds portfolio is the largest interest sensitive class with a market value of 159.2 Mio EUR at YE2018, compared to 150.9 Mio EUR at YE2017. Other interest sensitive assets are essentially the reinsurance recoverables, while at the liabilities side, the value of the technical provisions also depends on the used discount curve, and hence of the interest rate level. Thanks to the change in asset mix the interest rate risk could be reduced.

C.2.1.2. Currency risk

Currency risk is the risk that changes in exchange rates lead to decreases of the company's own funds position. The exposure to the effective currency risk depends on:

- The net volume of the exposure, i.e. the balance of foreign currency assets and liabilities;
- The volatility of the exchange rate of the foreign currency in question;
- The correlation of the currencies with other risk factors.

No currency risk can be detected in the balance sheet of Euromex.

C.2.1.3. Spread risk

Spread risk arises from the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.

As of year-end 2018 the spread sensitive exposure of our own assets amounts to 159.2 Mio EUR, from which 54.5 Mio EUR government bonds. The decrease in duration of the corporate bonds results in a decrease in spread risk compared to year end 2017.

C.2.1.4. Property risk

Property risk is the risk that negative developments of the value of the company's property portfolio lead to decreases of the company's own fund position.

In 2018 Euromex changed its assetmix resulting in investments in property. This increases the risk exposure for the property risk strongly from 0.2 Mio EUR to 8.2 Mio EUR.

C.2.1.5. Equity risk

Equity risk is the risk that negative developments of the value of the company's equity portfolio lead to decreases of the company's own fund position.

An amount of equity risk, decreased due to market evolution compared to previous year, is to be accounted for with exposure of 8.3 Mio EUR (9.4 Mio EUR YE 2017).

C.2.2. Risk concentration

Market risk concentration risks can stem either from lack of diversification in the asset portfolio or from large exposures to default risk by a single issuer of securities or a group of related issuers. When assessing the undertaking's market risk concentration as of year-end 2018 according to the Solvency II standard formula, no relevant risk concentration is reported. All own assets from the equity, spread risk and property risk sub-modules are considered.

C.2.3. Risk mitigation

In order to limit and monitor the undertaking's exposure to market risk, several mitigating measures are in place.

A conservative policy on asset allocation is applied. Regular reporting on the evolution of the undertaking's assets allows for a close monitoring of the risk exposure.

As part of the Baloise Group-wide Risk Management Standards, investment planning and appropriate asset and liability management ensure that any divergence in maturities and the interest-rate risk incurred are managed within the risk capacity available. Stress tests are also designed and run for this purpose on a regular basis acting as an early warning system.

Duration matching as the main risk mitigating technique with respect to the management of the interest risk, without neglecting the financial return.

The undertaking manages its equity risk as part of the overall investment risk management process, and applies limits as expressed in policies and guidelines. Specifically, the risk is mitigated by a meaningful diversification of risks across countries, industries and companies.

In order to limit the spread risk, the investment in a single issuer or debtor is restricted sufficiently.

C.2.4. Risk sensitivity

The company's general approach to measuring its risk sensitivity is to integrate this in its general stress testing and scenario analysis. Based on specific calibration in relation with the asset mix of the company the impact on her solvency position is measured.

Due to the duration gap an increase in interest rates would negatively impact the solvency II ratio. In case of an increase of 50 basis points the Solvency II ratio would decrease with 5% to 178%. A symmetric effect can be observed in case of an decrease of 50 basis points in the risk free interest curve (188%). An increase in spread only negatively impacts the asset side without compensation on the liability side and therefore impacts the solvency II ratio more importantly (impact 170%).

The effect of an equity market crash of 25% impacts the solvency ratio with 3% to 180%.

C.3. Counterparty default risk

C.3.1. Risk exposure

Counterparty default risk relating to assets held by insurance companies refers to the total potential downside risk arising from deterioration in the credit quality of a borrower or issuer. Credit risk is managed by monitoring the credit quality of each individual counterparty and relying heavily on credit ratings.

The risk increases when counterparties become concentrated in a single sector or geographic region or in case of poor diversification in the counterparty portfolio. Economic trends that affect whole sectors or regions can jeopardize an entire group of otherwise unrelated counterparties.

The counterparty default risk takes into account the following components:

- Type 1: Counterparty default risk exposures where diversification is low and the counterparty is likely to be rated. For the undertaking the exposure is driven by its reinsurance balance as well as the cash account balance.
- Type 2: All remaining counterparty default risk exposures, such as insurance receivables arising from intermediaries.

As of year-end 2018, the gross solvency capital requirements for counterparty default risk decreased to 0.9 Mio EUR, a small decrease compared to YE 2017 due to the decrease in cash position and an increase in rating of some counterparties.

C.3.2. Risk concentration

No significant risk concentration with regards to Counterparty default risk is observed.

C.3.3. Risk mitigation

In order to account for the significance of credit risk stemming from spread and counterparty default risk, the undertaking tracks counterparty exposure at all times and monitors credit risk from a global point of view.

To restrict the credit or accumulation risk in the undertaking, the proportion that may be invested in a single issuer or borrower is strictly limited.

Permitted reinsurers normally possess a minimum rating of "A" from Standard & Poor's. This rule excludes captives and pools of reinsurers which are usually not rated.

To limit the counterparty default risk exposure stemming from intermediaries and policyholders, an adequate procedure for the recovery of receivables is in place.

C.3.4. Risk sensitivity

Overall, in terms of the capital position of Euromex, measured according to the standard formula applicable according to Solvency II, the exposure by type of counterparty risk amounts to is rather limited and comparable to the previous reporting period. The sensitivities considered do not result in a Solvency II ratio below 100%.

C.4. Liquidity risk

Liquidity risk is the risk that, especially in circumstances where sudden large cash outflows occur, the company is unable to realize the necessary investments and other assets, or to find alternative refinancing in order to settle its financial obligations.

C.4.1. Risk exposure

Hence, Euromex considers its exposure to the liquidity risk as very low. Moreover, almost the largest part of the portfolio of its investments qualify as 'liquid assets' according to the NBB's criteria, while the risk is further mitigated by large net annual cash inflows, thanks to its sustainable growth strategy.

C.4.2. Risk concentration

The undertaking is not exposed to significant liquidity risk concentration. On top she has an EPIFP of 6.7 Mio EUR.

C.4.3. Risk mitigation

In addition to local regulation requirements, a central liquidity planning is required by the Group-wide Risk Management Standards. Adequate investment planning and appropriate asset and liability management ensure that the exposure is monitored and managed on a regular basis.

C.4.4. Risk sensitivity

Due to the limited exposure, the undertaking does not specifically calculate risk sensitivities for liquidity risk.

C.5. Operational risk

C.5.1. Risk Exposure

Operational risk stems directly or indirectly from the business operation of a company and includes losses arising from inadequate or failed internal processes, personnel or systems, or from external events. Operational risk also includes legal and compliance risks. Management and information risks (including strategy risks) as well as business and environment risks are considered as separate categories of risks.

The risks are regularly identified, assessed, controlled and steered via the "Own Risk and Solvency Assessment" process. Internal processes deal with a variety of tasks, including the writing of new insurance contracts, administering existing contracts and their underlying investments, preparing documents required by regulatory and tax authorities and preparing financial reporting for Euromex. Typically, IT systems support these processes, and such

systems may not work or not work properly, causing stalled processes or e.g. wrong data or documents. Human error may as well affect the correct execution of business processes.

In 2018 Euromex also set up an operational risk database in order to better monitor the operational risk.

C.5.2. Risk concentration

Euromex has not identified any risk concentration with respect to operational risk during the reporting period.

C.5.3. Risk mitigation

Euromex mitigates its operational risks by various techniques to make processes and systems as robust as possible. These includes information security procedures, business continuity planning, ongoing training for employees, clear process descriptions and responsibilities, back-up solutions (where possible) and double signatures for all key decisions.

In addition, process risks resulting from lack of application of procedures or application of inadequate procedures are mitigated by the undertaking's effective internal control system.

C.5.4. Risk sensitivity

The undertaking bases its quantification of the operational risk on the standard formula according to Solvency II. This approach assumes some flat-rate losses on premium volume and size of business portfolio.

As of year-end 2018 the capital requirements for operational risk stayed stable at 3.0 Mio EUR as measured by the Solvency II standard formula which represents the negative impact for the undertaking if all of the impacts described would happen at the same time. The considered sensitivity does not result in a Solvency II ratio below 100%.

C.6. Other material risks

Major other material risks include business environment risks, leadership and information risks as well as emerging risks.

Business environment risks and management and information risks arise directly or indirectly through the business environment or the strategic activities of a company.

In the period under review, all business environment risks and leadership and information risks have been assessed as low, medium or high risks by the corresponding risk owners and risk controllers during the yearly risk assessments.

Emerging risks are new or foreseeable risks, which cannot or cannot easily be quantified (for example due to the lack of historical data), but which might have a major financial impact. Within the Baloise Group emerging risks are identified and analyzed according to an early warning system and assessed by grouping them along a risk radar. Emerging risks include for example robotics, artificial intelligence and blockchain.

D. Valuation for solvency purposes (Article 51(1)(d))

When establishing the market consistent, or fair value balance sheet for (Solvency II) solvency purposes, assets and liabilities are evaluated on a 'fair value' basis. For this purpose, Euromex aligns its valuation principles with the regulatory requirements as formulated in law of the 13th of March 2016 (the "Solvency II law") and related regulation. In practice, this means that in general, the company uses either observable market values or values based on accepted methods and models.

For corporate reporting purposes, Euromex also values its assets and liabilities according to (local) Belgian general accounting principles (BGAAP).

In the following sections, Euromex further documents the valuation principles it applies for solvency purposes, and it highlights relevant differences with the valuation under BGAAP. First this will be done for the assets, then for the technical provisions, and finally for the other liabilities.

D.1. Assets

D.1.1. Basis, methods and assumptions for the valuation

D.1.1.1. Valuation of assets for solvency purposes: general principles

Asset valuations are set at, or based on market price ('marking to market'), insofar as the corresponding active market requirements (e.g. enough transactions in terms of frequency and volume have to take place between willing, knowledgeable parties) are met. For the company's complete bonds portfolio and the largest part of its equity portfolio, quoted market prices from such active markets are readily available.

If no relevant market prices are available, generally accepted models of mathematical finance will be used if available, e.g. for property.

In subordinated order, other valuation principles which comply with the regulatory requirements will be considered.

For some items at the asset side of the balance sheet, e.g. for cash and short term receivables (from insurance and intermediaries), the valuation will be based on the nominal value.

Compared to previous period no material changes are to be reported.

D.1.1.2. Significant differences between asset valuation for solvency purposes and for financial statements

The most significant differences between both valuation approaches are identified with bonds and reinsurance recoverables.

➤ Bonds

Under SII, bonds are valued at market value ('marking to market'). Under BGAAP, valuation is based on the 'actuarial return' method, which corresponds to the discounting of future cash flows at the actuarial return rate (as determined at acquisition date of the bond), with the application of impairments under adverse circumstances. The difference in value between both approaches amounts to 4.6 Mio EUR. Due to the increased spreads and the run off of the portfolio the delta decreased compared to YE 2017 (7.0 Mio EUR). The substantial difference between Solvency II and BGAAP valuation is explained by the sensitivity of market values (as used in Solvency II) to interest rate and spread movement, as opposed to the BGAAP values which typically remain unaffected by such movements. Furthermore, under SII, accrued interests on bonds are reported as a part of the 'bonds' item, while under BGAAP, these are reported under a separate item ('receivables – not insurance'). Compared to the previous period a decrease in unrealized gains can be observed due to an increase in the risk free interest rate curve.

➤ For quoted equities, BGAAP is based on historic cost unless the observed market value drops significantly below historic cost (while under SII, valuation corresponds to the market value). Due to market evolution a decrease in unrealized gains can be observed.

➤ Also for property, BGAAP is based on historic cost unless the observed market value drops significantly below historic cost (while under SII, valuation corresponds to the market value). Regularly the market value of property is determined, where it is not available on the market resulting in unrealized gains or losses.

➤ Reinsurance recoverables

The valuation of reinsurance recoverables under SII is based on a valuation method which is largely similar to (and based on common assumptions with) that of the best estimate of the corresponding direct insurance liabilities. For calculating the best estimate, all relevant cash flows are projected, and then discounted at the risk free discount curve, to which a volatility adjustment is added. Further, for reinsurance valuation purposes, a correction for expected losses due to default of the reinsurer is applied. Under BGAAP, valuation of reinsurance recoverables (or 'the reinsured share of the technical provisions') is based on the same principles as the BGAAP valuation

of the corresponding parts of the direct provisions. These, in turn, are essentially based on the undiscounted estimates of the projected cash flows (in non-life). The difference between both approaches for the valuation of reinsurance recoverables amounts to 1.4 Mio EUR comparable to previous period.

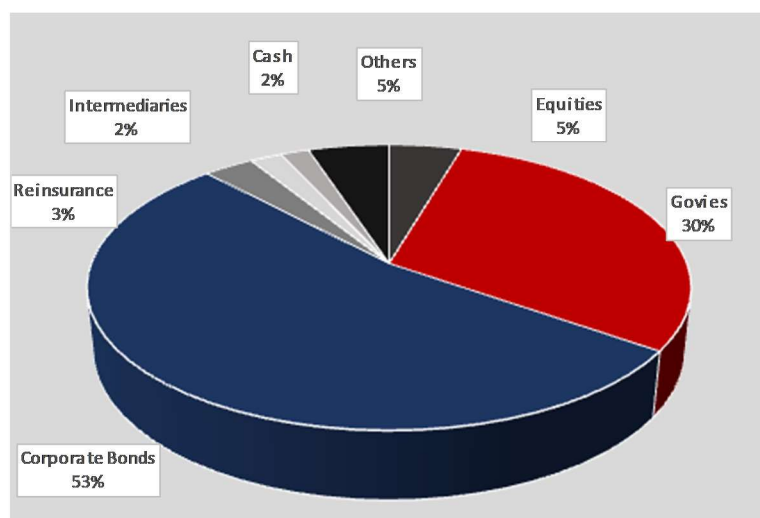
D.1.2. Reconciliation to financial reporting

D.1.2.1. Overview

Valuation of the company's assets according to the Solvency II and Local Gaap principles at the current (31/12/2018) annual valuation date has given the results show in the table below.

Assets under Local GAAP and Solvency II Valuation

Assets	Solvency II	LocalGAAP	2018.12 Difference
EUR '000			
Equities	386.5	366.5	20.0
Government Bonds	54,497.6	51,952.3	2,545.3
Corporate Bonds	96,283.9	94,167.9	2,115.9
Assets held for index-linked and unit-linked contracts	-	-	
Loans & mortgages	-	-	
Reinsurance recoverables from:	5,668.2	7,042.4	-1,374.2
Insurance & intermediaries receivables	3,660.5	3,660.5	0
Cash and cash equivalents	3,245.6	3,245.6	0
Other	17,056.5	16,428.0	628.6
Total assets	180,798.6	176,863.0	3,935.6



A more detailed overview of the company's total asset valuations, including a further breakdown of some of the aforementioned material asset classes and the 'other assets' item, can be found in the table 'S.02.01.01 in the annexes.

Balance Sheet: Assets Year - to - Year Solvency II Valuation

Assets	Solvency II Valuation		
	2017.12	2018.12	Difference
EUR '000			
Intangible assets	-	-	
Deferred tax assets	-	-	
Pension benefit surplus	-	-	
Property, plant & equipment held for own use	1,024.8	8,938.1	7,913.3
Investments (other than assets held for index-linked and unit-linked contracts)	160,520.6	159,224.0	-1,296.7
Property (other than for own use)	192.0	198.0	6.0
Holdings in related undertakings incl. participations	-	-	
Equities	363.1	386.5	23.4
Equities - listed	363.1	386.5	23.4
Equities - unlisted	-	-	
Bonds	150,894.7	150,781.4	-113.3
Government Bonds	52,727.2	54,497.6	1,770.4
Corporate Bonds	98,167.5	96,283.9	-1,883.7
Structured notes	-	-	
Collateralised securities	-	-	
Collective Investments Undertakings	9,070.9	7,858.1	-1,212.8
Derivatives	-	-	
Deposits other than cash equivalents	-	-	
Other investments	-	-	
Assets held for index-linked and unit-linked contracts	-	-	
Loans & mortgages	-	-	
Loans on policies	-	-	
Loans & mortgages to individuals	-	-	
Other loans & mortgages	-	-	
Reinsurance recoverables from:	6,288.8	5,668.2	-620.6
Non-life and health similar to non-life	6,288.8	5,668.2	-620.6
Non-life excluding health	6,288.8	5,668.2	-620.6
Health similar to non-life	-	-	
Life and health similar to life, excluding health and index-linked and unit-linked	-	-	
Health similar to life	-	-	
Life excluding health and index-linked and unit-linked	-	-	
Life index-linked and unit-linked	-	-	
Deposits to cedants	-	-	
Insurance & intermediaries receivables	2,786.3	3,660.5	874.2
Reinsurance receivables	-	-	
Receivables (trade, not insurance)	28.4	11.7	-16.7
Own shares (held directly)	-	-	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	-	-	
Cash and cash equivalents	5,869.4	3,245.6	-2,623.9
Any other assets, not elsewhere shown	154.4	50.6	-103.8
Total assets	176,672.7	180,798.6	4,125.9

D.2. Technical provisions

D.2.1. Basis, methods and assumptions for the valuation

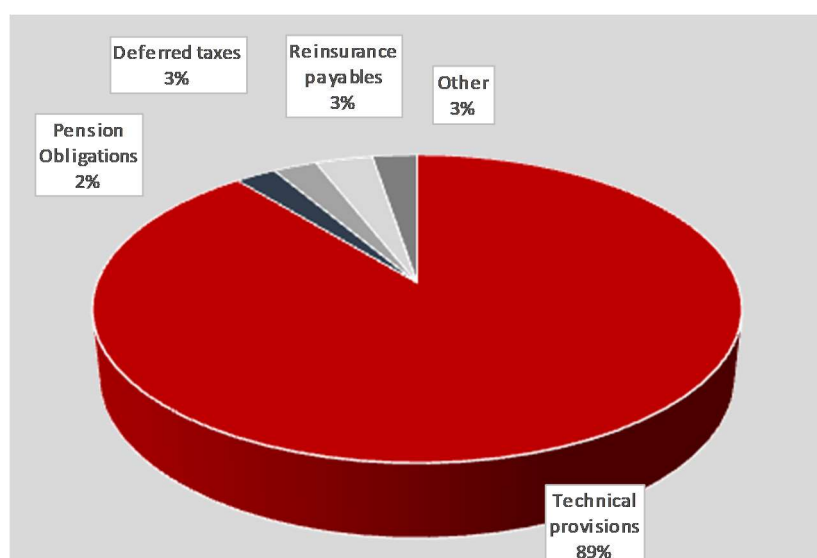
In contrast to the assets side of the balance sheet, there are generally no market prices available for the balance sheet items on the liabilities side. The main part of the liabilities is the technical provisions. The valuation of these items for solvency purposes ("Best estimates of Liabilities") takes into account appropriate market parameters and is made by using methods of mathematical finance and actuarial models. For certain balance sheet items on the liabilities side, such as non-technical provisions and payables, the nominal value or the IFRS carrying value is recognized for valuation.

D.2.2. Reconciliation to financial reporting

We first provide an overview of the valuation of the technical provisions under both valuation frameworks.

Liabilities under Local GAAP and Solvency II Valuation

	2018.12		
Liabilities	Solvency II	LocalGAAP	Difference
EUR '000			
Technical provisions – non-life (excluding health)	106,920.8	118,157.8	-11,237.0
Technical provisions - health (similar to non-life)	-	-	-
Technical provisions - health (similar to life)	-	-	-
Technical provisions – life (excluding health and index-linked and unit-)	-	-	-
Technical provisions – index-linked and unit-linked	-	-	-
Deposits from reinsurers	20.1	20.1	0
Insurance & intermediaries payables	4,035.5	4,035.5	0
Other	9,067.0	6,897.8	2,169.2
Total liabilities	120,043.4	129,111.2	-9,067.8



Differences in the value of the technical provisions between Solvency II and BGAAP (11.2 Mio EUR) can be explained by structural differences in valuation methodology : under Solvency II all relevant expected cash flows are projected and then discounted based on an extensive set of model assumptions, parameters and , above all, interest rates scenario's reflecting market expectations, in order to obtain the best estimates. Next, an additional margin (the 'risk margin') is added to the best estimates. Compared to the previous period the URG on technical provisions increased as the risk margin could be calculated using undertaking specific parameters and a decrease in the best estimate premium provisions.

The BGAAP technical provisions are based on a 'case by case' assessment of the expected claims, without application of any discounting added with a reserve for IBNR. Under Solvency II, on the other hand, the best estimate is again the expected discounted value of all relevant cash flows, based on a 50% confidence interval, and to which a risk margin is added.

In its valuation of the technical provisions (for solvency purposes) at YE2018, the company has applied the transitional measure of volatility adjustment according to the specifications provided by EIOPA. If this volatility adjustment had not been used, the value of the technical provisions would have increased from 106.9 Mio EUR to 107.8 M EUR, while the Solvency Capital Requirement (SCR) stayed stable, and the MCR is barely impacted.

The basic own funds (also available for covering the MCR) also stayed almost the same and the SCR ratio will show a small decrease from 183.0 % to 179.3 %. The effect is more important than for YE 2017 as the VA increased from 4bp to 24bp.

S.02.01 Balance Sheet: Liabilities under Local GAAP and Solvency II Valuation

	2018.12		
Liabilities	LocalGAAP	Solvency II	Difference
EUR '000			
Technical provisions – non-life	118,157.8	106,920.8	-11,237.0
Technical provisions – non-life (excluding health)	118,157.8	106,920.8	-11,237.0
<i>Technical provisions calculated as a whole</i>	-	-	-
<i>Best Estimate</i>	-	101,377.1	-
<i>Risk margin</i>	-	5,543.7	-
Technical provisions - health (similar to non-life)	-	-	-
<i>Technical provisions calculated as a whole</i>	-	-	-
<i>Best Estimate</i>	-	-	-
<i>Risk margin</i>	-	-	-
Technical provisions - life (excluding index-linked and unit-linked)	-	-	-
Technical provisions - health (similar to life)	-	-	-
<i>Technical provisions calculated as a whole</i>	-	-	-
<i>Best Estimate</i>	-	-	-
<i>Risk margin</i>	-	-	-
Technical provisions – life (excluding health and index-linked and unit-linked)	-	-	-
<i>Technical provisions calculated as a whole</i>	-	-	-
<i>Best Estimate</i>	-	-	-
<i>Risk margin</i>	-	-	-
Technical provisions – index-linked and unit-linked	-	-	-
Technical provisions calculated as a whole	-	-	-
Best Estimate	-	-	-
Risk margin	-	-	-
Other technical provisions	-	-	-
Contingent liabilities	-	-	-
Provisions other than technical provisions	1,367.4	1,367.4	0
Pension benefit obligations	24.8	2,866.2	2,841.4
Deposits from reinsurers	20.1	20.1	0
Deferred tax liabilities	-	3,077.8	3,007.8
Derivatives	-	-	-
Debts owed to credit institutions	-	-	-
Financial liabilities other than debts owed to credit institutions	-	-	-
Insurance & intermediaries payables	4,035.5	4,035.5	0
Reinsurance payables	-	-	-
Payables (trade, not insurance)	5,162.6	1,412.6	-3,750.0
Subordinated liabilities	-	-	-
Subordinated liabilities not in Basic Own Funds	-	-	-
Subordinated liabilities in Basic Own Funds	-	-	-
Any other liabilities, not elsewhere shown	343.0	343.0	0
Total liabilities	129,111.2	120,043.4	-9,067.8
Excess of assets over liabilities	47,751.8	60,755.2	13,003.4

Compared to the previous period only the effect of the interest curve is noticeable.

D.3. Other liabilities

The table below shows the differences in valuation between the Solvency II environment and BGAAP for the remaining liabilities.

Classes of other liabilities

Liabilities	2018.12		
	Solvency II valuation	Statutory Valuation	Differences
EUR '000			
Contingent liabilities	-	-	
Provisions other than technical provisions	1,367.4	1,367.4	0
Pension benefit obligations	2,866.2	24.8	2,841.4
Deposits from reinsurers	20.1	20.1	0
Current tax liabilities			0
Deferred tax liabilities	3,077.8	-	
Derivatives	-	-	
Debts owed to credit institutions	-	-	
Financial liabilities other than debts owed to credit	-	-	
Insurance & intermediaries payables	4,035.5	4,035.5	0
Reinsurance payables	-	-	
Payables (trade, not insurance)	1,412.6	5,162.6	-3,750.0
Subordinated liabilities not in Basic Own Funds	-	-	
Subordinated liabilities in Basic Own Funds	-	-	
Any other liabilities, not elsewhere shown	343.0	343.0	0
Total liabilities	13,122.6	10,953.4	2,169.2

We distinguish the following items with material differences in valuation:

- The most important difference concerns the payables where the dividend to be paid is foreseen as a liability in BGAAP and in Solvency II is deducted from the own funds.
- Deferred tax liabilities are not recognized under BGAAP.
- Concerning derivatives at the liabilities side of the balance sheet, the same principles with regard to valuation hold for each of the two valuation frameworks as for the derivatives at the asset side.
- The third most significant difference is found for the 'Pension benefit obligations'. Under Solvency II, by far the largest part of this item is related to the company's obligations with regard to pension benefits of the defined benefit type for its own staff. For these obligations, the company has to take into account all future benefits earned up to that date. Valuation of this liability is based on the principles underlying best estimate calculations. For the estimation of the present value of future obligations at YE2018, best estimate assumptions with regard to annual increase of effective and reference salaries as well as a discount rate have been used by the company.

E. Capital management

E.1. Own funds

The following section provides an overview of the main objectives of Euromex capital planning. It provides information on the amount and structure of the own funds reported in the regular disclosure reporting. In addition, the differences in the amount and composition between the own funds assessed for solvency purposes (i.e. at fair value) and the equity as observed under BGAAP are presented.

E.1.1. Capital management: objectives, policy and processes

The overarching conditions regarding the company's capital needs are set on the one hand by regulatory requirements and on the other hand by internal risk management guidelines. While the regulatory requirements primarily concern the protection of the policyholder, the internal guidelines are derived in particular from the risk-oriented management of the business activity.

The objective of Euromex is the long term and sustained securing of sufficient capitalization and the fulfillment of all supervisory requirements. Capital management supports the risk-based business strategy and ensures an efficient use of capital at all times, while fulfilling the aforementioned boundary conditions.

In the context of the Solvency II based legislation, (legal requirement since January 1, 2016), Euromex determines its own funds and the capital requirement, the latter by use of the 'Solvency II standard formula but with undertaking specific parameters. Compliance with the local Solvency II based requirements and with internal risk appetite based criteria will have a close relationship with the company's dividend capacity.

The responsible risk owners and risk controllers within the organization are involved in a regular reporting process. The reporting, which contains key figures for Solvency II, is made available on a quarterly basis and is discussed in the risk committee. If the key criteria are not met, appropriate measures are immediately initiated. The solvency situation is monitored promptly and the basis for risk-based management decisions is integrated in the entire organization. In addition, Euromex is able to meet external reporting requirements at any time.

E.1.2. Own funds analysis

Based on the information commented in chapter 'Valuation for Solvency purpose' the own funds of Euromex are shown in the following table:

Balance Sheet - Local GAAP and Solvency II Valuation

			2018.12
	Solvency II	LocalGAAP	Difference
EUR '000			
Total assets	180,798.6	176,863.0	3,935.6
Total liabilities	120,043.4	129,111.2	-9,067.8
Excess of assets over liabilities	60,755.2	47,751.8	13,003.4

Under the Solvency II regime the balance sheet increases thanks to the URG on the assets. On the liability side a decrease can be observed. The combination of the two previous events result in an increase of the own funds under the Solvency II regime. For both the assets and liabilities the delta between the local and market value decreased, resulting in an overall decrease of 1.0 Mio EUR in delta own funds (14.1 Mio EUR → 13.1 Mio EUR).

At yearend 2018, Euromex statutory own funds consist of share capital, issue premiums, revaluation surplus, capital reserves and retained earnings.

E.1.3. Transitional arrangements

S.22.01.21. Impact of long term guarantees measures and transitionals

	Amount with Long Term Guarantee measures and transitionals	Impact of volatility adjustment set to zero
EUR '000		
Technical provisions	107,761.7	841.7
Basic own funds	56,409.5	-595.7
Eligible own funds to meet Solvency Capital Requirement	56,409.5	-595.7
Solvency Capital Requirement	31,467.4	310.1
Eligible own funds to meet Minimum Capital Requirement	56,409.5	-595.7
Minimum Capital Requirement	14,160.3	139.5

As demonstrated in the table above, the effect of the volatility adjustment is rather limited, mainly as a result of the short term, non-life business written.

E.1.4. Eligible amount of own funds to cover the SCR and MCR

Under valuation of assets and liabilities for (SII) solvency purposes, Euromex obtained a total amount of basic own funds of 57.0 Mio EUR, which belongs completely to 'tier 1 –unrestricted'. This amount is composed of the following components:

Own funds: eligible own funds and capital requirements

	2017	2018				
	Total	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
EUR '000						
Available and eligible own funds						
Total available own funds to meet the SCR	55,185.0	57,005.2	57,005.2	-	-	-
Total available own funds to meet the MCR	55,185.0	57,005.2	57,005.2	-	-	0
Total eligible own funds to meet the SCR	55,185.0	57,005.2	57,005.2	-	-	-
Total eligible own funds to meet the MCR	55,185.0	57,005.2	57,005.2	-	-	0
SCR	28,790.4	31,157.3	0	0	0	0
MCR	12,955.7	14,020.8	0	0	0	0
Ratio of Eligible own funds to SCR	192%	183%	0%	0%	0%	0%
Ratio of Eligible own funds to MCR	426%	407%	0%	0%	0%	0%

The situation is comparable to last year, but with a slight increase in own funds.

The main differences between BGAAP statutory own funds and the own funds valued for SII solvency purposes are, as described in the Chapter "Valuation", explained by different valuation approaches for both assets and liabilities, and to a lesser extent, by differences in the recognition of balance sheet items.

The SII based own funds can be obtained by adjusting the BGAAP statutory own funds for the 'Differences in valuation' as mentioned in the table below.

Euromex has no deductions to make for ineligible elements from this own funds amount. Moreover, all of Euromex' own funds qualify for the highest level of quality (i.e. they are of tier 1), so they can be used without restriction to cover the company's capital requirement.

The reconciliation reserve is determined as follows:

S.23.01.01. Own funds : reconciliation reserve

	Total
EUR '000	
Excess of assets over liabilities	60,755.2
Foreseeable dividends, distributions and charges	3,750.0
Other basic own fund items	9,007.9
Reconciliation reserve	47,997.3

The reconciliation reserves quantify the URG/URL on assets and liabilities coming from the transfer to a market value balance sheet.

E.2. SCR and MCR

The quantitative results and information on the own funds and the solvency capital requirement presented in this report correspond to those submitted to the NBB in virtue of the regular supervisory reporting requirements. All the terminology used corresponds to the definitions in accordance with the Belgian legislation and regulation with respect to the statute and the supervision of insurance and reinsurance companies.

E.2.1. Solvency model

E.2.1.1. Introduction

As a modern solvency regime for insurance companies, the newly implemented Solvency II framework guarantees an improved coverage of the economic risk situation of insurance companies. The objective of this regulatory framework is, a.o., to protect the insured against the consequences of the insurer's insolvency.

The regulatory capital requirement (called 'SCR' or 'Solvency Capital Requirement') is set at such a level that an insurer only becomes unable to absorb the loss with his own funds due to negative events that occur no more than once every two hundred years. Moreover, an absolute minimum capital level is defined (MCR or minimum capital requirement) which triggers additional supervisory procedures in case of non-compliance.

E.2.1.2. Description of the model

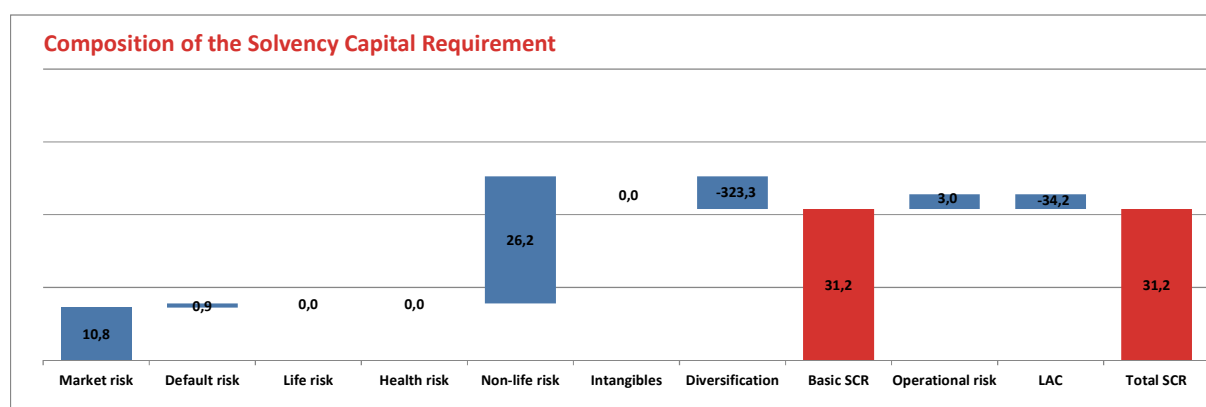
For the calculation of its solvency capital requirement, Euromex uses the 'Solvency II Standard Model' except for the underwriting risk where Euromex received approval to use undertaking specific parameters are used. For the other risks. The standard model essentially provides a predefined set of reference calibrations for the derivation of the SCR.

E.2.2. SCR and MCR Overview

The table below shows how the total capital requirement is composed in function of its main components. The increase is mainly driven by the increase in underwriting risk.

Solvency Capital Requirement — for undertakings on Standard Formula

	2017.12	2018.12
EUR '000		
Market risk	11,235.0	10,807.6
Counterparty default risk	1,227.7	921.0
Life underwriting risk	-	-
Health underwriting risk	-	-
Non-life underwriting risk	23,690.0	26,170.6
Diversification	-6,860.9	-6,705.4
Intangible asset risk	-	-
Basic Solvency Capital Requirement	29,291.8	31,193.8
Calculation of Solvency Capital Requirement		
Operational risk	2,962.0	3,041.3
Loss-absorbing capacity of technical provisions	-	-
Loss-absorbing capacity of deferred taxes	-3,463.3	-3,077.8
Solvency capital requirement excluding capital add-on	29,291.8	31,157.3



E.2.2.1. Breakdown of the capital requirement for underwriting risk

As monoline insurer with respect to legal expenses, the non-life risk only consists of the premium and reserve risk. No catastrophe risk is to be accounted for. Compared to previous period we observe an increase, from 23.7 Mio EUR at YE 2017 to 26.1 Mio EUR at YE 2018, resulting from the increase of the portfolio and an update of the USP parameters.

S.26.05.01.04 Non-life catastrophe risk and total non-life underwriting risk

	2017.12	2018.12
EUR '000		
Non-life premium and reserve risk	23,690.0	26,170.6

E.2.2.2. Breakdown of the capital requirement for investment risks

The capital requirement for market risk is composed as in the table below:

Spread risk remains the main source of risk within the market risk cluster related to the proportionally high investments in corporate bonds. The decrease in spread risk is related to the decreased duration of the bonds (7.2 Mio EUR YE 2017 → 6.5 Mio EUR YE 2018).

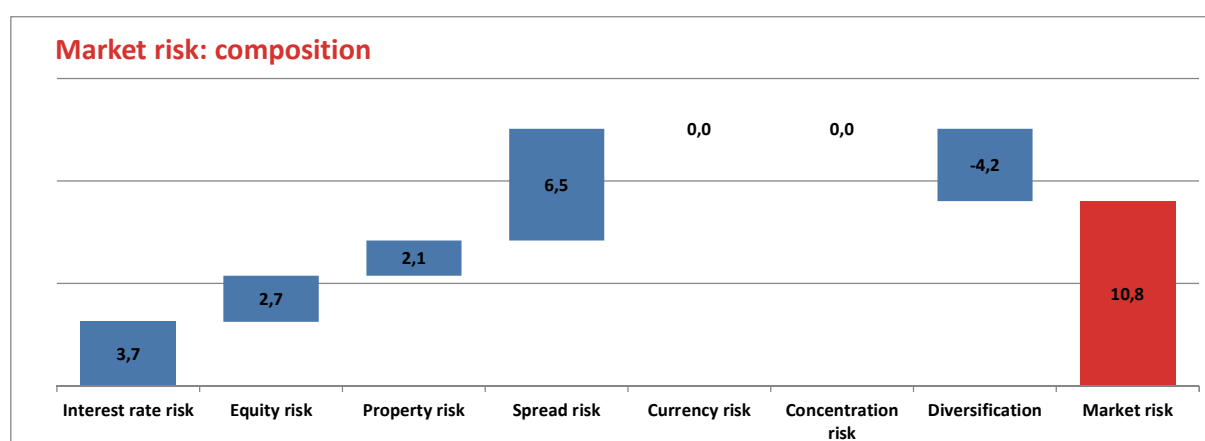
The interest rate risk is related to the duration gap between the assets and liabilities. As the duration of the bonds decreased, also the duration gap decreased resulting in a decreased interest rate risk (4.2 Mio EUR YE 2017 → 3,7 Mio EUR YE 2018).

The decrease in equity risk finds its origin in a decreased shock thanks to the symmetric adjustment and a drop in market value over 2018 (3.9 Mio EUR YE 2017 → 2.7 Mio EUR YE 2018).

Due to the change in asset allocation the property risk increased importantly over 2018 (0.0 Mio EUR YE 2017 → 2.1 Mio EUR YE 2018).

S.26.01 Market risk components

	2017.12	2018.12
in TEUR		
Interest rate risk	4,149.4	3,748.3
Equity risk	3,858.5	2,692.9
Property risk	48.0	2,073.7
Spread risk	7,199.1	6,543.8
Concentration risk	-	-
Currency risk	-	-
Diversification	-4,020.0	-4,251.2
Market risk	11,235.0	10,807.6



E.2.2.3. Minimum capital requirement

Under SII, the calculation of the absolute minimum capital takes into account a number of business related quantities like technical provisions and premiums.

As show in the table below Euromex' minimum capital requirement (MCR) amounts to 14,0 Mio EUR. Hence the own funds amount to 406% of the MCR. This is an increase compared to the previous period as the MCR is calculated as 45% of the SCR and the SCR increased over the reporting period.

Minimal Capital Requirement — for undertakings on Standard Formula

	2017.12	2018.12
EUR '000		
MCR components (life) - Non-life activities	12,955.7	14,020.8
MCR components (life) - Life activities	0	0
Minimum Capital Requirement	12,955.7	14,020.8

E.2.3. Simplified calculations and entity specific parameters

In the calculation of the SCR at 31/12/2018, the company did not apply any simplified calculations. The reported figures of Euromex are with undertaking specific parameters for the underwriting risk. The Solvency II ratio of Euromex without USP's would result in 115.3%.

E.2.4. Use of the duration-based equity risk sub-module for SCR calculation

In the calculation of the SCR at 31/12/2018, the company did not use the duration based approach to calculate the Capital requirement for the equity risk.

E.3. Non-compliance with the MCR and the SCR

The company has the necessary processes in place to monitor its compliance with its MCR and SCR on a continuous basis. Over the considered reporting period (YE2017-YE2018) the company continuously complied with all regulatory and internal, risk appetite based capital requirements.

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

As per the reporting date, Euromex did not use any internal models, hence this section is without object.

E.5. Other relevant information

The company considers that all relevant information with respect to its capital management in view of its regular supervisory reporting has been communicated in the other sections of the chapter 'Capital Management' of the current report.

QRT reference	Template Name
S.02.01	Balance Sheet
S.05.01	Premiums, claims and expenses
S.05.02	Premiums, claims and expenses by country
S.17.01	Non-Life Technical Provisions
S.19.21	Non-Life Insurance Claims
S.22.01	Impact of long term guarantees measures and transitionals
S.23.01	Own Funds
S.25.01	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01	Minimum Capital Requirement – Only Life or only non-life insurance or reinsurance activity

Basic Information - General

		C0010
Undertaking name	R0010	Euromex NV
Undertaking identification code	R0020	LEI/54930007D9SMDQUVMF20
Type of undertaking	R0040	Non-Life undertakings
Country of authorisation	R0050	BELGIUM
Language of reporting	R0070	English
Reporting submission date	R0080	31/12/2018
Reporting reference date	R0090	31/12/2018

Regular/Ad-hoc submission	R0100	Regular reporting
Currency used for reporting	R0110	EUR
Accounting standards	R0120	Local GAAP
Method of Calculation of the SCR	R0130	Standard formula
Use of undertaking specific parameters	R0140	Use of undertaking specific parameters
Ring-fenced funds	R0150	Not reporting activity by RFF
Matching adjustment	R0170	No use of matching adjustment
Volatility adjustment	R0180	Use of volatility adjustment
Transitional measure on the risk-free interest rate	R0190	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	R0200	No use of transitional measure on technical provisions
Initial submission or re-submission	R0210	Initial submission

S.02.01.02. Balance sheet: assets

EUR '000		Solvency II value C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	8,938.1
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	159,224.0
Property (other than for own use)	R0080	198.0
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	386.5
<i>Equities - listed</i>	R0110	386.5
<i>Equities - unlisted</i>	R0120	-
Bonds	R0130	150,781.4
<i>Government Bonds</i>	R0140	54,497.6
<i>Corporate Bonds</i>	R0150	96,283.9
<i>Structured notes</i>	R0160	-
<i>Collateralised securities</i>	R0170	-
Collective Investments Undertakings	R0180	7,858.1
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	-
<i>Loans on policies</i>	R0240	-
<i>Loans and mortgages to individuals</i>	R0250	-
<i>Other loans and mortgages</i>	R0260	-
Reinsurance recoverables from:	R0270	5,668.2
Non-life and health similar to non-life	R0280	5,668.2
<i>Non-life excluding health</i>	R0290	5,668.2
<i>Health similar to non-life</i>	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
<i>Health similar to life</i>	R0320	-
<i>Life excluding health and index-linked and unit-linked</i>	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	3,660.5
Reinsurance receivables	R0370	-
Receivables (trade, not insurance)	R0380	11.7
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	3,245.6
Any other assets, not elsewhere shown	R0420	50.6
Total assets	R0500	180,798.6

S.02.01.02. Balance sheet: liabilities

EUR '000		Solvency II value C0010
Liabilities		
Technical provisions – non-life	R0510	106,920.8
Technical provisions – non-life (excluding health)	R0520	106,920.8
<i>Technical provisions calculated as a whole</i>	R0530	-
<i>Best Estimate</i>	R0540	101,377.1
<i>Risk margin</i>	R0550	5,543.7
Technical provisions - health (similar to non-life)	R0560	-
<i>Technical provisions calculated as a whole</i>	R0570	-
<i>Best Estimate</i>	R0580	-
<i>Risk margin</i>	R0590	-
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
<i>Technical provisions calculated as a whole</i>	R0620	-
<i>Best Estimate</i>	R0630	-
<i>Risk margin</i>	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-
<i>Technical provisions calculated as a whole</i>	R0660	-
<i>Best Estimate</i>	R0670	-
<i>Risk margin</i>	R0680	-
Technical provisions – index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Other technical provisions	R0730	0
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	1,367.4
Pension benefit obligations	R0760	2,866.2
Deposits from reinsurers	R0770	20.1
Deferred tax liabilities	R0780	3,077.8
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	4,035.5
Reinsurance payables	R0830	-
Payables (trade, not insurance)	R0840	1,412.6
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	343.0
Total liabilities	R0900	120,043.4
Excess of assets over liabilities	R1000	60,755.2

S.05.01.02.Premiums, claims and expenses by line of business: non-life & accepted non-proportional reinsurance (part 2 of 3)

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)

		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0070	C0080	C0090	C0100	C0110	C0120
EUR '000							
Premiums written							
Gross - Direct Business	R0110	-	-	-	67,182.2	-	-
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130						
Reinsurers' share	R0140	-	-	-	3,708.3	-	-
Net	R0200	-	-	-	63,473.9	-	-
Premiums earned							
Gross - Direct Business	R0210	-	-	-	66,354.6	-	-
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230						
Reinsurers' share	R0240	-	-	-	3,662.7	-	-
Net	R0300	-	-	-	62,691.9	-	-
Claims incurred							
Gross - Direct Business	R0310	-	-	-	27,304.2	-	-
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330						
Reinsurers' share	R0340	-	-	-	1,476.9	-	-
Net	R0400	-	-	-	25,827.3	-	-
Changes in other technical provisions							
Gross - Direct Business	R0410	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430						
Reinsurers' share	R0440	-	-	-	-	-	-
Net	R0500	-	-	-	-	-	-
Expenses incurred	R0550	-	-	-	28,314.1	-	-
Other expenses	R1200						
Total expenses	R1300						

S.05.01.02.01 Premiums, claims and expenses by line of business: Non-Life & Accepted non-proportional reinsurance (part 3 of 3)

		Line of Business for: accepted non-proportional reinsurance				
		Health	Casualty	Marine, aviation, transport	Property	Total
		C0130	C0140	C0150	C0160	C0200
EUR '000						
Premiums written						
Gross - Direct Business	R0110	-	-	-	-	67,182.2
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-
Reinsurers' share	R0140	-	-	-	-	3,708.3
Net	R0200	-	-	-	-	63,473.9
Premiums earned						
Gross - Direct Business	R0210	-	-	-	-	66,354.6
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-
Reinsurers' share	R0240	-	-	-	-	3,662.7
Net	R0300	-	-	-	-	62,691.9
Claims incurred						
Gross - Direct Business	R0310	-	-	-	-	27,304.2
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-
Reinsurers' share	R0340	-	-	-	-	1,476.9
Net	R0400	-	-	-	-	25,827.3
Changes in other technical provisions						
Gross - Direct Business	R0410	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430	-	-	-	-	-
Reinsurers' share	R0440	-	-	-	-	-
Net	R0500	-	-	-	-	-
Expenses incurred	R0550	-	-	-	-	28,314.1
Other expenses	R1200	-	-	-	-	1,505.2
Total expenses	R1300	-	-	-	-	29,819.3

S.05.02.01. Premiums, claims and expenses by country: non-life obligations

	Home country	Top 5 countries (by amount of gross premiums written) — non-life obligations					Total for top 5 countries and home country (by amount of gross premiums written)	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010		BELGIUM						
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
EUR '000								
Premiums written								
Gross - Direct Business	R0110	-	67,182.2	-	-	-	-	67,182.2
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-	-	-
Reinsurers' share	R0140	-	3,708.3	-	-	-	-	3,708.3
Net	R0200	-	63,473.9	-	-	-	-	63,473.9
Premiums earned								
Gross - Direct Business	R0210	-	66,354.6	-	-	-	-	66,354.6
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-	-	-
Reinsurers' share	R0240	-	3,662.7	-	-	-	-	3,662.7
Net	R0300	-	62,691.9	-	-	-	-	62,691.9
Claims incurred								
Gross - Direct Business	R0310	-	27,304.2	-	-	-	-	27,304.2
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-	-	-
Reinsurers' share	R0340	-	1,476.9	-	-	-	-	1,476.9
Net	R0400	-	25,827.3	-	-	-	-	25,827.3
Changes in other technical provisions								
Gross - Direct Business	R0410	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430	-	-	-	-	-	-	-
Reinsurers' share	R0440	-	-	-	-	-	-	-
Net	R0500	-	-	-	-	-	-	-
Expenses incurred	R0550	-	28,314.1	-	-	-	-	28,314.1
Other expenses	R1200							1,505.2
Total expenses	R1300							29,819.3

S.17.01.02. Non-Life Technical Provisions (part 2 of 3)

		Direct business and accepted proportional reinsurance					
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0080	C0090	C0100	C0110	C0120	C0130
EUR '000							
Technical provisions calculated as a whole	R0010	-	-	-	-	-	-
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	-	-	-	5,234.3	-	-
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	-	-	-1,272.6	-	-
Net Best Estimate of Premium Provisions	R0150	-	-	-	6,506.8	-	-
Claims provisions							
Gross	R0160	-	-	-	96,142.8	-	-
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	-	-	6,940.7	-	-
Net Best Estimate of Claims Provisions	R0250	-	-	-	89,202.1	-	-
Total Best estimate - gross	R0260	-	-	-	101,377.1	-	-
Total Best estimate - net	R0270	-	-	-	95,708.9	-	-
Risk margin	R0280	-	-	-	5,543.7	-	-
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-
Technical provisions - total							
Technical provisions - total	R0320	-	-	-	106,920.8	-	-
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	-	-	5,668.2	-	-
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	-	-	-	101,252.6	-	-

S.19.01.21. Non-life insurance claims: gross claims paid by accident year

Total non-life business

Accident year

Gross Claims Paid (non-cumulative)

(absolute amount)

		Development year										In current year	Sum of years		
		0	1	2	3	4	5	6	7	8	9	10 & +			
in EUR '000		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0160	C0170	C0180	
Prior	R0100											11,924.2	R0100	559.9	11,924.2
N-9	R0160	-	-	-	1,594.7	1,446.6	1,025.9	352.8	230.1	181.8	134.8		R0160	134.8	4,966.7
N-8	R0170	-	-	3,394.7	2,138.3	1,484.0	721.5	412.2	386.9	319.6			R0170	319.6	8,857.3
N-7	R0180	-	4,624.5	4,018.3	2,196.3	1,295.7	866.5	679.5	523.7				R0180	523.7	14,204.5
N-6	R0190	1,008.7	5,783.1	3,552.3	1,785.9	1,386.7	889.6	787.1					R0190	787.1	15,193.4
N-5	R0200	1,505.0	5,954.2	3,924.1	2,092.2	1,625.9	1,076.2						R0200	1,076.2	16,177.5
N-4	R0210	1,413.8	6,722.8	3,784.4	2,028.2	1,506.0							R0210	1,506.0	15,455.3
N-3	R0220	1,662.5	6,336.0	3,800.9	2,251.2								R0220	2,251.2	14,050.6
N-2	R0230	2,177.3	6,811.8	4,681.1									R0230	4,681.1	13,670.3
N-1	R0240	2,220.4	7,790.9										R0240	7,790.9	10,011.2
N	R0250	2,873.7											R0250	2,873.7	2,873.7
Total	R0260												R0260	22,504.2	127,384.7

S.22.01.21. Impact of long term guarantees measures and transitionals

		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
EUR '000						
Technical provisions	R0010	106,920.8	-	-	840.9	-
Basic own funds	R0020	57,005.2	-	-	-595.7	-
Eligible own funds to meet Solvency Capital Requirement	R0050	57,005.2	-	-	-595.7	-
Solvency Capital Requirement	R0090	31,157.3	-	-	310.1	-
Eligible own funds to meet Minimum Capital Requirement	R0100	57,005.2	-	-	-595.7	-
Minimum Capital Requirement	R0110	14,020.8	-	-	139.5	-

S.23.01.01. Own funds: basic own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
EUR '000						
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	2,712.0	2,712.0	-	-	-
Share premium account related to ordinary share capital	R0030	6,296.0	6,296.0	-	-	-
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	47,997.3	47,997.3	-	-	-
Subordinated liabilities	R0140	-	-	-	-	-
An amount equal to the value of net deferred tax assets	R0160	-	-	-	-	-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
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	57,005.2	57,005.2	-	-	-

S.23.01.01. Own funds: ancillary own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
EUR '000						
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	-			-	-

S.23.01.01. Own funds: eligible own funds and capital requirements

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
EUR '000						
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	57,005.2	57,005.2	-	-	-
Total available own funds to meet the MCR	R0510	57,005.2	57,005.2	-	-	-
Total eligible own funds to meet the SCR	R0540	57,005.2	57,005.2	-	-	-
Total eligible own funds to meet the MCR	R0550	57,005.2	57,005.2	-	-	-
SCR	R0580	31,157.3				
MCR	R0600	14,020.8				
Ratio of Eligible own funds to SCR	R0620	183.0%				
Ratio of Eligible own funds to MCR	R0640	406.6%				

S.25.01.21. Solvency Capital Requirement for undertakings on Standard Formula

		Gross solvency capital requirement	USP		Simplifications
			C0110	C0080	C0090
EUR '000					
Market risk	R0010	10,807.6			
Counterparty default risk	R0020	921.0			
Life underwriting risk	R0030	-			
Health underwriting risk	R0040	-			
Non-life underwriting risk	R0050	26,170.6			
Diversification	R0060	-6,705.4			
Intangible asset risk	R0070	-			
Basic Solvency Capital Requirement	R0100	31,193.8			
Calculation of Solvency Capital Requirement		C0100			
Operational risk	R0130	3,041.3			
Loss-absorbing capacity of technical provisions	R0140	-			
Loss-absorbing capacity of deferred taxes	R0150	-3,077.8			
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-			
Solvency capital requirement excluding capital add-on	R0200	31,157.3			
Capital add-on already set	R0210	-			
Solvency capital requirement	R0220	31,157.3			
Other information on SCR					
Capital requirement for duration-based equity risk sub-module	R0400	-			
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	-			
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-			
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-			
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-			

S.28.01.01. Minimum Capital Requirement: MCRNL result

Linear formula component for non-life insurance and reinsurance obligations

		C0010
EUR '000		
MCRNL Result	R0010	15,006.8