Hansard Europe DAC
Solvency and Financial Condition Report

(for the financial year ended 30 June 2025)

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EXECUTIVE SUMMARY

INTRODUCTION AND PURPOSE

This Solvency and Financial Condition Report ("SFCR") addresses obligations associated with the annual public disclosure of the solvency and financial condition of Hansard Europe DAC ('HEdac' or the 'Company') as at 30 June 2025.

The Solvency II Directive was transposed into Irish Law as the European Union (Insurance and Reinsurance) Regulations 2015 (S.I. 485 of 2015) and the legislation entered into force on 1 January 2016. This report is intended to assist clients and other stakeholders in understanding the capital position of HEdac since the implementation of the legislation by covering the following areas:

A. Business and Performance
B. System of Governance
C. Risk Profile
D. Valuation for Solvency Purposes
E. Capital Management

BUSINESS AND PERFORMANCE

BACKGROUND

HEdac is an Irish regulated insurance company authorised to conduct unit linked life assurance business. Unit linked means that the value of the products is directly linked to the value of underlying investments chosen by the policyholder or their appointed advisers, or where applicable, by asset managers selected by the policyholders and appointed for that purpose by the Company, within each policy.

The Company does not offer or provide investment advice and is classified as a 'Low' risk firm under the CBI's Probability Risk and Impact System ("PRISM") risk rating.

The Company closed to new business with effect from 30 June 2013, as the consequence of a strategic review. The focus of the Board and Management Team since that date has remained the orderly run-off of the existing book of policies, in line with their contractual terms and conditions.

BUSINESS STRATEGY

As at 30 June 2025 the Company remains in run-off and continues to have a short to medium term strategic view focussed on servicing the existing book of business. The Company's strategic objectives are: -

- To administer the existing book of business in line with policy terms and conditions and with due regard to all applicable governance and conduct obligations pursuant to home and host state regulatory environments.
- To manage policyholder relationships effectively, prudently and ethically.
- To maintain robust governance arrangements which ensure there is effective oversight of the Company's activities and capital management, proportionate to the nature, scale and complexity of the business and which continue to promote and communicate an appropriate risk and compliance culture at all levels.

Over time the volume of policies will continue to diminish, as policies mature or are surrendered. As a consequence, the expected performance, year-on-year, will reflect a reducing level of assets under management, concurrent with the run-off of the book.

The Company is required to hold sufficient assets to match its policyholder liabilities at all times. One off the primary responsibilities of the Board is to ensure that the Company's capital remains adequate to cover the required solvency for the nature and scale of the business, and the expected operational requirements of the business. Several mechanisms are in place to evaluate capital adequacy on a continuing basis, these include evaluating cash balances for future expenses and solvency ratio calculations as part of the quarterly submission to the Central Bank of Ireland ("CBOI"). The outcome of those evaluations indicate that the Company's capital is adequate at this time and for the expected requirements in the short to medium term.

BUSINESS PERFORMANCE

The Company prepares its financial statements on a UK GAAP basis (FRS 102). The Company's pre-tax loss for 2025 was £1.8m. (2024: £1.3m)

Section A of this document contains further details relating to HEdac's business and performance.

SYSTEM OF GOVERNANCE

The Company has in place a robust governance framework that supports and enables delivery of the stated strategic objectives

The Company's Board has ultimate responsibility for all governance matters, supported by designated governance and control functions, which are appointed to monitor and manage the business.

Section B of this document contains further details relating to HEdac's System of Governance.

RISK PROFILE

HEdac is a unit-linked business with no investment guarantees. The main risk categories to which the Company is exposed to are market risk and life risks. These represent 83% of HEdac's risk exposure as measured under the Solvency II regime.

Market risk is a significant risk for HEdac since the majority of in-force business is unit-linked business and the Company derives a large part of its revenues from related asset values. A significant component of market risk which HEdac is exposed to is associated with the uncertainty related to foreign exchange fluctuations. For example, where HEdac has written business in currencies other than Sterling (its reporting currency) it is exposed to foreign exchange risk as the value of the income streams from those policies fluctuate in Sterling terms with the exchange rate.

Life Risk is a significant risk for HEdac. The significant components of this are lapse risk caused by policyholder behaviours being different to expected and expense risk caused by expenses being higher than expected.

At 30 June 2025, the Company's solvency capital requirement under the Solvency II regime was £3.7m, which is £0.3m lower than the start of the reporting period.

Section C of this document contains further details relating to HEdac's risk profile.

VALUATION FOR SOLVENCY PURPOSES

The HEdac Solvency II Balance Sheet is constructed in line with the Solvency II rules and guidance.

On the Solvency II basis, at 30 June 2025 HEdac's total assets were £77.2m and total liabilities were £71.8m.

Total assets under the UKGAAP FRS 102/103 basis reported in the Company's financial statements as at 30 June 2025 were £77.2m, and total liabilities were £66.7m.

Section D of this document contains further details relating to valuation for solvency purposes.

CAPITAL MANAGEMENT

The strategy for managing capital is to ensure that sufficient capital exists within HEdac to meet the Solvency II Solvency Capital Requirement ("SCR") and Solvency II Minimum Capital Requirement ("MCR"), with a capital buffer to protect against unexpected adverse events. The Company's Strategic Solvency Target ratio ("SST") is set at 150% of the SCR. During the year, the Company received a capital contribution from the Shareholder of £0.7m which was approved as Tier 1 funds by the CBOI and included in the Company's Own Funds below.

HEdac uses the Solvency II Standard Formula to calculate the SCR. The SCR computed as at 30 June 2025 was £3.7m (2024: £4.0m) and the MCR was £3.4m (2024: £3.4m).

HEdac's Solvency II Own Funds value at 30 June 2025 was £5.4m (2024: £6.3m), all of which are Tier 1 own funds.

At 30 June 2025, HEdac's solvency coverage ratio was 146% (2024: 161%). As a result of the Company's solvency coverage ratio falling below the SST, the Directors enacted a pre-emptive recovery plan to address the solvency coverage ratio deficit against the SST. The Company subsequently received a capital contribution of £0.2m from the Shareholder which was approved by the Directors in August 2025 and subsequently approved by the CBOI for inclusion as Tier 1 funds. This contribution is therefore not included in the Company's Own Funds as at 30 June 2025. For reference only, had this capital contribution been included as Own Funds as at 30 June 2025, the Company's solvency coverage ratio would be 151%.

The Directors carry out regular reviews of the Company's capital requirements and solvency coverage as part of capital management and risk monitoring.

Refer to Section E below for further details relating to HEdac's capital management.

The Company's financial year runs to 30 June each year and results are reported in Pounds Sterling.

A: Business and Performance

A.1 Business

HEdac is a Regulated unit-linked life assurance private company, limited by shares.

The Company's operating address is:
Hansard Europe DAC
Ground Floor
6 Exchange Place, IFSC
Dublin
D01 T9C2
Ireland

The Company's registered office with effect from 1 July 2025 is:
International Financial Services Centre
25 North Wall Quay
Dublin 1
D01 H104
Ireland

The Central Bank of Ireland ("CBOI") is responsible for financial supervision of the Company. The CBOI's address is:
Central Bank of Ireland
PO Box No 559
New Wapping Street
North Wall Quay
Dublin 1
Ireland

The Company's external auditor is KPMG, Chartered Accountants and Statutory Audit Firm, and their address is:
1 Harbourmaster Place
International Financial Services Centre
Dublin 1
D01 F6F5
Ireland

The Company is wholly owned by Hansard Global plc ("HG plc"), an Isle of Man holding company listed on the London Stock Exchange. The Leonard Polonsky Revocable Trust holds ownership/beneficial interest of shares in Hansard Global plc above 25%. All other shareholders own less than 25%.

The Company's financial year end is 30 June. The Company is closed to new business and continues to operate, administering its existing policies in line with their contract terms and conditions. Policy administration services are outsourced to Hansard Administration Services Limited ("HASL"), an authorised insurance manager within the Group, based in the Isle of Man.

The registered address of Hansard Global plc is:

55 Athol Street
PO Box 192
Douglas
Isle of Man
IM99 1QL

A.2 Underwriting Performance

Existing policyholders are located principally in the European Union. The five most significant countries being Belgium, the Netherlands, France, Germany and Luxembourg; the majority of the Company's policyholders are British expatriates currently residing outside the UK.

New premiums received during the year, relate to regular annual premiums on existing policies, and occasionally a small amount of top-up premiums, where the Company is contractually bound to accept.

Under UK GAAP Financial reporting Standards (FRS), the Company's Unit-linked Contracts are classed as Investment Linked Contracts for financial reporting purposes. Investment Linked contract premiums are not included in the profit and loss account but are reported as deposits to investment-linked contracts and are included in the linked liabilities in the balance sheet.

Movement in technical provisions for Linked Liabilities:

The following table summarises the movement in liabilities under investment-linked contracts during the year:

	2025 £'000	2024 £'000
Deposits to investment-linked contracts	1,275	1,437
Deductions from contracts	(7,558)	(11,099)
Change in provisions for investment-linked contract liabilities	1,099	5,160
Movement in year	(5,184)	(4,502)
At beginning of year	59,284	63,789
	54,100	59,284

Change in provisions for investment-linked contract liabilities include dividend and interest income and net realised and unrealised gains and losses on financial investments held to cover financial liabilities.

	2025 £'000	2024 £'000
Contractually due to be settled within 12 months	4,928	3,526
Contractually due to be settled after 12 months	49,172	55,758
	54,100	59,284

A.3 Investment Performance

The Company has not, and does not, provide asset selection advice. The investments linked to insurance policies are selected by policyholders, or their appointed advisers, or where applicable, by asset managers selected by the policyholders and appointed for that purpose by the Company. The assets are owned by the Company. The Company is required to maintain sufficient assets to match policyholder liabilities at all times.

The following investments, cash and cash equivalents, and other assets (net of other payables) are held to cover technical provisions for linked liabilities.

	2025 £'000	2024 £'000
Equity securities	1,230	2,058
Investments in collective investment schemes	49,202	53,501
Fixed income securities, bonds and structured notes	174	252
Deposits and money market funds	3,202	3,103
Total assets	53,808	58,917
Other receivables	292	370
Net financial assets held to cover financial liabilities	54,100	59,284

The Company has no investments in securitisation.

Where assets are suspended and no market value is available, a "fair value" has been calculated. Fair value is assessed using valuation techniques based on available relevant information and an appraisal of all associated risks (see section D.1).

The value of assets under management is affected by asset and currency performance, as well as policies maturing or surrendering each year. As the Company is closed to new business, this results in a reducing profile year on year.

Investment income comprises dividends, interest and other income receivable, realised gains and losses on investments and unrealised gains and losses. Movements are recognised in the profit and loss account in the period in which they arise. Dividends are accrued on the date notified. Interest is accounted for on a time proportion basis using the effective interest method.

	2025		2024	
	Technical account £'000	Non-technical account £'000	Technical account £'000	Non-technical account £'000
Dividend income	112	-	147	-
Interest (expense)/income	97	700	111	777
	209	700	258	777
Net (losses) on realisation of investments	1,422	-	2,631	-
Investment (expenses)/income	1,631	700	2,889	777

Unrealised (losses)/gains on investments	(352)	7	2,488	(25)
Investment return	1,279	707	5,377	752

The unit linked insurance policies are valued by reference to their linked asset values at any point in time. The performance of the policies therefore depends on the performance of the assets selected and the application of policy related charges in line with the policy's contractual terms and conditions.

A.4 Performance of Other Activities
The Company's only activity is that of unit-linked life insurance company.

Income for the Company is in respect of fees which are charged to investment-linked contracts for contract administration services, investment management services, payment of benefits and other services related to the administration of investment-linked contracts. Fees are recognised as revenue for the services provided. The fees charged for the current and previous years are shown below:

	2025 £'000	2024 £'000
Contract fee income	1,244	1,357
Fund management charges	731	756
	1,955	2,113

Operating costs of the Company excluding director's fees and auditor fees are charged through the Technical Account of the Profit and Loss Statement.

Net operating expenses – Technical Account	2025 £'000	2024 £'000
Acquisition costs	26	27
Administrative, investment and other expenses	4,095	4,238
	4,121	4,265

Results and Dividends
The total comprehensive loss after tax for the year was £1.8m compared to a loss of £1.3m in the previous financial year. No dividends were paid during the year to 30 June 2025 (2024: £nil).

A.5 Any Other Information
During the financial year the Company's main focus has been to continue to implement its strategy, which is to protect the interests of policyholders and other stakeholders and ensure an orderly wind-down of the business whilst maintaining the financial and commercial stability of the Company.

The Company is subject to a number of legal actions primarily with regard to asset performance. The majority of the assets on the Company's balance sheet are held in respect of unit-linked contracts, where the Policyholder, or their appointed advisor, or the appointed asset manager, has selected the assets to be linked to their policies.

The Company has not, and does not provide asset selection advice, and is robustly defending these cases.

B: System of Governance

B.1 General Information on the System of Governance

The Company's classification under the Central Bank of Ireland's risk-based framework for the supervision of regulated firms, known as PRISM, is rated as a "Low Risk" firm and is subject to the Central Bank of Ireland's Corporate Governance Requirements for Insurance Undertakings 2015.

B.1.1 Overview:

The Company's Board of Directors carry responsibility for the oversight of the business and sets its strategy and risk appetite. With effect from 1 July 2013 the Board sits as a minimum Board of five members, consistent with the Company's Corporate Governance obligations and with the approval of the Central Bank of Ireland. All members of the Board sit as members of the Risk Committee. The Audit Committee consists of two independent non-executive directors and one executive director. The Directors who held office during the year are set out below:

Board of Directors:

Ciaran Cormican - FCCA, Dip IFR, Dip IoD (Irish)
Ciaran Long - MSc (Mgmt), FSAI, Dip IoD (Irish) (Independent)
David Peach - BSc, FCA, FCT (British) (Independent)
Thomas Morfett - MA, FCA, FIA (British)
Philip Kay - MA, MPhil, DPhil, CDip AF (British) (Chairman) (Independent)

Company Secretary:

E O'Donohue ACG

The Board retains primary responsibility for the corporate governance arrangements of the Group and for the adequacy and effectiveness of those arrangements, including the adequacy and effective operation of the ERM Framework and internal control arrangements. Pursuant to these responsibilities the Board has completed an annual review of the Company's governance arrangements and associated Committee structures in accordance with the standards and obligations imposed by the Corporate Governance Requirements for Insurance Undertakings 2015.

The review has confirmed that the Committees and Control Functions established by the Board, to assist in the discharge of its obligations, are fit for purpose in substance and form and have operated effectively throughout the year under review. Each Committee operates according to defined terms of reference and reports to the Board at each Board meeting. The Chair of each Committee is an Independent Non-Executive Director:

- Audit Committee (Chairman D G Peach)
- Risk Committee (Chairman: C G Long)

The Audit Committee assists the Board in discharging its responsibilities for:

- The integrity of the Company's financial statements
- The effectiveness of the Company's internal controls
- The Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters

- The effectiveness of the Company's Internal Audit function in the context of the Company's overall risk management system
- Monitoring the effectiveness, independence and objectivity of the external auditor.

The Risk Committee assists the Board in discharging its responsibilities for:

- The effectiveness of the Company's risk management systems
- The implementation of the Company's risk strategy and maintenance thereof
- The oversight of Solvency II developments
- The oversight of investment issues
- The timely reporting of material deviations from defined risk appetite
- Monitoring the effectiveness, independence and objectivity of the Risk function

Additionally, there is an Investment Committee, which is a sub-committee of the Risk Committee. The duties and responsibilities of the Investment Committee are primarily to assist the Board and/or the Risk Committee in the discharge of their respective statutory duties and oversight responsibilities in respect of shareholder funds and policyholder funds within the overall risk appetite and control framework of the Company.

<u>B.1.2 Independent Control Functions:</u>

The Internal Control Framework for the Company includes three elements, each plays a distinct role within the overarching governance framework:

(a) Board-level Controls: The Board Manual, Principal and Subordinate Risk Management Policies, Outsourcing Frameworks, reports and minutes of Board and Board Committee meetings form the principal framework, within which the Board operates.

(b) Controls over Outsourced Activities: The Company requires that any outsourcing partner manages its control environment to the required standards, adheres to the Company's policies and procedures and employs fit and proper persons within control functions. Key Performance Indicators ("KPI's") are set, and the Company requires regular service reporting and attestations (on the Service Level Agreement and related KPI's) to its General Manager and the Board, including certification from its main service providers to the Board on the Fitness and Probity of its Control Functions. Immediate reporting is required should any material incident or exposure occur. The Company operates a traditional 'three lines' operating model. As part of this model it has established the four key independent control functions within the second line which is required under the Corporate Governance Requirements for Insurance Undertakings 2015 - Risk Management, Compliance, Actuarial and Internal Audit. These functions are responsible for providing oversight of and challenge to the business and for providing assurance to the Board in relation to the Company's control framework.

(c) Independent Control Functions are detailed below:

<u>B.1.2.1: Chief Risk Officer:</u>

The Group Chief Risk Officer is appointed directly to the HEdac Chief Risk Officer ("CRO") Role; associated service provision is the subject of a formal outsourcing arrangement with Hansard Global plc. The CRO oversees the implementation and effective operation of the Company's Enterprise Risk Management Policy, reporting to the Board Risk Committee and the Company's General Manager. The responsibilities of the CRO include:

- Oversight of the smooth-running of the Company's Enterprise Risk Management framework (ERM) and adherence to the associated policy and procedural obligations.
- Establishing and maintaining the Company's governance, risk management and internal control arrangements associated with the capture and reporting of risk events and 'near misses'.
- Directing activities associated with identification and analysis of new and emerging risks, such that these can be assessed, and material issues reported to the Board Risk Committee, who will determine whether the issue is of such significance that it needs to be reported to the Company's regulator.
- Ensuring that the annual ORSA is prepared and submitted to the Board Risk Committee who engage with the process and recommend outputs to the Board for strategic consideration.

B.1.2.2: Compliance Officer:

The Group Chief Risk Officer is appointed directly to the HEdac Head of Compliance Role; associated service provision is the subject of a formal outsourcing arrangement with Hansard Global plc and encompasses responsibility for the implementation of the Company's Compliance Policy and effective processes. The Head of Compliance reports to the Board Risk Committee and the Board, and raises issues as they arise, to the Company's General Manager. The responsibilities of the Head of Compliance include:

- The reporting of significant instances of non-compliance with external obligations or associated internal policy or procedural arrangements to the Board Risk Committee and the Company's Management.
- Monitoring compliance within the Company and its service providers, making recommendations where change is required, and to maintain the Company's Breach Register.
- Monitoring the external environment to identify, analyse and assess regulatory change and to inform the Company and its service providers where such changes have implications for the Company's strategy, planning, organisation or activities.

B.1.2.3: Head of Actuarial Function ("HoAF"):

The HoAF provides oversight of the Company's Actuarial Function. The responsibilities of the HoAF and the Actuarial Function, in line with guidance from the Central Bank of Ireland and the Society of Actuaries, include, but are not limited to the following matters:

- Coordinating the calculation of the firm's technical provisions.
- Assessing the consistency of the internal and external data used in the calculation of technical provisions against the data quality standards as set in Solvency II.
- Assessing the sufficiency and quality of the data used in the calculation of technical provisions against the data quality standards as set in Solvency II.
- Continuous monitoring of the solvency position of the Company and the required level of statutory reserves.
- Reporting on the solvency position of the Company.
- The provision of advice and support to the Company on the ORSA process, including the financial consequences of stresses and scenarios and the impact of management actions.

B.1.2.4: Head of Internal Audit:

The Group Head of Internal Audit is appointed directly to the HE dac Head of Internal Audit Role; associated service provision is the subject of a formal outsourcing arrangement with Hansard Global plc. The Group Internal Audit Function provides independent and objective assurance and consulting services, overseen by the HE dac Head of Internal Audit, with due regard to the adequacy of the governance, risk management and internal control frameworks. The Head of Internal Audit reports to the Chairman of the Audit Committee. The Audit Committee oversees the 'risk based' Audit Plan and outcomes thereof.

Internal Audit Reports highlight any significant control failings or weaknesses identified and the impact they have had or may have and the actions and timings which Management have agreed to take to rectify them. In addition to its regular reporting the Internal Audit Department prepares an annual report for the Audit Committee, which provides a balanced assessment of the effectiveness of the Company's systems of risk management and internal controls, in accordance with the Department's professional accountabilities and statements.

B.1.3 Other Control Functions:

In addition to the Control Function roles discussed above the Company also has: -

- An Executive level General Manager, based in the Head Office in Dublin, with primary responsibility for oversight and control of outsourced service provision and the effectiveness of day-to-day operation of the governance, risk management and internal control frameworks of the Company, according to the authorities delegated by the Board.
- A Money Laundering Reporting Officer (a Pre-approved Control Function) and a Data Protection Officer, with both roles outsourced to Group employees. This is considered appropriate by the Board given the dependence for operational administration processing on Group Service Provider entities.
- The Group Chief Financial Officer, appointed as Head of Investments.
- A Chief Information Officer appointed 15 March 2022.

All other functions and policy administration and support processes are outsourced to Group companies. The Company also outsources its investments dealing and custody to a stockbroker firm, Capital International Ltd (CIL). CIL outsources custody to Pershings in the UK. All are subject to regular and on-going service reviews that are minuted and circulated to relevant committees.

B.1.4 Remuneration, Employee Benefits and Practices

The Company provides a range of benefits to employees, including contractual salary, life cover, permanent health insurance and paid holiday arrangements. Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. The Company pays contributions based on a percentage of salary determined by length of service into Personal Retirement Savings Accounts on behalf of its employees (defined contribution plans). The contributions are recognised as an expense when they are due. The assets of the plan are held separately from the Company in independently administered funds. Employees contribute additional voluntary contributions to suit their circumstances. The Company does not offer any performance-based bonuses or incentives. Therefore, its remuneration practices are considered to promote sound and effective risk management and do not encourage excessive risk taking.

B.1.5 Material Transactions

As noted under Capital Management on page 5, the Company increased total equity during the year by way of capital contribution from the Shareholder. The capital contribution of £0.7m was approved by the CBOI as Tier 1 capital and included as Own Funds in the Company's Solvency II returns from September 2024 .

The Company received a further capital contribution of £200,000 which was approved by the Directors on 5 August 2025. This was also approved by the CBOI as Tier 1 capital but is not included in the Company's Own Funds as at 30 June 2025.

Other than the capital contribution noted above, the Company made payment for services for outsourced functions, and contracted employee salaries and benefits. There were no other material transactions with the Shareholder, with persons who exercise a significant influence on the undertaking and with members of the administrative, management or supervisory body.

B.2 'Fit and Proper' Requirements

The Company has adopted a Fitness and Probity Policy, which sets out the due diligence checks that must be performed in the following areas and which aligns with the Central Bank of Ireland's Fitness and Probity Standards, and guidance thereon. These include:

- Identification (copy of passport)
- Compliance with the minimum competency code, where relevant
- Professional qualification(s)
- Continuous Professional Development
- Interview and application
- References
- Record of previous experience
- Record of experience gained outside the State
- Concurrent Responsibilities
- Individual Questionnaire for PCF related roles

The recruitment process of a candidate for a Control Function role includes the following:

- A written job description outlining the duties and responsibilities of the role
- An assessment of the level of fitness and probity required for the role
- A process (i.e. number and diversity of interviews) that matches the person with the requirements of the role
- Due diligence checks - Verification of identity, relevant qualifications, experience, references and professional memberships, concurrent responsibilities (where applicable)
- Application for regulatory assessment and approval

For Pre-approved Control Functions (PCFs), appointment by the Company's Board is contingent upon prior approval of the appointment by the CBI. An annual review cycle operates via which all PCFs and Control Function role holders must formally attest their continuing fitness and propriety and the good governance of functional and operational activities falling within their span of control.

B.3 Risk Management System including the Own Risk and Solvency Assessment ("ORSA")

The Company operates an Enterprise Risk Management ("ERM") framework of governance, built upon the 'three lines' model, which addresses how specific duties relating to risk management and internal control are assigned and coordinated between front line Management (First Line), Risk and Compliance monitoring functions (Second Line) and the independent assurance services of Internal Audit (Third Line). Each of the three lines plays a distinct role within the overarching governance framework.

The ERM framework seeks to add value through embedding risk management and effective internal control systems as continuous and developing processes within strategy setting, programme level functions and day-to-day operating activities. The ERM Framework also acknowledges the significance of operating culture and values in relation to risk management and their impact on the overall effectiveness of the internal control framework. The main policy objectives of the ERM framework are:

- Performance objectives:
  The efficiency and effectiveness of activities, use of assets and other resources and protecting the Company from loss. The ERM framework seeks to ensure that personnel, including those providing services on an outsourced basis, are working to achieve business objectives with efficiency and integrity, without unintended or excessive cost, or placing other interests before those of the Company.

- Information Objectives:
  The preparation and provision of timely, reliable and relevant reports needed for substantive, informed decision-making. Information objectives also address the need for reliable annual accounts, financial statements and other financial-related disclosures, including regulatory returns, reports to external parties and stakeholders. The ERM framework seeks to ensure the information received by management, the Board of Directors, Shareholders and regulators is of sufficient quality and integrity that recipients can rely on the information in making decisions.

- Compliance Objectives:
  The ERM framework seeks to ensure that all organisational activities and outputs comply with applicable laws and regulations, supervisory requirements and internal policies and procedures. The result is a risk management strategy, which is led by the Board whilst being embedded in the Company's business systems, strategy and policy setting processes and the normal working routines and activities of the Company. Consequently, risk management is an intrinsic part of the way business is conducted and allows the Company to respond quickly to evolving risks, which may arise internally or externally.

The ERM Framework promotes the pursuit of its overarching objectives through focus on five interrelated elements, which enable the management of risk at strategic, programme and operational level to be integrated, so that layers of activity support each other. The five interrelated elements are defined as:

- Management oversight and the control culture
- Risk recognition and assessment

- Control activities and segregation of duties
- Information and communication
- Monitoring activities and correcting deficiencies

Risk management processes are undertaken on both a bottom-up and top-down basis. The top-down aspect involves the Board assessing, analysing and evaluating what it believes to be the principal risks facing the Company. The bottom-up approach involves the identification, review and monitoring of current and forward-looking risks on a continuous basis at functional and divisional levels, with analysis and formal reporting to the Group Operational Risk Committee and Group Executive Risk Committee, on a quarterly basis and onward analytical reporting to the Board Risk Committee.

The ERM framework is intended to reduce, but cannot eliminate the range of possibilities, which might cause detriment to the Company. Similarly, the ERM Framework cannot provide protection with certainty against any failure of the Company to meet its business objectives, or guard against material errors, losses, fraud, or breaches of laws and regulations. Risk management is an integral part of the Company's corporate agenda; the Company's ERM Framework enables the Board and management to understand and appropriately manage and mitigate the risks associated with the Company's objectives over the short, medium and longer term, together with the overall level of risk embedded within functional and operational processes and activities, including those which are the subject of outsourcing arrangements. Taking all these factors into account, the ERM Framework is intended to provide reasonable assurance that the Company will conduct its business in an orderly and legitimate manner on a continuing basis and that reasonably foreseeable circumstances will not prevent or limit the Company from achieving its business objectives. The Board Risk Committee receives regular reporting from the Company's Chief Risk Officer in relation to the outcome of the periodic risk assessments undertaken by management in line with the ERM Framework.

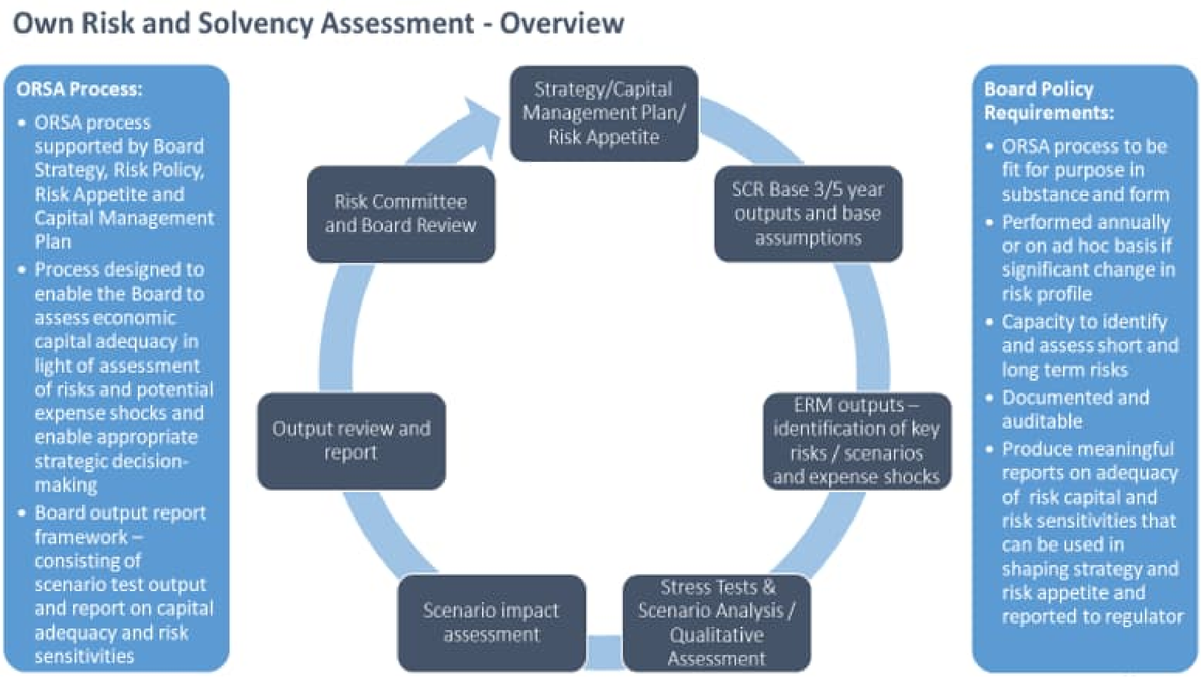
The Company undertakes an annual ORSA cycle in accordance with the standards and requirements set out within the Board approved ORSA Policy. The ORSA enables the Board to assess its capital adequacy and make appropriate strategic decisions in light of its assessments of risks and the potential impacts of the risk environment.

The Board requires that the ORSA process produces meaningful reports on the adequacy of the Company's capital and risk sensitivities that can be used in shaping strategy and risk appetite. The ORSA process is a cyclical process (depicted at figure 1, below), reliant upon:

- Board strategy, policies, and business plans.
- The Solvency II Pillar I Balance Sheet standard model results, and base assumptions used.
- The ERM process and its outputs, which identifies the key risks.
- The Board Risk Committee that reviews, challenges, and approves the test scenarios including the ORSA output.
- The Actuarial Function that runs the tests on the Balance Sheet, for capital adequacy and produce the resultant output.
- The Risk Function, Actuarial Function and Management that assesses the outputs and prepare the reports.

- The Risk Committee and Board's assessment of the output and resultant capital, strategy, and risk appetite review, including amendments to business plans and risks options, ensuring strategic decision making utilises the ORSA output.
- ORSA Reporting to the Company's regulator, the Central Bank of Ireland.
- ORSA process retrospective review.

Figure 1



The Board reviews the ORSA report and considers appropriate action for the business such as:

- Decisions in relation to capital.
- Reassessment of risk profile and appetite.
- Additional risk mitigation actions.
- Reassessment of investment strategy.

The results and conclusions contained in the ORSA Report and the Board's resultant actions and decisions, are communicated to all relevant staff, including outsourced control functions, once the report has been considered and approved by the Board.

The Company determined that the Solvency II Standard Formula would be used to calculate the required solvency capital and to assess the overall solvency needs. A base case projection of the Solvency II Balance Sheets and Solvency Capital Requirement position is produced using the standard formula, as well as actuarial and key run-off assumptions. The results are subjected to a range of scenario testing that is reviewed by Management and challenged by the Board Risk Committee and, where appropriate, potential management actions are noted, and conclusions drawn.

Assessments to date indicate that the Company is adequately capitalised.

B.4 Internal Control System

The Internal Control Framework for the Company includes three elements, each plays a distinct role within the overarching governance framework:

a) Board-level Controls: The Board Manual, Principal and Subordinate Risk Management Policies, Outsourcing Frameworks, reports and minutes of Board and Board Committee meetings form the principal framework, within which the Board operates.
b) Independent Control Functions: please refer to details set out at Section B1.2.1 to B1.2.4 above.
c) Controls over Outsourced Activities: The Company requires that any outsourcing partner manages its control environment to the required standards, adheres to the Company's policies and procedures and employs fit and proper persons within control functions. Key Performance Indicators ("KPI's") are set, and the Company requires regular service reporting and attestations (on the Service Level Agreement and related KPI's to its General Manager and the Board, including certification from its main service providers to the Board on the Fitness and Probity of its Control Functions. Immediate reporting is required should any material incident or exposure occur. The Company operates a traditional 'three lines' operating model. As part of this model it has established the four key independent control functions under the Corporate Governance Requirements for Insurance Undertakings 2015 – Risk Management, Compliance, Actuarial and Internal Audit. These functions are responsible for providing oversight of and challenge to the business and for providing assurance to the Board in relation to the Company's control framework.

The Head of Internal Audit, through the planned and commissioned reviews of the Company's processes and those of its service providers, provides an opinion via the Internal Audit Annual Report on the adequacy of the internal control framework of the Company's business.

B.4.1 Operation of Compliance Function

The Compliance Function is part of the Company's overall corporate governance structure. The function is outsourced to HG plc and is a control function of the Company. The Compliance Function is responsible for the provision of guidance, support and advice in respect of the regulatory environment and the Company's compliance obligations, on a continuing basis and for the monitoring, managing, and reporting of the compliance risks to which the Company is or may be exposed. Compliance monitoring occurs to independently assess and verify that the Company, and its service providers are adhering to their obligations. Compliance reports are issued to the Board Risk Committee and provide an assessment of the effectiveness and adequacy of compliance within the Company and its service providers. The Board Risk Committee reports its activities and recommendations to the Board of Directors. The activities of the Compliance function are subject to independent periodic review by Internal Audit.

Management of the Company, and its service providers, are responsible for notifying the Compliance Function of any breach of applicable laws and regulations that fall within the scope of their responsibilities. Upon receipt of notification, the Compliance Officer assesses for materiality and determines if a breach has occurred. Where relevant, the Compliance Function records the relevant breach item in the Company's Risk Reporting system and discusses remedial actions with the Management concerned. Where a breach is classified as material, reporting must be made to the General Manager and to the Board Risk Committee in accordance with ERM protocols. Breaches are reviewed with the General Manager in service meetings, and breaches are reported to the Board Risk Committee on a quarterly basis where relevant.

B.5 Internal Audit Department

The Internal Audit function operates in accordance with the Chartered Institute of Internal Auditors for UK and Ireland's International Professional Practices Framework and other relevant codes of conduct and is independent from the operational functions.

The Internal Audit function constitutes an integral element of the Company's control framework but does not hold any executive responsibilities or any accountability for risk management or systems of internal control, other than to appraise their effectiveness.

As an independent, objective assurance and consulting activity the Internal Audit function provides analysis and evaluation of the adequacy, effectiveness, efficiency and quality of risk management, internal control and governance systems and processes.

The primary role of the Internal Audit Department is to assist the Audit Committee, the Board and Management team to protect the assets, reputation and sustainability of the Company. It does this by:

- Assessing whether all significant risks are identified and appropriately reported by Management and the Group Risk Department to the Board and Management Team.
- Assessing whether risks are adequately controlled, having reference to risk appetite.
- Challenging Management to improve the effectiveness of governance, risk management and internal controls.
- Assessing whether the management of risk is integrated into organisational culture.
- Evaluating whether the Group and its subsidiaries are acting with integrity in their dealings with customers and interactions with relevant markets.
- Evaluating the management of capital and liquidity risks.
- Evaluating whether primary risks associated with key corporate events are adequately addressed and reported and whether the information used to inform decision making on these issues is fair, balanced and reasonable.
- Assessing the design and operating effectiveness of organisational policies and processes, including whether the outcomes achieved are in line with the objectives, risk appetite and values of the Company.

Internal Audit findings and recommendations are reported to Management, who must respond to those findings and recommendations within mutually agreed timeframes.

The Audit Committee considers internal audit plans proposed by the Head of Internal Audit, reporting, resourcing and performance. Any matters of concern that cannot be resolved through normal channels are escalated to the Board.

The purpose, scope, authority and responsibilities of the Head of Internal Audit and Internal Audit function are set out in full within the Internal Audit Charter, which has been approved and ratified by the Board and which is reviewed and updated on an annual basis, or more frequently, if required.

As the Internal Audit function is outsourced to Hansard Group plc, regular service meetings occur to ensure appropriate oversight of this outsourced service. Function attestations and service level reporting are provided at those meetings.

The Internal Audit Department, via the Head of Internal Audit, reports directly to:

- The Chief Executive Officer, HG plc – for administrative purposes; and
- The Chair of the Hansard Europe Audit Committee.

The dual reporting arrangements protect both the organisational status and the objectivity required to maintain the authority and independence of the Internal Audit Department, allowing the Head of Internal Audit direct and unrestricted access to senior management and the Board.

The effectiveness of the Internal Audit Department as an assurance service, depends upon its independence from the day-to-day operations of the business, which allows the objective assessment of evidence to provide an independent opinion or conclusions regarding a process, system or other subject matter. The Head of Internal Audit is required to provide confirmation to the Company's Board, on at least an annual basis, of the organisational independence of the Internal Audit Department. This confirmation is undertaken through reporting to the Audit Committee and relevant representations by the Chairman of the Audit Committee to the Board.

At least annually, an assessment of the overall effectiveness of the governance, risk management and internal control frameworks, together with an analysis of themes and trends emerging from Internal Audit work and their impact on the Company's risk profile, will be presented to the Audit Committee.

The Internal Audit Function undertook two monitoring reviews during the year, selected via the risk-based approach to planning based on the Groups strategic objectives and risk specific to HE.

B.6 Actuarial Function

The Actuarial services to support the business are outsourced to the Group Actuarial Department in Hansard Administration Services Ltd (a fellow group subsidiary of HEDac's parent company, HG plc). The Head of Actuarial Function ("HoAF") is responsible for the Actuarial function and for the tasks carried out by that function under Solvency II and the requirements of the CBOI Domestic Actuarial Regime in Ireland. All Actuarial function staff report to the HoAF.

The key responsibilities of the Actuarial Function include:

- Co-ordination of the calculation of technical provisions. This consists of assessing the sufficiency of the provisions, assessing the uncertainty in the estimates and justifying the differences between successive periods.
- Review the appropriateness of the models and assumptions, consider the sufficiency and quality of data, and interpret deviations of best estimates against experience. There is also a requirement to consider the verifiability of assumed management actions.

- The Actuarial Function must produce an annual report for the Board. The report should cover all of the information necessary for the Board to form its own opinion on the adequacy of technical provisions and on the underwriting and reinsurance arrangements; and
- In addition to responsibilities in relation to the technical provisions, and the requirements to express opinions on underwriting policy and reinsurance arrangements, the HoAF contributes to the effective implementation of the risk management system of the Company. In particular in relation to:
  - Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) - the HoAF reviews the output of the model used by the Company to calculate the SCR and MCR. Specifically, any perceived or possible inconsistencies or issues identified in the model results are raised.
  - ORSA - the Chief Risk Officer and the HoAF establish the requirements of the audience for the ORSA report, agree how the requirements will be satisfied and agree the format of the draft ORSA reports, the supporting appendices and working papers.

B.7 Outsourcing

The Company outsources and enters into outsourcing arrangements only where there is a sound commercial basis for doing so, and where the risk can be effectively managed. A due diligence process is undertaken prior to any final decision being made as to whether to outsource a material business activity. This addresses all material factors that would impact on the potential service provider's ability to perform the business activity.

The Company has established an Outsourcing Policy to form the requirements for identifying, justifying and implementing material outsourcing arrangements. This Policy, which was included as part of the Company's Run Off Plan, approved by the CBOI, has been adopted by the Company and sets out the following:

- Definition of outsourcing and material outsourcing.
- Risk mitigation strategies.
- Board and management responsibility.
- Business Case.
- Due Diligence.
- Business Continuity Management (BCM).
- Contractual Agreements.
- Management and control of the Outsourcing Relationship.
- Offshoring.
- Consideration of outsourcing PCF roles, if required; and
- Final Approval.

The Company's outsourcing arrangements are subject to periodic review and the findings of this report are presented to and considered by the Board.

The following is a list of the critical or important operational functions the Company has outsourced together with the jurisdiction in which the service providers of such functions or activities are located.

MATRIX OF HANSARD EUROPE DAC'S OUTSOURCED AGREEMENTS					
Service or Activity Outsourced	**Relationship Manager**	**Internal / External**	**Jurisdiction**	**Outsourcing Provider**	**Critical / Important**
Marketing, Print Production, Product Maintenance	General Manager	Internal	Isle of Man	Hansard Development services Limited	Yes
Actuarial				Hansard Administration Services Limited	
Operations - Policy Administration Services (including broker support and client services, management of CIL relationship)					
Finance and Tax Services - Compliance and Periodic & Ad-Hoc Internal and External Reporting					
Systems (hardware storage, networking, Business Continuity services)					
Legal & Co Sec				Hansard Global plc	
Compliance					
Risk					
MLRO					
DPO					
Internal Audit					
HR					
Head of Internal Audit function (PCF13)	General Manager	Internal	Isle of Man	Hansard Global plc	
Head of Anti-Money Laundering and Counter Terrorist Financing (PCF52)					
Chief Risk Officer (PCF14)					
Head of Compliance (PCF12)					
Head of Investments (PCF19)				Hansard Administration Services Limited	
Head of Underwriting (PCF18)					
Head of Actuarial function (PCF48)					
Head of Finance function (PCF11)					
Chief Information Officer (PCF49)					
Custody, dealing and investment administration services	General Manager	External	Isle of Man	Capital International Ltd	
Payroll Services	HR Dept	External	Ireland	Ormsby and Rhodes	No
Legal/Tax Advice	Legal/Tax Depts		EU countries	Various	No
Fiscal Representation in Spain	Tax Dept		Spain	Fides Abogados	No
Fiscal Representation in Italy	Tax Dept		Italy	Pirola Pennuto Zei & Associati	No
Fiscal Representation in Austria	Tax Dept		Austria	PWC Austria	No
Fiscal Representation in Portugal	Tax Dept		Portugal	Espanha e associados	No
Fiscal Representation in France	Tax Dept		France	La Representation Fiscale	No
Multiple Company Secretary functions and provision of registered office	Co Sec Team		Ireland	Goodbody Secretarial	No

B.8 Any Other Information

The Company has assessed its corporate governance system and has concluded that it effectively provides for the sound and prudent management of the business, which is proportionate to the nature, scale and complexity of the operations of a Company which is closed to new business.

C. Risk Profile

C1. Underwriting Risk

The Company closed to new business 30 June 2013. It accepts top-ups to policies in force at closure, where the contract terms and conditions indicate this to be obligatory. The Company’s strategy, its risk appetite and the risks it faces are therefore considered in the context of a reducing book of residual business, where the assureds are mainly based in various jurisdictions within the European Union (EU).

As a life insurance company, the key element of our underwriting risk is mortality risk. As the Company is closed to new business, no new mortality risk underwriting is likely to be required. The mortality risk already accepted by the Company is primarily related to the value of the policyholder benefit – itself determined by the values of the unit funds linked to each policy. There is some mortality risk that is specified in monetary terms.

A Reinsurance arrangement is in place to cover a proportion of the sums at risk on the death of the life assured.

C2. Market Risk

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices analysed between price, interest rate and currency risk. The Company adopts a risk averse approach to market risk, with a stated policy of not actively pursuing or accepting market risk except where necessary to support other objectives. However, the Company accepts the risk that the fall in equity or other asset values, whether as a result of price falls or strengthening of sterling against the currencies in which policyholder assets are denominated, will reduce the level of annual management charge income derived from such policyholder assets and the risk of lower future profits.

Sensitivity analysis to market risk

The Company's business is unit-linked, and the direct associated market risk is therefore borne by policyholders (although there is a secondary impact as company income is dependent upon the markets, as mentioned above). Financial assets net of liabilities to support Company capital resources held outside unitised funds primarily consist of units in money market funds, cash and cash equivalents, and other assets and liabilities. Cash held in unitised money market funds and at bank is valued at par and is unaffected by movement in interest rates. Other assets and liabilities are similarly unaffected by market movements.

As a result of these combined factors, the Company's financial assets net of liabilities held outside unitised funds are not materially subject to market risk, and movements at the reporting date in equity values have an immaterial impact on the Company's profit after tax and equity. Future revenues from annual management charges may be affected by movements in interest rates, foreign currencies and equity values.

(a) Price Risk - An overall change in the market value of the investment-linked funds would affect the annual management charges accruing to the Company since these charges, which are typically 1% p.a., are based on the market value of policyholder assets under administration. Similarly, due to the fact that these charges are deducted from contracts in contract currency, a change in foreign exchange rates relative to sterling can result in fluctuations in reported fee income and expenses. The approximate impact on the Company's profits and equity of a 10% change in fund values, either as a result of price or currency fluctuations, is £0.1m (2024: £0.1m).

(b) Interest Rate Risk - Interest rate risk is the risk that the Company is exposed to lower returns or loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets arising from changes in underlying interest rates. The Company is primarily exposed to interest rate risk on the balances that it holds with credit institutions and in money market funds. A change of 1% p.a. in interest rates will result in an increase or decrease of approximately £0.2m (2024: £0.2m) in the Company's annual investment income and equity. A summary of the Company's liquid assets at the balance sheet date is set out in C8 below.

(c) Currency Risk - Currency risk is the risk that the Company is exposed to higher or lower returns as a direct or indirect result of fluctuations in the value of, or income from, specific assets net of liabilities arising from changes in underlying exchange rates.

Company Foreign Currency Exposures - The Company is exposed to currency risk on the foreign currency denominated bank balances, contract fees receivable and other liquid assets that it holds to the extent that they do not match liabilities in those currencies. The impact of currency risk is minimised by frequent repatriation of excess foreign currency funds to sterling. The Company does not hedge foreign currency cash flows. At the balance sheet date, the Company had exposures in the following currencies:

	2025 US$'000	2025 €'000	2024 US$'000	2024 €'000
Gross assets	428	9,128	382	6,470
Matching currency liabilities	(319)	(10,114)	(276)	(8,411)
Uncovered currency exposures	109	(986)	106	(1,941)
Sterling equivalent of exposures (£'000)	80	(845)	84	(1,646)

The approximate effect of a 5% change in the value of US dollars to sterling is less than £0.1m (2024: less than £0.1m); in the value of the euro to sterling is less than £0.1m (2024: less than £0.1m).

Financial Investments by Currency - Certain fees and commissions are earned in currencies other than sterling, based on the value of financial investments held in those currencies from time to time. The sensitivity of the Company to the currency risk inherent in investments held to cover financial liabilities under investment-linked contracts is incorporated within the analysis set out in (a) above. At the balance sheet date, the analysis of financial investments by currency denomination is as follows:

Currency	2025 %	2024 %
Euro	40	41
US dollar	41	40
Sterling	17	17
Others	2	2
	100	100

C3. Credit Risk

Credit risk is the risk that the Company is exposed to lower returns or loss if another party fails to perform its financial obligations to the Company. The Company has adopted a risk averse approach to such risk and has a stated policy of not actively pursuing or accepting credit risk except when necessary to support other objectives.

The clearing and custody operations for the Company's security transactions are managed through an outsourcing arrangement with one broker, namely Capital International Limited ("CIL"), a member of the London Stock Exchange. At 30 June 2025, substantially all policyholder cash and cash equivalents, balances due from brokers and financial investments are placed in custody with Capital International Limited. These operations are detailed in a formal contract that incorporates notice periods and a full exit management plan. Delivery of services under the contract is monitored by a dedicated relationship manager provided by the Company's service provider, Hansard Administration Services Limited, a fellow wholly owned subsidiary of Hansard Global plc. Both relationships are managed against documented Service Level Agreements and Key Performance Indicators.

The Company has an exposure to credit risk in relation to its deposits with credit institutions and its investments in unitised money market funds. To manage these risks; deposits are made, in accordance with established policy, with credit institutions having a short-term rating of at least F1 or P1 from Fitch IBCA or Moody's respectively and a long-term rating of at least A or A3. Investments in unitised money market funds are made only where such fund is AAA rated. Additionally maximum counterparty exposure limits are set.

At the balance sheet date, an analysis of the Company's own cash and cash equivalent balances and liquid investments was as follows:

	2025	2024
	£'000	£'000
Deposits with credit institutions	6,189	5,623
Investments in money market funds	15,275	15,797
	21,464	21,420

C4. Liquidity Risk

Liquidity risk is the risk that the Company, though solvent, does not have sufficient financial resources to enable it to meet its obligations as they fall due, or can only secure them at excessive cost. The Company is averse to liquidity risk and seeks to minimise this risk by not actively pursuing it except where necessary to support other objectives.

The Company's objective is to ensure that it has sufficient liquidity over short- (up to one year) and medium-term time horizons to meet the needs of the business. This includes liquidity to cover regulatory capital obligations as well as working capital to fund day-to-day cash flow requirements. Liquidity risk is principally managed in the following ways:

- Assets of a suitable marketability are held to meet liabilities as they fall due.

- Forecasts are prepared regularly to predict required liquidity levels over both the short- and medium-term.

The Company's exposure to liquidity risk is considered to be low since it maintains a high level of liquid assets to meet its liabilities.

C5.1. Operational Risks

Operational risk is the risk of loss or other adverse impact arising from inadequate or failed internal processes, action or inaction of people - for example management failure, organisational structure or other human resource failures, system failures and/or external events.

The Company have outsourced all operational processing to Hansard Administration Services Limited ("HASL"), an authorised Insurance Manager within the Group, based in the Isle of Man - refer to sections B.4 Internal Control System and C5.1.1 Outsourcing Risks. The Company adequately manages, monitors, and oversees its outsourcing arrangements with relevant reporting to the relevant Board Risk Committee.

C5.1.1. Outsourcing Risks:

The outsourcing of services should not result in a poorer overall quality of service to policyholders or weakened financial controls compared to the Company performing the relevant activities and services in-house. The quality and terms of outsourced services should be clearly defined. The expense should be appropriate for the service being provided. Financially, the cost of outsourcing should reflect efficiencies in processing and be met from policy margins. The Company itself adequately manages, monitors, and oversees its outsourcing arrangements with relevant reporting to the Board Risk Committee. Focus is given to the sub-divisions of operational risk which have the capacity to cause detriment to the Company, with particular focus on business continuity, crime and fraud risks and cyber risks.

C5.1.2. Litigation Risks:

Litigation cases are primarily managed on their respective merit, with due regard for ongoing, as distinct from settlement, expenses, and the implication of the result. New cases are considered on their merits and handled professionally. Financially, the impact of actual or potential litigation is assessed as soon as practical (usually when there is sufficient information to assess the claim).

C5.1.3. Policyholder Relationship Risks:

Policyholder relationships are managed with proper regard for the provision of accurate and timely information, due regard for the governing contractual provisions, the prevailing consumer and regulatory environment, and appropriate consideration of individual circumstances, where these are known to the Company. Financially, the costs of handling policyholder relationships are included in the outsourcing tariff.

C5.1.4. Policyholder Asset Risks:

Policies are linked to assets that are liquid, marketable and capable of administration and in line with the 'Prudent Person Principle': their handling is appropriate. Financially, pricing suspensions cause the deferral of charges and may increase policyholder complaints. Asset acceptability is overseen by the Investment Committee and applied by Capital International Limited. The Investment Committee reports to the HE Risk Committee.

A majority of the assets on the Company's balance sheet are held in respect of unit-linked contracts where the Policyholder or their mandated agent has selected the assets to be linked to their policies. Solvency II regulations have brought in the 'Prudent Person Principle' in relation to investing in assets. The Company is required to apply this principle and has ensured that its investment policy and asset acceptability framework are aligned with this Principle, for all new asset choices.

C5.1.5. Shareholder Asset Risks:

Shareholder assets are invested in a prudent manner and in accordance with set criteria designed to mitigate liquidity risk, including high quality Money Market Funds, Fixed Deposits and Corporate Bonds.

C6. Other Material Risks

The key external developments relevant to HEdac's risk and capital profile include the following:

A. Geopolitical Risk

Geopolitical instability in Eastern Europe, which escalated during February 2022 with Russia's invasion of Ukraine has remained under scrutiny during the reporting period, reflective of the immediate humanitarian crisis, which triggered the mobilisation of swift and far-reaching responses by the NATO defence alliance. In addition to the human toll of the conflict the attention of the Board has been focused on the potential impacts to economic and global financial markets, the exacerbation of existing macroeconomic challenges, such as rising inflation and supply chain disruption and the rapid escalation of cyber risks. The nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions and reactions to ongoing developments by global financial markets are being actively monitored via established ERM protocols.

B. Regulatory Environment

HEdac closed to new business 30 June 2013. The Company's strategy, its risk appetite, and analysis of the risks it faces are predicated on the basis of a reducing book of residual business where the assureds are mainly based in various jurisdictions within the European Union (EU). Notwithstanding that position there are a number of factors generated by the continuing evolution of the regulatory environment which have the capacity to influence the Company's risk and capital profile as the book runs off. In particular:

- The profile of the Company's cost base is increasingly influenced by developments in Home and Host State regulatory environments and associated compliance obligations. As the size of the book decreases this can be expected to result in a disproportionate increase in the expense base and unit costs of administering the book. Experience determines that it is reasonable to conclude the cost base will not reduce proportionately with the size of the book.
- As regulatory focus and expectations in respect of conduct risk continue to evolve, exposures may arise either as the consequence of historic weaknesses in the management of Conduct risk, which have not been previously identified, or as the result of enhanced consumer awareness and influence. Analysis of movement in risk appetite metrics for the financial year ended 30 June 2025 indicate that it is prudent to consider that the Company's experience in terms of increased litigation exposures might continue and / or deteriorate over time.

C. Macro-Economic and Financial System Developments

Risks to international financial stability remain elevated, driven by the residual impacts of the Pandemic environment converging with the far-reaching implications of Russia's military action against Ukraine. Policy uncertainties and geopolitical tensions driving unprecedented increases in wholesale gas and power prices are presenting significant consequences for global economies. Businesses across multiple sectors are faced with the risk of considerable disruptions, which may manifest directly or via third party suppliers. The critical increases in energy costs, together with the hyper-inflationary environment and cost of living crisis could trigger disorder in global financial markets exacerbating the market volatilities and recessionary risks already visible as a long-term consequence of the Pandemic environment.

Whilst the Company is less exposed as a closed book to such uncertainties and unit-linked products carry no interest rate risk for the Company, any adverse effects on economic, regulatory or financial market conditions must be monitored and assessed on a continuing basis, with particular attention to the management, monitoring and mitigation of any risks to business resilience.

C.7 Any Other Information

There is no other information.

D: Valuation for solvency purposes

D.1 Assets

The following table analyses the Company's financial assets at 30 June 2025:

Financial Assets (£m)	Solvency II value		Statutory accounts value	
Assets held for index-linked and unit-linked contracts:	2025	2024	2025	2024
Equity securities	1.2	0.7	1.2	2.1
Collective investment schemes	49.2	54.9	49.2	53.8
Fixed income securities	0.2	0.0	0.2	0.3
Deposits and money market funds	3.3	3.5	3.3	3.1
	54.1	59.3	54.1	59.3
Cash and cash equivalents	21.5	21.4	21.5	21.4
Deposits other than cash equivalents	0.0	0.0	0.0	0.0
Debtors	1.6	0.5	1.6	0.5
Deferred origination costs	0.0	0.0	0.0	0.0
	77.2	81.2	77.2	81.2

There is no material difference between the valuation for solvency purposes and the valuation of assets in the financial statements.

The Company closely monitors the valuation of assets in markets that have become less liquid. Determining whether a market is active requires the exercise of judgement and is determined based upon the facts and circumstances of the market for the instrument being measured. Where the Directors determine that there is no active market for a particular financial instrument, fair value is assessed using valuation techniques based on available, relevant, information and an appraisal of all associated risks. This process requires the exercise of significant judgement by the Directors.

Under FRS the Company applies some International Reporting Standards (IFRS) including IFRS 13 (in line with its parent and group) which requires the Company to classify fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring that fair value. The hierarchy is as follows:

- Level 1: fair value is determined using quoted prices (unadjusted) in active markets for identical assets.
- Level 2: fair value is determined using inputs other than quoted prices included within Level 1 that are observable for the asset either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value is determined using inputs for the asset that are not based on observable market data (unobservable inputs).

The following table analyses the Company's financial assets and liabilities at fair value through profit or loss, at 30 June 2025:

Financial assets at fair value through profit or loss (£m)	Level 1	Level 2	Level 3	Total
Equity securities	0.9	0.3	-	1.2
Collective investment schemes	48.5	0.6	0.1	49.2
Fixed income securities	-	0.1	0.1	0.2
Total financial assets at fair value through profit or loss	49.4	1.0	0.2	50.6

No assets were reclassified from Level 3 to Level 1 or Level 2 during the financial year.

D.2 Technical Provisions

The technical provisions comprise the Best Estimate of the Liabilities ("BEL") and the Risk Margin. At 30 June 2025, the technical provisions are:

Technical Provisions (£m)	2025	2024
Best Estimate of Liabilities	56.1	61.3
Risk Margin	0.8	0.9
Total	56.9	62.2

A. Best Estimate of Liabilities (BEL)

The BEL represents the unit linked liability less the projected future surplus from unit-linked policies plus certain non-linked reserves. The calculations have been performed on a best estimate basis in accordance with Articles 75 to 86 of the Solvency II Directive. The underlying policyholder behaviour assumptions are based on observed policyholder behavior experience (such as surrenders, lapses, fund choices etc.). Economic assumptions have been set to be consistent with economic conditions prevailing on 30 June 2025. The calculations do not make any allowance for transitional measures.

The main assumption in calculating the future surplus from the unit linked policies is regarding the level and duration of future expenses.

B. Risk Margin

The Risk Margin is an addition to the BEL to ensure that the value of the technical provisions is equivalent to the amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations. The risk margin is calculated as the amount of capital needed to support the Solvency Capital Ratio over the lifetime of the business at a prescribed cost of capital rate of 6% per annum.

The technical provisions represent a realistic estimate of the Company's future obligations with an allowance for some deviation for plausible changes in estimation in the form of the risk margin. They are not expected to be sufficient to meet the Company's obligations in all scenarios.

The key sources of uncertainty for the Company are expenses, policyholder behaviour assumptions and potential costs arising out of litigation.

The technical provisions in the financial statements are shown as the technical provisions for linked liabilities. The difference between the technical provisions in the valuation for solvency (£56.9m) and the financial statements (£54.1m) in relation to the financial year ending 30 June 2025 is the amount of the risk margin and the difference between the unit-linked liability and the BEL. The difference amounts to £2.8m (2024: £2.9m).

The Company does not apply the matching adjustment referred to in Article 77b of Directive 2009/138/EC.

The Company does not use the volatility adjustment referred to in Article 77d of Directive 2009/138/EC.

The Company does not apply the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC.

The Company does not apply the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

The Company recovered £482 from reinsurance contracts during the year 1 July 2024 to 30 June 2025 (2024: £199).

There were no material changes in the assumptions used in the calculation of the technical provisions.

D.3. Other Liabilities

Contingent liabilities

For the valuation for solvency purposes, material contingent liabilities must be recognised as liabilities, unlike FRS principles under which they are only recognised if the payment of a liability is probable ("more likely than not") and can be estimated reliably. The contingent liabilities in the valuation for solvency purposes are valued on the expected present value of future cash-flows required to settle the contingent liabilities over its lifetime.

For each contingent liability, consideration has been given to the possible exposure of each liability and the likelihood of these outcomes in the determining the value of each contingent liability. The overall amount has been calculated at £3.2m (2024: £3.4m).

All other liabilities

These comprise:

- insurance and intermediary payables of £6.0m (2024: £4.4m) on both a Solvency II and FRS basis;
- trade payables of £5.5m (2024: £4.5m) on an FRS basis. The equivalent value on a Solvency II basis is £5.1m. Under the FRS basis, the Company holds a risk reserve provision of £0.4m that is not required under the Solvency II basis; and
- Provisions for legal settlements £0.6m (2024: £0.5m).

No other adjustment is required to these valuations for the valuation for solvency purposes as the amounts held under FRS measurement principles are deemed to be approximations of fair value.

Deferred Income reserve

Under FRS recognition principles, fees charged for services related to the management of investment-linked contracts are recognised as revenue as the services are provided. Initial fees which exceed the level of recurring fees and relate to the future provision of services are deferred. These are amortised over the anticipated period in which services will be provided.

The Deferred Income Reserve (£0.6m) is not relevant for the valuation for solvency purposes.

D.4 Alternative Methods for Valuation

The Company does not use any alternative methods for valuation.

D.5 Any other information

There is no other information.

E. Capital Management

E.1 Own funds

The Company is a single shareholder entity whose issued shares are fully paid up. It has no debt financing, nor does it have any plans to raise debt or issue new shares in the short or medium term.

The Company's own funds are primarily invested in cash deposits or money market funds. There is no intention to change the disposition of own fund items.

The medium-term capital management plan set by the Board is as follows:

- Own funds to be maintained at an agreed level of at least 150% of the SCR
- No capital is planned to be issued in the short or medium term
- Own fund items (other than the value arising from the existing policies) are invested in bank deposits or cash funds according to a Board approved Treasury Policy

Own funds are comprised of paid-in ordinary share capital, a capital contribution and a reconciliation reserve. As noted in Capital Management section on page 5, and B.1.5, the Company's capital contribution on a Solvency II basis was increased during year.

Own Funds (£m)		2025		2024
Ordinary Share Capital		10.1		10.1
Capital Contribution		3.7		3.0
		13.8		13.1
Difference in the valuation of assets	(0.0)		(0.0)	
Difference in the valuation of technical provisions	(2.8)		(2.9)	
Difference in the valuation of other liabilities	(2.7)		(2.5)	
Total of reserves and retained earnings from financial statements	(3.3)		(1.5)	
Risk reserve provision	0.4		-	
Reconciliation reserve		(8.4)		(6.9)
Basic Own Funds		5.4		6.2

The eligible amount of own funds to cover the Solvency Capital Requirement and the Minimum Capital Requirement is £5.4m. This is comprised entirely of Tier 1 Basic Own Funds.

The following table reconciles the differences (reconciliation reserve) between the equity in the financial statements and the excess of the assets over liabilities as calculated for solvency purposes.

Reconciliation of Basic Own Funds to Equity in the financial statements as at 30 June 2025 (£m)	2025	2024
Total Equity in financial statements	10.5	11.6
Deduct items not recognised in financial statements:		
Difference between unit linked liabilities and BEL	(2.1)	(2.0)
Contingent Liabilities	(3.2)	(3.4)
Risk Margin	(0.8)	(0.9)
Add items not recognised in Solvency II Balance Sheet		
Deferred Income Reserve	0.6	0.9
Risk reserve provision	0.4	-
Basic Own Funds	5.4	6.2

None of the Company's own funds are subject to transitional arrangements and the Company has no ancillary own funds. No deductions are applied to own funds and there are no material restrictions affecting their availability and transferability.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The amount of the Company's Solvency Capital Requirement at the end of the reporting period is £3.7m (2024: £4.0m).

The table below shows the components of the SCR (using the Standard Formula) at 30 June 2025.

SCR Components (£m)	**2025**	**2024**
Market Risk analysed by:		
- Equity Risk	0.9	1.1
- Currency Risk	1.2	1.3
- Interest Rate Risk	0.1	0.2
- Concentration Risk	0.1	0.1
- Spread Risk	0.0	0.1
- Market Diversification Benefit	(0.6)	(0.7)
Total Market Risk	1.8	2.1
Life Risk analysed by:		
- Lapse Risk	0.7	0.8
- Expense Risk	0.8	0.9
- Catastrophe Risk	0.0	0.0
- Mortality Risk	0.0	0.0
- Longevity Risk	0.0	0.0
- Insurance Diversification Benefit	(0.2)	(0.2)
Total Life Risk	1.3	1.5
Total Default Risk	0.6	0.5
Basic Solvency Requirements ('BSCR') pre-Diversification	3.7	4.1
Overall Diversification Benefit	(1.0)	(1.1)
BSCR	2.7	3.1
Operational Risk	1.0	0.9
Adjustment for Loss Absorbing Capacity of deferred taxes	0.0	0.0
SCR	**3.7**	4.0
MCR	**3.4**	3.4

The Company uses EIOPA's Solvency II Standard Formula. It does not use Company specific parameters and does not use simplified calculations in its computation.

The Minimum Capital Requirement at 30 June 2025 is £3.4m (2024: £3.4m) which is the minimum, calculated from the formula, using the Central Bank of Ireland published exchange rate at 30 June 2025.

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

The Company has not opted to use the duration-based equity risk sub-module, of the Solvency II regulations.

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

The Company applies the Standard formula model and does not use an internal model to calculate the Solvency Capital Requirement.

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

There was no breach of the Solvency Capital Requirement (and hence the Minimum Capital Requirement) over the reporting period.

E.6 Any Other Information

As noted in B.1.5, the capital contribution provided by the Shareholder increased by £0.7m on a Solvency II basis during the year.

Annex 1: Annual Quantitative Reporting Templates

(all figures are £000's)

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	54,100
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	
Non-life and health similar to non-life	**R0280**	
Non-life excluding health	**R0290**	
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	
Reinsurance receivables	**R0370**	
Receivables (trade, not insurance)	**R0380**	674
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet	**R0400**	
Cash and cash equivalents	**R0410**	21,464
Any other assets, not elsewhere shown	**R0420**	959
Total assets	**R0500**	77,196

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	
Technical provisions – non-life (excluding health)	R0520	
TP calculated as a whole	R0530	
Best Estimate	R0540	
Risk margin	R0550	
Technical provisions - health (similar to non-life)	R0560	
TP calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
TP calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	56,892
TP calculated as a whole	R0700	
Best Estimate	R0710	56,134
Risk margin	R0720	759
Contingent liabilities	R0740	3,202
Provisions other than technical provisions	R0750	594
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	5,959
Reinsurance payables	R0830	
Payables (trade, not insurance)	R0840	5,107
Subordinated liabilities	R0850	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	R0900	71,755
Excess of assets over liabilities	R1000	5,442

Annex I
S.04.05.21
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations				
			C0002.01	C0002.02	C0002.03	C0002.04	C0002.05
			FR	BE	NL	DE	LU
			C0040.01	C0040.02	C0040.03	C0040.04	C0040.05
Gross Written Premium	**R1020**		0	0	0	0	0
Gross Earned Premium	**R1030**		366	330	312	207	17
Claims incurred	**R1040**		1,738	1,018	1,582	539	431
Gross Expenses Incurred	**R1050**		1	1	1	0	0

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

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	**R1410**									
Reinsurers' share	**R1420**									
Net	**R1500**									
Premiums earned										
Gross	**R1510**			1,275						1,275
Reinsurers' share	**R1520**			4						4
Net	**R1600**			1,271						1,271
Claims incurred										
Gross	**R1610**			6,210						6,210
Reinsurers' share	**R1620**			0						0
Net	**R1700**			6,209						6,209
Expenses incurred	**R1900**			3,898						3,898
Balance - other technical expenses/income	**R2510**									
Total expenses	**R2600**									3,898
Total amount of surrenders	**R2700**			2,254						2,254

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**
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 as a whole	**R0020**										
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	**R0030**			56,134							56,134
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**										
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**			56,134							56,134
Risk Margin	**R0100**		759								759
Technical provisions - total	**R0200**		56,892								56,892

Annex I
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	10,122	10,122			
Share premium account related to ordinary share capital	**R0030**					
Iinitial 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**	-8,354	-8,354			
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	**R0180**	3,674	3,674			
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**	5,442	5,442			
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	**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	**R0350**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive	**R0360**					
Supplementary members calls - other than under first subparagraph of Article 96(3) of	**R0370**					
Other ancillary own funds	**R0390**					
Total ancillary own funds	**R0400**					
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	5,442	5,442			
Total available own funds to meet the MCR	**R0510**	5,442	5,442			
Total eligible own funds to meet the SCR	**R0540**	5,442	5,442			
Total eligible own funds to meet the MCR	**R0550**	5,442	5,442			
SCR	**R0580**	3,730				
MCR	**R0600**	3,422				
Ratio of Eligible own funds to SCR	**R0620**	145.88%				
Ratio of Eligible own funds to MCR	**R0640**	159.03%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	5,442
Own shares (held directly and indirectly)	**R0710**	
Foreseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	13,796
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Reconciliation reserve	**R0760**	-8,354
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	
Total Expected profits included in future premiums (EPIFP)	**R0790**	

Annex I
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	**C0090**	**C0120**
Market risk	**R0010**	1,764		
Counterparty default risk	**R0020**	599		
Life underwriting risk	**R0030**	1,320		
Health underwriting risk	**R0040**			
Non-life underwriting risk	**R0050**			
Diversification	**R0060**	-981		
Intangible asset risk	**R0070**			
Basic Solvency Capital Requirement	**R0100**	2,702		

Calculation of Solvency Capital Requirement		**C0100**
Operational risk	**R0130**	1,028
Loss-absorbing capacity of technical provisions	**R0140**	
Loss-absorbing capacity of deferred taxes	**R0150**	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	
Solvency capital requirement excluding capital add-on	**R0200**	3,730
Capital add-on already set	**R0210**	
of which, capital add-ons already set - Article 37 (1) Type a	**R0211**	
of which, capital add-ons already set - Article 37 (1) Type b	**R0212**	
of which, capital add-ons already set - Article 37 (1) Type c	**R0213**	
of which, capital add-ons already set - Article 37 (1) Type d	**R0214**	
Solvency capital requirement	**R0220**	3,730
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 Requirement for matching adjustment portfolios	**R0430**	
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	

		Yes/No
Approach to tax rate		**C0109**
Approach based on average tax rate	**R0590**	N/A

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

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity
Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	**R0200**	397

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	**C0060**
Obligations with profit participation - guaranteed benefits	**R0210**		
Obligations with profit participation - future discretionary benefits	**R0220**		
Index-linked and unit-linked insurance obligations	**R0230**	56,134	
Other life (re)insurance and health (re)insurance obligations	**R0240**		
Total capital at risk for all life (re)insurance obligations	**R0250**		5,409

Overall MCR calculation

		C0070
Linear MCR	**R0300**	397
SCR	**R0310**	3,730
MCR cap	**R0320**	1,679
MCR floor	**R0330**	933
Combined MCR	**R0340**	933
Absolute floor of the MCR	**R0350**	3,422
		C0070
Minimum Capital Requirement	**R0400**	3,422