Solvency and Financial Condition Report

Summary

This is the Solvency and Financial Condition Report for Stewart Title Europe Limited ("**STEL**") based on its financial position as at 31 December 2021. This report provides, using qualitative and quantitative data, an overview and information of STEL's business and performance, its systems of governance, risk profile and valuation and for solvency purposes and capital management.

STEL is the primary underwriter for STL's transactions in Europe undertaking title insurance. The insurance is a contract of indemnity designed to streamline and de-risk the completion process of a real estate transaction by providing a title policy which insures one or more risks related to the real estate being sold, financed or purchased.

Following the United Kingdom's exit from the European Union after 31 December 2020, STEL was established to manage the Stewart Group's future European business. The Stewart Group have operated in Europe for 20 years. STEL was incorporated in November 2020 and authorised to and commenced insurance operations in the year ending December 2021.

STEL developed its internal systems and controls to meet regulatory requirements of Solvency II.

As a new insurer STEL adapted to the threats of Covid-19 and the impact was largely limited due to the low volumes of business. STEL has positioned itself to begin to take advantage of the opportunities that exist within the real estate market in Europe relying on the established Stewart Group products.

STEL committed solvency ratio as at 31 December 2021 is 150% of SCR or 120% of MCR, whichever is higher.

A. Business and Performance

A.1. Business

STEL is a general insurer, incorporated under the laws of Malta in 2020. It is the primary underwriter for Stewart Group's transactions in Europe.

STEL is authorised and regulated by the Malta Financial Regulation Authority ("MFSA"). The MFSA is the supervisory authority responsible for the financial supervision of STEL.

The MFSA's details are:

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

STEL's external auditor is:

Ernst & Young Malta Limited
Regional Business Centre
Archille Ferris
Msida MSD 1751
Malta

STEL is a wholly owned subsidiary of Stewart Title Malta Limited, which is a wholly owned subsidiary of Stewart Title Limited ("STL"). STL is a wholly owned subsidiary of the global insurance group Stewart Title Guaranty Company("STG"), the primary underwriter for Stewart Information Services Company.

STG is one of the leading title insurers in the U.S. A. It was founded in Galveston, Texas in 1893 and the company now completes transactions and issues title policies on residential, commercial and other real estate properties located in all 50 U.S. states, the District of Columbia, and international markets.

STEL itself is a separately managed and capitalised entity operating through a branch office and representative offices.

STEL is authorised by the MFSA to underwrite two classes of business, namely:

1. Miscellaneous financial loss
2. Legal expenses

Within the parameters of those classes of business, STEL is positioned as a specialist insurer, focusing on title indemnities, a product used to enhance the real estate completion process by insuring risks related to the real estate being sold, purchased or financed and benefitting both lenders and owners respectively. The Stewart group has an established reputation in the European market through operating in the EU for 20 years.

STEL's areas of operation are as follows:

Country	Type of office
Malta	Head office
Romania	Representative office
Poland	Representative office
Czech Republic	Representative office
Slovakia	Representative office
Italy	Branch

STEL conducts all its business in Europe.

There have not been any significant business or other events that have occurred over the reporting period that have had a material impact on STEL.

A.2.Underwriting Performance

The following statements summarise STEL's income and expenditure for the year ending 31 December 2021. Figures are in €'000s.

Underwriting profit	Calendar year	
	2021 €'000s	
Insurance premiums	2,318	
Reinsurance premiums	(414)	
Other income	-	
Total income	**1,904**	
Claims	122	
Expenses	2,565	
Total expenditure	**2,687**	
Underwriting profits	**(783)**	
Other Income/(Loss)	(1,200)	
Profit before taxation	**(1,983)**	
Tax expense	**215**	
Profit after taxation	**(1,768)**	

This was the first year of operation for STEL and due to lack of authorizations for reinsurance during the entire of Q1 2021, premiums were lower than anticipated. Although the market remains competitive, the need for title indemnity insurance continues as the lending industry realise the benefits that title insurance can bring to the market in terms of increased speed, efficiency and productivity to real estate transactions.

A.3. Investment Performance

Currently, STEL's investable assets are all held in cash at bank on its own balance sheet. Nonetheless, STEL is, under the changing interest rate environment, likely to be investing in highly liquid, secure bonds allowed for under its investment policy. The assets will be invested in a manner appropriate to the nature and duration of the liabilities. Assets will be properly diversified in a manner such to avoid excessive reliance on any particular asset, issuer or group of undertakings, or geographical area and excessive accumulation of risk in the portfolio as a whole.

A.4. Performance of Other Activities

There were no other material income and expenses incurred over the year ended 31 December 2021.

A.5. Any Other Information

"As at 31 December 2021, the company held sufficient eligible own funds to cover Solvency Capital Requirements and Minimum Capital Requirements as set out in the EU Solvency II Directive albeit below the licence conditions. In line with the capital maintenance agreement, the Company notified the MFSA of its intention to inject further capital, in addition to the original seed capital, to meet risk appetite and licence conditions. The shareholder made a capital contribution of €1m. In addition, the Company's intermediate parent, has confirmed in writing its commitment to continue providing financial support to the Company for at least a period of 12 months from the date of approval of the Company's financial statements, so as to enable the Company to continue to meet its liabilities as and when they fall due and to continue to meet the regulatory Solvency Capital Requirements, the Minimum Capital Requirements and the Company's licence conditions."

B. System of Governance

B.1 General Governance Structure

Overview of STEL's System of Governance

STEL's approach to Corporate Governance is set out in its Corporate Governance Policy which covers the principal functions of the Board including items such as:

- The composition of the Board: STEL seeks to achieve a balanced Board comprising a mix of non-executive, executive and independent directors.
- having an appropriate mechanism in place for appointing suitable experienced Board members.
- setting the strategy for STEL articulated in the form of a 3-year rolling Business Plan supported by financial projections.
- Board Committees which operate under terms of reference, have been established. These committees comprise: (1) Risk, Actuarial and Operations Committee and (2) Investment Committee. The Audit oversight is at board level with a delegated remit to a sub-group of directors. If, and as required, working groups/sub committees are formed to deal with one-off issues.
- The set-up of an internal audit function which is outsourced to Deloitte

the Board meets at least 4 times a year to consider:

- business & financial performance
- the maintenance of solvency & capital requirements and minimum capital requirements
- new initiatives
- reports/minutes from Board Committees and any working groups
- reviews of Committee remits, policies and other such documents
- any reported breaches of compliance, internal controls and complaints
- Shareholder relations

STEL retains an organisational chart which identifies all key personnel within STEL including the board, the composition of the Committees, reporting lines and key function holders.

STEL's key functions are identified as:

- Underwriting
- Risk Management
- Compliance
- Actuarial
- Finance
- Investment Management
- Internal Audit
- Claims Handling
- Information Technology

STEL operates at an overall low risk level and retains in place systems and operations to maintain this.

Remuneration Policy

As well as contractual salaries, employees enjoy a range of benefits. STEL does not provide performance-based bonuses or incentives thus managing the remuneration risk.

Depending on the performance of STEL in any given year, a discretionary bonus may be paid to all members of staff in varying denominations.

Material Transactions

There have been no material transactions during the reporting period.

B.2 Fit and Proper Policy

Specific requirements of skills

STEL has a Fit and Proper Policy which applies to all controlled functions undertaken by approved and key functions holders within STEL ("Relevant Person") and that the Relevant Person remains fit and proper whilst performing such role. In determining whether a Relevant Person is fit and proper, STEL will consider and assess if the following attributes are satisfied:

- Competence and capability to fulfil their respective functions and duties for the position they are appointed to
- Financial soundness
- Personal integrity
- Compliance with the relevant laws and regulations and practices

The process for fitness and proper is carried out annually in accordance with the Fitness and Proper Policy. In carrying out the assessment STEL will gather relevant information to allow it to make an assessment on the attributes required. For new appointments this will include the Relevant Person's education and experience, business references both personal and professional, an in-depth interview, and background checks as to criminal convictions, disciplinary proceedings, and solvency.

B.3 Risk Management System

Description

STEL has in place a robust risk management framework with documented policies, the apex of which is STEL's Risk Appetite Statement. All systems and controls are documented through its policies. The Risk Management Strategy provides assurance that STEL's risks are being prudently and soundly managed having regard to factors such as the size, business mix, and complexity of STEL's operations. The policies are reviewed annually by the Risk, Actuarial and Operations Committee and the key policies approved by the Board of Directors, to mitigate the risk to a level in harmony with STEL's Risk Appetite.

How it is implemented

In implementing a risk management framework, the initial phase is a detailed review of the risks applicable to STEL by means of a detailed Risk Register. These risks are classified and rated according to their likelihood and potential consequences if realised to determine the most significant risks. This creates a risk matrix with risks categorised from Extreme, High, Moderate to Low.

The risks are then considered in accordance with STEL's risk appetite and tolerance. Where a risk is determined to be above STEL's risk tolerance, namely Moderate or High, additional control measures are prepared and incorporated into STEL's operations to ensure that the residual risk remains acceptable and that there are no Extreme risks. Risks assessed as having a residual risk rating of High are regularly reported to the Risk, Actuarial and Operations Committee and any action considered for ongoing discussion, monitoring and action. The Board will review an executive summary of the Risk Register and approve. All other risks are monitored on an ongoing basis by senior management and appropriate action is taken if a change in risk is identified.

Own Risk and Solvency Assessment (ORSA) Process and how it is integrated into the organisation structure

STEL has an ORSA process with the key outputs from the process in a single document. Any material change to STEL's risk profile requires completion of an ad hoc report.

The process for the ORSA follows these main steps:

- Early in the process the executive team and key staff will work closely together to review the systems and processes STEL has and risks identified by the Senior Management Team to ensure they are accurate, complete and relevant. Consideration is also given to emerging risks.

- The Board considers the strategy and revised business plan, and any impact on the ORSA process is then documented.

- At the Board meeting following the availability of the regulatory valuation results, the numbers are considered and, in particular, the impact on risk tolerances. This discussion will also look at the stress tests that should be done.

- At any point in the year an ad-hoc ORSA will be done if anything significant has triggered this need.

- Once the draft ORSA is available it is reviewed by the Senior Management Team alongside the ORSA policy and ORSA record. Once approved, the ORSA will go to the next Board meeting for approval, following which it will be submitted to the Regulator.

Frequency of review

An ORSA will be produced at least annually but may be more frequent if circumstances require.

How capital needs are determined

STEL maintains its capital within the Board's risk tolerance level. When new opportunities are presented, whether jurisdictional expansion or product based, the Board considers the proposal in light of all demands on capital.

It is always the Board's practice to enter into all new areas and products cautiously. Specifically, when first considering a new area, due diligence is completed to determine the requirements and opportunities in that market. Once due diligence is completed, the necessary funds are allocated to the exploration of the market. Once a viable market is determined, a business plan including financial projections is prepared for the Board to consider.

STEL has in place internally set minimum solvency thresholds to ensure it is able to meet its regulatory obligations at all times.

B.4 Internal Control System

STEL has in place internal control functions consisting of risk, actuarial, compliance and internal audit with oversight through the committees. This ensures that there is a system of checks and balances such that employees follow approved and documented policies and procedures which ultimately enable the Board to adequately monitor the business. In addition, these systems will be periodically audited by internal and external auditors.

Compliance Function

The compliance function is outsourced to a compliance officer at Ganado. The Compliance officer is responsible for ensuring that STEL remains compliant with all applicable laws and regulations and all internal policies. As well as reporting to the Risk, Actuarial and Operations committee, the compliance officer provides a quarterly report to the Board.

B.5 Internal Audit Function

How internal audit is implemented

The internal audit function is outsourced to Deloitte. STEL's main areas of risk have been identified which include Corporate Governance, key operational areas, information systems, compliance with laws & regulations and a three-year rolling plan has been agreed to review those risks.

The Board reviews the reports produced by Deloitte and ensures that the audit plan remains appropriate.

t The Board is responsible for ensuring that satisfactory arrangements are in place for internal audit and that the role and effectiveness is maintained.

How internal audit maintains independence

As the internal audit function is outsourced internal auditors have no direct operational or other authority over any of the audited activities. This retains the independence of the internal audit.

B.6 Actuarial Function

The Actuarial Function is outsourced to OAC plc. STEL has an Agreement with OAC plc confirming the specific activities the function is required to perform. OAC fulfils the role of Chief Actuary in Malta.

OAC plc is entirely independent from STEL.

The main activities that are carried out are:

- To complete the annual solvency assessment, including assessing the quality of the data and the appropriateness of models, methodology and assumptions.
- Provide the necessary reports to STEL's Risk, Actuarial and Operations Committee on a quarterly basis and annually to the Board in a timely manner.
- To express an opinion on the overall underwriting policy and the adequacy of reinsurance arrangements.
- To advise on the risks STEL runs in so far as they may have a material impact on STEL's ability to meet liabilities to policyholders and on the capital needed to support the business, including regulatory capital requirements. Monitor those risks and inform STEL's Risk, Actuarial and Operations Committee and ultimately the Board if they have any material concerns.
- To advise on stress and scenario testing, on-going financial conditions, financial projections for business planning, investment strategy and asset liability matching and pricing of business.

B.7 Outsourcing Policy

To ensure the effective control over risk assessment related to outsourcing of business functions, STL has established an Outsourcing Policy. Outsourcing is a process in which a company enters into a contract with a service provider whereby the service provider performs a business activity or function that is, or could be, performed by the company internally.

STEL does not outsource functions that can be performed internally except where it is impractical to perform those functions internally and outsourcing is a more effective and efficient alternative, or where there is a function that STEL does not have the technology or expertise to perform internally.

B.8 Other Material Information

Adequacy of the System of Governance

External audit and the outsourced internal audit reports will provide independent evaluation for the Board of STEL's system of governance.

STEL's Corporate Governance Policy is reviewed annually taking into account relevant industry advice and guidance.

STEL considers that its system of corporate governance is appropriate to the size, nature and complexity of the business and provides for the sound and prudent management of the business.

C. Risk Profile

The primary risk facing STEL is that of underwriting. Other risks are minimised to the extent that it is reasonable to do so.

The following table quantifies the Solvency Capital Requirement for STEL for the year ending 2021 across each of STEL's risk modules. Figures are in €'000s.

Solvency Capital Requirement by Risk Module	**Calendar Year 2021 €'000s**
Market risk	0.5
Counterparty default risk	305.6
Non-life underwriting risk	2,000.9
Diversification	(136.9)
Basic Solvency Capital Requirement	**2,170.1**
Operational risk	139.1
Solvency Capital Requirement	**2,309.2**
Minimum Capital Requirement	2,500.0

STEL uses the Standard Formula to quantify the risk inherent in its business.

The principal risk facing STEL is that of non-life underwriting risk.

C.1 Underwriting risk

Underwriting risk can be divided into 4 subsets:

- Underwriting (at policy inception)
- Claims management and reserving risk
- Reinsurance risk
- Special Purpose Vehicles

Underwriting (at policy inception)

With respect to underwriting and reserving risk, STEL issues 2 main classes of policies in Europe which include, but are not necessarily limited to:

- Owner's Title policy
- Eviction Risk policy
- Donation suite of policies

Underwriting issues are monitored on a regular basis which include, but may not necessarily be limited to:

- Regular meetings involving members of senior management where, amongst other things, underwriting results and claims management issues are discussed
- Quarterly meeting of underwriting staff to discuss underwriting, claims, case updates and learning

- Board review of reports and financial reports from senior management which occur during each Board meeting
- The commercial policies written are high value and require intensive underwriting and due diligence. STEL has in place specialist underwriters and legal support with extensive experience in the property sphere
- STEL benefits from its experience with the European business through STL
- Internal audit reviews of all aspects of the operations of STEL by the auditors appointed
- Annual external audit reviews by the external auditor

As a result of the safeguards put in place to monitor underwriting issues as they arise, the underwriting manual in place details procedures to be followed and the breadth of knowledge of the underwriting team and its support legal team, the residual risk associated with underwriting residential and commercial transactions is noted as being low.

Claims Management and Reserving Risk

Claims risks are managed through the underwriting department working closely with the legal department. Claims risk may arise as a consequence of failures of operational procedures and underwriting policies and undiscoverable risks.

Reserving (or insurance) risk relates to the variability in technical provisions arising from uncertainty over future claims outcomes and the possibility that the true value of insurance liabilities may be greater than the estimated value of the liabilities. The risk relates to the model assumptions chosen for estimating liabilities not accurately reflecting the actual future liabilities when they arise. STEL's exposure to claims risk is considered low given the rigorous underwriting standards applied when assessing whether a transaction should be title insured coupled with the favourable claims' history experienced by the parent STL in relation to the European claims book. This allows for projections and prognostications with respect to the residual risk posed in this area.

Reinsurance risk

The primary objective of undertaking a reinsurance contract is to manage the risk borne by the insurer. The selection of reinsurers is based on the following criteria:

- Reinsurers must have a sufficiently high grade of creditworthiness rating, comparable with their peers
- Reinsurers must have a strong reputation within the business community and in particular the Title Insurance industry
- Reinsurers must have a history of growth in reserves and surplus

Throughout Europe reinsurance is required if the policy amount exceeds €500k. Given the agreement in place with Stewart Title Guarantee and the financial strength and reputation of the reinsurer selected, the residual risk in this area is considered to be low.

Use of special purpose vehicles

STEL does not use any special purpose vehicles.

C.2 Market risk

Market risk includes the risks that arise from fluctuations in values of, or income from, assets or in interest or exchange rates.

The Board of Directors oversees STEL's investment policy. The investment risk strategy provides a high-level description of the risk management framework for managing investment risks.

When determining their investment portfolio, STEL will have consideration not only to regulatory requirements, but also to a number of additional factors which include:

- STEL's business plan
- Investment of technical provisions and shareholders' funds
- Matching of assets and liabilities
- The use of currency hedging strategies
- Sensitivity analyses

Periodically, the asset allocation is reviewed with consideration given to actual results compared to expected results, economic conditions and the overall strategy.

Performance monitoring is undertaken by the Board to determine the actual results and to enable corrective action to be taken, if needed. There is quarterly reporting to representatives of STG of the performance of invested assets. This includes performance against any relevant budgets or benchmarks.

Compliance with mandates, and/or any breaches, are included in a semi-annual compliance report to the Board but are raised with Senior Management as soon as they are identified.

Based upon the above, the risk involved in the investment of STEL's capital is considered minimal and in the low tolerance threshold.

Over the year ending 31 December 2021, assets have only been invested in cash deposits which are not subject to market risk.

STEL confirms that the risks of all its investments can be properly identified, measured, monitored, managed, controlled and reported, and appropriately taken into account in the assessment of its' overall solvency needs.

The investments are managed in a way so as to ensure the security, quality, liquidity and profitability of the portfolio as a whole.

There are no investments in assets issued by the same issuer, or by issuers belonging to the same group, resulting in an excessive concentration risk.

C.3 Counterparty default risk

Counterparty default risk refers to the risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion.

Credit quality is a measurement of the creditworthiness of a debtor, i.e. it is a measurement of the debtor's financial strength and its ability to meet its actual or potential obligations as and when they fall due.

Bank deposits are subject to counterparty default risk.

As most of STEL's business requires payment in advance prior to policies of title insurance being issued, there is no credit quality risk for STEL. STEL will enter into some business arrangements which may entail the provision of limited credit facilities. Prior to entering into arrangements with any company, where STEL might experience a credit risk, appropriate due diligence is conducted to assess the creditworthiness of such a company and in any event STEL has the ability to cancel the policy.

Based upon the monitoring of the financial records of all companies in the Stewart group of companies, this risk is considered low.

Large contracts are reinsured with STGC which has a credit rating of A-.

C.4 Liquidity risk

Liquidity is the ability to meet expected and unexpected demands for cash.

STEL's liquidity position is derived from operating cash flows, investment portfolios and access to outside sources of liquidity such as cash funding from STL.

Specific characteristics that can contribute to liquidity risk exposure include:

- Insufficient ability to access funds quickly through bank lines of credit, commercial paper, etc.
- Lack of diversity in the asset portfolio particularly if there is a concentration of relatively illiquid assets.

The management of liquidity risk for STEL is managed by Senior Management as outlined below:

- Day-to-day cash management involving control of day-to-day cash flow variability.
- Medium to long term cash flow management
- Liquidity risk management involving the ability of the insurer to meet a large demand for cash from policyholders or other sources over a short period
- CFO weekly monitoring of bank account. Any issues that require input are brought to the attention of the CEO and/or Board liaison

STEL does not take credit for any expected profits in future premiums.

Having regard to the above, STEL's exposure to liquidity risk is considered low.

C.5 Operational risk

Operational risk is the risk of financial loss occurring through the failure of people, processes or systems to perform as required, resulting from the breakdown of controls and internal governance processes.

STEL recognises that there are certain staffing risks. However, by documenting all procedures, the goal is to reduce such risk to acceptable levels.

Operational risks are measured in terms of impact on business objectives and likelihood of occurrence. What is currently an acceptable level of operational risk is a matter for the judgment of Senior Managers, but will always be measured in terms of the probabilities and impacts of adverse events that have been assessed using the operational risk management process.

Based on a review of the risks associated with operations, the residual risk in this area is noted as being low.

C.6 Other material risks

STEL identified key scenarios that were likely to test the sensitivity of its capital resources. The following stresses were, in aggregate, considered:

- Increase loss ratios
- Unplanned drop in Premiums
- Interest rates increase
- Adverse variable costs +5% and adverse fixed costs +5% from 2023 onwards
- Individual larger losses (€1.2m) in 2023 with some reinsurance recovery (€0.6m)
- Combinations of each individual scenarios above where needed

Only very extreme events e.g. failure of bank and changes in legislation reducing the need for title insurance were considered to be situations that may cause STEL's business plan to fail.

C.7 Any other information

2021 has been an exceptional year in terms of managing the impact of Covid-19. The main impact of the pandemic on STEL's operations has been reduced new business growth. However, there are encouraging signs of economic growth and STEL is satisfied that it has sufficient capital resources to take advantage of the opportunities this presents.

First year of STEL was establishing Stewart into the market as with a new entity through which the European business of the Stewart group was administered.

D. Valuation for Solvency Purposes

D.1 Assets

The value of the assets for the year ending 31 December 2021 as valued on a Solvency II basis as well as how they are presented in STEL's financial statements is shown in the following table. Figures are in €'000s.

Financial year ending 31 December 2021		
Asset category	**Solvency II €'000s**	**Financial statements €'000s**
Property, plant & equipment held for own use	0	7
Other property	0	0
Bonds – Government	0	0
Bonds – Corporate	0	0
Equity unlisted	0	0
Insurance and intermediaries' receivables	270	270
Reinsurance Recoveries	0	0
Receivables (trade, not insurance)	0	0
Cash and cash equivalents	3,996	3,996
Any other assets not elsewhere shown	2	430
Total	**4,481**	**4,916**

Property, Plant & equipment held for own use

For IFRS, the tangible assets are capitalised and depreciated by equal annual instalments over their estimated useful economic lives. Since a reasonable fair value cannot be determined, the tangible assets (€7k) have been written down to zero for Solvency II.

Receivables

Receivables consist of insurance and intermediaries, reinsurance, and trade not related to insurance which have already been billed. Receivables are stated net of an impairment provision and are recorded at book value as a reasonable proxy for economic value, as all amounts are expected to be received within one year. The receivables are not past due and hence impairment is set to zero for Solvency II.

Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are subject to insignificant changes in value and are readily convertible into known amounts of cash. For IFRS, deposits held with credit institutions are liquid and callable on demand and therefore have been included in cash and cash equivalents. For Solvency II purposes, the accrued interest on these deposits is reclassified to cash and cash equivalents.

Any other assets not shown elsewhere

For IFRS this consists of prepayments and rent deposit. Prepayments (€428k) are excluded for Solvency II purposes.

Deferred tax assets of €213k are included.

STEL has no other property.

STEL has no bonds.

STEL has no Equity investments.

STEL has no expected reinsurance recoveries.

STEL has no leasing arrangements.

STEL has no related undertakings receivables.

There have been no changes to approach to valuation and no significant exercise of judgement in arriving at the values shown.

D.2 Technical provisions

Technical provisions represent the current cost of insurance liabilities at the balance sheet date. They are calculated on a discounted cash flow basis and include the following high-level components to be calculated separately:

- Best estimate of claims provisions being claims incurred at the balance sheet date
- Risk Margin representing the amount a third party would require in addition to the best estimates to assume the liability, calculated on a cost of capital basis.

The following table summarises STEL's gross technical provisions and total liabilities at the 31 December 2021. Figures are in €'000s.

	Financial year ending 31 December 2021	
	Solvency II €'000s	**Financial statements €'000s**
Best estimate liabilities	145	143
Risk margin	158	
Technical provisions	**303**	**143**
Current liabilities	1,038	1,038
Total liabilities	**1,341**	**1,181**

The main difference between the value of liabilities reported in STEL's financial statements and those under Solvency II is the inclusion of €158k in respect of the risk margin.

All STEL's liabilities relate to non-life business. The following table separates the estimate of STEL's gross technical provisions by line of business at the end of 2021:

	Legal expenses €'000s	Miscellaneous financial loss €'000s	Total €'000s
Claims provision	24	121	145
Risk margin	26	132	158
Technical provisions	**50**	**253**	**303**

Valuation methods

Liabilities have been determined based on the discounted value of expected future cashflows. The run-off of claims has been determined as set out below.

The rate used to discount future claims is based on the Euro risk-free yield curve.

The valuation methodology determines the expected claims cash flows that are expected to arise in respect of all reported and unreported claims in respect of business written to the date of valuation. The method used is known as the chain ladder method. Under this method the amount of claims paid to date are arranged by year of development (the period from policy inception to claim) and policy year. The pattern of claims development revealed by this claims' triangle is determined and then applied to estimate claim amounts in the later years of development.

STEL has no reported losses and is assumed to have the same reporting pattern as its related undertakings in the US. The best estimate reserve is then calculated as the present value of the future projected claims cash flows allowing for the discount rates specified.

Solvency Capital Requirement

The solvency capital requirement has been calculated in accordance with the Standard Formula.

The principle behind these computations is that a list of specific risks are identified to which the business may be exposed. Then, for each risk, a stress test is applied to the assets and liabilities with the capital requirement equal to the change in the business' "net asset value" i.e. the change in total assets less the value of the insurance liabilities.

This determines a capital requirement for each risk. These are then aggregated through a series of specified "correlation matrices" which allows for the fact that not all risks may occur at the same time. This is sometimes referred to as the diversification benefit.

The risks relevant to STEL's business are as follows:

- Market risk
- Interest rate risk - this affects the value of its insurance liabilities (STEL holds no assets subject to interest rate risk).

- Default risk (SCRdef)
- This is the risk that STEL's deposit based (cash investments) or other debtor counterparties default.

- Insurance risk
- Premium and reserving risk - the risk that STEL's expense and claims experience are worse than expected. This is assessed by geographic location.
- Catastrophe risk - the risk that a catastrophic event leads to multiple and/or large claims.

- Operational risk
- The risk that STEL's operations lead to some business failure.

Risk margin

The risk margin is defined to be the additional amount over and above the value of the best estimate liabilities that a third party would need in order to take over and meet the insurance firm's obligations. Effectively it is the "opportunity cost" of holding capital to support the insurance firm's operations.

The Solvency II specification requires that the cost is equal to a charge of 6% a year of the expected SCR in respect of non-hedgeable risks, run-off over the remaining lifetime of the in-force business (allowing for the run-off of claims). The SCR is assumed to run-off in line with the square root of the change in STEL's projected insurance liabilities.

The risk margin is calculated to be €158k as at 31 December 2021. The calculation is based on the calculated non-hedgeable SCR as at 31 December 2021 of €669k.

Discount rate

Risk free rates (as prescribed by EIOPA) have been used to discount the projected claims cashflows. Example spot rates are shown in the following table:

	Projection Term (years)									
	1	2	3	4	5	6	7	8	9	10
Euro	-0.585%	-0.395%	-0.246%	-0.145%	-0.084%	-0.026%	0.030%	0.088%	0.147%	0.205%

Areas of uncertainty

With any modelling projection exercise there will be an inherent level of uncertainty present. Uncertainty arises primarily from the data being used, the choice of assumptions, and from the choice of model.

The data used is checked to mitigate the risk that errors may materially affect the valuation result. Data is also reviewed over time to check for consistency between different time periods.

Assumptions may be event driven or economic and are set using historical experience and the current market environment and expectations. Actual and emerging experience is reviewed against expectations at least annually and more frequently if necessary. The results of these analyses are fed into the assumption setting process for the valuation. Results are assessed for their sensitivity to key assumptions.

Reinsurance

STEL has in place a reinsurance treaty with STGC providing excess loss cover in respect of large claims. Allowance is made within the SCR counterparty default module for the risk of default of the reinsurance partner.

Other information

No use has been made of a matching adjustment

No use has been made of a volatility adjustment.

No use has been made of the transitional provisions for risk-free interest rates. No use has been made of transitional deductions from technical provisions.

There are no “other liabilities” subject to specific valuation treatment for solvency purposes beyond those listed below.

D.3 Other Liabilities

	Solvency II €’000s	**Financial statements €’000s**	**Difference €’000s**
Tax liabilities	0	0	0
Insurance and intermediaries payables	525	525	0
Reinsurance payables	0	0	0
Payables (trade, not insurance)	13	13	0
Any other liabilities not elsewhere shown	500	500	0
Total other liabilities	**1,038**	**1,038**	**0**

Liabilities in the above table (other than the risk margin) are shown at face value for both IFRS and Solvency II as these liabilities are due within twelve months of the valuation date.

D.4 Alternative valuation methods have been employed.

STEL's assets and other liabilities are valued using quoted market information or face value for short term assets and liabilities.

D.5 There is no other material information relevant for disclosure

There is no other material information relevant for disclosure.

E. Capital Management

E.1 Own funds

The following table shows the amount of own funds at the valuation date.

	31 December 2021 €'000s
Assets (including reinsurance)	4,481
Best estimate liabilities	145
Risk margin	158
Current liabilities	1,038
Own funds	**3,140**

STEL started operating in January 2021. Being a new business, STEL's capital needs will change over time. There is a process in place to frequently check STEL's capital position, and where necessary additional capital has been, and will continue to be, injected from its parent STL.

STEL has a single fund and most capital is Tier 1. The following table details the composition of own funds at the valuation date.

	31 December 20210 €'000s
Ordinary share capital (Tier 1)	3,470
Reconciliation reserve (Tier 1)	-543
Deferred Tax (Tier 3)	213
Own funds	**3,140**

The following table reconciles the Reconciliation reserve above to STEL's P&L Account as reported in its financial statements. Figures are in €'000s.

	31 December 2021 €'000s
P&L account in financial statements *(Capital contribution plus retained losses)*	265
Asset valuation differences	-435
Liability valuation differences	-161
Deferred tax (Tier 3)	-213
Solvency II reconciliation reserve	**-543**

There are no restrictions on the use of own funds. The amount of own funds available to cover the SCR is €3.2m, while the amount of own funds available to cover the MCR is €3.0m (Tier 3 deferred tax own funds cannot be used to cover the MCR).

There are no material differences between the equity in STEL's financial statements and the free capital for solvency purposes.

There are no items subject to a transitional arrangement. There are no items of ancillary own funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

STEL uses the standard formula as the basis for determining its capital requirements. The Solvency Capital Requirement at 31 December 2021 was €2.3m and the Minimum Capital Requirement was €2.5m.

The SCR split by risk module is shown in the following table. Figures are as at 31 December 2021 and are in €'000s.

Solvency Capital Requirement by Risk Module	**Calendar Year 2021 €'000s**
Market risk	0.5
Counterparty default risk	305.6
Non-life underwriting risk	2,000.9
Diversification	(136.9)
Basic Solvency Capital Requirement	**2,170.1**
Operational risk	139.1
Solvency Capital Requirement	**2,309.2**
Minimum Capital Requirement	2,500.0

There are no simplifications applied to the SCR calculation.

There are no undertaking-specific parameters used in the SCR calculation, but the final amount of the SCR is subject to supervisory assessment.

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

STEL does not use the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement.

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

STEL does not use an internal model.

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

STEL has complied with the Solvency Capital Requirement and the Minimum Capital Requirement throughout the reporting period.

E.6 Any other information

There is no additional information

F. Approval by the Administrative, Management or Supervisory Body of the SFCR and Reporting Templates

We acknowledge our responsibility for preparing the SFCR in all material respects in accordance with the MFSA’s Rules and Solvency II Regulations.

We are satisfied that:

(A) Throughout the financial year in question, STEL has complied in all material respects with the requirements of the MFSA’s Rules and Solvency II Regulations as applicable; and

(B) It is reasonable to believe that, at the date of publication of the SFCR, STEL has continued so to comply, and will continue so to comply in future.

By order of the Board

D Chalmers

Director
Junction Business Centre
1st Floor
Sqaq Lourdes
St Julian’s SWQ 3334

8 April 2022

Stewart Title Europe Limited

Solvency and Financial Condition Report

Disclosures

31 December

2021

(Monetary amounts in EUR thousands)

General information

Undertaking name	Stewart Title Europe Limited
Undertaking identification code	984500Z051EF5NF5SE67
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	MT
Language of reporting	en
Reporting reference date	31 December 2021
Currency used for reporting	EUR
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	213
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	0
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	0
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	0
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	270
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	3,996
R0420	Any other assets, not elsewhere shown	2
R0500	**Total assets**	4,481

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	303
R0520	*Technical provisions - non-life (excluding health)*	303
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	145
R0550	*Risk margin*	158
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	525
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	13
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	500
R0900	**Total liabilities**	1,341
R1000	**Excess of assets over liabilities**	3,139

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business										385		1,933					2,318
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share										69		345					414
R0200	Net										317		1,587					1,904
	Premiums earned																	
R0210	Gross - Direct Business										385		1,933					2,318
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share										69		345					414
R0300	Net										317		1,587					1,904
	Claims incurred																	
R0310	Gross - Direct Business										22		108					130
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share																	0
R0400	Net										22		108					130
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net										0		0					0
R0550	**Expenses incurred**										417		2,093					2,510
R1200	**Other expenses**																	
R1300	**Total expenses**																	2,510

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			IT	RO	PL	CZ	HU	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business		960	559	542	162	71	2,294
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share		63	91	192	40	27	413
R0200	Net	0	898	469	350	122	44	1,882
	Premiums earned							
R0210	Gross - Direct Business		960	559	542	162	71	2,294
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share		63	91	192	40	27	413
R0300	Net	0	898	469	350	122	44	1,882
	Claims incurred							
R0310	Gross - Direct Business		54	32	31	9	4	130
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share							0
R0400	Net	0	54	32	31	9	4	130
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	1,089	829	186	213	151	27	2,495
R1200	**Other expenses**							
R1300	**Total expenses**							2,495

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**										0		0					0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross										0		0					0
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	0
R0150	**Net Best Estimate of Premium Provisions**										0		0					0
	Claims provisions																	
R0160	Gross										25		121					145
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	0
R0250	**Net Best Estimate of Claims Provisions**										25		121					145
R0260	**Total best estimate - gross**										25		121					145
R0270	**Total best estimate - net**										25		121					145
R0280	**Risk margin**										27		131					158
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**										52		252					303
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**										0		0					0
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**										52		252					303

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Accident Year

Gross Claims Paid (non-cumulative)
(absolute amount)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year					**Development year**							**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	2012	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2013	0	0	0	0	0	0	0	0	0			0	0
R0180	2014	0	0	0	0	0	0	0	0				0	0
R0190	2015	0	0	0	0	0	0	0					0	0
R0200	2016	0	0	0	0	0	0						0	0
R0210	2017	0	0	0	0	0							0	0
R0220	2018	0	0	0	0								0	0
R0230	2019	0	0	0									0	0
R0240	2020	0	0										0	0
R0250	2021	0											0	0
R0260												**Total**	0	0

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year					**Development year**							**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	2012	0	0	0	0	0	0	0	0	0	0		0
R0170	2013	0	0	0	0	0	0	0	0	0			0
R0180	2014	0	0	0	0	0	0	0	0				0
R0190	2015	0	0	0	0	0	0	0					0
R0200	2016	0	0	0	0	0	0						0
R0210	2017	0	0	0	0	0							0
R0220	2018	0	0	0	0								0
R0230	2019	0	0	0									0
R0240	2020	0	0										0
R0250	2021	146											145
R0260												**Total**	145

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	3,470	3,470		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	-543	-543			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	213				213
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0	0	0	0	
R0290	**Total basic own funds after deductions**	3,139	2,927	0	0	213
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	3,139	2,927	0	0	213
R0510	Total available own funds to meet the MCR	2,927	2,927	0	0	
R0540	Total eligible own funds to meet the SCR	3,139	2,927	0	0	213
R0550	Total eligible own funds to meet the MCR	2,927	2,927	0	0	
R0580	**SCR**	2,309				
R0600	**MCR**	2,500				
R0620	**Ratio of Eligible own funds to SCR**	135.96%				
R0640	**Ratio of Eligible own funds to MCR**	117.06%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	3,139
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	3,683
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	
R0760	**Reconciliation reserve**	-543
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	0		
R0020	Counterparty default risk	306		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	2,001		
R0060	Diversification	-137		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	2,170		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	139
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	2,309
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	2,309
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
	Approach to tax rate	C0109
R0590	Approach based on average tax rate	0

		LAC DT
	Calculation of loss absorbing capacity of deferred taxes	C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

USP Key

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

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

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

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	239

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	0	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	25	324
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	121	1,580
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_L Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	239
R0310	SCR	2,309
R0320	MCR cap	1,039
R0330	MCR floor	577
R0340	Combined MCR	577
R0350	Absolute floor of the MCR	2,500
R0400	**Minimum Capital Requirement**	2,500