RGA International Reinsurance Company dac

Solvency and Financial Condition Report (SFCR)

31 December 2018

Contents

Executive Summary

Company ownership

RGA International Reinsurance Company dac ("the Company") was incorporated in Ireland on 24th June 2003 as a wholly owned subsidiary of Reinsurance Group of America, Incorporated (RGA Inc.), the ultimate parent company in the Group whose corporate headquarters is located in St. Louis, Missouri and is listed on the New York Stock Exchange (NYSE: RGA).

In 2017 there was a change of immediate parent and the Company is now a wholly owned subsidiary of RGA Americas Reinsurance Company Ltd., a Bermudian reinsurance company which is 100% owned by RGA Inc.

Authorisation and lines of business

The Company is authorised by the Central Bank of Ireland to carry out life and non-life reinsurance. The Singapore Branch is also authorised by the Monetary Authority of Singapore.

The Company predominantly writes business in Ireland, the U.K., Continental Europe (including Eastern Europe and Scandinavia), Singapore and other parts of South East Asia.

On 1st February 2018, an RGA affiliate company, RGA Life Reinsurance Company of Canada (RGA Canada) opened a branch in India. Simultaneously the Company discontinued writing new business as a reinsurer and began writing business as a retrocessionaire. The inforce business at 1st February 2018 remained in the Company.

The Company reinsures life products primarily covering mortality risk, longevity risk, and all related riders. In addition reinsurance is offered for accidental death and dismemberment, disability, total permanent disability, and critical illness coverages. Additional solutions include customised non-traditional reinsurance to meet the specific needs of clients.

The geographical dispersion of the material lines of business are shown in section A.1.5 of this report.

2018 Company performance

The gross earned premium in 2018 was €720.3million (2017: €674.4million). As part of the Company's capital and risk management strategy a significant amount of risk is ceded to other group companies. The net retained earned premium reduced from €128.8 million to €122.8 million, a decrease of 4.6%.

The Company generated a profit before tax of €20.4million (2017: €20.5million).

The Company is rated AA- stable by Standard and Poor's.

Governance

The Company is overseen by its Board of Directors who have established three committees of the Board (Audit; Risk Management and Compliance; and Investment) to oversee the operations of the Company. In addition, the Board has established a risk management system and an internal control framework that it considers to be appropriate given the nature and scale of the business. Full details of the Company's governance procedures; how it identifies and controls risk; including the Company's audit processes, are included in Section B of this report.

Risk profile

The Company's risk profile is discussed in detail in Section C of this report. The most significant risks that the Company faces are predominantly insurance and market risks. These risks account for 57% (2017: 56%) and 35% (2017: 36%) of the Company's solvency capital requirement respectively. The Company has a prudent investment philosophy concentrating its investment into fixed income securities and employs a strategy of diversifying single name counterparties and asset liability matching to manage the market risks that it faces.

Regulatory v Financial Statement balance sheets

The main differences between the valuation of assets and liabilities in the Regulatory (Central Bank return) and Financial Statement balance sheets are:

1. Deferred acquisition costs (excluded from the regulatory balance sheet);
2. The method employed to calculate the technical provisions.

The valuation of each asset and liability class are explained in detail in section D.

The Company's eligible own funds as per the regulatory balance sheet as at 31 December 2018, were €664.9million (2017: €581.0million) as opposed to the Shareholder's Funds in the Financial Statements of €512.6million (2017: €600.4million). A full reconciliation is included in section E.1.3.

Solvency

The Solvency Capital Requirement (SCR) reflects the level of eligible own funds that the Company is required to hold to absorb significant losses and that gives reasonable assurance to treaty participants and beneficiaries that payments will be made as they fall due.

The solvency ratio as at the 31 December was as follows:

Solvency Ratio	**2018 €'M**	**2017 €'M**
Eligible Own funds	664.9	581.0
Solvency Capital Requirement (SCR)	468.6	414.2
Solvency Ratio	**142%**	**140%**

The Minimum Capital Requirement (MCR) is the minimum level of eligible own funds that the Company is required to hold.

The minimum solvency ratio as at 31 December was as follows:

Minimum Solvency Ratio	**2018 €'M**	**2017 €'M**
Eligible Own funds	664.9	581.0
Minimum Capital Requirement (MCR)	128.5	136.6
Minimum Solvency Ratio	**517%**	**425%**

The Company has maintained compliance with all the solvency requirements through-out the year.

Board Approval

This report was approved for publication by the Board of Directors on 15th April 2019.

Patricia Kavanagh

Patricia Kavanagh
Managing Director

John O'Hanlon

John O'Hanlon
Director

A - Business and Performance

A.1 Business and External Environment

1.1 Legal Status

RGA International Reinsurance Company dac ("the Company") was incorporated in Ireland on 24 June 2003 and has established branch offices in the U.K., France, Spain, Italy, the Netherlands, Germany, Poland and Singapore. The Company was reconstituted as a designated activity company in accordance with the Companies Act 2014.

The Company's registration details:

- Companies House registration number:
  372722
- Registered address:

  RGA International Reinsurance Company dac
  3rd Floor, Block C
  Central Park
  Leopardstown
  Dublin 18
  D18 X5T1

The Company is authorised by the Central Bank of Ireland to carry out life and non-life reinsurance.

- Principal Office:
  Central Bank of Ireland
  New Wapping Street
  North Wall Quay
  Dublin 1

The Company's branch in Singapore is also regulated by the Monetary Authority of Singapore.

On 29 March 2017, the UK Government gave notice of its intention to leave the European Union (EU) on 29 March 2019. RGA's UK branch currently operates as an EEA branch of the Company on a freedom of establishment basis. In March 2018 the Company submitted an application to the PRA to authorise the existing UK branch to operate as a 3rd Country Branch to ensure that its UK operations can continue. The application remains under consideration by the PRA. There have been questions from the PRA and requests for further information to support the application. The working assumption of the Company is that the Branch will be approved by June 2019 but that the Branch would not necessarily need to be activated before the end of the implementation period i.e. 31 December 2020.

Given the uncertainties around Brexit and whether the final agreement with the EU will include such an implementation period, the Company will be prepared to activate the Branch in 2019 if required by cedants or by the regulator.

1.2 Ownership

The Company is a wholly owned subsidiary of RGA Americas Reinsurance Company Ltd. (RGA Americas), a company incorporated in Bermuda and regulated by the Bermuda Monetary Authority. RGA Americas is a wholly owned subsidiary of the ultimate parent company Reinsurance Group of America, Incorporated, whose corporate headquarters is located in St. Louis, Missouri and is listed on the New York Stock Exchange (NYSE: RGA).

1.3 External Auditors

The independent external auditors of the Company are:

Ms. Eimear McCarthy
Deloitte Ireland LLP

Deloitte & Touche House
Earlsfort Terrace
Dublin 2
D02 AY28

1.4 Related Parties

Share Capital

The Company has issued €0.8million of ordinary share capital to its sole shareholder RGA Americas. The share capital is fully paid. During the year the Company issued 70,000 shares.

Share Premium

The Company has received Share Premium of €35.7million during the year from RGA Americas. The Share premium was received for the issue of 70,000 $1 ordinary shares. The share premium received was €509.61 per share.

Capital Contributions

RGA Group has made capital contributions to the Company of €241.3million. The Company has no obligation to repay the contributions.

Sub-ordinated loan note

RGA Americas has entered into a sub-ordinated loan agreement with the Company for €90million.

The Capital Contributions and Subordinated Loan Agreements have been made in accordance with Solvency II requirements and approved by the Central Bank of Ireland.

Retrocession

As part of its risk management mitigation the Company retrocedes a significant portion of its business to RGA Group companies in particular RGA Atlantic Reinsurance Company Ltd. ("RGA Atlantic"). The effects of the retrocession arrangements are shown in the Company's underwriting performance in section A.2.5.

Administrative Services

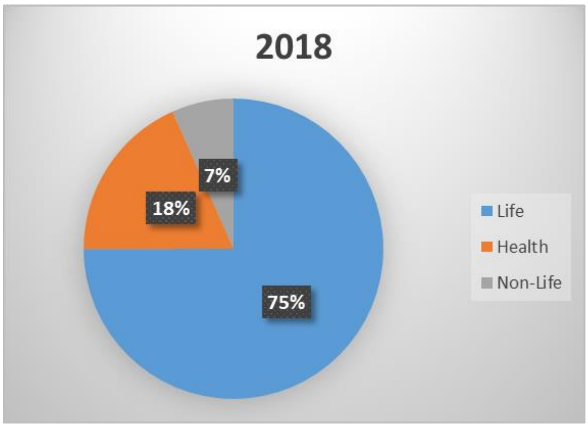
RGA Inc. and its subsidiaries ("the Group") avail of a number of shared services and outsourcing arrangements. Charges for these services are calculated on cost plus basis, with the mark-ups being consistent with both local tax guidelines and the OECD's Base Erosion and Profit Shifting (BEPS) recommendations.

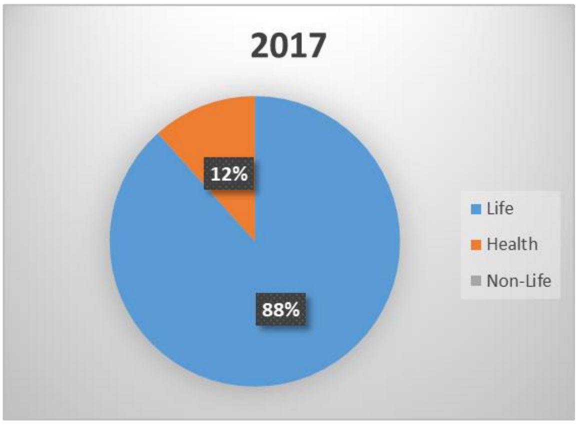
1.5 Material Lines of Business

The Company reinsures life products primarily covering mortality risk, annuity risk, and all related riders. In addition reinsurance is offered for accidental death and dismemberment, disability income, total permanent disability, and critical illness coverages. Additional solutions include customised non-traditional reinsurance to meet the specific needs of clients.

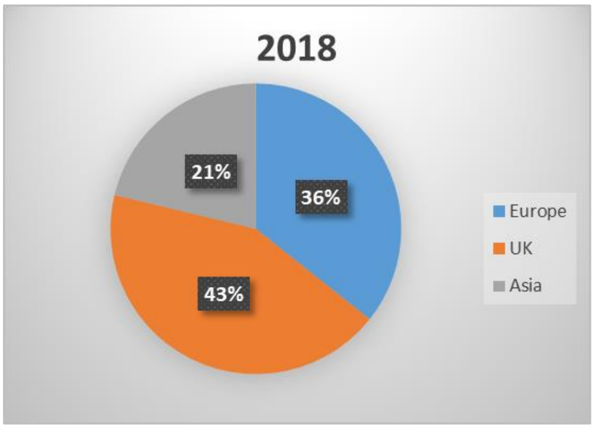
The gross earned premium in 2018 was €720.3million (2017: €674.4million). The growth of the company was 7%.

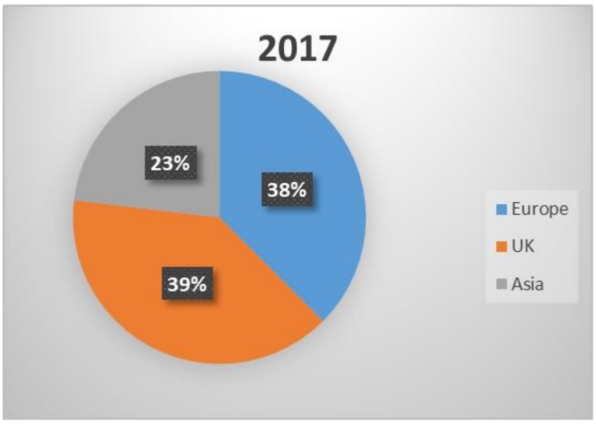
A block of single premium business written in 2017 and originally classified as life business was reclassified as non-life in 2018.This business was 7% of the total gross written premiums. The premium split between life and health reinsurance has remained constant.





The geographical premium split was as follows:





A.2 Company Performance

The Company prepares its Financial Statements in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102).

The Company's technical results presented in those Financial Statements are summarised as follows:

	Section	2018 €'M	2017 €'M
Gross Premium Earned		720.3	674.4
Gross Benefits (Claims incurred & reserve movement)		(625.9)	(568.9)
Experience Refunds		(7.0)	(7.6)
Investment Returns from Dedicated Asset Intensive Portfolios	A.2.2	92.1	84.4
Gross Underwriting Profit	A.2.1	**179.5**	**182.3**
Investment Returns from Other Investments	A.2.2	11.2	12.5
Other Income	A.2.3	4.7	3.2
Reinsurance Arrangements	A.2.5	(123.8)	(128.0)
Operating Expenses	A.2.4	(51.2)	(49.5)
Profit before Tax		**20.4**	**20.5**

The increase in the Company's profit before tax is explained in sections A2.1 to A2.5.

A.2.1 Underwriting Performance

The gross underwriting profit by line of business was as follows:

2018	Life €'M	Health €'M	Non-Life €'M	Total €'M
Gross Premiums Earned	540.0	132.3	48.0	720.3
Gross benefits	(513.9)	(94.1)	(18.0)	(626.0)
Experience refund	(4.5)	(2.5)	-	(7.0)
Investment Returns from asset intensive portfolios	92.2	-	-	92.2
Gross Underwriting Profit	**113.8**	**35.7**	**30.0**	**179.5**

2017	Life €'M	Health €'M	Non-Life €'M	Total €'M
Gross Premiums Earned	595.9	78.5	0.0	674.4
Gross benefits	(523.5)	(46.1)	0.7	(568.9)
Experience refund	(5.8)	(1.8)	-	(7.6)
Investment Returns from asset intensive portfolios	84.4	-	-	84.4
Gross Underwriting Profit	**151.0**	**30.6**	**0.7**	**182.3**

The gross underwriting profit by geographical area is analysed as follows:

2018	Continental Europe €'M	UK €'M	Asia €'M	Total €'M
Gross Premiums Earned	257.1	310.1	153.1	720.3
Gross benefits	(156.9)	(357.7)	(111.4)	(626.0)
Experience refund	(5.6)	-	(1.4)	(7.0)
Investment Returns from asset intensive portfolios	-	92.2	-	92.2
Gross Underwriting Profit	**94.6**	**44.6**	**40.3**	**179.5**

2017	Continental Europe €'M	UK €'M	Asia €'M	Total €'M
Gross Premiums Earned	253.0	265.4	156.0	674.4
Gross benefits	(157.6)	(289.4)	(121.9)	(568.9)
Experience refund	(4.5)	-	(3.1)	(7.6)
Investment Returns from asset intensive portfolios	-	84.4	-	84.4
Gross Underwriting Profit	**90.9**	**60.4**	**31.0**	**182.3**

In 2018, the gross earned premium grew by 7%. The growth by Geographical region was: Europe – 2%; UK – 17% and Asia – (2%). On 1st February 2017, an RGA affiliate Company, RGA Life Reinsurance Company of Canada (RGA Canada) opened a branch in India. Simultaneously the Company discontinued writing new business in India as a reinsurer and began writing business as a retrocessionaire.

The gross earned premium in 2018 was €720.3million (2017: €674.4million). The growth of the company was 7%.

In 2018, the Company wrote a large amount single premium non-life business. This single premium business was reclassed from Life in 2017 to Non-Life in 2018 (which explains the apparent decrease in Life business in 2018). This business was 7% of the total gross written premiums. The premium split between life and health reinsurance has remained constant.

The life reinsurance business includes asset intensive business written in the United Kingdom. These transactions which provide reinsurance for closed books of annuities in payment have dedicated portfolios of assets, invested to generate cash flows to meet the annuity payments when due. The investment income and realised gains from these portfolios was €92.2million (2017: €84.4million). This investment return has been included as part of the gross underwriting profit to give a more accurate reflection of the actual performance.

The gross underwriting profit including the asset intensive portfolio income was €179.5million (2017: €182.3million).

In December 2018, the Company completed an asset intensive longevity transaction and acquired by way of reinsurance a series of deferred annuities in payment and received a portfolio of assets of €310.6 million.

A.2.2 Investment Performance

The Investment return comprised on the follows:

	2018 €'M	2017 €'M
Investment Return from Asset Intensive Porfolios	92.2	84.4
Investment Return from Other Investment Portfolios	11.0	12.5
	103.2	96.9

The Investment Return for the Company was as follows:

2018	Fixed income securities €'M	Short term investments €'M	Other investments €'M	Total €'M
Interest receivable	118.0	0.8	15.3	134.1
Net amortised discounts and premiums	(25.4)	(0.1)	(2.6)	(28.1)
Investment expenses	(4.7)	-	-	(4.7)
Investment Income	87.9	0.7	12.7	101.3
Realised gains	0.7	1.2	-	1.9
	88.6	1.9	12.7	103.2

2017	Fixed income securities €'M	Short term investments €'M	Other investments €'M	Total €'M
Interest receivable	106.2	0.4	11.0	117.6
Net amortised discounts and premiums	(23.7)	(0.2)	(1.9)	(25.8)
Investment expenses	(5.2)	-	-	(5.2)
Investment Income	77.3	0.2	9.1	86.6
Realised gains	10.3	-	-	10.3
	87.6	0.2	9.1	96.9

Investment income is recognised as it accrues or is contractually due. Realised gains and losses on sales of investments are recognised as revenue net of any permanent impairments that have incurred in the period. There were no permanent impairments during the year.

The total income generated from investments, including realised gains and losses, was €103.2million (2017: €96.9 million).

The Company, to support its operations, collects cash flows from both coupon interest payments and the sale of financial assets. Therefore, in accordance with IFRS 9 4.1.2A the Company measures these assets at fair value through other comprehensive income. These assets are classified as assets available for sale.

During the year, the Company recognised €173.7million of pre-tax unrealised loss (2017: €32.6million pre-tax unrealised gain) as fair value through Other Comprehensive Income.

A.2.3 Non-Underwriting income

The Company's non-underwriting income comprised of the following:

	2018 €'M	2017 €'M
Financial Reinsurance Fees	4.8	4.3
Foreign Exchange Loss / Gain	(0.1)	(1.1)
	4.7	3.2

The Company has a small number of financial reinsurance contracts. Such contracts provide financial relief for clients and the transfer of "significant" insurance risk is small. The Company receives a fee which is included in other income.

A.2.4 Expenses

The Company's operating expenses comprised the following:

	2018	2017
	€'M	€'M
Acquisition costs	77.4	62.9
Change in acquisition costs	(22.8)	(6.0)
Administration expenses	44.3	43.3
Gross operating expenses	98.9	100.2
Reinsurance commissions and profit participation	(47.7)	(50.7)
Net operating expenses	51.2	49.5

The level of incurred acquisition costs has increased in line with growth of the business and includes a one off commission in a large single premium transaction.

A.2.5 Reinsurance Arrangements

The Company seeks to protect itself from large individual risks and large concentrations of risk. It does this through a retrocession programme, retroceding large elements of its business to other companies within the RGA Group and to external retrocessionaires.

These arrangements consist of both quota share and stop loss treaties.

The net effect of the arrangements were to reduce the Company's profit before tax by €123.8million (2017: €128.0million). The increase is a result of the increase in business growth that the Company achieved during the year.

B - System of Governance and Management Controls

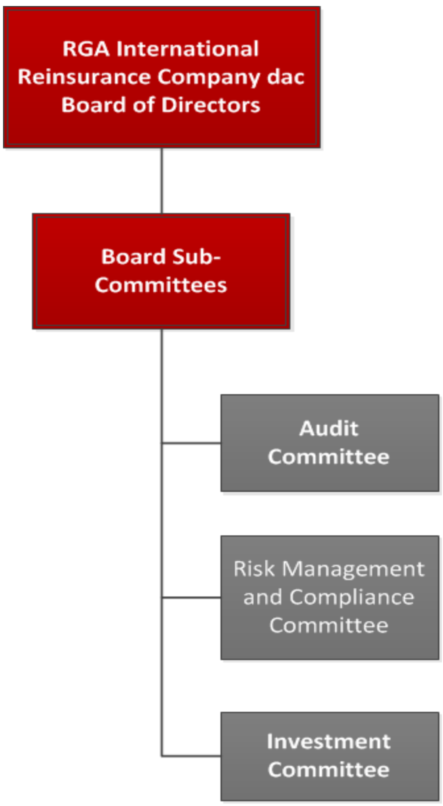
B.1 General Governance arrangements

B.1.1 Role and responsibilities

The principal activity of the Company is the transaction of life and health reinsurance. The Board of Directors ("the Board") is responsible for the strategy and performance of the Company and for ensuring that an effective system of governance is in place to provide for sound and prudent management of the business. The Company has developed a well-defined governance framework giving due regard to the nature, size and complexity of the business.

Overview of the Board and sub-committees

The Board has ultimate responsibility for corporate governance reporting to the ultimate parent, RGA Inc. The Board is chaired by a Group Director and has established three sub-committees each chaired by an independent director. The Committees have no executive power and are accountable to the Board.



It is the Board's responsibility to:

- Determine the Company Strategy and approve the annual business plan.
- Assess regulatory and other risks faced by the Company and take appropriate action to lessen or mitigate those risks, including establishing effective systems of internal controls, risk management and compliance.
- Ensure the solvency requirements are maintained for the Company and its regulated branches.
- Ensure the Company and its branches are run in an effective and efficient manner.
- Establish appropriate policies of the Company and ensure the Company is managed in a sound and prudent manner in accordance with those policies.
- Delegate authority responsibly to Board committees and senior managers which in no way discharges the Board from its duties and responsibilities. To this end the Board is responsible to report to the Company's Shareholder and regulators.
- Guide and support senior managers in the performance of the functions.
- oversee the activities of the Singapore branch.

Audit Committee

During 2018 the Committee consists of three experienced independent Non-Executive Directors and one senior Group Executive Director. Executive and senior management attend the Committee by invitation. The attendees of the Committee on a combined basis have extensive actuarial, life insurance, finance, investment, regulatory and compliance experience.

The Committee meets at least four times a year at appropriate times in the financial reporting and audit cycle and otherwise as required. The chairperson of the Committee is an independent Non-Executive Director and reports at each Board meeting on the activities of the Committee.

The responsibilities of the Audit Committee are to:

- Provide an avenue for communications among the Committee, the external auditors, the internal auditors, management and the Board.
- Oversee the Company's accounting and financial reporting processes and the integrity of its financial statements.
- Oversee the audits of the Company's Financial Statements.
- Oversee the adequacy of the Company's internal controls over financial reporting.
- Oversee the Company's compliance with legal and regulatory requirements.
- Oversee the qualifications and independence of the Company's External Auditor, in respect of which the Committee shall have direct responsibility for the oversight of the work of the Company's External Auditor.
- Oversee the performance and effectiveness of the Company's finance function, internal audit function and External Auditor.
- Identify risks with respect to financial reporting.
- Review the actuarial function and its performance.
- Review and monitor management's response to any findings and recommendations of the Head of Actuarial Function and the Actuarial Peer reviewer.
- Oversee sound business practices within the Company.

- Ensure it understands the Company’s structure, controls and types of transactions in order to adequately carry out its duties.
- Provide reasonable assurance to the Board that financial disclosures made by management fairly present the Company’s financial condition, results, plans and long-term commitments.
- Monitor and review the Company policies delegated to the Committee.

Risk Management and Compliance Committee

During 2018 the Committee consists of three experienced independent Non-Executive Directors and two senior Executive Directors. The Chief Risk Officer and other Senior Executives attend the Committee by invitation. The attendees of the Committee on a combined basis have extensive actuarial, life insurance, finance, investment, regulatory and compliance experience.

The Committee meets at least four times a year. The chairperson of the Committee is an independent Non-Executive Director and reports at each Board meeting on the activities of the Committee.

The responsibilities of the Risk Management and Compliance Committee are to:

- Provide reasonable assurance that material risks to the Company are being identified, assessed and managed appropriately; that controls are in place to safeguard assets; and that relevant laws, regulations and statutory obligations are complied with.
- Ensure oversight and advice to the Board on the current and planned risk exposures of the Company and future risk management strategy.
- Promote the overall effectiveness of corporate governance.
- Make enquiries of management and satisfy itself that sufficient and appropriate information is being presented to it in order for the Committee to fulfil its role in assessing the Company’s system of risk management and compliance.
- Monitor the effectiveness of the risk management and compliance functions, frameworks and systems with respect to the identification, assessment, mitigation, quantification and reporting of all risks.
- Manage the “Own Risk and Solvency Assessment” on behalf of the Board and to assess its adequacy.
- Monitor and review the Company policies delegated to the Committee.
- Regularly review the status of compliance with obligations in all countries in which the Company operates.

Investment Committee

During 2018 the Committee consists of three experienced independent Non-Executive Directors and three senior Executive Directors. Executive and senior management attend the Committee by invitation. The attendees of the Committee on a combined basis have extensive investment, finance, actuarial, life insurance, regulatory and compliance experience.

The Committee meets at least four times a year. The chairperson of the Committee is an independent Non-Executive Director and reports at each Board meeting on the activities of the Committee.

The responsibilities of the Investment Committee are to:

- Monitor and ensure the assets of the Company are properly managed in all jurisdictions in which the Company operates
- Review and evaluate the effectiveness and suitability of the Investment Managers, both in terms of considering the incumbent managers and the selection of replacement managers, with recommendations for actions, to the Board and the Shareholder.
- Monitor the engagement of Investment Managers, including dealing with appointment, remuneration, terms of engagement, monitoring and evaluating the Investment Manager’s objectivity, effectiveness and performance.
- Review and evaluate that sufficient liquidity is maintained to meet the Company’s financial and regulatory obligations.
- Approve, monitor and review such Company policies as may be delegated to the Committee from time to time by the Board. Ensure these policies are consistent with the Company’s risk appetite.
- Review and evaluate the processes adopted by management to monitor the internal and external Investment Manager’s ongoing compliance with these policies and ensure that there is an effective investment management environment within the Company.
- Review the adequacy of the resources within the investment team.
- Report and make recommendations to the Board on the results of reviews and evaluations mentioned above.
- Assist in effective communication between the Board and the Investment Managers.

General Information on the Key Functions:

The following section provides a summary of the authority, resources and operational independence of the key functions.

Risk Function:

The risk function is headed by the Chief Risk Officer ("CRO") who ensures that all risks facing the Company are prudently managed and that material risks are reported regularly to management and the Board. The CRO is responsible for embedding risk management into the Company, promoting risk awareness and a risk culture conducive to best practice risk management in line with the risk philosophy of the Company. The CRO is supported by the Senior Risk Management Officer ("SRMO") and a network of Risk Owners ("ROs"). The CRO acts independently of influence from other functions and management within the context of compliance with Solvency II and Corporate Governance.

The Risk Management Steering Committee ("RMSC") supports the CRO by understanding the risks undertaken by the Company and overseeing the management of these risks. The RMSC meets quarterly to assess current and emerging risks and provides guidance for areas of focus.

The CRO chairs the RMSC, and is responsible for ensuring that all risk management activities and reports are well-documented and appropriately communicated to the RMSC and Company management. The RMSC reports to the Risk Management and Compliance Committee.

Internal Audit Function:

The function is headed by the Company's Head of Audit, who is employed by RGA Enterprise Services Company. Local internal audit employees are employed by RGA UK Services Limited. Internal Audit carries out an important role in monitoring and validating controls for risks across the Company. It has direct accountability to the Audit Committee and reports at least quarterly to the Committee. The Internal Audit function maintains independence from the Company and attests to this independence on an annual basis to the Audit Committee. The Company operates a risk adjusted 3 year audit plan to ensure that main risks are audited in a continual cycle. Further information on this independence is provided in section B.6.

Compliance Function:

The Compliance Officer is independent of the business units and reports on compliance with Company policies, legislative and regulatory requirements. The Compliance Officer's role is discussed in detail in section B.5.5. The Compliance Officer provides quarterly reports on compliance to the Risk Management and Compliance Committee.

Actuarial Function:

The Actuarial Function is headed by the Head of Actuarial Function ("HoAF"). Information on the authority, resources and independence of the Actuarial Function is provided in section B.7. The HoAF provides quarterly reports on the activities of the Actuarial Function to the Audit Committee.

Finance Function:

The Financial function is headed by the Head of Finance. The Head of Finance is responsible for:

- All external reporting.
- Planning and Budgeting.
- Reporting on the financial performance and solvency to the Audit Committee and senior management.
- Analysing cash flows, cost controls and expenses.
- Maintenance and oversight of the Internal Control Framework.

B.1.2 Material Changes in the System of Governance

There were no material changes in the system of Governance during the year.

B.1.3 Remuneration policy

B.1.3.1 Principles of remuneration

The principles for remuneration of the employees of the Company are:

- Total compensation opportunities that will attract, retain and motivate high-performing individuals.
- Align the compensation structure to business strategies and local market practice.
- Reinforce its pay-for-performance culture by making compensation variable and based on RGA Group, region, business unit and individual performance.
- Support the Company’s culture of teamwork and accountability.
- Provide remuneration structures that encourage responsible management behaviour that supports the long term financial stability of the Company.

B.1.3.2 Share options, shares or variable components of remuneration

The Company’s variable remuneration is made up of:

- Annual Bonus Plan (“ABP”).
- Long Term Incentive Plan (“LTIP”).

Annual Bonus Programme (“ABP”)

Employees are typically eligible to participate in the ABP, which provides annual cash incentive compensation based on a combination of the following factors (including both financial and non-financial):

- RGA Group performance.
- Regional performance.
- Business Unit performance.
- Individual performance.

In the calculation of performance based elements of compensation, consideration will be given to the proper balance of individual and company performance results (the what) and desirable individual behaviours (the how).

Long Term Incentive Plan (“LTIP”) for senior employees

RGA compensates its senior employees additionally in the form of medium / long term equity and equity-based awards (Long Term Incentive Plan). The intent is to provide an appropriate mix of compensation to ensure plan participants are not overly focused on short-term results.

B.1.3.3 Supplementary pension or early retirement schemes

The Company’s remuneration policy does not include any early retirement schemes for members of the Board, management or key function holders. The Company’s group pension plans are country specific and depending on the country are Employer-only contributions or comprised of Employer / Employee contributions. Generally those are defined contribution plans for all employees.

B.1.3.4 Total employee remuneration

The total remuneration paid to employees was as follows:

	2018 €'M	2017 €'M
Employee Costs	20.4	21.1

Employee numbers grew by 1.5% during the year.

Included in the total amounts paid to employees were the following amounts paid to the Directors of the Company:

	2018 €'M	2017 €'M
Aggregate amount of Emoluments paid to Directors	1.2	1.8
Aggregate amount of sums paid to Defined Contribution Pension schemes	0.1	0.1
Long Term Incentive Plans	0.5	0.5
	1.8	2.4

There were no material transactions with persons who may exert a significant influence over the Company other than disclosed above.

B.2 Fit and proper assessment

The Company's Fitness and Probity policy sets out the requirements for the appointment of personnel to the Board, Branch manager and senior manager positions which fall within the definition of "Control Function" in Statutory Instruments 437 and 615 of 2011, 394 of 2014 and 545 of 2015.

The staff appointed to these roles in the Company have been chosen because they possess the professional qualifications; experience; knowledge and business acumen necessary to discharge their respective duty. They collectively have been assessed as fit to provide for the sound and prudent management of the Company.

The fitness and probity policy sets out the qualities needed for senior management and Director Positions. These include both professional competence i.e. management and technical competence regarding their relevant area, as well as an assessment of the propriety of the person.

The Company considers only those potential candidates for interviews that have a proven track record in terms of qualifications, skills, market knowledge experience and reputation for the position under consideration. When suitable potential candidates have been identified for senior positions and selected they undergo a rigorous interview process. Once a candidate has been selected, contract negotiations are entered into and a detailed assessment is conducted including obtaining the following documentation:

- CV.
- Previous Employer References.
- Educational background.
- Professional qualifications and Membership.
- Credit Check.
- Regulator register.
- Directorship register.
- Certification of fitness and probity by the applicant.

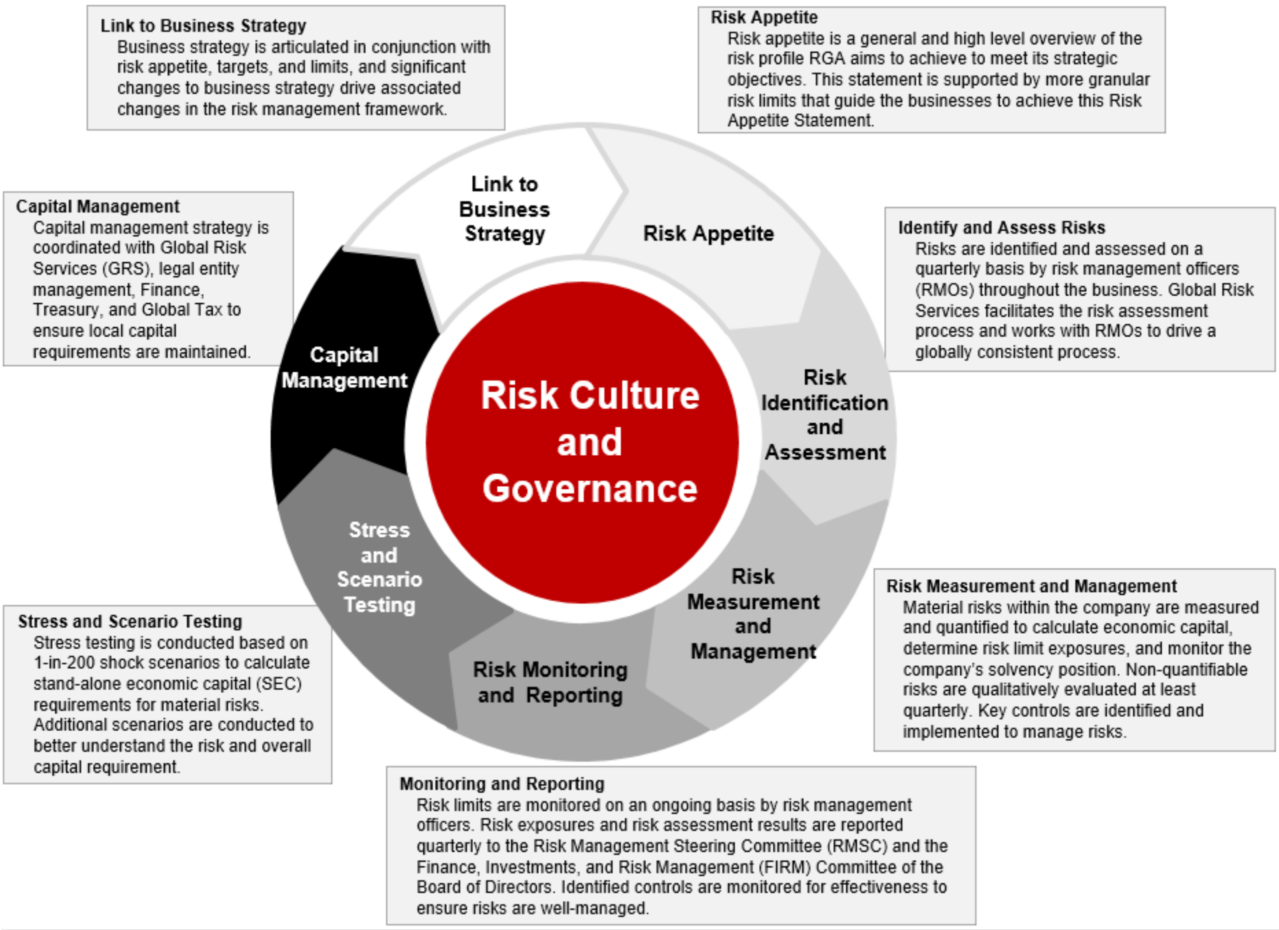
The Company assesses fitness and probity requirements through annual performance reviews. Senior managers and Directors are required to certify annually that they continue to be fit and proper in accordance with those standards to perform their function.

In accordance with the Minimum Competency Regulations issued by the Central Bank of Ireland the Company completes an assessment of all controlled functions and has identified the individuals that fall within scope. These individuals will complete the annual 15 hours CPD requirement which will be evidenced through a CPD log on Company's Learning Exchange system or completion of professional CPD requirements from a professional qualification. The relevant individuals also complete an annual attestation of their compliance with this requirement.

B.3 Risk management system

Risk management is integrated within the business planning and strategy setting of the Company and is aligned to the Company's risk appetite. Through the management of common risks across the Company via the implementation of a robust risk assessment process, the Company is able to improve capital deployment and resource allocation, reduce operational losses and protect its reputation and brand, through an enhanced understanding of risks which feeds into the decision making process.

The goals are to have a robust risk governance framework with transparency of risks to senior management and the Board, and to enable improvements in performance and the ability to establish competitive advantages while optimising the cost of risk management. The Company closely follows the Enterprise Risk Management ("ERM") framework illustrated in the pin wheel below.



B.3.1 Risk Culture and Governance

A Company-wide risk management culture is the backbone that holds the ERM framework together, embedding risk management in all of the Company's business processes in accordance with the Company's overall risk philosophy. Risk culture plays a prominent role in the effective management of risks assumed. The Company's risk culture is focused on prudent risk management and the application of established best practices. The Company's risk management activities and all associated processes entail strong Board governance.

Through the facilitated ongoing risk monitoring process, review and continuous improvement, the Company encourages a culture of sharing and open communication. A positive risk culture stems from personal accountability and responsibility where everyone is aware of what they need to be doing. This positive culture is further enhanced by ensuring that as many employees as possible receive regular enterprise risk management training and remain at the forefront of latest thinking. A rigorous annual training program is undertaken by the ERM function across all countries within the Company reinforcing the message of openness and accountability.

B.3.2 Risk Policy Framework

As part of the Risk Governance Framework, the Company maintains risk policies that are reviewed and Board approved on a periodic basis to ensure that the key messages align to the Group's values, the Company's values, and Solvency II requirements.

The Enterprise Risk Management Framework at the Company builds off three key policies.

- **The Risk Management Strategy**
  The Risk Management Strategy is an overarching policy outlining the Company strategy with respect to ERM. The Strategy works in conjunction with the Individual Risk Policies, the Enterprise Risk Management Framework and the Risk Appetite and Limits Statement.

- **The Enterprise Risk Management Framework**
  The Enterprise Risk Management Framework sets out the principles and approach for ERM across the Company. The Framework:
  - Provides a comprehensive overview of the Company's risk management practice and procedures.
  - Sets a consistent framework for risk management in line with other Corporate and Company policies.
  - Establishes a baseline around the ERM framework.
  - Articulates the approach to risk governance within the Company.

- **The Risk Appetite and Limits Statement**
  The purpose of the Risk Appetite and Limits Statement is to define the level and nature of risks which the Board's Risk Management and Compliance Committee (RMCC) considers acceptable. This document defines the boundaries which the Company will accept.

  The Company's Risk Appetite and Limits Statement is set in the context of both its overall business objectives and its risk strategy. Risk strategy and risk appetite are dynamic concepts. Risk appetite is a mechanism supporting the evaluation of strategic opportunities and decisions. If an opportunity is outside of the Company's risk appetite an evaluation of the Company's capacity to bear the risk will be undertaken.

In addition to these policies, the Company also has specific policies relating to its risk categories.

B.3.3 Risk Categories

The Company's risks are categorised as Insurance, Market, Credit, Capital, Strategic and Operational. This is in line with industry best practices and the way that the Company manages and quantifies risks and its required capital.

B.3.4 Risk Assessment process

In order to ensure that senior management and risk oversight committee members receive accurate risk information, the Company assigns roles and responsibilities for risk management in a fashion that reflects the complexities inherent in its business model.

The ERM function facilitates the quarterly risk assessment process as described in the Board approved ERM Framework. Risk Assessments are performed every quarter using a consistent risk assessment methodology.

In summary the Risk Assessment process encompasses:

- Risk Identification.
- Risk Measurement.
- Risk Management.
- Risk Monitoring.
- Risk Reporting.

B.4 Own Risk and Solvency Assessment

The Own Risk and Solvency Assessment ("ORSA") process is a key element of the Risk Control Cycle. and provides management with a mechanism to assess the risks faced by the Company and to determine the level of capital required to ensure that the Company meets its strategic objectives.

The Risk Control Cycle is a continuous process of identification, measurement, monitoring and challenge throughout the Company.

An annual ORSA report is produced summarising the activities of the year and analysing the risks the Company faces. The report contains a five year projection of key income statement and balance sheet metrics and tests the impact of various extreme stresses and adverse scenarios on the Company's capital position.

B.4.1 Use of the ORSA

The projections used in the development of the ORSA report are a valuable management tool. Between reports, the projections are used to project future capital usage and its sensitivity to risks. When large transactions are being contemplated, these same projections are used to test the impact of the transaction on the Company.

In addition, the models and projections developed are used to set assumptions with respect to capital requirements for new business pricing. The models are also used in the development and setting of risk limits and in the development and testing of retrocession strategies.

B.4.2 Solvency Assessment

The Company utilises the Solvency II Standard Formula to assess its risks and solvency needs. Analysis has shown that the Standard Formula is a reasonable representation of the risks facing the Company.

The primary exception is with respect to currency risk.

The Standard Formula calculates the risk exposure for Currency Risk as the difference between the assets and liabilities in all of its "foreign" currencies. The Company believes that appropriate risk management practice is to invest its own funds in assets of currencies in proportion to the risks faced by the Company. The Company further believes that this is unduly punitive and that it discourages good risk management practices with respect to currency. For this reason the Company is subject to a higher Currency SCR than it considers necessary.

B.4.3 Role of the Board and Committees

The ORSA process is an on-going assessment and is aligned to the quarterly risk reports provided to the RMSC and Risk Management and Compliance Committee of the Board. The Board ultimately owns the ORSA process and both Committees are engaged in the development of the ORSA process.

The plan for the ORSA report is presented to the Committees in the first meeting of each year to allow the members to provide guidance and feedback on the risks to be considered during the year.

The most recent ORSA report was submitted to the Central Bank of Ireland in November 2018. The areas of focus for that report, as agreed by the Board were as follows:

- The Exit of the United Kingdom from the European Union (‘Brexit);
- Mortality Improvements;
- Pandemic; and
- Related Company Relationships (counterparty risk exposure)

B.5 Internal control system

B.5.1 Overview

The Company has established an internal control framework which is directly linked to risk management and compliance.

The framework has been established to ensure the effective and efficient operation of the Company; enabling it to respond to financial, operational, compliance and other risks. It also ensures the accuracy of information and prevents the risk of fraud.

The framework encompasses the Company's Policies and Procedures; and authorities that have been delegated to management by the Board.

The policies and procedures are grouped as follows:

- Company Level Controls.
- Process / Transaction Controls.
- Roles and Responsibilities.

The Company's ultimate parent, RGA Inc., is listed on the New York Stock Exchange and as such it and its subsidiaries are subject to Section 404 of the 2002 Sarbanes-Oxley Act ("SOX"). This section requires the Group to make assertions relating to the effectiveness of the internal controls over the financial reporting.

B.5.2 Company-level Controls

The Company-level controls are those controls that have a pervasive effect on the Company. These controls are subdivided into five components: control environment; risk assessment; monitoring; information and communication; and control activities.

The following table highlights the policies, procedures and other elements that Company has in place to support Company-level controls:

Control Component	Policies, Procedures and Other Elements
Control Environment sets the tone of the Company, influencing the control consciousness of its employees. It is the foundation for all other components of internal control, providing discipline and structure.	• Core Compliance policies • Organisational structure • Audit Committee oversight • HR policies, including management compensation programs • Pricing Polices • Fraud programs and controls (including whistleblower)
Risk Assessment is the identification, analysis and management of risks.	• Monitoring for changes that potentially can affect the Company • Review of significant accounting estimates • Consideration of the possibility for unrecorded transactions • Identification and assessment of fraud risks • Audit Committee oversight

Control Component	Policies, Procedures and Other Elements
Monitoring is a process that assesses the quality of internal control performance over time.	• Process for addressing internal control recommendations and known deficiencies • Audit Committee oversight • Process for monitoring the functioning of significant controls • Role and functioning of Internal Audit
Information and Communication systems support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.	• Accounting systems • IT applications • Written job descriptions • Adequacy of communications across the Company
Control Activities are the policies and procedures that help ensure that management directives are carried out.	• Policies and procedures • Safeguarding of physical assets • Segregation of duties • Business planning and budgetary processes

B.5.3 Process / Transaction-level Controls

For each significant process, the Company maintains written process documentation which includes a complete description of the process and a detailed description of the control activities.

The Company considers the risk of potential material errors or fraud and designs specific controls to prevent or detect these errors. These controls consist of segregation of duties, detailed review of data, authorisation limits, reconciliations and review of results.

Where the controls are performed by a third party provider, the Company has sufficient internal controls to mitigate the risks and has the ability to audit the third party provider.

In addition to the testing performed by management, Internal Audit performs detailed tests of controls through inquiry, observation, inspection and re-performance. Controls are either tested annually or on a rotational basis depending on their significance. The controls are be tested as part of the Group's SOX requirements or as part of the regular audit programme.

B.5.4 Roles and Responsibilities

The Board approves the policies that define the internal control framework of the Company.

The Audit Committee, on behalf of the Board, oversees the internal control framework.

The senior management team, led by the Managing Director, are responsible for ensuring that Company has the appropriate people and procedures in place to ensure that the Company's internal control framework is upheld.

B.5.5 Compliance Function

The Compliance Officer has overall responsibility to identify, assess, monitor and report on compliance risk for the Company. Compliance risk is defined as the risk associated with non-compliance with applicable laws, rules, or regulations and Company policies that are related to compliance with such laws, rules, or regulations.

The Compliance Officer reports directly to the Managing Director and provides regular updates on compliance matters. In addition the Compliance Officer reports quarterly to the Risk Management and Compliance Committee of the Board.

The Compliance Function is described in the Compliance Policy. A Compliance Plan is approved annually by the Board.

The main compliance activities can be described as follows:

- Ensuring the Company is up-to-date on current regulatory and legislative requirements. Assessing and communicating the impacts of developments and ensuring the business is prepared for implementation.
- Regular engagement with the business to monitor and assess compliance including the annual review of Compliance Manuals for the Company and each of its Branches.
- Monitoring compliance with legislative, regulatory and Company policy requirements. This includes a detailed schedule of compliance requirements being maintained and monitored on an on-going basis.
- Reporting to the Risk Management and Compliance Committee on all compliance matters.

B.6 Internal audit

Introduction

The Company utilises Global Audit Services ("the internal audit function") to perform its internal auditing.

An internal audit charter has been developed, which serves as the Company's internal audit policy. The charter is presented to the Audit Committee, at least annually for review and approval. There were no significant changes to the charter during 2018. The Internal Audit Policy covers the following areas:

Role

The Internal Audit Function's responsibilities are defined by the Audit Committee of the Board as part of their oversight role.

Authority

The Internal Audit Function has full, free, and unrestricted access to any and all of the Company's records, physical properties and personnel and reports directly to the Audit Committee.

Structure and resourcing

The Internal Audit Function comprises:

- A team of auditors based in London who carry out operational audits covering the Company's Dublin headquarters and its European branches.
- Auditors from the group audit function at RGA's headquarters in St Louis, Missouri, who assist with audits of the financial solutions business, investments and information technology.
- An Asia Pacific audit team based in Hong Kong who conduct audits on the Company's Singapore branch.

Subject matter experts from RGA's Global Support Team and Global Risk Services team assist with audits of underwriting, claims, reserving and pricing under the supervision of internal audit management, after rigorous vetting to ensure the absence of conflicts of interest. Additional resources are sourced from reputable external professional services firms from to time to provide additional specialist expertise on selected audits.

Independence and objectivity

The Internal Audit Function remains free from interference by any element in the organisation and no internal auditors have any operational responsibilities within the business. Internal auditors are required to exhibit the highest level of professional objectivity and remain free of undue influence in forming judgements.

The Head of Internal Audit confirms to the Board Audit Committee, at least annually, the organisational independence of the internal audit function.

Internal audit planning

Annually, the Head of Internal Audit develops an audit plan, based on a risk-based methodology, which is approved by the Audit Committee. Any subsequent changes to the plan are communicated to the Audit Committee.

Reporting and monitoring

A written report is prepared at the end of each internal audit engagement. The report includes management responses and corrective action to be taken. The Internal Audit Function is responsible for following-up on engagement findings and recommendations to ensure that they are addressed by management on a timely basis.

A status report of all outstanding findings and recommendations is presented at each Audit Committee meeting.

B.7 Actuarial function

Regulation 50 of The European Union (Insurance and Reinsurance) Regulations 2015 requires the Company to establish and maintain an effective Actuarial Function. The Domestic Actuarial Regime and Related Governance Requirements issued by the Central Bank of Ireland requires the Company to ensure that a Head of Actuarial Function ("HoAF") is appointed to be responsible for the actuarial function. The HoAF is a Pre-Approved Controlled Function role.

The position of the HoAF for the Company is held by a Fellow of the Institute and Faculty of Actuaries and of the Society of Actuaries in Ireland who has complied continuously with the specific professional obligations this requires.

The HoAF is supported by Fellows of the Institute and Faculty of Actuaries and the Society of Actuaries in Ireland, international actuaries with equivalent qualifications, as well as other technical professionals within the Company.

The Actuarial Function is responsible for:

- Coordination of the calculation of technical provisions.
- Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions.
- Assessing the sufficiency and quality of the data used in the calculation of technical provisions.
- Comparing best estimates against experience.
- Informing the Audit Committee of the Board of the reliability and adequacy of the calculation of technical provisions.
- Expressing an opinion on the overall underwriting policy.
- Expressing an opinion on the adequacy of reinsurance arrangements.
- Contributing to the effective implementation of the risk-management system.

The HoAF produces written reports that are submitted to the Board at least annually setting out the tasks that have been undertaken by the Actuarial Function, the results of those tasks and any relevant recommendations.

B.8 Outsourcing

Given the nature, size and complexity of the Company it is intentionally organised to leverage the Group's expertise. Through the implementation of internal outsourcing arrangements, the Company is able to efficiently manage operational expenses, while properly managing risks, by leveraging the Group's worldwide presence, professional network, consistent standards and a high level of protection in delivery of service.

Given the diversity and complexities of operating in various markets the Company outsources to external local expert providers for investments, actuarial, payroll and tax.

The Company has implemented an outsourcing policy which sets out the process governing the decision to outsource, the choice of service provider and how monitoring is performed.

Each outsourcing arrangement is governed by a Services Agreement. The Company has identified the person in each service provider who is responsible for the performance of the outsourced activity.

The Company's outsourcing process is as follows:

Service Provider Selection

The Company adopts a high standard of care and due diligence in selecting a service provider. The Company considers only those potential service providers that have a proven track record in terms of qualification, reputation and capacity to fulfil the business service need. Once suitable potential service providers have been identified and selected they undergo a due diligence process to ensure they can deliver the service to the standards required.

Contractual Approval

Each service outsourced is governed by a legally binding Services Agreement signed by both parties. The Services Agreement is approved in line with the Company's contract approval process.

Contingency and Exit Planning

The Company has business continuity plan in place which is reviewed at least annually. External Service Providers are contractually bound to ensure their business recovery plan is tested and effective.

Reporting and Monitoring

A detailed schedule of all outsourcing arrangements is maintained. The Company has processes for regularly monitoring the performance and service provided by the Service Providers.

The Company utilises Service Providers both internal and external to the Group to outsource certain critical or important functions as follows:

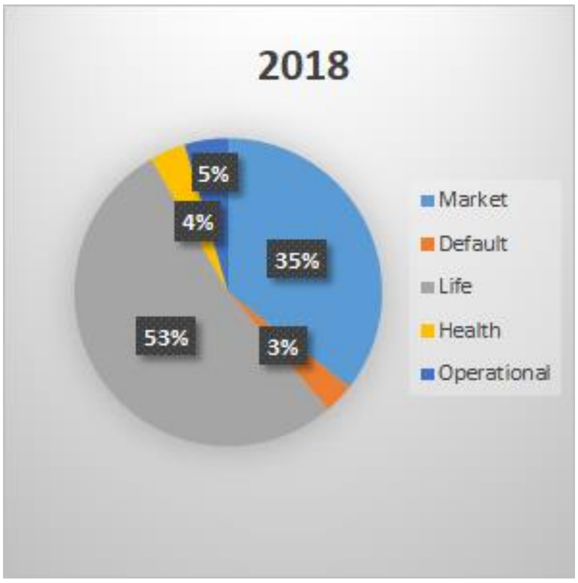
Description of Outsourcing Activities	Name of the Service Provider	Jurisdiction
Internal (RGA companies)		
Investment Management	RGA UK Capital Limited	United Kingdom
Head of Actuarial Function	RGA UK Services Limited	United Kingdom
Marketing support services including pricing and business support services including underwriting, claims management, administration, actuarial, IT, legal, finance, internal audit and risk management	RGA UK Services Limited	United Kingdom
Investment Management, administration, treasury, tax, finance, internal audit, Risk Management, actuarial valuation, IT and data security	RGA Enterprise Services Company	United States of America
Business support services including administration, finance, actuarial valuation and legal	RGA International Corporation	Canada
Underwriting Services	LOGiQ³ Corp.	Canada
Administration and Compliance	RGA Services (Singapore) PTE. LTD.	Singapore
Business Support Services	RGA Global Shared Services India Private Limited	India
External		
Investment Management	AllianceBernstein Limited Barings UK Limited AVIVA Investors Global Services Limited	United Kingdom
Longevity Administration	JLT Benefit Solutions Limited*	United Kingdom
Data Protection Officer	Shoosmiths LLP **	United Kingdom
Certifying Actuary	Willis Towers Watson	Singapore

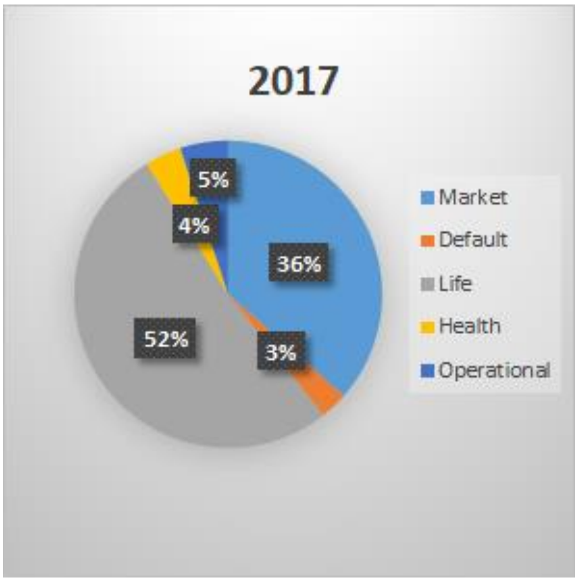
* JLT Benefit Solutions Limited is a sub-outsourcer via RGA UK Services Limited.

** Shoosmiths is a sub-outsourcer via RGA Group.

C - Risk Profile

The risk profile of the Company is heavily weighted to insurance risks and more specifically, those risks related to its traditional protection reinsurance. This risk profile is not expected to change significantly over the near term.



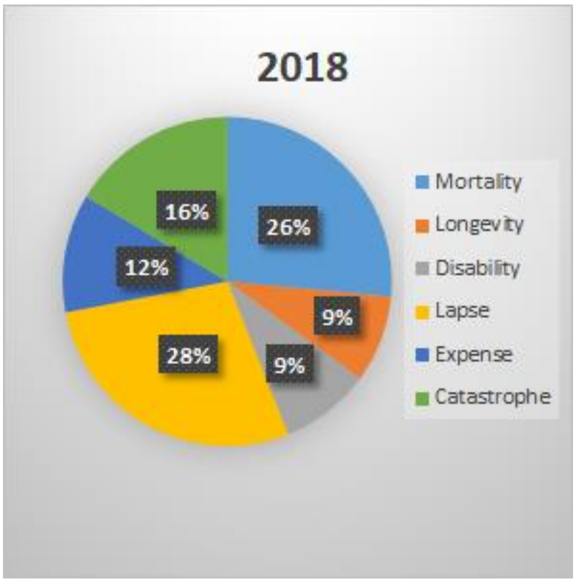


All Solvency Capital Requirements ("SCRs") have been calculated net of retrocession. The risk profile of the Company, as represented by the relative size of each element of the SCR, is consistent in both years with 57% (2017: 56%) of the Company's Capital requirement arising from insurance risks.

C.1 Insurance risk

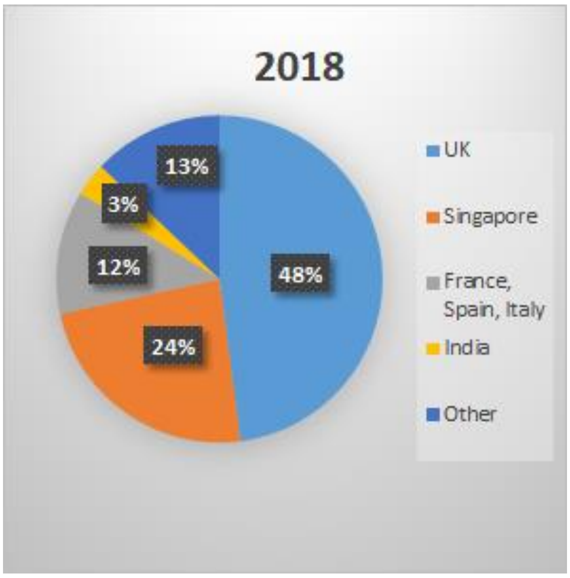
Within insurance risk, risks relating to the Company's **life** protection businesses dominate.

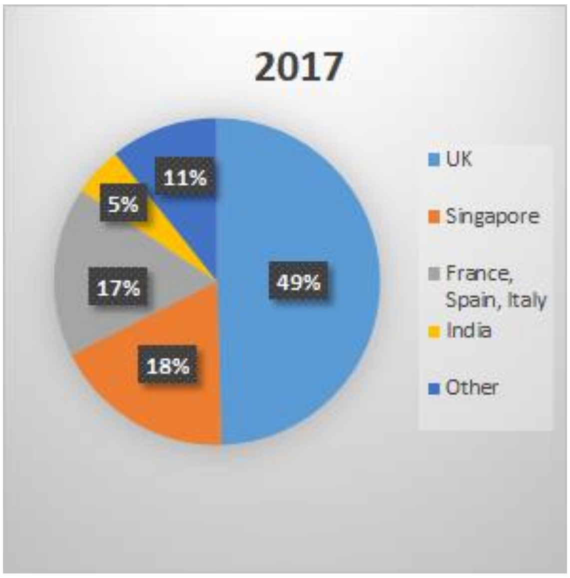
As illustrated by the following chart the Company's mortality risks (mortality misestimation and catastrophe) make up 42% (2017: 45%) of its Life capital requirements. When combined with lapse and disability risk the capital requirements from its protection businesses make up 79% (2017: 73%) of the Company's Life capital requirements.



Continued growth in its longevity businesses will allow the Company to further diversify its insurance risk profile over time.

Within insurance risk, the Company achieves some diversification via its **geographic** diversity.





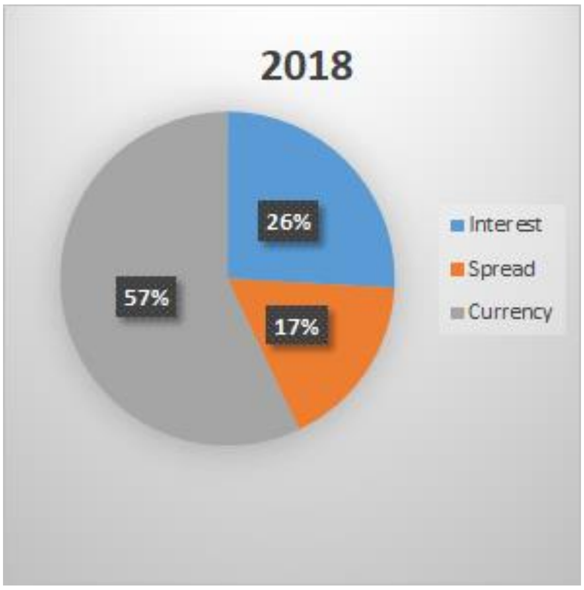
The UK branch, at 48% of the total insurance risk capital requirement (2017: 49%), contributes significantly to the risk profile of the Company. UK longevity business creates a level of diversification within the branch. Outside of the UK, operations in Singapore and Continental Europe also contribute significantly. The geographic distribution outside of the UK continues to grow and the risks are on a par with the UK at 52% (2017: 51%).

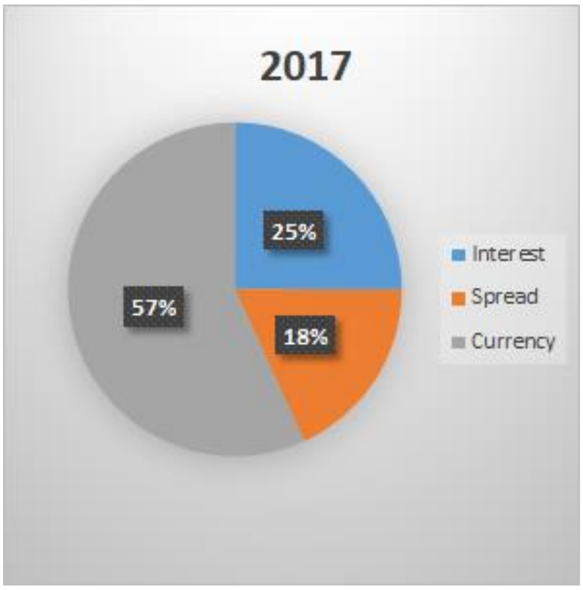
Overall the Company considers its insurance risks to be well diversified.

C.2 Market risk

The Company has substantially less exposure to market risk than insurance risk.

Within the market risk category, the Company's exposure to the major sub-categories of risk is as follows:





The Company is well positioned for both interest and spread risk, reflecting its prudent investment philosophy. The largest element of the Company's market risk SCR relates to currency.

This is the result of the Company investing its assets by currency to approximately match its liabilities and their related SCRs for risk management purposes. Additionally, the Company does not invest its assets in the currencies of its smaller liability holdings due to economies of scale.

C.3 Credit risk

Credit risk manifests itself on the balance sheet in two forms; the risk that credit spreads will expand and the risk that individual companies will default on their commitments. The risk of changes in credit spreads is covered under market risks.

The Company mitigates its risk of credit default by several means. It invests primarily in investment grade sovereign and corporate bonds and only uses highly rated retrocessionaires. In addition, it diversifies its exposure by employing single name limits on its investments, its exposure to insurance counterparties, and its third party retrocessionaires.

C.4 Liquidity risk

Liquidity is needed to allow the Company to manage itself over periods of high unanticipated cash outflows. The Company's cash and sovereign bond holdings make up 7% (2017: 9%) of its regulatory assets and is sufficiently liquid to make any unanticipated cash payments. Assets are invested in line with the prudent person principle, taking into account the liquidity requirements of the business and the nature and timing of the insurance liabilities.

In addition, a small number of cedants have required that assets be held in trust for their benefit. In these situations, the cedants have ceded significant liabilities on a coinsurance basis and require collateral to protect their interests. In these cases, the assets held in trust are less than the Best Estimate Liabilities ("BELs") under Solvency II. In addition, the assets and liabilities within these trusts are sufficiently matched that the movement of interest rates will have minimal impact.

The Expected Profit Included in Future Premiums ("EPIFP") is €296.4million (2017: €291.1million). The EPIFP arises where the expected cash income flows are greater than the cash expected outflows. The EPIFP is included as part of the Company's eligible own funds (section E1) but is considered to be highly illiquid.

C.5 Operational risk

Operational risk is an unavoidable part of doing business. A company has to implement controls to mitigate operational risk if it is not possible to exclude operational risk completely.

The Company aims to minimise its operational risk in relation to the sources of risk which it is exposed to. The risk appetite of the Company is reflected by establishing a sound framework of mitigation techniques (e.g. reporting of operational risk events, setting up and monitoring of Key Risk Indicators ("KRIs") and limits). These measures aim to interpret the risk appetite of the Board and embed it into the operations of the Company.

The Company uses KRIs as a tool to facilitate the monitoring and control of operational risk. KRIs act as an early warning mechanism indicating any changes in the Company's risk profile. The KRI owner (typically Head of the relevant Department) completes the KRIs on a quarterly basis. The Risk Management Team reviews with the requisite Head of Department seeking supplementary evidence where an amber or red rating is triggered. There have been no red ratings to date.

In addition, the Company carries out Risk and Control Self-Assessments (RCSAs) to assess the design and performance of the Company's risk management and control processes. The scope of RCSAs spans across operational risk categories, processes and controls. The outcomes from the RCSA process serve to identify any areas of improvement and operational efficiency gains as well as any potential failures and control weaknesses, providing an opportunity to remediate any gaps.

At present, discussions with management and Internal Audit as well as the quarterly risk review process have not identified any operational events that have the potential to threaten the solvency or ongoing operations of the Company. The Company continues to look for combinations of operational risk which could potentially threaten solvency when considering risk mitigation and risk controls.

All the above processes help in ensuring the Board's stated appetite for risk is reflected operationally throughout the Company.

C.6 Other risks

C.6.1 The Exit of the United Kingdom from the European Union (‘Brexit’)

On 29 March 2017, the United Kingdom (UK) Government invoked Article 50 of the Treaty of the European Union (EU), triggering a two year negotiation period for its departure from the European Union. Since that time the UK Government has been in negotiation with the EU concerning the terms of its departure, and the departure date has now been extended to 31 October 2019. There are provisions which mean that the UK could leave earlier than this date. Significant uncertainty persists.

In order to secure continuity of service to customers and to minimise disruption, the Company has submitted an application to the UK Regulator (the PRA) to authorize the Company’s UK Branch as a Third Country Branch. The application was submitted on 21 March 2018 and is with the PRA for consideration and approval.

In October 2018 the UK Government announced that they are considering putting in place transition arrangements to 31 December 2020 (“transitional period”) and the Prudential Regulation Authority (“PRA”) in the UK have said that subject to confirmation of the transitional period they will issue guidelines and legislative changes to provide more certainty to financial organisations that operate in the UK.

The Company continues to closely monitor political developments with respect to Brexit as well as any relevant guidance and consultations published in the UK or Europe.

C.7 Sensitivity Analysis

The Company performs a range of sensitivity analysis each quarter. The sensitivities are designed to show the impact on the Company's solvency ratio from deviations of assumptions, new business acquisition and change in the macro-economic environment. The sensitivities that the Company monitors and the effect on the year-end solvency ratio are listed below.

Solvency Ratio Sensitivities	31 December 2018	31 December 2017
Base Scenario	**142%**	**140%**
15% Permanent Increase in Insurance Mortality	110%	109%
20% Permanent Reduction in Longevity Mortality	131%	127%
Catastrophe of 1.5 per mille	122%	120%
50% Deterioration in Lapse Rates	126%	128%
10% Increase in Expenses plus 1% p.a. Increase in Expense Inflation	127%	120%
35% Increase in First Year Morbidity Rates, 25% Permanent Increase Thereafter	129%	133%
Change in Asset Interest Rates (dependent on term to maturity)	125%	123%
Change in Asset Credit Spreads (dependent on rating)	131%	128%
25% Change in Foreign Exchange Rate (worst case)	138%	136%
100 BPs Decrease in Yields	134%	138%
Additional 10% Business Growth p.a.	129%	127%
Sensitivity to a Further Asset Intensive Transaction	139%	139%

The above scenarios, with the exception of the last three scenarios, are based on the shocks prescribed by the Standard Formula of Solvency II. We have chosen a different scenario for the decline in interest rates. Note that, given how low European interest rates are, the decrease is capped at 50% of the current rate in situations where the current rate is less than 1.00%. The last two scenarios are scenarios derived by management to show the impact of higher than expected growth.

D – Regulatory Balance Sheet (Solvency II Balance Sheet)

This section explains the valuation method used for each item of the regulatory balance sheet.

The differences arising between the Financial Statements and the Regulatory Balance Sheet (Solvency II) are as follows:

2018	SFCR Section	Value per financial Statemenst	Reclassification	Disallowance	Different Valuation Technique	Value per Regulatory Balance Sheet
		€'M	€'M	€'M	€'M	€'M
Assets						
Deferred Acqusition Costs		42.9	-	(42.9)	-	-
Deferred tax assets	D.1.1	3.0	-		8.1	11.1
Property, plant & equipment held for own use	D.1.2	4.5	-	-	-	4.5
Investments	D.1.3	3,272.2	54.8	-	-	3,327.0
Reinsurance recoverables from:	D.1.4	1,548.7	(272.2)	-	(502.1)	774.4
Deposits to cedants	D.1.5	77.4	-	-	-	77.4
Insurance and intermediaries receivables	D.1.6	610.5	-	-	-	610.5
Reinsurance receivables	D.1.7	6.5	272.2	-	-	278.7
Receivables (trade, not insurance)	D.1.8	55.6	(54.8)	-	-	0.8
Cash and cash equivalents	D.1.9	91.6	-	-	-	91.6
		5,712.9	0.0	(42.9)	(494.0)	5,176.0
Liabilities						
Technical provisions	D.2	4,694.3	(296.4)	-	(621.8)	3,776.1
Deferred tax liabilities	D.3.1	18.3	-	-	22.6	40.9
Insurance & intermediaries payables	D.3.2	32.3	296.4	-	-	328.7
Reinsurance payables	D.3.3	349.6	-	-	-	349.6
Payables (trade, not insurance)	D.3.4	15.7	-	-	-	15.7
Subordinated liabilities	D.3.5	90.0	-	-	-	90.0
		5,200.2	-	-	(599.2)	4,601.0
Excess of Assets over Liabilities (Shareholder's funds)	E.1.2	512.7	0.0	(42.9)	105.2	575.0

2017	SFCR Section	Value per financial Statemenst	Reclassification	Disallowance	Different Valuation Technique	Value per Regulatory Balance Sheet
		€'M	€'M	€'M	€'M	€'M
Assets						
Deferred Acqusition Costs		38.5	-	(38.5)	-	-
Deferred tax assets	D.1.1	1.0	-		0.6	1.6
Property, plant & equipment held for own use	D.1.2	2.6	-	-	-	2.6
Investments	D.1.3	3,539.8	57.8	-	-	3,597.6
Reinsurance recoverables from:	D.1.4	1,411.2	(217.9)	-	(511.1)	682.2
Deposits to cedants	D.1.5	33.7	-	-	-	33.7
Insurance and intermediaries receivables	D.1.6	275.4	-	-	-	275.4
Reinsurance receivables	D.1.7	0.6	217.9	-	-	218.5
Receivables (trade, not insurance)	D.1.8	60.3	(57.8)	-	-	2.5
Cash and cash equivalents	D.1.9	100.4	-	-	-	100.4
		5,463.5	(0.0)	(38.5)	(510.5)	4,914.5
Liabilities						
Technical provisions	D.2	4,463.7	(222.1)	-	(418.6)	3,823.0
Deferred tax liabilities	D.3.1	45.6	-	-	(20.9)	24.7
Insurance & intermediaries payables	D.3.2	27.9	222.1	-	-	250.0
Reinsurance payables	D.3.3	218.0	-	-	-	218.0
Payables (trade, not insurance)	D.3.4	17.9	-	-	-	17.9
Subordinated liabilities	D.3.5	90.0	-	-	-	90.0
		4,863.1	-	-	(439.5)	4,423.6
Excess of Assets over Liabilities (Shareholder's funds)	E.1.2	600.4	(0.0)	(38.5)	(71.0)	490.9

D.1 Assets

D.1.1 Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. The carrying amount of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

As at the 31 December the deferred tax amounts held were:

2018	**Solvency II**	**Financial Statements**	**Difference**
	€'M	**€'M**	**€'M**
Deferred tax asset	11.1	3.0	8.1
Deferred tax liability	(40.9)	(18.3)	(22.6)
Net deferred tax liability	(29.8)	(15.3)	(14.5)

2017	**Solvency II**	**Financial Statements**	**Difference**
	€'M	**€'M**	**€'M**
Deferred tax asset	1.6	1.0	0.6
Deferred tax liability	(24.7)	(45.6)	20.9
Net deferred tax liability	(23.1)	(44.6)	21.5

The difference between the net deferred tax liabilities is a result from the different valuation methodologies applied when calculating the technical provisions and the deferred acquisition costs included in the Financial Statements.

D.1.2 Plant Property and Equipment held for own use (Fixed Assets)

Tangible fixed assets are stated at historical cost. Depreciation is provided to write-off the cost of fixed assets by equal instalments over their estimated useful lives at the following annual rates:

Computer Equipment:	33% per annum
Furniture and Equipment:	14% per annum
Leasehold Improvements:	14% per annum
Computer Software:	10% per annum

There are no differences in the carrying value between the regulatory balance sheet and the Financial Statements.

D.1.3 Investments

D.1.3.1 Fixed Income Securities

Fixed Income securities are valued at fair value plus accrued interest. In the Company's Financial Statements, the accrued interest is shown under Prepayments and Accrued Income.

Fair value is the amount that an asset or liability could be exchanged by willing parties in an arm's length transaction. Fair values are determined at prices quoted in active markets.

Accrued interest is a calculated amount based on the number of days since the last coupon payment and the coupon interest rate.

	2018 €'M	**2017 €'M**
Fair value of fixed income securities (as per Financial Statements)	3,229.4	3,490.0
Accrued interest	54.8	57.8
Total value included in the annual regulatory return	3,284.2	3,547.7

There is no difference in the carrying value between the regulatory balance sheet and the Financial Statements.

D.1.3.2 Collective Investment Undertakings (Money Market funds)

Money market funds have been classed as collective investment undertakings in the regulatory balance sheet. They have been valued at fair value and the value held as at the 31 December was €42.7million (2017:€49.8million).

There is no difference in the carrying value between the regulatory balance sheet and the Financial Statements.

D.1.4 Reinsurance Recoverable

The Company uses a retrocession program to reduce its exposure to both large accumulation and individual risks and for capital efficiency with the RGA Inc. Group. The retrocession treaties that are in place are quota share treaties with embedded surplus arrangements and stop loss treaties.

The reinsurance recoverable value of €774.4million (2017: €682.3million) in the regulatory balance sheets is the retrocessionaires' share of the total technical provision (see section D2 – Technical provisions).

The value recoverable is calculated based on the technical provision and the terms of the retrocession treaty for each line of business.

The reinsurers' share of technical provisions in the Financial Statements is €1,548.7million (2017: €1,411.3million).

	2018 €'M	2017 €'M
Amounts recoverable from reinsurers per the Financial Statements	1,548.7	1,411.3
Pending Claims Recoverable	(272.2)	(217.9)
Technical provisions less pending claims	1,276.5	1,193.4
Reinsurance Recoverables	774.4	682.3
Difference	**502.1**	**511.1**

The difference is due to different valuation methods used in calculating the technical provisions (see section D2 – Technical provisions). The method used in the Financial Statements uses a cost based approach locking assumptions at policy inception; whereas the regulatory balance sheet updates the assumptions at each valuation date.

D.1.5 Deposits to cedants (Funds withheld)

The Company has entered into a number of treaties where the client retains the funds generated from the contract for the agreed period. These contracts are classified as funds withheld contracts and the balances owing is classified as deposits with cedants.

There is no difference in the carrying value between the regulatory balance sheet and the Financial Statements which was €77.4million (2017: €33.7million).

D.1.6 Insurance and Intermediary receivables

Insurance and intermediaries receivable balances represent premiums owed from policyholders. Outstanding premiums are valued at fair value and due to the short-term nature of the receivable no adjustments to valuation are required.

Premiums due at the balance sheet date are shown net of outstanding claims on reinsurance contracts that specifically include a right of offset clause and are settled on a net basis.

There is no difference in the carrying value between the regulatory balance sheet and the Financial Statements which was €610.5million (2017: €275.4million). The Company completed an asset intensive transaction in December 2018 for €310.6million. The premium for this transaction was received in January 2019.

D.1.7 Reinsurance receivables

The reinsurance receivables relate to the amounts recoverable from the Company's retrocessionaires for claims paid and pending. These claims are not part of the technical reserves on the regulatory balance sheet.

In the Financial Statements, the amounts recoverable for pending claims are included in the technical provisions and the amounts recoverable for paid claims are included in debtors.

The reinsurance receivables are valued at fair value and due to the short-term nature of the receivable no adjustments to valuation are required.

There is no difference in the carrying value between the regulatory balance sheet and the Financial Statements, the values of which are as follows:

	2018 €'M	**2017 €'M**
Pending Claims Recoverable	272.2	217.9
Settled Claims Recoverable	6.5	0.6
	278.7	218.5

D.1.8 Receivables (trade not insurance).

Receivables (trade, not insurance) comprises of the following amounts:

	2018 €'M	**2017 €'M**
Other including prepaid expenses, tax recoverable & rental deposits	0.8	2.5
	0.8	2.5

D.1.9 Prepayments and Accrued Income

Included in prepayments and accrued income within the Financial Statements are two amounts:

a. Interest receivable of €54.8million (2017:€57.8million) which has been included as part of the valuation of fixed income securities on the regulatory balance sheet.
b. Deferred Acquisition Costs of €42.9million (2017: €38.5million). This value is excluded from the regulatory balance sheet in accordance with valuation requirements.

D.1.10 Cash and Cash Equivalents.

Cash and cash equivalents include cash on deposit and highly liquid debt instruments purchased with an original maturity of three months or less.

They are valued at fair value and due to the short-term nature of the receivable no adjustments to valuation are required.

There is no difference in the carrying value between the regulatory balance sheet and the Financial Statements which was €91.6million (2017: €100.4million)

D.2 Technical provisions

At 31 December 2018 the Company held gross Technical Provisions, valued for regulatory purposes, of €3,776.2million (2017:€3,823.0million). The amounts recoverable from the Company's retrocessionaires was €774.5million (2017:€682.2million) (see section D1.4 – Reinsurance Recoverable).

The Company values Technical Provisions using the Standard Formula methodology described by the Solvency II regulations. The Technical Provisions are made up of a Best Estimate Liability ("BEL") of discounted future cash flows, an incurred but not reported claims ("IBNR") reserve and a Risk Margin.

The Risk Margin is an addition to the Best Estimate Liabilities. This is based on the expected cost of the solvency capital required to support the Technical Provisions over the term of the projection. The prescribed rate is 6% per annum.

The Company has three homogeneous risk groups for Solvency II reporting; life reinsurance, health reinsurance and non-life reinsurance. The material lines of business are within the life reinsurance group and consist of individual and group life, individual critical illness and longevity business.

The table below shows the analysis of the Technical Provisions showing the gross BEL, IBNR and Risk Margin by homogeneous risk group. It should be noted that the Risk Margin is always calculated on a net basis and there is no gross equivalent.

2018	**Life**	**Health**	**Non-Life**	**Total**
	€'M	**€'M**	**€'M**	**€'M**
Gross BEL	3,156.1	(81.9)	-	**3,074.2**
IBNR	250.8	81.7	1.7	**334.1**
Risk Margin	352.3	15.3	0.3	**367.9**
Gross Technical Provisions	3,759.2	15.1	2.0	**3,776.2**
Reinsurance Recoverable	(758.6)	(14.5)	(1.4)	**(774.5)**
Net Technical Provision	**3,000.6**	**0.6**	**0.6**	**3,001.7**

2017	**Life**	**Health**	**Non-Life**	**Total**
	€'M	**€'M**	**€'M**	**€'M**
Gross BEL	3,264.8	(59.6)	0.3	**3,205.5**
IBNR	252.0	66.1	0.5	**318.6**
Risk Margin	289.4	9.4	0.0	**298.9**
Gross Technical Provisions	3,806.2	15.9	0.8	**3,823.0**
Reinsurance Recoverable	(667.3)	(14.2)	(0.6)	**(682.2)**
Net Technical Provision	**3,138.9**	**1.7**	**0.2**	**3,140.8**

The decrease in the net Technical Provision was driven by the run off of existing asset intensive business. The BELs are calculated using a gross premium valuation method for all policies in-force and on risk at the valuation date.

This method projects forwards the expected premiums, claims, annuity payments, experience refunds, allowances (commissions) and expense cash flows. The projections require assumptions about future mortality, morbidity, disability and persistency. The assumptions for mortality, morbidity and lapses are set after considering relevant industry information and an analysis of credible previous Company experience.

The Company incurs acquisition, maintenance and overhead expenses. The future expenses allowed for in the BELs relate to a provision for maintenance (and associated overhead) of policies in force at the valuation date.

These cash flows are discounted using prescribed risk-free rates provided by the European Insurance and Occupational Pensions Authority (EIOPA) to arrive at the final BEL. Negative BELs are permitted to be held on the regulatory balance sheet.

The Company does not use a matching adjustment or a volatility adjustment, and has not adopted transitional measures.

Levels of Uncertainty

The uncertainty associated with the value of Technical Provisions relates to how future actual experience will differ from the best estimate assumptions used to calculate them. The key assumptions are interest rates, lapse rates, mortality rates, morbidity rates and future maintenance expenses.

There is also uncertainty in relation to the estimation of the losses relating to claims which have been incurred but not reported.

Difference between the Regulatory Balance Sheet and the Financial Statements

Pending claims are included in the Technical Provisions within the Financial Statements but have been included as Insurance & Intermediary Payables in the regulatory balance sheet.

	2018 €'M	2017 €'M
Technical provisions per the Financial Statements	4,694.3	4,463.7
Pending Claims	(296.5)	(222.0)
Technical provisions less pending claims	4,397.8	4,241.7
Technical provisons per Regulatory Balance Sheet	3,776.0	3,823.0
Difference	**621.8**	**418.7**

There is no difference in the carrying value of the IBNR between the regulatory balance sheet and the Financial Statements which was €334.1million (2017: €318.6million).

The reserves calculated in the Financial Statements are based on best estimate cash flow projections. However, the reserves in the Financial Statements also include a margin for adverse deviation. The assumptions used in developing these reserves are determined at the onset of the policy and for most lines of business are locked-in.

The regulatory balance includes a risk margin and the assumptions are reviewed and updated to reflect the current best estimate of future experience using market risk-free interest rates as regularly published by EIIOPA.

The different bases of calculation has generated a difference of €621.8million (2017: €418.7million) as at 31 December.

D.3 Other liabilities

D.3.1 Deferred Tax Liabilities.

The deferred tax liability of €40.9million (2017: €24.7million) is discussed in section D1.1.

D.3.2 Insurance & intermediary payables.

The insurance and intermediary amount payable comprised of the following:

	2018 €'M	2017 €'M
Pending Claims	296.5	222.1
Experience refunds payable	32.3	28.0
	328.8	250.1

Pending claims relate to amounts set aside for reported claims that are in the process of being settled. There is no difference in the valuation methods between the regulatory balance sheet and the Financial Statements, however, these amounts were included in the technical provisions in the Financial Statements.

Some clients, based on treaty provisions, are entitled to a refund if there is favourable experience on the reinsurance programme. The experience refund amounts are calculated based on the individual treaty provisions and the balance payable as at 31 December 2018 was €32.3million (2017: €28.0million). There is no difference in the valuation methods between the regulatory balance sheet and the Financial Statements.

D.3.3 Reinsurance Payables

The reinsurance amount payable comprised of the following:

	2018 €M	2017 €'M
Amounts due to reinsurers	292.8	194.8
Funds withheld liabilities	56.8	23.2
	349.6	218.0

The reinsurance payables are valued at fair value and due to the short-term nature of the receivable no adjustments to valuation are required.

There is no difference in the carrying value between the regulatory balance sheet and the Financial Statements.

D.3.4 Payables (trade, not insurance)

Payables (trade, not insurance) comprises of the following amounts:

	2018 €'M	2017 €'M
Taxation including social security	2.8	5.3
Investment settlements	5.2	5.1
Accrued expenses and employee benefits payable	7.7	7.4
	15.7	17.9

The amounts are valued at fair value and due to the short-term nature of the receivable no adjustments to valuation are required.

There is no difference in the carrying value between the regulatory balance sheet and the Financial Statements.

D.3.5 Sub-ordinate Loan

There is no difference in the carrying value between the regulatory balance sheet and the Financial Statements which was €90.0million (2017: €90.0million).

D.4 Alternative methods for valuation

Commercial mortgage loans represent approximately less than 1% of the company cash and invested assets as of 31 December, 2018.

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. Fair values are determined using prices quoted in active markets. In some instances, such price information is not available and the Company applies valuation techniques to measure such instruments.

The fair value of commercial mortgage loans on real estate is estimated by discounting cash flows, both principal and interest, using current interest rates for mortgage loans with similar credit ratings and similar remaining maturities. As such, inputs include current treasury yields and spreads, which are based on the credit rating and average life of the loan, corresponding to the market spreads.

The value of the commercial mortgage loans in the regulatory balance sheet is €27.2million (2017: €Nil).

D.5 Any Other Disclosures

D.5.1 Contingent liabilities

The Company has made non-cancellable contractual commitments for the rental of its offices.

These amounts are not recognised as a liability on the Company's Regulatory or Financial Statement Balance Sheet.

These commitments are as follows:

	2018	**2017**
	€'M	**€'M**
Within one year	1.0	1.0
Between one and five years	2.6	1.1
After five years	1.1	-
	4.7	2.1

E – Capital Management

E.1 Eligible Own Funds

E.1.1 Objectives

The Company's eligible Own Funds and ratio of eligible Own Funds to the Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR") are shown below.

Solvency Ratio	**2018 €'M**	**2017 €'M**
Eligible Own funds	664.9	581.0
Solvency Capital Requirement (SCR)	468.6	414.2
Solvency Ratio	**142%**	**140%**

Minimum Solvency Ratio	**2018 €'M**	**2017 €'M**
Eligible Own funds	664.9	581.0
Minimum Capital Requirement (MCR)	128.5	136.6
Minimum Solvency Ratio	**517%**	**425%**

The Company's Own Funds, SCR and MCR have changed due to new business, changes in both economic conditions, valuation assumptions and the shares issued at a premium in 2018.

The objectives of the Company are to maintain sufficient Own Funds to cover the SCR and MCR with an appropriate buffer set by the Board. The majority of surplus capital in the Company is invested in fixed income securities.

The available Own Funds are of sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Acts.

The Senior Management of the Company ensure that there is continuous compliance with the Solvency Requirement. The regulatory capital position and a projection of future capital positions is prepared on a quarterly basis and is reviewed by the Audit Committee of the Board.

During the ORSA process, the Company prepares ongoing annual solvency projections and reviews the structure of Own Funds and future capital requirements. The business plan contains a five year projection of funding requirements. This process helps focus actions for future funding.

There were no material changes in the objectives, policies and processes employed by the Company for managing its Own Funds during the period.

E.1.2 Tiering of Own Funds.

The Company's eligible Own Funds were €664.9million (2017: €581.0million).

There funds were classified as follows:

	2018 €'M	2017 €'M
Tier 1 - Unrestricted		
Alloted, Called Up and Fully Paid Share Capital	0.8	0.8
Additional Capital Contributions	241.3	241.3
Share Premium	35.7	-
Reconciliation Reserve	297.1	248.9
Excess of Assets over Liabilities	574.9	491.0
Tier 1 - Restricted		
Subordinated Loan Note	90.0	90.0
Total Eligible Own Funds	**664.9**	**581.0**

The Company has issued a subordinated loan note of €90million to RGA Americas.

All of the Company's Own Funds are classified as Basic Own Funds. The Company does not have any ancillary own funds.

E.1.3 Reconciliation to the Company's Shareholder Funds disclosed in the Financial Statements

	2018 €'M	2017 €'M
Shareholder's funds per the Financial Statements	512.6	600.4
Sub-ordinated loan note	90.0	90.0
Add the reduction in gross technical provisions	621.8	418.7
Less deferred acquisition costs	(42.9)	(38.5)
Less reduction in amounts recoverable from the reinsurer	(502.1)	(511.1)
Change in deferred taxes	(14.5)	21.5
Total own funds	**664.9**	**581.0**

E.2 Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

The Company has adopted the Solvency II Standard Formula in calculating its Solvency Capital Requirement ("SCR").

E.2.1 Solvency Capital Requirement (SCR)

Total Company SCR

The Company's total SCR as at 31 December 2018 was €468.6million (2017: €414.3million). The following table shows the breakdown of the SCR:

	2018 €'M	2017 €'M
Basic Solvency Capital Requirement		
Market risk	230.6	209.6
Counterparty default risk	20.7	16.6
Life underwriting risk	342.9	293.7
Health underwriting risk	24.1	19.5
Non-life underwriting risk	4.7	0.3
Diversification	(148.6)	(126.3)
Total Basic Solvency Capital Requirement	**474.4**	**413.4**
Operational risk	29.8	28.9
Adjustment due to ring fenced funds	8.3	5.3
Loss absorbing capacity of technical provisions	(10.9)	(7.9)
Loss absorbing capacity of deferred taxes	(32.9)	(25.4)
Total Solvency Capital Requirement (SCR)	**468.6**	**414.3**

The main drivers for the increase in the SCR have been the Life and Market SCRs. The increase in the Life SCR is predominantly due to increases in the Disability and Lapse SCRs, due to business growth and a reduction in the assumption for future maintenance expenses. The Market SCR has predominantly increased due to increase in the Currency and Interest Rate SCRs, due to business growth.

Singapore Branch – Ring Fenced Fund

The Singapore Branch is also regulated by the Monetary Authority of Singapore (MAS). The MAS has different capital requirements to Solvency II, known as Risk Based Capital 1 – RBC1. A ring-fenced fund has been established to meet the MAS's requirements. The Capital Adequacy Ratio (CAR) of the Singapore Branch as at 31 December 2018 was 406% (2017: 253%).

The Company's regulatory capital calculations involve full separate calculations of the SCRs for the ring-fenced fund and residual business. This is in accordance with the Solvency II Standard Formula. The SCR for this ring-fenced fund is €108.5million (2017: €72.0million).

The table above shows the Basic Solvency Capital Requirement ignoring the ring-fenced fund, and adjusts separately for the loss of diversification.

E.2.2 Minimum Capital Requirement (MCR)

The Company's MCR at the 31 December 2018 was €128.5million (2017: €136.6million).

The calculation of the MCR is as follows:

	2018	**2017**
	€'M	**€'M**
Linear MCR	128.5	136.6
SCR	468.6	414.3
MCR cap (45% of SCR)	210.9	186.4
MCR floor (25% of SCR)	117.2	103.6
Combined MCR	128.5	136.6
Absolute floor of the MCR	3.6	3.6
Minimum Capital Requirement	128.5	136.6

The Linear MCR calculation has been used and neither the cap of 45% of the SCR or the floor of 25% of the SCR have applied. The Linear MCR is calculated using the Solvency II Standard Formula and is based on premiums received, Technical Provisions held and on the amount at risk. The decrease during 2018 has been due to decreases in the Technical Provisions and amount at risk for the Life business.

E.3 Compliance with the MCR and SCR

The Company was compliant with both the Minimum Capital Requirement and Solvency Capital Requirement at all times during the year.

Appendix – Quantitative Reporting Templates (QRTs)

The following QRTs were part of the Annual Return submitted to the Central bank of Ireland for the year ended 31 December 2018; all figures shown in the templates are in EUR thousands:

S.02.01.b	Balance sheet
S.05.01.b.N	Premiums, claims and expenses by line of business (non-life)
S.05.01.b.L	Premiums, claims and expenses by line of business (life)
S.05.02.b.N	Premiums, claims and expenses by country (non-life)
S.05.02.b.L	Premiums, claims and expenses by country (life)
S.12.01.b	Life and Health SLT Technical Provisions
S.17.01.b	Non-Life Technical Provisions
S.19.01.e.AY	Non-Life insurance claims - Accident Year
S.23.01.b	Own Funds
S.25.01.b	Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.b	Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	11,128
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	4,538
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	3,299,691
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	3,256,979
R0140	*Government Bonds*	239,892
R0150	*Corporate Bonds*	3,017,087
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	42,712
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	27,228
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	27,228
R0270	Reinsurance recoverables from:	774,434
R0280	*Non-life and health similar to non-life*	1,387
R0290	*Non-life excluding health*	1,387
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	773,047
R0320	*Health similar to life*	14,490
R0330	*Life excluding health and index-linked and unit-linked*	758,557
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	77,363
R0360	Insurance and intermediaries receivables	610,523
R0370	Reinsurance receivables	278,717
R0380	Receivables (trade, not insurance)	826
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	91,601
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	5,176,047

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	2,020
R0520	*Technical provisions - non-life (excluding health)*	2,020
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	1,734
R0550	*Risk margin*	287
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	3,774,231
R0610	*Technical provisions - health (similar to life)*	15,069
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	-253
R0640	*Risk margin*	15,322
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	3,759,162
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	3,406,843
R0680	*Risk margin*	352,319
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	0
R0710	*Best Estimate*	0
R0720	*Risk margin*	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	40,914
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	328,722
R0830	Reinsurance payables	349,572
R0840	Payables (trade, not insurance)	15,708
R0850	Subordinated liabilities	90,000
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	90,000
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	4,601,167
R1000	**Excess of assets over liabilities**	574,880

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business												0					0
R0120	Gross - Proportional reinsurance accepted												48,011					48,011
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share												36,681					36,681
R0200	Net												11,331					11,331
	Premiums earned																	
R0210	Gross - Direct Business												0					0
R0220	Gross - Proportional reinsurance accepted												48,011					48,011
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share												36,681					36,681
R0300	Net												11,331					11,331
	Claims incurred																	
R0310	Gross - Direct Business												0					0
R0320	Gross - Proportional reinsurance accepted												3,511					3,511
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share												2,808					2,808
R0400	Net												702					702
	Changes in other technical provisions																	
R0410	Gross - Direct Business												0					0
R0420	Gross - Proportional reinsurance accepted												14,480					14,480
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share												11,584					11,584
R0500	Net												2,896					2,896
R0550	**Expenses incurred**												9,477					9,477
R1200	**Other expenses**																	
R1300	**Total expenses**																	9,477

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross							131,634	539,436	671,070
R1420	Reinsurers' share							100,763	458,826	559,589
R1500	Net							30,871	80,610	111,482
	Premiums earned									
R1510	Gross							132,318	539,979	672,296
R1520	Reinsurers' share							101,340	460,371	561,711
R1600	Net							30,977	79,608	110,585
	Claims incurred									
R1610	Gross							76,809	681,335	758,144
R1620	Reinsurers' share							60,756	416,217	476,973
R1700	Net							16,054	265,118	281,172
	Changes in other technical provisions									
R1710	Gross							19,767	-162,943	-143,176
R1720	Reinsurers' share							14,882	-31,624	-16,742
R1800	Net							4,885	-131,319	-126,434
R1900	**Expenses incurred**							14,732	31,590	46,322
R2500	**Other expenses**									
R2600	**Total expenses**									46,322

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			IT					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business							0
R0120	Gross - Proportional reinsurance accepted	7	48,004					48,011
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	0	38,404					38,404
R0200	Net	7	9,601	0	0	0	0	9,608
	Premiums earned							
R0210	Gross - Direct Business							0
R0220	Gross - Proportional reinsurance accepted	0	0					0
R0230	Gross - Non-proportional reinsurance accepted	0						0
R0240	Reinsurers' share	0	0					0
R0300	Net	0	0	0	0	0	0	0
	Claims incurred							
R0310	Gross - Direct Business							0
R0320	Gross - Proportional reinsurance accepted	-168	3,678					3,511
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	0	0					0
R0400	Net	-168	3,678	0	0	0	0	3,511
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted	-364	14,844					14,480
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share	0	0					0
R0500	Net	-364	14,844	0	0	0	0	14,480
R0550	**Expenses incurred**	25	31,917					31,942
R1200	**Other expenses**							
R1300	**Total expenses**							31,942

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Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
R1400			GB	FR	IN	ES	SG	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	55,068	268,460	66,828	48,734	29,889	64,951	533,931
R1420	Reinsurers' share	44,055	241,345	53,463	38,987	23,912	51,960	453,722
R1500	Net	11,014	27,114	13,366	9,747	5,978	12,990	80,209
	Premiums earned							
R1510	Gross	54,592	268,380	66,833	50,804	29,787	64,778	535,173
R1520	Reinsurers' share	43,673	241,274	53,466	40,644	23,829	51,822	454,708
R1600	Net	10,918	27,106	13,367	10,161	5,957	12,956	80,465
	Claims incurred							
R1610	Gross	51,022	475,553	24,210	40,175	18,633	32,847	642,441
R1620	Reinsurers' share	40,817	427,522	19,368	32,140	14,907	26,278	561,033
R1700	Net	10,204	48,031	4,842	8,035	3,727	6,569	81,408
	Changes in other technical provisions							
R1710	Gross	-6,072	-147,509	10,290	-2,053	-189	11,283	-134,249
R1720	Reinsurers' share	-4,858	-132,610	8,232	-1,642	-151	9,027	-122,003
R1800	Net	-1,214	-14,898	2,058	-411	-38	2,257	-12,247
R1900	**Expenses incurred**	4,387	21,857	21,616	2,739	8,721	6,455	65,776
R2500	**Other expenses**							
R2600	**Total expenses**							65,776

S.12.01.02

Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	**Technical provisions calculated as a whole**									0	0					0	0
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole									0	0					0	0
	Technical provisions calculated as a sum of BE and RM																
	Best estimate																
R0030	**Gross Best Estimate**									3,406,843	3,406,843					-253	-253
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default									758,557	758,557					14,490	14,490
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re									2,648,286	2,648,286					-14,743	-14,743
R0100	**Risk margin**									352,319	352,319					15,322	15,322
	Amount of the transitional on Technical Provisions																
R0110	Technical Provisions calculated as a whole									0	0					0	0
R0120	Best estimate									0	0					0	0
R0130	Risk margin									0	0					0	0
R0200	**Technical provisions - total**									3,759,162	3,759,162					15,069	15,069

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Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**												0					0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole												0					0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross												22					22
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default												18					18
R0150	**Net Best Estimate of Premium Provisions**												4					4
	Claims provisions																	
R0160	Gross												1,712					1,712
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default												1,369					1,369
R0250	**Net Best Estimate of Claims Provisions**												342					342
R0260	**Total best estimate - gross**												1,734					1,734
R0270	**Total best estimate - net**												347					347
R0280	**Risk margin**												287					287
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole												0					0
R0300	Best estimate												0					0
R0310	Risk margin												0					0
R0320	**Technical provisions - total**												2,020					2,020
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**												1,387					1,387
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**												633					633

S.19.01.21

Non-Life insurance claims

Total Non-life business

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

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year					**Development year**							**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	2009	0	0	3,456	5,549	381	4	78	1,052	-12	6		6	10,514
R0170	2010	0	2,733	4,703	619	49	62	1,277	-12	106			106	9,537
R0180	2011	554	2,350	1,082	17	23	1,115	0	12				12	5,152
R0190	2012	460	2,536	470	321	771	-9	10					10	4,558
R0200	2013	775	1,119	535	878	-30	25						25	3,301
R0210	2014	153	794	502	2	55							55	1,506
R0220	2015	199	335	89	196								196	819
R0230	2016	79	194	169									169	441
R0240	2017	34	786										786	820
R0250	2018	160											160	160
R0260												**Total**	1,525	36,809

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year					**Development year**							**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	2009	0	0	378	286	6	0	5	0	0	0		0
R0170	2010	0	981	464	155	10	7	11	0	0			0
R0180	2011	2,544	611	164	117	10	9	2	0				0
R0190	2012	1,992	440	240	96	18	7	1					1
R0200	2013	2,064	638	129	113	9	2						2
R0210	2014	2,906	227	101	32	2							2
R0220	2015	1,084	207	39	8								8
R0230	2016	828	90	9									9
R0240	2017	371	47										47
R0250	2018	1,643											1,643
R0260												**Total**	1,712

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	834	834		0	
R0030	Share premium account related to ordinary share capital	35,672	35,672		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	241,331	241,331		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	297,043	297,043			
R0140	Subordinated liabilities	90,000		90,000	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	664,880	574,880	90,000	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			0	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	664,880	574,880	90,000	0	0
R0510	Total available own funds to meet the MCR	664,880	574,880	90,000	0	
R0540	Total eligible own funds to meet the SCR	664,880	574,880	90,000	0	0
R0550	Total eligible own funds to meet the MCR	664,880	574,880	90,000	0	
R0580	**SCR**	468,647				
R0600	**MCR**	128,501				
R0620	**Ratio of Eligible own funds to SCR**	141.87%				
R0640	**Ratio of Eligible own funds to MCR**	517.41%				
	Reconcilliation reserve	C0060				
R0700	Excess of assets over liabilities	574,880				
R0710	Own shares (held directly and indirectly)	0				
R0720	Foreseeable dividends, distributions and charges	0				
R0730	Other basic own fund items	277,837				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
R0760	**Reconciliation reserve**	297,043				
	Expected profits					
R0770	Expected profits included in future premiums (EPIFP) - Life business	296,381				
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	0				
R0790	**Total Expected profits included in future premiums (EPIFP)**	296,381				

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	234,677		
R0020	Counterparty default risk	21,037		
R0030	Life underwriting risk	348,884	9	
R0040	Health underwriting risk	24,528	9	
R0050	Non-life underwriting risk	4,771	9	
R0060	Diversification	-151,185		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	482,712		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	29,792
R0140	Loss-absorbing capacity of technical provisions	-10,942
R0150	Loss-absorbing capacity of deferred taxes	-32,915
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	468,647
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	468,647
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	360,189
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	108,458
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

USP Key

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

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

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

S.28.01.01

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

		C0010
	Linear formula component for non-life insurance and reinsurance obligations	
R0010	MCR_{NL} Result	1,447

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	0	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	347	11,331
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

		C0040
	Linear formula component for life insurance and reinsurance obligations	
R0200	MCR_{L} Result	127,054

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits	0	
R0220	Obligations with profit participation - future discretionary benefits	0	
R0230	Index-linked and unit-linked insurance obligations	0	
R0240	Other life (re)insurance and health (re)insurance obligations	2,633,543	
R0250	Total capital at risk for all life (re)insurance obligations		102,499,272

		C0070
	Overall MCR calculation	
R0300	Linear MCR	128,501
R0310	SCR	468,647
R0320	MCR cap	210,891
R0330	MCR floor	117,162
R0340	Combined MCR	128,501
R0350	Absolute floor of the MCR	3,600
R0400	**Minimum Capital Requirement**	128,501