

ECHC Group

ECHC Limited
Eucare Insurance PCC Limited

GROUP SOLVENCY AND FINANCIAL
CONDITION REPORT
31ST DECEMBER 2020

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1.0 Summary

The ECHC Group (hereinafter referred to “the Group” or “ECHC Group”) is composed of ECHC Limited (“ECHC”) and Eucare Insurance PCC Limited (“the Company” or “Eucare”) and was incorporated on 8th October 2018.

The principal activity of ECHC Limited is to act as an insurance holding company, whilst Eucare carries on the business of insurance and is licensed as a protected cell company by Malta Financial Services Authority (“MFSA”) in accordance with the Companies Act (Cell Companies carrying on business of insurance) Regulations, 2010. At the time of writing, Eucare only has one operating cell, namely NLCare Cell, along with its Core. This report covers the period from 1st January 2020 to 31st December 2020.

The following table outlines the key aspects and material changes up till 31st December 2020, including the business, performance, system of governance, risk profile, solvency valuations and capital management of the Group during the reporting year:

Business	<ul style="list-style-type: none">- No changes in the shareholding structure of the Group were effected.- NLCare Cell remains the only operating cell of Eucare. No further cells were set up.- Eucare experienced an increase in Health Insurance Business and new Income Protection and Personal Accident Business, all written in the Netherlands.- Eucare granted right to carry on business in France under the EU Freedom of Services Provision regime.
Performance	<ul style="list-style-type: none">- Gross written premiums of €532,441,481 (2019: €122,670,264)- Underwriting Income of €15,326,933 (2019: €3,328,111)- Profit before tax of €9,608,575 (2019: €1,098,775)
System of Governance	<ul style="list-style-type: none">- No changes to the composition of the Board of Directors and/or Committees of all entities within the Group- Appointment of in-house Actuarial Key Function Holder of Eucare
Risk Profile	<ul style="list-style-type: none">- Analysis of risks, monitoring and controls are documented in the report.
Valuation for Solvency Purposes	<ul style="list-style-type: none">- The Group reported the following Solvency II figures for its first year of operation:<ul style="list-style-type: none">- Assets: €224,782,407 (2019: €61,770,045)- Technical Provisions: €115,025,773 (2019: €13,939,987)

	<ul style="list-style-type: none"> - Other Liabilities: €80,583,507 (2019: €25,900,245) - Deferred Tax Asset: €78,879 (2019: Nil)
Capital Management	<ul style="list-style-type: none"> - Eligible own funds for SCR €37,124,160 (2019: €27,115,743) - Eligible own funds for MCR €29,907,732 (2019: €22,442,994) - SCR (Standard Formula) €16,059,823 (2019: €10,371,861) - MCR (Standard Formula) €4,067,413 (2019: €2,565,906)

Table 1: Group Key Aspects & Material Changes since Inception

2.0 Business and Performance

2.1. Business

2.1.1. Overview

ECHC Limited is a limited liability company which does not trade and was set up solely to hold the non-cellular shares of the Eucare Core, the cell shares of NLCare Cell and the shares of Ouverture Services Limited, an IT services company. Ouverture Services Limited does not form part of the insurance group.

Eucare Insurance PCC Limited is a limited liability protected cell company registered in Malta on 8th October 2018. Eucare is authorised and regulated by the:

Malta Financial Services Authority (MFSA)
Triq l-Imdina, Zone 1
Central Business District, Birkirkara
CBD 1010
Malta

Tel: +356 2144 1155

The MFSA is also the group supervisor.

The Company is authorised to carry on business falling under Class 1 – Accident, Class 2 – Health, Class 16 – Miscellaneous financial loss and Class 18 – Assistance.

Eucare has set up one cell, namely NLCare Cell which was granted MFSA approval on 2nd November 2018. The Cell is ring-fenced from the Eucare “Core” cell but has the same direct shareholder as the Core. Eucare is licensed to carry on business in the Netherlands and France, under the EU Freedom of Services Provision regime.

The non-cellular (Core) shares of Eucare are 100% subscribed by ECHC Limited (Malta), which is wholly owned by ECSH B.V. (the Netherlands) and Quantum Leben AG (Liechtenstein). The ultimate qualifying shareholders of the Group are H.H. Laeven, Netherlands (53.9% interest), S.M.M. Franco, Netherlands (19.9% interest), and A.F.J.P. van den Beuken, Netherlands (11.3% interest).

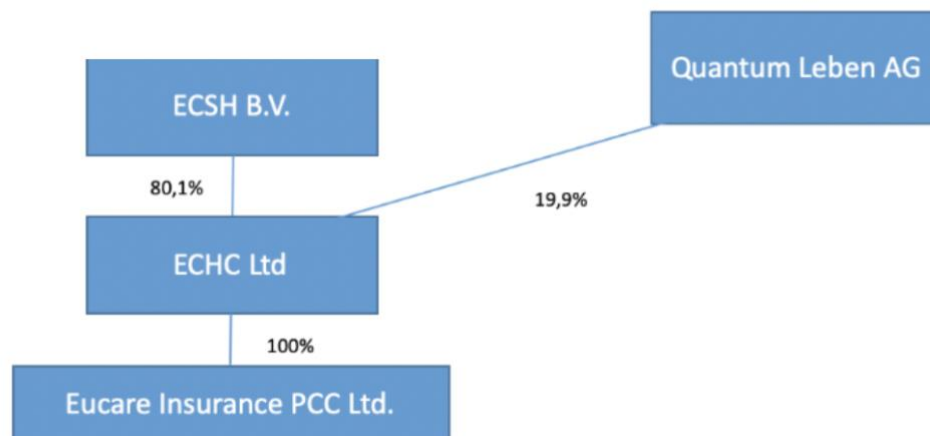


Figure 1: ECHC Group Shareholding Structure

The undertakings falling within the scope of group supervision and group solvency are ECHC Limited, the Eucare Core and NLCare Cell. For the purpose of calculating group solvency, Method 1 – Accounting Consolidation Based Method – has been used. The Annual Quantitative Reporting Templates (“QRTs”) containing information on the undertakings in the scope of the Group is being included in this document (refer to S.32.01.22 in Appendix 2).

The Group’s appointed external auditors are:

KPMG Malta
Portico Building,
Marina Street,
Pieta’, PTA 9044
Malta

2.1.2. Business Objectives

Eucare has been set up as a Protected Cell Company (“PCC”). A PCC is a corporate structure in which a single legal entity is comprised of the Core and one or more Cells that have separate assets and liabilities. The PCC has a similar design to a hub and spoke, with the central core organization linked to individual Cells. Each Cell is independent of each other and of the company’s Core, but the entire unit is still a single legal entity.

ECHC as shareholder of NLCare Cell has entered into a cell agreement with Eucare which provides secondary recourse to the assets of the Core to cover the Cell liabilities in the event that the Cell assets were to be exhausted. Eucare receives fees from the Cell for the provision of the cell facility and for exposure to the Core. Eucare carries on insurance business only through NLCare Cell. The NLCare Cell was set up to sell health, sickness, income protection and personal accident insurance

business. As at 31st December 2020, the insurance business written by Eucare, through NLCare Cell, has been in the Netherlands.

However, the Group is keen to gradually explore similar markets in other territories. In fact, as explained in section 2.1.1, Eucare has already been granted passporting rights into France and shall expand its territorial spread as from 2021.

2.2. Underwriting performance

The Group is composed of the insurance holding company, ECHC Limited and Eucare Insurance PCC Limited, acting as the insurance underwriting arm of the ECHC Group. After taking into account the underwriting income of €15,326,933 (2019: €3,328,111) and administrative expenses of €4,758,473 (2019: €2,229,336), and finance costs of €959,885 (2019: Nil), the Group reported a profit before tax of €9,608,575 (2019: €1,098,775).

The main operations of the Group emanate from the insurance undertaking, Eucare. During the financial year ended 31st December 2020, the Group generated gross written premium of €532,441,481 (2019: €122,670,264). Although the majority of policies written commence on 1st January and are valid till 31st December, a small part of the health insurance portfolio inceptioned during the year with cover extending beyond 31st December 2020. This resulted in an unearned premium of €38,775 (2019: €0).

The Premium written relating to the Dutch Health Insurance Business is derived from two different sources, as explained in greater detail in section 4.1. The first source relates to premium payable directly from the policyholders and amounted to €276,900,209 (2019: €72,878,784), whereas the second source related to contributions through the Dutch Health Insurance Risk Equalisation Fund and amounted to €253,202,961 (2019: €49,648,751).

Moreover, the Group also generated premium from Income Protection and Personal Accident insurance business in the Netherlands and amounted to €976,541 (2019: €0) and €174,551 (2019: €0) respectively.

During the financial year, the Group incurred €23,067,827 (2019: €7,075,630) worth of operating expenses directly attributable to the acquisition and servicing of insurance contracts.

The Group incurred Deferred Acquisition Costs amounting to €5,816 (2019: Nil) since, by the end of the year, policies were still in force with a termination date in 2021.

The Group has in place a combination of proportional and non-proportional reinsurance protection with reputable reinsurance companies. As a result, some of the premiums written are ceded to the reinsurer, whilst a degree of the certain claims incurred are recovered from the reinsurer. An Incurred But Not Reported (IBNR) reserve is maintained based on an estimated and expected ultimate claims cost amount.

The Covid-19 pandemic has had a significant impact on healthcare in the Netherlands. Significant pressure was put on hospital capacity both due to the contagiousness of the virus, as well as the need to shift staff in order to assist in the treatment of Covid-19 infected patients. Moreover, healthcare providers also experienced constraints in the provision of non-emergency healthcare treatments, mainly due to restrictive measures limiting social gatherings and interactions imposed by the Dutch government.

In order to protect healthcare providers from the uncertainties brought about by the Covid-19 pandemic, the Group provided supporting measures to assist the healthcare providers to overcome financial challenges. In addition, the Group also incurred claims which related to treatment of Covid- 19 of infected policyholders.

Article 33 of the Dutch Healthcare Act concerning catastrophe situations, stipulates that healthcare insurance companies may receive additional contributions if the pandemic related costs throughout the year of the pandemic and the following calendar year, exceed 4% of the average Risk Equalisation Fund for 2019. Based on the information available at the time of reporting Eucare has not identified sufficient Covid-19 related costs to meet the threshold and compensations emanating from Article 33 of the Dutch Healthcare Act have not been considered in Eucare's financial statements. Further assessments will continue to be carried out during 2021.

The shareholders' funds as at 31 December 2020 amounted to €30,671,822 (2019: €21,216,605) and comprises of share capital, capital contribution and retained earnings. Moreover, in 2019, subordinated Tier 2 and Tier 3 loan agreement consisting of €7,000,000 and €3,000,000 respectively were drawn up.

The QRTs containing an analysis of premiums, claims and expenses are being attached to this document (refer to S.05.01.02 and S.05.02.01 in Appendix 2 for the Group and in Appendix 3 for Eucare).

2.2.1. Material risk mitigation techniques

As an insurance group, the insurance underwriting risk is considered to be the main risk which Eucare, is exposed to and is one of the primary risks acknowledged by the Company. Eucare, in line with the Company's risk appetite set by the Board, adopts a prudent approach in the way it mitigated its risks. This includes having in place reinsurance agreements with reputable reinsurance companies, thus enabling the transfer of part of the risk to the reinsurers. The contract boundaries relative to the products sold by the Company also serve as a risk mitigation technique to underwriting risk.

In addition to the uncertainty borne by the Company arising from the inherent nature of insurance business, Eucare also faces the uncertainty of variances in expected future income contributions receivable from the Dutch Health Insurance Risk Equalisation Fund which are based on best estimate calculations.

The Company has in place a number of measures to mitigate these uncertainties. As the estimated receivables from the Dutch Health Insurance Risk Equalisation Fund are based on Best Estimates of expected amounts a provision is made for any uncertainties. Estimates of the compensation from the Dutch Health Insurance Risk Equalisation Fund is recalculated throughout the year and adjustments to the provision are made accordingly.

Through a healthcare procurement company in the Netherlands Eucare also enters into price agreements with a large number of providers. This reduces the potential fluctuation in claims costs by pre-agreeing prices per treatment and therefore removing the uncertainty with regards to price movements during the year.

The Company also manages these risks through its underwriting strategy, which is intended to ensure that there is sufficient volume of similar risks underwritten to enable it to better predict future claims over a wider risk base, and through its reinsurance arrangements.

The Company is also exposed to an unexpected accumulation of losses in a single year or arising from one event. With Eucare being an insurance company predominantly exposed to health insurance risks, single events that may result in an accumulation of losses includes the development of wide-spread diseases or a pandemic affecting the insured population.

A number of mitigating factors are in place to reduce this exposure. The application of a deductible which is payable by the insured party on the majority of insurance policies sold by the Company reduces Eucare's exposure to a high volume of claims for small claim amounts. Moreover, the Company has reinsurance agreements in place to ensure adequate proportionate risk transfer in the case of such eventualities.

In view of the uncertainties relating to the Covid-19 pandemic, regular risk assessments are being carried out on an on-going basis to monitor the financial impact that the pandemic may have on the Company and to take any action as deemed necessary.

Based on known information at the date of reporting, management's assessment shows that the Company will be able to absorb the effects of the pandemic, and in particular the Company would still remain above the Minimum Capital Requirement (MCR) as well as the Solvency Capital Requirement (SCR).

Nonetheless, Eucare remains cautious given the uncertainty regarding the actual future developments and its consequent effects and is mindful of the fact that the Covid-19 global and national scenario requires constant scrutiny and the assessments need to be carried out on a frequent basis with more recent data, since there is still uncertainty regarding important factors that might have an impact on the outcome of the assessment, such as the duration of the pandemic and the actual costs of the Covid-19 treatments. Also, the assessment by the Company is subject to constant dynamics depending on the various socioeconomic factors assessed in conjunction with the future development and impact of the pandemic.

As explained under section 1.2 above, based on the information available at the time of reporting, Eucare has not identified sufficient Covid-19 related costs to meet the threshold for additional contributions as stipulated under Article 33 of the Dutch Healthcare Act and thus these have not been considered in the Company's financial statements. Further assessments will continue to be carried out during 2021.

With respect to the exposure from the Personal Accident insurance portfolio, Eucare is not exposed to any accumulation of losses in a single year or arising from one event since the risks are dispersed on an individual basis.

The location of the risk of Eucare's insurance portfolio is largely located within the Netherlands but is evenly spread across the country, ensuring an adequate geographical spread of risks. This ensures that there is no concentration of risks within a small area and provides suitable geographical diversification within the portfolio.

Eucare also maintains a constant oversight over the performance of the portfolio written, with co-ordination of the Underwriting and Claims Function, the Actuarial Function and the Risk Management Function. This allows the Company to take the adequate steps if necessary in a timely manner in order to effectively manage this risk.

Another significant primary risk considered by the Company, is Operational risk. The Company has a robust organisational structure with various support mechanisms which remove dependency on single individuals. Moreover, Eucare engages third party service providers providing a number of services on behalf of the Company. Each contracted third party is governed by service levels ensuring that the services provided meet the expected standards.

The Company has in place a business continuity plan which addresses all steps to be taken following a range of operational risks that may affect the Company. These include local office and/or island wide catastrophes, IT failures, and emergencies at outsourced service providers, amongst others. The plan is tested and updated annually. The Company further ensures that appointed third party service providers also have their own Business Continuity Plan in place, which is tested and reviewed at least on an annual basis.

2.3. Investment performance

As at 31st December 2020 the Group's financial assets were limited to cash and cash equivalents. The table below shows cash balances as at the end of the financial year for each entity:

Entity	31 Dec 2019 (€)	31 Dec 2020 (€)
ECHC	889	511
Eucare Core	1,502,960	1,512,195
Eucare NLCare Cell	21,231,272	21,653,228
Consolidated	22,735,121	23,165,934

Table 2: Group Cash Balances

As at 31st December 2020 the Group held cash and cash equivalents which include deposits held at call with banks. No interest income was earned on the cash deposits held with banks for the year ending 31st December 2020.

In 2019, two sub-ordinated loan agreements of €7,000,000 and €3,000,000 in favour of NLCare Cell, classifying as Tier 2 and Tier 3 capital respectively, were entered into with one of Eucare's shareholders, Quantum Leben AG.

2.4. Performance of other activities

The net operating expenses of the Group amounted to €4,758,473 (2019: €2,229,336). These relate solely to administrative costs, such as staff costs, directors' fees, actuarial fees and legal and professional fees paid by NLCare Cell.

2.5. Any Other Information

There is no further information regarding business and performance other than the disclosed above.

3.0 System of Governance

3.1. General Information on the Systems of Governance

3.1.1. Structure of the Board, Committees & Key Functions

The governance structure of ECHC is set at Board of Directors level and composed of three directors.

Eucare is set up as a Protected Cell Company (PCC). A PCC consists of a core and an unlimited number of cells. The Board of directors is responsible for the governance of the PCC as a whole. If considered necessary, new cells may be managed by a Cell Committee, with authority to the committee being granted by the PCC Board of directors. As of yet, no cell committees have been set up.

The Board of Eucare is currently composed of six directors with collective experience and knowledge that is considered adequate.

The Company has also set up an Audit Committee, a Risk Management and Compliance Committee and an Investment Committee each reporting directly to the Board.

The following is an overview of the responsibilities assigned to each committee:

Audit Committee

The purpose of the Audit committee is to assist the Board in fulfilling adequate monitoring of the financial reporting process and the statutory audit of the annual and consolidated financial statements, whilst guaranteeing an effective internal quality control and risk management system. The Audit Committee is further assigned with the oversight responsibility relating to the integrity of any financial reporting, as well as ensuring the independence of the internal and external audit function.

Investment Committee

The purpose of the Investment Committee is to assist the Board in selecting an investment portfolio in line with the investment strategy of the Company. The Committee monitors the investment performance and reports directly to the Board. Activity reporting includes projections of cash flows, valuation of assets and liabilities, and the Company exposure to credit, market and liquidity risk.

Risk Management and Compliance Committee

The Risk Management and Compliance Committee is assigned with the role of assisting the Board in the identification and mitigation of risks within the Company. The main focus is to oversee the implementation of the risk management system of the Company, including the execution of the risk management strategy as established by the Board. Moreover, the Committee also assists the Board in implementing the

regulatory compliance policy and effectively overseeing non-financial and financial compliance matters.

Key and Important Functions

The Board of Eucare has identified the following as Key Functions to the operations of the Company:

- Compliance function;
- Actuarial function;
- Risk Management function;
- Internal Audit function;

The following are also identified as important functions

- Finance & Regulatory Reporting function;
- Underwriting function;
- Claims Handling function;
- Investment Management function; and
- IT function.

All Key Functions are granted the necessary authority and independence by the Board of Directors through the respective Board policies. Each function is allocated with the necessary resources to adequately perform the various duties and responsibilities. Support mechanisms are also put in place as necessary, with a Key Function Holder being appointed for each Key Function.

Each Key Function reports to the Board and the respective Board Committees regularly at least on a quarterly basis.

3.1.2. Remuneration Policy

The Remuneration Policy of the Group provides for a remuneration structure that allows the Group to attract, reward and retain qualified executives and to provide and motivate existing and new personnel with a balanced and competitive remuneration structure that is focused on transparency, sustainable results and is aligned with the long-term strategy of the Group.

The Remuneration Policy aims to promote the Group's long-term success and to motivate management to deliver strong and sustainable business performance aligned with the Group's purpose of helping people live longer, healthier, happier lives.

The policy seeks to establish adequate remuneration in accordance with the role or position of work and its performance and to act as a motivating and satisfying element to achieve the objectives set and to comply with the Group's strategy, while promoting adequate and effective risk management, discouraging taking risks that exceed tolerance limits, as well as conflicts of interest.

Remuneration within the Group is based on the job position, taking into consideration experience, knowledge, merit, professional skills and performance, and includes measures to avoid any conflicts of interest that may arise. The policy guarantees equality, irrespective of gender, race or ideology, and is competitive with respect to the market.

Remuneration is aligned with the Group's strategy as well as its risk profiles, objectives, risk-management practices, and long-term interests and is reviewed on an annual basis by the shareholders during the Annual General Meeting.

3.1.3. Material transactions with Shareholders & Board Members

The Group does not have any material transactions, other than Eucare's transactions described below.

Eucare has two separate intercompany balances with companies within the Group. These account for receivables of €81,792 (2019:€48,156) from the parent company ECHC, and €41,746 (2019: €15,327) from the sister company Ouverture Services Limited.

In 2019, two sub-ordinated loan agreements of €7,000,000 and €3,000,000 in favour of NLCare Cell, classifying as Tier 2 and Tier 3 capital respectively, were entered into with one of Eucare's shareholders.

Moreover, a capital contribution in cash of €12,000,000 was also made by ECHC, the Company's immediate parent company, to NLCare Cell within Eucare.

Transactions carried out by the Board members relate to the directors' fees payable to each board member. In line with the Remuneration Policy, the fee payable to each director is commensurate to the roles and responsibilities assigned to each director.

3.2. Fit and Proper Policy

The Fit and Proper Policy of the Group establishes the fit and proper requirements which are applicable to the relevant personnel, namely directors, officers, controllers, senior executives, key function holders or individuals responsible for the oversight of key functions, the compliance officer, and where required any external personnel hired by service providers for the performance of certain functions within the company.

The fitness requirements ensure that any appointed individual possesses the appropriate qualifications and an adequate level of knowledge and experience relevant to the function being performed.

The directors of Eucare, as the licenced insurance entity, collectively also possess the appropriate qualifications, experience and knowledge about, but not limited to, the following:

- Insurance and Financial markets
- Business strategy and Business Model
- Systems of Governance

- Financial and Actuarial Analysis
- Risk Management processes
- Regulatory Framework.

Moreover, the Company ensures that all relevant personnel shall retain renowned personal, professional and business reputation & integrity based on reliable information about their personal behaviour, professional conduct and reputation, including in relation to any criminal, financial and supervisory issue which is relevant for this purpose.

3.3. Risk Management System including Own Risk & Solvency Assessment

3.3.1. Risk Management System

The Risk Management System of the Group is governed by the Group Risk Management Policy and a number of sub-policies which were approved by the Board of ECHC. The Board reviews its Risk Management policies and strategies and oversees their implementation to ensure that identified key risks are properly assessed and managed.

The Risk Management System enables the Group to identify its risks and considers the impact and probability of each risk occurring. The mitigating actions required are then determined to align the risk exposure to the risk appetite established by the Board of Directors. These mitigating actions may take the form of management actions, internal controls and/or risk transfer mechanisms.

The establishment of an adequate Risk Management System which is proportionate to the nature, scale and complexity inherent to the business, supports the Group in ensuring it maintains sufficient capital to meet all existing and imminent business risks. The Risk Management System therefore aims to ensure the efficient management of capital resources, and the achievement of strategic goals in the interests of the Group's policyholders, shareholders, and other stakeholders and in full compliance with all applicable legislation and regulatory requirements.

The Risk Management System is integrated into the management, performance monitoring and assurance systems of the Group to ensure that all regulatory requirements and technical and prudential monitoring are embedded in all elements of its work, partnerships and collaborations and existing service agreements.

This enables early identification of factors whether internally or externally driven, which may prevent the Group from achieving its strategic objectives. The Risk Management Policy provides the framework in which risks can be managed, mitigated and monitored regardless of source and the process to be followed.

The Risk Management System therefore aims to ensure the efficient management of capital resources, and the achievement of strategic goals in the interests of the Group's policyholders, shareholders, and other stakeholders and in full compliance with all applicable legislation and regulatory requirements.

3.3.2. Own Risk and Solvency Assessment (ORSA)

An important aspect of the Risk Management System of the Group is the Own Risk and Solvency Assessment, which is articulated in a stand-alone Board approved Policy. An ORSA is carried out once annually and when there is a material change to the risk profile or upon the occurrence of an event which may trigger a fresh ORSA.

The risk management function is responsible to implement the ORSA and works closely with the actuarial function of the Company to perform stress testing under various scenarios pre-agreed by the Group. An ORSA report is presented to the respective Boards for final review and approval.

The solvency capital needs of the Group are determined by using the Standard Formula method of calculation without the use of any Undertaking Specific Parameters or Partial Internal Model. The ORSA assessment includes the consideration of changes to the own funds position that may occur in stressed situations. As a result, the Group performs stress tests and scenario analysis to assess the resilience of the various entities. Solvency projections are prepared by the actuarial function and reviewed by the Board of the Company. A breakdown of the solvency capital and eligible own funds is provided in Section 6.

3.3.3. Use of Internal Model

The Group uses the standard formula to calculate the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR) and at this point in time it has no intention of applying for approval to use an internal model.

3.4. Internal Control System

In line with the corporate governance Company Guidelines adopted by the Group an internal control system has been set up to safeguard assets, to ensure the Group enters into transactions only where appropriate authority exists, and to ensure effective risk assessment and management. The purpose of the internal control system is also to ensure completeness, accuracy and timeliness of record keeping.

The ECHC Group has a number of board policies and procedures to which all board policies of the subsidiary companies align to, and, from which various procedures and guidelines emanate. which detail the procedures which must be followed in relation to general office practices and administration functions. These include details of the structure and allocation of responsibilities, attendance at and timing of regular meetings, senior personnel designated to review incoming correspondence and, where appropriate, outgoing correspondence, personnel authorised to send outgoing correspondence, holiday arrangements and cover, including the review of received e-mail in a person's absence, the structure and content of files, and rules and procedures for file storage and archiving and personnel authorised to carry out underwriting, accounting and company secretarial procedures.

Eucare also maintains a Compliance Function which oversees all the activities of the Group and gives company management guidance in relation to regulatory

compliance matters. The Compliance Function reports to the company Board of Directors at least on a quarterly basis.

3.5. Internal Audit Function

Eucare's internal audit function is outsourced.

The Internal Auditor is provided with unrestricted access to the Company's records, physical properties, and personnel pertinent to carrying out any engagement.

The internal audit activity remains free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

The internal auditors have no direct operational responsibility or authority over any of the activities audited. Accordingly, they do not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditors' judgment.

The internal auditor performs internal audit procedures addressing a number of risk areas, on an annual basis. This includes the review and testing of the processes and controls relevant to the Company's operations. In this respect, internal audits, to date, have covered the areas of compliance and IT. A three-year internal audit plan up to 2021 was approved by the Board of Eucare.

3.6. Actuarial Function

The Actuarial Function is responsible for setting up and maintaining actuarial and risk models, calculate technical provisions (best estimate and risk margin), including pro forma Solvency II balance sheet and the production of the solvency and minimum capital requirement on a quarterly basis for Eucare and perform other work on a monthly basis in line with the services agreement.

The actuarial function produces three-year SCR, MCR and Solvency II balance sheet projections as part of the ORSA process and produces a written report which includes an opinion on underwriting and the adequacy of the reinsurance arrangement.

3.7. Outsourcing

The Outsourcing Policy of the Group ensures that there are systems and procedures in place for the acceptance of any outsourced service providers together with the ongoing monitoring of any function entrusted to an external entity. It also guarantees that the outsourced activity does not pose any undue risks by impairing the reputation and the financial stability of the Group and that all applicable legislation is duly complied with.

3.8. Any Other Information

There is no further information regarding business and performance other than the disclosed above.

4.0 Risk Profile

The Group maintains a risk register at Eucare of all the risks that the insurance group is exposed to. In view that Eucare is the main operational company within the Group, the material risks that the Group is exposed to are considered to be the risks which Eucare identifies.

4.1. Underwriting Risk

The main risk of Eucare is underwriting risk. The insurance risk that Eucare is exposed to relates to Health insurance risk. The portfolio of Eucare, through NLCare Cell, during the reporting year consisted of health insurance business in the Netherlands.

The health insurance system in the Netherlands provides for anyone who lives or works in the Netherlands to have mandatory private health insurance cover. Insurers have a duty to accept each insurance proposal without any selection. The basic health insurance covers the mandatory health care requirements and is provided by Eucare through two distinct products, namely ‘Natura’ which is an “in-kind” policy and ‘Restitution’ which is a reimbursement policy.

The Dutch Government determines the extent of coverage under the basic insurance package and the conditions applicable to the basic insurance package.

In addition, the Government determines the payments from the Dutch Health Insurance Risk Equalisation Fund to insurers. The compensation paid through the risk equalisation fund is financed by employers, employees and the Dutch Government. Payments by this fund depend on the risk profile and the portfolio of the health insurance company. In combination with the nominal premium, payments from this fund are expected to equalise the claims level for all insurers.

Therefore, in such a system with risk-compensation measures, the risk of a non-average portfolio of insured customers is limited. These risks cover, amongst others, age, gender, medical status, type of employment, socio-economic status and geographic location, as well as an increase in the overall cost of health care.

Eucare also offers supplementary health and dental insurance products which provides the option to expand the cover provided by the basic health insurance. The cover provided by these insurances is not obligatory and do not fall under the risk equalisation system. Premiums for supplementary health insurance are tailored to the cover offered.

4.2. Market Risk

As outlined in section 2.3, the investments of Eucare are currently limited to bank deposits, such that no interest-bearing instruments, other than bank deposits were made. Accordingly, the company was not exposed to any interest rate risk an increase in the interest rates would lead to an increase in own funds, whilst a decrease in interest rates is not assumed under Solvency II given that the current interest rates are already negative.

The selection of these investments is in line with the prudent person principle in that the counterparty default risk is monitored and controlled and reported to the Investment Committee of Eucare and the Board on a regular basis. External credit ratings are obtained where possible and if necessary, copies of financial statements are obtained from counterparties.

In line with its Asset-Liability Management Policy, the Group identifies and assesses any mismatches between assets and liabilities, in particular with regards to terms and currency. Decisions on assets and liabilities are coordinated in order to manage the exposure to the risk associated with the variation of their economic growth.

The Group only invests in assets whose risks it can properly identify, measure, monitor, control and report, in accordance with the prudent person principle and which meet its specific risk profile and approved risk appetite. All assets, in particular those required to cover the minimum capital requirements and the solvency capital requirement shall be invested in a manner as to ensure the security, quality, liquidity and reasonable profitability of the portfolio as a whole.

In achieving a balanced asset and liability matching profile, the Group ensures to:

- (i) take into account the type of business carried out, predominantly through Eucare, in particular the nature, the amount and the duration of the expected claims payments, in such a way as to secure sufficiency, liquidity, security, quality, profitability and matching of Eucare's investments;
- (ii) diversify and spread the assets so as to enable the Group to respond adequately to changing economic circumstances, in particular developments in the financial markets and real estate markets or large impact catastrophic events;
- (iii) maintain a prudent level of investments in assets that are not traded on a regulated financial market;
- (iv) properly diversify the assets so as to avoid excessive reliance on any particular asset or issuer and accumulations of risk in the portfolio as a whole;
- (v) eliminate investments in assets with the same issuer, or by issuers within the same group, thus avoiding excessive risk concentration; and
- (vi) assess the impact of irregular market circumstances on its assets and diversify those assets to ensure that the impact is minimized.

Specific controls are in place to verify a sound asset liability management position of the Group on a regular basis. Assets of the Group are valued and verified by the Investment Management Function and reporting to the Board is carried out on a quarterly basis. Moreover, monthly management accounting and quarterly solvency capital requirement calculation are conducted to assess the Group position and to identify any potential asset liability mismatch immediately.

4.3. Credit Risk

The Company is exposed to credit risks. As indicated above, Eucare holds cash amounts with banks. Moreover, as part of its day-to-day insurance operations, receivables from debtors such as amounts due by appointed intermediaries and government agencies are due to the Company. Moreover, the reinsurer's share of technical provisions and accrued profit commission due to the company further exposes the company to counterparty default risk. Albeit, the Company ensures that all counterparties are reputable with a strong credit rating, and thus, any exposure to credit risk is not considered material.

The credit risk of the Group is categorised between Type 1 and Type 2. The class of type 1 exposures tries to cover the exposures which may not be diversified and where the counterparty is likely to be rated. The class of type 2 exposures attempts to cover the exposures which are usually diversified and where the counterparty is likely to be unrated. The class of type 2 exposure should consist of all exposures which are in the scope of the module and are not of type 1.

4.4. Liquidity Risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally insurance liabilities, creditors, and the subordinated loans. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligations.

The liquidity position of the Company is continuously monitored by means of cash flow forecasts on the basis of expected cash flows over a twelve-month period and ensures that no additional financing facilities are expected to be required over the coming year. The outcome is reported to the Management and Investment Committee and the Board.

The Company's considers the liquidity risk to be limited in view of the matching of cash inflows and outflows from insurance and reinsurance transactions.

4.4.1. EPIFP

The Expected Profit Included in Future Premiums ('EPIFP') is defined as the expected present value of future cash flows which result from the inclusion in technical provisions of premiums relating to existing insurance and reinsurance contracts that are expected to be received in the future, but that may not be received for any reason, other than because the insured event has occurred, regardless of the legal or contractual rights of the policyholder to discontinue the policy.

Eucare is subject to a positive EPIFP for its homogeneous health risk groups, and also for the accident, sickness and disability insurance portfolios. The EPIFP for the reporting period of Eucare amounts to €12,224,076.

4.5. Operational Risk

In line with the identified primary risks as explained in section 2.2.2, Eucare is also exposed to Operational Risk. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The Company's Operational Risk emanates from a number of elements, mainly related to People, IT, and Processes.

The Group relies on internal resources for certain operational activities, whilst outsourcing certain functions. All outsourced activities are subject to service level agreements in accordance with regulatory requirements and are subject to ongoing monitoring of performance levels. Prior to their appointment, all service providers are assessed for their competence to perform the respective services in accordance with the Outsourcing policy.

All operational areas are subject to the four eyes principle whereby a process is never executed solely by one person but subject to review by senior management.

The processes and controls over operational risk, together with the measures defining risk appetite are reviewed regularly as part of the monitoring undertaken by the Risk Management & Compliance Committee and on a day-to-day basis by senior management.

4.6. Other Material Risk

4.6.1. Intra-Group Transactions

As indicated in under section 2.2, a capital contribution of €12,000,000 was made by ECHC to NLCare Cell within Eucare, in order to guarantee the capacity for growth in line with the Group's strategy. This intra-group transaction does not constitute a loan, but rather an irrevocable and gratuitous assignment with no obligation to repay the amount, including also the winding up of Eucare. Moreover, ECHC may not offer any incentive for repayment. The capital contribution is unfettered, such that it does not give rise to a credit in favour of the contributor, and is free from any servicing costs or charges. The transaction does not grant ECHC any rights or entitlements, such as any voting rights, profit participation or rights to participate in the distribution of the surplus assets of Eucare in the case of winding up. Moreover, the capital Contribution is free from encumbrances and is not connected with any other transaction. This intra-group transaction does not give rise to any conflict of interest, neither in the negotiation stage, nor in the foreseeable future.

4.6.2. Reinsurance Risk

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within debtors), as well as longer term receivables (classified within reinsurers' share of technical provisions) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as a liability when due and expensed over the period of cover.

The Group assesses its reinsurance assets for impairment on a regular basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit and loss account.

The reinsurance protection controls the Group's exposures to losses, reduce volatility and to protect capital. The Company has in place a mix of proportional and non-proportional cover which are in line with the reinsurance strategy and programme as agreed to by the Board.

The Group is thus exposed to reinsurance risk emanating from reinsurance counterparties being unable to meet their contractual obligations with the Group. The Group also faces challenges in obtaining adequate reinsurance cover at an appropriate cost. Moreover, due to its non-proportional reinsurance, the Group also faces the risk that losses exceed the upper reinsured limits which would fall back on the Group.

4.6.3. Solvency Risk

Eucare also has an obligation to maintain an adequate solvency position at all times; primarily in order to meet any regulatory capital requirement and to ensure the Company's ability to continue operating as a going concern. A Capital Management Policy is in place and sets out target solvency ratios as set by the Board. The policy provides the direction to continuously oversee the solvency position of the Company, and to take the necessary steps in case any breach of the target solvency ratios, the SCR or the MCR is identified.

4.7. Any Other Information

4.7.1. Description of Material Risk Concentrations

The Group, through Eucare, has established an insurance portfolio consisting mainly of health insurance business, as well as other small portfolios of personal accident and income protection. As explained under section 2.2.2, the location of the risk of Eucare's insurance portfolio is largely located within the Netherlands but is evenly spread across the country, ensuring an adequate geographical spread of risks. This ensures that there is no concentration of risks within a small area and provides suitable geographical diversification within the portfolio.

The strategy of the Group is to diversify its portfolio both in terms of geographical spread and also across different lines of insurance business.

For the reporting year, the Group's bank deposits were made with one bank. The Group is actively seeking new bank accounts with reputable banks both in Malta and in other territories.

Moreover, although the Group, through Eucare, on behalf of NLCare Cell, had more than one reinsurance counterparty for its portfolio, the Group is still exposed to concentration risk due to a single reinsurance counterparty covering the majority of its portfolio.

Subsequently, the material risk concentrations arose from the exposure to the default of the reinsurer and bank engaged throughout the reporting year.

Nonetheless, the concentration risk faced by the Group is considered to be low. The insurance business concentration risk is mitigated through reinsurance protection. The Group has in place established credit rating procedures to ensure that any counterparty selected is in line with the Board's risk appetite.

4.7.2. Description of Risk Mitigating Techniques

The main risk mitigating technique used by Eucare to manage its insurance risk is risk transfer through reinsurance.

The appropriate reinsurance structure is identified following a risk assessment to determine an appropriate level of risk transfer in terms of the volume of business, the product line of insurance portfolio, the assessment of probable exposures, and the reinsurance market conditions in accordance with the Risk Appetite of the Board. The reinsurance counterparties are also monitored to ensure they meet a minimum credit rating as set by the Board.

In assessing the suitability and appropriateness of the risk mitigating techniques adopted, the Company categorises its risks and assess the inherent exposure of each. The appropriate risk mitigating factors are applied in order to manage and reduce the relevant exposure. The residual exposure of each risk is then assessed against the relevant risk mitigating factors applied, ensuring that all risks fall within the risk appetite of the Board.

An assessment of the various risks and the risk mitigating factors is carried out and reported to the Board on a quarterly basis.

4.7.3. Risk Sensitivity

As part of its Risk Management System, one of the main objectives of the Risk Management Functions of Eucare is to ensure that the Company is able to withstand any foreseeable and unforeseeable circumstances, whilst maintaining the SCR cover within a board established target range. Consequently, as part of its Own Risk and Solvency Assessment, the Board established a number of different stress scenarios on the material risks of Eucare, including risks associated with both the core and its cells.

The various stress testing scenarios established by the Board delivered satisfactory results to conclude that the Company is in a steady solvency position in its first year of operation. In each stress test scenario, the Group is able to maintain adequate eligible capital to cover the SCR at all times.

5.0 Valuation for Solvency Purposes

The financial statements are prepared in accordance with International Financial Reporting Standards (hereinafter referred to as ‘IFRS’) as adopted by the EU and as modified by Article 174 of the Maltese Companies Act, (Cap 386) and in accordance with the requirements of the said Act and the requirements of the Maltese Insurance Business Act, 1998.

Article 75 of Directive 2009/138/EC of the European Parliament Council (hereinafter referred to as ‘Solvency II Directive’) and Articles 7 to 16 of Commission Delegated Regulation (EU) 2015/35 (hereinafter referred to as the ‘Delegated Regulation’) generally provide for undertakings to recognise and value assets and liabilities other than technical provisions in accordance with IFRS except where not consistent with the Solvency Directive. Where not consistent, other valuation principles or adjustments shall be applied.

5.1. Valuation of Assets for solvency calculation

The following table shows a list of the assets on the Group’s balance sheet as at 31st December 2020 in accordance with IFRS and their valuation as required by the Solvency II Directive and Delegated Regulation.

The Group

	IFRS (€)		Movement (€)		Solvency II (€)	
	2019	2020	2019	2020	2019	2020
Assets						
Intangible assets	528,830	118,683	(528,830)	(118,683)	-	-
Deferred Tax Asset	-	-	-	78,879	-	78,879
Deferred Acquisition Costs	-	5,816	-	(5,816)	-	-
Property, Plant & Equipment	233,453	405,287	-	-	233,453	405,287
Investments (other than assets held for index-linked and unit-linked contracts)	1,200	1,200	-	-	1,200	1,200
Reinsurance recoverables	20,629,989	115,973,614	(8,023,732)	(3,709,364)	12,606,257	112,264,250
Insurance and intermediaries receivables	636,911	18,772,202	15,327	-	652,238	18,772,202
Receivables (trade, not insurance)	29,103,331	86,701,294	(3,561,555)	(16,606,640)	25,541,776	70,094,654
Cash and cash equivalents	22,735,121	23,165,934	-	-	22,735,121	23,165,934
Total assets	73,868,835	245,144,032	(12,098,790)	(20,361,625)	61,770,045	224,782,407

Table 3: Group Valuation of Assets

Kindly refer to Table 12 in Appendix 1 for the Solo valuation of assets of Eucare.

The Annual QRTs containing the Solvency II Balance Sheet is being attached to this document (refer to S.02.01.02 in Appendix 2 for the Group and S.02.01.02 in Appendix 3 for Eucare).

The Group does not have any other material off-balance assets not reported in the above templates.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year.

Estimates and judgements are continually evaluated based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The value of assets in the consolidated group accounts and Eucare accounts have been adjusted to conform to Solvency II Directives and Delegated Regulations, as outlined below.

Non-Financial Assets

Intangible Assets

The value of intangible assets, comprising of computer software, has been removed for the Solvency II Balance Sheet as the assets cannot be sold separately and the Group could not assign a market price as quoted in an active market for same or similar assets.

Deferred Taxes

The movement from the IFRS balance sheet to the Solvency II balance sheet resulted in a decrease in net assets which created a deferred tax asset. The deferred taxes have been classified as an asset in the Solvency II balance sheet.

Deferred taxes	(€)
Decrease in assets	(20,440,504)
Decrease in liabilities	18,862,931
Movement from IFRS to Solvency II	1,557,573
Amount taken as Deferred Tax Asset	78,879

Table 4: Solvency II Deferred Tax Asset

The difference of €1,557,573 (2019: €1,097,241) between IFRS equity and Solvency II own funds has resulted in a deferred tax asset of €78,879 (2019: Deferred Tax liability of €768,604) in the Solvency II balance Sheet.

Refer to Table 13 in Appendix 1 for Eucare's Solvency II Deferred Tax Asset.

Deferred Acquisition Costs

By the end of the year, the Group still has policies in force with a termination date in 2021, which resulted in deferred acquisition costs of €5,816 (2019: Nil) relating to acquisition costs attributable to unearned premium, which are nullified for Solvency II purposes.

Property, Plant and Equipment

Property, plant and equipment comprising of right-to-use assets, computer equipment and office furniture, fixtures and fittings are initially recorded at cost. These fixed assets are stated at historical cost less depreciation, which is calculated on the straight-line basis. The carrying amounts at historical cost are deemed not to differ materially from the assets' fair value" at the balance sheet date in light of the nature of assets owned.

Financial Assets

The Group recognises a financial instrument in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Group commits to purchase or sell the assets.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the entity transfers the financial asset, and the transfer qualifies for derecognition. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Reinsurance recoverables

These relate to amounts recoverable from reinsurers net of premiums paid that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Amounts recoverable from reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of the reinsurance contract.

The Group assesses its reinsurance assets for impairment on a regular basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit and loss account.

The difference in value from IFRS to Solvency II relates to a reclassification of reinsurance commissions receivable of €16,691,879 (2019: €808,590) which are netted off within reinsurance payables under IFRS; a reclassification related to the estimated payable to the reinsurer in relation of the Best Estimate of the Risk Equalisation Fund of €(14,151,944) (2019: €(2,166,821)) which are included in payable under IFRS; and an adjustment to account for future premiums payable to

the reinsurers, along with the relative discounting and the relative counterparty adjustment in relation to business that is written but not yet incepted by the valuation date amounting to €(6,249,299) (2019: €(6,665,501)).

Insurance and intermediaries receivables

Insurance and intermediaries receivables of the Group consist of amounts prepaid by NLCare Cell to appointed insurance intermediaries in order to provide them with sufficient liquidity. At Group level, due to consolidation, any intra-group balances are eliminated.

As evidenced in Table 12 under Appendix 1, the insurance and intermediaries receivables of Eucare also includes receivables of the Core from intra-group related parties, which is not applicable at group level due to consolidation.

IFRS and Solvency II valuations are broadly consistent.

Receivables (trade, not insurance)

Receivables (trade, not insurance) consist of risk equalisation fund receivable, prepayments, accrued income and related party receivables which are valued approximately to the fair value of the asset. The difference in the amount of receivable between the Group and Eucare relates to different amounts taken for prepaid expenses, which are nullified for Solvency II valuation purposes. and receivables from related parties, whereby any intra-group transactions are not considered (eliminated) at group level.

The difference between IFRS and Solvency II values relates to treatment of risk equalisation fund receivable for the Solvency II Balance sheet, which as explained below are reclassified for Solvency II purposes; as well as the amount relating to prepaid expenses of €52,138 (2019: €852,392) (referred to above) which are nullified for Solvency II purposes.

The adjustment related to the Best Estimate of the Risk Equalization Fund of €16,649,346 (2019: €2,708,523) is reclassified from Receivables to the claims reserve within technical provisions, and restated to present value by considering the relative discounting of €94,844.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at face value. There is no difference between the value of cash at bank as recognised under IFRS and Solvency II Directives.

5.2. Valuation of Technical Provisions

The quality of the data used to determine the input for the calculation of the different components of the technical provision are assessed by the Actuarial Function. Checks are carried out in order to ensure that the relevant data is of sufficient quality.

The following table shows the change in technical provisions from the Group balance sheet as at 31st December 2020 in accordance with IFRS and their valuation as required by the Solvency II Directive and Delegated Regulation. Given that Eucare is the only insurance undertaking within the Group, the Technical provisions of the Group and of Eucare are the same.

	IFRS (€)		Movement (€)		Solvency II (€)	
	2019	2020	2019	2020	2019	2020
Technical provisions						
Health (not similar to life techniques):						
Best estimate: premium provision	-	38,775	(10,761,918)	(3,626,201)	(10,761,918)	(3,587,426)
Best estimate: claim provision	25,787,486	136,019,506	(2,335,845)	(19,445,840)	23,451,641	116,573,666
Risk margin	-	-	1,307,261	1,676,824	1,307,261	1,676,824
Health (similar to life techniques)						
Best estimate: premium provision	-	-	(69,307)	(62,427)	(69,307)	(62,427)
Best estimate: claim provision	-	406,339	-	3,808	-	410,147
Risk margin	-	-	12,309	14,989	12,309	14,989
Total Technical Provisions	25,787,486	136,464,620	(11,847,498)	(21,438,848)	13,939,986	115,025,773

Table 5: Group Valuation of Technical Provisions

The Solo Annual QRTs containing information on the Non-Life Technical Provisions is being included in this document (refer to S.12.01.02 and S.17.01.02 in Appendix 3).

Below is a description of the bases and methods used for the valuation of the best estimate of liabilities (BEL) and the risk margin. There was no application of matching adjustment, volatility adjustment, transitional risk-free interest rate and transitional deductions. There were no material changes in the assumptions made in the calculations of the technical provisions over the valuation period.

Technical provisions

The technical provisions regarding health insurance, accident insurance and absenteeism have been determined in accordance with the Solvency II guidelines

(Articles 75 to 86 of The Directive and Articles 17 to 61 of The Delegated Acts (Chapter III, Rules relating to technical provisions)).

The significant difference between the IFRS and Solvency II valuation of the Technical Provision for health (not similar to life) insurance is mainly due to a reclassification of the ex-post part of the Risk Equalization Fund contribution, amounting to €16,649,346 (2019: €2,708,523). Under Solvency II, this is part of the claims provision, whilst under IFRS, this is part of the receivable from the responsible government agency.

The premium Provision relates mainly to the future business, which takes into consideration future premium, claims, and other attributable costs.

Given the long-term nature of the disability insurance portfolio, the Technical Provision applicable under this health insurance cover is pursued on a similar technical basis to that of life insurance ('health SLT'), as illustrated in Table 5 above.

The technical provisions calculations do not apply any matching adjustment or volatility adjustments.

Best estimate of liabilities

The Best Estimate liabilities comprise of the Claims Provision, Premium Provision and Risk Margin. The technical provisions analysis is performed on health and income protection lines insurance. The business written in 2020 fully relates to the exposures in the Netherlands, but future business in France has also been taken into consideration. All insurance contracts are denominated in Euro.

The portfolio of Eucare is made up of the following lines:

Segmentation	
Line of Business	Homogeneous Risk Group
Health	Basic Insurance
Health	Supplementary Insurance
Health	Dental Insurance
Health	Main Insurance
Income Protection	Accident Insurance
Income Protection	Sickness Insurance
Income Protection	Disability Insurance
Income Protection	Work Accident (France)
Income Protection	Ordinary Illness (France)
Income Protection	Long Illness (France)
Income Protection	Maternity/Paternity Leave (France)

Table 6: Segmentation of Lines of Business

(i) Premium provisions

The premium provision consists of a number of components. The main components relate to the present value of the claims and premiums from future business, both in terms of premium paid by policyholders, and contributions receivable from the Dutch Health Insurance Risk Equalisation Fund. The premium provision includes also other components such as the operational costs, and the interest on loans.

Health Non-Similar to Life Techniques has a total provision of €(3,587,426) (2019: €(10,761,918)). This amount also includes €26,396 (2019: Nil) which relate to the business which remained in force by the end of 2020. Health Similar to Life Techniques has a premium provision of €(62,427) (2019: €(69,307)).

All contract boundaries are annual and the premium provisions take into consideration those which are still in force by the end of the year, and those that are expected to be renewed or inception in the next underwriting year.

No lapse rates were assumed in the calculation of the premium provisions. Moreover, no simplifications were used.

(ii) Claims provision

On the IFRS accounting basis, the claims provisions include claim reserves (IBNR), per financial statements.

The Group is able to estimate this provision by due observance of claims patterns in previous months and years and by considering different actuarial methodologies. Further to estimating the total net claims amount via the most appropriate extrapolation method, the ultimate cost also includes other additional reserves for medical expenses and other costs including ambulance transportation, acute mental healthcare and treatment received abroad. Historical data, information obtained from government agencies and assumptions are applied in the derivation of these reserves.

The expected claims are €3,408,212 higher under IFRS than under Solvency II mainly due to the fact the claims in 2020 also include Covid-19 financial contributions provided to healthcare providers. Since these financial contributions have not yet been agreed upon with some of the respective healthcare providers, under IFRS assumptions, as a prudency measure, these contributions have been considered to be slightly higher than the expected amount as taken under Solvency II.

Claims provision is related of health and income protection products written in 2019 and 2020. Health Non-Similar to Life Techniques has a total provision of €116,573,666 (2019: €23,451,641), which includes an adjustment related of the Best Estimate of the Risk Equalization Fund €(16,649,346) (2019: €(2,708,523)). The remaining difference is mainly due to the discounting effect which differs between Solvency II and IFRS.

Health Similar to Life Techniques has a total provision of €410,147 (2019: Nil). The difference in the claims provision for Health Similar to Life Techniques is due to the discounting effect.

No simplifications were used in the calculation of the technical provisions.

(iii) Uncertainty associated with the amount of technical provisions

The claims provision as described under (ii) above are based on statistical estimates to cater for IBNR, which relies on data provided by a partnering intermediary, duly supplemented with management's knowledge of the market and independent actuarial advice. Given that the Group is in initial years of operation, the estimation process is inherently more uncertain until experience develops. The calculation of the technical provisions thus takes into consideration alternative methodologies and a range of outcomes. Notwithstanding the uncertainties, the directors believe that the estimated provision for IBNR as at 31 December 2020 is reasonable, having also considered actuarial advice.

As described in section 4.1, a risk mitigating mechanism, namely the Health Insurance Risk Equalisation fund, is in force in the Netherlands to reduce the uncertain exposure resulting from its system. The measurement of contributions due from the Dutch Health Insurance Equalisation Fund involves the assessment of future settlements, and is therefore dependent on key assumptions around, inter alia, the development of national healthcare costs, and the allocation of healthcare costs to Equalisation Fund budget parameters. This inherently introduces a degree of uncertainty, given that the process for final determination of the contributions from the fund is typically finalized over a period of four years. The outcome of the best estimate assessments have been included in the claims provision for underwriting year 2019, and the premium provision for the underwriting year 2020. Management considers the basis for the estimate to be reasonable, when also considering the involvement of actuarial expertise in the process.

Risk Margin

The Risk Margin has been calculated in line with articles 37 and 56 of The Delegated Acts. Eucare determines the Risk Margin on the Cost of Capital basis method per Homogeneous Risk Group.

The Risk Margin is conceptually equivalent to the costs of supplying eligible own funds and the SCR necessary to support insurance commitments during their entire period of validity and until they are definitively settled. The interest rate used in determining cost of supplying the amount of eligible own funds is known as the cost-of-capital rate. The Group uses the 6% rate set by Commission Delegated Regulation (EU) 2015/25.

The method for calculating risk margin is expressed as follows:

$$RM = CoC * \sum \frac{SCR_t}{(1 + r_{t+1})^{t+1}}$$

where:

- CoC : the cost of capital rate which is taken as 6%
- SCR_t : the solvency capital requirement after t years
- r_{t+1} : basic risk-free interest rate for maturity of $t+1$ years

There are a number of simplified methods to calculate risk margin:

- Level 1: explains how to approximate underwriting, counterparty default, and market risks.
- Level 2: this is based on the assumption that the future solvency capital requirement will be proportional to the "best estimate" of technical provisions during the year in question.
- Level 3: this consists of using the modified duration of liabilities to calculate the current and future solvency capital requirement in a single step.
- Level 4: calculates the risk margin as a percentage of the best estimate of technical provisions net of reinsurance.

The Group calculates the risk margin using the Level 2 simplification method.

The total Risk Margin comprises of Health Non-Similar to Life Techniques of €1,676,824 (2019: €1,307,261) and Health Similar to Life Techniques of €14,989 (2019: €12,309).

Net technical provisions

The reinsurer's share of Solvency II technical provisions was calculated based on the characteristics of the reinsurance program. Given that Eucare has in place a quota share reinsurance arrangement, the difference between the valuation of Reinsurance receivables amounts as per IFRS and Solvency II purposes, as illustrated in Table 3 under section 5.1 and Table 12 in Appendix 1, is driven by the same differences for gross technical provisions explained above.

5.3. Valuation of Other Liabilities

The following table shows the difference in other liabilities from the Group balance sheet as at 31st December 2020 in accordance with IFRS and their valuation as required by the Solvency II Directive and Delegated Regulation.

	IFRS (€)		Movement (€)		Solvency II (€)	
	2019	2020	2019	2020	2019	2020
Other Liabilities						
Deferred tax liabilities	384,570	-	384,034	-	768,604	-
Financial Liabilities other than debts owed to credit institutions	-	180,410	-	-	-	180,410
Reinsurance payables	15,022,177	62,885,921	(1,348,532)	2,575,917	13,673,645	65,461,838
Payables (trade, not insurance)	1,457,996	4,941,259	-	-	1,457,996	4,941,259
Subordinated liabilities	10,000,000	10,000,000	-	-	10,000,000	10,000,000
Total Other Liabilities	26,864,743	78,007,590	(964,498)	2,575,917	25,900,245	80,583,507

Table 7: Group Valuation of Other Liabilities

Kindly refer to Table 14 in Appendix 1 for Eucare's valuation of other liabilities.

The Annual QRTs containing the Solvency II Balance Sheet is being attached to this document (refer to S.02.01.02 in Appendix 2 for the Group and S.02.01.02 in Appendix 3 for Eucare).

The Group does not have any other material off-balance liabilities not reported in the above templates.

The consolidated IFRS value of other liabilities have been used with some adjustments, in accordance with EIOPA Technical Specifications, as outlined below.

Reinsurance payables

The reinsurance payables represent the outstanding balance payable to the reinsurer as at period end, arising on business written during 2020. The difference between IFRS and Solvency II of €2,575,917 (2019: €1,348,532) primarily result from reclassification of €16,691,879 (2019: €2,166,821) less €14,151,944 (2019: €808,590) explained in the 'reinsurance recoverables' section above, after applying the relative discounting of €80,618.

Payables (trade, not insurance)

Payables (trade, not insurance) consists of accruals and other payables which are stated at their nominal value. At group level, the current tax payable has been calculated at 5% instead of 35% given that this is the effective corporate tax rate at group level., resulting in a difference of €3,227,547 between IFRS and Solvency II valuation.

Subordinated liabilities

The Company has subordinated liabilities amounting to €10,000,000. There were no differences between the valuation of these liabilities in the IFRS financial statements and the Solvency II balance sheet.

5.4. Alternative Methods for Valuation

The Group does not use any alternative methods for the calculation of its assets, technical provisions or the arising liabilities.

5.5. Any Other Information

There is no further information regarding business and performance other than the disclosed above.

6.0 Capital Management

The capital management policy of the Group aims to establish standards for the efficient management and effective deployment of capital so as to ensure that the needs of the business, the regulatory requirements and the return on capital expectations of the shareholders are balanced.

Under the Solvency II framework, the Group is required to clearly identify its Own Funds which are composed of Basic Own Funds and Ancillary Own Funds as referred to in Article 88 and 89 of the Solvency II Directive respectively and the Insurance Business Act. The Own Funds must be classified into three tiers according to their characteristics with Tier 1 capital being the highest quality form of capital.

The eligibility of the basic own fund items in relation to compliance with the Minimum Capital Requirement (“MCR”) and the Solvency Capital Requirement (“SCR”) is subject to quantitative limits for restricted Tier 1 items and Tier 2 and Tier 3 basic own fund items. The Group must ensure it holds sufficient Eligible Basic Own Funds to cover the absolute floor of the MCR and the required SCR on an on-going basis.

6.1. Own Funds

6.1.1. Capital Structure

The following table shows the amount and quality of own funds in each tier at the end of this reporting year at the group level:

Own Funds as at	31 Dec 19		31 Dec 20	
	Available (€)	Eligible (€)	Available (€)	Eligible (€)
Tier 1 Basic Own Funds (Unrestricted)				
Paid-up share capital	17,502,400	17,502,400	17,502,400	17,502,400
Capital Contribution	3,000,000	3,000,000	3,000,000	3,000,000
Reconciliation reserve	1,427,412	1,427,412	8,591,849	8,591,849
Tier 2 Basic Own Funds				
Subordinated loan	7,000,000	5,185,930	7,000,000	7,000,000
Tier 3 Basic Own Funds				
Subordinated loan	3,000,000	-	3,000,000	1,029,911
Deferred Tax Asset	-	-	78,879	-
Ancillary Own Funds	-	-	-	-
Total Own Funds	31,929,812	27,115,743	39,173,128	37,124,160

Table 8: Group Available & Eligible Own Funds

As illustrated above, as at 31st December 2020, the eligible and available own funds of the Group is made up of issued and ordinary share capital, subordinated liabilities, capital contribution, and a reconciliation reserve.

The main difference between the equity as shown under IFRS and own funds of the Group under Solvency II mainly relates to the value of the subordinated loans of €10,000,000 which are classified as long-term liabilities under IFRS. Moreover, differences also arise in the valuation of technical provisions under Solvency II, impacting the valuation of insurance and intermediaries receivables, reinsurance receivables, and insurance payables, as explained in Section 5 above.

Capital contributions may, from time to time, be provided by shareholders to the Group. This is not a loan, but an unconditional transfer of funds, classified as an undistributable reserve. In 2019, a capital contribution in cash of €3,000,000 was made to the Group by one of its immediate parent company.

The potential distribution of the capital contribution to the Contributor is subject to prior consent of the Regulator and provided it is no longer used to cover the required own funds or margin of solvency.

The reconciliation reserve of the Group represents the consolidated IFRS retained earnings together with the resultant variance in Own Funds emanating from valuation differences between the Solvency II and the IFRS Balance Sheet. This gives rise to an element of volatility, which is however mitigated through the Group's asset-liability management. Such valuation differences are considered to be an unrealized gain/loss in valuation and on that basis the Group recognises this movement net of deferred taxation.

The subordinated liabilities comprise two loan agreements entered into by NLCare Cell of Eucare. Both subordinated loans are owed to an intermediate parent company. The €7,000,000 loan is repayable after 10 years, with an option to repay after a minimum of five years. The €3,000,000 loan is repayable after five years.

In accordance with Article 76 of the Commission Delegated Regulation (EU) 2015/35, the value of net deferred tax assets is considered to also classify as Tier 3 capital. A description of the calculated amount of deferred tax assets is provided in Table 4 under Section 5.1 above. The calculated amount of deferred tax asset has been recognized in full. The amount is not considered to be material and given the Group's ability to continue as a going concern, it is expected that the Group will have sufficient future taxable profits in the medium term to utilise this deferred tax.

The changes in the Group's own funds during the reporting period is mainly attributable to an increase in the reconciliation reserve, driven by variances in the IFRS and Solvency II valuations of the Group's assets and liabilities. Moreover, as explained above, during the reporting period, the Groups recognised a Deferred Tax Asset which classifies as Tier 3 capital.

None of the Group's basic own funds are subject transitional arrangements. Moreover, no deductions are applied to the Group's own funds.

Refer to Tables 15-20 in Appendix 1 for the own funds composition of ECHC and Eucare (in a combined format), Eucare Core and NLCare Cell.

The Group and Solo Annual QRTs containing the own funds are appended to this document (refer to S.23.01.22 in Appendix 2 and S.23.01.01 in Appendix 3).

The capital management policy of the Group is to maintain sufficient eligible own funds to cover the expected net retained risk exposure and the minimum capital levels in accordance with insurance regulations at all times and that it maintains an appropriate level of capital under all market conditions.

To ensure that the Group maintains an appropriate level of capital above the regulatory capital requirements, in line with the board approved risk appetite, the Group has established solvency targets within Eucare as the insurance undertaking of the Group.

The Board of Eucare has set minimum target SCR Ratio for the core and a target SCR Ratio range for the cell. No additional controls are considered necessary to be applied for the PCC as a whole, as adherence to the targets imposed on the cells and core would automatically align the PCC solvency cover to the Risk Appetite of the Board.

The Company monitors the Core and Cell capital requirements on a regular basis. Any potential shortfall in the capital requirements would trigger the recovery actions as indicated within the Capital Management Policy of the Company. These include a number of possible actions, depending on the type and extent of variance, such as changes in the risk profile, additional capital injections, or a reduction or cancellation of any planned dividends.

No changes to the capital structure may be effected without the prior approval of the Board and the Shareholders. Payment of dividends will be at the Directors' discretion depending upon the financial performance of the Company and distributable profits available.

6.1.2. Eligible Own Funds to Cover SCR and Minimum Consolidated Group SCR

The SCR and Minimum Consolidated Group SCR cover of the Group is illustrated below:

Group SCR and MCGSCR cover as at	31 Dec 19 (€)	31 Dec 20 (€)
Total Available Own Funds	31,929,812	39,173,128
Total Eligible own funds to meet SCR	27,115,743	37,124,160
SCR	10,371,861	16,059,823
SCR cover:	261%	231%
Total Eligible own funds to meet Minimum Consolidated Group SCR		
Tier 1 Eligible Own Funds	21,929,812	29,094,249
Tier 2 Eligible Own Funds	513,181	813,483
	22,442,994	29,907,731
Minimum Consolidated Group SCR	2,565,906	4,067,413
Minimum Consolidated Group SCR cover:	875%	735%

Table 9: Group SCR and Minimum Consolidated Group SCR Cover

As shown above, as at 31st December 2020, the Group's available own funds amounted to €39,173,128 (2019: €31,929,812), whilst the eligible own funds amounted to €37,124,160 (2019: €27,115,743), with the difference arising as a result of limitations imposed on Tier 3 capital. The Group's eligible own funds covers both the minimum consolidated Group SCR by 735% (2019: 875%) and the SCR by 231% (2019: 261%) calculated using the standard formula.

Refer to Table 21 and 22 in Appendix 1 for the Eligible Own Funds to cover the SCR and MCR of Eucare (in a combined format), of Eucare Core and of NLCare Cell. Appendix 1 also includes Table 23 which illustrates the adjustment relating to the Ring-Fenced Funds of the PCC structure and Table 24 which explains the difference in shareholders' funds of Eucare.

In accordance with Article 82 of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/13/EC, as far as compliance with the Solvency Capital Requirement (SCR) is concerned, the eligible amounts of Tier 2 and Tier 3 within the Core and respective cells shall be subject to all of the following quantitative limits:

- the eligible amount of Tier 1 items shall be at least one half of the Solvency Capital Requirement;
- the eligible amount of Tier 3 shall not exceed 15% of the Solvency Capital Requirement;

- the sum of the eligible amounts of Tier 2 and Tier 3 items shall not exceed 50% of the Solvency Capital Requirement.

Moreover, in accordance with Article 98 of the Solvency II Directive, the eligible amount of Tier 2 and Tier 3 items shall be subject to the following quantitative limits:

- the proportion of Tier 1 items in the eligible own funds shall be higher than one third of the total amount of eligible own funds; and
- the eligible amount of Tier 3 items shall be less than one third of the total amount of eligible own funds.

On a combined level, the level of eligible Tier 2 and Tier 3 capital shall correspond to the level of eligible Tier 2 and Tier 3 capital at the Core and respective cells.

Based on these criteria, the tier 2 and tier 3 eligible own funds to meet SCR amount to €7,000,000 (2019: €5,185,930) and €1,029,911 (2019: €0) respectively, as evidenced in Table 8.

In addition to the above, as far as compliance with the Minimum Consolidated Group SCR is concerned, Tier 3 is not considered as an eligible own fund item, whilst Tier 2 shall be subject to all of the following quantitative limits:

- the eligible amount of Tier 1 items shall be at least 80% of the Minimum Capital Requirement;
- the eligible amounts of Tier 2 items shall not exceed 20% of the Minimum Capital Requirements.

Moreover, in line with Article 98 of the Solvency II Directive, quantitative limits are also applied to the Tier 2 eligible own funds to cover the Minimum Consolidated Group SCR, such that the proportion of Tier 1 eligible own funds shall be higher than one half of the total amount of eligible basic own funds.

The Group's tier 2 eligible own funds to meet the Minimum Consolidated Group SCR amounts to €813,483 (2019: €513,181).

6.2. Solvency Capital Requirement (SCR) and Minimum Consolidated Group SCR

As mentioned in section 3.3.3, the Group opted for the standard formula to calculate the SCR as the assumptions underlying the standard formula are considered to be a good fit for the Group's risk profile. The Group does not make use of any undertaking-specific parameters and capital add-ons in the calculation of the Group's SCR and Minimum Consolidated Group SCR.

To calculate its SCR, the Group uses only the following simplifications:

- For Health similar to life techniques (SLT) Risk, the Group makes use of the simplified calculation based on expert judgement for the calculation of the solvency capital requirement for part of its health insurance business for health mortality risk, health longevity risk, health disability-morbidity health

expense risk, health expense risk, health revision risk, and similar to life health lapse risk.

The SCR and Minimum Consolidated Group SCR as at 31 December 2020 calculated using the Standard Formula are being shown in the following tables:

SCR	31 Dec 19 (€)	31 Dec 20 (€)
Market risk	264	264
Counterparty Default risk	2,294,830	4,640,578
Health underwriting risk	7,702,730	10,347,381
Non-life underwriting risk	-	-
Diversification	(1,428,236)	(2,634,513)
Basic Solvency Capital Requirement	8,569,588	12,353,710
Adjustment due to RFF	-	-
Operational risk	2,570,876	3,706,113
Loss Absorbing Capacity of Deferred	(768,604)	-
Total SCR	10,371,861	16,059,823

Table 10: Group SCR Components

MCR	31 Dec 19 (€)	31 Dec 20 (€)
MCR at ECHC, net of consolidation adjustments	-	-
MCR at Eucare	2,565,906	4,067,413
Minimum Consolidated Group SCR	2,565,906	4,067,413

Table 11: Group Minimum Consolidated Group SCR Components

The changes in the level of SCR during the reporting period, when compared to 2019, are mainly due to an increase in health underwriting risk, as a result of the Group's larger insurance portfolio, and an increase in counterparty default risk due to the increased level of receivables stemming from the insurance operations.

Refer to Tables 25-31 in Appendix 1 for the SCR and MCR of Eucare (in a combined format), Eucare Core and NLCare Cell.

The Group and Solo Annual QRTs containing information on the SCR and Minimum Consolidated SCR/MCR is being attached to this document (refer to S.25.01.22 in Appendix 2 for the Group and S.25.01.21 and S.28.01.01 in Appendix 3 for Eucare).

6.3. Use of the duration-based equity risk sub-module in the calculation of the SCR

The Group did not use the duration-based equity risk sub module set out in Article 304 of the Directive for the calculation of its Solvency Capital Requirement.

6.4. Differences between the standard formula and any internal model used

The Group does not make use of the possibility allowed under the Solvency II Directive to apply internal or partial internal models and on this basis has nothing to report.

6.5. Non-compliance with the Minimum Consolidated Group SCR and SCR

The Group reviews the Own Funds Position on a quarterly basis to ensure compliance with its SCR and Minimum Consolidated SCR respectively. The Group has in place a Capital Management Policy which identifies the various action points to be taken in case of a SCR or Minimum Consolidated SCR breach. At all times during the reporting year, the Group was in compliance with its SCR and Minimum Consolidated SCR respectively.

As at 31st December 2020 the Group reports an SCR Cover of 231% (2019: 261%) and a Minimum Consolidated Group SCR cover of 735% (2019: 875%).

6.6. Any other information

A detailed description of the Group's response with respect to the Covid-19 pandemic has been documented in Section 2.2 of this document.

Appendix 1: Eucare (Solo) Valuations and Capital Management

1.1 Valuation for Solvency Purposes

1.1.1 Valuation of Assets

	IFRS (€)	Movement (€)	Solvency II (€)
Assets			
Intangible asset	118,683	(118,683)	-
Deferred Tax Assets	-	551,002	551,002
Deferred Acquisition Costs	5,816	(5,816)	-
Property, Plant & Equipment	405,287	-	405,287
Reinsurance recoverables	115,973,614	(3,709,364)	112,264,250
Insurance and intermediaries	20,005,902	-	20,005,902
Receivables (trade, not insurance)	83,470,464	(16,603,357)	66,867,107
Cash and cash equivalents	23,165,423	-	23,165,423
Total assets	243,145,191	(19,886,219)	223,258,972

Table 12: Eucare Valuation of Assets (Solo)

Deferred taxes	(€)
Decrease in assets	(20,437,221)
Decrease in liabilities	18,862,930
Movement from IFRS to Solvency II	(1,574,291)
Deferred tax Asset at 35%	551,002

Table 13: Eucare Solvency II Deferred Tax Asset (Solo)

1.1.2 Valuation of Liabilities

	IFRS (€)	Movement (€)	Solvency II (€)
Other Liabilities			
Financial Liabilities other than debts	180,410	-	180,410
Reinsurance payables	62,885,921	2,575,917	65,461,838
Payables (trade, not insurance)	6,121,169	-	6,121,169
Subordinated liabilities	10,000,000	-	10,000,000
Total Other Liabilities	79,187,500	2,575,917	81,763,417

Table 14: Eucare Valuation of Other Liabilities (Solo)

1.2 *Capital Management*

1.2.1 *Own Funds*

The Protected Cell Company (PCC) is a legal structure which allows for the creation of protected cells within itself for the purposes of segregating and protecting the cellular assets of the company. Each cell has its own separate portion of share capital and the income, assets and liabilities of each cell are kept separate from all other cells (if any) and the non-cellular assets of the PCC. Each cell is ring-fenced thus offering superior protection as the creditors may only have recourse to the cellular assets attributable to the cell or cells they have transacted with.

The PCC together with any protected cells which have been created constitute a single legal person. Each and every protected cell which is created has its own distinct name or designation however, it does not constitute a legal person which is separate from the Protected Cell Company.

In accordance with the Companies Act regulations and Insurance Business Act rules, all cellular assets are segregated (ring fenced) from one another and from the Core, whereas all cells have recourse to the Core's assets once their own assets have been exhausted.

Moreover, in line with EU regulations, EIOPA guidelines on ring fenced funds and MFSA's Guidance Note on solvency requirements in relation to PCCs, cells would be allowed to be in deficit on capital requirements so long as there are sufficient unrestricted surplus funds in the PCC Core to meet such cellular deficits.

Nonetheless, regulations do not allow for consideration of any surplus funds in cells when calculating the solvency position of the PCC as a whole, since such funds can only be used in respect of the specific cell to which the funds appertain. Regulations also do not allow for any diversification benefits to accrue between the Cells and the Core.

The following paragraphs disclose the various aspects regarding the own funds and solvency position for the group, the PCC as a whole (combined), the core separately and the cell.

ECHC

	31 Dec 19		31 Dec 20	
	Available (€)	Eligible (€)	Available (€)	Eligible (€)
Tier 1 Basic Own Funds (Unrestricted)				
Paid-up share capital	19,077,991	19,077,991	23,470,982	23,470,982
Capital contribution	3,000,000	3,000,000	3,000,000	3,000,000
Reconciliation reserve	(54,427)	(54,427)	(90,299)	(90,299)
Tier 2 Basic Own Funds	-	-	-	-
Tier 3 Basic Own Funds				
Deferred Tax Assets	-	-	164	164
Total Own Funds	22,023,564	22,023,564	26,380,847	26,380,847

Table 15: ECHC Available & Eligible Own Funds

Eucare Combined

Own Funds as at	31 Dec 19		31 Dec 20	
	Available (€)	Eligible (€)	Available (€)	Eligible (€)
Tier 1 Basic Own Funds (Unrestricted)				
Paid-up share capital	8,501,200	8,501,200	8,501,200	8,501,200
Capital Contribution	12,000,000	12,000,000	12,000,000	12,000,000
Reconciliation reserve	(13,563,700)	(13,563,700)	(9,958,323)	(9,958,323)
Tier 2 Basic Own Funds				
Subordinated loan	5,041,433	5,041,433	7,000,000	7,000,000
Tier 3 Basic Own Funds				
Subordinated loan	-	-	3,000,000	1,038,342
Deferred Tax Assets	-	-	551,002	-
Ancillary Own Funds	-	-	-	-
Total Own Funds	11,978,933	11,978,933	21,093,878	18,581,219

Table 16: Eucare Combined Available & Eligible Own Funds (Solo)

Eucare Combined Retained Earnings

Entity	31 Dec 2019 (€)	31 Dec 2020 (€)
Eucare Core	-	212,223
Eucare NLCare Cell	747,446	6,779,648
Retained earnings	747,466	6,991,871

Table 17: Eucare Retained Earnings (Solo)

Movement in Eucare Combined Own Funds

Own Funds as at	31 Dec 20		31 Dec 20	
	Available (€)	Eligible (€)	Available (€)	Eligible (€)
Eucare Core	1,896,067	1,896,067	2,604,523	2,587,234
Eucare NLCare Cell	29,865,125	24,897,560	33,865,259	31,369,889
Adjustments due to PCC Ring Fencing Regulation	(19,782,259)	(14,814,692)	(15,375,904)	(15,375,904)
Net movement in own funds	11,978,933	11,978,933	21,093,878	18,581,219

Table 18: Movement in Eucare Combined Available & Eligible Own Funds due to RFF (Solo)

Refer to section 1.2.2 within this Appendix 1 for further information with respect to adjustment for restricted own fund items in respect of ring-fenced funds (RFF).

Eucare Core

Own Funds as at	31 Dec 19		31 Dec 20	
	Available (€)	Eligible (€)	Available (€)	Eligible (€)
Tier 1 Basic Own Funds (Unrestricted)				
Paid-up share capital	2,501,200	2,501,200	2,501,200	2,501,200
Reconciliation reserve	(605,133)	(605,133)	44,684	44,684
Tier 2 Basic Own Funds	-	-	-	-
Tier 3 Basic Own Funds				
Deferred Tax Asset	-	-	58,639	41,350
Ancillary Own Funds	-	-	-	-
Total Own Funds	1,896,067	1,896,067	2,604,523	2,587,234

Table 19: Eucare Core Composition of Available & Eligible Own Funds (Solo)

NLCare Cell

Own Funds as at	31 Dec 19		31 Dec 20	
	Available (€)	Eligible (€)	Available (€)	Eligible (€)
Tier 1 Basic Own Funds (Unrestricted)				
Paid-up share capital	6,000,000	6,000,000	6,000,000	6,000,000
Capital Contribution	12,000,000	12,000,000	12,000,000	12,000,000
Reconciliation reserve	1,856,125	1,856,125	5,372,896	5,372,896
Tier 2 Basic Own Funds				
Subordinated loan	7,000,000	5,041,434	7,000,000	7,000,000
Tier 3 Basic Own Funds				
Subordinated loan	3,000,000	-	3,000,000	996,993
Deferred Tax Asset	-	-	492,363	-
Ancillary Own Funds	-	-	-	-
Total Own Funds	29,865,125	24,897,559	33,865,259	31,369,889

Table 20: NLCare Cell Composition of Available & Eligible Own Funds (Solo)

1.2.2 Eligible Own Funds to cover SCR and MCR

SCR and MCR cover as at 31 Dec 19	Core (€)	NLCare Cell (€)	Combined (€)
Total Available Own Funds	2,604,523	33,865,259	21,093,878
Total Eligible own funds to meet SCR	2,587,234	31,369,889	18,581,219
SCR	275,665	15,993,985	16,269,650
SCR cover:	939%	196%	114%
Total Eligible own funds to meet MCR/Minimum Consolidated Group SCR	2,545,884	24,172,595	11,356,359
MCR/Minimum Consolidated Group SCR	68,916	3,998,496	4,067,413
MCR/Minimum Consolidated Group SCR cover:	3,694%	605%	279%

Table 21: Solo SCR and MCR Cover

SCR and MCR cover	SCR		MCR/ Minimum Consolidated Group SCR cover	
	2019	2020	2019	2020
Core	1049%	939%	4196%	3694%
NLCare Cell	247%	196%	808%	605%
Combined	117%	114%	290%	279%

Table 22: Solo SCR and MCR Comparison

For PCCs, the SCR has to be calculated for each cell as well as the core, in the same manner as if they were all separate undertakings. In the case where the capital requirement is calculated using the standard formula, the notional SCR of a cell is derived by applying the standard formula to those assets and liabilities within the cell as if it were a separate undertaking. The SCR for the PCC as a whole is the sum of the notional SCR for each cell and the SCR of the core.

Moreover, when it comes to computing the own funds for the PCC as a whole, the own funds at the level of each Cell can be restricted. The assets over liabilities and subordinated liabilities within each cell cannot be transferred to cover all types of losses within the core and any other cells (the combined calculation). Where the own funds of a cell are greater than the SCR of that cell, then the ‘excess own funds’ are treated as restricted own funds. In the calculation of the total own funds of the PCC only an amount equal to each cell’s SCR will be taken into account. Hence, the eligible own funds used to cover the combined SCR of the PCC as a whole are limited, and may be less than the summation of the own funds of each individual cell and core.

In line with the capital management policy of Eucare, to ensure that the Company maintains an appropriate level of capital above the regulatory capital requirements, it is ensured that each operating cell of the PCC is solvent in its own right and adequately meets target SCR ratio imposed by the Board.

In light of the above, Eucare’s available own funds as at 31st December 2020 amounted to €21,093,878 (2019: €11,978,933), comprising of paid-up share capital, subordinated liabilities, capital contribution, retained earnings, and a reconciliation reserve (net of adjustment for ring fenced funds).

Total Available Own funds - adjustment for restricted own fund items in respect of ring-fenced funds (RFF)

The following is the total adjustment to the reconciliation reserve due to the existence of restricted own fund items in respect of ring-fenced funds at combined level. Reconciliation of Available Own funds at Core and Cell level to Available Own funds at Combined level is illustrated below:

	Core (€)		NLCare Cell (€)		Combined (€)	
	2019	2020	2019	2020	2019	2020
Available Own Funds (unadjusted)	1,896,067	2,545,684	29,865,125	33,865,259	31,761,192	36,469,782
Adjustments due to PCC Ring Fencing Regulation	-	-	-	-	(19,782,259)	(15,375,904)
Total Available Own funds	1,896,067	2,545,684	29,865,125	33,865,259	11,978,933	21,093,878

Table 23: Eucare Available Own Funds adjusted for RFF (Solo)

Differences in Shareholders' Funds

Eucare's shareholders' funds, reported in the financial statements for financial year ended 31st December 2020, amounted to €27,493,071 (2019: €21,248,646). The reconciliation reserve represents the differences between IFRS and Solvency II valuation of assets and liabilities that amounts to €1,023,289 (2019: €503,546). The movement in capital is being reconciled below:

Own funds reconciliation		(€)
Shareholders' funds		27,493,071
Difference in valuation:		
Assets	(19,886,219)	
Gross technical provisions	21,438,847	
Other liabilities	(2,575,917)	
Solvency II Reconciliation Reserve		(1,023,289)
Less adjustment for RFF		(15,375,904)
Subordinated loan		10,000,000
Total basic Own Funds		21,093,878

Table 24: Eucare Own Funds Reconciliation (Solo)

1.2.3 Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

Eucare Combined

SCR	31 Dec 19 (€)	31 Dec 20 (€)
Market risk	-	-
Counterparty Default risk	2,409,567	4,829,471
Health underwriting risk	7,784,777	10,347,381
Non-life underwriting risk	-	-
Diversification	(1,473,039)	(2,711,770)
Basic Solvency Capital Requirement	8,613,863	12,465,082
Adjustment due to RFF	91,753	113,649
Operational risk	2,557,458	3,690,920
Loss Absorbing Capacity of Deferred Taxes	(999,452)	-
Total SCR	10,263,622	16,269,650

Table 25: Eucare Combined SCR Components (Solo)

MCR	31 Dec 19 (€)	31 Dec 20 (€)
Floor	2,565,906	4,067,413
Cap	4,618,630	7,321,343
MCR (linear)	1,746,383	3,850,796
Absolute Floor	2,565,906	2,500,000
MCR	2,565,906	4,067,413

Table 26: Eucare Combined MCR Components (Solo)

Eucare Core

SCR	31 Dec 19 (€)	31 Dec 20 (€)
Counterparty Default risk	180,755	275,665
Basic Solvency Capital Requirement	180,755	275,665
Loss Absorbing Capacity of Deferred Taxes	(0)	(0)
Total SCR	180,755	275,665

Table 27: Eucare Core SCR Components (Solo)

MCR	31 Dec 19 (€)	31 Dec 20 (€)
Floor	45,189	68,916
Cap	81,340	124,049
MCR (linear)	-	-
MCR	45,189	68,916

Table 28: Eucare Core MCR Components (Solo)

NLCare Cell

SCR	31 Dec 19 (€)	31 Dec 20 (€)
Health risk	7,702,730	10,347,381
Counterparty Default risk	2,203,417	4,553,806
Diversification	(1,381,286)	(2,598,121)
Basic Solvency Capital Requirement	8,524,861	12,303,066
Operational risk	2,557,458	3,690,920
Loss Absorbing Capacity of Deferred Taxes	(999,452)	-
Total SCR	10,082,868	15,993,985

Table 29: NLCare Cell SCR Components (Solo)

MCR	31 Dec 19 (€)	31 Dec 20 (€)
Floor	2,520,717	3,998,496
Cap	4,537,290	7,197,293
MCR (linear)	1,746,383	3,850,796
MCR	2,520,717	3,998,496

Table 30: NLCare Cell Components (Solo)

Reconciliation of SCR

The reconciliation of the SCR individually at Core and Cell level to SCR at Combined level is illustrated below:

	Core and Cell (€)	Combined (€)	Allocation from adjustments due to RFF (€)
Market risk	-	-	-
Counterparty Default risk	4,829,471	4,829,471	44,032
Health underwriting risk	10,347,381	10,347,381	94,341
Non-life underwriting risk	-	-	-
Diversification	(2,598,121)	(2,711,770)	-
Basic Solvency Capital Requirement	12,303,066	12,465,082	-
Adjustment due to RFF	-	113,649	-
Operational risk	3,690,920	3,690,920	-
Loss Absorbing Capacity of Deferred	-	-	-
Total SCR	16,269,650	16,269,650	-

Table 31: Reconciliation of SCR at Combined Level (Solo)

The adjustment due to ring fenced funds arises as a result of the difference in diversification applicable at the core and cell level -€2,598,121 (2019: -€1,381,286) and at the combined level -€2,711,770 (2019: -€1,488,729).

The allocation from adjustments due to the ring fenced funds, applicable to the different risk modules, correspond to the respective proportion of capital charge of each risk module against the Basic Solvency Capital Requirement.

Appendix 2: Group Annual Quantitative Reporting Templates

Annex I

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Balance sheet

Assets

Intangible assets
Deferred tax assets
Pension benefit surplus
Property, plant & equipment held for own use
Investments (other than assets held for index-linked and unit-linked contracts)
Property (other than for own use)
Holdings in related undertakings, including participations
Equities
Equities - listed
Equities - unlisted
Bonds
Government Bonds
Corporate Bonds
Structured notes
Collateralised securities
Collective Investments Undertakings
Derivatives
Deposits other than cash equivalents
Other investments
Assets held for index-linked and unit-linked contracts
Loans and mortgages
Loans on policies
Loans and mortgages to individuals
Other loans and mortgages
Reinsurance recoverables from:
Non-life and health similar to non-life
Non-life excluding health
Health similar to non-life
Life and health similar to life, excluding health and index-linked and unit-linked
Health similar to life
Life excluding health and index-linked and unit-linked
Life index-linked and unit-linked
Deposits to cedants
Insurance and intermediaries receivables
Reinsurance receivables
Receivables (trade, not insurance)
Own shares (held directly)
Amounts due in respect of own fund items or initial fund called up but not yet paid in
Cash and cash equivalents
Any other assets, not elsewhere shown
Total assets

Liabilities

Technical provisions – non-life
Technical provisions – non-life (excluding health)
TP calculated as a whole
Best Estimate
Risk margin

	Solvency II value
	C0010
R0030	
R0040	79
R0050	
R0060	405
R0070	1
R0080	
R0090	1
R0100	
R0110	
R0120	
R0130	
R0140	
R0150	
R0160	
R0170	
R0180	
R0190	
R0200	
R0210	
R0220	
R0230	
R0240	
R0250	
R0260	
R0270	112,264
R0280	111,926
R0290	111,926
R0300	
R0310	338
R0320	338
R0330	
R0340	
R0350	
R0360	18,772
R0370	
R0380	70,095
R0390	
R0400	
R0410	23,166
R0420	
R0500	224,782
	Solvency II value
	C0010
R0510	114,663
R0520	
R0530	
R0540	
R0550	

Technical provisions - health (similar to non-life)	R0560	114,663
TP calculated as a whole	R0570	
Best Estimate	R0580	112,986
Risk margin	R0590	1,677
Technical provisions - life (excluding index-linked and unit-linked)	R0600	363
Technical provisions - health (similar to life)	R0610	363
TP calculated as a whole	R0620	
Best Estimate	R0630	348
Risk margin	R0640	15
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
TP calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
TP calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	180
Insurance & intermediaries payables	R0820	
Reinsurance payables	R0830	65,462
Payables (trade, not insurance)	R0840	4,941
Subordinated liabilities	R0850	10,000
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	10,000
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	R0900	195,610
Excess of assets over liabilities	R1000	29,173

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

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)		Total
		Medical expense insurance	Income protection insurance	
		C0010	C0020	C0200
Premiums written				
Gross - Direct Business	R0110	531,290	1,151	532,441
Gross - Proportional reinsurance accepted	R0120			
Gross - Non-proportional reinsurance accepted	R0130			
Reinsurers' share	R0140	451,550	894	452,444
Net	R0200	79,741	257	79,998
Premiums earned				
Gross - Direct Business	R0210	531,252	1,151	532,403
Gross - Proportional reinsurance accepted	R0220			
Gross - Non-proportional reinsurance accepted	R0230			
Reinsurers' share	R0240	451,517	894	452,411
Net	R0300	79,735	257	79,992
Claims incurred				
Gross - Direct Business	R0310	485,937	730	486,667
Gross - Proportional reinsurance accepted	R0320			
Gross - Non-proportional reinsurance accepted	R0330			
Reinsurers' share	R0340	412,845	657	413,502
Net	R0400	73,092	73	73,165
Changes in other technical provisions				-
Gross - Direct Business	R0410			
Gross - Proportional reinsurance accepted	R0420			
Gross - Non- proportional reinsurance accepted	R0430			
Reinsurers' share	R0440			
Net	R0500			
Expenses incurred	R0550	-8,506	6	-8,500
Other expenses	R1200			
Total expenses	R1300			-8,500

Annex I

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Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		NL					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110		532,441					532,441
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140		452,444					452,444
Net	R0200		79,998					79,998
Premiums earned								
Gross - Direct Business	R0210		532,403					532,403
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240		452,411					452,411
Net	R0300		79,992					79,992
Claims incurred								
Gross - Direct Business	R0310		486,667					486,667
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340		413,502					413,502
Net	R0400		73,165					73,165
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers'share	R0440							
Net	R0500							
Expenses incurred	R0550		-8,500					-8,500

Other expenses	R1200							
Total expenses	R1300							-8,500

Annex I
S.23.01.22
Own funds

Basic own funds before deduction for participations in other financial sector

Ordinary share capital (gross of own shares)
Non-available called but not paid in ordinary share capital at group level
Share premium account related to ordinary share capital
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
Subordinated mutual member accounts
Non-available subordinated mutual member accounts at group level
Surplus funds
Non-available surplus funds at group level
Preference shares
Non-available preference shares at group level
Share premium account related to preference shares
Non-available share premium account related to preference shares at group level
Reconciliation reserve
Subordinated liabilities
Non-available subordinated liabilities at group level
An amount equal to the value of net deferred tax assets
The amount equal to the value of net deferred tax assets not available at the group level
Other items approved by supervisory authority as basic own funds not specified above
Non available own funds related to other own funds items approved by supervisory authority
Minority interests (if not reported as part of a specific own fund item)
Non-available minority interests at group level

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Deductions

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	10,615	10,615			
R0020					
R0030	6,888	6,888			
R0040					
R0050					
R0060					
R0070					
R0080					
R0090					
R0100					
R0110					
R0120					
R0130	8,592	8,592			
R0140	10,000			7,000	3,000
R0150					
R0160	79				79
R0170					
R0180	3,000	3,000			
R0190					
R0200					
R0210					
R0220					

Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities

whereof deducted according to art 228 of the Directive 2009/138/EC

Deductions for participations where there is non-availability of information (Article 229)

Deduction for participations included by using D&A when a combination of methods is used

Total of non-available own fund items

Total deductions

Total basic own funds after deductions

Ancillary own funds

Unpaid and uncalled ordinary share capital callable on demand

Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand

Unpaid and uncalled preference shares callable on demand

Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC

Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC

Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC

Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC

Non available ancillary own funds at group level

Other ancillary own funds

Total ancillary own funds

Own funds of other financial sectors

Reconciliation reserve

Institutions for occupational retirement provision

Non regulated entities carrying out financial activities

Total own funds of other financial sectors

Own funds when using the D&A, exclusively or in combination of method 1

Own funds aggregated when using the D&A and combination of method

Own funds aggregated when using the D&A and a combination of method net of IGT

Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)

Total available own funds to meet the minimum consolidated group SCR

Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)

Total-eligible own funds to meet the minimum consolidated group SCR

R0230					
R0240					
R0250					
R0260					
R0270					
R0280					
R0290	39,173	29,094		7,000	3,079
R0300					
R0310					
R0320					
R0350					
R0340					
R0360					
R0370					
R0380					
R0390					
R0400					
R0410					
R0420					
R0430					
R0440					
R0450					
R0460					
R0520	39,173	29,094		7,000	3,079
R0530	36,094	29,094		7,000	
R0560	37,124	29,094		7,000	1,030
R0570	29,908	29,094		813	

Minimum consolidated Group SCR**Ratio of Eligible own funds to Minimum Consolidated Group SCR**

Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)

Group SCR

Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A

Reconciliation reserve

Excess of assets over liabilities

Own shares (included as assets on the balance sheet)

Forseeable dividends, distributions and charges

Other basic own fund items

Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

Other non available own funds

Reconciliation reserve before deduction for participations in other financial sector**Expected profits**

Expected profits included in future premiums (EPIFP) - Life business

Expected profits included in future premiums (EPIFP) - Non- life business

Total EPIFP

R0610	4,067				
R0650	735.30%				
R0660	37,124	29,094		7,000	1,030
R0680	16,060				
R0690	231.16%				

	C0060				
R0700	29,173				
R0710					
R0720					
R0730	20,581				
R0740					
R0750					
R0760	8,592				
R0770	-				
R0780	12,224	-			
R0790	12,224	-			

Annex I

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

-

Market risk
Counterparty default risk
Life underwriting risk
Health underwriting risk
Non-life underwriting risk
Diversification
Intangible asset risk
Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Operational risk
Loss-absorbing capacity of technical provisions
Loss-absorbing capacity of deferred taxes
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency capital requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement

Other information on SCR

Capital requirement for duration-based equity risk sub-module
Total amount of Notional Solvency Capital Requirements for remaining part
Total amount of Notional Solvency Capital Requirements for ring fenced funds
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
Diversification effects due to RFF nSCR aggregation for article 304
Minimum consolidated group solvency capital requirement

Information on other entities

Capital requirement for other financial sectors (Non-insurance capital requirements)

Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies

Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions

-

	Gross solvency capital requirement
	C0110
R0010	0
R0020	4,641
R0030	
R0040	10,347
R0050	
R0060	-2,635
R0070	
R0100	12,354
	C0100
R0130	3,706
R0140	
R0150	
R0160	
R0200	16,060
R0210	
R0220	16,060
R0400	
R0410	
R0420	
R0430	
R0440	
R0470	4,067
R0500	
R0510	
R0520	

Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities

Capital requirement for non-controlled participation requirements

Capital requirement for residual undertakings

Overall SCR

SCR for undertakings included via D and A

Solvency capital requirement

R0530	
R0540	
R0550	
R0560	
R0570	16,060

Undertakings in the scope of the group

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/ NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
MT	3912008S3SGTJVOP5C36	LEI	ECHC Limited	5	Limited Liability Company	2								1		1
MT	391200A0CLYPI0GKDC78	LEI	EUCare Insurance PCC Limited	2	Limited Liability Company	2	Malta Financial Services Authority	100.00%	100	100.00%		1		1		1

Appendix 3: Solo Annual Quantitative Reporting Templates

Annex I

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Balance sheet

Assets

Intangible assets
Deferred tax assets
Pension benefit surplus
Property, plant & equipment held for own use
Investments (other than assets held for index-linked and unit-linked contracts)
Property (other than for own use)
Holdings in related undertakings, including participations
Equities
Equities - listed
Equities - unlisted
Bonds
Government Bonds
Corporate Bonds
Structured notes
Collateralised securities
Collective Investments Undertakings
Derivatives
Deposits other than cash equivalents
Other investments
Assets held for index-linked and unit-linked contracts
Loans and mortgages
Loans on policies
Loans and mortgages to individuals
Other loans and mortgages
Reinsurance recoverables from:
Non-life and health similar to non-life
Non-life excluding health
Health similar to non-life
Life and health similar to life, excluding health and index-linked and unit-linked
Health similar to life
Life excluding health and index-linked and unit-linked
Life index-linked and unit-linked
Deposits to cedants
Insurance and intermediaries receivables
Reinsurance receivables
Receivables (trade, not insurance)
Own shares (held directly)
Amounts due in respect of own fund items or initial fund called up but not yet paid in
Cash and cash equivalents
Any other assets, not elsewhere shown
Total assets

Liabilities

Technical provisions – non-life
Technical provisions – non-life (excluding health)
TP calculated as a whole
Best Estimate
Risk margin

	Solvency II value
	C0010
R0030	
R0040	551
R0050	
R0060	405
R0070	
R0080	
R0090	
R0100	
R0110	
R0120	
R0130	
R0140	
R0150	
R0160	
R0170	
R0180	
R0190	
R0200	
R0210	
R0220	
R0230	
R0240	
R0250	
R0260	
R0270	112,264
R0280	111,926
R0290	
R0300	111,926
R0310	338
R0320	338
R0330	
R0340	
R0350	
R0360	20,006
R0370	
R0380	66,867
R0390	
R0400	
R0410	23,165
R0420	
R0500	223,259
	Solvency II value
	C0010
R0510	114,663
R0520	
R0530	
R0540	
R0550	

Technical provisions - health (similar to non-life)	R0560	114,663
TP calculated as a whole	R0570	
Best Estimate	R0580	112,986
Risk margin	R0590	1,677
Technical provisions - life (excluding index-linked and unit-linked)	R0600	363
Technical provisions - health (similar to life)	R0610	363
TP calculated as a whole	R0620	
Best Estimate	R0630	348
Risk margin	R0640	15
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
TP calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
TP calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	180
Insurance & intermediaries payables	R0820	
Reinsurance payables	R0830	65,462
Payables (trade, not insurance)	R0840	6,121
Subordinated liabilities	R0850	10,000
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	10,000
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	R0900	196,789
Excess of assets over liabilities	R1000	26,470

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

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)		Total
		Medical expense insurance	Income protection insurance	
		C0010	C0020	C0200
Premiums written				
Gross - Direct Business	R0110	531,290	1,151	532,441
Gross - Proportional reinsurance accepted	R0120			
Gross - Non-proportional reinsurance accepted	R0130			
Reinsurers' share	R0140	451,550	894	452,444
Net	R0200	79,741	257	79,998
Premiums earned				
Gross - Direct Business	R0210	531,252	1,151	532,403
Gross - Proportional reinsurance accepted	R0220			
Gross - Non-proportional reinsurance accepted	R0230			
Reinsurers' share	R0240	451,517	894	452,411
Net	R0300	79,735	257	79,992
Claims incurred				
Gross - Direct Business	R0310	485,937	730	486,667
Gross - Proportional reinsurance accepted	R0320			
Gross - Non-proportional reinsurance accepted	R0330			
Reinsurers' share	R0340	412,845	657	413,502
Net	R0400	73,092	73	73,165
Changes in other technical provisions				-
Gross - Direct Business	R0410			
Gross - Proportional reinsurance accepted	R0420			
Gross - Non- proportional reinsurance accepted	R0430			
Reinsurers' share	R0440			
Net	R0500			
Expenses incurred	R0550	-8,506	6	-8,500
Other expenses	R1200			
Total expenses	R1300			-8,500

Annex I

S.05.02.01

Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		NL					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110		532,441					532,441
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140		452,444					452,444
Net	R0200		79,998					79,998
Premiums earned								
Gross - Direct Business	R0210		532,403					532,403
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240		452,411					452,411
Net	R0300		79,992					79,992
Claims incurred								
Gross - Direct Business	R0310		486,667					486,667
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340		413,502					413,502
Net	R0400		73,165					73,165
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers'share	R0440							
Net	R0500							
Expenses incurred	R0550		-8,500					-8,500

Other expenses	R1200							
Total expenses	R1300							-8,500

Annex I

S.12.01.02

Life and Health SLT Technical Provisions

Technical provisions calculated as a whole

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

Technical provisions calculated as a sum of BE and RM

Best Estimate

Gross Best Estimate

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total

Risk Margin

Amount of the transitional on Technical Provisions

Technical Provisions calculated as a whole

Best estimate

Risk margin

Technical provisions - total

	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				
	C0160	C0170				C0180
R0010						
R0020						
R0030		348				348
R0080		338				338
R0090		10				10
R0100	15					15
R0110						
R0120						
R0130						
R0200	363					363

Annex I
S.17.01.02
Non-life Technical Provisions

Technical provisions calculated as a whole

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

Technical provisions calculated as a sum of BE and RM

Best estimate

Premium provisions

Gross

Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Net Best Estimate of Premium Provisions

Claims provisions

Gross

Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Net Best Estimate of Claims Provisions

Total Best estimate - gross

Total Best estimate - net

Risk margin

Amount of the transitional on Technical Provisions

Technical Provisions calculated as a whole

Best estimate

Risk margin

Technical provisions - total

Technical provisions - total

Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total

Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total

	Direct business and accepted proportional reinsurance		Total Non-Life obligation
	Medical expense insurance	Income protection insurance	
	C0020	C0030	C0180
R0010			
R0050			
R0060	-3,255	-743	-3,998
R0140	13,004	-102	12,903
R0150	-16,259	-641	-16,900
R0160	116,537	447	116,984
R0240	98,621	403	99,024
R0250	17,916	44	17,960
R0260	113,282	-296	112,986
R0270	1,657	-597	1,060
R0280	1,420	257	1,677
R0290			
R0300			
R0310			
R0320	114,702	-39	114,663
R0330	111,626	301	111,926
R0340	3,077	-340	2,737

Annex I

S.19.01.21

Non-life Insurance Claims
Information

Total Non-Life Business

Accident year /
Underwriting year

Z0020	Underwriting year [UWY]
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Gross Claims Paid (non-cumulative)

(absolute amount)

Year	Development year				In Current year	Sum of years (cumulative)
	C0010	C0020	C0030	C0040	C0170	C0180
Prior	R0100				R0100	
2017	R0220				R0220	
2018	R0230				R0230	
2019	R0240	84,758	28,970		R0240	113,728
2020	R0250	347,084			R0250	347,084
Total					R0260	460,812

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	Development year				Year end (discounted data)
	C0200	C0210	C0220	C0230	C0360
Prior	R0100				R0100
2017	R0220				R0220
2018	R0230				R0230
2019	R0240	23,427	838		R0240
2020	R0250	116,002			R0250
Total					R0260

Annex I

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 (EU) 2015/35

Ordinary share capital (gross of own shares)
Share premium account related to ordinary share capital
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
Subordinated mutual member accounts
Surplus funds
Preference shares
Share premium account related to preference shares
Reconciliation reserve
Subordinated liabilities
An amount equal to the value of net deferred tax assets
Other own fund items approved by the supervisory authority as basic own funds not specified above

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Deductions

Deductions for participations in financial and credit institutions

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	8,501	8,501			
R0030					
R0040					
R0050					
R0070					
R0090					
R0110					
R0130	-9,958	-9,958			
R0140	10,000			7,000	3,000
R0160	551				551
R0180	12,000	12,000			
R0220					
R0230					

Total basic own funds after deductions**Ancillary own funds**

Unpaid and uncalled ordinary share capital callable on demand

Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand

Unpaid and uncalled preference shares callable on demand

A legally binding commitment to subscribe and pay for subordinated liabilities on demand

Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC

Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC

Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC

Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC

Other ancillary own funds

Total ancillary own funds**Available and eligible own funds**

Total available own funds to meet the SCR

Total available own funds to meet the MCR

Total eligible own funds to meet the SCR

Total eligible own funds to meet the MCR

SCR**MCR****Ratio of Eligible own funds to SCR****Ratio of Eligible own funds to MCR****Reconciliation reserve**

Excess of assets over liabilities

Own shares (held directly and indirectly)

R0290	21,094	10,543		7,000	3,551
R0300					
R0310					
R0320					
R0330					
R0340					
R0350					
R0360					
R0370					
R0390					
R0400					
R0500	21,094	10,543		7,000	3,551
R0510	17,543	10,543		7,000	
R0540	18,581	10,543		7,000	1,038
R0550	11,356	10,543		813	
R0580	16,270				
R0600	4,067				
R0620	114.21%				
R0640	279.20%				

	C0060	
R0700	26,470	
R0710		

Foreseeable dividends, distributions and charges

Other basic own fund items

Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

Reconciliation reserve

Expected profits

Expected profits included in future premiums (EPIFP) - Life business

Expected profits included in future premiums (EPIFP) - Non- life business

Total Expected profits included in future premiums (EPIFP)

R0720		
R0730	21,052	
R0740	15,376	
R0760	-9,958	
R0770		
R0780	12,224	
R0790	12,224	

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

-

Market risk
Counterparty default risk
Life underwriting risk
Health underwriting risk
Non-life underwriting risk
Diversification
Intangible asset risk
Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Operational risk
Loss-absorbing capacity of technical provisions
Loss-absorbing capacity of deferred taxes
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency capital requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement

Other information on SCR

Capital requirement for duration-based equity risk sub-module
Total amount of Notional Solvency Capital Requirement for remaining part
Total amount of Notional Solvency Capital Requirements for ring fenced funds
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios
Diversification effects due to RFF nSCR aggregation for article 304

Approach to tax rate

-

Gross solvency capital requirement

	C0110
R0010	
R0020	4,874
R0030	
R0040	10,442
R0050	
R0060	-2,736
R0070	
R0100	12,579

	C0100
R0130	3,691
R0140	
R0150	
R0160	
R0200	16,270
R0210	
R0220	16,270
R0400	
R0410	276
R0420	15,994
R0430	
R0440	

Yes/No

C0109

Approach based on average tax rate

R0590

3 - Not applicable as LAC DT is not used (in this case R0600 to R0690 are not applicable)

Calculation of loss absorbing capacity of deferred taxes

LAC DT

LAC DT justified by reversion of deferred tax liabilities

LAC DT justified by reference to probable future taxable economic profit

LAC DT justified by carry back, current year

LAC DT justified by carry back, future years

Maximum LAC DT

LAC DT

C0130

R0640

R0650

R0660

R0670

R0680

R0690

Annex I

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

MCR_{NL} Result

	C0010
R0010	3,839

Medical expense insurance and proportional reinsurance
Income protection insurance and proportional reinsurance
Workers' compensation insurance and proportional reinsurance
Motor vehicle liability insurance and proportional reinsurance
Other motor insurance and proportional reinsurance
Marine, aviation and transport insurance and proportional reinsurance
Fire and other damage to property insurance and proportional reinsurance
General liability insurance and proportional reinsurance
Credit and suretyship insurance and proportional reinsurance
Legal expenses insurance and proportional reinsurance
Assistance and proportional reinsurance
Miscellaneous financial loss insurance and proportional reinsurance
Non-proportional health reinsurance
Non-proportional casualty reinsurance
Non-proportional marine, aviation and transport reinsurance
Non-proportional property reinsurance

	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	1,667	79,514
R0030		272
R0040		
R0050		
R0060		
R0070		
R0080		
R0090		
R0100		
R0110		
R0120		
R0130		
R0140		
R0150		
R0160		
R0170		

Linear formula component for life insurance and reinsurance obligations

MCR_L Result

	C0040
R0200	5

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

	C0050	C0060
R0210		
R0220		
R0230		
R0240	10	
R0250		6,914

Overall MCR calculation

Linear MCR
SCR
MCR cap
MCR floor
Combined MCR
Absolute floor of the MCR

-

Minimum Capital Requirement

	C0070
R0300	3,844
R0310	16,270
R0320	7,321
R0330	4,067
R0340	4,067
R0350	2,500
-	C0070
R0400	4,067

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