PREMIUM
INSURANCE COMPANY

SOLVENCY AND FINANCIAL CONDITION REPORT

FOR THE PERIOD ENDING 31 DECEMBER 2019

PREMIUM Insurance Company Limited

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PREMIUM Insurance Company Limited

A Business and Performance

A1 Business Information

PREMIUM Insurance Company Limited (the "Company") following the UK and Gibraltar's decision to leave the European Union ('Brexit'), redomiciled from Gibraltar to Malta in 2019. The company is now established in Malta and is licensed by the Malta Financial Services Authority where it operates under the European passport regime for insurance. The Information below reflects the information about the Company as at 31st December 2019.

A1.1 Company Details

PREMIUM Insurance Company Limited
The Landmark Level 1 Suite 2,
Triq l Iljun
Qormi QRM3800
Malta.

PREMIUM Insurance Company Limited ("PREMIUM") is incorporated in Malta and is a Company limited by shares. The company registration number is C91171.

This Solvency and Financial Condition Report covers PREMIUM on a solo basis.

A1.2 Supervisory Authority

Malta Financial Services Authority
Notabile Road
BKR 3000 Attard
Malta

A1.3 Statutory Auditors

Ernst and Young Malta Limited
4th Floor, Regional Business Centre
Achille Ferris Street
Msida
Malta

A1.4 Ultimate Shareholders

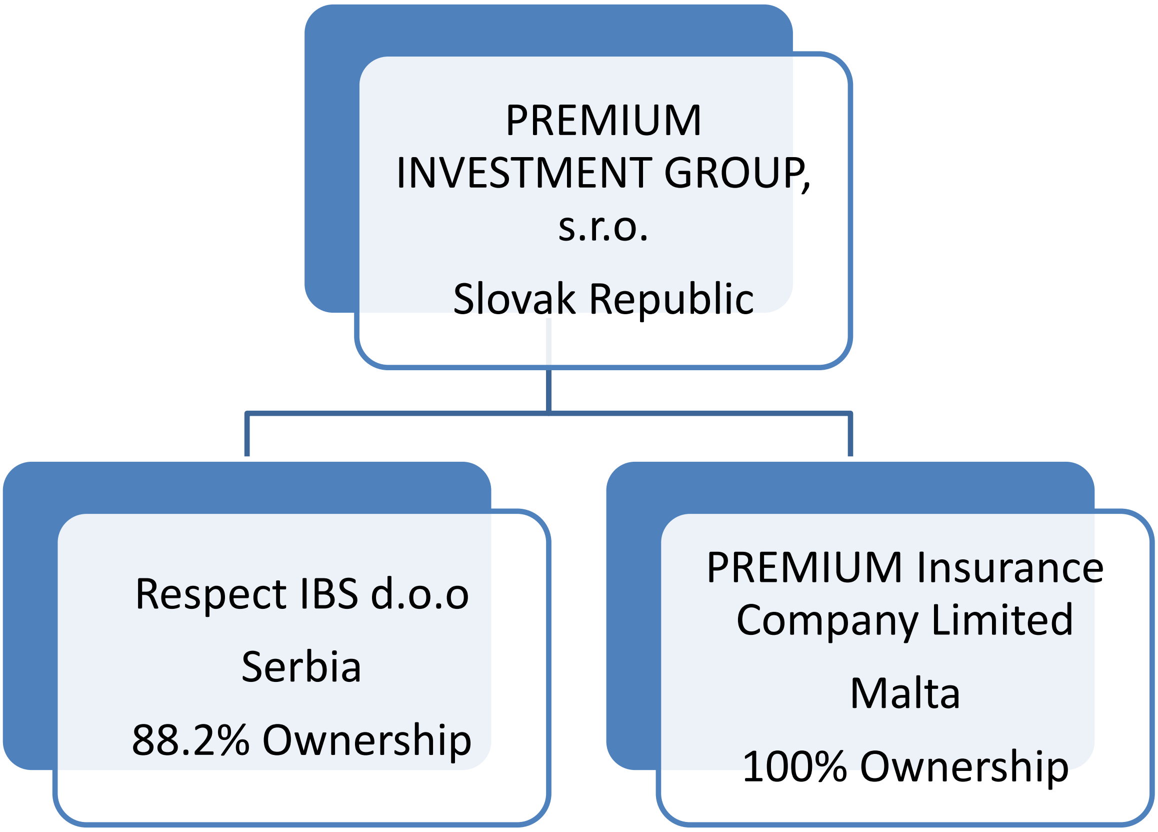
PREMIUM is a 100 per cent subsidiary of PREMIUM INVESTMENT GROUP, s.r.o. (PIG) a Company registered in the Slovak Republic.

The address of the registered office of PIG is Šoltésovej 14,811.08 Bratislava, Slovak Republic.

Registered number 47436140

PIG is jointly owned by four Slovak residents, Eva Juristová, Milan Pobjecký, Dušan Guľáš and Mojmír Vedej, who each hold 25% of PIG shares.

A1.5 Group Structure



A1.6

At the end of the period, PREMIUM had 16 employees, 3 based in the Head Office in Malta, and 13 employees based in the branch office in Bratislava. Total wages for 2019 were €593,431 (2018 - £414,818).

A1.7 Material Lines of Business and Geographical Areas

PREMIUM covers risks in the Slovak Republic on a Freedom of Establishment basis and from Malta on a Freedom of Services basis. During the period (re)insurance, contracts were concluded in both Malta and the Slovak Republic.

The Company is authorised by the MFSA to underwrite the following (re)insurance classes:

- Class 1 – Accident
- Class 2 – Sickness
- Class 3 – Land Vehicles
- Class 4 – Railway Rolling Stock
- Class 7 - Goods in Transit
- Class 8 - Fire and Natural Forces
- Class 9 - Damage to Property
- Class 10 - Motor Vehicle Liability
- Class 13 - General Liability
- Class 16 - Miscellaneous Financial Loss

Gross written premium during the period ending December 2019 amounted to €10,079,644, (2018 €6,967,384. Net of reinsurance, written premium amounted to €1,417,816, (2018 € 904,931).

A1.8 Significant Business or Other Events

A1.8.1 Company Incorporation and Insurance Licence

PREMIUM was incorporated on 18 November 2015, and started trading on 1 December 2016, in Gibraltar. The company subsequently re-domiciled to Malta and was authorised by the MFSA on 26 March 2019.

Whilst the jurisdiction of the company has altered, all other aspects of its operations remain unchanged.

A1.9 Objectives

PREMIUM'S core strategy remains unchanged: to build a profitable Slovakian-focussed insurer primarily operating in the Commercial insurance market in Slovakia and the Czech Republic.

Whilst writing predominantly Industrial and Commercial Property and Commercial Liability business, other business lines have also been accepted if they contribute profit to the bottom line, or where writing them has enabled PREMIUM to access core business. PREMIUM remains committed to broadening the company's appeal to its key intermediary partners, through developing innovative products and market-leading delivery options.

The company will continue to operate through a branch in Slovakia with distribution via a network of brokers, and outsourced claims and administration contracts.

A2 Underwriting Performance

During 2019, PREMIUM saw further significant growth in its chosen markets and wrote Gross Premiums in line with the 3-year plan. Net Premiums were marginally below anticipated levels as the company continues to protect its capital against too rapid expansion and maintained its cautious approach to risk taking. This was reflected in the design of the company's re-insurance treaties and the use of facultative re-insurance on risks that exceeded the treaty capacity or were outside the company's risk appetite.

	2019 Motor vehicle liability €	2019 Fire and other damage to property €	2019 General liability €
Gross premiums written	294,421	7,258,768	2,526,455
Gross premiums earned	289,818	6,678,215	2,154,828
Reinsurance premium	196,882	6,510,786	1,954,160

Due to the careful risk selection, and the excellent historic claims pattern of the insured entities, claims experience was again below forecast and better than the market average loss ratios.

A2.1 Loss Ratios

Loss ratios used for planning purposes are as set out below.

Business Line	Loss Ratio, %
Liability	25
MTPL	25
Property	28
Household	25
Rail	30
Accident	30
SME	25

As PREMIUM has only been operating for three years, loss ratios used for planning purposes are based on a combination of the market averages and the proven profitability of the PREMIUM book.

During the periods commencing after 31 December 2019, PREMIUM will continue to mitigate its risk through a mixture of Quota Share, Surplus and Excess of Loss reinsurance treaties, all placed with reinsurers with financial strength rating of A- or better as measured by Standard and Poor's (or equivalent from other rating agencies).

A3 Investment Performance

Plans to move capital into a diversified investment structure continue to be under review by the Board. Currently, all funds remain as cash deposits.

A4 Performance of Other Activities

PREMIUM received reinsurance commission payable as part of the re-insurance agreement. Total commission payable to the Company amounts to €3,536,458 and commission earned and recognised as income in the financial statements amounts to €3,324,922.

A5 Any Other Information

The Company has considered the possible impact of the COVID-19 outbreak across its key areas of business. The assessment has evaluated the potential impacts on operational performance, including premiums and claims, together with the reinsurance arrangements and counterparty exposures.

Whilst the situation is constantly evolving and uncertainties brought about by the outbreak remain, based on the risks underwritten and the nature of its reinsurance arrangements, the Company has determined that the outbreak is not expected to have a significant impact on its business.

During February 2020, further capital of €500,000 was contributed to the Company. The situation is being constantly monitored, and the Company will take the necessary actions to minimise the possible impacts of COVID-19.

Based on current prevailing circumstances and considering the latest Own Risk and Solvency Assessment which considered various adverse scenarios, the Company should be well capitalized to absorb any foreseeable impact and envisages that it will continue to satisfy all regulatory solvency requirements.

For further information regarding COVID-19 please see note B3.1.7.

B Systems of Governance

B1 General Information

B1.1 Structure of the Board and Committees

The Company places emphasis on continuing to build the brand awareness and on growth of its business portfolio. The Board of Directors ("Board") has the responsibility to overview these objectives, while at the same time ensuring that the principles of sound and good governance are observed.

The Company recognises the importance of strong corporate governance and has established a well-defined governance framework and system of control. These controls and procedures are subject to regular review by the Board and revision when necessary.

The Board has the ultimate responsibility for overseeing the business of the Company and for supervision of the management. In carrying out its duties, the Board considers the legitimate interests of the Company, its shareholders, its policyholders and any other stakeholders. The Board sets the standards of conduct of the Company, provides direction and oversight, and promotes a culture of integrity within the business.

The Board has outsourced some of the roles and responsibilities of the Company to a specialist Insurance Manager, Artex Risk Solutions (Malta) Limited and to Track Claims in Slovakia.

The current Directors are:

Mojmír Vedej	Chairman
Marek Benko	Director
Stephen Quinn	Director
Andrew Baker	Managing Director (Malta resident), retired 30 April 2019
Marcin Klugowski	Chief Financial Officer (Malta resident)
Karl Micallef	Director (Malta resident)

B1.2 Board Committees

As the company remains at an early stage of its development, the Board has adopted the following committee structure;

B1.2.1 Claims and Underwriting Committee

The Committee has responsibility for:

- overseeing and reviewing the ongoing performance of all product lines;
- overseeing and reviewing the ongoing performance of intermediaries/distributors;
- approving rate proposals;
- approving the company's reinsurance strategy;

- overseeing the implementation of the claims handling, reserving and settlement strategy;
- overseeing and controlling any outsourced claims handling; and
- setting of insurance risk strategy and appetite.

B1.2.2 Investment

As all capital is held in cash deposits, there is currently no need to convene an Investment Committee. The question of moving funds into a diversified investment portfolio is under constant review. If this move takes place, the Board will consider the need to constitute an Investment Committee.

B1.2.3 Audit and Risk

The Board has retained responsibility for this committee, which is chaired by the Non-Executive Director, responsible for the oversight of the Internal Audit function. The main responsibilities of the committee are:

- Developing, managing and monitoring internal and external audit strategy, ensuring the requirements of the business plan, risk appetite of the Company and any statutory or regulatory requirements are met.
- Managing and monitoring performance of PREMIUM's external auditors and the effectiveness of internal audit arrangements.
- Monitoring changes to accounting standards, financial regulation and legislation and identifying any potential impact to the Company.
- Ensuring the internal audit programme has been communicated as required within the Company and externally as required to regulatory authorities and other interested parties.
- Ensuring due care and skill is exercised in relation to compliance with statutory and regulatory requirements and that compliance with all such requirements is embedded in the culture of the Company, its core systems and processes and its management and employees.
- Ensuring PREMIUM's reputation and integrity is maintained at the highest possible standard.

The committees meet quarterly and report their findings to the Board at its quarterly meetings.

B1.3 Key Functions

PREMIUM has in place the four key functions as required by the Solvency II Directive. These are:

- Risk Management
- Compliance
- Actuarial
- Internal Audit

These functions are responsible for providing oversight of the relevant area and providing assurance to the Board on the operation of the Company's risk management framework. Each of the functions has full, unimpaired, access to company information and officers for the timely and effective execution of their duties.

All functions are overseen by Directors of the business, thus ensuring they have the appropriate authority to carry out their roles.

B1.3.1 Risk Management

The Board has decided not to establish a Risk Management Committee and to retain this responsibility and ownership of the company's risk management framework at this time. The Risk Management function is currently outsourced to Artex and circulates a report for discussion at each Board meeting.

The Risk management framework is reviewed and updated at least annually.

B1.3.2 Compliance

PREMIUM outsources compliance services to Artex.

At the start of each year, the Board approves a compliance monitoring programme for the year ahead. This is reviewed at each quarterly board meeting and appropriate actions agreed. It is designed to ensure that PREMIUM complies with all relevant rules, regulations, legislation and guidance to which the Company is subject, both in Malta and in the Slovak Republic.

As it is outsourced, the function is operationally independent from the other areas of the business and, whilst it reports to the Board, the Board is not able to influence the function or to exert other inappropriate pressures.

B1.3.3 Actuarial

The company remains in the early stages of its development and has no internal actuarial team in place. Actuarial support has been arranged with an actuarial consultancy firm based in the Czech Republic. As the function is overseen by a company director, the Board is satisfied that appropriate controls are in place.

Specific duties of the Actuarial Function include:

- Oversee the calculation of technical provisions;
- Confirm appropriateness of methodologies and assumptions;
- Validate methodologies and carry out back-testing against experience;
- Ensure consistency, accuracy and reliability of data;
- Provide an opinion on the underwriting policy and reinsurance arrangements;
- Periodically report to the Board.

Tools4f provides PREMIUM with an annual, independent, valuation of the year-end technical provisions; a quarterly review of claims IBNR provisions, an annual review of the internal underwriting and financial procedures and an annual Actuarial Function Holder report.

B1.3.4 Internal Audit

PREMIUM's Internal Audit function is overseen by a Malta-based Non-Executive Director, whilst the actual function is outsourced to a professional services provider, RSM. An annual internal audit programme is agreed with the Board and then the implementation, and timings, of that programme are agreed with RSM. The reports and recommendations following an internal audit, are reviewed by the Audit Committee and then presented to the Board.

B1.4 Material Changes

There have been no material changes to report for 2019.

B1.5 Remuneration Policy and Practices

Due to the Company's size and the simplicity of the remuneration arrangements, the Directors are of the view that it is appropriate for the Board of PREMIUM to retain responsibility for the remuneration policy.

Employees receive remuneration commensurate with their skill, knowledge and experience, qualifications and role within the company. There is currently no formal Performance-Related Bonus Scheme in place and this issue is under annual review by the Board.

Directors are not entitled to share options or shares in the Company.

B1.6 Material Transactions

B1.6. 1 Insurance Manager

During the period PREMIUM paid a fee of €162,040 to its insurance manager for the services provided and at 31 December 2019, the balance due to insurance manager was NIL.

B1.6.2 Shareholders

During 2019, PREMIUM received additional capital of €1,000,000 from PREMIUM Investment Group s.r.o. (PIG). This additional capital was provided equally by the four shareholders of PIG and therefore did not alter the distribution of the shares.

B2 Fit and proper requirements

B2.1 Requirements for Skills, Knowledge and Expertise

PREMIUM requires that members of the Board and those individuals carrying out other significant functions are fit to carry out their roles through the possession of the necessary skills, knowledge and experience and that all such individuals are of good repute and integrity. This ensures an appropriate spread of skills for managing the business.

The fitness requirements set out that collectively the Board, and senior employees cover at least the following areas.

- Knowledge of insurance and financial markets.

- Understanding of the business strategy and the business model.
- Understanding of the systems of governance.
- Knowledge of financial matters, actuarial analysis, and management information.
- Understanding of the regulatory framework and requirements.

B2.2 Policies and Processes regarding" Fit Requirements"

The Board will consider the skills, knowledge and experience required prior to any new appointment and assess whether the individual meets the requirements. On an ongoing basis, all individuals are required to ensure that their skills and knowledge are kept up-to-date and to confirm this annually. The fitness of key individuals is monitored and reported on by the compliance function.

B2.3 Policies and Processes regarding" Proper Requirements"

All individuals carrying out key or significant functions for the Company are required to demonstrate that they meet the Company's proper requirements regarding their reputation and character.

In order to assess whether this requirement is met, the following factors will be considered.

- The individual's character.
- The individual's personal behaviour.
- The individual's business conduct.
- Any criminal aspects.
- Any financial aspects.
- Any regulatory aspects.

PREMIUM's Compliance function ensures that appropriate notification documents are prepared for all individuals carrying out notifiable functions for the company and submitted for regulatory approval. The Compliance function is responsible for checking propriety on an ongoing basis and reports to the Board at least annually.

B3 Risk management system including ORSA

B3.1 Risk Management System

B3.1.1 Company Risk Management

PREMIUM's risk management framework, which is described below, drives the Company's risk management. The Company maintains a Risk Register and solvency requirements are considered as part of the company's ORSA process. PREMIUM carries out the solvency calculations and prepares the ORSA report.

B3.1.2 Overview

PREMIUM categorises its risks as follows:

- Strategic Risk

- Insurance Risk
- Liquidity Risk
- Credit Risk
- Concentration Risk
- Operational Risk
- Reputational Risk

PREMIUM's aim is to ensure that the business is managed at all times in a risk-focussed manner in order to achieve the Company's overall strategic objectives. The Company has in place policies, processes and procedures for each category of risk. Risk management is the responsibility of the Board, with assistance from its outsourced service providers.

The systems of governance are based on the principle of proportionality, such that systems are proportionate to the nature, scale and complexity of PREMIUM's operations.

B3.1.3 Risk Management Strategies, Objectives, Processes and Reporting

PREMIUM's risk management policy is intended to identify all material risks, minimise risks wherever possible and manage and control all significant risks within acceptable limits. The ultimate goal is to ensure policyholder protection, both now and in the future and for the company to achieve the Company's overall strategic objectives.

The Company sets risk appetites and tolerance limits for each category of risk and monitors performance on a quarterly basis.

B3.1.4 Identification, Measurement, Monitoring, Management and Reporting of Risks

PREMIUM's Board regularly discusses and considers actual or potential risks and utilises a Risk Register to do so. All risks identified are recorded and assessed as to their impact and the likelihood of their occurrence, both on an inherent basis (before controls and mitigations) and on a residual basis (after taking account of appropriate controls and mitigations).

The highest rated risks are reported to the Board on a regular basis by the compliance function. In addition, at each Board meeting consideration is given to whether the Company's risk profile or risk exposure has changed due to decisions taken.

Risk events are reported to the Board when they occur and are recorded in the Risk Register, including their impact and resolution. Where further investigation is required, the Board will delegate responsibility and agree timescales as appropriate.

In addition, the Board receives reports from the Internal Audit function as to the adequacy, effectiveness and efficiency of the internal controls. The findings of such reports are considered by the Board in assessing risks and fed directly into the company's ORSA process.

B3.1.5 Implementation of Risk Management Function

Responsibility for and ownership of the risk management rests with the Board of Directors working together with senior members of the Branch Office in Slovakia and PREMIUM's Insurance Manager teams.

B3.1.6 Significant Risks Faced by The Company

The table below sets out the 5 highest risks currently faced by PREMIUM as set out in the Risk Register.

Risk Description	Risk Category	Comment	Residual Risk Rating
Incomplete or inadequate management information	Operational	Incorrect or inappropriate decisions made based on lack of or wrong data.	15
Collapse of bank	Investment	The funds are held with a limited number of well-rated banking counterparties. A proposal to invest up to 70% of cash funds in a bespoke investment portfolio is under regular review by the Board.	15
Inappropriate reinsurance strategy	Insurance (Underwriting)	Detailed business planning will determine optimum level of protection. Panel of A- or better Reinsurers and experienced R/I broker have been utilised.	12
Higher than expected claims frequency or higher than expected number of large claims	Insurance (Reserving)	Careful monitoring of results and close involvement of the Board reduces the impact to manageable levels.	12
Loss of key member of staff or Board	Concentration	Loss of knowledge and/or contacts leads to possible disruption to business and regulatory action.	12

None of the above risks is assessed as "high" on the company's risk matrix. Further mitigating action has been taken where possible and the Risk Register is reviewed quarterly by the Board.

B3.1.7 COVID-19 Pandemic

The current Covid-19 pandemic has created significant uncertainty across all aspects of social and business life and has been classified by EIOPA as a "Major development". All financial services firms are therefore required to concentrate efforts on the monitoring and assessment of the impact of the pandemic on their business.

The PREMIUM Board has carried out a detailed review of its potential exposures, the results of which are set out below.

The Board identified 4 main risks facing the business from Covid-19.

Operational - Minimal impact

The company has 2 offices, the Head Office in Malta and the Branch Office in Slovakia. The Head Office is currently closed, and the Business Continuity Plan invoked with the employees, and outsourced suppliers, working remotely. The Branch office remains open, manned by a few staff on a daily basis and in this way, a normal service is being provided to intermediaries and insured.

Trading Results - Minimal impact

This is the risk that the company will suffer higher claims costs than expected due to claims made under Business Interruption covers. A review of all policy wordings has identified only 2 possible exposures on the current portfolio. Both policies involve low sums insured against business interruption (€50k and €100k respectively), 24-hour deductibles and a maximum indemnity period of two-weeks. Given this, it is felt that maximum loss from these policies will not exceed €75k

All remaining policies include a specific exclusion in the Business Interruption section against losses occurring from any decision of a government or local self-governing authority, or court or any other official measures taken for purposes OTHER than the prevention or reduction of the insured event.

PREMIUM maintains a cautious approach to risk exposure, and this is reflected in the company's Re-Insurance programme. The panel of re-insurers are rated at A- or above, and all have participated in the programme since the company's launch in 2016. The company operates a Q/S treaty, supported by an XOL treaty with an Ultimate Net Loss capped at €500k. The Board feels that such a programme is appropriate at this stage of the company's development and the excellent loss ratios seen to date, support this view.

Receivables/Cash Flow - Moderate impact

PREMIUM predominantly writes commercial business with most premiums collected direct from the insured. As many insured have been adversely affected by the "lock-downs", there is a risk that firms will cease trading, at one end of the scale, or at least report reduced turnover. In both scenarios this increases the possibility of reduced premiums with a consequent impact on both cash flow and business results. The company is monitoring the situation closely but has not yet identified any such cases. It is also hoped that government support to businesses will also mitigate the short to medium term impact of the pandemic.

As a part of the COVID assessment, the company conducted a detailed review of the top 5 outstanding balances (amounting to around €581k and representing ~ 35% of the overall outstanding balance). Two accounts with the overall balance of €235k were settled in full and expected instalments has been received in respect of the for the remaining 3 accounts.

Macro-Economic Impact - Minimal impact

This is less certain and addresses the medium to longer terms risks that the local and global economies will take time to recover from the pandemic. This will reduce the need and appetite for insurance, and therefore threaten the delivery of the company's 3-year plan forecasts. It is too early to predict this impact with any degree of certainty.

Current trading result, summarised in the table below, show no indication of negative COVID-19 impact on the sales during Q1 of 2020.

	Jan	Feb	Mar	YTD
	€	€	€	€
Actual	4,565,778	1,687,136	413,575	6,666,489
Forecast	4,660,000	1,548,000	397,700	6,605,700
(Under) / Over	(94,222)	139,136	15,875	60,789

Conclusion

Taking all these factors into consideration, the Board review concluded that it would be prudent to make a quantitative assessment of the possible impact of Covd-19 on the company's Solvency own funds as follows:

Minimal impact	€50,000 reduction
Moderate impact	€200,000 reduction
Severe impact	€500,000 reduction

Using these potential reductions in the company's capital base, PREMIUM modelled the impact on its MCR coverage, throughout the 2020 business plan and forecasts. Even under the "Severe" scenario, which the Board felt to be a remote possibility, the MCR cover would be at 130 per cent.

The virus is not expected to have a significant impact on the company's business. The Board is monitoring the situation carefully and will take any necessary action to minimise any disruption. Based on the current situation and, considering the analysis carried out in the ORSA, the company should be appropriately capitalised to absorb any foreseeable impact and continue to satisfy all regulatory solvency requirements.

B3.2 Own risk and solvency assessment

B3.2.1 ORSA Process and Integration

PREMIUM has established a policy setting out the requirement to carry out an Own Risk and Solvency Assessment ("ORSA"). This policy is reviewed annually and is designed to ensure that all material risks faced by the Company are appropriately assessed and the level of capital required to manage these risks or other risk mitigation measures are determined and put in place. The ORSA provides the Company and the Board and management with a thorough understanding of the Company's risk profile and provide the information needed to make appropriate decisions.

The ORSA takes account of historic performance and future forecasts/budgets over the business planning horizon, which is a period of 3 years. The management team and relevant outsourced providers carry out the ORSA.

PREMIUM conducts at least an annual ORSA after which a formal report is prepared. This takes place around the end of the company's financial year, thus ensuring that the timing is aligned with the business planning process.

The ORSA process is continuous throughout the year, with consideration being given as to whether any decisions, events, issues, market factors or similar are likely to impact the Company's risk profile, appetite, free reserves, or other relevant matters. In such a case, the impact on the Company's own assessment of its capital needs will be considered and, if required, a further ORSA together with an

SCR calculation will be carried out. This ensures that the Company's existing and forecast capital position and risk profile are properly considered in any strategic decisions.

The ORSA is prepared by the management team, including Directors and the draft report is provided to the full Board for discussion, challenge and approval. This is applicable for each ORSA prepared.

B3.2.2 ORSA Performance Documentation and Review

The ORSA is an iterative process which relies on key elements of the business.

The ORSA is conducted as follows:

- Production of annual Business Plan or revision/reforecast of existing Business Plan;
- Forecast or reforecast of business for the 2 subsequent years;
- Calculation from historical data for relevant patterns/assumptions and use of market data for validation purposes;
- Calculation of the SCR based on the Business Plan and assumptions;
- Discussion by the Board of the Business Plan, assumptions, and other details underlying the SCR calculation;
- Revision of the Business Plan, assumptions and/or SCR calculation where required following such discussion;
- Consideration of specific risks, PREMIUM's specific risk profile, limits and tolerances as to their impact on the Business Plan, assumptions and/or SCR calculation;
- Stress and scenario testing of the Business Plan, assumptions and/or SCR calculations;
- Final discussion and sign-off by the Board.

The ORSA documentation comprises the following:

- Risk Register;
- Business Plan assumptions and projections;
- SCR model;
- Minutes of Board discussion;
- Final ORSA report.

B3.2.3 Relationship between Solvency Needs, Risk Profile, Capital Management and Risk Management

The ORSA enables the Board to assess the Company's capital needs over the planning horizon, which is three years. The ORSA is carried out taking due account of PREMIUM's specific risk profile and includes both risks explicitly captured in the Standard Formula, as well as risks which are either not captured or not able to be mitigated through capital. All risks are considered in the ORSA process.

PREMIUM's capital management policy has been established to ensure that the Company has in place the appropriate levels and quality of capital both as required by the SCR calculation and as determined by the ORSA. The policy aims to ensure that appropriate plans are in place to enable the Company to meet its capital requirements both in the immediate and the medium-term future and that all items of own funds comply with the relevant rules, regulations and legislation.

The risk management function takes due account of the available capital, the Company's risk profile, future business plans and the outcome of the ORSA in an iterative cycle.

B4 Internal Control System

B4.1 Internal Control System

PREMIUM is committed to managing its business in a risk-focused manner. To achieve this, appropriate controls have been put in place to reduce risks where possible. Risk management and adherence to the internal controls are an integral part of the business culture.

Responsibility for establishing an appropriate internal control environment rests with the Board as a whole, and its Directors individually. Responsibility for adherence to internal controls rests with all individuals involved in the management of the business.

The internal control policy is targeted at ensuring that:

- Processes and procedures exist for the identification and assessment of risks;
- Appropriate processes and procedures are in place to control identified risks;
- Individuals involved in the business are trained and aware of their role regarding internal controls;
- Appropriate monitoring and review processes are in place.

B4.2 Key Internal Control Procedures

Internal controls are designed to:

- Enable PREMIUM to carry out its business in an efficient and effective manner;
- Ensure adherence to strategy and policies as set out by the Board;
- Safeguard the company's assets;
- Ensure the accuracy and reliability of data;
- Ensure the accuracy and reliability of financial information;
- Ensure the accuracy and reliability of management information used in decision-making.

Internal controls to mitigate risks are set out in the company's Risk Register. Such controls function to reduce the level of inherent risk to a level of residual risk consistent with the Board's risk appetite for that area. The Register is reviewed by the Board on at least a 6-monthly basis and this includes ongoing consideration of the appropriateness of the controls.

In addition, lower level operational controls are in place at the Slovakian branch office and the outsourced service providers.

Controls included in the framework are both proactive and reactive and can be characterised as:

Preventative
To prevent undesirable events from occurring.

Directive
To ensure a desired outcome.

Detective
To detect and correct undesirable events that have occurred.

The Internal Audit function will review both high level and operational controls as part of its role.

Individuals involved in the management of the business have a duty to act ethically and with integrity. This requires them to operate within the agreed internal control framework, to avoid conflicts of interest, and to comply with all relevant company policies. Individuals also have a duty to monitor relevant controls on an ongoing basis and to inform the Board, Compliance, and the Internal Audit function of observed or known weaknesses or failures within the internal control system.

B4.3 Compliance Function

B4.3.1 Implementation of Compliance Function

The Compliance function is an integral and significant element of PREMIUM's business, responsible for ensuring the Company complies with all relevant rules, regulations, guidance and legislation for all applicable EU requirements. The Compliance function also reports to the Board on any relevant changes in the legal environment in which the Company operates.

PREMIUM outsources its Compliance function to its insurance manager, with a named Compliance Officer having overall responsibility. The compliance function has established a Compliance Monitoring Programme which is approved by the Board on an annual basis. Compliance formally reports to the Board on a quarterly basis on tasks carried out during the quarter. The Board does not otherwise seek to instruct or influence the compliance function.

While the provision of compliance services has been outsourced, this remains under the oversight of the Board, in particular the function holder, and the Board retains full responsibility.

B4.3.2 Independence and Authority of Compliance Function

Due to the outsourced nature of the compliance function, the function is operationally independent from the other areas of the business.

The Compliance function is authorised to access all areas of the business and is therefore entitled to full and unrestricted access to all information, records, property, personnel and activities, including those residing with outsourced service providers.

B4.3.3 Compliance Activities During the Period

During the period, the Compliance function provided required assistance to the company in the following key areas.

- Aspects of re-domiciliation programme, including liaison with MFSA.

- Reviewing company governance framework to ensure full adherence to MFSA "Conduct of Business" rules.
- Compliance Monitoring Programme.
- Maintenance of Conflicts of Interest Register.
- Monitoring of Gift and Hospitality Register.
- Monitoring of Data Protection Register.
- Maintenance of Breach Logs.
- Guidance on regulatory or legislative changes.

B4.3.4 Review of Compliance Policy

PREMIUM's Compliance Policy is reviewed on an ongoing basis and, formally, at least annually, in line with the review of the Governance Framework. Account is taken of any amendments that may be needed due to regulatory, legislative or other changes.

B5 Internal Audit Function

B5.1 Implementation of the Internal Audit Function

Internal Audit is an objective and independent activity, whose role is to help management achieve the Company's objectives by constantly improving the effectiveness of the Company's operations.

It is responsible for evaluating management's approach to risk management and governance, with particular emphasis on systems of internal control. It investigates how the Company's processes and controls operate to assess their effectiveness in ensuring compliance with strategy and policies.

Internal Audit aims to assist management by identifying areas of significant risk and proposing improvements where required.

PREMIUM's Internal Audit function covers all aspects of the Company's business including:

- Governance and business planning;
- Underwriting and policy administration;
- Claims handling and reserving;
- Investment;
- Finance/Accounting;
- IT.

PREMIUM's Internal Audit function is overseen by a Company Director with the actual function outsourced to a professional services provider, RSM.

B5.2 Independence and Objectivity of the Internal Audit Function

Where an internal audit has been requested, the auditor(s) is authorised to review all areas of the Company and its business and is therefore entitled to have full and unrestricted access to all information, records, property, personnel and activities.

Staff and management have a duty to make all requested information available promptly and to assist with any enquiries.

The Board approves the audit plan and is free to request additional areas to be reviewed by Internal Audit. In addition, the Board receives and reviews the reports produced by any internal audits. However, the Board does not otherwise seek to instruct or influence the internal audit team.

The internal audit plan will selectively cover areas including:

- Suitability of the internal control system and its efficiency;
- Failures/shortcomings of any internal control and potential improvements;
- Compliance with internal strategies and policies, including remuneration;
- Compliance with internal procedures and processes;
- Actions taken to remedy past inadequacies;
- Reported deficiencies, failings and irregularities;
- Material functions/activities carried out by outsourced service providers;
- Performance of outsourced providers.

B6 Actuarial function

B6.1 Implementation of Actuarial Function

The role of the Actuarial function is to provide the Board with an independent perspective on key insurance aspects of the Company's operations. This will ensure that the Board is fully informed of matters that may impact the business

PREMIUM's Actuarial Function covers all aspects of the business regarding insurance risk, including:

- Underwriting;
- Reinsurance;
- Other risk mitigations;
- Reserving;
- Capital;
- Data.

The Internal Actuarial function is overseen by a Director who is a highly experienced insurance industry professional.

Specific duties of the Actuarial Function include:

- Oversee the calculation of technical provisions;
- Confirm appropriateness of methodologies and assumptions;

- Validate methodologies and carry out back-testing against experience;
- Ensure consistency, accuracy and reliability of data;
- Provide an opinion on the underwriting policy and reinsurance arrangements;
- Periodically report to the Board.

PREMIUM has appointed an external firm of Actuaries who are entirely independent from operational aspects of the business.

They provide quarterly reports on the IBNR reserves, an annual report on the adequacy of claims reserving provisions as well as an annual report on the activities of the Actuarial function.

These reports assist the Board in its decision-making process and identify any areas where improvements are required. They also highlight any material uncertainty about data accuracy and explain the mitigating actions taken to correct such uncertainty.

B6.2 Activities Undertaken During the Year

During the period, PREMIUM's in-house Actuarial function undertook the following activities:

- Reviewing the company's Underwriting Policy;
- Reviewing the company's claims reserving policy and provisions.

B6.3 Contribution to Risk Management

PREMIUM's Actuarial function provides the Board with a separate view of key operational aspects of the business, specifically around data, the robustness of the capital calculation, and the Underwriting and Reinsurance policies. The use of an external actuary for reserving purposes, provides the required degree of independence.

B7 Outsourcing

B7.1 Outsourcing Policy

PREMIUM operates a model whereby various services required are outsourced, either to third party providers or to the Slovakian Branch Office. While this creates additional risk, it enables the Company to operate in the most effective manner.

Outsourcing is defined as the contracting out of all, or part, of an internal process or internal activities to a third-party provider on a continuous basis. PREMIUM has in place an outsourcing policy which ensures that all outsourcing will:

- Support PREMIUM's business strategy and key objectives
- Provide policyholders with an experience at least as good – or better – than an in-house alternative
- Enable PREMIUM to deliver a service experience to insureds at a cost consistent with the Company's cost objectives/budget/business plan
- Enable PREMIUM to exercise control over outsourced service providers to ensure that any risks are properly identified, understood and appropriately mitigated

- Enable PREMIUM to demonstrate that its responsibilities in respect of outsourced activities are being effectively discharged.

While PREMIUM outsources certain key activities, the Company retains all decision-making powers and ultimate responsibility for the outsourced services.

PREMIUM's Outsourcing Policy, which is reviewed annually, sets out the following.

- The definition of outsourcing.
- Responsibility for implementation and operation of the Policy and consequent controls and processes.
- The criteria for outsourcing.
- Due diligence procedures for potential providers.
- Establishment of appropriate contractual arrangements which clearly define responsibilities and allow adequate supervision and control.
- Establishment of appropriate contingency planning, including terminating or exiting the arrangement.
- Periodic audit requirements.
- The approval process.
- Risk assessment and risk mitigation measures.
- Monitoring and ongoing requirements.

B7.2 Outsourced Functions and Activities

The following table sets out the key functions outsourced by PREMIUM.

Significant Function	**Jurisdiction**
Compliance	Malta
Company secretarial services	Malta
External Actuarial	Czech Republic
Policy administration and processing (including provision of MI)	Slovak Republic
Claims handling, reserving and settlement	Slovak Republic

B7.3 Information on Outsourced Providers

Outsourced Provider	Outsourced Function or Activity	Authorisation, Capacity, Key Persons
Artex Risk Solutions (Malta) Limited	Payments, risk management, compliance, company secretarial services	Licenced by the MFSA to provide insurance management services. The team comprises persons with the necessary range of skills, knowledge and experience to provide the services.
TRACK CLAIM SLOVAKIA s.r.o.	Provision of claims data to the insurers, market research, technical input to policy documentation, assistance with product development and statistical and financial information, claims handling (including setting of reserves and advising on settlement of claims).	Track Claim is a specialist claims handler with number of years of experience in this field. Team comprises persons with the necessary range of skills, knowledge and experience to provide the services.
PREMIUM's Branch	Policy administration and processing, assistance with underwriting and rating of business, maintenance of any broker and intermediary relationships, assistance with purchase of reinsurance programmes, product development, initial claim notification, market research.	Registered with the MFSA and the NBS (Slovakia). The team comprises persons with the necessary range of skills, knowledge and experience to provide the services.

B8 Any Other Information

B8.1 Adequacy of Systems of Governance

PREMIUM's Directors are closely involved in all key aspects of the business. The Company is not complex, focussing mainly on a few lines of business, with known and fully understood risks. The systems of governance have therefore been established taking due account of the principle of proportionality, being appropriate to the size, nature and scale of the operations.

The Board has in place a process of regularly evaluating the effectiveness of the systems of governance to ensure:

- that they are appropriate to the nature, scale and complexity of the business;
- that they are operating as planned;

- that the key functions are appropriately meeting their responsibilities.

The Board carries out an assessment of its own effectiveness and that of the systems of governance on an annual basis. This takes the form of questionnaires and discussions between members of the Board, together with input from relevant representatives from both Artex and the Branch Office in Slovakia.

A further independent review is carried out periodically by the Internal Audit function with respect to most areas. The review of the effectiveness of the Internal Audit function itself will be carried out by the Board.

In addition, the Board may select any areas of governance where it has concerns for an in-depth review were felt appropriate.

B8.2 Risk Profile

PREMIUM's governance framework sets out the type and level of risk which the Company is willing to accept in the achievement of its strategic objectives. This framework provides both qualitative and quantitative measures and limits, which are considered when making key business decisions.

PREMIUM's business focusses primarily on carefully selected elements of Industrial and Commercial property and liability insurance, with further diversification achieved through a small portfolio of other business. In 2019, the Company launched a market-leading SME policy and also upgraded its Household product.

These developments will further assist the diversification of the portfolio but the prime focus on property business will remain.

PREMIUM's risk profile at 31 December 2019 is set out in the table below:

Risk Category	**% of SCR at 31 December 2019**
Underwriting risk	44%
Market Risk	0%
Counterparty (Credit) Risk	46%
Operational Risk	10%

C1 Underwriting risk

C1.1 Material Risks

Insurance risk is comprised of underwriting and reserving risk and is the primary risk in the business. Appropriate underwriting and risk selection/pricing are directly linked in a continuous feedback cycle to reserving and claims development and are the fundamental drivers in enabling business performance to be managed.

Control over insurance risk is directly linked to the strategy and the need to deliver sustainable underwriting profit through the market cycle.

Underwriting risk arises from the risk of loss from changes in insurance liabilities. This can arise from inadequate pricing or risk selection, inappropriate reserving, or other fluctuations in the timing, frequency and severity of insured events.

The following are the key underwriting risks identified by management:

- Risks priced too low, resulting in unprofitable business being written;
- Undesirable market segments targeted, resulting in unprofitable business being written;
- Inappropriate reinsurance strategy, resulting in insufficient protection or excessive cost;
- Under-reserving for claims, resulting in deteriorating performance and inappropriate decision making;
- Increase in frequency of claims, resulting in financial loss;
- Fraudulent claims which are undetected, resulting in excessive claims cost;
- Increase in the cost of claims, resulting in financial loss.

C1.2 Material Risk Concentrations

The Company primarily writes property and liability risks. The most significant risks arise from natural disasters, climate change and other catastrophes (i.e. high severity, low frequency events).

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

C1.3 Risk Mitigations

PREMIUM has various risk mitigations in place, including controls to manage insurance risk and appropriate risk transfer mechanisms.

The primary risk transfer mechanisms used are the Excess of Loss Reinsurance and Quota Share reinsurance arrangements in place. These are set at a level consistent with a company of PREMIUM’s risk profile.

The main controls in place help to reduce the level of underwriting and reserving risk are:

- Detailed review of monthly MI to monitor underwriting and claims performance;
- Close oversight/management of the Track Claims;
- 6 monthly audits of claims and underwriting files;
- Annual independent actuarial review of claims provisions;
- Quarterly Actuarial reviews of IBNR claims provisions;
- Regular updates of the Risk Register, including reporting of any risk events;
- Stress testing of loss ratios as part of the ORSA process;
- In-house oversight and control of large claims or underwriting referrals.

C1.4 Stress and Sensitivity Testing

As part of the ORSA process, insurance risk will be subject to stress and scenario tests. These tests are intended to assess the likely impact of adverse situations on the company's capital requirement and assess those factors or combination of factors which may cause the company to fail. Stress and scenario tests will include:

- Changes in premium volumes
- Changes in reinsurance programmes
- Changes in future loss ratios
- Changes in run-off of existing reserves

C2 Market Risk

C2.1 Material Risks

Market risk arises from changes in the income generated by investments or from changes in the value of such investments.

During the reporting period, PREMIUM maintained all funds in cash deposits with the company's bankers. The company was not, therefore, exposed to any investment risk as outlined above.

C2.2 Material Risk Concentrations

Throughout the reporting period, all funds were kept as cash deposits with the company's bankers.

The company maintains accounts with NatWest Bank in Gibraltar and Slovenská sporiteľňa, a.s. Bank in Slovakia and Česká spořitelna, a.s. Bank in Czech Republic, all of which are highly regarded financial institutions.

This reduces the company's exposure to any material market risk concentration although it still remains a significant risk and is recognised as such in the Risk Register.

C2.3 Risk Mitigations

At the end of the reporting period all funds were kept as cash deposits therefore the only risk mitigation available was to ensure that any deposit is placed with trustworthy and reliable banks.

The PREMIUM Board regularly reviews the issue of investing funds in a diversified investment portfolio to reduce the company's exposure to material market risk concentration.

C3 Credit risk

C3.1 Material Risks

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The main areas where the Company is exposed to credit risk are amounts due from brokers, reinsurers, co-insurers and cash investment holdings.

PREMIUM aims to minimise the credit risk arising from its operations through the careful selection of counterparties and close management and control of amounts due to the Company.

C3.2 Material Risk Concentrations

During the reporting period, all company funds were kept as cash deposits with the company's bankers. PREMIUM transacts business with registered insurance intermediaries under market-wide Terms of Business Agreements.

C3.3 Risk Mitigations

Company funds are deposited with a long established, trustworthy and reliable bank. All policies incepted during the period were written through long established and reputable corporate businesses, and reinsurance on the policies was placed with an appropriately rated reinsurance partner.

PREMIUM has various controls in place to mitigate credit risk. The key controls are:

- Distribution through multiple brokers (although it is acknowledged that there is significant dependence on the largest brokers)
- Appropriate rating for reinsurance counterparties
- Use of an experienced reinsurance broker
- Ensuring reinsurance counterparties are appropriately rated (A- or better)
- Monitoring reinsurance recoveries
- Ensuring banking counterparties are appropriately rated

The level to which these controls reduce the risks to which PREMIUM is exposed is set out in the Risk Register.

C3.4 Stress and Sensitivity Testing

As part of the ORSA process, credit risk will be subject to stress and scenario tests. These tests are intended to assess the likely impact of adverse situations on the company's capital requirement. Depending on their impact, stress and scenario tests will include some of the following:

- Failure of a broker to pay amounts due
- Failure of a key policyholder or group of policyholders to pay amounts due
- Change in the credit rating of a reinsurance counterparty
- Failure of a banking counterparty

C4 Liquidity Risk

C4.1 Material Risks

Liquidity risk is that the Company cannot meet its obligations when they fall due. The Company maintains significant holdings in liquid funds to mitigate this risk.

The Company regularly monitors forecasts and actual cash flows to control its cash flow and working capital requirements.

The Company is exposed to liquidity risk arising from insurance placed with co-insurers and re-insurers. Liquidity management ensures the Company has sufficient access to funds to cover insurance claims, surrenders, withdrawals and maturing liabilities.

The Company considers the assets it holds to be more liquid than the related liabilities and that liquidity risk is not considered to be significant.

C4.2 Material Risk Concentrations

There are no material liquidity risk concentrations other than those described in the credit risk section.

C4.3 Risk Mitigations

The Company aims to ensure that it has sufficient cash at all times. Liquidity risk is mitigated through the funds held with banks.

C4.4 Stress and Sensitivity Testing

As part of the ORSA process, liquidity risk will be indirectly subject to stress and scenario tests via other risk areas. These tests will reflect the cash flow impact of stresses, which in turn directly impact on both the SCR and the Solvency II free reserves.

C4.5 Expected Profit in Future Premiums

The amount of expected profit in future premium as at December 2019 is nil.

C5 Operational Risk

Based on the business forecasts, the company is expecting to report pre-tax results of €200,793 over the next business planning period.

C5.1 Material Risks

Operational risk arises from failed internal processes, procedures or controls, from personnel or systems failures, from external events or from a failure to comply with legislation, regulations or other obligations. Reputational risks have also been considered in this category.

PREMIUM has identified the following key operational risks:

- A key service provider is unable to continue to provide the required services to PREMIUM;
- Incomplete or inadequate management information;
- Unreliable policy records;
- Unreliable claims records;
- Fraud – internal;
- Fraud – external;
- Breach of Data Protection Law;
- System failure - hardware/software/3rd party;
- Malicious acts - hacking/viruses/industrial espionage;
- Unable to process invoices due to absence of appropriate signatories.

Operational risks are identified, assessed and set out in PREMIUM's Risk Register, along with appropriate controls. There is a process for regular reporting of risk events.

The Risk Register is discussed on a regular basis by the PREMIUM Board, with input from all relevant functions and activities within the business.

C5.2 Material Risk Concentrations

The Company aims to minimise operational risk wherever possible. However, while controls and processes are in place, due to PREMIUM's small size these are concentrated in the hands of a small number of senior members of the management team. This creates additional risk such as the ability to override controls.

It is the Company's policy to record its actual and potential risks in a Risk Register. This sets out the key risks to which the company is exposed and the controls in place to mitigate this risk.

Additionally, a log is maintained to monitor risk events when they occur, recording the cause of the event, the impact and any remedial actions that have been taken.

C5.3 Risk Mitigations

PREMIUM has various controls in place, as set out in the Risk Register, to mitigate operational risk.

The key controls are:

- Four-eyes processes for MI production and analysis (within the Branch Office in Slovakia)
- Detailed analysis and review of monthly MI
- Four-eyes processes for financial information
- Four-eyes processes for payments
- Oversight, monitoring and audits of the claim handler
- Data integrity and other IT controls
- Disaster Recovery and Business Continuity Plans

The level to which these controls reduce the risks to which PREMIUM is exposed is set out in the Risk Register.

There are no anticipated changes in risk mitigations over the business planning period.

C5.4 Stress and Sensitivity Testing

As part of its annual ORSA, PREMIUM specifically considers the likely impact if certain operational risk events occur.

- Failure of MI checks resulting in unreliable data and ultimately poor decision-making.
- Failure of claims audits, resulting in deterioration in reserves.
- Failure of fraud prevention checks resulting in financial losses.
- Failure of IT systems resulting in loss of business and/or data.
- Failure of control over expenses/payments resulting in financial losses.
- Catastrophic man-made or natural events (e.g. fire, flood, major changes in the market etc.) resulting in unforeseen losses.

These risk events will be reflected in other scenarios, such as loss ratio and premium volume stresses, rather than as stand-alone stress tests. Potential external events are considered as part of the Company's reputational risk.

C6 Any other information

C6.1

As PREMIUM remains in the early stages of company development, it is therefore exposed to the possibility that the level of business projected to be written is not achieved, that the loss ratios are higher than projected or that other costs of the business are greater than expected.

In addition to these risks, PREMIUM will be exposed to wider market changes, for example if the standard level of cover under certain policies changes, if reinsurers' appetites for these risks decline or the cost of cover increases materially or if there is significant claims inflation.

While PREMIUM cannot mitigate such risks, the risk management process in the business will ensure that they are identified promptly, and any remedial action is taken. In addition, the extensive experience of the management team and the branch structure of the business will help to reduce the likelihood of these risks materialising.

The assumptions and projections underlying both the financial forecast and the solvency calculation are formally reviewed at each quarterly Board meeting.

C6.2

The standard dependencies as set out by EIOPA, between the risks covered by the risk modules and sub-modules of the Standard Formula have been used in the Mazar's Horizon model, which is the tool used by PREMIUM to calculate the MCR and the SCR.

Based on the assessment of Standard Formula appropriateness and taking into account the principle of proportionality, the Board does not believe that there is a need to develop a Partial or Full Internal Model.

D Valuation for Solvency Purposes

D1 Assets

The following bases, methods and assumptions have been used in valuing each material class of assets for Solvency II purposes.

The material classes of assets as at 31 December 2019, except for reinsurance technical provisions, are as set out in the table below:

	Solvency II value	Statutory accounts value
	€	€
Intangible assets	-	352,504
Property, plant & equipment held for own use	-	141,020
Cash and cash equivalents	8,928,280	8,928,280
Deferred acquisition costs	-	1,015,015
Insurance and intermediaries' receivables	-	1,343,688
Reinsurance receivables	(889,387)	3,992,404
Receivables (trade, not insurance)	36,713	36,713
Any other assets, not elsewhere shown	-	33,935

Unless otherwise stated no significant estimates or judgements have been made in arriving at the valuation of the assets.

There have been no changes in the valuation and recognition basis during the period.

D1.1 Intangible Assets

At 31 December 2019, PREMIUM held an intangible asset valued at €352,504, representing software acquisition and development costs. For GAAP purposes, this asset has been valued on an amortised cost basis, and no significant estimate or judgement has been made.

Software has been acquired from and developed by the external software company.

The valuation of software is different for Solvency II as it has no resale value.

D1.2 Property, plant & equipment held for own use (tangible and right-of-use assets)

At 31 December 2019, PREMIUM held tangible assets valued at €141,020, representing equipment acquisition costs less accumulated depreciation and right-of-use assets valued at €118,969. For GAAP purposes, this asset has been valued on an amortised cost basis, and no significant estimate or judgement has been made.

For Solvency II purposes this equipment has been valued at nil as it has no resale value.

D1.3 Cash and Cash Equivalents

At the period end, PREMIUM held €8,928,280 either in term deposits, or in cash and cash equivalents with banking counterparties. All amounts are held in Euro (€) either in Gibraltar or the Slovak Republic.

Deposits, cash and cash equivalents are valued at fair value, based on the actual balances held and PREMIUM receives monthly statements to confirm the balances held.

The valuation of these assets is the same for GAAP and Solvency II.

D1.4 Deferred Acquisition Costs

Deferred acquisition costs represent commission and similar expenses directly related to the acquisition of policies, which are deferred over the period relating to the underlying unearned premiums. At 31 December 2019 deferred acquisition costs amounted to €1,015,015.

The Solvency II balance sheet is prepared on the basis of best estimates of future cash flows. Deferred acquisition costs do not result in future cash flows and these amounts are therefore excluded from the Solvency II balance sheet.

D1.5 Insurance and Intermediaries Receivables

Insurance and intermediaries' receivable items represent premiums owed to PREMIUM from the co-insurance partner. At the year end, the Company was owed €1,343,688.

Premiums receivable are valued at fair value, being the amounts recoverable.

While the assets are valued on a consistent basis both for GAAP and Solvency II, for Solvency II valuation purposes such assets are set against technical provisions to the extent that they are not overdue.

D1.6 Receivables (not insurance)

Other receivable amounts consist of commission payable as part of a re-insurance agreement, as at 31 December 2019 the amount due to PREMIUM was €36,713.

Commissions receivable are valued at fair value, being the amounts recoverable.

There is no difference in the underlying valuation for GAAP and Solvency II. However, for Solvency II purposes these items, to the extent they are not considered overdue, are set against technical provisions reinsurance recoverable, whereas under GAAP they are shown separately on the balance sheet.

D1.7 Any Other Assets

Other assets represent prepayments and accrued income. At 31 December 2019 other assets amounted to €33,935.

The Solvency II balance sheet is prepared on the basis of best estimates of future cash flows. Prepayments do not result in future cash flows and these amounts are therefore excluded from the Solvency II balance sheet.

D2 Technical Provisions

Technical Provisions represent the insurance liabilities as at the reporting date. PREMIUM's gross and net Technical Provisions by business line are set out in the table below:

	Motor	Fire and other damage to property	General liability
	€	€	€
Best Estimate Technical Provisions	103,965	1,185,072	539,834
Risk Margin	15,148	248,065	3,272
Total Gross Technical Provisions	**119,113**	**1,433,137**	**543,106**
Reinsurance Recoverables	28,106	(870,363)	(47,131)
Net Technical Provisions	**91,007**	**2,303,500**	**590,237**

D2.1 Bases, Methods and Assumptions

D2.1.1 Best Estimate

The starting point for the valuation of technical provisions is the best estimate of claims costs, both on earned and on unearned exposure, for all business written at the valuation date. The best estimate loss ratios are derived by the independent actuary.

Management then apply estimated payment patterns to the best estimate, based on historical information and reasonable assumptions and judgements, to convert the best estimate to future cash flow.

The starting point for the valuation of technical provisions is the best estimate of claims costs, both on earned and on unearned exposure, for all business written at the valuation date. The best estimate loss ratios are derived by the independent actuary.

Estimated loss ratios used for the best estimate are the same ratios which were used for the financial forecasting prepared as a part of the licensing process.

Management then apply estimated payment patterns to the best estimate, based on historical information and reasonable assumptions and judgements, to convert the best estimate to future cash flow.

D2.1.2 Expenses

The cost of running off the existing insurance obligations is estimated on the basis that the company will continue to write other business. This is based on the current levels of expenditure and takes due account of decreasing activity in the existing business lines.

D2.1.3 Events Not in Data

There may be possible future events which are not reflected in the historical data of the Company or the market. Such events are referred to as Events Not in Data ("ENIDs").

PREMIUM considers a number of scenarios and events which could occur and assesses their potential impact. Where this assessment concludes that the negative impact of ENIDs (i.e. increasing reserves) is greater than the potential positive impact (i.e. decreasing reserves), the Company makes provision for such events.

At 31 December 2019, management reached the conclusion that no provision for ENIDs was required.

D2.1.4 Bound but not Incepted

Net technical provision in respect of BBNI at the end of December 2019 amounted to € (678,381).

D2.1.5 Discounting

Cash flows are discounted using the risk- free interest rate structure as provided on a monthly basis by EIOPA.

D2.1.6 Risk Margin

The risk margin is calculated using simplification method 3. This assumes that future SCRs are proportional to the best estimate technical provisions over time and projects future SCRs at this rate. A cost of capital rate of 6% is applied to each SCR estimate and discounted back using EIOPA yield curves.

D2.1.7 Allocation to Lines of Business

Best estimates and cash flows are calculated separately for each line of business.

D2.1.8 Reinsurance Recoverables

At the end of the reporting period PREMIUM has reinsurance recoverables arising from its Quota Share arrangement. Such items are calculated on a consistent basis with gross technical reserves, reflecting best estimates of both expired and unexpired risks, converted to cash flows and discounted at the appropriate risk- free rate.

Amounts due from and payments due to reinsurers are included in the technical provision to the extent they are not overdue. The calculation also makes allowance for the possibility of insurer default, based on the counterparty's rating and the level of exposure.

D2.1.9 Simplifications

No simplifications were used.

D2.2 Uncertainty

Technical provisions require judgement and estimations and therefore contain an element of uncertainty. Key areas of uncertainty in PREMIUM's technical provisions are:

- <u>Outstanding Reserves</u>
  Reserves on reported claims are based on reasonable estimates, reflecting information known at the balance sheet date. Ultimate settlement of these claims may differ from estimates.

- <u>Future Losses</u>
  Future losses arise on both expired and unexpired risks and the estimation of these losses is

based on actuarial assumptions. Such assumptions will take account of past performance and known or anticipated future changes and may ultimately prove to differ from actual experience.

- Other Estimates
  Technical provisions include assumptions as to expenses, events not in data and bound but not incepted risks. While these assumptions are prepared on a best estimate basis, reflecting historical experience where appropriate, they could ultimately prove to be inappropriate.

- Legislative and Market Factors:
  Changes in the future are difficult to predict but could ultimately impact best estimates and future cash flow.

PREMIUM will in the future seek to minimise the level of uncertainty through a robust process involving external actuarial advice. Claims performance will be closely monitored to ensure that changes in trends are identified and appropriately reflected in future projections.

D2.3 Differences between Solvency II and GAAP Valuation

The starting point for both Solvency II and GAAP valuation of technical provisions is the best estimate reserves. Key difference between the valuation bases are:

- GAAP valuation of gross reserves may include a management load. Solvency II valuation is required to be at best estimate and any management load is removed;

- GAAP valuation includes unearned premium, being the premium which reflects the unexpired risk exposure. Under Solvency II, the unearned premium is replaced by future claims expected to arise on this unearned exposure;

- GAAP reserves do not include run-off expenses;

- GAAP reserves to not include events not in data;

- GAAP reserves do not make allowance for bound but not incepted business;

- GAAP reserves are calculated without a risk margin;

- Insurance and intermediary receivables are set against total gross technical provisions for Solvency II valuation purposes, to the extent that they are not overdue, while they are shown as a separate item on the balance sheet for GAAP reporting;

- Reinsurance receivables and payables are set against technical provision reinsurance recoverables for Solvency II valuation purposes, to the extent that they are not overdue, while they are shown as a separate items on the balance sheet for GAAP reporting;

The table below shows the movement from GAAP technical provisions to Solvency II technical provisions.

	Gross Technical Reserves	Reinsurance Recoverables	Total
	€	€	€
GAAP Reserves	4,869,357	3,992,404	876,953
Remove Unearned Premium net of future cancellations	(3,495,304)	(2,830,929)	(664,375)
Bound but not Incepted	(1,675,431)	(997,050)	(678,381)
Claims on Unexpired Risks	915,468	751,448	164,020
Receivables/Payables	296,611	(1,809,768)	2,106,379
Run-off Expenses and Other Adjustments	904,666	-	904,666
Effect of Discounting	13,505	4,507	8,998
Risk Margin	266,486	-	266,486
Solvency II Technical Provisions	2,095,358	(889,388)	2,984,746

D2.4 Transitional Adjustments

PREMIUM has not used any transitional adjustments with regard to the matching adjustment, volatility adjustment, transitional risk- free interest rate term structure or transitional deduction.

D2.5 Changes over the Period

There have been no changes in the assumptions made.

D3 Other Liabilities

The following bases, methods and assumptions have been used in valuing each material class of liabilities for Solvency II purposes.

The material classes of liabilities as at 31 December 2019 except for gross technical provisions, are as set out in the table below:

Liabilities	Solvency II value	Statutory accounts value
	€	€
Reinsurance payables	-	1,809,768
Payables (trade, not insurance)	759,745	880,617
Insurance & intermediaries payables	-	1,640,299
Any other liabilities, not elsewhere shown	-	1,040,028

Unless otherwise stated no significant estimates or judgements have been made in arriving at the valuation of the assets.

There have been no changes in the valuation and recognition basis during the period.

D3.1 Reinsurance Payables

At 31 December 2019 PREMIUM had €1,809,768 of reinsurance payables, being payments due under the Facultative and Quota Share arrangement. The amount due represents the reinsurers' shares of gross premium income. Settlements will be made following receipt of the corresponding premium income.

The balance is valued at fair value, being the actual amounts payable.

There are no differences in the underlying valuation for GAAP and Solvency II. However, for Solvency II purposes these items, to the extent they are not considered overdue, are set against technical provisions reinsurance recoverables, whereas under GAAP they are shown separately on the balance sheet.

D3.2 Payables (trade, not insurance)

Payables (trade, not insurance) relate to balances owed to suppliers for the goods sold and services provided during the period. These amounts are valued at fair value, being the actual amounts payable. Total payables (trade, not insurance) as at 31 December 2019 were €759,745.

The balance is valued at fair value, being the actual amounts payable.

There difference in the underlying valuation for GAAP and Solvency II relates to valuation of leases liabilities which were valued at NIL mirroring valuation of capitalised right-of-use assets.

D3.3 Insurance & Intermediaries Payables

At 31 December 2019 PREMIUM had €1,640,299 of Insurance and intermediaries' payables, being broker commission payable to the co-insurance partner.

The balance is valued at fair value, being the amount that is due for settlement.

The valuation basis is the same for GAAP and Solvency II purposes and there have been no changes in the valuation approach during the year.

D3.3 Other Liabilities

PREMIUM receives commission from its reinsurance partners. This is earned in line with the underlying premium, and commission relating to premium unearned at the reporting date is deferred to future periods. At 31 December 2019, PREMIUM had a total of €1,040,028 of deferred commission.

The Solvency II balance sheet is prepared on the basis of best estimates of future cash flows. Deferred reinsurance commissions do not result in future cash flows and these amounts are therefore excluded from the Solvency II balance sheet.

D4 Any Other Information

There are no other material matters with regard to the Company's technical provisions.

E Capital Management

E1 Own funds

E1.1 Management of Own Funds

E1.1.1 Objectives, Policies and Processes in Managing Own Funds

PREMIUM has in place a Capital Management Policy to ensure that the Company has the appropriate levels and quality of capital to meet both the SCR and the internal view of capital as determined by the ORSA. The intention is for capital requirements to be met in both the immediate and medium-term future.

While PREMIUM's ORSA process is carried out formally on an annual basis, the capital requirements and own funds to meet these requirements are considered at least quarterly as part of the quarterly regulatory reporting process. The Board discusses the Company's capital position at all meetings as part of its risk management processes and monitors ongoing performance through monthly management accounts.

There have been no changes in capital management policies or processes during the period.

E1.1.2 Time Horizon for Business Planning and Material Changes

PREMIUM's business planning period for capital management encompasses a three-year time horizon, with emphasis on the current and next year.

There have been no changes in the planning time horizon during the period.

E1.2 Description of Own Funds

E1.2.1 Structure, Amount and Quality of own funds

PREMIUM currently only has basic own funds and no ancillary own funds. Own funds are comprised entirely of Share Capital and the Reconciliation Reserve and therefore all qualify as Tier 1 funds. The table below sets out PREMIUM's own funds at 31 December 2019, together with movements during the period:

	Ordinary Share capital	Reconciliation Reserve	Total
	€	€	€
At 1 January 2019	7,500,000	(2,113,429)	5,386,571
Capital contribution	1,000,000	-	1,000,000
Loss for the financial period	-	(783,080)	(783,080)
At 31 December 2019	8,500,000	(2,896,509)	5,603,491

The Company's Reconciliation Reserve effectively represents retained earnings on a Solvency II valuation basis. There are no foreseeable dividends.

E1.2.2 Terms and Conditions of Own Funds

PREMIUM's own funds are fully comprised of Tier 1 funds and have no terms or conditions attached and there are no restrictions affecting the availability and transferability of the Company's Own funds. The own funds are not redeemable and do not carry any guaranteed dividend or other return.

E1.2.2 Difference in Own Funds between Financial Statements and Solvency II Valuation

The difference in the valuation of own funds as shown in the Financial Statements compared to the Solvency II valuation is due to the valuation differences in the underlying assets and liabilities, as set out in the table below:

	Own Funds
	€
Own Funds per Financial Statements	5,603,490
Difference in Valuation of net Technical Provisions	(1,411)
Removal of Deferred Acquisitions and Processing Costs	(1,015,015)
Removal of Prepayments	(33,935)
Removal of Deferred Commissions	1,040,028
Removal of intangible assets	(352,504)
Removal of fixed assets	(22,051)
Right-of-use assets adjustments	1,903
Own Funds per Solvency II Valuation	5,220,505

E2 Solvency Capital Requirement and Minimum Capital Requirement

E2.1 MCR and SCR

PREMIUM's SCR and MCR coverage is set out below:

Own Funds per Solvency II Valuation	5,220,505
Solvency Capital Requirement	3,553,857
SCR Coverage	147%
Minimum Capital Requirement	3,700,000
MCR Coverage	141%

All capital is Tier 1 and therefore fully eligible to cover the SCR and MCR.

During the period PREMIUM was fully compliant with the capital requirements.

E2.2 SCR by Risk Module

The table below shows the different risk module components of the SCR, taken directly from the standard formula model that PREMIUM uses. It clearly shows that the Counterparty risk is by far the largest component of the total.

Capital Components	**€**
SCR Interest Rate	5,755
SCR Market risk	**5,755**
SCR Counterparty Type 1	1,892,573
SCR Counterparty	**1,892,573**
SCR Non-Life Prem/Res Risk	642,207
SCR Non-Life Cat Risk	1,518,071
Sub total	2,160,278
Less Diversification	370,187
SCR Non-life risk	**1,790,091**
Total	**3,688,420**
Less Diversification	497,061
BSCR	**3,191,358**
SCR Operational	**362,499**
SCR	**3,553,857**
MCR	**3,700,000**

E2.3 Simplifications

No simplified calculations have been used in applying the standard model and no undertaking specific parameters have been used.

E2.4 Inputs used to Calculate the MCR

The following inputs have been used to calculate the Company's MCR:

	Net (of reinsurance) best estimate technical provisions	Net (of reinsurance) written premiums in the last 12 months
	€	€
Motor	75,858	294,421
Fire and Other Damage to Property	2,055,436	7,258,768
General Liability	586,964	2,526,454

	€
Linear MCR	1,163,165
SCR	3,553,857
Combined MCR	1,163,165
Absolute Floor of the MCR	3,700,000
Minimum Capital Requirement	3,700,000

E.2.5 Changes over the Period

There have been no changes to assumptions during the reporting period.

E3 Non-compliance with Minimum Capital Requirement or Solvency Capital Requirement

During the period PREMIUM was fully compliant with both Minimum Capital Requirement and Solvency Capital requirements.

Templates

	S.02.01.02 - Balance sheet	**Solvency II value**	**Statutory accounts value**
	Assets	C0010	C0020
R0010	Goodwill		
R0020	Deferred acquisition costs		1,015,015
R0030	Intangible assets	-	352,504
R0060	Property, plant & equipment	-	141,020
R0270	Reinsurance recoverables from:	(889,387)	3,992,404
R0280	Non-life and health similar to non-life	(889,387)	3,992,404
R0290	Non-life excluding health	(889,387)	3,992,404
R0360	Insurance and intermediaries receivables	-	1,343,688
R0380	Receivables (trade, not insurance)	36,713	36,713
R0410	Cash and cash equivalents	8,928,280	8,928,280
R0420	Any other assets, not elsewhere shown	-	33,935
R0500	**Total assets**	8,075,606	15,843,559

	Liabilities		
R0510	Technical provisions – non-life	2,095,356	4,869,357
R0520	Technical provisions – non-life (excluding health)	2,095,356	4,869,357
R0530	Technical provisions calculated as a whole	-	
R0540	Best Estimate	1,828,871	
R0550	Risk margin	266,485	
R0820	Insurance & intermediaries payables	-	1,640,299
R0830	Reinsurance payables	-	1,809,768
R0840	Payables (trade, not insurance)	759,745	880,617
R0880	Any other liabilities, not elsewhere shown	-	1,040,028
R0900	**Total liabilities**	2,855,101	10,240,069
R1000	**Excess of assets over liabilities**	5,220,505	5,603,490

PREMIUM Insurance Company Limited

	S.05.01.01.01 - 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
		Motor vehicle liability insurance	Fire and other damage to property insurance	General liability insurance	
	Premiums written	C0040	C0070	C0080	C0200
R0110	Gross - Direct Business	294,421	7,258,768	2,526,454	10,079,643
R0140	Reinsurers' share	196,882	6,510,786	1,954,160	8,661,828
R0200	Net	97,540	747,981	572,294	1,417,815
	Premiums earned				
R0210	Gross - Direct Business	289,818	6,678,215	2,154,828	9,122,860
R0240	Reinsurers' share	192,346	5,990,154	1,728,047	7,910,547
R0300	Net	97,472	688,061	426,781	1,212,314
	Claims incurred				
R0310	Gross - Direct Business	37,683	1,151,763	203,522	1,392,968
R0340	Reinsurers' share	37,683	965,559	170,618	1,173,860
R0400	Net	-	186,205	32,904	219,108
R0550	**Expenses incurred**	51,884	1,279,177	445,225	1,776,286
	Administrative expenses				
	Acquisition expenses				
R0910	Gross - Direct Business	79,350	1,956,330	680,911	2,716,592
R0940	Reinsurers' share	-	-	-	-
R1000	Net	79,350	1,956,330	680,911	2,716,592
	Overhead expenses				
R1010	Gross - Direct Business	(27,466)	(677,153)	(235,687)	(940,306)
R1040	Reinsurers' share	-	-	-	-
R1100	Net	(27,466)	(677,153)	(235,687)	(940,306)
R1200	**Other expenses**				
R1300	**Total expenses**				1,776,286

PREMIUM Insurance Company Limited

	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	C0070
R0010			CZ	SK	
		C0080	C0090	C0100	C0140
	Premiums written				
R0110	Gross - Direct Business		500,229	9,579,414	10,079,643
R0140	Reinsurers' share		429,866	8,231,962	8,661,828
R0200	Net	0	70,363	1,347,452	1,417,815
	Premiums earned				
R0210	Gross - Direct Business		452,746	8,670,114	9,122,860
R0240	Reinsurers' share		392,582	7,517,965	7,910,547
R0300	Net	0	60,164	1,152,149	1,212,313
	Claims incurred				
R0310	Gross - Direct Business		69,130	1,323,838	1,392,968
R0340	Reinsurers' share		58,256	1,115,604	1,173,860
R0400	Net	0	10,874	208,234	219,108
R0550	**Expenses incurred**		88,153	1,688,133	1,776,286
R1200	**Other expenses**				
R1300	**Total expenses**				1,776,286

S.17.01.01 - Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance			Total Non-Life obligation
		Motor vehicle liability insurance	Fire and other damage to property insurance	General liability insurance	
		C0050	C0080	C0090	C0180
R0010	**Technical provisions calculated as a whole**	-	-	-	-
R0020	Direct business				-
R0050	**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				
R0060	Gross - Total	(4,881)	(266,365)	319,809	48,562
R0070	Gross - direct business	(4,881)	(266,365)	319,809	48,562
R0100	Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	-	-	-	-
R0110	Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses				-
R0120	Recoverables from SPV before adjustment for expected losses				-
R0130	Recoverables from Finite Reinsurance before adjustment for expected losses				-
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	(52,675)	(1,812,859)	(178,577)	(2,044,111)
R0150	**Net Best Estimate of Premium Provisions**	47,794	1,546,493	498,386	2,092,673
	Claims provisions				
R0160	Gross - Total	108,846	1,451,438	220,025	1,780,309
R0170	Gross - direct business	108,846	1,451,438	220,025	1,780,309
R0200	Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	-	-	-	-

R0210	Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses				-
R0220	Recoverables from SPV before adjustment for expected losses				-
R0230	Recoverables from Finite Reinsurance before adjustment for expected losses				-
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	80,782	942,495	131,446	1,154,723
R0250	**Net Best Estimate of Claims Provisions**	28,064	508,942	88,579	625,585
R0260	**Total Best estimate - gross**	103,965	1,185,072	539,834	1,828,871
R0270	**Total Best estimate - net**	75,858	2,055,436	586,964	2,718,258
R0280	**Risk margin**	15,149	248,064	3,272	266,485
	Amount of the transitional on Technical Provisions				
	Technical provisions - total				
R0320	Technical provisions - total	119,113	1,433,137	543,106	2,095,356
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	28,107	(870,363)	(47,131)	(889,387)
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re-total	91,007	2,303,500	590,237	2,984,743
	Line of Business: further segmentation (Homogeneous Risk Groups)				
R0350	Premium provisions - Total number of homogeneous risk groups				
R0360	Claims provisions - Total number of homogeneous risk groups				
	Cash-flows of the Best estimate of Premium Provisions (Gross)				
	Cash out-flows				
R0370	Future benefits and claims	349	(431)	4,213	4,130
R0380	Future expenses and other cash-out flows	211,184	1,498,932	1,116,584	2,826,700
	Cash in-flows				
R0390	Future premiums	216,414	1,764,866	800,988	2,782,268
R0400	Other cash-in flows (incl. Recoverable from salvages and subrogations)				-
	Cash-flows of the Best estimate of Claims Provisions (Gross)				
	Cash out-flows				
R0410	Future benefits and claims	82,308	1,113,403	187,696	1,383,406
R0420	Future expenses and other cash-out flows	26,538	338,035	32,329	396,902

	Cash in-flows				
R0430	Future premiums				-
R0440	Other cash-in flows (incl. Recoverable from salvages and subrogations)				-
R0450	**Percentage of gross Best Estimate calculated using approximations**				

PREMIUM Insurance Company Limited

S.23.01.01 - Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35					
R0010	Ordinary share capital (gross of own shares)	7,500,000	7,500,000		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	(3,279,495)	(3,279,495)			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	1,000,000	1,000,000	0	0	0
	Own funds from the financial statements that should not be					

	represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
R0220	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					
R0230	Deductions for participations in financial and credit institutions	0				
R0290	**Total basic own funds after deductions**	5,220,505	5,220,505	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				

R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	5,220,505	5,220,505	0	0	0
R0510	Total available own funds to meet the MCR	5,220,505	5,220,505	0	0	
R0540	Total eligible own funds to meet the SCR	5,220,505	5,220,505	0	0	0
R0550	Total eligible own funds to meet the MCR	5,220,505	5,220,505	0	0	
R0580	**SCR**	3,553,857				
R0600	**MCR**	3,700,000				
R0620	**Ratio of Eligible own funds to SCR**	1.4689				
R0640	**Ratio of Eligible own funds to MCR**	1.4108				

	Reconciliation reserve	C0060				
R0700	Excess of assets over liabilities	5,220,505	-			
R0710	Own shares (held directly and indirectly)		-			
R0720	Foreseeable dividends, distributions and charges		-			
R0730	Other basic own fund items	8,500,000	-			
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds		-			
R0760	**Reconciliation reserve**	(3,279,495)	-			
	Expected profits		-			
R0770	Expected profits included in future premiums (EPIFP) - Life business		-			
R0780	Expected profits included in future premiums (EPIFP) - Non-life business		-			
R0790	**Total Expected profits included in future premiums (EPIFP)**	0	-			

	S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula		**Net solvency capital requirement**	**Gross solvency capital requirement**	**Allocation from adjustments due to RFF and Matching adjustments portfolios**
			C0030	C0040	C0050
R0010	Market risk	**R0010**	5,755	5,755	0
R0020	Counterparty default risk	**R0020**	1,892,573	1,892,573	0
R0030	Life underwriting risk	**R0030**			0
R0040	Health underwriting risk	**R0040**			0
R0050	Non-life underwriting risk	**R0050**	1,790,091	1,790,091	0
R0060	Diversification	**R0060**	-497,061	-497,061	-
R0070	Intangible asset risk	**R0070**	0	0	-
R0100	**Basic Solvency Capital Requirement**	**R0100**	3,191,358	3,191,358	-

	Calculation of Solvency Capital Requirement		C0100
R0120	Adjustment due to RFF/MAP nSCR aggregation	**R0120**	
R0130	Operational risk	**R0130**	362,499
R0140	Loss-absorbing capacity of technical provisions	**R0140**	0
R0150	Loss-absorbing capacity of deferred taxes	**R0150**	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	
R0200	**Solvency Capital Requirement excluding capital add-on**	**R0200**	3,553,857
R0210	Capital add-on already set	**R0210**	
R0220	**Solvency capital requirement**	**R0220**	3,553,857
	Other information on SCR		-

R0400	Capital requirement for duration-based equity risk sub-module	**R0400**	
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	**R0430**	
R0440	Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	
R0450	Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	**R0450**	4 - No adjustment
R0460	Net future discretionary benefits	**R0460**	

PREMIUM Insurance Company Limited

S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

		C0010
R0010	MCRNL Result	1,163,165

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0050	Motor vehicle liability insurance and proportional reinsurance	75,858	294,421
R0080	Fire and other damage to property insurance and proportional reinsurance	2,055,436	7,258,768
R0090	General liability insurance and proportional reinsurance	586,964	2,526,454

	Overall MCR calculation	C0070
R0300	Linear MCR	1,163,165
R0310	SCR	3,553,857
R0320	MCR cap	1,599,236
R0330	MCR floor	888,464
R0340	Combined MCR	1,163,165
R0350	Absolute floor of the MCR	3,700,000

		C0070
R0400	**Minimum Capital Requirement**	3,700,000