

**SOLVENCY  
AND FINANCIAL  
CONDITION REPORT (SFCR)  
2024**

# **Fortegra Belgium Insurance Company NV**

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## **INTRODUCTION**

The Solvency Financial Conditions Report (“SFCR”) is aligned with the requirements of Directive 2009/138/EC (Solvency II Directive) and the Commission Delegated Regulation (EU) 2015/35.

Fortegra Belgium Insurance Company NV (“the Company”) is a company authorised by the National Bank of Belgium (“NBB”) to carry on the business of insurance in accordance with the Insurance Supervision Act (Law of 13 March 2016 relating to the status and supervision of insurance or reinsurance undertakings) to transact insurance business.

### **Cautionary statement regarding forward looking statements**

This report may include statements with respect to future events, trends, plans, expectations or objectives and other forward-looking statements relating to the Company’s future business, financial condition, results of operations, performance, and strategy. Forward-looking statements are not statements of historical fact and may contain the terms “may”, “will”, “should”, “continue”, “aims”, “estimates”, “projects”, or words of similar meaning. Such statements are based on Management’s current views and assumptions and, by nature, involve known and unknown risks and uncertainties’ therefore undue reliance should not be placed on them.

Actual financial condition, results of operations, performance or events may differ materially from those expressed or implied in such forward-looking statements, due to a number of factors, including, but not limited to, general economic and political conditions and competitive situation, future financial market performance and conditions, including fluctuations in exchange and interest rates, frequency and severity of insured loss events, and increases in loss expenses, changes in laws, regulations and standards, the impact of acquisitions and disposals, including related integration issues, and reorganisation measures, and general competitive factors, in each case on a local and/ or global basis.

Many of these factors may be more likely to occur, or more pronounced, as a result of catastrophic events, or terrorist-related incidents.

## EXECUTIVE SUMMARY

Pursuant to the Solvency II Regulations, the following is a summary overview of each of the sections required in the report. Please refer to each of those sections in their entirety, including in each case the materials incorporated by reference therein.

### A. Business and performance

The National Bank of Belgium (NBB) and the Financial Services and Markets Authority granted Fortegra approval to establish its subsidiary in the Belgium, effective March 13, 2024. This milestone enables the Fortegra Group to significantly expand its specialty insurance underwriting services throughout Belgium and the European Union.

Recognized as a quality market for Managing General Agents (MGAs) and underwriters, Fortegra Group excels through its rigorous program business underwriting, advanced AI and data science applications, and a steadfast commitment to consistent claims management. Fortegra's underwriting approach ensures that the company effectively meets the evolving needs of agent partners and policyholders, cementing its market leadership. The licensing of Fortegra Belgium provides an excellent opportunity to enhance the company's presence in the Belgium and EU markets, demonstrating its commitment to expanding in Europe.

During the year, the Company dedicated its efforts to meticulously setting up its operations and navigating the complex landscape of regulatory approvals essential for underwriting activities, which commenced in the final quarter of 2024.

As a result of this focused preparation, Gross Written Premium (GWP) was modest in the year totalling €208k. This strategic approach lays a strong foundation for future growth and success in the competitive EU market.

Reading this report along with the quantitative reporting templates is recommended. The table below shows the standard formula solvency position as at December 31, 2024:

€'000	2024
Eligible own funds	14,482
Solvency capital requirement (SCR)	6,960
Minimum capital requirement (MCR)	4,000
Solvency II Surplus	7,522
Solvency ratio	208.1%

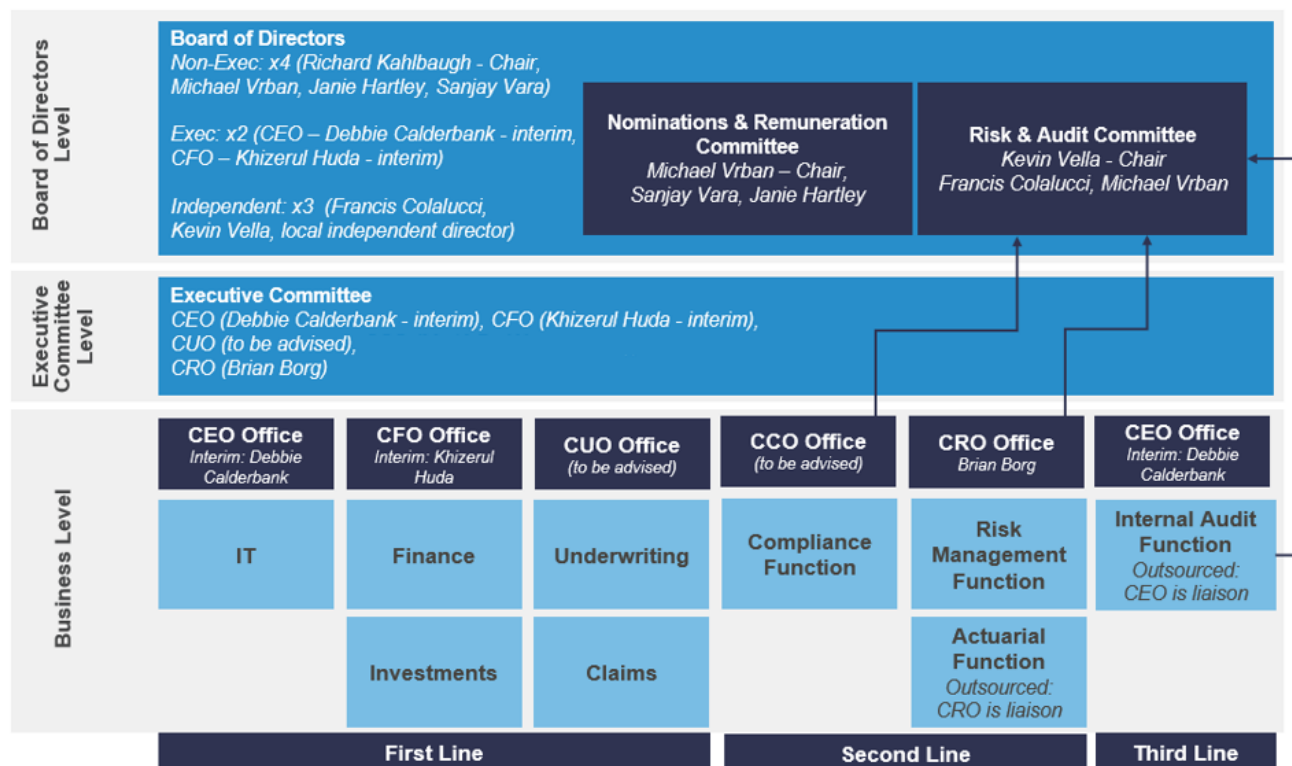
#### *About Fortegra Group*

For more than 45 years, Fortegra, via its subsidiaries, has underwritten risk management solutions that help people and businesses succeed in the face of uncertainty. As a multinational specialty insurer whose insurance subsidiaries have at least an A.M. Best Financial Strength Rating of A- (Excellent).

## B. System of governance

The Company has established a strong governance system that ensures sound and prudent management appropriate to its nature, scale, and complexity. This governance structure assures that the Board, its Committees, key function holders, and senior executives are collectively fit and proper, knowledgeable, and experienced in managing insurance business and all related areas for which an insurance undertaking is responsible.

The company operates via a Board of Directors and separate sub-committees:



To effectively address the risks faced by the Company, a comprehensive system of internal controls and risk management governance has been established. This system ensures that executives are kept informed of significant risks in a timely and ongoing manner, and provides them with the necessary information and tools to analyse and manage these risks appropriately.

Such controls include an internal framework with three risk-related lines of defence; the use of the four key functions (Risk Management; Compliance; Internal Audit; and Actuarial) as required by the Solvency II Regulations; and a system of internal risk management governance designed to ensure that the risks to which the Company is exposed are identified, assessed, monitored and controlled in a timely manner.

## **C. Risk profile**

The Board of Directors and the Risk Management Function review the risk profile of the company periodically. The main risk types to which the Company is exposed to are:

- Underwriting Risk
- Market Risk
- Asset Liability Management Risk
- Counterparty Default Risk
- Credit Risk
- Liquidity Risk
- Operational Risk

The nature of such risks and their impact on the Company's risk profile under various scenarios are, in each case, set forth in Section C hereof, including by reference to the documents incorporated therein.

## **D. Valuation for solvency purposes**

The Company's value for solvency assessment is derived from its Generally Accepted Accounting Principles (GAAP) accounts, which are adjusted in accordance with Solvency II regulations.

In the forthcoming years, the most notable differences between the balance sheet reported in the financial statements and the solvency valuation will primarily result from two factors: the revaluation of technical reserves to comply with the Solvency II technical provisions and the removal of deferred acquisition costs.

These costs will be replaced by projected future cash flows incorporated into the Solvency II technical provisions.

## **E. Capital management**

The Company has two main capital objectives: to maintain sufficient capital to ensure the company can continue its operations and support new business growth and to meet the requirements of its policyholders and regulators. To achieve these objectives, the Company aims to hold capital more than its regulatory capital requirement, known as the SCR, and to maintain a solvency ratio above 150%.

To ensure it meets its future solvency needs, the company analyses its capital requirements for each projected year and continuously assesses whether its eligible capital would comply with Solvency II regulations within the Own Risk and Solvency Assessment ("ORSA").

As at 31st December 2024, the coverage ratio was 208.1%, with eligible own funds of €14,482k and an SCR of €6,960k. The company's MCR was €4,000k.

The Company has continuously complied with both the MCR and the SCR since gaining regulatory approval, as confirmed by regulatory reporting.

The company's board regularly reviews the ratio of eligible own funds over the SCR and MCR. It prepares solvency projections over a multi-year period as part of the business planning process.



## A. BUSINESS AND PERFORMANCE

### A.1 Business

<i>Name of the undertaking:</i>	Fortegra Belgium Insurance Company NV
<i>Company number:</i>	1007742896
<i>Date of incorporation:</i>	28 March 2024
<i>LEI code:</i>	9845007440E61NE6D195
<i>Registered office address:</i>	Bastion Tower, Level 11, Office 1131 place du Champ de Mars 5 1050 Brussels Belgium
<i>Regulatory bodies:</i>	National Bank of Belgium
<i>Name of external auditor:</i>	Deloitte

The Company was formed at the beginning of 2024 and is authorised and supervised by the National Bank of Belgium and Financial Services and Markets Authority located in Belgium to transact insurance business.

The Company is a wholly-owned subsidiary of Fortegra Europe Holdings SE, with Fortegra Financial Corporation ("Fortegra Group") being its ultimate parent company.

#### *Supervisory authorities*

The Company holds a license from the National Bank of Belgium (NBB) and is authorized to operate in accordance with the Insurance Supervision Act, specifically Law of 13 March 2016, which outlines the status and regulatory oversight of insurance and reinsurance undertakings.

This authorization enables the Company to engage in a range of insurance activities classified under Solvency II, which establishes a comprehensive framework for the financial stability and risk management of insurance businesses.

The Company is committed to adhering to the stringent regulatory standards set forth by the NBB to ensure the protection of policyholders and the overall integrity of the insurance market.

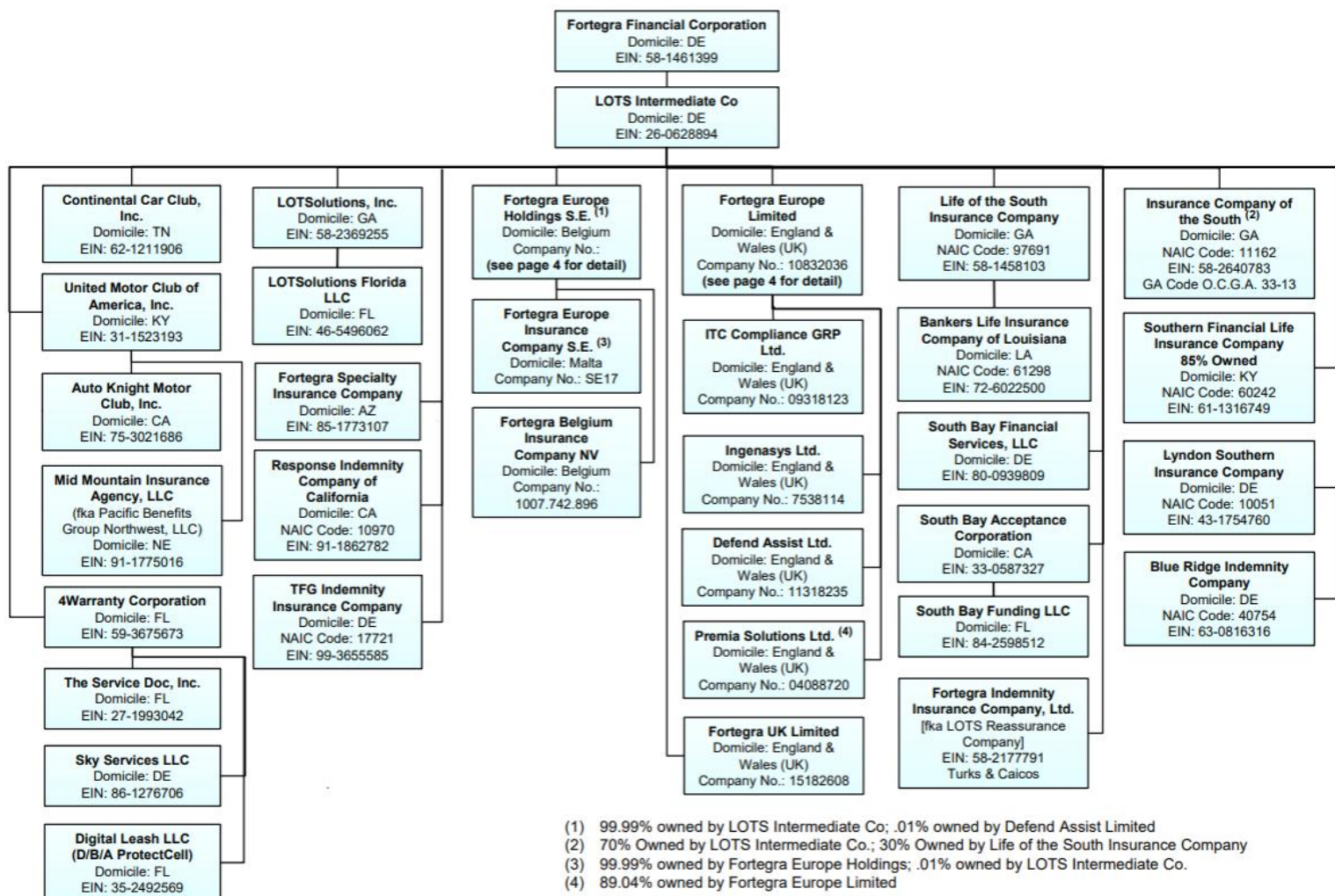
### Classes of Business

The Company is authorised by the NBB to carry on the business of insurance in the following classes of general business:

- Class 1a - Accident (excluding industrial injury and occupational diseases)
- Class 1b - Accident (including industrial injury and occupational diseases)
- Class 2 – Sickness
- Class 3 - Land Vehicles
- Class 5 – Aircraft
- Class 6 – Ships
- Class 7 – Goods in transit
- Class 8 - Fire and natural forces
- Class 9 - Other damage to property
- Class 11 – Aircraft liability
- Class 12 – Liability for ships
- Class 13 – General liability
- Class 14 – Credit
- Class 15 – Suretyship
- Class 16 - Miscellaneous financial loss
- Class 17 – Legal expenses
- Class 18 – Assistance

### Group structure

The following chart presents an overview of the legal structure of the ForteGra Group:



## A.2 Underwriting performance

This report covers the financial year 2024, during which the Company was granted a license to operate as an insurance provider. Throughout the year, the Company focused on several key activities, including obtaining regulatory approval and establishing senior management functions. Since this is the Company's first SFCR, no comparative figures are included.

After obtaining regulatory approval, the company focused on post-approval tasks, such as mobilizing its operational model, onboarding Managing General Agents (MGAs), and appointing underwriting partners.

	2024 €'000
Gross written premium	208
Net earned premium	27
Gross technical provisions	(190)
Net technical provisions	(101)

## A.3 Investment performance

The Board has approved an investment strategy that focuses on minimising risks, in line with the Investment Management Policy, the Company only invests in assets whose risks can be properly identified, measured, monitored, controlled, and reported.

Moreover, such assets shall meet the specific risk profile, approved risk tolerance limits and the business strategy of the Company. It is the Company's policy that the funds are invested in a range of instruments and credit institutions to provide for their safety, liquidity, and return.

Income Statement	2024 €'000
Interest & investment income	36

## A.4 Performance of other activities

The Company's income is solely generated from the underwriting performance of its policies and the performance of its investments. Similarly, expenses are solely derived from the Company's technical and operational costs.

The Company had no other material income and expenses from other activities in the reporting period.

## **A.5 Any other information**

There is no additional information that has not been included in the preceding sections.

## B. SYSTEM OF GOVERNANCE

### B.1 General information on the system of governance

The company has a governance structure in place to ensure the proper business management commensurate with its nature, scale, and complexity. This structure ensures that the Board, its Committees, key function holders, and senior executives are fit and proper, knowledgeable, and experienced in managing the insurance business.

The governance structure also covers all interconnected areas for which an insurance undertaking should be responsible.

The Board and its committees are responsible for ensuring that governance and risk management policies and procedures are in place and that they are being implemented effectively. They also oversee the performance of key function holders and senior executives.

The Risk Management Framework is designed to identify, assess, and manage organisational risks. It is regularly reviewed and updated to remain effective and relevant.

#### *Overview of the Board and its Committees*

The Board is responsible and accountable for the Company's performance and strategy while ensuring that the organisation complies with all legal, statutory, regulatory, and administrative requirements.

Moreover, the Board drives and monitors the system of governance to ensure that the Company's established functions, controls and systems are effective and in line with the Company's policies and regulatory requirements. This is achieved through established policies, processes, key function holders, committee meetings and board meetings.

#### *Board of Directors*

The Board is responsible for setting out the general direction of the Company, the goal being of achieving sound and prudent management.

Sound and prudent management entails an effective risk management function and the implementation of adequate internal control practices in a consistent manner throughout the organisational structure.

The Board has established various policies to encompass all controls and processes.

To this effect the Board has the following written policies:

- Business Continuity Policy	- Capital Management Policy
- Internal Control Policy	- Compliance Charter
- Concentration Risk Policy	- Risk Management Charter
- Integrity Policy	- Fit and Proper Policy
- Internal Audit Charter	- Investment Risk Management Policy
- Own Risk and Solvency (ORSA) Policy	- Outsourcing Policy
- Underwriting, Pricing and Provisioning Risk Policy	- Product Oversight and Governance Policy
- Disclosure Policy	- Cloud Policy
- Risk Management Policy	- Reporting Policy
- Risk Appetite Policy	- Reinsurance Policy
- Remuneration Policy	- Liquidity Risk Policy
- Operational Risk Management Policy	- Information Security Policy
- Digital Operational Resilience Policy	- Asset Liability Management and Investment Policy

All policies are reviewed at least annually or when there are material changes to the business structure or changes in any process or processes to ensure that they are up to date and that they reflect the controls intended to be put and kept in place by the Board.

The Board meets at least four times every year or more frequently if required by the business, or if any circumstance material arises at any point in time.

The Board possesses the required diversity of knowledge, skills and experience to perform their role effectively and fulfil the Solvency II criteria to collectively possess the appropriate qualification, experience and knowledge about at least:

- Insurance and financial markets.
- Business strategy and business model.
- System of governance.
- Financial and actuarial analysis.
- Regulatory framework and requirements.

The Company has established a fit and proper policy. The purpose of this policy is to ensure that no individual is appointed to or confirmed in a relevant role unless they have been appropriately assessed by the Company and deemed fit and proper according to regulatory requirements.

When evaluating the suitability of relevant individuals for their roles within the Company, the following criteria are considered.

### *Board of Directors & Committee Responsibilities*

The Board appointed various committees to assist it in its governance role. However, it still retains the ultimate responsibility for these delegated functions. Each committee has its own terms of reference and the reporting of each of the established committees is directly to the Board of the Insurance Company.

Management Body	Risk Management Roles and Responsibilities
Board of Directors	<p>Roles and responsibilities include:</p> <ul style="list-style-type: none"> <li>• Determine and validate the Company's objectives.</li> <li>• Determine and validate the main lines of its organisational structure and its internal control structure.</li> <li>• Determine and validate the Company's policies on governance, such as the fit &amp; proper policy, the remuneration policy, the outsourcing policy, the internal rules on external functions, the IT security and business continuity policy and the charters of the independent control functions.</li> <li>• Determine and validate the reporting intended for the public.</li> <li>• Protect the reputation of the Company.</li> <li>• Ensure the requirements of shareholders are sought and considered as appropriate in decision making.</li> <li>• Have regard to the interests of its stakeholders (including, but not limited to insurance policyholders, customers, suppliers, suppliers, suppliers, suppliers, suppliers, regulators, employees, and the community at large).</li> <li>• Exercise leadership, enterprise, and judgement, combined with prudent control in directing the business.</li> <li>• Ensure the Company is managed with integrity, complies with all legal and regulatory requirements, and conducts business in accordance with high ethical standards.</li> <li>• Determine the company's risk appetite and general risk tolerance limits for all key activities (risk appetite policy).</li> <li>• Approve the company's policies.</li> <li>• Be the first line as regards risk-based strategic decisions and be integrally involved in the ongoing supervision of the development of the risk profile.</li> <li>• Approve the Regular Supervisory Report and the Own Risk and Solvency Assessment, with exception of the annual and quarterly Quantitative Reporting Templates for which the Executive Committee is responsible (except for the QRTs annexed to the SFCR).</li> <li>• Evaluate, challenge, and approve the Company's business strategy, business plans, claims plans and accompanying financial information.</li> </ul>

- Monitor the performance of all business activities against established key performance indicators.
- Approve any material changes to business strategy or business plans.
- Approve signing / delegated authorities.
- Oversight of underwriting (including premium collections) and claims.
- Evaluate, challenge, and approve all own risk and solvency assessment (ORSA) exercises.
- Approve the membership and terms of reference of FBIC's Board committees, and the Executive Committee and address any matters referred to the Board by its Committees.
- Provide an oversight of the Company's operations, which includes ensuring there is competent and prudent management, adequate systems of internal control, adequate accounting and other records and compliance with all relevant legal and regulatory obligations.
- Monitor complaints (internal and external) and the handling thereof and act where necessary.
- Approve the Risk Management Framework that is an integral part of the management of the business and is core to the decision making process. This includes reviewing new risks or changes in significant risks within the business and initiating process/activity to implement new risk management strategies quickly.
- Review the performance of outsourced activities performed by critical and important outsourced services providers, including IT services, at least annually.
- Notwithstanding the Board's delegation of responsibilities to its Committees, the consideration and approval of any outsource contract amounting to a lump sum more than 15 M\$ and any critical or important outsource contract as defined by the Outsourcing Policy or procedures based on this policy.
- Assess the results of the annual Board effectiveness.
- Approve any proposed change in capital structure and/or capital requirements (Capital Management Policy).
- Approve the annual Solvency Capital Ratio.
- Challenge and approve all Individual Capital Assessments.
- Review and note the Statement of Actuarial Opinion.
- Consider the Actuarial Function report.
- Monitor cash flow, liquidity, and solvency.
- Monitor the gross and net reserves.
- Approve the investment policy.



	<ul style="list-style-type: none"> <li>• Monitor the performance of the investments, including the proper application of the agreed investment rules by an internal or external investment manager.</li> </ul>
<b>Executive Committee</b>	<p>Roles and responsibilities include:</p> <ul style="list-style-type: none"> <li>▪ Leadership of business activity and the development of the management structure.</li> <li>▪ Matters delegated to it by the Board of Directors, which allows the timely management of the business, and reporting on any decisions made under these delegated powers to the Board for information.</li> <li>▪ Implementing the strategy developed and approved by the Board of Directors.</li> <li>▪ Implementing the risk management system.</li> <li>▪ Introducing, monitoring, and assessing the organisational and operational structure.</li> <li>▪ Implementing the integrity policy established by the board of directors through concrete procedures and processes.</li> <li>▪ Reporting to the Board of Directors and the National Bank of Belgium.</li> <li>▪ Managing the Company's outsourcing arrangements.</li> <li>▪ Managing the day-to-day management of the Company, including opening and closing of financial accounts.</li> <li>▪ Preparation of all decisions to be taken by the Board of Directors to be able to fulfil their obligations.</li> <li>▪ Preparation of the annual accounts.</li> <li>▪ Follow-up of the cash position.</li> <li>▪ Presenting a current, accurate and comprehensible view on the operational and financial developments of the participating interests of the Company to the Board of Directors.</li> <li>▪ Adoption of investment and divestment decisions made by the Board.</li> <li>▪ Follow-up of the various participations.</li> <li>▪ Representation of the Company on the Board of Directors and other management bodies of the participations.</li> <li>▪ QRT ?</li> </ul>
<b>Risk and Audit Committee</b>	<p>Roles and responsibilities include:</p> <ul style="list-style-type: none"> <li>▪ Notifying the Board of Directors of the results of the statutory audit (external audit) of the annual accounts and, where appropriate, of the consolidated annual accounts as well as clarifying the manner in which the statutory audit of the annual accounts and, where appropriate, of the consolidated annual accounts contributed to the integrity of the financial reporting, and specifying the role of the Committee in this process;</li> <li>▪ Monitoring the financial reporting process and formulating recommendations or proposals to ensure its integrity.</li> </ul>

- Monitoring the effectiveness of the company's internal control and risk management systems.
- Monitoring the internal audit and its effectiveness.
- Monitor other regulatory returns (e.g., Solvency and Financial Conditions Report, the Regulatory Supervisory Report, and the Memorandum of Governance).
- Establishing procedures for the receipt and treatment of complaints or concerns coming from employees, contractors or the external auditors regarding accounting, internal controls or auditing matters
- Monitoring the statutory audit of the annual accounts and the consolidated annual accounts, which includes following up on the questions and recommendations formulated by the statutory auditor and, where appropriate, by the external auditor responsible for the statutory audit of the consolidated annual accounts.
- Assessing and monitoring the independence of the statutory auditor and, where appropriate, of the external auditor responsible for the statutory audit of the consolidated annual accounts, particularly regarding the merit of providing additional services to the Company.
- Making recommendations to the Company's Board of Directors about the appointment of the statutory auditor and, where appropriate, of the external auditor responsible for the statutory audit of the consolidated annual accounts.
- Reporting regularly to the Board of Directors on the performance of its tasks, at least when the Board of Directors is establishing annual accounts, consolidated annual accounts and, where appropriate, summarized financial statements for publication purposes.
- Providing advice to the Board on all aspects connected to the current and future risk strategy and risk tolerance and supporting the Board in exercising supervision of the implementation of that strategy by the Executive Committee.
- As regards the risk strategy, giving its opinion to the Board of Directors on the sufficiency of the resources available and powers for the identification, measurement, control and reporting of the main risks to which the company is exposed, and on the appropriateness of the procedures for monitoring the risks on the basis of the challenges for the Company in its various areas of business and especially the adequacy of the segregation between the executive and control functions;
- Providing advice to the Board of Directors on all aspects relating to the current and future risk strategy and risk tolerance.
- Reviewing at least annually the risk appetite and risk limits and making recommendations as to their appropriateness to the Board of Directors.
- Overseeing the risks arising from the strategic decisions of the Board of Directors regarding entering into underwriting obligations, forming technical provisions, providing for transfers for reinsurance, investment policy, asset-liability management and liquidity management, taking into account the risks incurred by the Company in

	<p>view of its business model and risk strategy, especially the reputational risks, that could arise from the types of products that are offered to clients;</p> <ul style="list-style-type: none"> <li>▪ Determining the nature, scale, form, and frequency of the risk information that must be reported to the Committee.</li> <li>▪ Bringing emerging risks to the attention of the Board of Directors.</li> <li>▪ Working with the Nomination and Remuneration Committee, to ensure that the total amount allocated for variable compensation and the performance targets included in the remuneration policy are compatible with the Company's risk profile.</li> <li>▪ On a quarterly basis reviewing and annually recommending to the Board for approval the ORSA report.</li> <li>▪ As regards the operation of the risk management function, overseeing the procedures used by the Company in accordance with the strategy laid down by the Board of Directors, to provide for hedging the risks associated with its assets, transactions, and its liability because of amended insurance policies.</li> <li>▪ Reviewing all necessary information (at least the annual report) from the Risk Management Function and finding out about the action plan and the follow-up of this plan by the Risk Management Function.</li> <li>▪ Listening to the Chief Risk Officer, providing advice to the Board of Directors on the organization of the risk management function and its work program, where applicable asking the Board to allocate specific tasks to the risk management function.</li> <li>▪ Filling out and keeping the risk register up to date.</li> </ul>
<b>Nomination and Remuneration Committee</b>	<p>Roles and responsibilities include:</p> <ul style="list-style-type: none"> <li>▪ Giving advice on the company's nomination and remuneration policy.</li> <li>▪ Considering and approving proposals to hire or promote individuals to the Board or senior executive roles.</li> <li>▪ Preparing decisions on remuneration, in particular decisions that have consequences for the risks and risk management of the company and on which the full board of directors must decide.</li> <li>▪ Exercising direct supervision over the remuneration of those responsible for the independent control functions.</li> <li>▪ Working with the Risk and Audit Committee to ensure that remuneration is aligned with business objectives and key risks in the ORSA.</li> <li>▪ Monitoring the key person risk (for example through ensuring that roles and responsibilities are clear and that they can be taken up by other employees).</li> <li>▪ Incorporating, where appropriate, shareholders and a wider group HR function views into any Fortegra remuneration proposals for all directors and senior staff.</li> </ul>

- Monitoring compliance with variable remuneration principles (per NBB circular 2020/017 Point 4a).
- Investigate staff turnover, where necessary.
- Consider the skill sets and composition of the Board and senior management team and make recommendations, as required.
- Identify emerging nomination risks (upcoming nominations, changes) from within the business and from external sources.
- Ensure succession plan is in place, for directors and senior staff and is reviewed annually.
- Consider independently and approve, in line with the recruitment policy, nominations for directors and senior executive roles or ratify such appointments, as appropriate.
- Review and challenge the recruitment policy at least annually.
- Contribute to effective conduct risk management by providing independent assurance on recruitment matters as part of the ORSA reporting.
- Challenge the adequacy of remuneration and recruitment to support the Board of Directors to deliver its business plan.
- Challenge independently, at least annually, the proposed remuneration of directors and senior staff. Such a challenge is to include the proposed remuneration structure (including but not limited to risk weighting for performance objectives), and to make appropriate reports to the Board.
- Contribute to effective conduct risk management by providing independent assurance on remuneration matters as part of the ORSA reporting.

## B.2 Fit and proper requirements

The Company is committed to ensuring all staff have the skills, knowledge, and experience needed for their roles. This is outlined in the company's operating documentation, policies, and procedures.

### **Assessment of fitness and propriety**

During the hiring process, the Company evaluates whether a candidate is fit and proper to undertake the required role. This applies to all staff members, including Committee members, senior management, and other certification functions. To determine the fitness and propriety of a candidate, the Company considers their honesty, integrity, reputation, competence, capability, and financial soundness.

Additionally, staff members should have the necessary qualifications to perform their duties effectively. In significant areas of responsibility, senior management and certification functionaries should have the qualifications required to provide sound and prudent company management. The Company has established appropriate policies and processes to assess and ensure ongoing compliance with fitness and propriety requirements.

**Technical and professional development**

All employees' training needs are assessed regularly thereafter (including if their role changes). Appropriate training and support are provided to satisfy any relevant training needs, and the quality and effectiveness of such training is reviewed regularly.

All employees' competence is reviewed regularly and frequently, and appropriate action is taken to ensure they remain competent. Maintaining competence will consider, where relevant, such matters as technical knowledge and its application;

- Skills and expertise; and
- Changes in the market to products, legislation, and regulation.

## **B.3 Risk management system including the own risk and solvency assessment**

**Governance structure**

The Board is responsible for ensuring the Risk Management System's effectiveness and for determining the Company's Risk profile and tolerance limits. Further to this, the Board is also responsible for approving the Risk Management Strategies and policies within the Risk Management Framework.

The risk management function facilitates the application of the Risk Management System. Its functions include the coordination of the strategies, processes and procedures that are necessary to continually identify, measure, monitor, manage and report all the risks to which the Company is exposed to, or may be exposed to.

**Risk management objectives, policies, and processes**

The main components of the Board's approach to Risk Management are as follows:

*Risk appetite*

The Board sets risk appetite for the various risk categories and appropriate measures and controls are selected and agreed for each of the risk categories. This enables regular reporting and assists in monitoring the Company's risks. The risks and controls will be refined as the business grows. Risk appetite is measured in terms of:

- Those activities and associated risk exposures within a given period of time that the Company is prepared to accept, those it will avoid, those to be transferred via insurance/ reinsurance or other contracts and those requiring mitigation through control;
- The ranking of risks within the risk register, i.e. management's view as to whether the risk is

adequately controlled or if further work is required to mitigate the risk to improve the resultant risk score;

- Internal Capital Assessment

#### *Internal Capital Assessment*

A key component of the Risk Management Framework is the ICA. This assessment is used to calculate the capital required for each category of the risk. Capital requirements are modelled at the 99.5% confidence level with a 1-year horizon, i.e. to represent a worst-case scenario of a 1 in 200-year event. The capital analysis of the risks contained within the risk register is completed at least annually during the ORSA.

#### *Strategic planning*

The strategic planning process is an annual process when the strategy is reviewed and operating plans for future years are formulated. This process considers the risk profile as recorded within the risk register, together with the current risk policies and ICA requirements.

The business objectives are determined, key challenges identified and core assumptions agreed. Scenario analysis is used to help shape strategic options at an early stage, stress tests are applied to challenge key assumptions behind strategic objectives and the plan, and operating plan objectives are analysed in detail to identify and assess associated risks.

#### *Risk Register*

Risk register details are retained indefinitely and include details of risk identification and assessment, risk appetite, key controls and remedial actions proposed and implemented. The following records are of particular importance:

- Risk register
- Risk Management Framework Policy, including approval of changes
- Strategic Planning documents
- Compliance exceptional reports
- Internal audit plans and reports
- Board reports and minutes

The Company aims to:

- Identify the risks and what could affect the business and processes going forward;
- Communicate risks that crystallise to the members of the Board;
- Ensure that controls are identified for each operational risk.

#### *Monitoring and controlling risk*

Key monitoring and control activities are undertaken. The Risk Management function has the following objectives:

- To explain the underlying approach to risk management, whilst giving key aspects of the risk

- management process, and identifying the main reporting procedures;
- To embed a culture of risk awareness;
- To make all relevant stakeholders accountable for managing risk in line with their roles and responsibilities;
- To identify, prioritise, measure, manage, monitor and treat all critical risks in a consistent and effective manner;
- To report using appropriate and reliable risk management tools (including key risk indicators, risk and control self-assessments) to support risk-based decision making and capital assessment;
- To comply with all relevant legislation, regulatory requirements, guidance and codes of practice;
- To provide senior management and the Board with timely and dependable assurance that the organisation is managing the significant risks to its business; and
- To enable the Board to review, refresh and approve the Risk Management Strategy annually, as well as to follow any significant change to the business' operating model environment.

Capital is generally estimated in line with the budget for the following year, and is reviewed throughout the year according to risk development, to ensure compliance with the established Risk Appetite limits.

### **Own Risk and Solvency Assessment (ORSA)**

The Own Risk and Solvency Assessment (ORSA) is crucial to the risk management system. The Company must evaluate its short- and long-term risks as an insurance company and determine the funds needed to cover them. The ORSA process assesses the company's overall solvency needs, considering its risk profile, risk tolerance, and business plan. It allows the Company to identify, quantify, monitor, manage, and report any risks they may face.

The ORSA considers all key risks facing the business, including those not in the SCR, such as liquidity, reputation, and regulatory risks, as well as those in the SCR. Both internal and external risks are evaluated.

The company performs the full Own Risk and Solvency Assessment (ORSA) process at least once a year. The Risk Management department produces a report based on the Capital Model output and considers the future business plan. Although some structures and analysis supporting the ORSA process are ongoing parts of the risk management framework, management believes an annual review cycle is appropriate, given the nature and scale of the company's risks. If there is a significant change in risk profile, a full ORSA process is conducted, and a report is generated as soon as possible.

These changes may impact the risk environment both internally and externally. Such changes can include significant events that can potentially modify the company's overall risk profile.

#### *Internal Triggers*

- any significant changes in our overall business strategy or material deviations from our planned course of action.
- setting up new product lines or discontinuing existing products may impact our business.
- significant investment strategy or asset allocation changes may affect our financial standing.
- any significant changes to our reinsurance program may impact our risk exposure.
- any portfolio transfers that may impact our customers or stakeholders.
- any change in mandate that may affect our business operations.

#### *External Triggers*

- any significant legal or regulatory changes affecting our operations.
- changes in credit ratings.
- significant global or market-changing events could affect operations, risks, and solvency profile.
- any significant event in the financial market could result in a major decline in the value of our investment portfolio.

If a fundamental change occurs, we may initiate a complete ORSA process. The Risk Management team will evaluate the impact of the change in the risk profile, advise management whether a full ORSA process is required, and produce a complete set of documentation.

The Board can request the Risk Management team to initiate the full ORSA process, even if the Risk Management team decides it is unnecessary.

The board reviews the Own Risk and Solvency Assessment (ORSA) report to guide critical business decisions, including:

- Setting the company's strategy and determining its risk appetite.
- Approving the business plan for the company.
- Implementing necessary risk mitigation actions.
- Identifying and assessing potential material risks related to the business strategy or business plan.
- Challenging the results of the standard formula Solvency Capital Requirement (SCR) calculation.
- Evaluating the company's short- and long-term capital position.

The Company prepares a multi-year projection of its SCR position, which is recorded in the ORSA report and shared with the regulator as required.

## **B.4 Internal control system**

The company is equipped with a comprehensive and effective internal control system encompassing all activities, including those carried out by third party service providers, to ensure well-ordered and efficient operations.

Due to its nature, Internal Control involves all people, irrespective of their hierarchical level within



the organization, who collectively contribute to providing reasonable assurance on the achievement of the objectives mainly regarding:

- Operations objectives: effectiveness and efficiency of operations, differentiating the insurance operations (mainly underwriting, claims, reinsurance and investment) as support operations and functions (human resources, administration, commercial, legal, IT, etc.).
- Information objectives: trustworthiness of information (financial and non-financial, both internal and external) regarding its reliability, timeliness or transparency, among others.
- Compliance objectives: compliance with applicable laws and regulations.

The Company adopts a Three Lines of Defence Model as part of its control environment and risk management system. The main elements of the Three Lines of Defence Model as it pertains to the Company may be summarised as follows:

- First line: the first level of the control environment is the business operations which perform day- to-day risk management activity.
- Second line: these are the oversight functions of the Company, such as Risk and Compliance, and include financial controls. These functions set direction, define policy, and provide assurance.
- Third line: Internal Audit is the third line of defence. Internal Audit offers an independent challenge to the levels of assurance provided by business operations and oversight functions.

There is a regular flow of information across the three lines of defence and from the three lines to the governing Committees. Likewise, executive decisions and directions flow opposite from the governing Committees.

## **B.5 Internal Audit function**

The Board has established an Internal Audit function, which serves as the third line of defence for the company. The Internal Audit operates independently of all operational activities.

The primary role of Internal Audit is to assist the Board and Executive Management in safeguarding the organization's assets, reputation, and sustainability. It achieves this by evaluating whether all significant risks are identified and accurately reported by management and the Risk function to the Board and Executive Management. Additionally, it assesses whether these risks are adequately controlled and challenges Executive Management to improve the effectiveness of governance, risk management, and internal controls.

The Audit Committee oversees the Internal Audit function. It is responsible for approving an annual audit activity program, supervising the execution of internal audits, and ensuring that all significant issues reported by Internal Audit are satisfactorily addressed. The Company utilizes specialised resources from the broader Fortegra Group to conduct Internal Audit activities, supplemented by external specialists when necessary. This approach helps maintain the independence of the function and provides the business with a wider range of skills for conducting audits than what is typically available from internal staff.

## **B.6 Actuarial function**

The Actuarial function ensures that the Company applies sound actuarial techniques consistently to manage its assumed risks. This enables the Company to understand, monitor, report on, and manage its insurance underwriting risk profile, assess its capital needs and deployment strategies, and fulfil its obligations to shareholders, policyholders, and regulators.

The Company has established a practical actuarial function that is appropriate to the nature, scale, complexity, and profile of its exposed risks. It ensures that the actuary meets the necessary criteria for fitness and propriety in performing the actuarial function.

The Actuarial function operates independently and is free from undue influence by other parties. It establishes and maintains the necessary procedures, processes, and systems that allow the Company to accurately estimate its policyholder obligations, assess potential insurance and reinsurance exposures, and evaluate its capital requirements in accordance with applicable laws and recognized industry standards. Additionally, the Actuarial Function is responsible for coordinating the calculation of technical provisions, reviewing the appropriateness of the methods, models, and assumptions used in these calculations, and evaluating the sufficiency and quality of the data utilized to determine the technical provisions.

## **B.7 Outsourcing**

The Outsourcing Policy establishes the general principles, tasks, processes and responsibilities in the event of outsourcing of a critical and/ or important business function. The scope of this Policy is to establish the standards for implementing outsourcing arrangements for any key, critical, important operational function, in full compliance with legislative and regulatory requirements. Any outsourced key function or critical function must be notified to the regulators.

The Board retains ultimate responsibility for the discharging of any obligations related to the outsourced activity or function and must exercise due care in the selection of the service providers, ensuring that they are fit and proper and that any risk generated by the outsourced activity is managed effectively. The Board also remain fully responsible for any sub-outsourcing by the service provider. Furthermore, the Board must ensure that any sub-outsourcing would be notified prior to becoming effective.

The existing governance structure ensures that sufficient control over the critical functions and/or activities that have been outsourced, in the terms established in the Solvency II Directive and the enabling local legislation.

## **B.8 Any other information**

None.

## C. RISK PROFILE

The company calculates its Solvency Capital Requirement (SCR) using the standard formula. For the main risk categories, the standard formula is considered an appropriate risk measurement tool for determining risk exposure, as it recognises the capital charge corresponding to key risks (such as underwriting, market, counterparty and operational risk).

The exposure to other risks not included in the Standard Formula SCR is not considered significant, as effective measures are in place for the management and mitigation of such risks.

### C.1 Underwriting risk

The Company has identified several insurance risks that fall under the responsibility of the Chief Underwriting Officer. These risks include Underwriting Concentration, Reserve Risk, Underwriting Fraud or Error, Lack of Underwriting Expertise, Data Quality Risk, Delay Risk, Unintentional Coverage Risk due to Policy Wording, and Catastrophe Risk.

While some of these risks are standard for any insurance company, others arise from the Company's strategy to focus on insurance business underwritten through MGAs. To manage these risks, the Company has implemented several mitigations and controls, including but not limited to:

- Limitations: line size limits
- Monthly meetings with MGAs and Third-Party Administrators (TPAs) to discuss ongoing matters and address any issues
- Periodic specialized audits of MGAs and TPAs
- Quota Share reinsurance coverage along with Excess of Loss reinsurance to address specific risks and catastrophic events
- Binder control checks
- Investigation of unexpected deviations
- Reserve reviews
- Treaty and Facultative Reinsurance in place

### C.2 Market risks

#### Market Risk

Market risk refers to the possibility of the investment manager underperforming investments under their management, which can negatively affect the Company's capital and liquidity. This may lead to inadequate funds available for the payment of claims. Another risk is fluctuations in the level and volatility of market prices of assets, liabilities, and financial instruments, such as Foreign Exchange (FX) rates or interest rates, which may result in realised losses on the investment portfolio.

The Company has established Service Level Agreements and outsourcing contracts with the investment manager to manage this risk.

These agreements are monitored by the Finance Department and reported to management, the Board, and relevant Board Committees. Additionally, the Board and Management oversee the Investment Manager and investments by receiving regular reports on investment performance.

Internal auditors and external regulators also oversee the investment function by conducting audits and S2 reporting.

### **Asset Liability Management Risk**

Asset Liability Management (ALM) risk occurs when the amount, currency, timing or duration of the Company's assets and liabilities do not match, resulting in a mismatch. To ensure adequate liquidity and solvency, it is essential to match the relevant assets to its liabilities by duration and currency.

The Company faces various investment risks that affect its ability to meet its liabilities. These risks include liquidity, concentration, counterparty credit, and market risks such as interest and exchange rates. To manage these risks, the Company maintains a high-quality liquid portfolio that includes cash for daily operational needs. The liquid position is managed through risk appetite tolerances, including parameters for internal cash management and investments managed externally by investment managers.

All these risks are assessed half-yearly or annually as part of the capital modelling process, including stress and scenario testing. The Company monitor the duration of the matching of assets to liabilities and present it to the relevant Committee annually as part of the Own Risk and Solvency Assessment (ORSA) document.

## **C.3 Counterparty Default Risk**

Credit risk refers to the possibility that counterparties may not be able to pay the total amount due on time. The Company faces credit risk in several areas, including corporate bonds, potential failures of bank counterparties, the reinsurers' share of insurance liabilities, amounts due from reinsurers for claims that have already been paid, and amounts owed by insurance contract holders and intermediaries.

In some cases, counterparties may not have credit ratings, which raises the likelihood of default. However, the risk is mitigated due to the diverse nature of the Company's policyholders and intermediaries.

To manage credit risk, the Company has established a risk appetite that specifies the minimum credit rating required for engaging in business with a counterparty. If a counterparty's credit rating changes

after a debt has been accrued, the Company assesses an appropriate response on a case-by-case basis. In the event of a downgrade, the Company minimizes the outstanding balances and may prohibit further debt accrual with that counterparty.

It's important to note that the existence of reinsurance arrangements does not relieve the Company of its obligations as a primary insurer. If a reinsurer fails to pay a claim, the Company is still responsible for making the payment to the policyholder.

The creditworthiness of reinsurers is regularly evaluated by reviewing their financial strength before finalizing any contracts. Moreover, the reinsurance purchasing strategy is updated based on the reinsurers' recent payment history.

## **C.4 Liquidity risk**

Liquidity risk refers to the possibility that insurance and reinsurance undertakings may be unable to realise investments and other assets to meet their financial obligations as they become due.

Liquidity risk is not factored into the SCR Standard Formula calculation. The exposure to liquidity risk is deemed to be low, given the conservative investment policy, which includes holding investments in cash and cash equivalent assets. Consequently, investment risk is relatively limited.

### **Management and mitigation techniques**

Key controls in place are:

- Cash flow monitoring and reporting
- Claim movements reports
- Claim settlement statements from business partners using in cash flow planning

## **C.5 Operational risk**

Operational risk poses a significant concern for the Company and encompasses multiple dimensions. These risks include challenges related to human resources, internal fraud, reliance on third parties, IT operations, and distribution.

Moreover, risks exist due to dependence on third parties for regulatory reporting and development.

The primary sources of operational risk include internal and external fraud, legal actions, unexpected cost inflation, changes in employment laws, improper market practices, non-compliance with regulations, project overruns or failures, subpar performance or failure of outsourced providers, business disruptions and system failures, loss of key personnel, and pandemics.

The Company maintains risk registers for each major business function to effectively manage these risks. It also employs comprehensive procedure manuals and a structured programme to test its processes and systems.

Furthermore, all key functions are required to contribute to the maintenance of a risk register, which is regularly reviewed and scrutinised by the Risk Function. Significant issues are escalated to the Board and the relevant Committee.

### **Management and mitigation techniques**

Key controls in place are:

- Data back-up and recovery
- Emerging risk process
- Business continuity plan
- Training and development programme
- Conduct risk controls
- Sanction process
- Business change management

## **C.6 Other material risks**

### **Non-compliance risk**

Non-compliance risk refers to the potential for incurring losses due to legal or regulatory penalties, or damage to reputation resulting from failure to comply with laws, regulations, rules, internal and external standards, or administrative requirements applicable to its activities.

This risk is mainly mitigated by the compliance function, which provides guidance on adherence to laws and regulations. It also includes an evaluation of how potential changes in the legal environment may affect the Company's operations, along with the identification and assessment of compliance risks.

### **Legal risk**

Legal risk is defined as the event arising from changes in regulations, laws, or administrative procedures that may adversely affect the Company.

In recent years, the regulatory framework governing the insurance industry has been extended with new regulations at both international and local levels. Furthermore, it should be noted that the Company operates in a complex environment under increasing regulatory pressures, not only within the insurance sector but also across the fields of technology, corporate governance, and criminal corporate responsibility, among others.

This risk is primarily mitigated through the efforts of the compliance function and the support of legal counsel.

**Cybersecurity risk**

Cyber risks refer to threats associated with security in the use of information and communication technologies, cyberspace, and the transfer, processing, and storage of electronic data. Such cyber risks can compromise:

- The confidentiality, integrity, and availability of both the information managed and the systems that store, process, and/or transmit it;
- The continuity of business operations and the services provided to clients;
- In extreme instances, the physical security of both the facilities and personnel.

The Company depends on the Fortegra Group IT infrastructure and the various IT systems employed by its key service providers. Fortegra Financial Corporation is tasked with ensuring IT compliance with PCI, SOX, and regulatory requirements, while implementing policies and procedures designed to safeguard the Company against IT risks, including unauthorised access to information, data integrity concerns, and emerging cybersecurity threats.

**Group risk**

The Company has not assumed any additional capital requirements for group risk, due to the simplicity of the Group structure and the risk mitigations in place. The Company considers the operational risk capital requirement to be sufficient to adequately cover group risk. Given the Group's structure and the current state of the business, group risk is deemed immaterial.

**Strategic risk**

The Company aims to establish an appropriate framework to limit the potential for strategic risk arising from unsuitable business decisions, their implementation, or a lack of consideration for the broader markets in which the Company operates. The Company sets a high-level business strategy, which is translated into a three-year financial business plan, a volume plan by distribution channel, and a detailed one-year budget. Performance against both the budget and volume plan is reviewed quarterly.

## **C.7 Any other information**

None.

## D. VALUATION FOR SOLVENCY PURPOSES

In Solvency 2, assets and liabilities are valued using a market-consistent approach. The Company also prepares a complete set of accounting figures according to BGAAP.

Balance Sheet (€'000)	BGAAP	Reconciling differences	Solvency 2
Investments	13,418	(93)	13,511
Cash and cash equivalents	1,399	-	1,399
Deferred acquisition costs	8	8	0
Insurance receivables	157	5	152
Reinsurance recoverables	89	42	47
Total Assets	15,071	(39)	15,110
Technical provisions	(191)	179	(370)
Insurance payables	(53)	0	(53)
Other liabilities	(205)	0	(205)
Total Liabilities	(449)	179	(628)
Net Assets / Own Fund	14,623	141	14,482

### D.1 Assets

The Company's value for solvency purposes is calculated based on the Company's GAAP accounts, which are adjusted according to Solvency II regulations.

In forthcoming years, the most significant changes between the financial statement balance sheet and the solvency valuation will be due to the revaluation of technical reserves to Solvency II technical provisions and the removal of deferred acquisition costs (replaced by future cash flows in the Solvency II technical provisions).

#### Deferred acquisition costs

The Solvency 2 framework incorporates acquisition costs directly into projected cash flows, rather than deferring them. This approach ensures that these costs are reflected in the calculation and valuation of technical provisions, leading to a more immediate impact on an insurance entity's financial assessments.

#### Insurance receivables

Insurance receivables are recorded on the balance sheet when they become due, reflecting the expected amount to be received.



Since insurance receivables are generally considered short-term items, the difference in their valuation between Belgian Generally Accepted Accounting Principles (BGAAP) and the fair value determined under Solvency II is minimal.

### Reinsurance best estimates

In assessing the Solvency II value for reinsurance recoverables, we evaluate the best estimates of reserves ceded to reinsurers based on the company's analysis of its technical provisions.

To determine the Solvency II value, we replaced the best estimate reserves with the net present value of expected future cash flows from reinsurance, ensuring an accurate evaluation of financial obligations owed to reinsurers.

### Cash and cash equivalents

Cash includes cash in hand. For the purposes of the Solvency 2 balance sheet, cash and cash equivalents have been valued in accordance with BGAAP.

### Investments

Under Solvency II, investments are valued at market value instead of using amortised costs as in BGAAP.

## D.2 Technical provisions

The below are the main differences between the valuation of technical provisions under Solvency II and BGAAP, and a breakdown of Solvency II technical provisions by class of business.

€'000	Solvency II Value	BGAAP
Technical provisions non-life	-	188
Best estimate (BE)	102	-
Risk margin	268	-
Total technical provisions	370	188

€'000	Best estimate	Risk margin	Total
General liability insurance	70	165	235
Credit and suretyship insurance	32	103	135
Total non-life obligations	102	268	370

The Solvency II Directive 2009/138/EC stipulates that the value of technical provisions shall be equal to the sum of a best estimate and a risk margin.

To calculate the solvency ratio, the Company does not make use of matching and volatility adjustments, or transitional measures for technical provisions.

**Best estimate of the provision for claims outstanding**

All claims incurred before the valuation date are considered, whether reported or not. The valuation reflects the present value of expected future cash flows for incurred claims, including benefits and expenses.

If liabilities are transferred to another party, expected losses due to default are adjusted. The best estimate accounts for the time value of money related to claim inflows and outflows.

The claim provisions in the financial statements include the provision for outstanding claims reported.

The claim provisions calculated based on Solvency 2 criteria present the following differences with respect to those calculated based on financial statement requirements:

- The consideration of all cash flow sources;
- The counterparty default risk adjustment to reinsurance recoverable amounts;
- The financial discount of cash flows.

**Best estimate of the provision for premiums**

The "best estimate" for the premium provision is based on the following principles:

- It relates to future claims, or those which take place subsequent to the valuation date, within the remaining claim coverage period;
- It is calculated as the present value of expected cash flows associated with the current portfolio, in accordance with contract boundaries;
- Projected cash flows will include payments for benefits and related expenses: administration, acquisition, claim management, and investment management;
- Should there be any liabilities transferred to a counterparty, the recoverable amounts are adjusted to consider the expected losses due to default of the counterparty;
- The best estimate takes into account the time value of money based on an analysis of claim inflows and outflows.

**Risk margin**

The risk margin represents the cost of providing the capital needed to cover the SCR throughout the duration of the liabilities. Its purpose is to ensure that the value of the technical provisions reflects the amount an insurer would reasonably need to take over and fulfil the insurance obligations.

**Degree of uncertainty associated with the amount of technical provisions**

The value of technical provisions is directly linked to estimates and projections for future cash flows, which might be subject to a number of factors of uncertainty, which are mainly the following:

- The probability that the obligation will materialise with regard to future cash flows;
- The timing of the claim;

- Potential amount of the future cash flows;
- The risk-free interest rate.

### **D.3 Other liabilities**

As at the reporting date, the Company had €205k of other liabilities, not shown elsewhere. These amounts represent accruals and other liabilities.

Accruals are recognised in line with generally accepted accounting principles. Hence, the Company accrues when it is probable that the Company will be required to settle an obligation, and a reliable estimate can be made of the obligation amount. Other liabilities are recognised initially at transaction value plus directly attributable costs.

As most liabilities are short-term, the carrying value in the annual accounts is considered to approximate fair value. Any discounting for the time value of money would not have a material effect.

There are no material estimates, assumptions or judgements when reporting the value.

### **D.4 Alternative methods for valuation**

No alternative valuation methods have been used.

### **D.5 Any other information**

There is no other significant information regarding the valuation of assets and liabilities that has not been included in the preceding sections.

## E. CAPITAL MANAGEMENT

### E.1 Own funds

The Company's objective for capital management is to ensure it has sufficient own funds to meet the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR), while also maintaining a buffer that supports its growth ambitions as outlined in the business plan.

The Board reviews the ratio of eligible own funds to the SCR and MCR at least quarterly. Additionally, the Company prepares solvency projections for the next three years as part of its business planning process. The Company primarily invests its eligible own funds in high-quality fixed-income securities and cash held in bank accounts.

Currently, the Company has no plans to change its investment policy or to modify how it manages its own fund items. Its capital management principle is to maintain a cover rate of 150% of the Solvency Capital Requirement. The required regulatory capital is calculated quarterly, and both the CFO and CRO ensure regular, timely, and effective monitoring of the capital positions.

#### *Internal Reporting of Capital Positions:*

The CFO and CRO provide regular and effective internal reports on capital positions to the Board and senior management.

#### *External Reporting of Capital Positions:*

The Company produces the following in accordance with Solvency II requirements:

- Quantitative Reporting Template ("QRT");
- Solvency and Financial Condition Report ("SFCR");
- ORSA Report.

### Structure, amount and quality of own funds

As of 31 December 2024, the unrestricted basic own funds of the Company consist of ordinary share capital, additional capital contributions, and a reconciliation reserve.

€'000	2024
Ordinary share capital	15,000
Reconciliation reserve	518
<i>Total available own funds</i>	14,482

As of December 31, 2024, the Company did not have any Tier 2 or Tier 3 own funds.

## E.2 Solvency Capital Requirement & Minimum Capital Requirement

A breakdown of the SCR and Minimum Capital Requirements ("MCR") and the eligible capital are displayed in the following tables:

€'000	2024
Eligible own funds	14,482
Solvency capital requirement (SCR)	6,960
Minimum capital requirement (MCR)	4,000
Solvency II Surplus	7,522
Solvency ratio	208.1%

The standard formula is used to calculate the SCR; the table below shows the components of the SCR:

€'000	2024
Underwriting risk	5,809
Market Risk	2,181
Counterparty risk	482
Operational risk	3
Diversification credit	(1,515)
Solvency capital requirement	6,960
Minimum capital requirement	4,000

## E.3 Material changes to the SCR and MCR over the reporting period

None

## E.3 Any other information

Since obtaining a license in 2024, the Company has continuously complied with the MCR and the SCR throughout the reporting period.

## F. Templates

The following reporting templates are provided as appendices to this document, as required by the regulations:

Template Code	Template name
IR.02.01	Balance sheet
IR.05.01	Premiums, claims and expenses by line of business
IR.17.01	Non-Life Technical Provisions
IR.23.01	Own Funds
IR.25.01	Solvency Capital Requirement - for undertakings on Standard Formula

## SE.02.01.16.01 - Balance sheet

		Solvency II value	Statutory accounts value	Reclassification adjustments
		C0010	C0020	EC9021
Rows				
Assets	AR0099			
Goodwill	R0010			
Deferred acquisition costs	R0020		8,160.21	
Intangible assets	R0030			
Deferred tax assets	R0040			
Pension benefit surplus	R0050			
Property, plant & equipment held for own use	R0060			
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	13,511,459.58	13,417,752.65	
Property (other than for own use)	R0080			
Holdings in related undertakings, including participations	R0090			
Equities	R0100			
Equities - listed	R0110			
Equities - unlisted	R0120			
Bonds	R0130	13,511,459.58	13,417,752.65	
Government Bonds	R0140	1,790,514.00	1,790,090.83	
Corporate Bonds	R0150	11,720,945.58	11,627,661.82	
Structured notes	R0160			
Collateralised securities	R0170			
Collective Investments Undertakings	R0180			
Derivatives	R0190			
Deposits other than cash equivalents	R0200			
Other investments	R0210			
Assets held for index-linked and unit-linked contracts	R0220			
Loans and mortgages	R0230			
Loans on policies	R0240			
Loans and mortgages to individuals	R0250			
Other loans and mortgages	R0260			
Reinsurance recoverables from:	R0270	47,249.32	89,165.37	
Non-life and health similar to non-life	R0280	47,249.32	89,165.37	
Non-life excluding health	R0290	47,249.32	89,165.37	
Health similar to non-life	R0300			
Life and health similar to life, excluding health and index-linked and unit-linked	R0310			
Health similar to life	R0320			
Life excluding health and index-linked and unit-linked	R0330			
Life index-linked and unit-linked	R0340			
Deposits to cedants	R0350			
Insurance and intermediaries receivables	R0360	152,187.48	157,186.51	
Reinsurance receivables	R0370			
Receivables (trade, not insurance)	R0380			
Own shares (held directly)	R0390			
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400			
Cash and cash equivalents	R0410	1,399,087.55	1,399,087.55	
Any other assets, not elsewhere shown	R0420		0.00	
Total assets	R0500	15,109,983.92	15,071,352.28	
Liabilities	AR0599			
Technical provisions - non-life	R0510	370,356.75	190,831.20	
Technical provisions - non-life (excluding health)	R0520	370,356.75	190,831.20	
Technical provisions calculated as a whole	R0530			
Best Estimate	R0540	102,278.90		
Risk margin	R0550	268,077.85		
Technical provisions - health (similar to non-life)	R0560			
Technical provisions calculated as a whole	R0570			
Best Estimate	R0580			
Risk margin	R0590			
Technical provisions - life (excluding index-linked and unit-linked)	R0600			
Technical provisions - health (similar to life)	R0610			
Technical provisions calculated as a whole	R0620			
Best Estimate	R0630			
Risk margin	R0640			
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650			
Technical provisions calculated as a whole	R0660			
Best Estimate	R0670			
Risk margin	R0680			
Technical provisions - index-linked and unit-linked	R0690			
Technical provisions calculated as a whole	R0700			
Best Estimate	R0710			
Risk margin	R0720			
Other technical provisions	R0730			
Contingent liabilities	R0740			
Provisions other than technical provisions	R0750			
Pension benefit obligations	R0760			
Deposits from reinsurers	R0770			
Deferred tax liabilities	R0780			
Derivatives	R0790			
Debts owed to credit institutions	R0800			
Debts owed to credit institutions resident domestically	ER0801			
Debts owed to credit institutions resident in the euro area other than domestic	ER0802			
Debts owed to credit institutions resident in rest of the world	ER0803			
Financial liabilities other than debts owed to credit institutions	R0810			
Debts owed to non-credit institutions	ER0811			
Debts owed to non-credit institutions resident domestically	ER0812			
Debts owed to non-credit institutions resident in the euro area other than domestic	ER0813			
Debts owed to non-credit institutions resident in rest of the world	ER0814			
Other financial liabilities (debt securities issued)	ER0815			
Insurance & intermediaries payables	R0820	52,845.80	52,845.80	
Reinsurance payables	R0830			
Payables (trade, not insurance)	R0840			
Subordinated liabilities	R0850			
Non-negotiable instruments held by credit institutions resident domestically	ER0851			
Non-negotiable instruments held by credit institutions resident in the euro area other than domestic	ER0852			
Non-negotiable instruments held by credit institutions resident in rest of the world	ER0853			
Non-negotiable instruments held by non-credit institutions resident domestically	ER0854			
Non-negotiable instruments held by non-credit institutions resident in the euro area other than domestic	ER0855			
Non-negotiable instruments held by non-credit institutions resident in rest of the world	ER0856			
Subordinated liabilities not in Basic Own Funds	R0860			
Subordinated liabilities in Basic Own Funds	R0870			
Any other liabilities, not elsewhere shown	R0880	204,851.59	204,851.59	
Total liabilities	R0900	628,054.14	448,528.59	
Excess of assets over liabilities	RL000	14,481,929.78	14,622,823.70	

**S.05.01.01.01 - Non-Life (direct business/accepted proportional reinsurance and**

		Line of Business for: non-life		Total
		General liability insurance	Credit and suretyship	
		C0080	C0090	C0200
Rows				
Premiums written	AR0109			
Gross - Direct Business	R0110	142,565.69	67,348.09	209,913.78
Gross - Proportional reinsurance accepted	R0120			
Gross - Non-proportional reinsurance accepted	R0130			
Reinsurers' share	R0140	67,718.70	31,990.34	99,709.04
Net	R0200	74,846.98	35,357.75	110,204.73
Premiums earned	AR0209			
Gross - Direct Business	R0210	46,245.02	5,983.67	52,228.69
Gross - Proportional reinsurance accepted	R0220			
Gross - Non-proportional reinsurance accepted	R0230			
Reinsurers' share	R0240	21,966.39	2,842.24	24,808.63
Net	R0300	24,278.64	3,141.43	27,420.06
Claims incurred	AR0309			
Gross - Direct Business	R0310	0.00	0.00	0.00
Gross - Proportional reinsurance accepted	R0320			
Gross - Non-proportional reinsurance accepted	R0330			
Reinsurers' share	R0340	0.00	0.00	0.00
Net	R0400	0.00	0.00	0.00
Expenses incurred	R0550	7,377.77	3,485.27	10,863.05
Administrative expenses	AR0609			
Gross - Direct Business	R0610			
Gross - Proportional reinsurance accepted	R0620			
Gross - Non-proportional reinsurance accepted	R0630			
Reinsurers' share	R0640			
Net	R0700			
Investment management expenses	AR0709			
Gross - Direct Business	R0710			
Gross - Proportional reinsurance accepted	R0720			
Gross - Non-proportional reinsurance accepted	R0730			
Reinsurers' share	R0740			
Net	R0800			
Claims management expenses	AR0809			
Gross - Direct Business	R0810			
Gross - Proportional reinsurance accepted	R0820			
Gross - Non-proportional reinsurance accepted	R0830			
Reinsurers' share	R0840			
Net	R0900			
Acquisition expenses	AR0909			
Gross - Direct Business	R0910	39,205.56	18,520.73	57,726.30
Gross - Proportional reinsurance accepted	R0920			
Gross - Non-proportional reinsurance accepted	R0930			
Reinsurers' share	R0940	31,827.79	15,035.46	46,863.25
Net	R1000	7,377.77	3,485.27	10,863.05
Overhead expenses	AR1009			
Gross - Direct Business	R1010	0.00	0.00	0.00
Gross - Proportional reinsurance accepted	R1020			
Gross - Non-proportional reinsurance accepted	R1030			
Reinsurers' share	R1040	0.00	0.00	0.00
Net	R1100	0.00	0.00	0.00
Balance - other technical expenses/income	R1210			
Total technical expenses	R1300			10,863.05



**S.17.01.01.01 - Non-Life Technical Provisions**

Rows		Direct business and accepted		Total Non-Life obligation
		General liability insurance	Credit and suretyship insurance	
		C0090	C0100	C0180
Technical provisions calculated as a whole	R0010			
Direct business	R0020			
Accepted proportional reinsurance business	R0030			
Accepted non-proportional reinsurance	R0040			
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	R0050			
Technical provisions calculated as a sum of BE and RM	AR0057			
Best estimate	AR0058			
Premium provisions	AR0059			
Gross - Total	R0060	43,339.41	27,406.42	70,745.83
Gross - direct business	R0070	43339.41	27406.42	70745.83
Gross - accepted proportional reinsurance business	R0080			
Gross - accepted non-proportional reinsurance business	R0090			
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0100	19775.12	12,505.14	32,280.27
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0110	19,775.12	12,505.14	32,280.27
Recoverables from SPV before adjustment for expected losses	R0120			
Recoverables from Finite Reinsurance before adjustment for expected losses	R0130			
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	19,772.65	12,502.40	32,275.05
Net Best Estimate of Premium Provisions	R0150	23,566.76	14,904.02	38,470.78
Claims provisions	AR0159			
Gross - Total	R0160	27,920.43	3,612.64	31,533.07
Gross - direct business	R0170	27920.43	3612.64	31533.07
Gross - accepted proportional reinsurance business	R0180			
Gross - accepted non-proportional reinsurance business	R0190			
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0200	13,262.21	1,716.00	14,978.21
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0210	13,262.21	1,716.00	14,978.21
Recoverables from SPV before adjustment for expected losses	R0220			
Recoverables from Finite Reinsurance before adjustment for expected losses	R0230			
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	13,258.71	1,715.55	14,974.27
Net Best Estimate of Claims Provisions	R0250	14,661.72	1,897.09	16,558.81
Total Best estimate - gross	R0260	71,259.84	31,019.06	102,278.90
Total Best estimate - net	R0270	38,228.48	16,801.11	55,029.58
Risk margin	R0280	164,226.44	103,851.42	268,077.85
Amount of the transitional on Technical Provisions	AR0289			
TP as a whole	R0290			
Best estimate	R0300			
Risk margin	R0310			
Technical provisions - total	AR0319			
Technical provisions - total	R0320	235,486.28	134,870.48	370,356.75
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	33,031.36	14,217.95	47,249.32
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	202,454.91	120,652.52	323,107.43
Line of Business: further segmentation (Homogeneous Risk Groups)	AR0349			
Premium provisions - Total number of homogeneous risk groups	R0350	1	1	
Claims provisions - Total number of homogeneous risk groups	R0360	1	1	
Cash-flows of the Best estimate of Premium Provisions (Gross)	AR0368			
Cash out-flows	AR0369			
Future benefits and claims	R0370	41,631.84	26,326.61	67,958.45
Future expenses and other cash-out flows	R0380	1,707.57	1,079.81	2,787.38
Cash in-flows	AR0389			
Future premiums	R0390	0.00	0.00	0.00
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0400			
Cash-flows of the Best estimate of Claims Provisions (Gross)	AR0408			
Cash out-flows	AR0409			
Future benefits and claims	R0410	27,920.43	3,612.64	31,533.07
Future expenses and other cash-out flows	R0420			
Cash in-flows	AR0429			
Future premiums	R0430			
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0440			
Percentage of gross Best Estimate calculated using approximations	R0450			
Best estimate subject to transitional of the interest rate	R0460			
Technical provisions without transitional on interest rate	R0470			
Best estimate subject to volatility adjustment	R0480			
Technical provisions without volatility adjustment and without others transitional measures	R0490			
Expected profits included in future premiums (EPIFP)	R0500			

**S.23.01.01.01 - Own funds**

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Rows						
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	AR0009					
Ordinary share capital (gross of own shares)	R0010	0.00	0.00			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	-518,070.22	-518,070.22			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	15,000,000.00	15,000,000.00			
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	AR0219					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions	AR0229					
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	14,481,929.78	14,481,929.78			
Ancillary own funds	AR0299					
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds	AR0499					
Total available own funds to meet the SCR	R0500	14,481,929.78	14,481,929.78			
Total available own funds to meet the MCR	R0510	14,481,929.78	14,481,929.78			
Total eligible own funds to meet the SCR	R0540	14,481,929.78	14,481,929.78			
Total eligible own funds to meet the MCR	R0550	14,481,929.78	14,481,929.78			
SCR	R0580	6,959,869.25				
MCR	R0600	4,000,000.00				
Ratio of Eligible own funds to SCR	R0620	2.0808				
Ratio of Eligible own funds to MCR	R0640	3.6205				

**S.23.01.01.02 - Reconciliation reserve**

Sheets	Z	
Z Axis:	Z0001	

		Columns
		Value
		C0060
Rows		
Reconciliation reserve	AR0699	
Excess of assets over liabilities	R0700	14,481,929.78
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	15,000,000.00
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	-518,070.22
Expected profits	AR0769	
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	

**S.25.01.01.01 - Basic Solvency Capital Requirement**

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Rows				
Market risk	R0010	2,180,834.81	2,180,834.81	
Counterparty default risk	R0020	481,635.81	481,635.81	
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	5,809,487.74	5,809,487.74	
Diversification	R0060	-1,515,222.83	-1,515,222.83	
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	6,956,735.53	6,956,735.53	

**S.25.01.01.02 - Calculation of Solvency Capital Requirement**

		C0100
Rows		
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Operational risk	R0130	3,133.72
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	6,959,869.25
Capital add-ons already set	R0210	
of which, capital add-ons already set - Article 37 (1) Type a	R0211	
of which, capital add-ons already set - Article 37 (1) Type b	R0212	
of which, capital add-ons already set - Article 37 (1) Type c	R0213	
of which, capital add-ons already set - Article 37 (1) Type d	R0214	
Solvency capital requirement	R0220	6,959,869.25
Other information on SCR	AR0399	
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	
Net future discretionary benefits	R0460	