CODAN

Codan Forsikring A/S

Solvency and Financial Condition Report

2017

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Introduction

Codan Forsikring A/S (the 'Company') is a limited company incorporated and domiciled in Denmark. The Company is a one of the largest non-life insurance providers in Scandinavia. The Company conducts a non-life insurance business in Sweden through a Swedish branch and in Norway through a Norwegian branch, and compete with other non-life general insurance companies in these markets. The Company is part of RSA Insurance Group plc (RSA Group), one of the world's leading insurance groups with the benefits that naturally follow.

This document sets out the solvency and financial condition of the Company as at 31 December 2017, as required by Solvency II regulations.

Those regulations prescribe the structure of this document and indicate the nature of the information that must be reported under a series of headings and sub-headings. Where information is not applicable to the Company, for completeness the report still contains the heading, but with an appropriate note.

Figures for the Company represent the position of the Company as a legal entity. Codan Forsikring A/S is a subsidiary whose ultimate parent company is RSA Insurance Group plc, which prepares a Group consolidated Solvency and Financial Condition Report in accordance with applicable law.

This document makes reference to the Company's 2017 Annual Report which can be accessed from the Company's web site at https://www.codan.dk/om-codan/rapporterogfinans. Information in the Annual Report is prepared according to statutory accounting rules and the management accounting practices of the Company, whereas information in this Solvency and Financial Condition Report is governed by Solvency II regulation. Important differences include valuation methodologies for assets, technical provisions and other liabilities, definitions of asset and liability categories, definitions of underwriting lines of business and the presentation of certain information by geographic region versus legal entity. Therefore the numbers in this Solvency and Financial Condition Report will not always correspond to the numbers in the Annual Report.

The Company has two insurance subsidiaries that are subject to Solvency II and these companies publish their own Solvency and Financial Condition Reports:

- Forsikringsselskabet Privatsikring A/S; and
- Holmia Livforsakring AB

As a general insurance business, the Company does not place any reliance on transitional measures for technical provisions as referred to in Articles 308c and 308d of Directive 2009/138/EC, or on measures such as the matching adjustment and the volatility adjustment as referred to in Articles 77b and 77d respectively of Directive 2009/138/EC. Consequently there will be no information regarding these measures in this report.

Summary

Business Performance

Underwriting Result

2017 was a good year for the Company with an underwriting result of DKK 2,209m based on a strong current year result driven by cost savings and benign weather.

The balance on the technical account is positive with DKK 1,812m in 2017 against a positive balance of DKK 2,167m in 2016. Expenses are stable and slightly below last year, leaving the Company's combined ratio at 88.2% against 86.1% in 2016, which is below the expected combined ratio in the low 90's.

Investment Result

The company's investments consist of subsidiaries and other financial assets. The total investment return was DKK 825m for 2017 against DKK 1,662m for 2016. The investment return after return on and value adjustments on technical provisions amounted to DKK 686m in 2017 against DKK 771m in 2016, corresponding to a decrease of DKK 85m. For further details on the Company's investments performance, see section A.3 and the Company's annual report and accounts.

The investment return for 2017 was affected by increasing long-term interest rates, which resulted in capital losses of DKK -571m on bonds compared to gains of DKK 337m last year.

Foreign exchange movements regarding investment assets had a negative effect on the investment result of DKK 74m against a positive impact of DKK 260m in 2016.

Operating Profit

The deterioration in the operating profit for the year is driven by a lower level of prior year development gains and large negative value adjustments on bonds. The operating profit is positively affected by cost savings, benign weather and strong impacts from the increasing interest rates in the financial markets.

For further details of the Company's business and performance, see section A of the report.

Capital Position

Solvency II position	Requirement (SCR) DKKm	Eligible Own Funds DKKm	Surplus DKKm	Coverage %
31 December 2017	**4,394**	**8,441**	**4,047**	**192**
31 December 2016	**4,059**	**8,714**	**4,655**	**215**

The Company's solvency coverage (it's eligible own funds divided by its Solvency Capital Requirement ('SCR')) decreased to 192% during the reporting period.

The key drivers of the decrease in the coverage ratio were:

- Increase in the SCR driven by strengthening of the calibration of underwriting risk in respect of new business; market risk and operational risk. This is partly offset by a reduction in reserving risk, and
- Decrease in own funds due to dividend payment not entirely offset by profit for the year

See section E of the report for further details regarding the Company's capital position, capital requirements and own funds items.

Risk Profile Changes in the Year

The SCR has increased from year-end 2016 to year-end 2017. Main drivers of this change is a strengthening of the calibration of underwriting risk in respect of new business. In addition there has been a worsening in market risk and operational risk. These are partly offset by less reserving risk. The increase in market risk was driven by falling yields in 2017 and in turn less expected investment income. Increase in operational risk is associated with business change projects and outsourcing that the Company is performing. See section C of the report for further details regarding the Company's risk profile.

Capital Activity

In the first half of 2017, the company paid an interim dividend of DKK 2,200m to its parent company.

No other material capital activity has affected the Company's basic own funds during 2017.

A. Business and Performance

A.1 Business

A.1.1 Company Name & Legal Form

This report covers Codan Forsikring A/S (the 'Company'), a private (unlisted) limited company incorporated in Denmark.

A.1.2 Supervisory Authority

The Danish Financial Supervisory Authority ('Danish FSA') is the supervisor. Contact details are:

Århusgade 110
DK-2100 Copenhagen Ø

Telephone: +45 3355 8282

Website: https://www.finanstilsynet.dk/

A.1.3 External Auditor

The external auditor of the Company is:

KPMG, Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen Ø

Telephone: +45 7070 7760

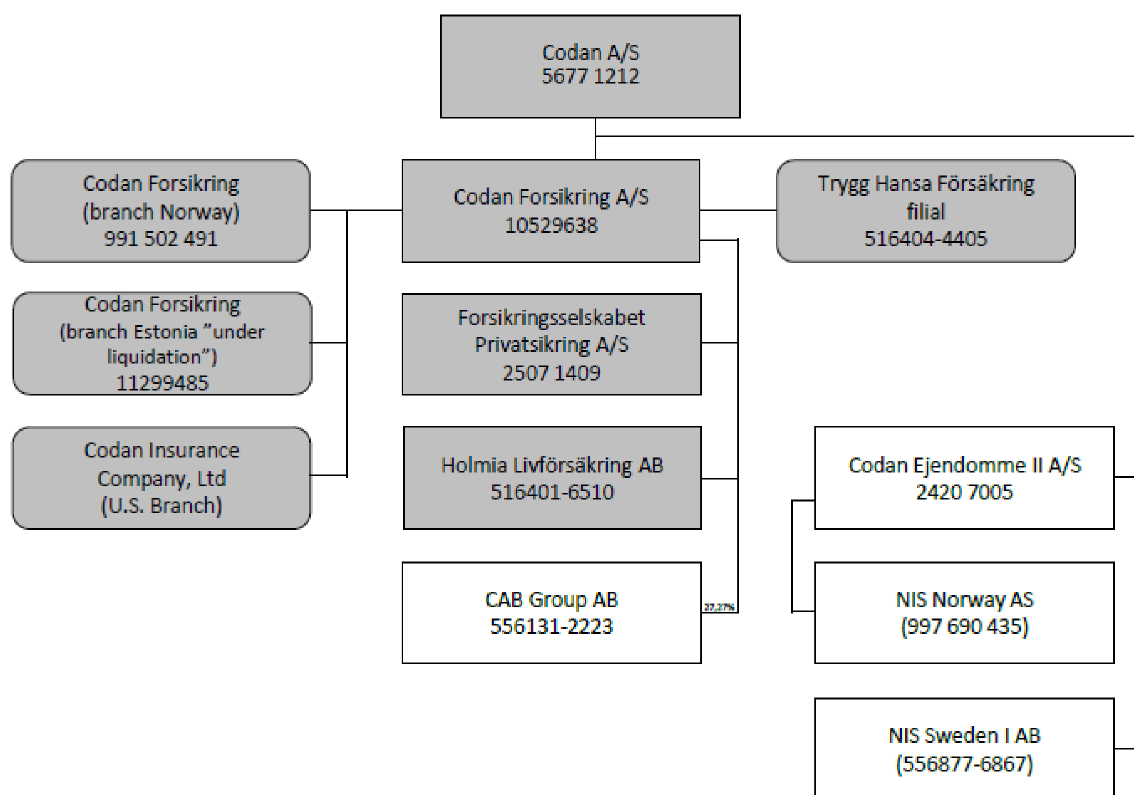
A.1.4 Holders of Qualifying Holdings

RSA Insurance Group plc, England, owns 100% of the shares in Codan Forsikring A/S, through the wholly owned Codan A/S and other intermediary companies.

A.1.5 Position within the RSA Group Legal Structure

Codan A/S owns 100% of the shares in the Company and is via intermediary companies owned by RSA Insurance Group plc.

Wholly owned insurance subsidiaries of the Company are Forsikringsselskabet Privatsikring A/S and Holmia Livförsäkring AB. The Company has two material insurance branches, Codan Forsikring NUF operating in Norway and Trygg-Hansa Försäkring filial operating in Sweden. Details of the legal structure are shown below, as at the end of the reporting period.



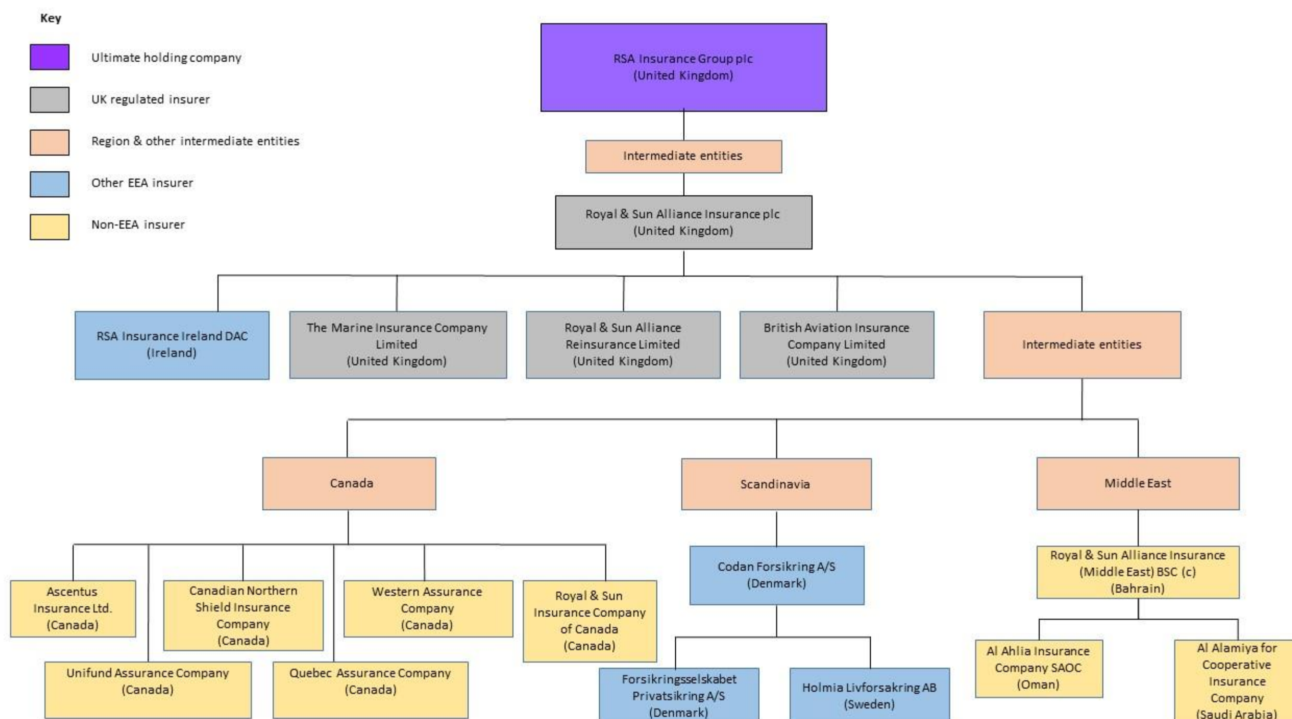
A.1.6 Material Related Undertakings

A list of material related undertakings including the name, legal form, country, proportion of ownership interest and, if different, proportion of voting power held is detailed below:

100% owned insurance subsidiaries:

Country of Incorporation	Name	Principal activity
Denmark	Forsikringsselskabet Privatsikring A/S	General insurance
Sweden	Holmia Livforsäkring AB	Life insurance

A.1.7 Simplified RSA Group Structure



The RSA Group, which the Company is part of, is organised into regional operating segments with businesses in Scandinavia, Canada, UK, Ireland and the Middle East.

A.1.8 Business Lines and Geographical Areas

The Company's material lines of business and material geographical areas where it carries out business are detailed in the table below:

Geographic regions
Denmark
Sweden
Norway
Line of businesses – non-life
Medical expense
Income protection
Motor vehicle liability
Other motor
Fire and damage to property
General liability insurance

A.1.9 Significant Events

Nothing to report.

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A.2 Underwriting Performance

The Company's underwriting result was based on a strong current year result driven by costs savings and benign weather, enhanced by prior year development gains.

	2017 DKKm	2016 DKKm
Gross premiums written	**15,449**	**15,663**
Net premiums written	14,790	15,011
Earned premiums, net of reinsurance	14,692	14,989
Claims incurred, net of reinsurance	(9,913)	(9,767)
Net operating expenses	(2,570)	(2,577)
Underwriting result	**2,209**	**2,645**
Investment return	825	1,662
Return on and value adjustments on technical provisions	(139)	(892)
Total investment return after return on and value adjustment on technical provisions	686	770
Other non operating charges	(396)	(475)
Profit before tax	**2,500**	**2,938**
Tax	(535)	(660)
Profit after tax	**1,965**	**2,278**

A.2.1 Performance by Line of Business

An analysis of underwriting performance for the Company for the year ended 31 December 2017 by material line of business is detailed below:

	Net Written Premium		Underwriting Result	
	2017 DKKm	2016 DKKm	2017 DKKm	2016 DKKm
Non-life				
Medical expense	559	597	29	24
Income protection	2,746	2,768	626	253
Motor vehicle liability	1,241	1,326	201	810
Other motor	3,353	3,347	648	555
Fire and other damage to property insurance	5,059	4,969	693	554
General liability	640	794	120	246
Total material lines of business	**13,598**	**13,801**	**2,317**	**2,563**
Non-material	1,192	1,210	(108)	82
Total per financial statements	**14,790**	**15,011**	**2,209**	**2,645**

The main contributors to the result are

- The premiums reduced in the period due to weaker FX rates to DKK and strong competition in the markets
- The 2016 result was positively impacted by favourable prior year development gains
- Income protection is driven by a strong current year result in the Swedish portfolio
- Motor vehicle liability movement Is predominantly driven by a reduction in PYD, especially in Sweden, where 2016 saw a high level of positive development

- Other motor driven by the Swedish Personal Motor portfolio, positively impacted by prior year development gains
- Fire and other damage to property driven by strong current year underlying claims ratios, benign weather and large losses in line with expectations, and positively impacted by prior year development gains
- General liability movement is predominantly driven by a reduction in prior year development, especially in Denmark.

A.2.2 Performance by Geographic Area

An analysis of underwriting performance of the Company for the year ended 31 December 2017 by material geographical area where it carries out business is detailed below:

2017	Denmark DKKm	Sweden DKKm	Norway DKKm	Other DKKm	Total DKKm
Net Written Premiums	**4,672**	**8,797**	**1,321**	**-**	**14,790**
Net Earned Premiums	4,639	8,708	1,347	(2)	14,692
Net Incurred Claims	(3,252)	(5,803)	(1,031)	2	(10,084)
Expenses	(934)	(1,094)	(370)	(1)	(2,399)
Underwriting result	**453**	**1,811**	**(54)**	**(1)**	**2,209**

2016	Denmark DKKm	Sweden DKKm	Norway DKKm	Other DKKm	Total DKKm
Net Written Premiums	**4,800**	**8,905**	**1,307**	**-**	**15,012**
Net Earned Premiums	4,946	8,746	1,296	-	14,989
Net Incurred Claims	(3,341)	(5,549)	(877)	(0)	(9,767)
Expenses	(1,023)	(1,166)	(388)	(0)	(2,577)
Underwriting result	**582**	**2,031**	**31**	**(0)**	**2,645**

Underwriting result is based on a stable result from the Swedish business following continued strong current year performance, and a small contraction in the Danish result.

A.3 Investment Performance

A.3.1 Income and Expenses by Class

Asset classes shown in this section follow the definitions used in the Company's financial statements which may differ from the definitions used in Section D (Valuation for Solvency Purposes) of this report.

A summary of the investment return split into interest income and dividends and value adjustments is given below:

Investments	2017 DKKm	2016 DKKm
Income from Group entities	163	82
Income from associated entities	3	1
Income from Group occupied properties	(1)	(1)
Interest income and dividends, etc.	1,059	1,088
Value adjustments	(324)	590
Interest expenses	(1)	(13)
Investment management expenses	(74)	(84)
Total investment return	**825**	**1,663**

Interest income and dividends, etc.	2017 DKKm	2016 DKKm
Interest income from Group entities	6	8
Interest income from bonds, loans and deposits	902	971
Non-taxable interest income	2	0
Income from units in open-ended funds and other equity investments	138	100
Other interest income	11	7
Interest income and dividends, etc.	**1,059**	**1,086**

Value adjustments	2017 DKKm	2016 DKKm
Group occupied properties	3	-
Equity investments	94	61
Units in open-ended funds	1	14
Bonds	(571)	337
Other loans	26	87
Other investment assets	3	175
Total investments	**(444)**	**674**
Value adjustments, discounting of provisions for outstanding claims and other unrealised gain and losses	121	(86)
Value adjustments	**(323)**	**588**
Realised gains and losses on investments	(124)	111
Unrealised gains and losses on investments	(320)	563
Other realised gains and losses	34	(48)
Value adjustments, discounting of provisions for outstanding claims and other unrealised gains and losses	87	(38)
Value adjustments	**(323)**	**588**

A.3.2 Gains and Losses Recognised in Equity

There are no gains or losses recognised in equity for the year ended 31 December 2017.

A.3.3 Investments in Securitisation

The Company has no investments in securitisation.

A.4 Performance of Other Activities

A.4.1 Other Material Income & Expenses

An analysis of the Company's other material income and expenses for the year ended 31 December 2017 is detailed below:

Other Operating Income

	2017 DKKm	2016 DKKm
Adjustment on deferred consideration re sale of group occupied property	87	0
Total other operating income	**87**	**0**

The Company does not have any other operating income.

Other Operating Expenses

The Company does not have any other operating expenses.

A.4.2 Operating and Financial Leasing Arrangements

The Company leases various offices under operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Payments made under operating leases are charged on a straight-line basis over the term of the lease.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2017 DKKm	2016 DKKm
One year or less	179	128
Between one and five years	356	367
After five years	7	18
Total	**542**	**513**

The Company has no material finance leases.

A.5 Any other Information

Nothing to report.

B. System of Governance

B.1 General Information on the System of Governance

B.1.1 Board Structure

The Company's business is overseen by a Board of Directors (the 'Board') that consists of Directors elected by the shareholder and Directors appointed by the unions of the employees.

The Board may exercise all the powers of the Company subject to the Articles of Association, relevant laws, and any directions as may be given by shareholder resolution at a general meeting.

The Board promotes high standards of corporate governance and conduct throughout the Company and has a solid governance framework in place. The Chairman is responsible for leading the annual review of the effectiveness of the Board.

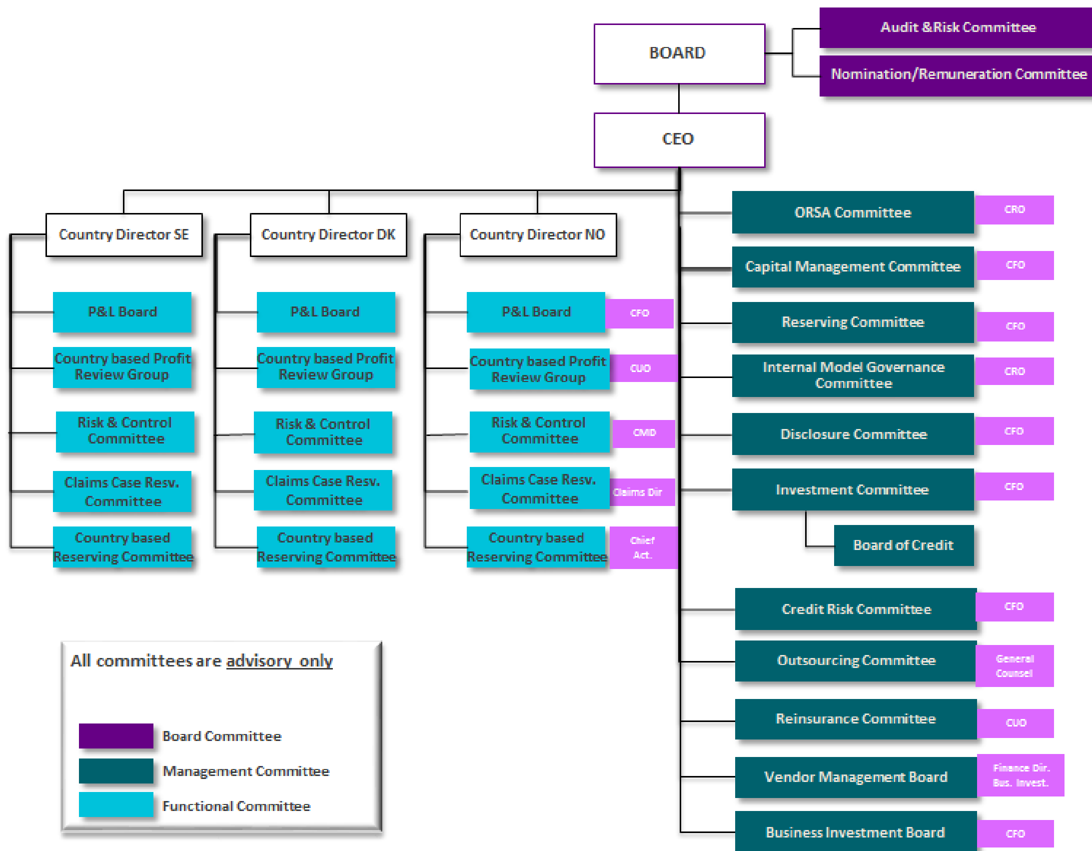
The Board is accountable to stakeholders for the creation and delivery of strong sustainable performance and the creation of long term shareholder value. The Board meets frequently and is responsible for organising and directing the affairs of the Company in a manner that will promote the success of the company and is consistent with good corporate governance practice ensuring that, in carrying out its duties, the Company meets legal and regulatory requirements.

The Board operates on the basis of a business operating model and sets annual objectives for the business in line with the current Company strategy and monitors the achievement of the Company's objective through regular reports, which include updates from the Chief Executive Officer and the Chief Financial Officer on all material business matters.

The Board has established two advisory committees: Audit & Risk Committee and Nomination/Remuneration Committee as required by Danish Financial regulation. As stipulated by applicable Danish law, the Committees are not authorised to make independent decisions. The Committees report to the Board of Directors. The Committees do not affect the Board's authority or responsibilities. The Audit and Risk Committee is responsible for the oversight of the effectiveness of the systems of internal control and financial and regulatory risk management system, and for monitoring the effectiveness and objectivity of the internal audit.

The Board has appointed a Board of Management, which is the registered management of the Company. In 2017, the Board of Management consisted of the Chief Executive Officer and the General Counsel Director. In addition, a Senior Executive Team ('SET') has been appointed, which consist of the Chief Financial Officer, the Chief Risk Officer, the Nordic Underwriting Director, the Human Resources Director, the Chief Information Officer, and Country Managing Directors along with the Board of Management. Furthermore, the Chief Executive Officer has established Management Committees that serve to assist the Chief Executive Officer in making informed decisions. The Management Committees do not have any decision authority and are only advisory to the Chief Executive Officer. Each committee has its own Terms of Reference defining its role and the authority delegated to it.

The relationship between the Board of Directors, the Board of Management and the Executive and Management Committees are shown below:

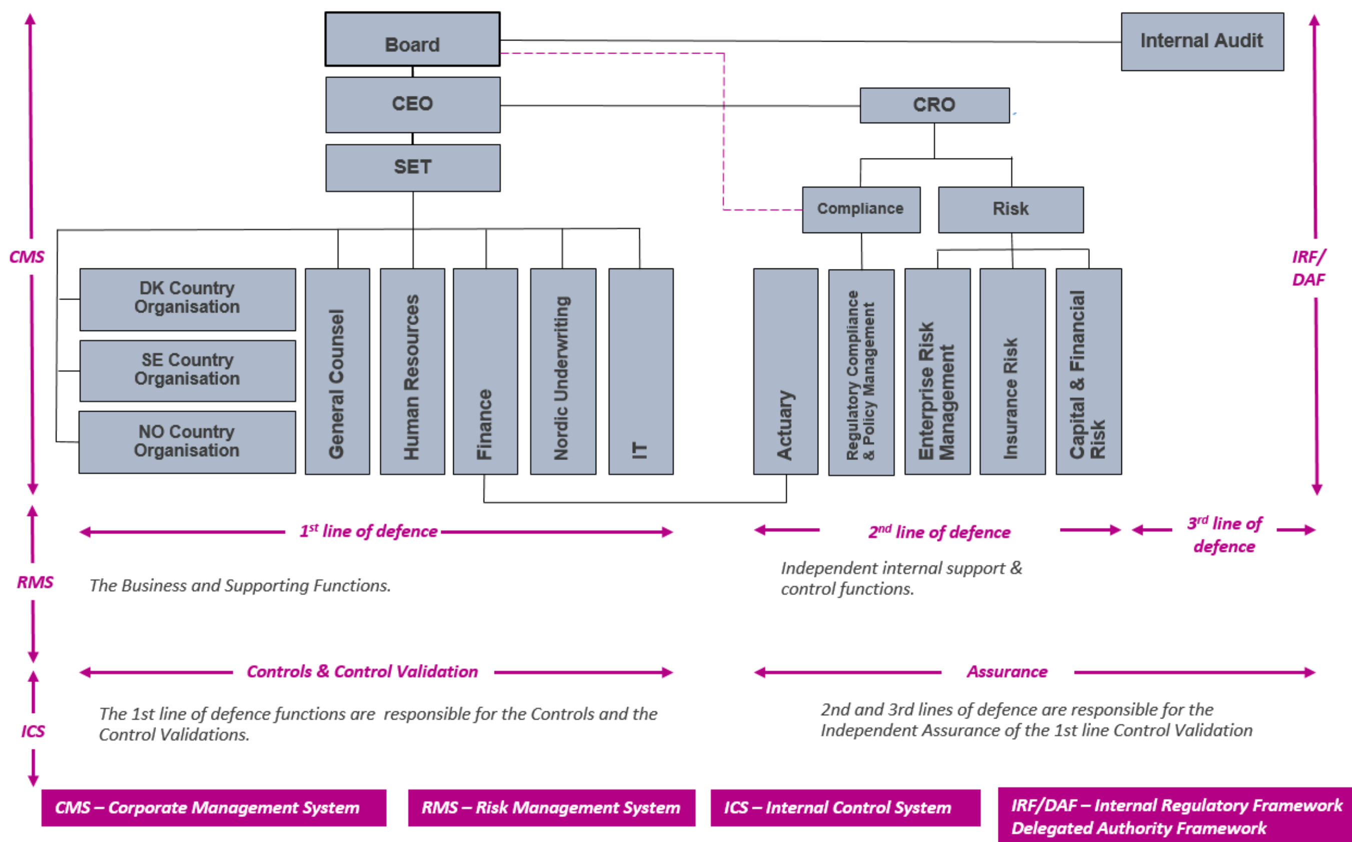


B.1.2 Independent Key Governance Functions

The key governance functions are defined by law and are required to have a clearly defined independence in order to ensure the governance of the Company. The key governance functions consist of:

- The Actuarial Function
- The Internal Audit Function
- The Risk Function
- The Compliance Function

The diagram below of the Company's management structure, shows the senior management and the day to day reporting lines of those functions, which the Board has determined to be the key governance functions:



B.1.3 Changes in System of Governance

There have been no material changes to the System of Governance in the reporting period.

B.1.4 Principles of Remuneration Policy

The Company ensures that it has appropriate remuneration arrangements through the adoption of a Remuneration Policy. The Remuneration Policy outlines the overall approach to remuneration, and also the governance framework for making remuneration decisions.

The Remuneration Policy is designed to support the business strategy by appropriately rewarding performance and promoting sound and effective risk management, compliance with external regulatory requirements and alignment to the long-term interests of the Company and its shareholders.

It establishes over-arching principles and standards to guide remuneration decision-making, which is aligned to local market norms and regulations. These principles are based around alignment to long-term company success, pay-for-performance and risk alignment. A total reward approach is used, such that the reward framework includes both fixed remuneration elements (reflecting an employee's professional experience and responsibility, and can include elements such as base salary, benefits and pension), and variable elements (which can be awarded to eligible employees, reflecting performance).

The Remuneration Policy establishes specific remuneration provisions for employees whose professional activities have a material impact on the risk profile, or have responsibility for Key Governance Functions. These provisions are intended to promote effective risk management and include:

- the balancing of fixed and variable remuneration to enable a fully flexible approach to incentives (including the possibility of paying no variable remuneration);

- the design of incentive plans to encourage performance within the Company's risk appetite, including the consideration of material risk factors in award decisions, the operation of deferral and malus adjustment, and the operation of clawback provisions for executives; and
- the approach to remuneration in the context of employment termination.

Variable remuneration arrangements for those responsible for Key Governance Functions are designed to be independent from the performance of the operational units and areas submitted to their control.

Governance measures aimed at avoiding conflicts of interest are incorporated.

The Policy is reviewed regularly, to ensure that it complies with the principles of good risk management and reward governance, taking into account regulatory requirements and the nature of the business.

B.1.5 Performance Criteria

Incentive plans encourage performance in line with the business strategy and within the Company's risk appetite, and take into account material risk factors and the Company's ability to maintain an adequate capital base.

Incentive plan performance measures:

- Reflect the Company's priority to create shareholder value through sustained growth and profitability, based on its risk profile. Measures can include for example, underwriting, profit, capital, strategic and shareholder value measures.
- Are measured on an 'underlying' basis where appropriate, to provide an undistorted view of business performance and avoid the creation of adverse incentives.

Individual performance assessments are based on consideration of what is delivered, but also how goals are achieved, and take account of financial and non-financial criteria.

The performance criteria used in executive incentive plans are set out in the Remuneration section (also refer to note 30 in the Company's 2017 Annual Report and Accounts).

For employees whose professional activities have a material impact on the Company's risk profile, a number of mechanisms are included to ensure remuneration does not encourage excessive risk taking:

- Total performance-related variable remuneration is based on a combination of the assessment of the performance of the individual, the business unit concerned and the overall result of the Company.
- Incentive plans have stretching yet achievable targets, taking account of the Company's Operational Plan which is set with reference to the risk appetite with input from the Risk Function.
- Incentive award funding is subject to risk adjustment for exposure to current and future risks, taking into account the Company risk profile and cost of capital. An adjustment can take place prior to the payment of annual bonus awards, and prior to the vesting of long-term incentive award cycles.
- A portion of variable remuneration in line with legal requirements is subject to deferral to ensure it is aligned with longer-term risk management. The percentage that is deferred, the type of deferred award(s) and the length of the deferral period are determined by taking into account regulatory requirements, the level of the employee and the business context.

The Company has provisions to apply malus adjustment and clawback.

Variable remuneration arrangements for those responsible for key governance functions are designed to be independent from the performance of the operational units and areas submitted to their control.

B.1.6 Supplementary Pensions / Early Retirement

As a principal rule the Company enters into pension schemes with their employees according to applicable collective agreements. The Company's pension schemes are only based on defined contribution schemes and not on defined benefits schemes. No supplementary pensions are operated for the members of the administrative, management or supervisory body and other Key Governance Function holders.

B.1.7 Shareholder / Board Transactions

Apart from normal management remuneration, no transactions, except for those listed below, were entered into during the year with the Board of Directors, the Board of Management, the shareholder or other related parties.

Key Management Transactions

Information regarding transactions that were carried out with the Board of Directors and the Board of Management can be found in the major events sub-section (management's review section) of the Company's 2017 Annual Report and Accounts.

Dividends

In the first half of 2017, the Company distributed DKK 2,200m in interim dividends to the parent company.

Other Transactions

The Company undertakes all administrative tasks for the parent company, Codan A/S.

The Company has paid for the joint use IT-systems and the Company's share of joint services in the RSA Group. Payments were made on a cost-covering basis.

The Company has entered into a DKK/SEK hedge of DKK 2,094m with the intermediate parent company Royal & Sun Alliance Insurance Plc. The hedge was agreed on an arm's length basis. Total net book value of inter-company hedges (liability) amounted to DKK 26m in 2017 (DKK 27m in 2016). For 2017, the Company has renewed a quota share reinsurance agreement which covers 100% of the Company's exposure towards the marine hull portfolio for damage related to insurance contracts written in 2017. The treaty is placed with Royal & Sun Alliance Insurance plc on market terms and the Company receives commission.

B.2 Fit and Proper Requirements

B.2.1 Specific Fit & Proper Requirements

The Company's Board of Directors has approved a Fit and Proper Policy. This policy applies to individuals who are effectively running and overseeing the business or are key governance function holders in addition to those performing a key governance function activity. This includes the Board of Directors, and the Board of Management and members of Senior Executive Team as well as the heads of the key governance functions.

The Board believes that it has the appropriate balance of skills, experience and knowledge to enable it to discharge their duties and responsibilities effectively. The Board considers the skills, experience, independence and knowledge already represented when making decisions on new appointments. One of the key responsibilities of the Nomination/Remuneration Committee is to review Board membership and succession planning to ensure that the balance remains appropriate.

B.2.2 Assessment Process

Fit Requirements

The assessment on whether someone is fit includes an assessment of the person's professional and formal qualifications, knowledge and relevant experience within the insurance sector, other financial sectors or other businesses and shall take into account the respective duties allocated to that person, and, where appropriate, the insurance, financial, accounting, actuarial, and management skills of the person.

This includes an assessment of the person's:

- Honesty, integrity and reputation
- Competence and capability
- Financial soundness

Proper Requirements

When assessing whether a person is 'proper', the Human Resources function or the Board of Directors will – within the legislation applicable – consider the following:

- Relevant criminal offences including any offence under the laws governing banking, financial, securities, and insurance activity.
- Laws on money laundering, market manipulation, or insider dealing.
- Criminal offences under legislation relating to companies, bankruptcy, insolvency or consumer protection.

B.3 Risk Management System including the Own Risk and Solvency Assessment

B.3.1 Description of the Risk Management System

The Three Lines of Defence

The Company has a comprehensive risk management system which includes a full range of risk policies, procedures, measuring, reporting and monitoring techniques, and a series of stress tests and scenario analysis to ensure that the risk exposures that arise from operating the Company's businesses are managed appropriately.

The risk management system is underpinned by the Three Lines of Defence model. The Board of Directors are responsible for ensuring the effectiveness of the Company's risk management system; for setting the Company's overall risk strategy and risk appetite (including risk limits and tolerances); and for approving the main risk management strategies and policies.

Risk Appetite and Strategy

The Board is responsible for setting the business strategy which is used to inform the risk strategy statement. The risk strategy statement, which is prepared by the Enterprise Risk Management function and approved by the Board, describes the Company's overall strategy and objectives for managing risks based on a set of key principles.

The Risk Appetite is set annually by the Board. It establishes the appetite by risk category, with high level risk limits and tolerances, and drills down into more detailed risk statements. These are expressed through associated Key Risk Indicators with associated risk limits and risk tolerances.

Risk Management Cycle

The risk management cycle describes the process used to set, identify, measure, manage, monitor and report on risks impacting each business.

Risk Identification (New and Emerging Risk)

Risks are identified through a range of activities which include policy and control design; stakeholder scenario workshops (attended by internal and external subject matter experts); risk mapping, and an analysis of risk incidents including a root cause analysis. The identified risks, including emerging risks, are recorded in the business function's risk profile matrix which records the likelihood of occurrence, the expected residual loss impact, and whether the residual risk is within risk appetite or if not, and whether there is an appropriate action plan.

Risk Measurement

Once risks have been identified the business updates its risk profile by including the residual risk (the risk of an event occurring which would crystallise a loss, assuming existing controls and other mitigating actions are effective) on a standard 5x5 probability and impact matrix.

Significant risks are periodically reviewed for potential inclusion in the Internal Model, which is the primary tool for measuring risk.

Managing, Monitoring and Reporting Risk

All residual risks are assessed and monitored to determine if the risk is within Risk Appetite, and if not whether there is a plan with an owner to bring within appetite within a reasonable timeframe.

Action owners must track all action plans to ensure risk is brought within appetite within planned timeframe and report progress at least quarterly.

Outputs of the internal model are used by the ORSA Committee and the Board of Directors as an integral part of its decision making, to setting the risk appetite, adjusting investment exposure and hedges, reinsurance strategy, insurance portfolio risk assessment, and key strategic decisions such as disposals.

B.3.2 Implementation and Integration

The Company has implemented a system of governance through which risk management and control is embedded. Each business within the Company is required to follow a consistent process to identify, measure, manage, monitor and report its risks, in line with a consistent and comprehensive set of policies.

The application of the three lines of defence and its interaction with the Internal Control System is shown in the figure in section B.1.2.

B.3.2.1 Internal Model Governance & Assurance

In December 2015, the RSA Group received approval to use the RSA Group Internal Model to calculate the Solvency Capital Requirement ('SCR') for itself and some of its subsidiaries, including the Company.

As well as being used to calculate the SCR, the Internal Model is also used to allocate capital to individual lines of business and to help assess reinsurance purchase and evaluate the impact of e.g. investment strategic decisions.

The model has a common governance and assurance framework which oversees how the model is run, updated and results reported.

The structure of the Governance Framework is shown in the following table:

Responsibility	Body / Function	Activity
Held accountable but delegates Internal Model oversight responsibility to the Internal Model Governance Committee ('IMGC')	Board	Monitors IMGC activity and receives sufficient information to oversee the model and understand the output
Ensures model oversight is of appropriate design, operation, risk coverage and compliance	Board	Reviews and challenges Internal Model Governance Committee activity, including regular reporting of internal model changes, results of model runs and associated sensitivities, as well as monitors the ongoing appropriateness of the internal model through receiving the Internal Model Validation Report
Ensures operation within regulatory requirements and co-ordinates internal and regulatory economic capital processes	IMGC	Receives and challenges results of the internal model runs, identifies the need for and assesses changes to the internal model including updates to calibrations and structure. Reviews validation findings and recommends programme of model improvement including enhancing uses of the model
Undertakes programme of independent validation and reports results to Board (with debate at IMGC)	Risk Function (Assurance Provider)	Performs, validation activity, identifies and monitors observations including closure. Reviews and challenges the outputs of the model including estimated capital positions and forecasts

The Internal Model Governance Committee is responsible for providing overall direction and drive for the governance of the internal model in addition to acting as the co-ordinating body for the internal and regulatory economic capital process. It regularly provides updates to the Board.

The IMGC ensures that the Company's Internal Model Change Policy is adhered to and remains compliant with regulation; that data quality and assurance processes are in place; and that independent model validation is performed.

B.3.2.2 Internal Model Governance Changes in the Year

None.

B.3.2.3 Internal Model Validation

The Solvency II Directive (Article 124) requires firms to establish independent validation processes to ensure that the Internal Model is properly designed, developed, tested, documented, implemented and used appropriately.

Validation is a regular process, the primary goal of which is to provide the Board with assurance that:

- The internal model is fit for purpose.
- The internal model achieves its objectives as defined by the business.

Validation assesses the key assumptions and outputs of the model and involves a number of tools and activities such as Stress and Scenario Testing, Profit & Loss Attribution and Use Test validation.

Each year, the Validation team reports the results of the internal model validation undertaken to the Board and outlines recommended actions and timescales for remediation to occur.

B.3.3 Own Risk and Solvency Assessment Process

During the year, the Board considers a range of activities carried out at different times as part of the Own Risk and Solvency Assessment process (the ‘ORSA’ process).

The assessment of risk and solvency needs is carried out continuously and consists in practice of a series of inter-related activities whereby the process establishes:

- current and future risks to which the regulated entity is exposed;
- the level of capital required to support those risks;
- the quality of capital available; and
- actions the regulated entity will take to achieve and maintain the desired levels of risk and capital.

If deemed necessary, the activities that form part of the annual cycle, are supplemented by ad hoc assessments of the impact of external events, emerging trends, significant risk events, and breaches.

B.3.4 ORSA Review and Approval

Reports covering individual elements of the ORSA are presented to the Senior Executive Team (SET) and the Board throughout the year.

A final report is presented to the SET and Board, and actions and associated decisions deriving from the Board’s risk and solvency assessment, are tracked as part of the annual ORSA process, demonstrating that these have been dealt with in a coherent and consistent manner. Furthermore, the findings stemming from the ORSA report form part of the challenge of the Company’s Operational Plan.

B.3.5 Solvency Needs & Risk Management System / Capital Management

As part of the ORSA process, the Company looks at the capital it needs using various bases including:

- SCR
- Board approved capital thresholds

Using these measures, the Company is then able to assess in aggregate its own solvency needs and corresponding capital available. The Internal Model is used for the calculation of the SCR and is calibrated based upon the risk exposures of the Company.

In addition, when setting the risk appetite, various levels of buffer to cover potential operating shocks are allowed for. Finally as part of the Operational Plan and ORSA processes, the capital position of the Company is projected over the period of the Operational Plan to ensure that the Company will have sufficient capital to meets its needs.

B.4 Internal Control System

B.4.1 Description of the Internal Control System

The Company has put in place an effective internal control system which contains administrative and accounting procedures, an internal control framework, with appropriate validation, assurance and reporting arrangements at all levels of the Company, a delegated authority framework, and a regulatory compliance framework. The internal control system is underpinned by the Three Lines of Defence model.

The internal control system comprises three key elements:

- Internal control framework, whereby policies establish standard controls, which are implemented and operated by the business; supplemented by objective 1st Line validation and independent 2nd Line assurance processes. The internal control framework includes financial controllership. It is subject to assurance through the Financial Control Framework ('FCF'), including control reporting.
- Delegated authority framework, whereby authority is cascaded down from the Board to the business.
- Regulatory compliance framework sets out the standard control processes to minimise and/or prevent the risk of material loss, reputational damage or liability arising from the failure to comply with regulatory requirements. Ultimate responsibility for compliance with the relevant rules and regulations rests with the Board, the executive and the senior management in each business. Advice, challenge, and interpretation is provided to these bodies by the Regulatory Compliance function.

Internal Control Framework

The internal control framework is designed to identify and mitigate the potential risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material financial misstatement or loss. Company policies cover all material risk types to which the Company is exposed and set out both minimum requirements and standard control sets for business activities, including delegated activities, which allows the Company to achieve its objectives including effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

Policies also establish control validation activities (1st Line checks) which ensure controls are designed and operating effectively and assurance activities (2nd Line) which examine and oversee business control validation activities to provide additional independent comfort that objectives are being achieved and adequate controls are in place and working effectively.

Adherence to the control sets and the progress and findings of assurance and validation activity are reviewed by the relevant control related committees. Key issues identified in these committee meetings are escalated to the Board. Relevant trends and risks will also be notified to the Board as appropriate.

Delegated Authority Framework

The Delegated Authority Framework specifies how executive authority is delegated from the Board to the Chief Executive Officer, and onwards to senior management within the Company on a yearly basis. The Chief Executive Officer and senior executives across the Company receive an executive licence setting out their specific limits of authority in terms of entering into financial, underwriting, claims and other business commitments. Each executive is responsible for ensuring a similar process of delegation is in place within his or her area of responsibility.

Effective management of Delegated Authority enables the business to:

- Ensure that all employees execute their responsibilities within a clearly defined set of limits and subject to specified terms and conditions appropriate to their role, competence, experience and technical capability so as to mitigate the risk of the Company being exposed to material financial, operational, legal, reputational and/or regulatory risk and/or loss

- Ensure consistency is embedded into separate policies that have been written covering operational and technical matters
- Ensure that the risks associated with managing and delegating authorities are mitigated through the use of appropriate preventative and detective controls and remain within Risk Appetite, and
- Ensure compliance with relevant regulatory and statutory requirements.

The Delegated Authority Framework is applied where individuals must operate and/or authorise within limits delegated by the Chief Executive Officer, his direct reports and / or governing bodies.

Regulatory Compliance Framework

The Regulatory Compliance Framework is a set of governing documents that implement the regulatory requirements. The framework consists of policies adopted by the Board, Instructions adopted by the Chief Executive Officer and Standard Operating Procedures adopted by the Senior Executive Team members in accordance with the governance structure.

B.4.2. Compliance Function

The legal requirements and the Compliance Policy requires the Company to have a Compliance Function.

The purpose of the Compliance Function is to ensure that the Company meets the relevant regulatory requirements. It uses a range of tools to do this which are developed in co-operation with the RSA Group. The Compliance Function is an influencer in ensuring a strong regulatory compliance culture and ensure that mechanisms are in place to identify, report and resolve issues to avoid or minimise business impact.

The Compliance Function is responsible for developing and maintaining the relationship between the relevant FSA's (Danish, Swedish and Norwegian) and the Company.

The Compliance Function establishes, implements and maintains an Annual Compliance Plan setting out the compliance work to be undertaken in the upcoming year. Updates on progress and material changes are provided on a quarterly basis to the Board. Furthermore, the Compliance Function has the possibility of reporting regulatory incidents or matters of significance to the Board directly.

B.5 Internal Audit Function

B.5.1 Implementation

The Internal Audit Function is an independent and objective function reporting to the Board of Directors. The Chief Auditor has a primary reporting to the Chairman of the Audit & Risk Committee, with a secondary line to the Company's Chief Executive Officer. Furthermore, the Chief Auditor is approved by the Danish FSA and complies with the resulting requirements of professional conduct and competence. The Internal Audit Function does this by assessing whether all significant risks are identified and appropriately reported by management and the second line of defence to the Board and Senior Executive Team; assessing whether they are adequately controlled; and by challenging management to improve the effectiveness of governance, risk management and internal controls.

The Chief Auditor has the right to attend all committee meetings in the Company and obtain access to any material related to these.

At least once a year, the Chief Auditor meets with the members of the Audit & Risk Committee without management being present. The Chief Auditor has direct access to the Chairman of the Audit & Risk Committee as well as to the Chairman of the Board.

The Internal Audit Function's scope of activities is unrestricted and its audit universe extends to all legal entities, joint-ventures and other business partnerships, outsourcing and reinsurance arrangements. Its scope includes first line control validation, second line control assurance and the system of governance as set out under Solvency II.

On a semi-annual basis the Chief Auditor submits a six month rolling risk based audit plan (i.e. detailed plan for the upcoming six months, together with an outlook for the subsequent six months), including emerging and systemic risks to the Audit & Risk Committee and the Board for review and approval. The six month rolling audit plan is developed based on the Internal Audit Function's independent risk assessment and a prioritisation of the audit universe, considering inputs from the Senior Executive Team, the Board of Management, the Audit & Risk Committee and RSA Group Internal Audit's assessment of various "planning lenses" which include fraud risk, culture trends and emerging issues that could impact the organisation.

The Internal Audit Function's coverage of the business is based on the principles of a three year rolling coverage in which it aims to cover all inherent high risks twice and all inherent medium risks once. Any high or medium risk areas not covered within the three year time period shall be made transparent to the Audit & Risk Committee. The Chief Auditor will review and adjust the plan, as necessary, in response to changes in the business, risks, operations, programs, systems, and controls. Any material changes from the audit plan will be communicated through quarterly reporting to the Audit and Risk Committee for approval. When necessary, Internal Audit may conduct audit engagements which are not included in the audit plan, these may be carried out without notice. In addition to the six monthly rolling audit plan that is reviewed and approved by the Audit and Risk Committee, the Chief Auditor ensures that the function has a multi-year outlook in line with the Company's strategic and operational plan.

The Chief Auditor will ensure that Internal Audit has the appropriate budget and resources and that Internal Audit collectively has the skills and capabilities to effectively deliver on its purpose and mandate. This includes consideration of trends and emerging issues that could impact the organisation. Where appropriate, independent internal or external co-sourced resources may be engaged to supplement the core team and deliver all or part of an audit engagement.

Annually, the Chief Auditor provides the Audit & Risk Committee with an assessment of the skills and capabilities required to conduct the work needed, and whether the budget is sufficient to allow the function to recruit and retain staff with the expertise and experience necessary to provide effective challenge throughout the Organisation and to Executive Management. The Audit & Risk Committee is responsible for approval of Group Internal Audit's plan and budget, and reviews and confirms annually that Internal Audit is staffed appropriately and operating effectively.

Compliance of audits with the professional standards is monitored within Internal Audit through an independent quality assurance process, outsourced to Deloitte and operated on a continuous basis. The function is governed by an Internal Audit Charter which sets out the function's role, mandate and authority, and includes independence and objectivity criteria.

B.6 Actuarial Function

The Actuarial Function provides assurance that the actuarial information to set technical provisions for Danish GAAP for the Company and IFRS for RSA Group purposes uses appropriate methods, models, and assumptions. It also confirms the adequacy of the Solvency II technical provisions and informs areas where experience is different and how this has influenced methods, models and assumptions. The Actuarial Function undertakes the duties and responsibilities set out for an Actuarial Function in accordance with Solvency II.

The Actuarial Function holder has independent access to the Audit & Risk Committee. On an annual basis the Actuarial Function produces the Actuarial Function Report summarising the key conclusions of the Actuarial Function's work. This is presented to both the Audit & Risk Committee and the Reserving Committee.

B.7 Outsourcing

B.7.1 Policy and Key Activities

The Company is using a structured process when entering into outsourcing arrangements and managing outsourcing providers.

Outsourcing is regulated with two main documents; the Outsourcing Policy reviewed and approved by the Board at least annually and owned by the General Counsel and the Outsourcing Instruction owned by the Chief Executive Officer and managed by the General Counsel.

The Board approved Outsourcing Policy includes requirements regarding:

- Decision authority and requirements for the Board to approve before entering into outsourcing of material areas of activity according to the applicable regulation from the Danish FSA;
- Requirements for decision basis including due diligence when choosing the service provider;
- Contractual requirements to all outsourcing agreements;
- Control requirements;
- Notification and filing requirements including notification of the Danish FSA; and
- Reporting requirements including on-going reporting to the Board of the service providers' performance and follow-up in case of unsatisfactory performance, including reporting to the Board.

An Outsourcing Committee has been established with the purpose of providing a forum to share best practices and knowledge between General Counsel/Legal, Enterprise Risk Management, Compliance, and Supply Chain functions and other relevant functions as the case may be, ensuring that regulatory requirements are coordinated in relation to outsourcing contracts. Furthermore, the Outsourcing Committee facilitates consistent view on outsourcing and regulatory requirements, provides a forum for identification of outsourcing issues, qualification of outsourcing contracts in relation to applicable regulations and policies and supports governance procedures in relation to outsourcing are complied with.

The Board is ultimately responsible for all outsourcing, however, the General Counsel has an overall first line ownership of the outsourcing regime within the Company and the Legal function has the coordinative role for external outsourcing contracts and manage intra-group related outsourcing. Management of outsourcing relationship with external suppliers primarily lies with the Supply Chain function. The CEO reports on a quarterly basis to the Board on the performance of the outsourcing, unless there is an incident or other essential occurrence which require the attendance of the Board in which case the Board is notified immediately.

For governance purposes, for each outsourcing agreement, a specific procedure for monitoring, controlling and reporting is established. If outsourcing of a critical or important function or process is to take place, such procedures must be approved by the Board in connection with the Board's approval of the outsourcing agreement. The Compliance Function monitors and reviews adherence with applicable regulations.

B.7.2 Intra-Group Outsourcing Arrangement

The Company has entered into a number of outsourcing agreement with both internal as well as external partners. The Company is also supplier of outsourcing services to the subsidiaries Forsikringsselskabet Privatsikring A/S and Holmia Livförsäkring AB.

The service types outsourced include:

- Claims handling
- Investments
- Finance related services (incl. accounting services)
- IT infrastructure services and other IT related services such as application development and maintenance

- Payroll services
- Support relating to maintenance of the Internal Model

Some of these services have been deemed critical or important by the Company. In addition to the regular monitoring of the outsourcing partner by the CEO the outsourcing is reviewed as an operational risk which is monitored by the Risk function and further described in section C.5.

B.8 Any other Information

B.8.1 Adequacy of System of Governance

The adequacy of the System of Governance is formally considered by the Board of Directors annually. This process considers both changes and recommendations previously made during the year (such as through internal audit reports) and any recommendations by the Compliance Function based on their observations or regulatory change. If deemed necessary, changes can also occur outside of this formal review.

B.8.2 Any Other Material Information

Nothing to report.

C. Risk Profile

This section of the report provides more detail on the risks faced, including how the Company measures and mitigates against them. The Company is exposed to the following main categories of risk:

- Insurance Risk
- Market Risk
- Credit Risk
- Liquidity Risk
- Operational Risk

The categories are described in sections C.1 to C.5 respectively. Insurance risk includes claims risk and reserving risk and these are all described under the prescribed heading 'C.1 Underwriting risk'.

Section C.7 brings together information on the Company's stress and scenario testing across all categories of risk.

For quantification of the relative importance of each risk type to the Company, refer to QRT S.25.03 (in appendix).

C.1 Underwriting Risk

C.1.1 Introduction

Underwriting, Claims and Reinsurance risks

The Company manages these risks through its underwriting strategy, reinsurance arrangements and proactive claims handling.

The Risk Appetite Statement sets the high level appetite for Insurance Risk. Additionally, the Company has a centrally managed committee to examine underwriting and claims issues, review and agree underwriting direction and set policy, frameworks and directives where appropriate.

The underwriting strategy aims to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

The underwriting Risk Appetite Statements set the context within which individual portfolio strategy statements are developed, setting the appetite for the writing of individual risks.

Specific to the Risk Appetite, the Underwriting and Claims Policies define the controls implemented to manage the Company limited appetite for:

- 'Special High Risks' including long term policies and lines of business where the Company lacks appropriate specialist expertise and reinsurance support
- Writing business in 'High Risk Countries' designated due to sanctions or presenting an unacceptable level of operational risk

Reserve Risk

The Company establishes technical provisions for claims to account for the anticipated ultimate cost of all claims and relevant expenses for claims that have already occurred. The Company establishes technical provisions for both reported and unreported claims. Technical provisions estimates are based on known facts and on interpretation of circumstances including

the Company's experience with similar cases and historical claims payment trends. The Company also considers the development of claims payment trends, levels of unpaid claims, judicial decisions and economic conditions.

C.1.2 Measures used to assess Risk

Underwriting and Claims Risk

The Company's underwriting strategy and risk appetite are reviewed, challenged and approved by the Board of Directors annually.

Key risk indicators assess risk against the Board risk appetite and these are reported at the quarterly ORSA Committee. Underwriting risk indicators include measures for exposure control, pricing, the control environment and licences.

Portfolio strategy is reviewed quarterly under the Portfolio Risk Management process (Insurance Risk Portfolio Classification – 'IRPC'). This enables ongoing, proactive management of the implementation of portfolio strategies together with facilitation of forward looking portfolio risk assessments against measured key risk indicators. Risks and issues are escalated to Risk and Control Committees and the ORSA Committee. Risks and issues are escalated to Risk and Control Committees and the ORSA Committee.

Claims risk fall within the scope of IRPC, but claims risks are also monitored separately to facilitate management within appetite. The scope of claims risk indicators covers financial control, technical quality, case reserving, fraud, and control of delegated authorities.

Stress and Scenario Testing is undertaken with continuous interaction with senior management and formally reported via the ORSA report.

Risk Profiling are undertaken and are reported through the Risk and Control Committees, ORSA Committee and to the Board.

Accumulations for static exposures are modelled using the GAIA Exposure Data Management system to identify 'Per Risk' and Catastrophe risk concentrations and to inform scenario modelling and reinsurance purchase. The Scandinavian Exposure Management Committee has formal oversight and reporting of the standards for data quality and the minimum requirements for identifying and controlling 'Per Risk' and Catastrophe risk concentrations.

The effectiveness of pricing tools and process is measured through the Pricing Capability Assessment Questionnaire ('PCAQ') to benchmark the capability against defined measures. The PCAQ defined measures include an assessment of the pricing components, i.e. use of historical claims frequencies and severity averages, adjusted for inflation and modelled catastrophes trended forward to recognise anticipated changes in claims patterns and allowance in the pricing procedures for acquisition expenses, administration expenses, investment income, the cost of reinsurance, and for a profit loading that adequately covers the cost of capital.

Underwriting and Claims Validation Reviews are held periodically to test the effectiveness of the processes and controls in the risk management frameworks. Gaps in compliance with the controls require either a Remediation Plan or a Risk Acceptance against the respective control(s) under the Risk Policy Management process. Underwriting and Claims functions monitor the progress of Remediation Plans and is the approver for Risk Acceptances. These are reported to the Risk and Control Committee and ORSA Committee, with overdue items escalated to the Group Senior Claims Underwriting and Reinsurance Management forum.

Breaches of controls are escalated and reported, with material Risk Events escalated to the Risk Function. The Insurance Risk team perform assurance reviews of the processes and controls pertaining to Underwriting and Claims in the risk management framework and results are reviewed and managed via appropriate Risk & Control Committees.

Reserve Risk

The Company has a Reserving Committee chaired by the Chief Financial Officer, consisting of the Chief Executive Officer, the Underwriting Director, the Chief Actuary and the Chief Risk Officer.

In forming its collective judgement, the Committee considers the following information:

- An actuarial indication of ultimate losses together with an assessment of risks and possible favourable or adverse developments that may not have been fully reflected in calculating these indications. At the end of 2017 these risks and developments include: the possibility of future legislative change having retrospective effect on open claims; changes in claims settlement procedures potentially leading to future claims payment patterns differing from historical experience; the possibility of new types of claim, such as disease claims, emerging from business written several years ago; general uncertainty in the claims environment; the emergence of latent exposures; the outcome of litigation on claims received; failure to recover reinsurance, and unanticipated changes in claims inflation;

- The views of internal peer reviewers of the reserves and of other parties including actuaries, risk management, underwriters and claims managers; and

- How previous actuarial indications have developed.

C.1.3 Material Risks

Material risks identified during the reporting period include:

- Catastrophe risk: covers the risk that a single event or series of events of major magnitude usually over a short period, leads to a significant increase in actual claims compared to total expected claims. Losses can arise from either natural perils, for example hurricane, windstorm, flood and earthquake, or from man-made perils, for example industrial accident;

- Pricing risk: the risk that portfolio pricing strategies, monitoring and rating are insufficient to generate sufficient returns in key portfolios to maintain profitability and pay claims;

- Reserving risk: the risk that case reserves are insufficient, untimely or inaccurate leading to unforeseen adverse development. The risk that more claims are reported in future than anticipated. The risk that legislative changes have a retrospective effect on claim settlements;

- Underwriting risk selection: covers the risk that claims arising on exposures after the valuation date are higher (or lower) than assumed in the pricing other than due to catastrophes. This can arise as the result of bad experience, third party interventions, ineffective portfolio management, poor pricing, poor risk selection or failure to underwrite effectively, or failure to handle claims effectively due to management information or process deficiencies (claims leakage); and

- Claims management risk: financial losses through ineffective claims management processes.

There have been no material changes to the risks identified above through the reporting period.

C.1.4 Application of the Prudent Person Principle

Not applicable to underwriting risk.

C.1.5 Material Risk Concentrations

Material risk concentrations are identified through a robust process and the Company’s two key natural catastrophe zones are Northern Europe windstorm and Danish cloudbursts.

C.1.6 Risk Mitigation

Underwriting and Claims Risk

The Company operates a comprehensive risk management system and policy management framework. This system includes policies which govern key activities such as Underwriting, Claims, Reinsurance and the assessment of insurance risks. The policies introduce a system of mandatory controls frameworks which stipulate a system of minimum requirements and standard controls, and key risk indicators which are used to measure the effectiveness of these controls in mitigating risk. Each quarter, management are required to report on the operation and effectiveness of these controls to governance committees. Key risks are escalated to functional Risk and Control Committees and ultimately to the Audit & Risk Committee. Controls which are not considered effective are subject to remedial action and risk oversight.

The Underwriting and Claims governance and control framework spans a number of key activities, including (but not limited to):

- The delegation of technical authority (internal and external) including licensing and referrals;
- Portfolio strategy, performance and risk management;
- Pricing;
- Accumulation and exposure management;
- Multi-national risks;
- Risk control / inspection;
- Underwriting and claims file review / validation;
- Claims management processes; and
- Case reserving.

The management and mitigation of credit risk for reinsurance are described in section C.3.6 Risk Mitigation.

Reinsurance is a key tool used to mitigate the effect of catastrophe and underwriting risks. Being a part of a group, most of the Company's reinsurance is placed through the RSA Group. Reinsurance arrangements in place include facultative and treaty covers. The Company's treaty reinsurance is largely excess of loss in nature but also includes a small number of proportional covers. The effect of such reinsurance arrangements is that the Company should not suffer total net insurance losses beyond the Company's risk appetite in any one year.

The Company is exposed to both multiple insured losses and losses arising out of a single occurrence, for example natural peril events such as a cloud burst, windstorm, flood, or earthquake.

Through the RSA Group the Company participates in the purchase of significant catastrophe cover, buying to a minimum return period of 1:200 years. All catastrophe reinsurance is placed with reinsurers with a Standard & Poor's credit rating of 'A-', or better. The RSA Group Catastrophe Treaty protects all the RSA Group entities, including the Company.

C.1.7 Risk Sensitivity

See section C.7 for information on Stress and Scenario Testing for all categories of material risk.

C.2 Market Risk

C.2.1 Introduction

The Company is exposed to market risk, which is the risk of potential losses from adverse movements in market prices including those of bonds, equities, property, exchange rates and derivatives as well as credit rating downgrade risk, credit spread risk, credit default risk and asset-liability matching risk.

C.2.2 Measures used to assess Risk

The Company assesses its market risk exposures through a number of factors including: exposure by asset class; credit rating of counterparties; asset liability mismatch due to divergence in duration and currency exposures; and concentration exposures. In addition stress and scenario analysis is undertaken to assess market risk exposures.

Exposures are controlled by the setting of investment limits and managing asset-liability matching in line with the Company's risk appetite.

The Company's board is responsible for reviewing and approving the investment strategy for the investment portfolios. It provides approval for all major changes of the investment strategy. In particular any substantive changes to the balance of the funds between asset classes. In addition, asset liability matching both by currency and duration is monitored and reported to the Investment Committee. This includes limits on asset class exposures, single counterparty exposures, aggregate bonds by credit rating, portfolio duration etc. These limits aim to keep exposures within the Company's risk appetite whilst ensuring the portfolio is sufficiently diversified. Investment exposures relative to these limits are regularly monitored and reported.

There have been no material changes in exposure over the reporting period.

C.2.3 Material Risks

The Company is exposed to the following material market risks:

Interest Rate Risk

The fair value of the Company's portfolio of fixed income securities is inversely correlated to changes in market interest rates. Thus if interest rates fall, the fair value of the portfolio would tend to rise and vice versa.

In assessing this risk the Company will have reference to the interest rate exposures of its liabilities with risk being the difference between asset and liability exposures.

Equity Price Risk

The Company's portfolio of equity securities is subject to equity risk arising from changes in market price. Thus if the value of equities rise, so will the fair value of its portfolio and vice versa.

Currency Risk

The Company operates in a number of countries. Accordingly, its net assets are subject to foreign exchange rate movements. The Company's primary foreign currency exposures are to SEK, NOK, EUR, and USD. If the value of DKK strengthens then the value of non-DKK net assets will decline when translated into DKK and consolidated.

The Company incurs exposure to operational currency risk by holding investments and other assets and by underwriting liabilities in currencies other than the currency of the primary environment in which the business units operate (non-functional currencies) the Company's primary foreign currency exposures are to SEK, NOK, EUR, and the USD.

Operational currency risk is managed by broadly matching assets and liabilities by currency.

Structural currency risk is further managed through foreign exchange forwards and foreign exchange swap contracts within the limits that have been set. In managing structural currency risk, the needs of the Company to maintain net assets in local currencies to satisfy regulatory solvency and internal risk based capital requirements are taken into account. These assets should prove adequate to support local insurance activities irrespective of exchange rate movements.

There have been no material changes in the material market risks throughout the reporting period.

C.2.4 Application of the Prudent Person Principle

The Company applies a Market Risk Policy and a Liquidity Risk Policy that set out the minimum requirements for the identification, measurement, monitoring and reporting of Market and Liquidity Risk for the Company's investment portfolio. A set of key risk indicators in the form of an Investment Limits framework has been developed alongside the investment policy – the policy refers to this for investment risk management and reporting purposes.

In particular, the Prudent Person Principle (PPP) requires each operation and the Company to exercise prudence in relation to the investment portfolio and to ensure assets are appropriate to the nature and duration of its liabilities (assets and liabilities management – 'ALM'). It must also be able to show that it has appropriate systems and controls to hold and manage any such investments.

The PPP also requires a duty of care that must be applied for investments that are of non-routine nature, or that are not admitted to trading on a regulated financial market or to complex products such as derivatives or securitised instruments. The Company follows a high quality, low risk investment strategy with limited exposure to higher volatility investment classes such as equities, and balance sheet foreign exchange volatility. Asset and liability duration is broadly matched, with limited flexibility for tactical asset management.

The Company's portfolio focus is on high quality bonds and cash, with measured holdings in equities and property. At 31 December 2017, the Company held over 75% of its investment assets in cash, cash instruments, government bonds and 'AAA' rated non-government bonds, minimising any liquidity risk and enabling funds to be transferred when required. The credit rating of the bond portfolio of the Company is predominantly investment grade with 99% of bonds held rated 'BBB' or higher at 31 December 2017.

C.2.5 Material Risk Concentrations

The Company's investment portfolio consists predominantly of high quality, investment grade, fixed income assets reflecting the duration of its underlying insurance liabilities.

C.2.6 Risk Mitigation

The Company maintains a low risk, high quality portfolio with exposure concentrated in bonds and cash and only limited exposure to equity and property. Credit risk exposure is mitigated by the high quality nature of the portfolio with 99% investment grade and more than 90% of fixed interest and cash rated AA or above. Counterparty concentration risk is limited through limits placed on single counterparties reflecting a number of criterion including the counterparties' credit rating, industry and geography. The Company ensures that it maintains sufficient liquidity for its needs by having a limited exposure to highly liquid assets such as cash, bonds rated AAA and government and government guaranteed bonds.

Interest rate risk is limited through the Company maintaining a strong match of its bond asset duration relative to its liabilities. The Company maintains a limit of its asset duration being within one year of benchmarks which are established to provide a broad match to liabilities. Exposures are monitored by the Investment Committee and by relevant RSA Group Committees.

The Company also mitigates its exposure to currency risk through partial hedging of its surplus through a combination of foreign exchange forward and option contracts.

The Company may use derivative financial instruments for the purpose of reducing its exposure to adverse fluctuations in interest rates, foreign exchange rates, equity prices and long term inflation. The Company adopts a low risk approach with risk mitigated through use of tight risk limits and regular monitoring against this. The Company does not use derivatives to leverage its exposure to markets and does not hold or issue derivative financial instruments for speculative purposes. The policy on use of derivatives is approved by the Board.

C.2.7 Risk Sensitivity

See section C.7 for information on Stress and Scenario Testing for all categories of material risk.

C.3 Credit Risk

C.3.1 Introduction

Credit risk is defined as the risk of loss resulting from a counterparty failing to fulfil its contractual obligations to the company or failing to do so in a timely manner. The Company is exposed to credit risk in respect of its reinsurance contracts; insurance operations (where counterparties include brokers, policy holders and suppliers); and investments (where counterparties include governments and corporate bond issuers).

Within the Company, the management of credit risk is divided into three key areas, which are governed by separate policies:

- Reinsurance
- Investments
- Insurance operations

C.3.2 Measures used to assess Risk

Credit risk arises any time Company funds are extended, committed, invested or otherwise exposed through actual and / or implied contractual agreements with counterparties whether reflected on or off balance sheet.

The Board is responsible for ensuring that the Board approved credit risk appetite is not exceeded. This is done through the setting and imposition of company policies, procedures and limits.

In defining its appetite for counterparty credit risk the company looks at exposures at both an aggregate and business unit level distinguishing between credit risks incurred as a result of offsetting insurance risks or operating in the insurance market (e.g. reinsurance credit risks and risks to receiving premiums due from policyholders and intermediaries) and credit risks incurred for the purposes of generating a return (e.g. invested assets credit risk).

Limits are set at both a portfolio and counterparty level based on likelihood of default, derived from the rating of the counterparty, to ensure that the Company's overall credit profile and specific concentrations are managed and controlled within risk appetite.

Financial assets are graded according to company standards. 'AAA' is the highest possible rating. Investment grade financial assets are classified within the range of 'AAA' to 'BBB' ratings. For invested assets, restrictions are placed on each of the Company's investment managers as to the level of exposure to various rating categories including unrated securities.

The Company is responsible for assessing and monitoring the creditworthiness of their counterparties (e.g. policyholders, brokers, and third party suppliers). Reinsurer counterparty credit risk is set by the Reinsurance function.

C.3.3 Material Risks

The Company is mainly exposed to the following types of credit risk:

- Counterparty risk: defined to be the risk that a counterparty fails to fulfil its contractual obligations and / or fails to do so in a timely manner. This includes all types of counterparties such as agents, brokers, reinsurers and other third parties.
- Credit concentration risk: defined to be an uneven distribution of exposure to counterparties, single-name or related entity credit concentration, and / or in industry and / or services sectors and / or geographical regions.
- Credit downgrade risk: defined to be the loss or gain from a change in an investment's credit rating agency rating and / or an analyst buy, sell, hold opinion.

- Credit spread risk: defined as the spread in returns between government securities and / or any non-government security that are identical in all respects except for the quality of the credit rating of the security's counterparty.

The business is required to establish appropriate processes in order to identify its outstanding debt and the aging of that debt.

The business is required to implement processes and procedures in order to collect its outstanding debt in a manner that is consistent with the credit terms provided.

In cases where collection is delayed or is not possible, each business is required to record a provision or write off of the debt. No significant changes during the reporting period.

C.3.3.1 Reinsurance Credit Risk management

Reinsurance credit risk is defined as the credit risk arising from the purchase of all treaty reinsurance and facultative reinsurance by underwriters in accordance with their licenses.

C.3.3.2 Invested Assets Credit Risk, Credit downgrade and credit spread risk

Invested assets credit risk is defined as the non-performance of contractual payment obligations on invested assets, and adverse changes in credit worthiness of invested assets including exposures to issuers or counterparties for bonds, equities, deposits and derivatives etc. Invested asset credit risk arises in all investment portfolios throughout the Company. Credit downgrade is defined to be the loss or gain from a change in an investment's credit rating agency's rating and / or an analyst's buy, sell, hold opinion. Spread risk is defined as the risk that arise from negative movement in price in a sector relative to the market resulting for example from the changes in the markets perceived view of the industry sector.

C.3.3.3 Credit Risk arising from Insurance Operations

Insurance operations credit risk is defined as credit risk arising from carrying out daily insurance business operations. This includes loss of principal or financial reward resulting from a counterparty's failure to pay or fulfil all or part of its contractual obligations. For example, if the Company trades with an insolvent broker there is a risk that the Company will not receive all the premiums due from that broker.

Subrogated recoveries, which are derived from legal and claims department activities and are an insurance risk mitigation, are covered under the Insurance Risk Policy.

C.3.4 Application of the Prudent Person Principle

See section C.2.4 for the application of the prudent person principle to credit risk arising from investments. The prudent person principle is not applicable to credit risk in relation to reinsurance and insurance operations.

C.3.5 Material Risk Concentrations

Material risk concentrations are detailed below:

The Company is exposed to the following types of risk concentrations:

- Reinsurance counterparties
- Investment counterparties

C.3.5.1 Reinsurance Counterparties

The Reinsurance Committee oversees the management of credit risk arising from the reinsurer failing to settle its liability to the Company. Company standards are set such that reinsurers that have a financial strength rating of less than ‘A-‘ with Standard & Poor’s, or a comparable rating, are removed from the Company’s authorised list of approved reinsurers unless the Company’s internal review discovers exceptional circumstances in favour of the reinsurer. Collateral is taken, where appropriate, to mitigate exposures to acceptable levels.

The Company’s use of reinsurance is sufficiently diversified that it is not concentrated on a single reinsurer, or any single reinsurance contract. The Company regularly monitors its aggregate exposures by reinsurer group against predetermined limits, in accordance with the methodology agreed by the Board.

C.3.5.2. Investment Credit Risk

For material investment risks, see Section C.2.5.

C.3.5.3 Off Balance Sheet Guarantees

The Company has no reinsurance related exposure to certain off balance sheet guarantees issued under secured letter of credit facilities. The Company does not consider there to be any material risk concentration.

C.3.6 Risk Mitigation

The Company employs the following mitigating techniques and monitoring procedures in order to manage the different types of credit risk:

C.3.6.1. Reinsurance Credit Risk Management

Mitigation techniques

- Approved Reinsurance Counterparties – The Board approves reinsurance counterparties based on the recommendation from the Reinsurance function which is supported by the RSA Group reinsurance process to assess and approve all reinsurance counterparties.
- Approved Reinsurance Counterparties meet corporate standards – Due diligence is performed, Company monitors and maintains the approved reinsurance counterparties lists as part of an ongoing risk assessment of reinsurance counterparties. Where a reinsurance counterparty credit risk metric is approached or breached, risk response actions must be effected and reported to the Board.
- Appropriate Metrics – The Company has established metrics which are appropriate for quantifying reinsurance counterparty credit risk.
- Contract initiation – Before entering into an outward reinsurance contract a business must ensure and document that it has followed all the requirements of the Reinsurance Policy.
- Risk mitigation techniques – where risk mitigation techniques, such as the acceptance of collateral are used, they shall be well understood by following appropriate processes and procedures.

C.3.6.2. Investment Credit Risk Management

Mitigation techniques

- The Company maintains a low risk, high quality portfolio with exposure concentrated in bonds and cash and only limited exposure to equity and property.
- Credit risk exposure is mitigated by the high quality nature of the portfolio with more than 90% in securities rated ‘AA’ and above and less than 1% in sub investment grade. Limits are placed over the maximum aggregate exposure by credit ratings to ensure that the high quality nature of investments is maintained.
- Single counterparty credit risk is mitigated through having minimum exposures limits to government bonds as well as having maximum exposure limits to individual counterparties that reflect a number of criterion including counterparties’ credit rating and industry.

Monitoring Process

- The Company reviews the investment exposure against limits delegated by the Board and report these to the Investment Committee and to the RSA Group on an ongoing basis. Separately, external fund managers monitor the investment exposures against limits stipulated within their investment management agreements. These limits are consistent with limits delegated by the Board.

C.3.6.3. Insurance Operations Credit Risk Management

Mitigation techniques

- Credit Risk Committee – All businesses must have a Credit Risk committee, responsible for identifying, assessing, maintaining, monitoring and reporting on Insurance Operations Credit Risk exposures.
- Debt Reconciliations – Outstanding balances from the general ledger have to be agreed to supporting documentation and overdue payments are chased.
- Completion of Due Diligence activities – Each business must confirm material facts about the counterparty by reviewing several elements such as Annual and Quarterly Financial information for the past three years, Financial Projections, Capital Structure, list of top ten suppliers and history of the past two fiscal years (including current year to date)
- Credit Terms are set for each counterparty – Each business must set credit terms prescribed by Group according to the nature and credit standing of each counterparty. These criteria and the acceptable credit terms are documented on the Insurance Operation Credit Risk policy.
- Procedures for Loans and Insurance of Mortgages – Each business must put in place procedures that govern the credit assessment of granting of loans to counterparties and the insurance of mortgages.

Monitoring Process

All operations perform the following on a quarterly basis:

- Aged Debtors and Balances
- Breakdown of Debtors
- Top 20 Debtors, how much they owe, their credit rating (S&P ratings to be used with justification if an alternative is used), length of extended credit, whether they have exceeded their limit, if so action to recover or cancel relationship/business until 100% of the amount is received or at least amounts beyond 60 days
- Aged Debtors Variance Analysis (Budget vs Actuals)
- Major credit concentrations by counterparty, counterparty groups. or connected counterparties
- Key Performance Indicators – Debtor days (movement against prior quarter and prior year)
- Bad debt report providing exposure and estimated recovery by counterparty classified into appropriate buckets, e.g. days past due

C.3.7 Risk Sensitivity

See section C.7 for information on Stress and Scenario Testing for all categories of material risk.

C.4 Liquidity Risk

C.4.1 Introduction

Liquidity risk refers to the risk of loss to the Company as a result of assets not being available in a form that can immediately be converted into cash or the securing of such assets at excessive cost (whether through borrowing or overdraft arrangements for example), and therefore the consequence of not being able to pay its obligations when due.

C.4.2 Measures used to assess Risk

The Company breaks down liquidity risk into three subcategories:

- Funding liquidity risk: the risk that the business may be unable to liquidate assets, secure funding and / or contingency funding arrangements, and / or of excessive and / or prohibitive clauses in such funding and / or contingency funding arrangements, and / or the withdrawal and / or curtailment of funding facilities.
- Foreign currency liquidity risk: the risk that actual and/or potential future outflows in a particular currency are unable to be met from likely available inflows in that currency or purchased in the foreign exchange market.
- Intra-day liquidity risk: the risk that liquidity requirements increase during the course of a business day due to delays in settlement proceeds being received and / or problems in the workings of banking or other settlement systems.

Suitable monitoring processes are in place to assess all of the above including:

- Creation and maintenance of short-term cash flow forecasts, including by non-functional currency.
- Use of liquidity key performance indicators to measure the proportion of assets that can be liquidated within a specified time period of 20 working days.

C.4.3 Material Risks

The Company considers that there are currently no material liquidity risks.

There have been no material changes throughout the reporting period.

C.4.4 Application of the Prudent Person Principle

See section C.2.4 for information on the Prudent Person Principle.

C.4.5 Material Risk Concentrations

The Company maintains a strong and liquid portfolio of cash and investment assets which are monitored by type and duration in order to match the Company’s liabilities.

C.4.6 Risk Mitigation

The Company minimises risk by operating a high quality, low risk investment strategy which matches a relatively short liability duration.

The Company adheres to a liquidity policy (of at least 40% of investment assets are to be held in cash, cash instruments, unencumbered ‘AAA’ rated bonds and appropriate domestic government bonds) that ensures that adequate liquid resources are maintained at all times such that liabilities can be met as they fall due.

In addition, the Company produces a range of cash flow forecasts from short-term operational plans to 3 year forecasts in conjunction with the Company’s core planning processes.

C.4.7 Expected Profit in Future Premiums

The expected profits in future premiums (EPIFP) has been calculated as the present value of future cash flows relating to premiums in respect of existing contracts that are expected to be received in the future. The EPIFP has been calculated for each homogeneous risk group – loss-making policies have only been offset against profit-making policies within a homogeneous risk group. At the valuation date the EPIFP was DKK 1,420m.

C.4.8 Risk Sensitivity

See section C.7 for information on Stress and Scenario Testing for all categories of material risk.

The Company does not currently consider liquidity risk as a material risk. This decision is reviewed on a regular basis.

C.5 Operational Risk

C.5.1 Introduction

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risks are inherent in the Company's operations, and are typical of all enterprises.

C.5.2 Measures used to assess Risk

Operational risk exists in almost every aspect of business within the Company, and the effective management of operational risk plays a significant role in enabling the business to meet its strategic objectives.

The Risk Management Policy documents both the policy requirements for the identification, measurement, management, monitoring and reporting of operational risk, as well as setting out the processes and procedures for the effective operation of the risk management system. The Risk Management System sets out the Company's approach to minimizing and/or preventing the risk of material loss, reputational damage or liability arising from the failure to comply with risk requirements with a particular focus on operational risk.

In order to facilitate identification and control, the business breaks down operational risk into four sub-categories:

- Process risk: the risk of direct or indirect loss resulting from inadequate or failed internal processes.
- Systems risk: the risk of direct or indirect loss resulting from inadequate or failed infrastructure of the organisation including network, hardware, software, communications and their interfaces.
- People risk: the risk of direct or indirect loss resulting from the deliberate or unintentional actions of employees and/or management of the business or from their inaction.
- External risk: the risk of direct or indirect loss resulting from events outside the business control or from events that impact on an external relationship.

The business functions, supported by the Risk Function, ensure that new risks are identified, which can include risks created by changes to the business strategy, and are appropriately reflected in their Risk Profiles and Risk Appetite scorecards.

A number of information sources should be used to support identification processes. These include

- control assessments supported by testing such as validation and assurance activities;
- key risk indicators supporting the risk appetite framework;
- material business changes, including transformational activity;
- emerging risk assessments; and
- external incidents and internal incidents, which are supported by root cause analyses where appropriate.

Once material risks have been identified the business function must update its risk profile by including the risk net of mitigation, i.e. the residual risk (the risk of an event occurring which would crystallise a loss assuming existing controls and other mitigating actions are effective), and recorded on a standardised probability and impact matrix. The assessment of impact is made using both quantitative financial measures and qualitative reputational scales with consideration to potential impacts that could be incurred should the risk arise. Probability assessments run from 'very high' (more likely than not to happen) to 'very low' (less than once in 200 years) and are made with reference to the probability of a scenario arising that would result in these impacts being incurred. Assessments are made by the 1st line risk owner supported (and challenged) by the Risk Function.

The business function assesses all residual risks to determine if the risk is within risk appetite, and if not whether there is a plan with an owner to bring the risk within appetite within a reasonable timeframe.

Risk profiles, risk appetite scorecards and where applicable action plans are reviewed and challenged by the risk functions and at appropriate Risk and Control committees.

An annual sense check compares the operational risk capital scenario assessments to the operational risks included on the risk profiles to ensure consistency and completeness of the risks assessed and the assessments themselves.

C.5.3 Material Risks

The material risks that the Company is exposed to are as follows as reflected in the operational risk capital assessment.

Risk	Description
Programme Transformation Change	A project critical to strategic business objectives face the risk of running behind schedule and could incur additional unbudgeted costs. Additional strain placed on the business as employees are being enrolled on projects, resulting in work back logs, untimely turnaround / response times, staff stress, and pressure from increased workloads.
Legal / Legislative Non-Compliance	The Company incorrectly interprets law or legislation and / or erroneously excludes crucial terms & conditions (from non-insurance policy contracts) leading to minor sanctions, negative reputational consequences and/or change in business practices/decisions. The Company fails to comply with changes in legislation, laws, supervisory directives, market directives, accounting practices, taxation requirements, or other requirements issued by relevant authorities within prescribed time. Receipt of bribes / inducements to secure business/opportunities, acting in a way considered anti-competitive.
Inappropriate Underwriting	Failure (of the Company or management) to exercise appropriate levels of oversight on sales practices being adopted by individuals or related entities authorised to represent the Company or distribute its products and services directly to the market.
Loss of a material reinsurance payment	Employees fail to correctly execute reinsurance (treaty) contracts (not executed at all or disputed by reinsurer) resulting in lack of cover for large exposures and failure to recover funds from a large loss.
Theft or Corruption of Data	An external party attacks the Company's computer/electronic system with the purpose of defrauding the firm, theft or corruption of data, destroying systems, etc. The Company loses or discloses customer records/personal details as a result of staff negligence or loss of mobile media devices.

Financial reporting and accounting errors	Inadequate financial processes that result in financial accounting and or reporting errors and misstatement of financial accounts.
Regulatory Breach	Regulatory breaches or failures that cause detriment to customers, clients or significant trading partners. Inadequate sanctions systems, processes or failed sanction controls.
Business Interruption	A disaster event causing damage or disruption to business operations, assets, utilities and third parties, including natural disaster, war, riots, terrorism, explosion, vandalism, social unrest, fire, etc. Systems (software or hardware) failure resulting in staff being unable to use critical systems to work.
Third Party Management	A failure to manage, monitor and assess third parties, included outsourcing arrangements, can result in poor performance or service issues impacting the customer and resulting in error / breaches. In the worst cases this can lead to business interruption, regulatory or legislative fines, financial loss or reputational damage.

C.5.4 Application of the Prudent Person Principle

The prudent person principle is not applicable to operational risk.

C.5.5 Material Risk Concentrations

Whilst there are many inter-dependencies between operational risks there are no material risk concentrations.

C.5.6 Risk Mitigation

The operational risk management strategy is achieved through the following:

- the Risk Management Policy and supporting Business Control Policies,
- the Operational Risk Process and Procedures,
- the risk appetite and / or risk limits and tolerance levels.

The effective operation of the controls, control validation and assurance outlined in the Risk Management Policy and other policies is important to mitigate the risk of override at all levels, including that of management.

Policies are developed to provide a consistent set of controls so that risks remain within risk appetite.

The business manage risks on an ongoing basis in line with risk appetite. The business clearly documents the management and / or mitigation of the risk exposure through Risk Avoidance, Risk Reduction, Risk Transfer or Risk Acceptance. Where the risk exposure is judged to be unacceptable relative to risk appetite, actions must be taken to mitigate and / or manage the risk.

In managing and/or mitigating risk, the following four areas are considered.

- Risk Avoidance, defined as not engaging in the activity that gives rise to the risk exposure. This may include a change in the scope of activities that present the risk exposure.
- Risk Reduction, defined as a reduction in the probability and/or impact of the risk exposure. This would be achieved by either:
    - Implementing new or enhancing existing controls, or
    - Transferring the business activity, for example to an outsourced provider.
- Risk Transfer, defined as the movement of the risk exposure to another party who is more willing to bear the impact, for example through an insurance arrangement. Risk Transfer must be assessed and referenced to the risk appetite, the type of risk, the scale of the potential impact and / or costs and exclusions.
- Risk Acceptance, defined as an agreement by the business to retain and manage the risk exposure, for example where no mitigation is available to mitigate the risk or the cost of mitigation is deemed to be excessive in relation to the risk mitigation benefit.

Action plans are developed by the functional business teams where needed to bring risks back within appetite, with action plans being reviewed and challenged at Risk & Audit Committee. Action plans include assigned owners, actions to be followed and delivery dates.

The business functions, supported by the Risk Function, will:

- review the reports presented to the Country Risk & Control committees and consider if any of the control weaknesses reported need to be reflected as residual risks out of appetite on the risk profiles reported to the quarterly ORSA Committee;
- review the risk incident reports to assess trends and highlight any potential breaches of operational risk appetite;
- consider the impact of any major strategic or structural change within the organization or the business environment on the risk profiles; and
- consider the impact of any emerging risk reviews, scenario tests or other deep dives on the risk profiles.

The business maintain and report operational risks assessments in the Risk Profile to evidence regular monitoring and reporting against risk appetite. As a minimum, risk reporting provides sufficient data to:

- inform risk exposure by key risks and control indicators;
- describe the impacts, including regulatory breaches, non-compliance with policies and overdue audit actions;
- monitor action plans that include improvements to the control environment;
- identify systemic operational risks;
- identify emerging risks; and
- monitor and report material operational risk losses and near misses.

C.5.7 Risk Sensitivity

See section C.7 for information on Stress and Scenario Testing for all categories of material risk.

C.6 Other Material Risks

C.6.1 Other Material Risks Faced

The Company is not exposed to any other material risks.

C.7 Any other Information

Stress and Scenario Testing

Once a year, the Company performs a stress and scenario testing exercise aiming at quantifying the impact on own funds of several scenarios, including a reverse stress test, agreed with the senior management. The exercise is led by the Risk Function with input from other functions.

The stress and scenario testing activities cover all material risk classes to which the Company has an exposure with the purpose of evaluating the Company's vulnerabilities to exceptional but plausible events. It is an opportunity to demonstrate that solid risk management processes are in place that would allow the Company to perform under mild and extreme strains on the existing conditions.

The scenarios and process to be followed for quantifying their impacts are reviewed and approved by the senior management along with possible mitigating actions. Furthermore, the results of the exercise are reported to the Board.

In 2017, the key scenarios investigated related to underwriting, catastrophe, and cyber risks. No scenarios would lead to a breach of the SCR with the exception of the reverse stress test.

D. Valuation for Solvency Purposes

This section of the report sets out the value of the assets (D.1), technical provisions (D.2) and other liabilities (D.3) of the Company. Assets, technical provisions and other liabilities are broken down into material classes and lines of business as required by Solvency II. Two sets of values are presented:

- Figures prepared in accordance with Solvency II rules and guidance; and
- Figures prepared in accordance with the accounting standard used for the Company's statutory financial statements.

A description of the differences between the Solvency II valuation methods and assumptions and the statutory accounts basis is provided.

Section D.4 sets out details of assets and liabilities that have been valued using alternative valuation methods in accordance with Article 10(5) of the Solvency II Delegated Act (Solvency II Delegated Regulation 2015/35).

Solvency II Balance Sheet

	Statutory accounts value	Reclass-ification	SII valuation adjustments	Solvency II value
	DKKm	DKKm	DKKm	DKKm
Goodwill, deferred acquisition costs and intangible assets	1,255	-	(1,255)	-
Deferred tax assets	346	-	(186)	160
Property, plant & equipment held for own use	47	-	(6)	41
Investments (other than assets held for index-linked and unit-linked contracts)	**34,400**	**320**	**35**	**34,755**
Holdings in related undertakings, including participations	676	-	35	711
Equities	1,965	-	-	1,965
Bonds	**30,779**	**320**	**-**	**31,100**
Government Bonds	12,425	138	-	12,563
Corporate Bonds	18,354	182	-	18,536
Collective Investments Undertakings	892	-	-	892
Derivatives	87	-	-	87
Loans and mortgages	1,044	-	-	1,044
Reinsurance recoverables	776	-	(240)	536
Insurance and reinsurance receivables	414	-	-	414
Cash and cash equivalents	1,226	-	-	1,226
Any other assets, not elsewhere shown	782	(320)	(68)	394
Total assets	**40,290**	**-**	**(1,720)**	**38,570**
Technical provisions	28,581	-	(1,703)	26,878
Provisions other than technical provisions	352	-	-	352
Pension benefit obligations	28	-	-	28
Deferred tax liabilities	107	-	(73)	34
Derivatives	27	-	-	27
Insurance and reinsurance payables	402	-	-	402
Payables (trade, not insurance)	1,818	-	-	1,818
Any other liabilities, not elsewhere shown	589	-	-	589
Total liabilities	**31,904**	**-**	**(1,776)**	**30,128**
Excess of assets over liabilities	**8,386**	**-**	**55**	**8,441**

D.1 Assets

D.1.1 Valuation of Assets

The assets of the Company are valued in accordance with Article 75 of the Solvency II Directive, related articles of the Delegated Act, i.e. Solvency II Delegated Regulation 2015/35 and the guidelines issued by EIOPA on the valuation of assets and liabilities other than technical provision.

The following paragraphs describe, for each material class of assets, the bases, methods and main assumptions used in valuing those assets for Solvency II purposes and an explanation of any material differences from the bases, methods and main assumptions used for valuing these in the financial statements.

The valuation method and assumptions for assets can be found below.

Overview

Solvency II requires assets and liabilities to be valued on a basis that reflects their fair value (described as ‘economic valuation’) with the exception that liabilities should not be adjusted to take account of changes in an insurer’s own credit standing.

The Company’s financial information is prepared using the recognition and measurement bases required in the Danish Financial Business Act, including the Danish FSA’s Executive Orders no. 937 of 27 July 2015 and no. 688 of 1 June 2016 on Financial Reports for Insurance Companies and Lateral Pension Funds (Nationwide Occupational Pension Funds). Therefore the valuation of assets and liabilities for Solvency II purposes begins with the values from the financial statements and adjusts these for specific differences in valuation between Danish GAAP and Solvency II. The adjustments made are classified into two broad categories:

- Reclassifications of the Danish GAAP balance sheet items into the appropriate Solvency II categories.
- Revaluation adjustments for areas where the Danish GAAP valuation techniques are not considered to be consistent with Solvency II requirements.

For further details of the accounting policies adopted for the purposes of preparing statutory accounts, see the accounting policies section of the financial statements of the Company.

Abbreviation	Meaning
DA	Delegated Acts, i.e. Solvency II Delegated Regulation 2015/35 (as amended)
QRT LOG	Guidance as extracted from Solvency II ITS on reporting – Regulation 2015/2450 and Solvency II ITS on public disclosure – Regulation 2015/2452
GL Valuation	EIOPA-BoS-15/113 EN Final Report on Guidelines on recognition and valuation of assets and liabilities other than technical provisions

Goodwill

Solvency II Guidance	Solvency II Reference	Valuation methods and assumptions
Goodwill should be valued at nil	DA Art 12(1)	Goodwill is reported as an asset in the balance sheet however should be valued at nil for Solvency II reporting. Any goodwill reported for Danish GAAP purposes are eliminated in the Solvency II balance sheet, with corresponding adjustments to deferred taxes.

Intangible Assets

Solvency II Guidance	Solvency II Reference	Valuation methods and assumptions
Intangible assets are ascribed a value only where they can be sold separately and the insurer can demonstrate that there are quoted prices in an active market for the same or similar assets, in which case the asset shall be valued in accordance with the valuation hierarchy.	DA Art 12(1)	There are a number of intangible assets recorded on the Company's balance sheet, including renewal rights, customer lists, brands, software development costs and other acquired identifiable non-monetary assets without physical form. Intangible assets are amortised over their estimated useful lives and are subject to impairment test whenever indicators of impairment exist. The Company's intangible assets are not deemed to be capable of being sold separately and certainly do not have quoted prices on an active market (nor do such prices exist for similar assets); they are therefore are valued at nil in the Solvency II balance sheet, with corresponding adjustments to deferred taxes.

Deferred Tax Assets and Liabilities

Solvency II Guidance	Solvency II Reference	Valuation methods and assumptions
Insurers should recognise and value deferred tax balances in relation to all assets and liabilities that are recognised for solvency or tax purposes. Deferred tax balances (other than in respect of the carry forward of unused tax credits and unused tax losses) shall be determined by reference to the Solvency II balance sheet. Only a positive value shall only be ascribed to deferred tax assets where it is probable that future taxable profits will lead to the realisation of that deferred tax asset. This assessment should take into account any time limits that apply to the carry forward of unused tax losses or credits.	DA Art 15 GL Valuation (Final Report) – Table	The valuation method for deferred tax balances is the same under Danish GAAP and Solvency II. Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and the carrying amounts on the Solvency II balance sheet. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting, nor taxable profit or loss, it is not accounted for in the Danish GAAP balance sheet and so will not be accounted for in the Solvency II balance sheet. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when

EIOPA's Final Report on Guidelines on recognition and valuation of assets and liabilities other than technical provisions indicates that the measurement principles of IAS 12 (as applied to the temporary difference between Solvency II values and the tax values) are consistent with Solvency II's requirements. A corollary of this is that, consistent with IAS 12, deferred tax balances shall not be discounted.		the related deferred tax asset is realised or the related deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which unused tax losses and temporary differences can be utilised. In preparation of the Solvency II balance sheet there are a number of adjustments to move from a Danish GAAP to a Solvency II valuation basis. These adjustments are considered (other than deferred tax assets from carry-forward credits and losses) in assessing the temporary differences upon which the deferred taxes are derived. The key valuation adjustments which impact the estimate of deferred taxes for Solvency II purposes are: • elimination of goodwill and intangible assets; • adjustments to technical provisions valuation; • recognition of contingent liabilities; and • revaluation of plant and equipment (for own use). See Section D.1.2 for more information on deferred tax.

Pension Benefit Surplus and Deficits

Solvency II Guidance	Solvency II Reference	Valuation methods and assumptions
The requirements of IAS 19 are considered to be consistent with Solvency II's requirements. In practice, IAS 19 requires pensions obligations to be calculated on a best estimate liability (with no risk margin) discounted at a corporate bond rate. This is likely to lead to a lower valuation that would result from applying a model based on the Solvency II valuation principles for insurance liabilities (such as deferred annuities) which, under Solvency II, would be discounted at a risk-free rate and would include a risk margin.	GL Valuation (Final Report) - Table	The valuation methods and assumptions for pension schemes are the same under Danish GAAP and Solvency II. Contributions to defined contribution pension schemes are charged in the period in which the employment services qualifying for the benefit are provided. The value of the net defined benefit liability (asset) recognised in the Solvency II balance sheet for each individual post retirement scheme is calculated as follows: • The present value of defined benefit obligation of the scheme at the end of the reporting period; and • Minus the fair value at the end of the reporting period of the scheme assets out of which the obligations are to be settled directly. The present value of defined benefit obligations and the present value of additional benefits accruing during the period are calculated using the Projected Unit Credit Method. The calculation of the present value of accrued benefits includes an actuarial assumption of future interest rates,

Solvency II Guidance	Solvency II Reference	Valuation methods and assumptions
		which is used to discount the expected ultimate cost of providing the benefits. The discount rate is determined at the end of each reporting period by reference to current market yields on high quality corporate bonds identified to match the currency and estimated term of the obligations. For those individual schemes in deficit, the resulting net liabilities are recognised in the statement of financial position in provisions. For those individual schemes in surplus, an asset is recognised in the statement of financial position in other debtors and other assets to the extent that the company can realise an economic benefit, in the form of a refund or a reduction in future contributions, at some point during the life of the scheme or when the scheme liabilities are settled. The amounts charged (or credited where relevant) relating to post retirement benefits in respect of defined benefit schemes are as follows: • The current service cost; • The past service costs and gains or losses on settlements; • Net interest on the net defined benefit liability (asset); and • Administration costs of operating the pension schemes. Re-measurements of the net defined benefit liability (asset) comprise actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)). Actuarial gains and losses arise from changes to actuarial assumptions when revaluing future benefits and from actual experience in respect of scheme liabilities.

Property, Plant and Equipment

Solvency II Guidance	Solvency II Reference	Valuation methods and assumptions
Property, plant and equipment shall not be valued at cost less depreciation and impairment. EIOPA's Final Report on Guidelines on recognition and valuation of assets and liabilities other than technical provisions indicates that the revaluation model in IAS 16 should be applied (even where the alternative cost model is used for accounting purposes). This model requires that valuations shall be made 'with sufficient regularity to ensure that	GL Valuation (Final Report) - Table	Property and equipment comprise group occupied land and buildings, fixtures, fittings and equipment (including computer hardware and motor vehicles). Group occupied property (land and buildings) is stated at fair value and other property and equipment is stated at depreciated cost for Danish GAAP reporting. Group occupied property is valued on a fair value basis on the Solvency II balance sheet. For all other property and equipment, Danish GAAP values are assumed to approximate fair value, except in

the carrying amount does not differ materially from that which would be determined using fair value'.

specific instances where an adjustment is deemed necessary. This is a change from the treatment adopted during the previous period, whereby no value was recognised due to reasons of practicality.

Participations and Related Undertakings (subsidiaries, associates and joint ventures)

Solvency II Guidance	Solvency II Reference	Valuation methods and assumptions
Investments in related undertakings (subsidiaries, associates and joint ventures) shall be valued using the following hierarchy: i) Valued based on quoted prices in active markets where such prices are available. ii) Where quoted prices in active markets not available, valuation will be on an 'adjusted equity method' where the value of the investment is determined as the insurer's share of the related undertaking's net assets (based on Solvency II valuation of underlying net assets or, for related undertakings other than insurers where this is not practicable, based on IFRS with the deduction of goodwill and intangibles that would be valued at nil under Solvency II rules). iii) For related undertakings other than subsidiaries, where quoted prices in active markets not available and where it is not possible to apply an adjusted equity method, an alternative valuation method (e.g. mark to model) may be used. Investments in related undertakings that are either excluded from the scope of group supervision due to legal impediments in third countries on the transfer of information of otherwise deducted from group own funds due to the non-availability of the necessary information shall be valued at nil.	DA Art 13 DA Art 335	A 'participation' is a Solvency II term for a holding (direct or indirect) of at least 20% of the voting rights or capital of another undertaking. It can therefore be a subsidiary, an associate or a joint venture. Included here are equity investments. Solo balance sheet Investments in directly owned subsidiaries and associates are accounted for using the equity method for Danish GAAP reporting. The equity method means that the value is equal to the proportion of equity in the entities which corresponds to the ownership interest and is calculated in accordance with the accounting policies applied by the Company. For Solvency II reporting, investments in participations that do not have quoted market prices (none of them are quoted) are valued using the 'adjusted equity method', i.e. as a share of that participation's excess of assets over liabilities, as valued under Solvency II rules (especially if an insurer). This means that the balance sheet of that participation needs to be adjusted to Solvency II rules before the share of net assets in the investment may be valued (bottom-up approach). If the participation is not an insurance or reinsurance company, the same method as above is to be adopted or, if that is not possible, the equity method in IFRS (with any goodwill and inadmissible intangible assets valued at nil) may be adopted instead. This applies irrespective of whether the participation is in a net assets or net liability position.

Financial Assets

Solvency II Guidance	Solvency II Reference	Valuation methods and assumptions
Financial assets shall not be valued at cost or amortised cost. EIOPA's Final Report on Guidelines on recognition and valuation of assets and liabilities other than technical provisions indicates that all financial assets shall be measured at fair value. Whilst reinsurance recoverables in respect of unsettled claims are subject to the rules regarding technical provisions (see next section), payments due in relation to settled insurance claims should not be measured under those rules and so would fall to be treated as financial assets. Only future premiums which fall due after the valuation date are subject to the rules regarding technical provisions; therefore any premium debts due would fall to be treated as financial assets although EIOPA has previously indicated that the risk of non-payment by the policyholder can be ignored if that will result in waiving the insurance cover.	DA Art 10 DA Art 16 Balance sheet QRT LOG (S.02.01)	Financial assets are valued at fair value for both Danish GAAP and Solvency II balance sheet valuation purposes. The methods and assumptions used by the Company in estimating the fair value of financial assets are: • Bonds: fair values are generally based upon quoted market prices. Where market prices are not readily available, fair values are estimated using either values obtained from quoted market prices of comparable securities or estimated by discounting expected future cash flows using a current market rate applicable to the yield, credit quality and maturity of the investment. For Solvency II reporting accrued interest is added to the relevant instruments and reclassified into the various Solvency II balance sheet categories. • Equity securities: fair values are based upon quoted market prices. For Solvency II reporting the equity securities are reclassified into the various Solvency II balance sheet categories. • Derivatives: fair values are generally based upon quoted market prices. Positive values are reported as assets and negative values reported as liabilities in the Solvency II balance sheet. • Collective investment schemes: quoted market prices are used where available, else funds are valued using data from third-party administrators or, in the case of loan funds, fund manager data. All funds are reviewed regularly for signs of underlying impairment. As such, it is considered that all values approximate to fair values. • Cash and deposits, loans and mortgages, receivables and other assets: carrying amounts approximate to fair values as these are generally short term balances. For Solvency II reporting, except for cash in hand, accrued interest is added to the relevant instruments and balances are reclassified into the various categories as per Solvency II definitions. For prepayments, the approach is to start with the Danish GAAP balance and make adjustments to derecognise any prepaid expenses that cannot be converted into cash. Premium debtors and recoveries falling due for payment after the balance sheet date are reclassified from receivables to technical provisions. More information is provided in section D.2. During the year, the approach to this reclassification

Solvency II Guidance	Solvency II Reference	Valuation methods and assumptions
		was altered to align more closely with internal credit control processes, generally resulting in more amounts being considered not yet due as at the balance sheet date.t.

Reinsurance recoverables

The sub-categories in the Solvency II balance sheet of reinsurers' share of technical provisions mirrors those of the gross balances and the same mapping of Solvency II lines of business is to be used. See Section D.2 for more details.

D.1.2 Analysis of Deferred Tax

An analysis of deferred tax is detailed below:

Deferred Tax	**Asset** **DKKm**	**Liability** **DKKm**
Deferred tax position at 31 December 2017	**160**	**34**

The following are the major deferred tax assets and liabilities recognised by the Company:

	DKKm
Intangibles capitalised	35
Tax losses and unused tax credits	126
Retirement benefit obligations	5
Provisions and other temporary differences	982
Technical provisions	(1,022)
Net deferred tax position at 31 December 2017	**126**

The Company is a part of the mandatory Danish group taxation.

The Swedish branch, Trygg-Hansa Försäkring filial, is taxed in Sweden.

The Norwegian branch, Codan Forsikring NUF, is taxed in Norway. At the end of the reporting period, Codan Forsikring NUF continuing operations have unused tax losses of DKK 638m for which deferred tax asset at 25% is being recognised. The tax losses are not time-barred. Codan Forsikring NUF expects future profits streams to cover the deferred tax asset from tax losses. The deferred tax effect of the adjustments from IFRS to Solvency II in the Norwegian branch DKK 33m is not capitalised.

Deferred tax is not provided for contingency funds. The contingency funds are DKK 1,395m in Denmark and DKK 4,022m in Sweden.

Deferred tax in Denmark and Sweden are based on a rate of 22% as at 31 December 2017. Deferred tax in Norway is based on a rate of 25% as at 31 December 2017.

The closing procedure for providing Solvency II deferred tax figures for the Company utilises a walkthrough bridge from the figures reported on a Danish GAAP basis in the Company Annual Report. A tax analysis is performed of valuation adjustments made to the statutory accounts balances in arriving at the Solvency II balance sheet. Where these adjustments give rise to a temporary difference under Danish GAAP, a deferred tax asset or liability is recognised in accordance with Danish GAAP principles, subject to recognition criteria outlined above.

D.1.3 Estimation Techniques, Risks, and Uncertainties relating to Assets and Liabilities

The preparation of the Solvency II balance sheet requires the Company to exercise judgements in the use of estimates and assumptions in a number of key areas. The most significant of these are as follows:

Recognition and Valuation of Deferred Tax Assets

Deferred tax assets have been recognised on the basis that future taxable profits will be available against which these deferred tax assets can be utilised. The evidence for the future taxable profits is a forecast consistent with the three-year operational plan, which are subject to internal review and challenge by senior management and the Board. Where relevant, the forecast includes extrapolations of the operational plan using assumptions consistent with those used in the plans.

Financial Assets and Liabilities

Fair value is used to value a number of assets and represents market value at the reporting date.

Cash and Cash Equivalents, Loans and Receivables

For cash, loans and receivables, commercial paper, other assets, liabilities and accruals, their carrying amounts are considered to be as approximate fair values on the basis that these are short term assets.

Derivative Financial Instruments

Derivative financial instruments are financial contracts whose fair value is determined on a market basis by reference to underlying interest rate, foreign exchange rate, equity or commodity instrument or indices.

D.2 Technical Provisions

D.2.1 Valuation and Comparison of Danish GAAP to Solvency II

Below table shows for the material line of business the Solvency II technical provisions split upon a best estimate and the associated risk margin. Table is net and includes both claims and premium provision. Technical provisions for Danish Statutory Accounts equal the Solvency II technical provisions plus a profit margin.

		Best Estimate DKKm	Risk Margin DKKm	Total TPs DKKm
Direct business and accepted proportional reinsurance	Medical expense insurance	188	34	222
	Income protection insurance	7,278	553	7,831
	Workmen's compensation insurance	2,520	193	2,713
	Motor vehicle liability insurance	3,733	279	4,012
	Other motor insurance	559	119	678
	Marine, aviation and transport insurance	213	24	237
	Fire and other damage to property insurance	3,065	357	3,422
	General liability insurance	1,273	97	1,370
Non-life annuities	Annuities stemming from non-life insurance and contracts and relating to health insurance obligations	1,549	101	1,650
	Annuities stemming from non-life insurance and contracts and relating to insurance obligations other than health insurance obligations	3,849	252	4,101
Immaterial lines of business		90	14	104
Total technical provisions				**26,340**
Total profit margin				**1,463**

Note that the annuities stemming from non-life insurance do not have profit margin in that this is tied to the premium provision occuring under the associated non-life line of business.

D.2.2 Basis of Preparation of Technical Provisions

Under Solvency II, the technical provisions are made up of:

Claims provision + Premium provision + Risk margin

The claims provision is the discounted best estimate of all future cash flows (claim payments, expenses and future premiums) relating to claim events prior to the valuation date.

The premium provision is the discounted best estimate of all future cash flows (claim payments, expenses and future premiums due) relating to future exposure arising from policies that the Company has written at the valuation date.

The risk margin is calculated as per the Solvency II Directive as the cost of capital required to hold future SCRs over the life of the technical provisions as they run off.

The valuation of the best estimate for claims provisions and for premium provisions are carried out separately. Claims and premium provisions are calculated gross of outwards reinsurance and for reinsurance. The risk margin is only calculated net of reinsurance.

D.2.2.1 Bases, Methods and Assumptions used for Valuation

The claims provision comprises the estimated cost of claims incurred but not paid at the end of the reporting period. The provisions are calculated by valuing future cash flows including claims payments, related expenses, salvage and subrogation recoveries and reinsurance transactions. The provision is determined using the best information available of claims settlement patterns, forecast inflation and estimated claims settlement amounts.

Future claims cash flows include an allowance for Events Not in Data (‘ENID’).

The premium provision comprises estimated cost of future claims and associated expenses for unearned business and bound but not incepted business on a best estimate basis, offset by effect of lapses and future premiums due. The cash flows also include profit commissions and the costs of policy administration.

All expenses that would be incurred in running-off the existing business, including a share of the relevant overhead expenses are taken into account. This share is assessed on the basis that the Company continues to write new business. The expense provision includes items such as investment expenses that would not be covered under the IFRS basis.

Future claims cash flows are generally determined by considering how past claims payments have materialised, with separate explicit cash flows determined for gross of reinsurance and net of reinsurance. The provisions for claims relating to annuities arising from general insurance business are also determined using recognised actuarial methods.

Cash flows are discounted for the time value of money using yield curves prescribed by EIOPA.

The risk margin is calculated by determining the present value of the cost of holding the SCR necessary to support the company’s insurance obligations over their lifetime. This approach is intended to reflect the costs incurred by a notional (re)insurer, the reference undertaking, of holding the capital to accept a transfer of liabilities.

D.2.2.2 Significant Simplified Methods

For the premium provision, under the legal obligation basis of Solvency II, all existing bound contracts are to be valued, whether the contracts have incepted or not. This includes future premium and claims cash flows for policies not yet incepted by the valuation date, but already forming part of contractual obligations (Bound But Not Incepted (‘BBNI’) business). Disregarding this part of the policies, would be considered too prudent, wherefore the associated volume has to be estimated. Due to limitations of data available, we currently as a simplifying assumption assume that the volume corresponds to the first month of written business according to the Operational Plan.

For the risk margin, the future reference undertaking SCRs are estimated by considering the remaining claims at each future valuation date. As claims run off, a higher proportion of long tail, e.g. liability, claims remain which require a proportionally higher level of capital to support them. The method used reflects the proportionally increasing levels of capital required in the future.

D.2.3 Uncertainties and Contingencies

There is an inherent uncertainty in estimating claims provisions at the end of the reporting period for the eventual outcome of outstanding notified claims as well as estimating the number and value of claims that are still to be notified. Major uncertainties include the possibility of future legislative change having retrospective effect on open claims; changes in claims settlement procedures potentially leading to future claims payment patterns differing from historical experience; the possibility of new types of claim, such as disease claims, emerging from business written several years ago; general uncertainty in the claims environment; the emergence of latent exposures such as asbestos; the outcome of litigation on claims received; and unanticipated changes in claims inflation.

There is also increased uncertainty in premium provisions as ultimate claims costs need to be estimated for future events.

D.2.4 Use of Adjustments and Transitionals

In valuing the technical provisions, none of the following have been applied:

- the matching adjustment referred to in Article 77b of Directive 2009/138/EC;
- the volatility adjustment referred to in Article 77d of Directive 2009/138/EC;
- the transitional risk-free interest rate-term structure referred to in Article 308c of Directive 2009/138/EC
- the transitional deduction referred to in Article 308d of Directive 2009/138/EC

D.2.5 Recoverables from Reinsurance Contracts and Special Purpose Vehicles

Reinsurance arrangements in place include proportional, excess of loss, catastrophe and more tailored covers. Parts of the covers are shared within the RSA Group. An example of this is the natural catastrophe excess of loss cover.

D.2.6 Changes in Assumptions

The Company routinely adjusts the assumptions underlying the calculation of technical provisions in light of emerging trends in the data. Many of these assumptions only have minor impacts on the level of Technical Provisions reported.

During 2017 the Company changed its approach to the treatment of future premiums within the Technical Provisions calculation. As at the end of 2016, future premiums that represented instalment premiums associated with loan arrangements and overdue premiums were not included in technical provisions but allowed for in debtors. In 2017 this has been reversed. This has caused both technical provisions and debtors to reduce by equal amounts in the 2017 Solvency II balance sheet compared with the 2016 approach.

D.3 Other Liabilities

The liabilities as per the Solvency II balance sheet at the valuation date are shown at the beginning of section D.

D.3.1. Valuation of Other Liabilities

The liabilities of the Company are valued in accordance with Article 75 of the Solvency II Directive, related articles of the Delegated Act, i.e. Solvency II Delegated Regulation 2015/35 and the guidelines issued by EIOPA on the valuation of assets and liabilities other than technical provision.

Set out on the following pages is a description for each material class of liabilities (other than technical provisions) of the bases, methods and main assumptions used for valuation for Solvency II purposes and an explanation of any material differences from the bases, methods and main assumptions used for valuing those liabilities in the financial statements.

See Section D.1.1 for an overview.

Financial Liabilities

Solvency II Guidance	Solvency II Reference	Valuation methods and assumptions
Insurance and reinsurance undertakings shall value financial liabilities, as referred to in international accounting standards adopted by the Commission in accordance with Regulation (EC) No 1606/2002, in accordance with Article 9 of this Regulation upon initial recognition. There shall be no subsequent adjustment to take account of the change in own credit standing of the insurance or reinsurance undertaking after initial recognition	DA Art 14(1)	Financial liabilities are valued at fair value for both Danish GAAP and Solvency II balance sheet valuation purposes. The methods and assumptions used by the Company in estimating the fair value of financial liabilities are: • Notes, bonds, loans payable and loan capital: fair values are determined by reference to quoted market prices or estimated using discounted cash flow calculations based upon prevailing market rates. • For borrowings that carry a variable rate of interest (other than loan capital), carrying values approximate to fair values. • Other liabilities and accruals: carrying amounts approximate to fair values as they are short term liabilities. Upon subsequent measurement of financial liabilities, any changes in own credit risk are not reflected in the fair value. Under Danish GAAP, debtors and payables relating to future premiums are included within insurance and reinsurance debtors and payables; however, under SII future premiums are included within Solvency II technical provisions as future cash flows. As per the principle of correspondence, the only insurance business to be recognised as ceded is bound business, i.e. business recognised within gross technical provisions. Reinsurance payables are adjusted for amounts that do not meet this criterion, unless the cost is sunk, in which case it must be recognised in full.

Contingent Liabilities

Solvency II Guidance	Solvency II Reference	Valuation methods and assumptions
Insurers should recognise material contingencies as liabilities. Contingent liabilities are material if information about the current or potential size or nature of those liabilities could influence the decision-making or judgement of the intended user of that information (including supervisors). Such liabilities should be valued at the expected present value of future cash flows required to settle the contingent liability, discounted at the basic risk-free interest rate term structure.	DA Art 11 DA Art 14(2)	Material contingent liabilities are recorded on the Solvency II balance sheet and are valued at the expected present value of future cash flows to settle the obligation liability over the lifetime of that contingent liability, using the relevant risk-free interest rate term structure. This basically means multiplying a possible outcome by its probability and discounting the result using the risk-free interest rate. This applies to non-insurance risks only, as insurance risks are already captured by the best estimate component of technical provisions. Contingent liabilities acquired in a business combination are valued on a basis consistent with that used for Danish GAAP reporting.

Provisions other than technical provisions

Solvency II Guidance	Solvency II Reference	Valuation methods and assumptions
EIOPA's Final Report on Guidelines on recognition and valuation of assets and liabilities other than technical provisions indicates that, in accordance with the principles in IAS 37, provisions are recognised where there is a present obligation as a result of a past event which will probably give rise to an outflow of resources and which can be measured reliably. Provisions are valued at a best estimate of the expenditure required to settle the present obligation at the balance sheet date.	DA Art 9 GL Valuation (Final Report) - Table	The basis of preparation for provisions is the same under Danish GAAP and Solvency II. Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

See section D.1.3 for details of estimation techniques, risks, and uncertainties relating to assets and liabilities; section D.1.1 for an explanation of the bases, methods and assumptions used for the valuation of deferred tax assets and liabilities; and section D.1.2 for deferred tax analysis.

D.3.2 Liabilities for Employee Benefits including Defined Benefit Plan Assets

Defined Benefit Pension Schemes and Other Post-retirement Benefits

The Company's obligations in respect of defined-benefit plans constitute obligations towards employees in the Swedish and Norwegian branches. The pension risk in the Company related to these plans is in the view of management considered immaterial. The total pension obligation for defined benefit plans amounts to DKK 28m, which equals less than 1% of the total balance sheet value.

D.4 Alternative Methods for Valuation

Assets and liabilities valued using alternative valuation methods include certain debt and equity securities, collective investment schemes and derivatives.

Most of these instruments are given this classification because the markets on which they trade are not considered to be sufficiently active to qualify as active for the purpose of this disclosure. Despite this, the valuation of these assets is still based on quoted prices available from an exchange, dealer, broker, pricing service or other third party and as such these prices are considered reliable indicators of the fair value of the instruments.

Instruments disclosed as valued under alternative valuation methods for which quoted market prices are not available are valued using observable inputs as far as possible. These instruments are generally illiquid and include illiquid credit instruments. As such they are rarely traded, but experience from disposals when they do occur suggests that the valuation methods used are reasonably reliable in estimating the fair value of the instruments.

There is no difference between the bases, methods and assumptions used when valuing these instruments for SII purposes and those used for DK GAAP reporting. See Section D.1.3 for a description of the valuation techniques used and how they are assessed.

D.5 Any other Information

Nothing to report.

E. Capital Management

This section of the report describes how the Company manages own funds in terms of:

- Information on the objectives, policies and processes employed by the Company for managing its own funds;
- The amount of the Company's Solvency Capital Requirement and Minimum Capital Requirement ('MCR'), including any non-compliance with those measures; and
- The scope of the Internal Model used by the Company for its SCR calculation.

E.1 Own Funds

E.1.1 Objectives, Policies, Processes and Material Changes

Policies and Processes for Managing Own Funds

The primary objective of the Capital Management function is to ensure that the Company has sufficient capital to meet its obligations. This is achieved by optimising the balance between return and risk, whilst maintaining economic and regulatory capital in accordance with risk appetite.

Capital Management's role and responsibility is to govern, monitor and oversee capital resources ensuring that these are within the risk appetite of the Company and meet appropriate regulatory / accounting rules and guidelines. This includes the calculation, estimation and forecasting of capital resources and capital requirements such as available and eligible own funds.

The Company manages capital and solvency through a governance framework including methodology validation, monitoring and reporting processes.

Business Planning

The Company operates a three-year time horizon for business planning. Plans are reviewed and challenged at Board level.

Material Changes over the Reporting Period

No material changes to the objectives, policies or processes for managing own funds were made over the period.

E.1.2 Structure, Amount and Quality of Own Funds

Classification and Eligibility of Capital

The Company's own funds are classified per Solvency II requirements as follows:

Solvency II Tier	Capital Item
Tier 1	Ordinary share capital Reconciliation reserve
Tier 1 Restricted	n/a
Tier 2	n/a
Tier 3	Deferred tax assets

Tier 1 own funds includes the Solvency II reconciliation reserve; the key elements of which are as follows:

- Excess of assets over liabilities as presented in the Solvency II balance sheet;
- A deduction for foreseeable dividends and distributions in relation to 2017 interim and final payments;
- A deduction for amounts already included in Tier 1 own funds, including ordinary share capital, share premium account, net deferred tax asset and minority interests.

Capital Composition

The Company's capital structure per 31 December 2017 by tier is as below:

		2017 **DKKm**	**2016** **DKKm**
Tier 1	Share capital	15	15
	Reconciliation reserve	8,267	8,492
		8,282	**8,507**
Tier 1 Restricted	n/a	**-**	**-**
Tier 2	n/a	**-**	**-**
Tier 3	Deferred tax assets	**160**	**207**
Total Basic Own Funds		**8,441**	**8,714**

Core Tier 1 basic own funds decreased to DKK 8,441m in the period, driven by dividend payments not entirely offset by profit for the year.

E.1.3 Eligible Own Funds to Cover the SCR

Basic Own Funds to Eligible Own Funds

Solvency II requires that basic own funds are first considered against availability rules, and then subjected to eligibility criteria based on both the SCR and capital structure. Eligible own funds are considered available to cover the SCR. The Company's basic own funds to eligible own funds reconciliation is shown below:

	Basic Own Funds	Availability restrictions	Available own funds	Eligibility restrictions	Eligible Own Funds
	DKKm	DKKm	DKKm	DKKm	DKKm
Tier 1	8,282	-	8,282	-	8,282
Tier 3	160	-	160	-	160
Total	**8,441**	**-**	**8,441**	**-**	**8,441**
				SCR	**4,394**
				Surplus	**4,047**
				SCR Coverage	**192%**

Non-available Capital

The Company has no non-available capital to meet the SCR.

Ineligible Capital

The Delegated Act requires that limits are imposed upon the eligible amounts of Tier 1, Tier 2 and Tier 3 capital, according to the calculation of the SCR, and MCR:

- Eligible Tier 1 items shall be at least 50% of the SCR;
- Eligible Tier 3 items shall be no more than 15% of the SCR;
- The sum of eligible Tier 2 and eligible Tier 3 items shall be no more than 50% of the SCR.

E.1.4 Eligible Own Funds to Cover the MCR

Solvency II requires that basic own funds are first considered against availability rules, and then subjected to eligibility criteria based on both the MCR and capital structure. Eligible own funds are considered available to cover the MCR. The Company's basic own funds to eligible own funds reconciliation for the MCR is shown below:

	Basic Own funds	Availability restrictions	Available own funds	Eligibility restrictions	Eligible Own funds
	DKKm	DKKm	DKKm	DKKm	DKKm
Tier 1	8,282	-	8,282	-	8,282
Tier 3	160	-	160	160	-
Total	**8,441**	**-**	**8,441**	**160**	**8,281**
				MCR	**3,174**
				Surplus	**5,108**
				MCR Coverage	**261%**

Non-available Capital

The Company has no non-available capital to meet the MCR.

Ineligible Capital

The Delegated Act requires that limits are imposed upon the eligible amounts of Tier 1, Tier 2 and Tier 3 capital, according to the calculation of the SCR, and MCR:

- Eligible Tier 1 items shall be at least 80% of the MCR;
- Eligible Tier 2 items shall be no more than 20% of the MCR;
- Tier 3 items are ineligible to cover the MCR.

E.1.5 Differences between Equity and Net Assets

Comparison between Danish GAAP Equity and Solvency II Basic Own Funds

For the material differences between the Company's published Danish GAAP equity and its excess of assets over liabilities refer to section D. There are no adjustments in arriving at the basic own funds from the excess of assets over liabilities. Danish GAAP equity at year end 2017 was DKK 8,386m, and Solvency II Basic Own Funds were DKK 8,441m.

E.1.6 Transitional Arrangements

The Company does not have own funds that are subject to the transitional arrangement referred to in Article 308b(9) and 308b(10) in the Solvency II Directive.

E.1.7 Ancillary Own Funds

The Company does not have ancillary own funds.

E.1.8 Deductions and Restrictions

See sections E.1.3 and E.1.4 for a description of the nature and amount of restrictions on own funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Overall SCR and MCR

At 31 December 2017, the Company's SCR was DKK 4,394m and the MCR was DKK 3,174m.

E.2.2 SCR Split by Risk

The Company's Internal Model received approval for use in December 2015. An analysis of the Internal Model SCR by risk category is provided in QRT S.25.03 (in the appendix).

E.2.3 Standard Formula Simplifications

Standard Formula simplifications are not applicable as an internal model is used.

E.2.4 Standard Formula USPs

Standard Formula Undertaking Specific Parameters are not applicable as an internal model is used.

E.2.5 Capital add-on and USP non-disclosure

No capital add-ons were in place during the reporting period. Undertaking Specific Parameters are not applicable as an internal model is used.

E.2.6 Capital add-on and USP Impact

No capital add-ons were in place during the reporting period. Undertaking Specific Parameters are not applicable as an internal model is used.

E.2.7 MCR Calculation Inputs

Solvency II has two capital measures for each entity:

- Solvency Capital Requirement – if a company breaches the SCR then it needs to enter into discussions with the supervisor to remediate this position
- Minimum Capital Requirement – if a company breaches the MCR then if a company is unable to execute a remediation plan the regulator is obliged to remove its ability to write business

The MCR is designed to be at an 85% confidence level compared to 99.5% for the Standard Formula – and has a corridor such that it lies between 25% and 45% of the SCR calculated with the Standard Formula. The fact that the corridor shall be calculated based on the Standard Formula SCR is a requirement from the Danish FSA that ceased to exist from 1 January 2018

from which the corridors shall be calculated with the Internal Model. The MCR coverage increases from 216% to 419% on 1.1.18 when the MCR corridor transitions to an internal model basis.

E.2.8 Movements in the SCR and MCR

Movements in the SCR

The SCR has increased from year-end 2016 to year-end 2017. Main drivers of this change is a strengthening of the calibration of underwriting risk in respect of new business. In addition there has been a worsening in market risk and operational risk. These are partly offset by less reserving risk. The increase in market risk was driven by falling yields in 2017 and in turn less expected investment income. Increase in operational risk is associated with business change projects and outsourcing that the Company is performing.

Movements in the MCR

The MCR has decreased from year-end 2016 to year-end 2017. Main drivers of this change are a reduction in both premiums and reserves for multiple lines of business as well as a reduction in the natural catastrophe risk due to the reinsurance programme benefitting from a weaker GBP/DKK exchange rate.

E.3 Use of the Duration-based Equity Risk Sub-module in the Calculation of the SCR

The duration-based equity risk sub-module is not used.

E.4 Differences between the Standard Formula and any Internal Model Used

E.4.1 Internal Model Purposes

The Internal Model helps ensure the Company operates effectively and within regulatory requirements on a continuous basis. The model outputs provide the capital information used in: the calculations of the SCR; the ORSA; reporting and disclosure; and other business applications.

The Company's risk profile differs significantly from that assumed by the Standard Formula making the latter unsuitable to measure the Company's SCR.

E.4.2 Internal Model Scope

Scope (by Business Unit)

All the Company's lines of businesses are included in the scope of the Internal Model.

Scope (by Risk Type)

The modelled SCR is split into the following sub-modules:

- Underwriting risk
- Catastrophe risk
- Reserve risk
- Market risk
- Credit risk
- Currency risk
- Operational risk
- Other drivers

E.4.3 Partial Internal Model Integration

A full internal model is used so there is no partial internal model integration into the Standard Formula.

E.4.4 Internal Model Calculation Methods

Overview of Model Methodology

The Company employs an internal model to determine its SCR. The SCR assumes that one year of new business is written as a going concern and calculates the movement in basic own funds over one year.

A model run consists of 100,000 simulations, each representing a different possible outcome of the future cash flows and balance sheets. For each projected balance sheet, the difference between the opening available net assets and the present value of projected net assets represents the capital required to meet the outflows and value movements in the period up to that projected balance sheet.

Operational risk is modelled separately and the resulting capital requirement added to that produced by the main model run to arrive at the overall assessment of capital required.

E.4.5 Differences in Methodologies and Assumptions

Differences in Standard Formula and Internal Model structure

The Company's Internal Model is structured in a different way to the Standard Formula. In the Standard Formula, different risk types are considered on a standalone basis and explicit correlations are applied to each risk factor to derive an overall capital requirement. The Internal Model is a fully integrated capital model where variables interact to create a distribution of outcomes, by simulating future cash flows to perform an annual valuation of each item on the balance sheet.

Explanation by Risk Module used in Internal Model and Standard Formula

Insurance Risk – Underwriting, Reserving and Catastrophe

The Internal Model splits insurance risk into three categories:

- Underwriting
- Reserving
- Catastrophe

Non-life, health and life risks are all considered jointly within each category (although non-life is the material component)

The Standard Formula splits into three for non-life and non-life like health:

- Premium and reserve
- Catastrophe
- Lapse (immaterial for the Company as a non-life insurer)

In broad terms, Standard Formula premium and reserve risk for non-life and health can be compared to Internal Model underwriting and reserve risk (although the Standard Formula combines the two).

Catastrophe can similarly be compared.

This approach is crude as it ignores the fundamentally different approach to diversification between the two methods.

Life risks are immaterial for the Company for both the Internal Model and Standard Formula, given the nature of the Company's operations.

Market and Currency Risk

Market risk is lower under the Internal Model than the Standard Formula. Broadly, the Standard Formula uses pre-determined charges, whereas the Internal Model uses projected returns on the Company's assets based on a range of economic simulations, which leads to a more appropriate reflection of the Company's risk profile.

Counterparty Risk

Counterparty risk is lower under the Internal Model than the Standard Formula. The Internal Model will simulate defaults based on S&P credit ratings and the Company's own reinsurance data for cash and reinsurance exposures. Policyholder, intermediary and other asset defaults are modelled based on historic default data, which is lower than that implied by the Standard Formula 15% and 90% default rates.

Operational Risk and Other Items

Operational risk is lower under the Internal Model than the Standard Formula. The Internal Model uses scenarios that are designed using expert judgement from subject matter experts using the Company's real experience and third party data. As a result, the Internal Model is more closely aligned to real world experience than a function of technical provisions as used in the Standard Formula.

E.4.6 Risk Measure and Time Period

The Internal Model SCR represents the capital required to ensure that the Company will have sufficient amount of eligible capital resources to be able to meet its obligations when the business encounters adverse conditions, subject to a confidence level of 99.5% over a one-year period and assuming the business remains a going concern.

E.4.7 Data Nature and Appropriateness

There are many data sources used in the Internal Model. For example:

- Balance sheet data
- Detailed asset data
- Best estimate reserves and reserving triangles by class of business
- Historical loss ratios by class of business
- Historical large losses by class of business
- Operational Plan
- Exposure data for catastrophe modelling
- Economic data for Economic Scenario Generator
- Operational risk loss scenario assessments

Each data item used by the Internal Model is assessed in an annual data quality assessment exercise to establish whether the data is accurate, appropriate and complete.

E.5 Non-compliance with the MCR and Non-compliance with the SCR

The Company has been fully compliant with the SCR and the MCR during the reporting period.

E.6 Any other Information

Nothing to report.

Appendix. Quantitative Reporting Templates (QRTs)

QRT Reference	QRT Name
S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.12.01.02	Life and health similar to life techniques technical provisions
S.17.01.02	Non-life technical provisions
S.19.01.21	Non-life insurance claims information – accident year
S.23.01.01	Own funds
S.25.03.21	Solvency Capital Requirement – for undertakings on full internal models
S.28.01.01	Minimum Capital Requirement – only life or only non-life insurance or reinsurance activity

There is nothing to report for the Company for QRT S.19.01.21 (Non-life insurance claims information – underwriting year).

There is nothing to report for the Company for QRT S.22.01.21 (Impact of long term guarantees and transitional measures).

All monetary amounts are shown in thousands of DKK (000’s) in all QRTs.

Codan Forsikring A/S

Solvency and Financial Condition Report

Disclosures

31 December

2017

(Monetary amounts in DKK thousands)

General information

Undertaking name	Codan Forsikring A/S
Undertaking identification code	213800UE8HIN1CBHT615
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	DK
Language of reporting	en
Reporting reference date	31 december 2017
Currency used for reporting	DKK
Accounting standards	Local GAAP
Method of Calculation of the SCR	Full internal model
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.12.01.02 - Life and Health SLT Technical Provisions
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.23.01.01 - Own Funds
S.25.03.21 - Solvency Capital Requirement - for undertakings on Full Internal Models
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	159.959
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	40.649
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	34.755.338
R0080	*Property (other than for own use)*	
R0090	*Holdings in related undertakings, including participations*	711.487
R0100	*Equities*	1.965.264
R0110	*Equities - listed*	1.939.510
R0120	*Equities - unlisted*	25.754
R0130	*Bonds*	31.099.848
R0140	*Government Bonds*	12.562.937
R0150	*Corporate Bonds*	18.536.911
R0160	*Structured notes*	
R0170	*Collateralised securities*	
R0180	*Collective Investments Undertakings*	891.968
R0190	*Derivatives*	86.771
R0200	*Deposits other than cash equivalents*	
R0210	*Other investments*	
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	1.043.786
R0240	*Loans on policies*	
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	1.043.786
R0270	Reinsurance recoverables from:	536.248
R0280	*Non-life and health similar to non-life*	536.248
R0290	*Non-life excluding health*	530.383
R0300	*Health similar to non-life*	5.865
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	1.981
R0360	Insurance and intermediaries receivables	490.491
R0370	Reinsurance receivables	26.317
R0380	Receivables (trade, not insurance)	259.948
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	
R0410	Cash and cash equivalents	1.225.821
R0420	Any other assets, not elsewhere shown	29.124
R0500	**Total assets**	38.569.662

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	21.097.251
R0520	*Technical provisions - non-life (excluding health)*	10.354.354
R0530	*TP calculated as a whole*	
R0540	*Best Estimate*	9.468.288
R0550	*Risk margin*	886.066
R0560	*Technical provisions - health (similar to non-life)*	10.742.897
R0570	*TP calculated as a whole*	
R0580	*Best Estimate*	9.962.788
R0590	*Risk margin*	780.109
R0600	Technical provisions - life (excluding index-linked and unit-linked)	5.780.733
R0610	*Technical provisions - health (similar to life)*	1.650.122
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	1.548.740
R0640	*Risk margin*	101.382
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	4.130.611
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	3.874.761
R0680	*Risk margin*	255.850
R0690	Technical provisions - index-linked and unit-linked	
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	352.067
R0760	Pension benefit obligations	28.055
R0770	Deposits from reinsurers	1.509
R0780	Deferred tax liabilities	34.119
R0790	Derivatives	27.660
R0800	Debts owed to credit institutions	997.480
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	168.720
R0830	Reinsurance payables	127.413
R0840	Payables (trade, not insurance)	924.165
R0850	Subordinated liabilities	
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	
R0880	Any other liabilities, not elsewhere shown	589.018
R0900	**Total liabilities**	30.128.190
R1000	**Excess of assets over liabilities**	8.441.472

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business	559.702	2.747.858	625.545	1.246.450	3.364.130	561.390	5.255.383	619.021	114		196.959	6.193					15.182.744
R0120	Gross - Proportional reinsurance accepted		143	1	725		25.107	138.137	48.481									212.593
R0130	Gross - Non-proportional reinsurance accepted															2.416	369	2.785
R0140	Reinsurers' share	331	2.255	463	5.833	11.455	267.562	334.459	27.380			56	4.098			3.097	1.535	658.523
R0200	Net	559.371	2.745.746	625.082	1.241.341	3.352.675	318.935	5.059.062	640.122	114		196.903	2.095			-681	-1.166	14.739.599
	Premiums earned																	
R0210	Gross - Direct Business	593.145	2.765.671	574.652	1.276.188	3.382.756	567.149	5.465.731	616.789	-106		183.014	8.094					15.433.082
R0220	Gross - Proportional reinsurance accepted		54	0	389		24.729	142.013	47.875									215.060
R0230	Gross - Non-proportional reinsurance accepted													17.286		2.403	361	20.050
R0240	Reinsurers' share	205	-3.824	154	4.107	4.157	277.756	404.119	16.706			52	1.097	-95		3.279	1.448	709.163
R0300	Net	592.940	2.769.548	574.498	1.272.470	3.378.599	314.122	5.203.625	647.958	-106		182.961	6.997	17.381		-876	-1.087	14.959.030
	Claims incurred																	
R0310	Gross - Direct Business	386.104	1.686.493	608.975	721.793	1.817.463	289.192	3.208.448	360.326	-4.336		148.518	2.072					9.225.046
R0320	Gross - Proportional reinsurance accepted					14	16.001	-146.089	-42.268									-172.342
R0330	Gross - Non-proportional reinsurance accepted														-2.026	544	540	-941
R0340	Reinsurers' share		164	-247	6.723	5.807	140.731	-112.590	9.751				2.414			662	2.052	55.466
R0400	Net	386.104	1.686.329	609.221	715.071	1.811.670	164.461	3.174.949	308.307	-4.336		148.518	-342		-2.026	-118	-1.512	8.996.296
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	
R0420	Gross - Proportional reinsurance accepted																	
R0430	Gross - Non-proportional reinsurance accepted																	
R0440	Reinsurers' share																	
R0500	Net																	
R0550	**Expenses incurred**	189.807	479.436	178.537	396.843	912.430	123.368	1.395.454	244.069	-588		56.036	1.342	0	56	81	-218	3.976.654
R1200	**Other expenses**																	240.821
R1300	**Total expenses**																	4.217.475

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross				50.808					50.808
R1420	Reinsurers' share									
R1500	Net				50.808					50.808
	Premiums earned									
R1510	Gross				49.660					49.660
R1520	Reinsurers' share									
R1600	Net				49.660					49.660
	Claims incurred									
R1610	Gross				50.174	-65.076	-24.254			-39.156
R1620	Reinsurers' share				0					0
R1700	Net				50.174	-65.076	-24.254			-39.156
	Changes in other technical provisions									
R1710	Gross									
R1720	Reinsurers' share									
R1800	Net									
R1900	**Expenses incurred**				13.852	7.728	-1.297			20.283
R2500	**Other expenses**									7.162
R2600	**Total expenses**									27.444

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			SE	NO				
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	4.552.244	8.865.970	1.306.134				14.724.347
R0120	Gross - Proportional reinsurance accepted	194.478	18.115					212.593
R0130	Gross - Non-proportional reinsurance accepted	2.416	369					2.785
R0140	Reinsurers' share	493.224	132.071	33.202				658.497
R0200	Net	4.255.914	8.752.382	1.272.932	0	0	0	14.281.228
	Premiums earned							
R0210	Gross - Direct Business	4.557.010	9.019.520	1.369.844				14.946.373
R0220	Gross - Proportional reinsurance accepted	197.582	17.478					215.060
R0230	Gross - Non-proportional reinsurance accepted	2.403	17.647					20.050
R0240	Reinsurers' share	525.133	142.540	41.464				709.137
R0300	Net	4.231.862	8.912.106	1.328.380	0	0	0	14.472.347
	Claims incurred							
R0310	Gross - Direct Business	2.934.270	5.237.936	882.037				9.054.244
R0320	Gross - Proportional reinsurance accepted	-22.189	-141.428					-163.616
R0330	Gross - Non-proportional reinsurance accepted	591	-1.532					-941
R0340	Reinsurers' share	179.780	-130.318	12.398				61.860
R0400	Net	2.732.893	5.225.295	869.638	0	0	0	8.827.826
	Changes in other technical provisions							
R0410	Gross - Direct Business							
R0420	Gross - Proportional reinsurance accepted							
R0430	Gross - Non-proportional reinsurance accepted							
R0440	Reinsurers' share							
R0500	Net				0	0	0	
R0550	**Expenses incurred**	1.453.754	1.950.485	507.282				3.911.522
R1200	**Other expenses**							240.821
R1300	**Total expenses**							4.152.343

S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
R1400			SE	NO				
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross			50.808				50.808
R1420	Reinsurers' share							
R1500	Net			50.808	0	0	0	50.808
	Premiums earned							
R1510	Gross			49.660				49.660
R1520	Reinsurers' share							
R1600	Net			49.660	0	0	0	49.660
	Claims incurred							
R1610	Gross	-56.551	-32.779	50.174				-39.156
R1620	Reinsurers' share			0				0
R1700	Net	-56.551	-32.779	50.174	0	0	0	-39.156
	Changes in other technical provisions							
R1710	Gross							
R1720	Reinsurers' share							
R1800	Net				0	0	0	
R1900	**Expenses incurred**	7.910	-1.301	13.670				20.280
R2500	**Other expenses**							7.162
R2600	**Total expenses**							27.442

S.12.01.02

Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	**Technical provisions calculated as a whole**																
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																
	Technical provisions calculated as a sum of BE and RM																
	Best estimate																
R0030	**Gross Best Estimate**						26.050		3.848.711		3.874.761				1.548.740		1.548.740
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						0				0						
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re						26.050		3.848.711		3.874.761				1.548.740		1.548.740
R0100	**Risk margin**					3.911			251.940		255.850				101.382		101.382
	Amount of the transitional on Technical Provisions																
R0110	Technical Provisions calculated as a whole																
R0120	Best estimate																
R0130	Risk margin																
R0200	**Technical provisions - total**					29.961			4.100.650		4.130.611				1.650.122		1.650.122

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**																	
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross	-36.203	-159.677	30.259	92.132	165.205	38.414	288.142	105.163			47.741	-3.479	-30.137			4.044	541.604
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-301	-262	-613	-5.118	-1.101	42.821	-102.346	-9.269			0	-685				-1.784	-78.658
R0150	**Net Best Estimate of Premium Provisions**	-35.902	-159.415	30.872	97.250	166.306	-4.407	390.488	114.433			47.741	-2.794	-30.137			5.828	620.262
	Claims provisions																	
R0160	Gross	224.435	7.438.093	2.488.907	3.682.948	393.050	370.561	2.742.801	1.211.419	7.640		30.747	1.405	7.111		2	290.353	18.889.472
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		1		47.696	-24	152.747	67.942	52.974				1.404	7.040			285.126	614.906
R0250	**Net Best Estimate of Claims Provisions**	224.435	7.438.092	2.488.907	3.635.252	393.075	217.814	2.674.859	1.158.445	7.640		30.747	2	71		2	5.226	18.274.566
R0260	**Total best estimate - gross**	188.231	7.278.416	2.519.166	3.775.080	558.255	408.975	3.030.943	1.316.582	7.640		78.488	-2.073	-23.026		2	294.397	19.431.076
R0270	**Total best estimate - net**	188.533	7.278.677	2.519.779	3.732.502	559.380	213.407	3.065.347	1.272.877	7.640		78.488	-2.792	-30.066		2	11.054	18.894.828
R0280	**Risk margin**	34.310	552.668	192.826	279.433	118.952	23.830	357.186	97.190	500		8.491	75	305		0	410	1.666.175
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	
R0300	Best estimate																	
R0310	Risk margin																	
R0320	**Technical provisions - total**	222.542	7.831.085	2.711.992	4.054.513	677.207	432.805	3.388.129	1.413.772	8.140		86.979	-1.998	-22.721		2	294.806	21.097.252
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	-301	-261	-613	42.578	-1.125	195.568	-34.404	43.704			0	719	7.040			283.342	536.248
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	222.843	7.831.346	2.712.605	4.011.935	678.332	237.237	3.422.533	1.370.068	8.140		86.979	-2.718	-29.761		2	11.464	20.561.004

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Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year: Accident Year

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

	Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
		Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											422.977	422.977	422.977
R0160	2008	3.961.752	2.835.734	720.728	364.533	262.408	178.843	108.338	90.044	104.255	46.294		46.294	8.672.929
R0170	2009	4.153.967	2.348.012	758.048	421.343	205.681	136.971	82.675	66.705	55.109			55.109	8.228.512
R0180	2010	4.384.460	3.055.766	742.283	376.512	204.508	168.570	98.831	91.941				91.941	9.122.872
R0190	2011	4.620.530	3.012.289	925.409	609.488	140.035	128.501	130.122					130.122	9.566.374
R0200	2012	4.113.545	2.675.676	773.807	418.927	224.284	154.968						154.968	8.361.206
R0210	2013	4.394.803	3.101.926	852.357	333.964	240.779							240.779	8.923.829
R0220	2014	4.196.085	2.636.788	740.924	327.470								327.470	7.901.267
R0230	2015	4.194.135	2.546.123	841.353									841.353	7.581.611
R0240	2016	4.107.022	2.561.861										2.561.861	6.668.883
R0250	2017	4.103.231											4.103.231	4.103.231
R0260												Total	8.976.105	79.553.691

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
		Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											5.197.064	4.320.842
R0160	2008	0	0	0	0	0	0	0	0	563.638	467.679		379.729
R0170	2009	0	0	0	0	0	0	0	638.950	530.324			438.447
R0180	2010	0	0	0	0	0	0	819.458	608.199				523.365
R0190	2011	0	0	0	0	0	813.198	676.705					586.711
R0200	2012	0	0	0	0	1.109.482	868.125						746.167
R0210	2013	0	0	0	1.436.518	1.024.773							884.336
R0220	2014	0	0	1.965.563	1.453.890								1.289.042
R0230	2015	0	3.170.989	1.875.209									1.714.210
R0240	2016	5.925.325	2.866.691										2.711.158
R0250	2017	5.544.324											5.294.059
R0260												Total	18.888.067

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Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	15.000	15.000		0	
R0030	Share premium account related to ordinary share capital		0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings		0		0	
R0050	Subordinated mutual member accounts			0	0	0
R0070	Surplus funds		0			
R0090	Preference shares			0	0	0
R0110	Share premium account related to preference shares			0	0	0
R0130	Reconciliation reserve	8.266.513	8.266.513			
R0140	Subordinated liabilities			0	0	0
R0160	An amount equal to the value of net deferred tax assets	159.959				159.959
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above		0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**					
R0230	**Deductions for participations in financial and credit institutions**		0	0	0	
R0290	**Total basic own funds after deductions**	8.441.472	8.281.513			159.959
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand					
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand					
R0320	Unpaid and uncalled preference shares callable on demand					
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand					
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC					
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC					
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC					
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC					
R0390	Other ancillary own funds					
R0400	**Total ancillary own funds**					
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	8.441.472	8.281.513			159.959
R0510	Total available own funds to meet the MCR	8.281.513	8.281.513			
R0540	Total eligible own funds to meet the SCR	8.441.472	8.281.513			159.959
R0550	Total eligible own funds to meet the MCR	8.281.513	8.281.513			
R0580	**SCR**	4.394.052				
R0600	**MCR**	3.173.860				
R0620	**Ratio of Eligible own funds to SCR**	192,11%				
R0640	**Ratio of Eligible own funds to MCR**	260,93%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	8.441.472
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	174.959
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	
R0760	**Reconciliation reserve**	8.266.513
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	2.437
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	1.417.548
R0790	**Total Expected profits included in future premiums (EPIFP)**	1.419.985

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Solvency Capital Requirement - for undertakings on Full Internal Models

Row	Unique number of component	Component description	Calculation of the Solvency Capital Requirement
	C0010	C0020	C0030
1	501EA	Underwriting Risk - Expectation	-1.844.556
2	501EB	Underwriting Risk - Movement from Expectation	3.666.475
3	50301A	Catastrophe Risk - Expectation	199.540
4	50301B	Catastrophe Risk - Movement from Expectation	551.403
5	502AA	Reserving Risk - Expectation	-92.256
6	502AB	Reserving Risk - Movement from Expectation	3.171.386
7	10A	Market Risk - Expectation	-36.037
8	10B	Market Risk - Movement from Expectation	1.930.159
9	20301A	Credit Risk - Expectation	101.508
10	20301B	Credit Risk - Movement from Expectation	148.073
11	70101A	Operational Risk - Expectation	0
12	70101B	Operational Risk - Movement from Expectation	653.200
13	801A	Other Risks - Expectation	373.213
14	801B	Other Risks - Movement from Expectation	-450.836
15	80301I	Loss absorbing Capacity of Deferred Tax	0

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Solvency Capital Requirement - for undertakings on Full Internal Models

	Calculation of Solvency Capital Requirement	C0100
R0110	Total undiversified components	8.371.273
R0060	Diversification	-3.977.221
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	
R0200	**Solvency capital requirement excluding capital add-on**	4.394.052
R0210	Capital add-ons already set	
R0220	**Solvency capital requirement**	4.394.052
	Other information on SCR	
R0300	Amount/estimate of the overall loss-absorbing capacity of technical provisions	
R0310	Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	
R0420	Total amount of Notional Solvency Capital Requirement for ring fenced funds	
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	
R0440	Diversification effects due to RFF nSCR aggregation for article 304	

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	3.244.249

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	188.533	559.371
R0030	Income protection insurance and proportional reinsurance	7.278.677	2.745.737
R0040	Workers' compensation insurance and proportional reinsurance	2.519.779	625.082
R0050	Motor vehicle liability insurance and proportional reinsurance	3.732.502	1.240.031
R0060	Other motor insurance and proportional reinsurance	559.380	3.336.004
R0070	Marine, aviation and transport insurance and proportional reinsurance	213.407	315.125
R0080	Fire and other damage to property insurance and proportional reinsurance	3.065.347	5.014.582
R0090	General liability insurance and proportional reinsurance	1.272.877	635.670
R0100	Credit and suretyship insurance and proportional reinsurance	7.640	114
R0110	Legal expenses insurance and proportional reinsurance		
R0120	Assistance and proportional reinsurance	78.488	196.903
R0130	Miscellaneous financial loss insurance and proportional reinsurance		2.095
R0140	Non-proportional health reinsurance		
R0150	Non-proportional casualty reinsurance		
R0160	Non-proportional marine, aviation and transport reinsurance	2	
R0170	Non-proportional property reinsurance	11.054	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	141.078

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations	5.423.501	
R0250	Total capital at risk for all life (re)insurance obligations		38.835.307

	Overall MCR calculation	C0070
R0300	Linear MCR	3.385.327
R0310	SCR	4.394.052
R0320	MCR cap	3.173.860
R0330	MCR floor	1.763.256
R0340	Combined MCR	3.173.860
R0350	Absolute floor of the MCR	27.532
R0400	**Minimum Capital Requirement**	3.173.860