Maersk Insurance A/S
Solvency and Financial Condition Report
Financial Year ended 31st December 2017

Executive Summary

The new, harmonised EU-wide regulatory regime for Insurance Companies, known as Solvency II, came into force with effect from 1 January 2016. The regime requires new reporting and public disclosure arrangements to be put in place by insurers and some of that is required to be published on the Company's public website. This document is the second version of the Solvency and Financial Condition Report ("SFCR") that is required to be published by Maersk Insurance A/S (MIAS).

This report covers the Business and Performance of MIAS, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. The ultimate responsibility for all of these matters is with MIAS' Board of Directors with the support of various governance and control functions that have been put in place to monitor and manage the business.

MIAS is an active retention vehicle operated as a captive for the A. P. Moller – Maersk Group, and the focus of the Board and Management Team is the orderly management of the existing book of policies in line with their policy terms and conditions. MIAS´s strategy is to insure own assets or assets under management control. MIAS is required to hold sufficient capital to match its policyholder liabilities at all times and a primary responsibility of the Board is to ensure that MIAS's capital is adequate to cover the required solvency for the nature and scale of the business and the expected operational requirements of the business. A number of mechanisms are in place to evaluate those levels and the outcome of those assessments indicate that MIAS's capital is adequate at this time and for the expected requirements in the short to medium term.

MIAS's management is composed of the Managing Director assisted by two employees, a Finance Manager and an Insurance Manager (both employed with APMM). In addition, four key functions (Actuarial, Compliance, Risks, and Intern Audit) are established and reporting to the Managing Director. The Finance Manager is responsible for Finance, including Investment, Accounting, Reporting, and Analysis. The Insurance Manager is responsible for Underwriting and Claims for Insurance and Reinsurance. The board of MIAS is involved in strategic decisions as well as significant decisions which fall outside the scope of the management.

The Risk Management function operates under the defined policies and guidelines, continuously monitoring the risk exposure and maintaining a risk register covering Strategic risks, Operational risks, Market risks, Underwriting risks and Default risks. MIAS' management is informed of any significant changes to the risk picture, on a regular basis. The insurance risks MIAS carries, i.e. Energy, Marine, Terminals and consolidated global programs within the A.P. Moller - Maersk Group, are aligned with the limits stated in the risk appetite and strategy, as established by the Board of Directors. MIAS protects itself against cumulative risk by capping its exposure at fixed maximum liability amounts through reinsurance. Once a year, MIAS performs and reports an Own Risk Solvency Assessment (ORSA) to the Danish FSA. MIAS' assets, technical provisions and other liabilities are valuated under Solvency II bases.

The management of own funds is governed by the Policy for Capital Structure where the overall responsibility and tasks are defined. According to this policy, the equity of the company must be sufficient to ensure the continued operation of the company and at the same time sufficient to meet all regulatory requirements. The company is constantly focusing on matters which might influence the capital structure, e.g. the company's investment policy. The value creation of the company is meant to primarily be generated from acceptance of insurance risk rather than by acceptance of investment risk. The time horizon for business planning including development of own funds is minimum 3 years.

MIAS' underwriting profit (Technical Profit) for 2017 was USD 6.0 million and the solvency ratio by end 2017 was 303%.

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A. Business and Performance

A.1 Business

Maersk Insurance A/S (MIAS) was established 28 February 2011 and started operation 1 January 2012. MIAS operates as a Captive for the A.P. Moller - Maersk Group, including entities where the Group has management control. MIAS provides insurance protection for selected risks world-wide:

- The Company name is: Maersk Insurance A/S
- The Company address is: Esplanaden 50, 1098 Copenhagen K, Denmark

MIAS is incorporated as a privately owned company with limited liability (A/S: Aktieselskab) and is a 100% owned subsidiary of A. P. Moller - Maersk A/S. MIAS has granted a loan to the parent company A.P. Moller - Maersk A/S according to permission from the Danish Financial Supervisory Authority (Finanstilsynet). The loan yields interest at arm's length basis. MIAS has entered into an agreement with A.P. Moller - Maersk A/S related to fees for risk management and other services for Captive operation.

MIAS is domiciled in Denmark and is under supervision from the Danish Financial Supervisory Authority (DFSA), Århusgade 110, 2100 Copenhagen Ø, and Maersk Insurance A/S´ main contact person at DFSA is: Birgitta Nielsen.

MIAS has license to conduct direct insurance and reinsurance business for the below listed insurance classes:

- 6 (Fully comprehensive insurance for ships)
- 8 (Fire and natural forces)
- 9 (Other damage to property)
- 12 (Third party liability for ships)
- 13 (General liability)
- 16 (Miscellaneous financial losses)

MIAS is audited by PriceWaterhouseCoopers (PWC), Strandvejen 44, 2900 Hellerup, and Maersk Insurance A/S´ main contact person at PWC is: Jesper Otto Edelbo.

As per 1 January 2018, the MIAS´s Board of Directors consists of:

- Jan Kjærvik (Chairman)
- Palle Brødsgaard Laursen
- Martin Herrstedt
- Fatiha Benali

MIAS has an audit committee, including two external independent members with accounting and audit qualifications:

- Fatiha Benali (Chairman - external)
- Jan Kjaevik (internal)

MIAS´s management consists of two part time employees:

- Lars Henneberg (MD), who holds both the Actuarial, Risk Management and the Compliance key functions
- Peter Hansen, who holds the Intern Audit key function

MIAS has to a large extent outsourced the operation, including Risk Management, Compliance, Actuarial Underwriting, Reinsurance, Claims handling, Legal, Tax, Accounting, Investment, Reporting, IT, etc. The Risk Management function and Underwriting, Reinsurance, Claims handling, Legal, Tax, Accounting, Investment, Reporting and IT are outsourced to the parent company. The Actuarial and the Compliance functions are outsourced to external parties.

Further, MIAS operates through fronting companies in order to reduce the operational tasks to a minimum and to benefit from the operational efficiencies of large global insurance carriers. The fronting activities consist predominately of lead underwriting, lead claims handling, and policy administration.

MIAS underwrites risks within the business areas of Marine, Energy and Terminals. MIAS underwrites non-life business such as Property and Casualty classes.

More specifically, MIAS underwrites coverages for Property Damage, Operator's Extra Expense, Loss of Production Income, Third Party Liability, Hull and Machinery, incl. Collision Liability, Owner Total Loss Interest, War coverage, Natural Catastrophe, Business Interruption, Construction All Risk, Umbrella Liability, Employment Practices Liability, Pension Trustee Liability, and Specialty Risk.

MIAS underwrites risk both as reinsurance and as direct insurance, following a lead underwriter and a lead claims handler. The insurance risk for MIAS is limited to risks within the insurance classes for which the company holds a license. MIAS´s existing ultimate Insureds and Policyholders are located world-wide.

MIAS mitigates and protects the capital by procurement of reinsurance and retrocession. In accordance with MIAS´s reinsurance policy, all reinsurers must have a minimum A- rating by Standard & Poors or similar. The reinsurance enables MIAS to operate as both a net line and a gross line captive in order to reduce volatility and create diversification as a response to a changing insurance market. Further, the use of reinsurance creates a platform for MIAS to respond to market dynamics, both when the market is softening through overcapacity of capital due to increased competition between insurance carriers with growth strategies, or when the market is hardening and the capital is withdrawn from the insurance market and the competition is less efficient.

The development during the reporting period has predominately been influenced by change of strategic direction of MIAS´s parent company A.P. Moller - Maersk A/S, including the separation of Energy businesses, including Maersk Tankers A/S (MT), Maersk Oil & Gas A/S (MOG) and Egyptians Drilling Company (EDC). MIAS continues to insure MT in accordance with a 5 year Service Level Agreement. MIAS continues to underwrite EDC until the next renewal (June 1st 2018). In respect of EDC MIAS has 100% reinsurance in place and have obtained special acceptance from the reinsurer to continue the coverage despite change in ownership. Finally, MIAS continue to insure MOG until the final closure of the transaction with the French oil company Total (1st quarter 2018) despite the change in ownership.

A.2 Insurance Results

MIAS underwrites risks within the business areas of Marine, Energy and Terminals. Further, MIAS underwrites risk within the insurance classes Property and Casualty, of which MIAS holds a license.

Claims are limited per incident and for most programmes also on a yearly aggregate. As of the end of December 2017, MIAS's maximum net exposure is limited for Property to USD 30 million and for Casualty USD 12.5 million.

MIAS´s gross written premium in 2017 was USD 52.1 million with a return on equity of 4%. MIAS's Underwriting profit (Technical Profit) for 2017 amounts to USD 6.0 million (2016: USD 24.4 million). The result is satisfactory:

Year (USD)	Total gross written premium	Total net earned premium	Total gross claims incurred	Total net claims incurred	Operating Expenses	Profit before tax	Combined ratio
2012	69,531,000	45,112,000	-30,768,000	-30,768,000	-2,736,000	12,121,000	74%
2013	49,919,000	50,797,000	-33,960,000	-33,960,000	-2,567,000	14,599,000	73%
2014	82,075,000	59,579,000	-28,360,000	-28,360,000	-1,557,000	30,365,000	59%
2015	76,445,000	54,239,000	-45,633,000	-40,458,000	-258,000	14,580,000	82%
2016	50,200,000	23,129,000	-3,360,000	-429,000	1,628,000	26,380,000	60%
2017	52,060,000	4.531,000	-23,043,000	-1,451,000	2,864,000	8,935,000	89%

The 2017 Underwriting results split per industry segment:

Segment (USD)	Total gross written premium	Total net premium earned	Total gross claims incurred	Total net claims incurred	Operating Expenses*	Technical Result**	Profit before tax
Energy	13,818,000	0	-86,000	214,000	1,810,000	2,024,000	
Marine	22,098,000	437,000	-18,646,000	1,878,000	858,000	3,173,000	
Terminals	12,461,000	1,442,000	-2,416,000	-1,648,000	477,000	271,000	
Others	3,683,000	2,652,000	-1,895,000	-1,895,000	-281,000	476,000	
Total	**52,060,000**	**4,531,000**	**-23,043,000**	**-1,451,000**	**2,864,000**	**5,944,000**	**8,935,000**

*including reinsurance commission

** excluding technical interests

For 2018, MIAS expects profitable growth and further centralisation of the insurance procurement and deployment of MIAS accordingly. The continuing consolidation of Group risks to a centralised operation from local procurement, supports MIAS's strategy to underwrite additional risks and deploy the capital most efficiently. Budgets and projections have been made on the existing business model to further develop the captive to the benefit of the Group. The company expects a positive result for 2018.

A.3 Investment Results

MIAS´s investments comprises a low risk profile. MIAS is required to maintain assets to match the policyholder´s liabilities at all times. MIAS invests in accordance with the investment policy approved by the Board of Directors.

The asset management is outsourced. MIAS´s investment policy reflects MIAS´s risk appetite. Investments are predominately made in government and mortgage bonds with short duration, in short-term deposits, and in a loan to the parent company.

The investment income is benchmarked up against an adequate index and is reported on a monthly basis to the management.

MIAS´s investment portfolio and the result from Investment activities:

Instrument (USD)	2017	2016	2015
Interest on Danish mortgage bonds	75,000	75,000	75,000
Interest on Government bonds	498,000	985,000	1,189,000
Interest loan APMM	1,225,000	973,000	391,000
Interest deposits	31,000	-115,000	6,000
Value adjustments	1,162,000	188,000	-315,000
Total	**2,991,000**	**2,106,000**	**1,346,000**

The result of the investment activities was satisfactory.

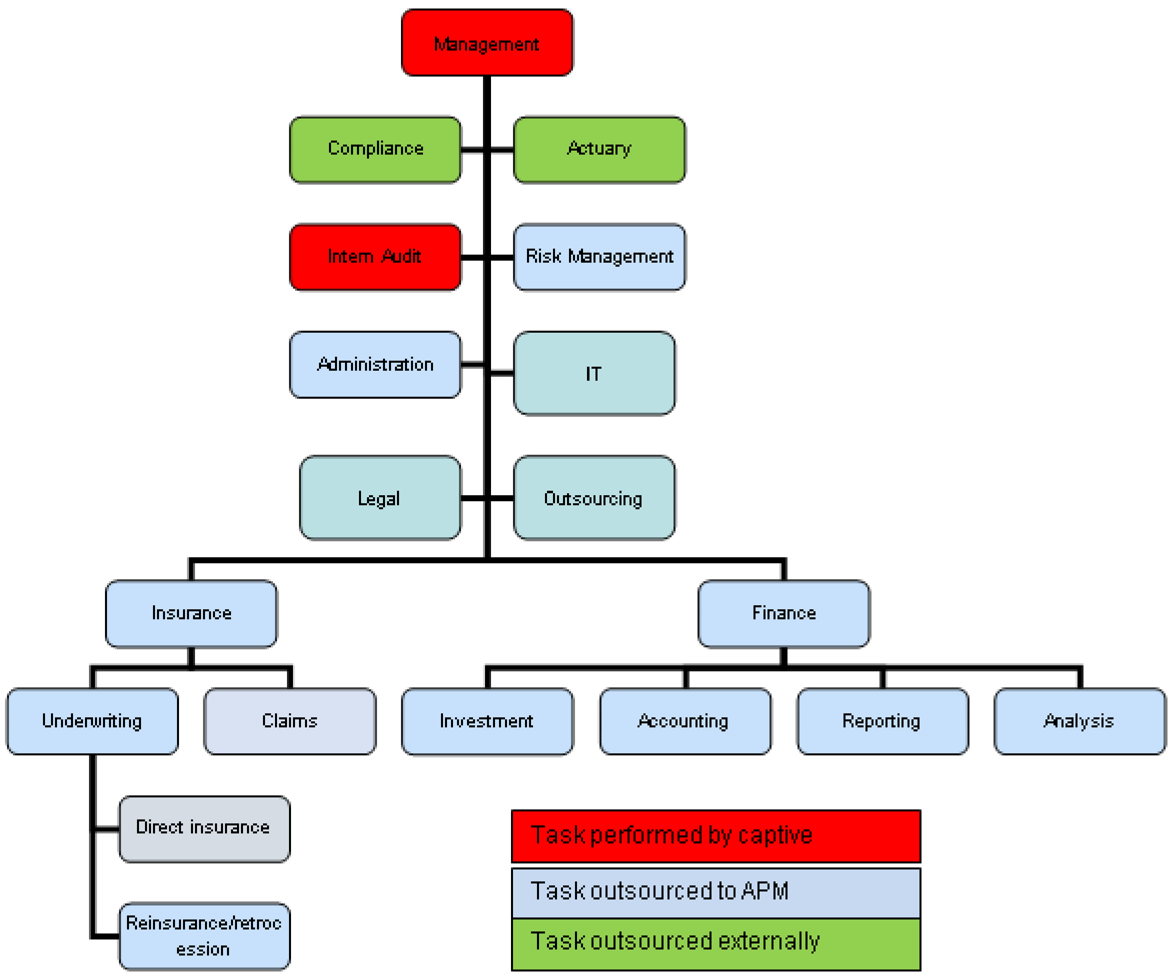
A.4 Results of Other Activities

MIAS does not perform other activities generating other income or results.

B. Management System

B.1 General Remarks

MIAS's management is composed of the Managing Director assisted by two employees, a Finance Manager and an Insurance Manager (both employed with APMM). In addition, four key functions (Actuarial, Compliance, Risks, and Intern Audit) are established and reporting to the Managing Director. The Finance Manager is responsible for Finance, including Investment, Accounting, Reporting, and Analysis. The Insurance Manager is responsible for Underwriting and Claims for Insurance and Reinsurance. The board of MIAS is involved in strategic decisions as well as significant decisions which fall outside the scope of the management.



The 4 key functions have the following key persons:

Intern audit function	Compliance function	Actuarial function	Risk management function
Peter Hansen	Lars Henneberg	Lars Henneberg	Lars Henneberg

Lars Henneberg is also Managing Director, and Lars Henneberg and Peter Hansen are the only employees of MIAS as all the other functions are outsourced.

B.2 Fitness and Propriety (Fit and Proper)

Legal requirement

1. FIL § 64 defines the requirements which individual members of the board and the management of financial companies must meet with regard to fit and proper requirements.

2. FIL § 71, paragraph 3, requires group 1 insurance companies to identify 4 key persons to perform specific responsibilities. According to § 64, paragraph 8, an assessment of integrity and Fit and Proper for the 4 key persons must be performed.

Individual requirements for suitability - Fit and Proper assessment

The requirements for Fit & Proper imply that members of the Board, the Management, and key persons on an individual basis must:

- have sufficient knowledge, skills, and experience to carry out the duties in the company
- have a good reputation
- not become subject to criminal liability
- not be in bankruptcy
- not have caused the company a loss or risk of loss

The above requirements must be fulfilled from the time of appointment of the key persons throughout the period of duties.

B.3 Risk management and ORSA

MIAS's Managing Director must keep the Chairman of the Board informed of all issues of significant relevance to MIAS. The following issues must be presented to the Board for approval:

- loan agreements, guarantees, or security which are not part of the usual business
- significant changes in existing agreements with bank connections
- purchase, sale, or mortgaging of the most significant assets of MIAS, including properties or facilities
- making of significant changes in MIAS's structure, including the capital structure or type of business
- significant changes to the operating budgets
- start of significant new activities, including activities within new classes of insurance
- significant changes to the organisation of MIAS, including significant reductions and increases in the number of employees
- entering into settlements in larger trial cases or arbitrations
- entering into or changes to reinsurance agreements
- activities or matters that fall outside the description of MIAS's description of procedures and operational plan
- activities which fall outside the guidelines and policies

The Board follows the "Rules of procedure for the Board" and "Board meeting plan (årshjul)".

Risk Management Function

MIAS requires that the risk management function must:

- assist the Board and other functions in the effective operation of the risk management system
- monitor the risk management system and the general risk profile of MIAS as a whole
- provide detailed reporting on risk exposures and advising the Board on risk management matters, including strategic affairs such as corporate strategy, mergers and acquisitions, major projects, and investments
- report to the Board at least on an annual basis
- identify and assess emerging risks
- ensure the effectiveness of the risk management system according to MIAS's risk appetite and overall risk tolerance limits, as well as manage the main risk management strategies and policies
- establish, implement and maintain a risk management system to be undertaken in the upcoming years when taking into account all activities and the complete system of governance of MIAS
- take a risk-based approach in deciding its priorities
- verify compliance with the decisions taken by the Board of the undertaking on the basis of the recommendations
- co-operate closely with the actuarial function
- provide self-assessment of the function and the processes and implement or monitor needed improvements

ORSA
The Risk management function must conduct MIAS's own risk and solvency assessment, ORSA. The ORSA must be an integrated part of the business strategy and must be taken into account in the strategic decisions of MIAS on an ongoing basis.

B.4 Compliance Function
MIAS requires that the compliance function must:

- establish, implement and maintain appropriate activities to identify, assess, report on key legal and regulatory obligations
- ensure MIAS monitors and has appropriate policies and controls in respect of key areas of legal and regulatory obligation
- hold regular training on key legal and regulatory obligations
- address compliance shortcomings and violations
- report the compliance plan to the Board of MIAS, including ensuring that adequate disciplinary actions are taken and any necessary reporting to the supervisor or other authorities is made
- issue a compliance report to the MIAS Board based on the results of work carried out including findings and recommendations to the Board
- submit the compliance report to the Board at least on an annual basis
- verify compliance with the decisions taken by the Board on the basis of the recommendations
- conduct regular self-assessments of the compliance function and the compliance processes and implement or monitor needed improvements

B.5 Intern Audit Function
MIAS's Intern Audit function must:

- review the adequacy and effectiveness of the main governance process installed by other governance functions on a regular basis
- ensure a fair exchange of information with other governance functions
- discuss with other governance functions risk categorisation, opinion parameters, reporting tools, materiality metrics, etc. and thus enable all governance functions to speak to the Board using the same language
- use the output from other governance functions to build independent risk-oriented audit plans. Intern Audit must proactively work to enhance effective collaboration, clear responsibilities, and peer acceptance with other governance functions in addition to obtain Board approval of the above-mentioned topics

MIAS requires that the Intern Audit function must:

- establish, implement, and maintain an audit plan disclosing the audit work to be undertaken in the upcoming years when taking all activities and the complete system of governance into account
- take a risk-based approach in deciding its priorities
- report the audit plan to MIAS's Board of Directors of the undertaking
- issue an intern audit report to the Board of Directors based on the result of work carried out in accordance with point (a) including findings, recommendations, the appointed period of time to remedy the shortcomings as well as the persons responsible, and information on the achievement of audit recommendations
- submit the internal audit report to the Board of Directors of the undertaking at least on an annual basis
- verify compliance with the decisions taken by the Board of Directors of the undertaking on the basis of the recommendations
- provide self-assessment

B.6 Actuarial Function
The actuarial function contributes to the effective implementation of the risk management system, particularly with regard to the models that serve as a basis for the calculation of the solvency capital requirement and the minimum capital requirement, cf. Sections 126(c) and 126(d) of FIL, and the company's assessment of own risk and solvency. The actuarial function co-operates with the risk management function and contributes to solving that function's tasks

whenever it is relevant. The actuarial function handles all the required technical tasks which fall on the function in accordance with the legislation in force from time to time. For completeness, the activities of the Actuarial Function are outlined in Article 48 of the Solvency II regulation as described below:

1. Insurance and reinsurance undertakings shall provide for an effective actuarial function to:
    a) coordinate the calculation of technical provisions;
    b) ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
    c) asses the sufficiency and quality of the data used in the calculation of technical provisions;
    d) compare best estimates against experience;
    e) inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
    f) oversee the calculation of technical provisions in the cases set out in Article 82;
    g) express an opinion on the overall underwriting policy;
    h) express an opinion on the adequacy of reinsurance arrangements; and
2. contribute to the effective implementation of the risk-management system referred to in Article 44, in particular with respect to the risk modelling underlying the calculation of the capital requirements set out in Chapter VI, Sections 4 and 5, and to the assessment referred to in Article 45.The actuarial function shall be carried out by persons who have knowledge of actuarial and financial mathematics, commensurate with the nature, scale and complexity of the risks inherent in the business of the insurance or reinsurance undertaking, and who are able to demonstrate their relevant experience with applicable professional and other standards.

B.7 Outsourcing

Outsourcing important areas of activity must be decided by the Board of Directors.

There must be regular reports to the Board of Directors to ensure compliance is followed. The Board of Directors must assess regularly whether activities are being carried out satisfactorily. The responsibilities of the MIAS Board of Directors for carrying out the activities may not be outsourced.

On establishment of the contract, the outsourcing undertaking must ensure that the service provider possesses the ability and capacity to carry out the outsourced activities satisfactorily and in this respect has the licenses required by the relevant legislation for the specific outsourcing area.

The outsourcing undertaking must regularly check that the service provider meets the obligations in the contract. The outsourcing undertaking must monitor whether, in carrying out the outsourced activities, the service provider is complying with the relevant regulations for the area.

If the service provider fails to meet the requirements of the contract and the relevant provisions for the specific outsourcing area, the outsourcing undertaking must take appropriate measures to ensure that the service provider meets these and, if necessary, the undertaking itself or through contracting with a new service provider must ensure that the requirements of the contract and the relevant provisions for the specific outsourcing area are met within an appropriate time limit given the circumstances.

The outsourcing undertaking must have adequate insight to ensure that the service provider and the service meet the requirements of the contract and the relevant provisions for the specific outsourcing area.

B.8 Remuneration/Salary

The Chairman of the Board of MIAS must submit the remuneration policy for the general assembly at the annual general meeting with regard to management's wages.

The Board carries out ongoing monitoring and verification of the wage policy and will perform review of the policy at least one yearly.

MIAS has fixed salary and no pension scheme.

C. Risk Profile

MIAS's Board of Directors has identified and evaluated a register of risks.

C.1 Insurance Risks

The risks MIAS insures are analysed and approved by the Board in accordance with the company's concession, strategy, risk appetite, and procedure manual. MIAS estimates the desired and acceptable level of risk, overall and for each sub category. This assessment is made with respect to the company's capital, and MIAS may choose to take part in the risk under the lead of an external insurance company. MIAS engages in net risk retention throughout and retains up to USD 150 million on of gross basis. Risk appetite and other metrics for maximum exposure are expressed in net terms.

MIAS insures risks for Energy, Marine, Terminals and consolidated global programmes within the A.P. Moller - Maersk Group. The company participates in insurance programmes that are in line with the company's risk appetite, subject to approval by the Board of Directors. The risks the parent company wishes to insure through the captive are assessed in terms of the expected premium to the expected damage so only financially feasible risks are insured.

MIAS protects itself against cumulative risk by capping its exposure at fixed maximum liability amounts through reinsurance.

Geographically, the company can take risks worldwide, wherever there is no requirement for local insurance and where the A.P. Moller - Maersk Group's insurable interests are represented. MIAS uses an external insurance company for most risks and local fronting companies where local subscription is required.

Risk appetite

MIAS´s risk appetite is constituted by the maximum possible net exposures undertaken (net of reinsurance cover) and is defined by the Board of Directors as listed below:

Description	Threshold
Marine (H&M, War)	USD 25 million per occurrence, and USD 50 million per year in the aggregate
Energy (PD, LOPI)	USD 50 million per occurrence, and USD 100 million per year in the aggregate
Terminal (PD,BI)	USD 30 million per occurrence~~, and~~
Global Property (PD,BI)	USD 45 million per occurrence
Global Casualty, TOL & FSL	USD 10 million per occurrence USD 20 million per year in the aggregate
Umbrella Liability	USD 25 million per occurrence
Employment Practices Liability	USD 25 million per occurrence, and USD 25 million per year in the aggregate
Pension Trustee Liability	USD 25 million per occurrence, and USD 25 million per year in the aggregate
Special Risk	USD 25 million per occurrence, and USD 25 million per year in the aggregate

Net risk retention

MIAS´s current exposure is comprised of the difference between gross retention and the reinsurance or retrocession protection procured, and equals the net retention. Thus, the gross retention is mitigated by the use of reinsurance or retrocession. The current exposure is expected to be equal to, or less than, the risk appetite. MIAS´s net retention (net of reinsurance cover) is for the policy period 2017/18:

Description	2016/17 exposure	2017/18 exposure
Marine (H&M, War)	USD 0.0 million per occurrence, and USD 0.0 million per year in the aggregate	USD 0.0 million per occurrence, and USD 0.0 million per year in the aggregate USD 15 million per occurrence in respect of War risk
Energy (PD, LOPI)	USD 0.0 million per occurrence, and USD 0.0 million per year in the aggregate	USD 0.0 million per occurrence, and USD 0.0 million per year in the aggregate
Terminal (PD, BI)	USD 0.0 million per occurrence, and USD 0.0 million per year in the aggregate	USD 30.0 million per occurrence
Global Property (PD)	USD 30.0 million per occurrence	USD 30.0 million per occurrence
Global Casualty (TPL)	N/A	USD 5,0 million per occurrence, and USD 10,0 million per year in the aggregate
Terminal Operators Liability	N/A	N/A
Freight Services Liability	N/A	N/A
Umbrella Liability	USD 12.5 million per occurrence	USD 12.5 million per occurrence
Employment Practices Liability	USD 12.5 million per occurrence, and USD 12.5 million per year in the aggregate	USD 12.5 million per occurrence, and USD 12.5 million per year in the aggregate
Pension Trustee Liability	USD 12.5 million per occurrence, and USD 12.5 million per year in the aggregate	USD 12.5 million per occurrence, and USD 12.5 million per year in the aggregate
Special Risk	USD 10.0 million per occurrence, and USD 20.0 million per year in the aggregate	USD 25.0 million per occurrence, and USD 25.0 million per year in the aggregate

Running alongside these exposures is a structured umbrella reinsurance program which caps losses per event at USD 50 million per event and USD 250 million in annual aggregate.

C.2 Market Risks

MIAS is exposed to a selected range of market, counterparty, and credit risks which are summarised in the table below. All risks that MIAS is exposed to are approved by the Board of Directors.

Description	Limit	Actual exposure
Interest rate risk	5% of total assets on a 100 bp change in the interest rate	Limits are met
Products not allowed for trading	Geared investments, options or other exotic products, premium bonds, mutual funds or other types of pooled investments	Limits are met
Currencies allowed for trading	USD, DKK, EUR, SEK, NOK, CHF, GBP, JPY, AUD and CAD If not USD, the currency risk must be hedged	Limits are met
Other investments	Limit 5% of total assets for corporate bonds, stocks and capital shares	Limits are met

C.3 Credit Risks

MIAS is exposed to a selected range of market, counterparty, and credit risks which are listed in the table below. All risks that MIAS is exposed to are approved by the Board of Directors.

Description	Limit	Actual exposure
Counterparty rating requirements	• Government bonds and mortgage bonds minimum rating of S&P AA or equivalent. Exceptions are Danish or US government bonds • All other investments have a minimum counterparty rating requirement of S&P A- or equivalent • No rating requirement for the parent company A. P. Moller - Maersk A/S	Limits are met
Asset types allowed for trading*	• Loans to parent company A. P. Moller - Maersk A/S • Cash at banks • Bonds or debt instruments issued or guaranteed by governments or regional authorities in Zone A • Bonds traded on regulated markets in countries within the European Union or in the US • Danish mortgage bonds, mortgage covered bonds and covered bonds issued by mortgage banks, financial institutions or ship financing institutions • Corporate bonds listed on a stock exchange in EU / EEA countries • Stocks and capital shares listed on a stock exchange in EU / EEA countries	Limits are met
Concentration risk** maximum per single counterparty	• 15% of total assets in a single financial institution • Total exposure to a financial counterparty, which operates both banking and mortgage business is limited at 30% of total assets, of which 15% to the bank and 15% to the mortgage business • No limit for Danish or US government issued bonds	Limits are met
Cumulative exposure	• Cash at banks limited to 50% of total assets • Corporate bonds, stocks and equity accumulated limited 15% of total assets and each asset type is limited to 10% of total assets	Limits are met

* Exposure defined as loans, deposits, bonds and shares, and market-to-market of derivatives.
**Concentration risk for the company's risks from excessive reliance on a particular asset class, investment market or a particular investment.

A.P. Moller - Maersk's reinsurers are selected in accordance with the following criteria:

- Minimum rating S&P - A
- Good level of capital surplus which also takes into account the potential gross exposures and ratings
- MIAS has a large number of high quality reinsurers and therefore benefits from diversification

As of Q4 2017, MIAS had procured USD 823,4 million in reinsurance protection from app. 48 reinsurers:

	Rating	Default Probability	Risk Proportion
Marine risk			
Lloyd's	A	0.05%	48.7%
Great American Insurance Company	A	0.05%	5.6%
IRB-Brasil Resseguros SA	A	0.05%	5.6%
Korean Reinsurance Company	A	0.05%	1.1%
PICC	AA	0.01%	21.1%
Axa	A	0.05%	4.4%
Asia Capital Reinsurance Group	A	0.05%	0.8%
Lavaretus	A	0.05%	2.8%
First Capital Insurance Ltd	A	0.05%	7.2%
Emirates Insurance Company	A	0.05%	2.8%
Energy risk			
Lloyd's	A	0.05%	58.3%
Allianz	AA	0.01%	8.6%
AIG	A	0.05%	5.7%
Gard	A	0.05%	2.9%
Zurich	AA	0.01%	11.4%
Hannover	AA	0.01%	1.4%
Partner Re	A	0.05%	2.9%
HCC	AA	0.01%	4.6%
SCOR	A	0.05%	1.4%
Dual	A	0.05%	2.9%
Terminals risk			
XL Bermuda	A	0.05%	100.0%
Global Property risk			
Swiss Re	AA	0.01%	100.0%
IF	A	0.05%	

The spread of risk for both the energy and marine programmes limits the maximum exposure to 58% to any one insurer (Lloyd's which is backed by the Lloyd's centre fund). Meanwhile there is a 100% exposure to XLC Bermuda on the terminals reinsurance programmes with the corresponding concentration risk being mitigated by cut through clauses to XLC's reinsurers.

Reinsurance defaults: the minimum ratings (see above table) imply a low probability of default. There is a risk of systemic default in which the entire insurance market is affected. However, this is a risk that would be difficult to mitigate other than via applying minimum ratings to insurers and reviewing the panel of reinsurers on a regular basis.

C.4 Liquidity Risks

Due to the nature of the business model, the liabilities in MIAS are short termed as they are mainly consisting of claims which are onetime payments. In order to match the duration of the liabilities, the assets are short termed as well. Bonds have less than 1 year duration, the loan to the parent company can be withdrawn with 48 hours' notice, and all deposits are of few months duration. This ensures a balanced liquidity in MIAS where claims can be paid on time even with short notice.

C.5 Operational Risks

The Board has assessed that the following types of events are a part of operational risks:

- losses due to administration errors to the extent they are not covered by the administrator (the supplier in the outsourcing agreement)
- costs resulting from fraud
- costs due to key staff severance
- losses due to the termination of the outsourcing agreement by the system administrator
- losses due to IT downtime, fire damage, etc.

The list is not exhaustive.

The policy for operational risk states that administrative tasks are outsourced to the parent company, which according to the outsourcing agreement is assumed to run administration and IT at a comfortable level.

Economic losses caused by reasons other than insurance events and developments in the financial market are continuously recorded based on booked loss values.

To ensure that management is aware of operational risks in MIAS, they review a quarterly written report containing the following:

- losses in excess of DKK 250,000 (must be recorded and reported)
- events that could have led to a loss of DKK 250,000 (must be recorded and reported)
- assessment of the company's current operational risks and the likelihood that a given event occurs
- description of the risk minimisation measures undertaken to avoid/minimise the recurrence of loss/risk of loss
- other relevant information

A specific operational risk assessment can be found in appendix 1.

C.6 Strategic Risks

A recent strategic risk consideration has been the viability and future of the MIAS business model in light of the structural changes undertaken by the parent company. MIAS's existing business model rests on the size and diversity of the Group exposure and hence the restructuring initiative, may erode the original business case. As an ultimate consequence, MIAS may be reduced in relevance, potentially to a level of being entirely obsolete.

C.7 Additional Facts

Main Activities

Fronting

MIAS operates through fronting companies in order to reduce the operational tasks to a desired minimum and to benefit from the operational efficiencies of large global insurance carriers.

The fronting activities consist predominately of lead underwriting, lead claims handling, and policy administration.

Outsourcing

MIAS has to a large extent outsourced the operation, including underwriting, reinsurance, claims handling, actuarial services, legal, tax, accounting, investment, reporting, IT, risk management functions, etc.

Underwriting, reinsurance, claims handling, legal, risk management, tax, accounting, investment, reporting, IT are outsourced to the parent company.

The actuarial function and the compliance function are outsourced to external parties.

D. Valuation for solvency purpose

D.1 Assets

The table below sets out MIAS's assets under IFRS and Solvency II Bases as at 31 December 2017. The total assets reduce marginally from SI ($278.88m) to Solvency II ($277.96m) which reflects the balance sheet treatment under Solvency II.

The main area of difference between the two valuations is in the valuation of Reinsurers' technical provisions, as detailed in the table below.

Assets	Management accounting treatment	Solvency 2
Bond-Government and multilateral banks	-	-
Receivables	14,895	14,895
Cash and cash equivalent	989	989
Short-term bank deposits	70,849	70,849
Loan to APMM	123,111	123,111
Gross technical provisions - Reinsurance	45,764	44,843
Best Estimate - claim provision	26,958	26,416
Best Estimate - premium provision	18,806	18,428
Insurance debtors	23,270	23,270
Total assets	278,878	277,957

All monetary amounts in USD thousands

Gross Technical Provisions

Solvency II class	Marine, Aviation & Transport	Fire & Other Damage to Property	General Liability Insurance	Miscellaneous Financial Loss	Total
Best Estimate - claim provision	46,505	4,474	415	48	51,441
Outstanding claims	44,584	4,289	398	46	49,317
Run off expenses allocated	2,864	276	26	3	3,169
Discount Factor	(944)	(91)	(8)	(1)	(1044)

Best Estimate - premium provision	16,095	6,315	48	1,189	23,647
UPR	15,430	6,054	46	1,140	22,670
Profit on unearned premium	-	-	-	-	-
Run off expenses allocated	991	389	3	73	1,457
Discount Factor	(327)	(128)	(1)	(24)	(480)
Risk Margin	2,160	401	115	90	2,766

The reinsurance share of technical provisions reduces accounting treatment from ($45,76m) to SII ($44,84m). Technical provisions are valued on a "best estimate" basis, taking account of the timing and likelihood of payments. Likelihood of payment takes into account the credit ratings of reinsurers. The discounting takes into account the assumed settlement patterns (see liability valuation) and current interest rates.

Reinsurers' share of Technical provisions as at 31/12/17			
Reinsurers' share of claims outstanding		Management Accounting	Solvency II
Outstanding Claims		26,958	-
SII Adj	Adjustment for probablility of default		(10)
	Discount factor		(533)
Reinsurers' share of outstanding claims under Solvency II			**26,416**
Reinsurers' share of technical provisions		Management Accounting	Solvency II
UPR		18,806	
SII Adj	Profit on unearned RI premiums		
	Discount factor		**(378)**
Reinsurers' share of technical provisions under Solvency II			**18,428**

All other assets

All other assets have been retained as accounting values given their short-term and liquid nature.

D.2 Technical provisions of insurance and reinsurance

The table below sets out the technical provisions (gross of reinsurance) by Solvency II line of business, including reconciliation between the Solvency I and Solvency II valuations.

All monetary amounts in USD thousands.

Best estimate provisions are valued at "best estimate" which reflects the timing and likelihood of payments.

Provisions are valued on a discounted cash-flow basis which utilises assumptions regarding the expected settlement patterns of claims. For MIAS, it is assumed that claims arising are paid in line with the following pattern (99% of claims settled within 5 years):

	Settlement Pattern
Year 1	57.91%
Year 2	34.86%
Year 3	4.33%
Year 4	1.36%
Year 5	0.78%
Year 6 and after	0.75%
Total	100%

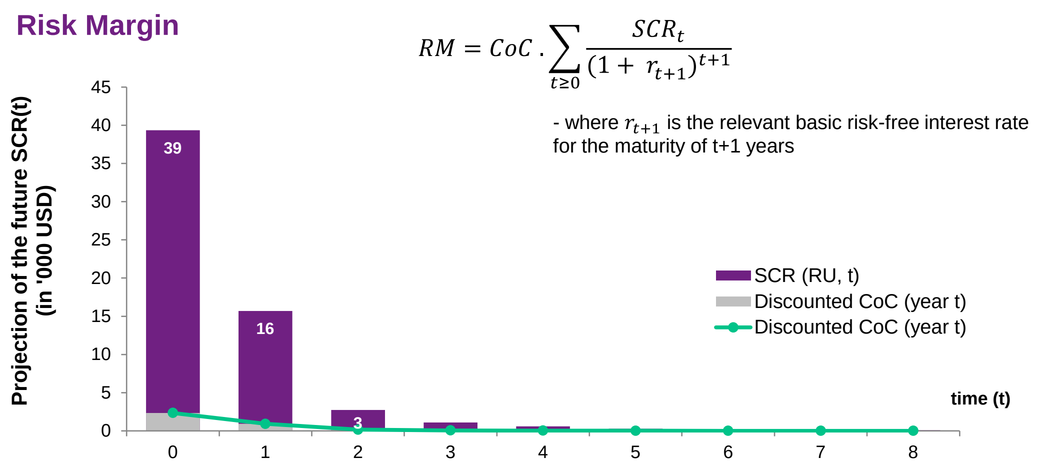
Administration expenses of approximately USD 3m per year are also included within the provisions in line with Solvency II guidance.

Risk Margin

The risk margin is a function of the SCR and is calculated to be USD 2.77m.

Whilst liabilities under SII are measured at best estimate, these are inherently uncertain and the risk margin provides a margin to ensure liabilities are valued at fair value. It can also be described as the amount that an undertaking would require above the best estimate liabilities in order to take over and meet the obligations.

This is calculated by determining the cost of providing an amount of capital equal to the SCR necessary to support the obligations over their lifetime.



The calculation involves approximating the SCR for each future year (based on the assumed settlement of claims) and then valuing the risk margin on a discounted cash-flow basis (as shown by the diagram above)

A 6% Cost of Capital rate is assumed to determine the cost of providing the funds as defined in SII.

Areas of uncertainty within the Technical Provisions:

Settlement period: The risks being underwritten are mainly short-tailed. We have assumed that 99% of risk would run off within 5 years.

Discount rate: Current yields are very low and close to zero, which means that almost no discounting is applied to the Technical Provisions given the risks underwritten by MIAS are short-tailed.

Expenses: The total expense involved in the operation of the captive is small compared with other elements in the calculation of the technical provisions.

Claims provision: MIAS's classes of risk are low frequency, high severity and as such MIAS does not have a high volume of claims. MIAS's approach of applying loadings to known claim reserves to allow for adverse development is in line with industry practice. Historically, MIAS has not seen much adverse development so known case reserves are expected to be broadly reasonable. However, there is inherent uncertainty in the claims provisions.

Premium provision: As agreed with the DFSA, MIAS's Solvency II premium provision assumes a 100% loss ratio, i.e. no advance credit is taken for expected underwriting profits. This is prudent given MIAS's historical experience.

Additional adjustments

MIAS has made no adjustments for matching adjustments, volatility adjustments, transitional measures or transitional deductions within its technical provisions.

Material changes in assumptions

MIAS has followed the same approach to the calculation of technical provisions since 2012 and as such there are no material changes to report.

D.3 Other liabilities

The table below sets out MIAS's liabilities under IFRS and Solvency II Bases as at 31 December 2017.

Liabilities	Management accounting treatment	Solvency II
Gross technical provisions (non-Life)	71,987	77,854
Best Estimate – claims provision	49,317	51,441
Best Estimate – premium provision	22,670	23,647
Risk Margin	-	2,766
Payables	5,124	5,124
Reinsurance payables	22,717	22,717
Any other liabilities	-	-
Total liabilities	99,828	105,695

All monetary amounts in USD thousands.

Gross technical provisions (non-life)

The gross technical provisions increase from the management accounting treatment ($71,99m) to SII ($77,85m). Similarly to the asset valuation, the technical provisions are valued at "best estimate" which reflects the timing and likelihood of payments.

In addition, a 'risk margin' of $2.77m is held to reflect the additional cost of capital that an alternative insurer would be required to hold to take over MIAS's liabilities.

All other liabilities

All other liabilities have been retained as accounting values given their short-term and liquid nature

D.4 Alternative valuation method

The solvency and financial condition report must include information on the areas set out in Article 260 in complying with the disclosure requirements of the insurance or reinsurance undertaking as laid down in paragraphs 1 and 3 of this Article.

MIAS's risk management policies extend to the management of its assets and liabilities. In particular its investment policy states that:

- There is proper segregation of duties in the investment area (front, middle, back office)
- Interest rate risk is max 5% of assets at an interest change of 100 bp
- No geared investments, investment in options or other "exotic" instruments
- Investment can only be made in following currencies: USD, DKK, EUR, SEK, NOK, CHF, GBP, JPY, AUD, CAD.
- Investments in any other currency than USD must be covered by FX deals
- Only the following investments are permitted:
  - Intercompany Loan to APMM
  - Deposits (with pre-approved banks)
  - Government and mortgage bonds (from preapproved governments and mortgage institutions)
  - Bonds guaranteed by governments in Zone A
- Maximum exposure against one counterpart of 15% of total assets
- No limit on Danish and American government bonds
- No limit on loan to APMM other than that prescribed by the Danish FSA
- For company bonds and shares, maximum investment of 5% of total assets
- Accumulated exposure
  - Maximum 50% of total assets in banks
  - Company bonds and shares may (accumulated) not exceed 15% of total assets
  - Company bonds and shares may, for each asset type, not exceed 10% of total assets
- Rating:
  - Government and mortgage bonds: rating of minimum S&P AA (except Danish and American government bonds)
  - Other investments: counterpart rating of minimum S&P A
  - No requirements re rating of APMM
- List of allowed counterparts is approved by the Board
- Benchmark
  - Average of 3 months USD Libor plus 20 bp (APMM loan)
  - Citigroup index for US treasuries with duration of 1 – 3 years (Other financial assets)
  - Above used in same proportion as APMM loan to total financial assets
- Adherence to Prudent Person principle is monitored by the risk function
- Detailed reporting to the Board about risks, targets and strategy
- All significant incidents will be reported immediately

In addition, MIAS manages its liquidity exposures by holding investments that are relatively short term and the loan to APMM can be called back with notice of 48 hours. Short term cash flow is estimated and cash held correspondingly.

D.5 Other information

No other material information regarding the valuation of assets and liabilities for solvency purposes is deemed necessary.

E. Capital Management

E.1 Own Funds

The management of own funds is governed by the Policy for Capital Structure where the overall responsibility and tasks are defined. According to this policy, the equity of the company must be sufficient to ensure the continued operation of the company and at the same time sufficient to meet all regulatory requirements. The company is constantly focusing on matters which might influence the capital structure, e.g. the company's investment policy. The value creation of the company is meant to primarily be generated from acceptance of insurance risk rather than by acceptance of investment risk. The time horizon for business planning including development of own funds is minimum 3 years.

Own funds as at the reporting date consists only of tier 1 capital as follows:

Own funds (tUSD)	31.12.2017	31.12.2016	Development
Ordinary share capital	89,987	89,987	0
Accumulated profit	82,276	76,764	5,512
Total own funds	172,263	166,751	5,512

Total own funds as shown above are eligible for meeting both the SCR and MCR

As at 31 December 2017, the equity according to statutory accounts is tUSD 176,274.

The difference to own funds is primarily caused by the following:

Discounting of claims and premium provisions (assets) tUSD -921

Discounting of claims and premium provisions (liabilities),

including allowances for run off expenses tUSD -3,101

The expected development in own funds over the planning period of the company is as follows:

Own funds (tUSD)	31.12.2018	31.12.2019	31.12.2020
Ordinary share capital	89,987	89,987	89,987
Accumulated profit	88,727	95,214	101,717
Total own funds	178,714	185,201	191,704

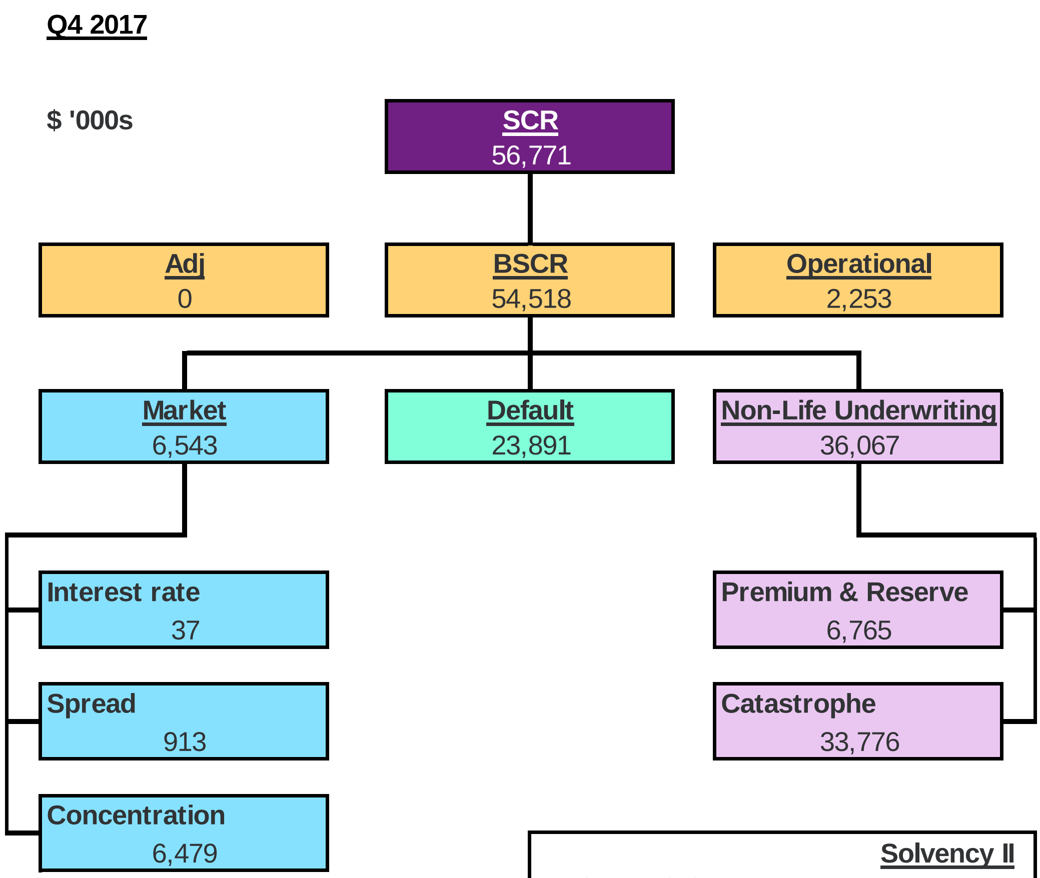
The development of own funds is based on the assumption that dividend is not paid to shareholders during the planning period.

E.2 Solvency capital requirement and Minimum Capital Requirement

The company uses the standard formula for calculating the SCR and MCR.

As at 31 December 2017, the capital requirements of the company were as follows:
Solvency Capital Requirement: tUSD 56,771
Minimum capital requirement: tUSD 14,193

The SCR requirement split on risk modules is depicted below.



	Solvency II
Capital Available	172,263
Capital Requirement	56,771
Excess/ (Shortfall)	115,492
Solvency ratio	303%

Source: Willis Towers Watson

Simplified calculations are not used in any of the risk modules of the standard formula.

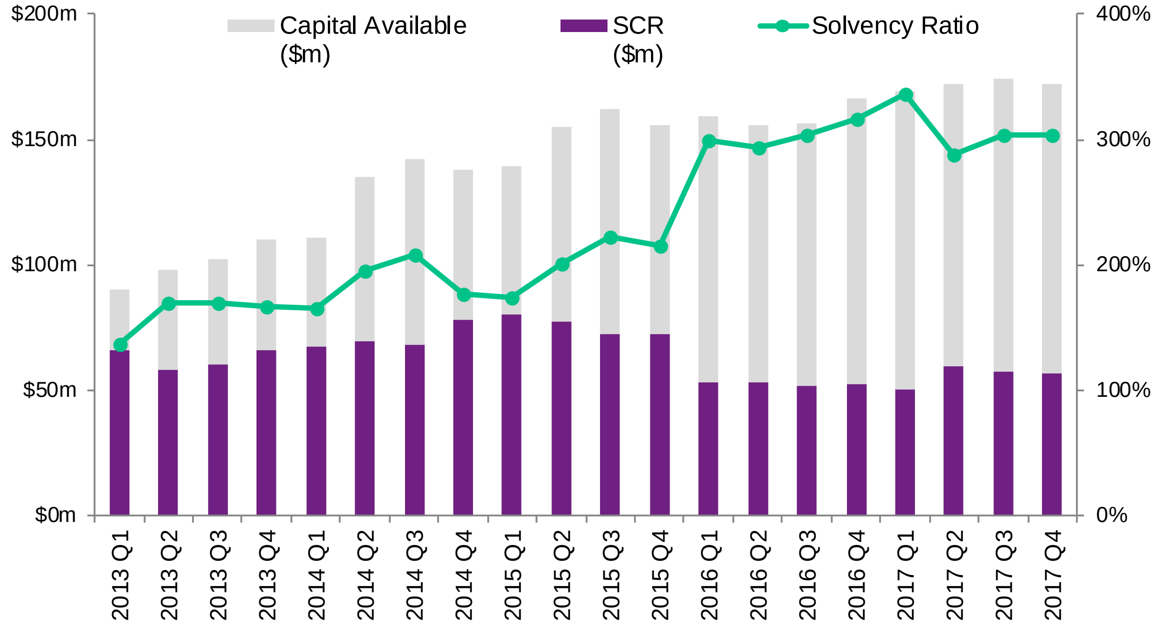
The MCR is calculated by multiplying the net best estimate technical provisions and net written premium by prescribed parameters for each SII class of business. As at 31 December 2017, this amounts to tUSD 3,837.

As the MCR floor is calculated as 25% of the SCR, corresponding to tUSD 14,193, this amount is the MCR of the company.

Minimum Capital Requirement	14,193
Non-Life MCR (based on premiums and technical provisions)	3,837
MCR Cap (45% of SCR) MCR Floor (25% of SCR)	25,547 14,193
Absolute minimum (EUR3.7m)	4,306

Source: Willis Towers Watson

The SCR and MCR have during 2017 shown little variation. Over the last 5 years, the solvency ratio of the company has developed as shown below.



Source: Willis Towers Watson

The expected development in SCR and MCR over the planning period of the company is as follows:

tUSD	31.12.2018	31.12.2019	31.12.2020
SCR	56,771	56,771	56,771
MCR	14,193	14,193	14,193

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The company has not invested in shares and this section is therefore not relevant.

E.4 Differences between the standard formula and any internal model used

The company does not make use of an internal model.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

The Board of MIAS has decided that the solvency ratio of the company as a minimum target should be 1.40. This target is considered whenever new business opportunities are evaluated and when considering the future strategy of the company.

The actual solvency ratio is calculated by the company's actuaries on a quarterly basis and additionally in connection with assessing new significant risks. The future estimated solvency ratio is included in the company's budgets which are updated yearly and covers at least a three year period.

If a recalculation or reassessment of the company's individual solvency requirement shows that the Company's capital plan has changed to the effect that the capital base is less than 1.25 times the capital base (individual solvency requirement) of the Company, Management must inform the Board of Directors immediately. Management must, in coordination with the Chairman of the Board, convene a meeting of the entire Board of Directors as soon as possible and within one week. At this meeting, Management must:

1.1. Identify the material reasons for the increased capital requirement based on the model for determination of the individual solvency requirement, and/or the main reasons for the reduction in the capital base.
1.2. Provide a basis for the Board's assessment of the projected impact of the reduction, its timing and the requisite response time for actions aimed at restoring the Company's capital position to include the excess coverage of 1.4 as intended by Board of Directors.

Serving as basis of decision for the Board of Directors at the meeting, Management has prepared:

1.1. A statement of the individual solvency requirement
1.2. Proposals for measures that may restore excess coverage to the intended level. Proposals for changes to the writing of insurances or the structure of contracts with suppliers must be supplemented with reflections about the impact of limiting the writing of new or extending insurance policies. Furthermore, (additional) reinsurance for the entire or part of the insurance portfolio must be considered. And changes to the Company's investment policy may be included to the extent these may increase excess coverage.
1.3. Analysis of scope for restoring capital position by raising further capital in the form of share capital or other subordinate capital.

Based on such proposal, the Board of Directors will decide on action to be taken to quickly reduce the capital need or raise any requisite additional capital. If the Board of Directors deems that the proposals are not sufficient or that alternatives exist, such additional measures will be implemented.

If the Board of Directors finds that the excess coverage is critically low at 1.15 or below relative to the capital base (individual solvency requirement), Management must immediately inform the Board of Directors and, in coordination with the Chairman of the Board, convene a meeting of the entire Board of Directors as soon as possible and within one week. The purpose of the said meeting is to quickly restore the capital position.

Management is under a separate duty to oversee that the Company's excess coverage does not drop below 1.1 in the process. If this is the case, Management must immediately inform the Board of Directors and auditors thereof. The Board of Directors will notify the Danish Financial Supervisory Authority immediately.

If the Board establishes, in connection or continuation of this event, that the previous efforts do not have the expected effect quickly enough, Management must completely suspend the writing and renewal of insurance policies. Such resolution is to be made by the Board of Directors based on the Board's consideration of the options for rapid capital increases.

The Board of Directors must make such resolution not later than four weeks after the Board meeting at which the capital plan will be adopted.

Concurrently with the complete suspension of the writing and extension of insurance policies, the Board of Directors will ensure that the Danish Financial Supervisory Authority is duly informed.

The MIAS Board of Directors has established the following capital emergency plan:

Solvency Ratio	**Action**
1.40	The targeted minimum ratio – no action required
1.30	The Board is summoned to decide if the solvency ratio needs to be strengthened
1.25	The Board is summoned and will meet within one week and will based on presentations from Management decide any actions which must be initiated
1.15	The Board is summoned and will meet within one week with the purpose of improving the solvency ratio quickly
1.10	The Board will immediately inform the Danish Financial Supervisory Authority

E.6 Any other information

There is no other information in relation to capital management which is relevant to disclose.

Balance sheet

APS: Annual Solvency II public disclosure Solo 06-05-2018 (Published) MIAS 2017 Annual USD

Fund number	
Assets	**Solvency II value**
Goodwill	
Deferred acquisition costs	
Intangible assets	0
Deferred tax assets	0
Pension benefit surplus	0
Property, plant & equipement held for own use	0
Investments (other than assets held for index-linked and unit-linked funds)	70.778
Property (other than for own use)	0
Participations	0
Equities	0
Equities - listed	0
Equities - unlisted	0
Bonds	0
Government Bonds	0
Corporate Bonds	0
Structured notes	0
Collateralised securities	0
Investment funds	0
Derivatives	0
Deposits other than cash equivalents	70.778
Other investments	0
Assets held for index-linked and unit-linked funds	0
Loans & mortgages	123.646
Loans on policies	0
Loans & mortgages to individuals	0
Other loans & mortgages	123.646
Reinsurance recoverables from:	44.843
Non-life and health similar to non-life	44.843
Non-life excluding health	44.843
Health similar to non-life	0
Life and health similar to life, excluding health and indexlinked	0
Health similar to life	0
Life excluding health and index-linked and unit-linked	0
Life index-linked and unit-linked	0
Deposits to cedants	0
Insurance & intermediaries receivables	23.530
Reinsurance receivables	0
Receivables (trade, not insurance)	0
Own shares	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
Cash and cash equivalents	989
Any other assets, not elsewhere shown	14.171
Total assets	277.957

Liabilities	Solvency II value
Technical provisions – non-life	77.854
Technical provisions – non-life (excluding health)	77.854
TP calculated as a whole	0
Best Estimate	75.088
Risk margin	2.766
Technical provisions - health (similar to non-life)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions - life (excluding index-linked and unitlinked)	0
Technical provisions - health (similar to life)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions – life (excluding health and indexlinked and unit-linked)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions – index-linked and unit-linked	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Other technical provisions	
Contingent liabilities	0
Provisions other than technical provisions	0
Pension benefit obligations	0
Deposits from reinsurers	0
Deferred tax liabilities	0
Derivatives	3.591
Debts owed to credit institutions	0
Financial liabilities other than debts owed to credit institutions	0
Insurance & intermediaries payables	0
Reinsurance payables	22.717
Payables (trade, not insurance)	0
Subordinated liabilities	0
Subordinated liabilities not in BOF	0
Subordinated liabilities in BOF	0
Any other liabilities, not elsewhere shown	1.533
Total liabilities	105.694

	Solvency II value
Excess of assets over liabilities	172.263

S.05.01

Premiums, claims and expenses by line of business

APS: Annual Solvency II public disclosure Solo 06-05-2018 (Published) MIAS 2017 Annual USD (1)							
Non-life	Direct business and accepted proportional reinsuran						
	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
Premiums written							
Gross - Direct Business	0	0	0	0	0	0	24
Gross - Proportional reinsurance accepted	0	0	0	0	0	37.235	13.002
Gross - Non-proportional reinsurance accepted							
Reinsurers' share	0	0	0	0	0	35.567	10.028
Net	0	0	0	0	0	1.668	2.998
Premiums earned							
Gross - Direct Business	0	0	0	0	0	835	24
Gross - Proportional reinsurance accepted	0	0	0	0	0	38.026	12.770
Gross - Non-proportional reinsurance accepted							
Reinsurers' share	0	0	0	0	0	36.989	10.808
Net	0	0	0	0	0	1.871	1.986
Claims incurred							
Gross - Direct Business	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	0	0	0	0	0	18.704	4.323
Gross - Non-proportional reinsurance accepted							
Reinsurers' share	0	0	0	0	0	20.824	768
Net	0	0	0	0	0	-2.120	3.555
Changes in other technical provisions							
Gross - Direct Business	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	0	0	0	0	0	220	-21
Gross - Non-proportional reinsurance accepted							
Reinsurers' share	0	0	0	0	0	0	0
Net	0	0	0	0	0	220	-21
Expenses incurred	0	0	0	0	0	-2.595	-312
Other expenses							
Total expenses							

ce					Accepted non-proportional reinsurance			
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
295	0	0	0	1.250				
0	0	0	0	254				
					0	0	0	0
0	0	0	0	97	0	0	0	0
295	0	0	0	1.407	0	0	0	0
249	0	0	0	269				
0	0	0	0	254				
					0	0	0	0
0	0	0	0	97	0	0	0	0
249	0	0	0	426	0	0	0	0
24	0	0	0	21				
0	0	0	0	2				
					0	0	0	0
0	0	0	0	0	0	0	0	0
24	0	0	0	23	0	0	0	0
-96	0	0	0	0				
0	0	0	0	-71				
					0	0	0	0
0	0	0	0	0	0	0	0	0
-96	0	0	0	-71	0	0	0	0
11	0	0	0	58	0	0	0	0

Premiums, claims and expenses by country

APS: Annual Solvency II public disclosure Solo 06-05-2018 (Published) MIAS 2017

Non-life	Home country	Top 5 countries (by amount of gross premiums written)	Total
		GB	
Premiums written			
Gross - Direct Business	1.569	0	1.569
Gross - Proportional reinsurance accepted	541	49.951	50.492
Gross - Non-proportional reinsurance accepted	0	0	0
Reinsurers' share	22	45.520	45.542
Net	2.087	4.431	6.518
Premiums earned			
Gross - Direct Business	542	835	1.377
Gross - Proportional reinsurance accepted	541	50.509	51.050
Gross - Non-proportional reinsurance accepted	0	0	0
Reinsurers' share	22	47.723	47.745
Net	1.060	3.621	4.681
Claims incurred			
Gross - Direct Business	45	0	45
Gross - Proportional reinsurance accepted	1.907	21.122	23.029
Gross - Non-proportional reinsurance accepted	0	0	0
Reinsurers' share	0	21.592	21.592
Net	1.952	-469	1.483
Changes in other technical provisions			
Gross - Direct Business	-96	0	-96
Gross - Proportional reinsurance accepted	0	128	128
Gross - Non-proportional reinsurance accepted	0	0	0
Reinsurers' share	0	0	0
Net	-96	128	32
Expenses incurred	81	-2.919	-2.838
Other expenses			0
Total expenses			-2.838

Life	Home country	Total
Premiums written		
Gross	0	0
Reinsurers' share	0	0
Net	0	0
Premiums earned		
Gross	0	0
Reinsurers' share	0	0
Net	0	0
Claims incurred		
Gross	0	0
Reinsurers' share	0	0
Net	0	0
Changes in other technical provisions		
Gross	0	0
Reinsurers' share	0	0
Net	0	0
Expenses incurred	0	0
Other expenses		0
Total expenses		0

S.17.01

Non-Life Technical Provisions

APS: APS 06-05-2018 (Published) MIAS 2017 Annual USD (1)

	Direct business and accept					
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
TP calculated as a whole	0	0	0	0	0	0
Total Recoverables from reinsurance and SPV after the adjustment for expected losses due to counterparty default	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM (Non-Replicable portfolio)						
Best Estimate						
Premium provisions						
Gross - Total	0	0	0	0	0	16.095
Total Recoverables from reinsurance and SPV after the adjustment for expected losses due to counterparty default	0	0	0	0	0	13.692
Net Best Estimate of Premium Provisions	0	0	0	0	0	2.403
Claim provisions						
Gross - Total	0	0	0	0	0	46.505
Total Recoverables from reinsurance and SPV after the adjustment for expected losses due to counterparty default	0	0	0	0	0	25.626
Net Best Estimate of Claims Provisions	0	0	0	0	0	20.879
Total Best estimate - gross	0	0	0	0	0	62.599
Total Best estimate - net	0	0	0	0	0	23.281
Risk margin	0	0	0	0	0	2.160
Amount of the transitional on Technical Provisions						
TP calculated as a whole	0	0	0	0	0	0
Best Estimate	0	0	0	0	0	0
Risk margin	0	0	0	0	0	0
Technical provisions - total						
Technical provisions - total	0	0	0	0	0	64.759
Total Recoverables from reinsurance and SPV after the adjustment for expected losses due to counterparty default	0	0	0	0	0	39.318
Technical provisions minus recoverables from reinsurance and SPV - total	0	0	0	0	0	25.441

ed proportional reinsurance						Accepted non-proportional reinsurance				Total
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	
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
6.315	48	0	0	0	1.189	0	0	0	0	23.647
4.713	0	0	0	0	23	0	0	0	0	18.428
1.602	48	0	0	0	1.167	0	0	0	0	5.219
4.474	415	0	0	0	48	0	0	0	0	51.441
790	0	0	0	0	0	0	0	0	0	26.416
3.684	415	0	0	0	48	0	0	0	0	25.026
10.789	463	0	0	0	1.237	0	0	0	0	75.088
5.286	463	0	0	0	1.215	0	0	0	0	30.245
401	115	0	0	0	90	0	0	0	0	2.766
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
11.189	578	0	0	0	1.328	0	0	0	0	77.854
5.503	0	0	0	0	23	0	0	0	0	44.843
5.686	578	0	0	0	1.305	0	0	0	0	33.011

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Non-life insurance claims

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Accident year / Underwriting year 1: Accident year

Gross Claims Paid (non-cumulative)

	Development year												
Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**In current year**	**Sum of years (cumulative)**
Prior											0	0	0
N-9	0	0	0	0	0	0	0	0	0	0		0	0
N-8	0	0	0	0	0	0	0	0	0			0	0
N-7	0	0	0	0	0	0	0	0				0	0
N-6	0	0	0	0	0	0	0					0	0
N-5	1.186	4.206	5.777	2.051	2.963	582						582	16.765
N-4	30.397	4.326	2.807	2.874	-301							0	40.103
N-3	2.764	6.773	7.193	403								403	17.133
N-2	4.546	13.356	4.312									4.312	22.215
N-1	3.849	21.046										21.046	24.895
N	621											621	621
Total												**26.664**	**121.732**

Gross undiscounted Best Estimate Claims Provisions

Year	Development year											
	0	1	2	3	4	5	6	7	8	9	10	Year end (discounted data)
Prior											0	0
N-9	0	0	0	0	0	0	0	0	0	0		0
N-8	0	0	0	0	0	0	0	0	0			0
N-7	0	0	0	0	0	0	0	0				0
N-6	0	0	0	0	0	0	0					0
N-5	29.579	13.621	7.741	6.473	3.198	976						957
N-4	13.544	12.738	8.175	4.750	3.613							3.541
N-3	26.059	11.317	3.529	3.163								3.099
N-2	43.845	29.334	21.119									20.699
N-1	14.782	8.203										8.039
N	15.413											15.106
Total												51.442

Own funds

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Basic own funds	Total	Tier 1 — unrestricted	Tier 1 — restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	89.987	89.987		0	
Share premium account related to ordinary share capital	0	0		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0	
Subordinated mutual member accounts	0		0	0	0
Surplus funds	0	0			
Preference shares	0		0	0	0
Share premium account related to preference shares	0		0	0	0
Reconciliation reserve	82.276	82.276			
Subordinated liabilities	0		0	0	0
An amount equal to the value of net deferred tax assets	0				0
Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0

Deductions	Total	Tier 1 — unrestricted	Tier 1 — restricted	Tier 2	Tier 3
Deductions for participations in financial and credit institutions	0	0	0	0	0

Total basic own funds after deductions	Total	Tier 1 — unrestricted	Tier 1 — restricted	Tier 2	Tier 3
Total basic own funds after deductions	172.263	172.263	0	0	0

Ancillary own funds	Total	Tier 1 — unrestricted	Tier 1 — restricted	Tier 2	Tier 3
Unpaid and uncalled ordinary share capital callable on demand	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
Unpaid and uncalled preference shares callable on demand	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
Other ancillary own funds	0			0	0
Total ancillary own funds	0			0	0
Total available own funds to meet the SCR	172.263	172.263	0	0	0
Total available own funds to meet the MCR	172.263	172.263	0	0	
Total eligible own funds to meet the SCR	172.263	172.263	0	0	0
Total eligible own funds to meet the MCR	172.263	172.263	0	0	
Solvency Capital Requirement	56.770				
Minimum capital requirement	14.193				
Ratio of Eligible own funds to SCR	303,438%				
Ratio of Eligible own funds to MCR	1.213,744%				

Reconciliation reserve	Total
Excess of assets over liabilities	172.263
Own shares (held directly and indirectly)	0
Foreseeable dividends, distributions and charges	0
Other basic own fund items	89.987
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
Reconciliation reserve	82.276
Expected profits included in future premiums (EPIFP) - Life business	0
Expected profits included in future premiums (EPIFP) - Non-life business	0
Total Expected profits included in future premiums (EPIFP)	0

Solvency Capital Requirement - for undertakings on Standard Formula

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Solvency Capital Requirement calculated using standard formula	Gross solvency capital requirement	Simplifications
Market risk	6.543	
Counterparty default risk	23.891	
Life underwriting risk	0	
Health underwriting risk	0	
Non-life underwriting risk	36.067	
Diversification	-11.983	
Intangible asset risk	0	
Basic Solvency Capital Requirement	54.518	

		USP
Life underwriting risk		
Health underwriting risk		
Non-life underwriting risk		

Calculation of Solvency Capital Requirement	
Operational risk	2.253
Loss-absorbing capacity of technical provisions	0
Loss-absorbing capacity of deferred taxes	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional)	0
Solvency capital requirement, excluding capital add-on	
Capital add-ons already set	0
Solvency Capital Requirement	56.770
Other information on SCR	
Capital requirement for duration-based equity risk sub-module	0
Total amount of Notional Solvency Capital Requirements for remaining part	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
Diversification effects due to RFF nSCR aggregation for article 304	0

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

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Linear formula component for non-life insurance and reinsurance obligations	MCR components		
MCR Non-Life Result	3.837		
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Medical expense insurance		0	0
Income protection insurance		0	0
Workers' compensation insurance		0	0
Motor vehicle liability insurance		0	0
Other motor insurance		0	0
Marine, aviation and transport insurance		23.281	1.668
Fire and other damage to property insurance		5.286	2.998
General liability insurance		463	295
Credit and suretyship insurance		0	0
Legal expenses insurance		0	0
Assistance		0	0
Miscellaneous financial loss		1.215	1.407
Non-proportional health reinsurance		0	0
Non-proportional casualty reinsurance		0	0
Non-proportional marine, aviation and transport reinsurance		0	0
Non-proportional property reinsurance		0	0

Linear formula component for life insurance and reinsurance obligations	MCR components		
MCR Life Result	0		
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
Obligations with profit participation - guaranteed benefits		0	
Obligations with profit participation - future discretionary benefits		0	
Index-linked and unit-linked insurance obligations		0	
Other life (re)insurance and health obligations		0	
Capital at risk for all life (re)insurance obligations			0

Overall MCR calculation	MCR components
Linear MCR	3.837
SCR	56.770
MCR cap	25.547
MCR floor	14.193
Combined MCR	14.193
Absolute floor of the MCR	4.306
Minimum capital requirement	14.193