Maersk Insurance A/S
Solvency and Financial Condition Report
Financial Year ended 31st December 2018

Executive Summary

Due to the harmonised EU-wide regulatory regime for Insurance Companies, known as Solvency II, all insurers needs to publish a Solvency and Financial Condition Report (“SFCR”) on the Company’s public website. This is the SFCR report 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 2018 was USD 12.4 million and the solvency ratio by end 2018 was 317%.

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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: Per Rolf Larssen.

As per 1 January 2019, the MIAS´s Board of Directors consists of:

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

MIAS has an audit committee, including an external independent member 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. Underwriting, Reinsurance, Claims handling, Legal, Tax, Accounting, Investment, Reporting and IT are outsourced to the parent company. The Risk Management, Actuarial and 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, Terminal Operators Loss and Freight Services Liability.

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. MIAS continues to insure MT in accordance with a 5 year Service Level Agreement. MIAS continued to underwrite EDC until June 1st 2018. Finally, MIAS continued 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 2018, MIAS's maximum net exposure is limited for Property to USD 45 million and for Casualty USD 12.5 million.

MIAS´s gross written premium in 2018 was USD 60.3 million with a return on equity of 7%. MIAS's Underwriting profit (Technical Profit) for 2018 amounts to USD 12.4 million (2017: USD 6.0 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%
2018	**60,292,000**	**12,217,000**	**-99,099,000**	**-3,299,000**	**3,282,000**	**16,766,000**	**79%**

The 2018 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	1,748,000	-596,000	-226,000	199,000	800,000	404,000	
Marine	41,319,000	5,554,000	-90,443,000	-1.338,000	2,065,000	6,418,000	
Terminals	12,473,000	2,568,000	-6,516,000	-416,000	364,000	2,481,000	
Others	4,752,000	4,691,000	-1,914,000	-1,744,000	53,000	2,897,000	
Total	**60,292,000**	**12,217,000**	**-99,099,000**	**-3,299,000**	**3,282,000**	**12,200,000**	**16,766,000**

*including reinsurance commission
** excluding technical interests

For 2019, 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 2019.

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)	**2018**	**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	3,120,000	1,225,000	973,000	391,000
Interest deposits	-99,000	31,000	-115,000	6,000
Value adjustments	1,545,000	1,162,000	188,000	-315,000
Total	**4,566,000**	**2,991,000**	**2,106,000**	**1,346,000**

The result of the investment activities was satisfactory.

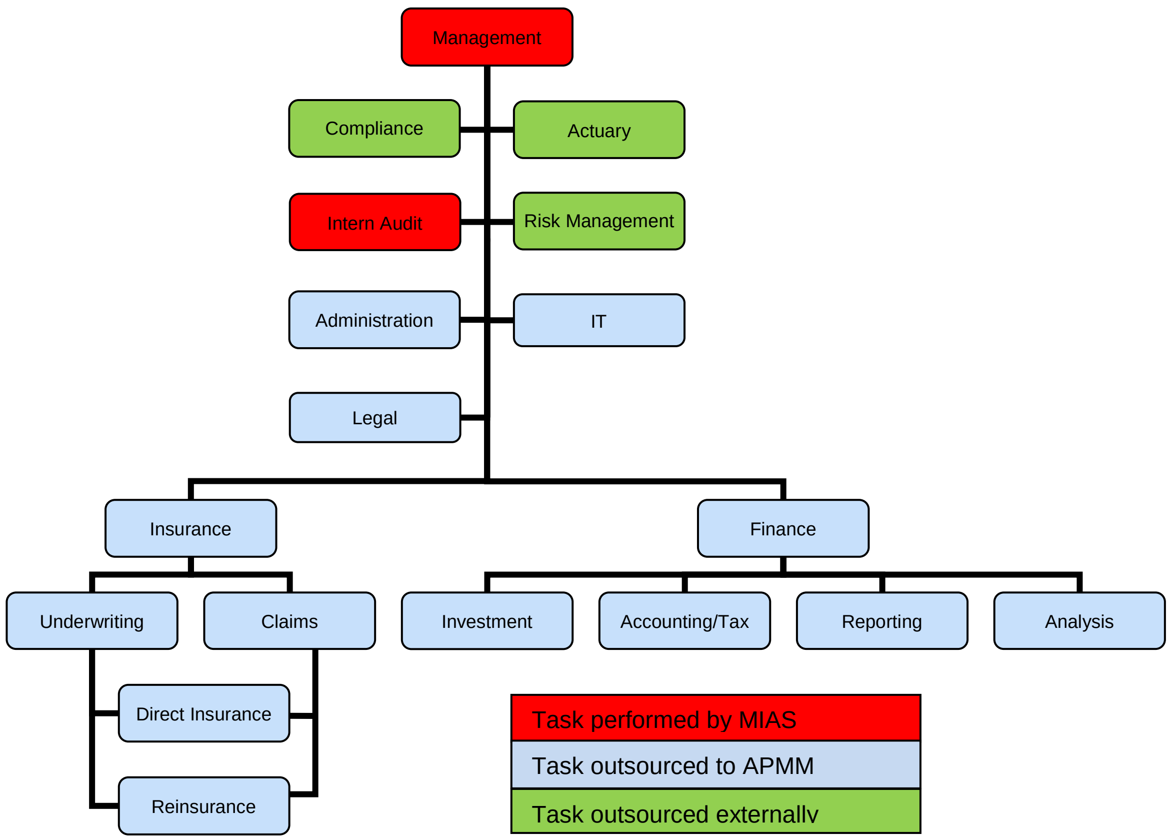
A.4 Results of Other Activities

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.

Under Lars' guidance and leadership EY is hired to perform the duties of the compliance and risk management functions and Willis is hired to perform the duties of the actuarial function.

B.2 Fitness and Propriety (Fit and Proper)

Legal requirement

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.

Individual requirements for suitability - Fit and Proper assessment

The requirements for Fit & Proper imply that members of the Board and the management. 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.

The managing director and the board of directors are fit and proper

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

A part of the risk management functions duties is to manage MIAS risk register. All risks are governed by a risk owner how is asked to update the assessment of the risk on a frequent basis. The risk owners are also asked to identify new risks.

ORSA
The Risk management function must conduct MIAS's own risk and solvency assessment, ORSA. The ORSA is an integrated part of the business strategy and is 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.

For the moment being the duties of the compliance, risk and actuarial functions are outsourced.

B.8 Remuneration/Salary

The Chairman of the Board of MIAS submits 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 performs 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 360 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 30.0 million per occurrence, and USD 30.0 million per year in the aggregate
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

Description	Threshold
	USD 25 million per year in the aggregate
Special Risk	USD 25 million per occurrence, and USD 25 million per year in the aggregate
Terminal Warehouse Liability	USD 25 million per occurrence, and USD 25 million per year in the aggregate
Cyber	USD 25 million per occurrence, and USD 25 million per year in the aggregate
Cargo	USD 25 million per occurrence, and
Employee Benefit	USD 25 million per occurrence, and

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 2018/19:

Description	2017/18 exposure	2018/19 exposure
Marine (H&M, War)	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	USD 15 million per occurrence
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
Terminal (PD, BI)	USD 30.0 million per occurrence	USD 30.0 million per occurrence
Global Property (PD)	USD 30.0 million per occurrence	USD 45.0 million per occurrence
Global Casualty (TPL)	USD 5,0 million per occurrence, and USD 10,0 million per year in the aggregate	USD 5.0 million per occurrence
Terminal Operators Liability	N/A	USD 7.5 million per occurrence
Freight Services Liability	N/A	USD 7.5 million per occurrence
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 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 year in the aggregate
Special Risk	USD 25.0 million per occurrence, and USD 25.0 million per year in the aggregate	USD 10.0 million per occurrence
Cyber Insurance	N/A	USD 25.0 million per occurrence
MCI Liability	N/A	USD 0.5 million per occurrence

Running alongside these exposures is a structured umbrella reinsurance program which caps losses per event at USD 50 million 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
Intrest 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 2018, MIAS had procured USD 868,7 million in reinsurance protection from app. 43 reinsurers:

	Rating	Default probability	Risk proportion
Marine Risk			
Neon	A+	0,05%	13%
PICC	A1	0,05%	10%
Bank of China	A-	0,05%	10%
SCOR	AA-	0,01%	9%
Skuld	A+	0,05%	6%
First Capital	A	0,05%	9%
AXA	AA-	0,01%	8%
Arch	A+	0,05%	5%
SIAT	A-	0,05%	8%
Alandia	A-	0,05%	6%
Great American	A+	0,05%	6%
IRB Brasil	A-	0,05%	6%
Korean Re	A	0,05%	2%
China Taiping	A-	0,05%	3%
Asia Reinsurance	A-	0,05%	1%
Terminal risk			
XLCatlin	A+	0,05%	100%
Global Risk			
Swiss Re	AA-	0,01%	68%
If	A+	0,05%	29%
TT Club	A+	0,05%	3%
Construction Risk			
Hannover Re	AA-	0,01%	100%

	Rating	Default probability	Risk proportion
Energy risk			
Hannover Re	AA-	0,01%	1%
Allianz	AA	0,01%	14%
SCOR	AA-	0,01%	1%
Skuld	A+	0,05%	1%
Zurich	AA-	0,01%	12%
Sompo/Endurance	A+	0,05%	10%
Arch	A+	0,05%	3%
Aspen	A+	0,05%	1%
QBE	A+	0,05%	9%
Markel	A+	0,05%	3%
Cathedral	A+	0,05%	8%
Amlin	A+	0,05%	2%
Talbot	A+	0,05%	3%
Munich Re	AA-	0,01%	6%
AIG	A+	0,05%	6%
HCC	AA-	0,01%	4%
Brit	A+	0,05%	3%
Gard	A+	0,05%	3%
Noa/Partner Re	A+	0,05%	3%
Hiscox	A+	0,05%	2%
HDI/Thomas Miller	A+	0,05%	2%
Axis Capital	A+	0,05%	1%

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. 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.

In this light the board of directors has decided a new operating model and an expansion of the lines of relevant business including health and accident coverage of employees.

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, compliance and risk 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 2018. The total assets reduce from management accounting treatment ($354,151m) to Solvency II ($350,738m) 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 and in deferred tax assets, as detailed in the table below.

Assets	Management accounting treatment	Solvency II
Bond-Goverment and multilateral banks	-	-
Receivables	14.851	14.851
Deferred Tax Assets	-	1.879
Cash and cash equivalent	6.713	6.713
Short-term bank deposits	58.925	58.925
Loan to APMM	137.000	137.000
Gross technical provisions - Reinsurance	112.459	107.167
Best Estimate - claim provision	*95.251*	*90.703*
Best Estimate - premium provision	*17.208*	*16.464*
Insurance debtors	24.203	24.203
Total assets	**354.151**	**350.738**

All monetary amounts in USD thousands.

The reinsurance share of technical provisions reduces accounting treatment from ($112,459m) to SII ($107,167m). 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 (probability of default). The discounting takes into account the assumed settlement patterns (see liability valuation) and current interest rates. The effect can be seen in the table below. (All monetary units in USD thousands).

Solvency II Class	Marine, Aviation & Transport	Fire & Other Damage to Property	General Liability Insurance	Miscellaneous Financial Loss	Total
Best Estimate - Claims Provision	83.821	6.725	158	0	90.703
Outstanding claims	88.177	6.905	169	0	95.251
Adj. for prob. of default	(125)	(6)	0	0	(131)
Discount Factor	(4.230)	(175)	(11)	0	(4.416)
Best Estimate - Premium Provisions	12.034	4.401	0	29	16.464
UPR	12.659	4.519	0	30	17.208
Profit of Unearned Premium	0	0	0	0	-
Discount Factor	(625)	(118)	0	(1)	(744)

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.

Solvency II Class	Marine, Aviation & Transport	Fire & Other Damage to Property	General Liability Insurance	Miscellaneous Financial Loss	Total
Best Estimate - Claims Provision	95.481	9.852	843	690	106.865
Outstanding claims	96.375	9.868	856	691	107.790
Run off expenses allocated	3.893	242	46	17	4.198
Discount Factor	(4.787)	(259)	(59)	(18)	(5.123)
Best Estimate - Premium Provisions	17.506	5.707	25	289	23.527
UPR	17.670	5.717	25	289	23.701
Profit of Unearned Premium	0	0	0	0	-
Run Off Expenses Allocated	714	140	1	7	863
Discount Factor	(878)	(150)	(2)	(8)	(1.037)
Risk Margin	3.604	436	163	143	4.346

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:

Claims settlement pattern	Marine, Aviation & Transport	Fire & Other Damage to Property	General Liability	Miscellaneous Financial Loss
Year 1	20%	58%	15%	58%
Year 2	40%	35%	10%	35%
Year 3	15%	4%	30%	4%
Year 4	15%	1%	25%	1%
Year 5	10%	1%	10%	1%
Year 6	0%	0%	5%	0%
Year 7	0%	0%	5%	0%
Year 8 and after	0%	0%	0%	0%

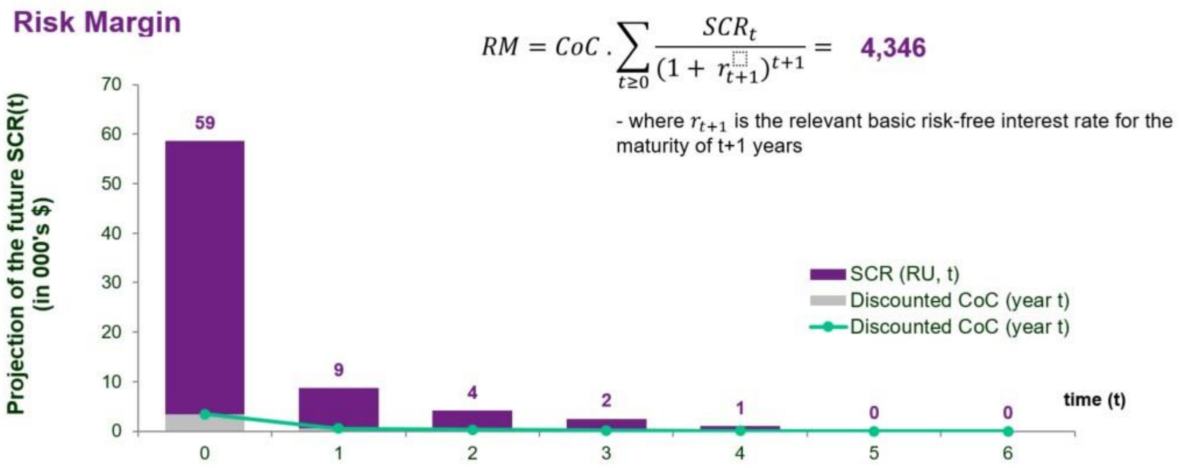
Administration expenses of approximately USD 3m per year are also included within the provisions in line with Solvency II guidance.

Risk Margin

The risk margin is a function of the SCR and is calculated to be USD 4,346m.

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. Most claims except some general liabilities claims are settled after 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 2018.

Liabilities	Management accounting treatment	Solvency II
Gross technical provisions (non-life)	131.491	134.738
Best Estimate - claim provision	*107.790*	*106.865*
Best Estimate - premium provision	*23.701*	*23.527*
Risk Margin	*-*	*4.346*
Payables	5.547	5.547
Reinsurance payables	23.389	23.389
Any other liabilities	-	-
Total liabilities	**160.427**	**163.674**

All monetary amounts in USD thousands.

Gross technical provisions (non-life)

The gross technical provisions increase from the management accounting treatment ($131,491m) to SII ($134,738m). 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 $4,346m 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 assets and liabilities. In particular the 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)	31.12.2018	31.12.2017	Development
Ordinary share capital	89,987	89,987	0
Accumulated profit	97,077	82,276	5,512
Total own funds	187,064	172,263	5,512

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

As at 31 December 2018, the equity according to statutory accounts is tUSD 189,257.

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

Discounting of claims and premium provisions (assets)	tUSD -5,292
Deferred tax asset	tUSD +1,879
Discounting of claims and premium provisions (liabilities), including allowances for run off expenses	tUSD +1,099

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

Own funds (tUSD)	31.12.2019	31.12.2020	31.12.2021
Ordinary share capital	89,987	89,987	89,987
Accumulated profit	105,310	116,470	130,170
Total own funds	195,297	206,457	220,157

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

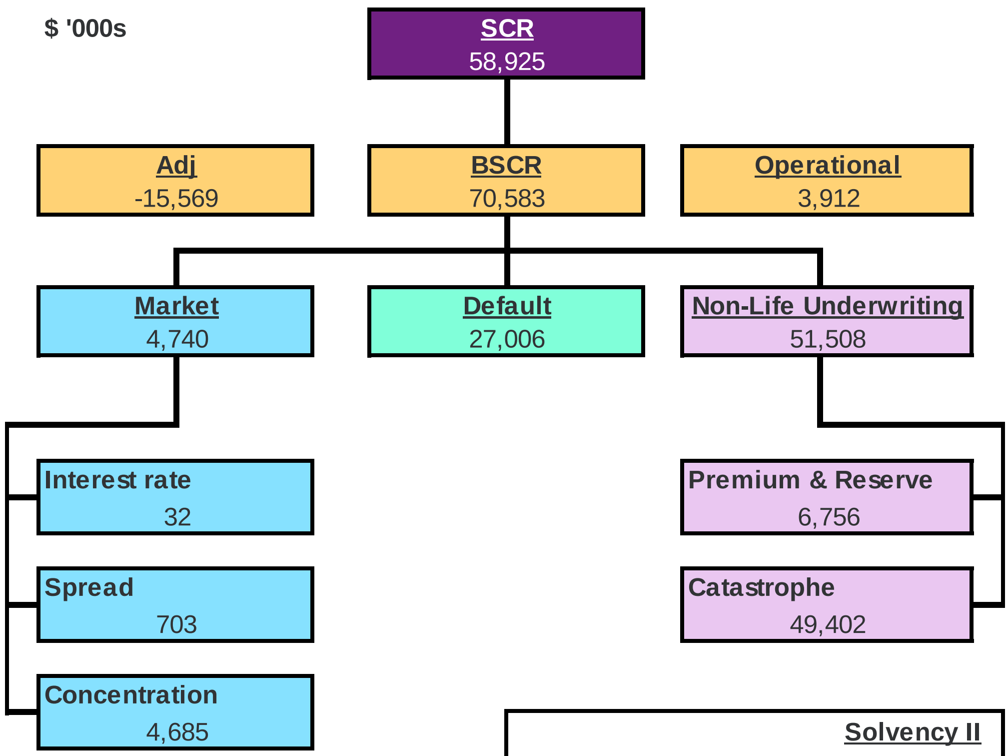
E.2 Solvency capital requirement and Minimum Capital Requirement

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

As at 31 December 2018, the capital requirements of the company were as follows:
Solvency Capital Requirement: tUSD 58,925
Minimum capital requirement: tUSD 14,731

The SCR requirement split on risk modules is depicted below.

Q4 2018



	Solvency II
Capital Available	187,064
Capital Requirement	58,925
Excess/ (Shortfall)	128,138
Solvency ratio	317%

Source: Willis Towers Watson

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

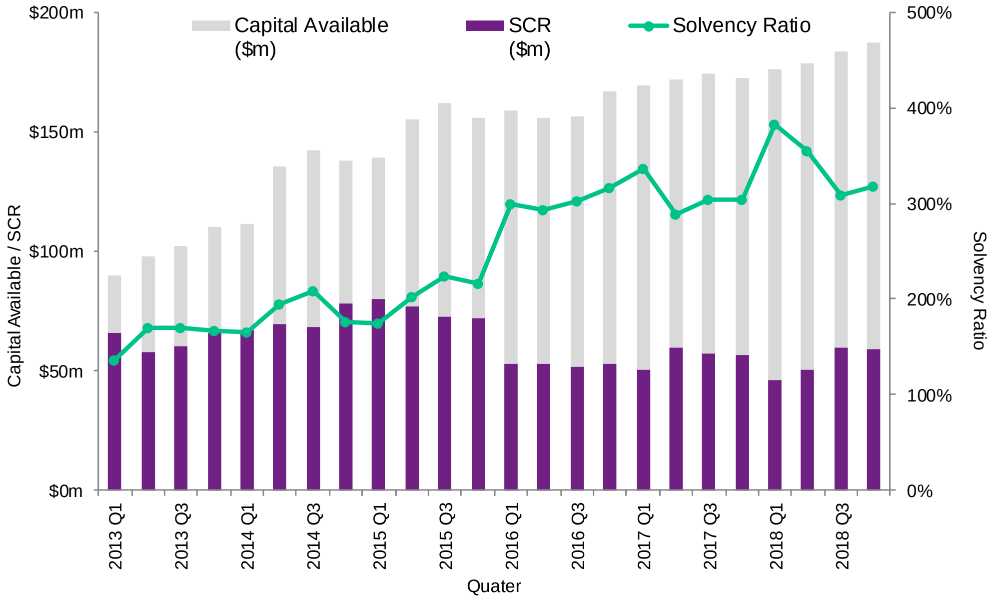
The MCR is calculated by multiplying the net best estimate technical provisions and net written premium by prescribed parameters for each SII class of business. As at 31 December 2018, this amounts to tUSD 4,348.

As the MCR floor is calculated as 25% of the SCR, corresponding to tUSD 14,731, this amount is the MCR of the company.

Minimum Capital Requirement	14,731
Non-Life MCR (based on premiums and technical provisions)	4,348
MCR Cap (45% of SCR)	26,516
MCR Floor (25% of SCR)	14,731
Absolute minimum (EUR3.7m)	4,119

Source: Willis Towers Watson

The SCR and MCR have during 2018 shown limited variation. Over the last 6 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	31.12.2019	31.12.2020	31.12.2021
SCR	58,925	58,925	58,925
MCR	14,731	14,731	14,731

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 1.50. 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 1.30 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 1.5 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 1.25 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. The purpose of the said meeting is to quickly restore the capital position. The Board of Directors will notify the Danish Financial Supervisory Authority about the situation.

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.

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.

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

Solvency Ratio	**Action**
1.50	The targeted minimum ratio – no action required

1.30	The Board is summoned to decide if the solvency ratio needs to be strengthened immediately
1.25	The Board is summoned and will meet without delay and will based on presentations from Management decide any actions which must be initiated to improve the solvency situation immediately. The Board will notify the Danish Financial Supervisory Authority about the situation
1.10	Renewed notification of the Board, notification to external auditors and suspension of writing any new insurance policies

E.6 Any other information

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

F. Appendix

F.1 Risk register

	Description	Facts	Vulnerabilities/Triggers	Consequences	Mitigations/Actions	Risk owner
Strategic risks	**Reputational damage**	Likelihood: 5-25% Impact: USD 0-5m	• Failure to operate and present MIAS professionally in accordance with legal requirements, business conduct and the APMM group values	• Business activities are adversely affected • MIAS regarded as a non-viable operation damaging MIAS reputation • Poor media coverage	• Internal control system to ensure compliance • Transparency and stakeholder management with key stakeholders • Open and ongoing dialogue with authorities • Taking a long term perspective vis-à-vis external markets	LHE
	Mix of risk accepted	Likelihood: 1-5% Impact: USD 0-5m	• Failure to manage MIAS´ risk appetite, concentration and positive correlated risk with limited diversification effect • Need for strategic direction and decision making on the risk appetite, e.g. employee benefits have a much longer risk profile ~40y • Loss of diversification and spread of risk in MIAS following diverstment of Energy businesses.	• Negative financial result for MIAS • Higher capital requirement (SCR)	• Performance and financial stability is evaluated and reported monthly • Risk exposures are discussed at board meetings whenever there are proposed/new exposures • Mix of risks accepted is approved by the board and subsequently adhered to and controlled for • Implementation of new operating model to recreate diversification in MIAS risk profile	SBR
	New operating model	Likelihood: 5-25% Impact:10-30m	• MIAS new operating model is largely untested and only outlined conceptually • Implementation may see challenges in respect of regulatory and tax requirements • The business units will not be able to pay their share of a negative year • The new operating model is challenged from a tax perspective	• The new operating model and the associated business benefits may not materialize fully	• Appointed advisers to assist with implementation • Transfer pricing advice obtained from Deloitte	SBR
	Brexit	Likelihood: 1-5% Impact: USD 5-25m		• MIAS' retrocession insurers in the UK cannot pay claims to MIAS due to Brexit • MIAS cannot enforce court awards obtained in Europe against retrocession insurers in the UK • MIAS cannot enforce court awards obtained in the UK against retrocession insurers in Europe	• Investigate and map potential consequences of Brexit for MIAS • Enter into dialogue with retrocession insurers about change of policy issuer, where relevant • Entre into dialogues with retrocession insurers about change of governing law and venue where relevant • Adress potential other vulnerabilities or triggers identified in the mapping of consequences	SBR
	Change in tax law	Likelihood: 5-25% Impact: USD 0-5m	• Failure to implement new legislation in respect of tax • Errors in transfer pricing policy and documentation • Divergence in tax law	• Reputational damage from financial authorities, fronting partners, reinsurers • Extra expenses	• APMM tax and legal department in place • External consultants inform of new legislation having impact on MIAS • Internal processes/procedures	JHV

			interpretation • More frequent tax investigations	• Ripple effect to APMM A/S	around changing legislation • External advisors used as deemed necessary by APMM Tax	
	Low premium to operation	Likelihood: 1-5% Impact: USD 5-10m	• Failure to resist pressure during times where the market is unfavourable for taking on risk (e.g. 2016), as well as difficulty in resisting pressure for low premiums from the business units	• Failure to manage exposure based on given market circumstances • Negative financial result for MIAS • Need for additional capital in MIAS • Remarks from financial authorities	• MIAS board approves all underwritten programs • Benchmark of premium up against market price and the actuaries pricing • Portfolio optimisation model used to support/benchmark the exposure decision • Risk will be reduced as the new operating model becomes effective	DS
	Change in law	Likelihood: 1-5% Impact: USD 0-5m	• Failure to implement new legislation in respect of solvency, audit, etc. • New legislation requiring new functions, processes, etc. • List of allowed counterparts is maintained	• Loss of income	• APMMs legal department and Consultants inform of new legislation having impact on MIAS • Internal rules to inform board about legislative changes which then decides the level of MIAS compliance • The compliancefunction monitors the financial legislation through EYs regulatory radar and delivers an overview on movements in financial legislation with an impact assesment for MIAS	VTA
Operational risks	**Staff capabilities**	Likelihood: 5-25% Impact: USD 0-5m	• Failure to maintain succession plan • Failure to retain the skilled staff • Failure to adequately train and develop staff	• Activities are adversely affected • Extra expenses • Reputational damage	• Internal rotation to ensure spread of knowlegde and skills • Line up "Plug and play" external captive management • Ensure MIAS' staff are adequately trained to carry out the responsibilities assigned to them on behalf of MIAS	LHE
	Outsourcing	Likelihood: 1-5% Impact: USD 10-30m	• Failure to remove suppliers as a result of poor service provision • Failure to recruit or appoint alternative service provider	• Extra expenses • Reputational damage to MIAS or APMM	• Outsourced activities governed by agreement • Monthly/quarterly meetings to report on outsourced services • Annual review of outsourced services	LHE
	Governance risk	Likelihood: <1% Impact: USD 0-5m	• Monthly limits reporting is not addressing intra month limits breaches • No clearly stated trading mandate explicating the investment policy	• Economic loss in MIAS • Breach on limits/mandates	• Investment policy is formally approved and documented • Deal confirmation in separate department • Trading mandate formalisation – one level below the investment policy, e.g. specified allowed investment types • Segregation of duties	JHV
	Cyber security risk	Likelihood: 1-5% Impact: USD 5-10m	• Failure to collect accurate data • Hacking/cyber attack	• Loss of data • Unable to deliver reports and/or payments • Unsecured exposure • Business interruptions • Extra expenses incurred	• Operate an effective IT system with robust back-up, safety and security procedures • Data is backed up daily offsite • Use of outsourced IT service provider • IT business continuity plan • IT code of conduct	JHV

	Internal audit	Likelihood: 1-5% Impact: USD 0-5m	• Failure to deliver meaningful and relevant information for review • Failure to detect irregularities	• Losses suffered, increased claims, fraud, unauthorised expenditure • Regulatory sanctions	• Internal Audit functions • Review of MIAS and outsourced functions • GIA reports are reviewed and any recommendations are implemented	PHA
	Fraud	Likelihood: 1-5% Impact: USD 0-5m	• Failure to maintain systems and controls to adequately prevent all types of fraud, including money laundering	• Losses in the form of increased claims, fraud, expenditurex • Legal and regulatory sanctions • Reputational damage	• Controls and procedures in place • Segregation systems in place • Controls regularly reviewed • Internal Audit function • Use of external audit • APMM whistle blower system	PHA
	Non-compliance	Likelihood: 5-25% Impact: USD 0-5m	• Failure to comply with legal, regulatory, accounting policies • Failure to comply with internal compliance • Failure to understand implications of changes in taxation policy including transfer pricing issues and local taxes in different jurisdictions where insurance business is being conducted	• Business activities adversely affected • Extra expenses incurred • Legal or regulatory sanctions • Loss of license to operate from the Danish financial authorities	• Robust and compliant risk compliance and risk management function • Maintain necessary expertise to deliver the required compliance • Maintain monthly reconciliations of accounts • Internal reviews are conducted • Composition of board with expertise and knowledge • Comply with external audit and regulatory reviews by financial authorities • Use of well reputed and capable fronting companies in local operations • Ensuring capable outsourcing partners knowing the legislation and industry	VTA
Market risks	**Currency risk**	Likelihood: <1% Impact: USD 0-5m	• Macroeconomic/market events triggering fluctuations in FX rates • FX exposure arises from business activity as MIAS is USD based • Failure in hedging currencies •Frequency of exposure reporting/monitoring may allow for intra month breaches	• Economic exposure/loss	• MIAS´ investment risk appetite determines the currency risk • Investment policy is formally approved and documented • Monthly monitoring and controlling of FX exposure	JHV
	Interest rate risk	Likelihood: 25-75% Impact: USD 0-5m	• Macroeconomic/market events triggering fluctuations in interest rates • Fixed interest rate investments carry market value risk and floating interest rate investments carry cash flow risk • Misconduct of investment policy	• Decrease in investment return • Revised SCR calculation leading to additional capital funding requirements	• MIAS´ investment risk appetite is expressed in investment types and durations for interest rate related instruments • Investment policy is formally approved and documented • Monthly monitoring and controlling of IR exposure	JHV
	Concentration risk	Standard model value	• Losses occurring by having a large portion of holdings in a particular counterparty/ asset class relative to the overall portfolio • MIAS' strict investment policy may not enable enough diversification in the portfolio	• Economic loss in MIAS • Large SCR capital requirements	• Investment policy defines concentration risk limits • Monthly monitoring and controlling	JHV

	Spread risk	Standard model value	• Arises from investments in bonds and loans • Specifics of investment policy induces spread risk	• Economic exposure	• Accepted risk • Investment policy defines spread risk limits • Monthly monitoring and controlling	JHV
	Liquidity risk	Likelihood: <1% Impact: USD 0-5m	• Inability to meet liquidity requirements • Suboptimal guidance on timing and size of liquidity management	• Costs associated with solving liquidity issues (withdrawal of deposits or parent company loan) • Inability to meet claims payments	• Cash management on dealer desk • Improved communication of accuracy and timing of liquidity needs • Capital surplus has a mitigating effect • Loan to APMM can be called with 48 hours notice	JHV
	Asset liability management	Likelihood: 1-5% Impact: USD 0-5m	• Discrepancy in duration of assets and liabilities	• Economic loss in MIAS	• Adherence to existing guidelines and investment strategy	JHV
Underwriting risks	**Risks accepted**	Likelihood: 1-5% Impact: USD 30-50m	• Failure to decline to cover exposures which are not appropriate to MIAS' capital structure, solvency requirements or classes of business authorised under its insurance licence • Misinterpretation of risk appetite • Operational risk by failure in documentation and administration	• Revised SCR calculation adversely affects solvency margin targets leading to additional capital funding requirements • Negative financial result for MIAS	• Procedure manual describe procedure for accepting new risk to MIAS • Individual authority statements in place • Monthly outsourcing reporting • Quarterly risk management reporting • Net retention mitigated by retrocession agrrements	SBR
	Pricing risk	Likelihood: 1-5% Impact: USD 5-10m	• Failure to set adequate premiums • Failure to implement changes to premium levels where the results of ongoing risk assessments require a re-evaluation of prices and conditions	• Negative financial result for MIAS • Adversely affects solvency margin targets potentially leading to additional capital funding requirements • Volatile financial reporting-variances on forecast	• The premiums are set by the market and benchmarked by actuaries • Monthly management reporting • Quarterly risk management reporting to board • Risk will be reduced as the new operating model with adjustable premium becomes effective	SBR
	Policy wording	Likelihood: 1-5% Impact: USD 10-30m	• Failure to obtain clear and intentional scope of coverage in policy wordings	• Negative financial results of MIAS • Revised SCR calculation adversely affects solvency margin targets leading to additional capital funding requirements	• Issuance of policies and changes has been outsourced to fronting companies • Policy wordings reviewed • Solvency requirements are monitored and changes reviewed for the impact on MIAS	SBR
	Reinsurance	Likelihood: 1-5% Impact: USD 10-30m	• Failure to establish and maintain reinsurance in accordance with the risk appetite and solvency requirement • Failure to comply with MIAS' reinsurance policy, including counter-party rating changes • Transition to multi line reinsurance program under new operating model entails an increased risk for reinsurance not being back to back in respect of cover and limits • Disagreement with reinsurers about	• Retained risk gap is too wide and higher than anticipated • Unacceptable counter-party exposures are allowed to develop • Revised SCR calculation adversely affects solvency margin targets leading to additional capital funding requirements • Delayed payment or non payment of reinsurance	• Reinsurance policy approved by the board • MIAS reinsurance policy is reviewed at least once a year • Documentation of reinsurance contracts obtained by MIAS and broker • MIAS will have the possibility to make additional premium calls under the new operating model • Reduce or avoid exposure to reinsurers not well known to and trusted by MIAS and use brokers leverage to collect payment	SBR

			payment under the reinsurance policy			
	Claims reserving	Likelihood:1-5% Impact: USD 5-10m	• Failure to accurately record claims on MIAS' claims schedule • Failure by claims handlers to reserve adequately for claims reported and recorded • Failure by claims handlers to review case estimates and adjust reserves where necessary and where payments have been made	• Inaccurate financial reporting leading to potential negative financial result of MIAS • Revised SCR calculation adversely affects solvency margin targets (140%-110%) potentially leading to additional capital funding requirements • Volatile financial reporting-variances on forecast as a result of unforeseen financial gains or losses	• Claims handling activity is outsourced to third-party claims handling • Bordereaux from external claims handlers reviewed on a monthly basis • Reconciliations of claims movements (payments and reserves) are conducted on a monthly basis • Monthly financial accounts shared with the board • Quarterly risk management report shared with the board	SBR
	Claims handling	Likelihood:1-5% Impact: USD 5-10m	• Failure to manage relationship with claims handlers • Failure to adequately monitor claims handlers	• Negative financial result to MIAS • Solvency issues and additional capital funding requirements • Reputational damage to MIAS and the wider APMM Group	• Outsourced claims handling is managed in accordance with the terms of the services agreement • All agreements between MIAS and claims handlers are approved prior to signature • MIAS will have possibility to make additional primum call under new operating model	SBR
	Claims payment	Likelihood:1-5% Impact: USD 5-10m	• Failure in lead claims handlers and MIAS´ setting of claims in accordance with policy terms and latest schedule • Failure in controls to prevent claims fraud and leakage	• Negative financial result of MIAS • Revised SCR calculation adversely affects solvency margin targets leading to additional capital requirements	• Claims are paid in accordance with policy terms • Claims handling activity is outsourced to third-party • Formal claims files maintained • Quarterly claims meeting held with claims lead	JHV
	General reservation	Likelihood: 5-25% Impact: USD 5-10m	• Failure to reserve for unearned premiums • Failure to reserve for incurred but not reported losses (IBNR) • Failure to reserve for incurred but not enough reported losses (IBENR) • Failure to reserve for incurred and reported losses	• Negative financial result for MIAS • Revised SCR calculation adversely affects solvency margin leading to additional capital funding requirements	• Financial details of unearned premium reserves and earned premium income are captured, • IBNR reserves are controlled • Reconciliations of premium and claims are controlled on a monthly basis • Actuarial reviews of reserving quarterly	DS

	Catastrophe losses	Standard model value	• Failure to understand the potential catastrophe exposures that MIAS is exposed to • Failure to recognise and manage the potential financial impact of catastrophe losses • Catastrophic risk due to terror, war or natural catastrophe etc.	• Negative financial result to MIAS • Revised SCR calculation adversely affects solvency margin targets (140%-110%) potentially leading to additional capital funding requirements • Difficult to renew reinsurance contracts at acceptable terms	• Terms of the proposed reinsurance programme are controlled against fronting terms to ensure matching • Quarterly risk management reports including large losses and reinsurance • Reinsurance contracts documented • Reinsurance purchased such that retained exposure remains within risk appetite	DS
Default risks	**Other counterparties bankrupt**	Likelihood: 1-5% Impact: USD >50m	• Default of brokers	• Lost premium prepaid	• Quarterly valuation of brokers financial stability	LHE
	Reinsurers bankrupt	Likelihood: <1% Impact: USD >50m	• Default by of one or more of MIAS largest reinsurers or systemic loss causing the total default of the reinsurance market	• Default of MIAS reinsurance protection	• Spread of MIAS reinsurance in different markets (Lloyds, German, Nordic and corporate markets) • Minimum A- rated companies as counterparts • Increased requirements to reinsurer credit ratings for large exposures	SBR
	Bank bankrupt	Likelihood: <1% Impact: USD >50m	• Systemic loss causing the default of MIAS main deposit bank	• Loss of MIAS deposits • Negative financial result to MIAS • Solvency issues and additional capital funding requirements	• Ongoing review of bank relationship, including exposures and rating (wallet process) • List of allowed counterparts is maintained	JHV
	Parent company bankrupt	Likelihood: 1-5% Impact: USD >50m	• Failure to operate conglomerate profitably eroding equity	• Default on MIAS loan to parent • Long term uncertainty about MIAS' operations/existence in current format	• Rating of parent • Quarterly reports • Proximity to Group Finance facilitates a close dialogue	JHV

F.2 QRTs

S.02.01 **SolvencyTool**

Balance sheet

ARS: Annual Solvency II reporting Solo 22-04-2019 (Published) MIAS 2018 Annual USD (1)	
Fund number	
Assets	Solvency II value
Goodwill	
Deferred acquisition costs	
Intangible assets	0
Deferred tax assets	1.879.000
Pension benefit surplus	0
Property, plant & equipement held for own use	0
Investments (other than assets held for index-linked and unit-linked funds)	59.803.706
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	919.719
Deposits other than cash equivalents	58.883.987
Other investments	0
Assets held for index-linked and unit-linked funds	0
Loans & mortgages	137.843.288
Loans on policies	0
Loans & mortgages to individuals	0
Other loans & mortgages	137.843.288
Reinsurance recoverables from:	107.167.290
Non-life and health similar to non-life	107.167.290
Non-life excluding health	107.167.290
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	24.203.000
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	6.713.348
Any other assets, not elsewhere shown	13.128.368
Total assets	350.738.000

Liabilities	Solvency II value
Technical provisions – non-life	134.738.050
Technical provisions – non-life (excluding health)	134.738.050
TP calculated as a w hole	0
Best Estimate	130.391.969
Risk margin	4.346.081
Technical provisions - health (similar to non-life)	0
TP calculated as a w hole	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 w hole	0
Best Estimate	0
Risk margin	0
Technical provisions – life (excluding health and indexlinked and unit-linked)	0
TP calculated as a w hole	0
Best Estimate	0
Risk margin	0
Technical provisions – index-linked and unit-linked	0
TP calculated as a w hole	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	0
Debts ow ed to credit institutions	0
Financial liabilities other than debts ow ed to credit institutions	0
Insurance & intermediaries payables	0
Reinsurance payables	23.389.000
Payables (trade, not insurance)	0
Subordinated liabilities	0
Subordinated liabilities not in BOF	0
Subordinated liabilities in BOF	0
Any other liabilities, not elsew here show n	5.546.950
Total liabilities	163.674.000
	Solvency II value
Excess of assets over liabilities	187.064.000

Premiums, claims and expenses by line of business

ARS: Annual Solvency II reporting Solo 22-04-2019 (Published) MIAS 2018 Annual USD (1)

Non-life	Total
Premiums written	
Gross - Direct Business	322.908
Gross - Proportional reinsurance accepted	59.969.553
Gross - Non-proportional reinsurance accepted	0
Reinsurers' share	45.482.691
Net	14.809.770
Premiums earned	
Gross - Direct Business	2.077.882
Gross - Proportional reinsurance accepted	57.220.402
Gross - Non-proportional reinsurance accepted	0
Reinsurers' share	47.080.530
Net	12.217.754
Claims incurred	
Gross - Direct Business	803.835
Gross - Proportional reinsurance accepted	96.714.907
Gross - Non-proportional reinsurance accepted	0
Reinsurers' share	95.799.488
Net	1.719.254
Changes in other technical provisions	
Gross - Direct Business	-48.000
Gross - Proportional reinsurance accepted	-1.532.000
Gross - Non-proportional reinsurance accepted	0
Reinsurers' share	0
Net	-1.580.000
Expenses incurred	-3.257.349
Administrative expenses	
Gross - Direct Business	11.021
Gross - Proportional reinsurance accepted	2.046.979
Gross - Non-proportional reinsurance accepted	0
Reinsurers' share	5.340.274
Net	-3.282.274
Investment management expenses	
Gross - Direct Business	134
Gross - Proportional reinsurance accepted	24.791
Gross - Non-proportional reinsurance accepted	0
Reinsurers' share	0
Net	24.925

Claims management expenses	
Gross - Direct Business	0
Gross - Proportional reinsurance accepted	0
Gross - Non-proportional reinsurance accepted	0
Reinsurers' share	0
Net	0
Acquisition expenses	
Gross - Direct Business	0
Gross - Proportional reinsurance accepted	0
Gross - Non-proportional reinsurance accepted	0
Reinsurers' share	0
Net	0
Overhead expenses	
Gross - Direct Business	0
Gross - Proportional reinsurance accepted	0
Gross - Non-proportional reinsurance accepted	0
Reinsurers' share	0
Net	0
Other expenses	0
Total expenses	-3.257.349

S.05.02

SolvencyTool

Premiums, claims and expenses by country

ARS: Annual Solvency II reporting Solo 22-04-2019 (Published) MIAS 2018 Annual

Non-life	Home country	Top 5 countries (by amount of gross premiums written)	Total
		GB	
Premiums written			
Gross - Direct Business	322.908	0	322.908
Gross - Proportional reinsurance accepted	694.823	59.274.730	59.969.553
Gross - Non-proportional reinsurance accepted	0	0	0
Reinsurers' share	33.000	45.449.691	45.482.691
Net	984.731	13.825.039	14.809.770
Premiums earned			
Gross - Direct Business	1.239.585	838.297	2.077.882
Gross - Proportional reinsurance accepted	694.823	56.525.579	57.220.402
Gross - Non-proportional reinsurance accepted	0	0	0
Reinsurers' share	11.109	46.919.421	46.930.530
Net	1.923.299	10.444.455	12.367.754
Claims incurred			
Gross - Direct Business	803.835	0	803.835
Gross - Proportional reinsurance accepted	181.797	96.533.110	96.714.907
Gross - Non-proportional reinsurance accepted	0	0	0
Reinsurers' share	0	95.799.488	95.799.488
Net	985.632	733.622	1.719.254
Changes in other technical provisions			
Gross - Direct Business	-48.000	0	-48.000
Gross - Proportional reinsurance accepted	0	-1.532.000	-1.532.000
Gross - Non-proportional reinsurance accepted	0	0	0
Reinsurers' share	0	0	0
Net	-48.000	-1.532.000	-1.580.000
Expenses incurred	35.161	-3.292.425	-3.257.264
Other expenses			0
Total expenses			-3.257.264

S.17.01 **SolvencyTool**

Non-Life Technical Provisions

ARS: ARS 22-04-2019 (Published) MIAS 2018 Annual USD (1)

	Direct business and accepted proportional reinsurance				Total
	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	
TP calculated as a whole	0	0	0	0	0
Direct business	0	0	0	0	0
Accepted proportional reinsurance business	0	0	0	0	0
Accepted non-proportional reinsurance					0
Total Recoverables from reinsurance and SPV after the adjustment for expected losses due to counterparty default	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM (Non-Replicable portfolio)					
Best Estimate					
Premium provisions					
Gross - Total	17.506.102	5.707.479	24.614	288.519	23.526.714
Gross - Direct Business	487.062	0	0	181.044	668.106
Gross - accepted proportional reinsurance business	17.019.040	5.707.479	24.614	107.475	22.858.608
Gross - accepted non-proportional reinsurance business					0
Total recoverables from reinsurance and SPV before the adjustment for expected losses due to counterparty default	12.049.403	4.403.274	0	29.232	16.481.909
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	12.049.403	4.403.274	0	29.232	16.481.909
Recoverables from SPV before adjustment for expected losses	0	0	0	0	0
Recoverables from Finite Reinsurance before adjustment for expected losses	0	0	0	0	0
Total Recoverables from reinsurance and SPV after the adjustment for expected losses due to counterparty default	12.033.650	4.401.004	0	29.230	16.463.884
Net Best Estimate of Premium Provisions	5.472.452	1.306.475	24.614	259.289	7.062.830
Claim provisions					
Gross - Total	95.481.072	9.851.566	842.768	689.849	106.865.255
Gross - Direct Business	0	0	373.931	117.094	491.025
Gross - accepted proportional reinsurance business	95.481.072	9.851.566	468.837	572.755	106.374.230
Gross - accepted non-proportional reinsurance business					0
Total recoverables from reinsurance and SPV before the adjustment for expected losses due to counterparty default	83.930.816	6.728.171	157.724	0	90.816.711
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	83.930.816	6.728.171	157.724	0	90.816.711
Recoverables from SPV before adjustment for expected losses	0	0	0	0	0
Recoverables from Finite Reinsurance before adjustment for expected losses	0	0	0	0	0
Total Recoverables from reinsurance and SPV after the adjustment for expected losses due to counterparty default	83.821.090	6.724.703	157.613	0	90.703.406
Net Best Estimate of Claims Provisions	11.659.982	3.126.863	685.155	689.849	16.161.849
Total Best estimate - gross	112.987.174	15.559.045	867.382	978.368	130.391.969
Total Best estimate - net	17.132.434	4.433.338	709.769	949.138	23.224.679
Risk margin	3.604.176	436.044	162.636	143.225	4.346.081
Amount of the transitional on Technical Provisions					
TP calculated as a whole	0	0	0	0	0
Best Estimate	0	0	0	0	0
Risk margin	0	0	0	0	0
Technical provisions - total					
Technical provisions - total	116.591.350	15.995.089	1.030.018	1.121.593	134.738.050
Total Recoverables from reinsurance and SPV after the adjustment for expected losses due to counterparty default	95.854.740	11.125.707	157.613	29.230	107.167.290
Technical provisions minus recoverables from reinsurance and SPV - total	20.736.610	4.869.382	872.405	1.092.363	27.570.760
Line of Business: further segmentation (Homogeneous Risk Groups)					
Premium provisions - Total number of homogeneous risk groups	4	2	3	4	
Claims provisions - Total number of homogeneous risk groups	4	2	3	4	
Cash-flows of the Best estimate of Premium Provisions (Gross)					
Cash out-flows					
Future benefits and claims	16.819.097	5.570.594	23.332	281.599	22.694.622
Future expenses and other cash out-flows	0	0	0	0	0
Cash in-flows					
Future premiums	0	0	0	0	0
Other cash-in flows (incl. Recoverable from salvages and subrogations)	0	0	0	0	0
Cash-flows of the Best estimate of Claims Provisions (Gross)					
Cash out-flows					
Future benefits and claims	92.206.985	9.615.292	798.884	673.304	103.294.465
Future expenses and other cash out-flows	3.747.033	236.274	43.884	16.545	4.043.736
Cash in-flows					
Future premiums	0	0	0	0	0
Other cash-in flows (incl. Recoverable from salvages and subrogations)	0	0	0	0	0
Percentage of gross Best Estimate calculated using approximations					BETrans Interest
Best estimate subject to transitional of the interest rate	0	0	0	0	0
Technical provisions without transitional on interest rate	0	0	0	0	0
Best estimate subject to volatility adjustment	0	0	0	0	0
Technical provisions without volatility adjustment and without others transitional measures	0	0	0	0	0

Non-life insurance claims

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Line of business	6: Marine, aviation and transport insurance
Accident year / Underwriting year	1: Accident year
Currency	USD
Currency conversion	1: Original currency

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
N-10	0	0	0	0	0	0	0	0	0	0	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	1.185.862	2.223.185	5.518.517	2.090.466	2.952.552	582.309	-443.554					-443.554	14.109.337
N-5	30.260.840	2.971.399	1.280.573	1.810.380	-1.259.141	683.654						683.654	35.747.705
N-4	1.999.274	6.420.899	7.147.486	262.948	0							0	15.830.607
N-3	4.495.651	6.472.900	7.712.837	5.437.863								5.437.863	24.119.251
N-2	3.567.500	13.480.695	1.369.801									1.369.801	18.417.996
N-1	153.087	2.442.169										2.442.169	2.595.256
N	27.788.602											27.788.602	27.788.602
Total												**37.278.535**	**138.608.754**

Gross undiscounted Best Estimate Claims Provisions

	Development year											
Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Year end (discounted data)**
Prior												0
N-10	0	0	0	0	0	0	0	0	0	0	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	27.921.229	13.307.670	7.707.952	6.407.981	3.182.507	978.139	821.353					808.456
N-5	11.894.213	8.706.913	5.851.971	4.278.902	3.245.720	1.708.918						1.682.084
N-4	25.418.637	10.624.278	2.972.326	2.686.622	2.570.494							2.530.131
N-3	33.639.268	25.644.688	20.168.089	13.620.175								13.406.303
N-2	13.119.576	5.488.320	3.720.391									3.661.971
N-1	14.881.109	13.255.202										13.047.061
N	61.307.687											60.344.995
Total												**95.481.000**

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)	89.987.000	89.987.000		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	95.198.000	95.198.000			
Subordinated liabilities	0		0	0	0
An amount equal to the value of net deferred tax assets	1.879.000				1.879.000
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	187.064.000	185.185.000	0	0	1.879.000

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	187.064.000	185.185.000	0	0	1.879.000
Total available own funds to meet the MCR	185.185.000	185.185.000	0	0	
Total eligible own funds to meet the SCR	187.064.000	185.185.000	0	0	1.879.000
Total eligible own funds to meet the MCR	185.185.000	185.185.000	0	0	

Solvency Capital Requirement	58.925.408
Minimum capital requirement	14.731.352
Ratio of Eligible own funds to SCR	317,459%
Ratio of Eligible own funds to MCR	1.257,081%
Consolidated Group SCR	0
Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)	0,00%
SCR for entities included with D&A method	0

Reconciliation reserve	Total
Excess of assets over liabilities	187.064.000
Own shares (held directly and indirectly)	0
Foreseeable dividends, distributions and charges	0
Other basic own fund items	91.866.000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
Reconciliation reserve	95.198.000
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

ARS: Annual Solvency II reporting Solo 22-04-2019 (Published) MIAS 2018 Annual USD (1)

Article 112	2: Regular reporting		
Ring Fenced Fund/Matching adjustment portfolio or remaining part			
Fund/Portfolio number			

Solvency Capital Requirement calculated using standard formula	Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
Market risk	4.740.099	4.740.099	0
Counterparty default risk	27.005.655	27.005.655	0
Life underw riting risk	0	0	0
Health underw riting risk	0	0	0
Non-life underw riting risk	51.508.249	51.508.249	0
Diversification	-12.670.935	-12.670.935	
Intangible asset risk	0	0	
Basic Solvency Capital Requirement	70.583.068	70.583.068	

Calculation of Solvency Capital Requirement	
Adjustment due to RFF/MAP nSCR aggregation	0
Operational risk	3.911.759
Loss-absorbing capacity of technical provisions	0
Loss-absorbing capacity of deferred taxes	-15.569.419
Capital requirement for business operated in accordance w ith Art. 4 of Directive 2003/41/EC (transitional)	0
Solvency capital requirement, excluding capital add-on	58.925.408
Capital add-ons already set	0
Solvency Capital Requirement	58.925.408
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
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	
Net future discretionary benefits	0

S.28.01 **SolvencyTool**

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

ARS: Annual Solvency II reporting Solo 22-04-2019 (Published) MIAS 2018 Annual USD (1)

Linear formula component for non-life insurance and reinsurance obligations	MCR components		
MCR Non-Life Result	4.348.296		
		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		17.132.434	10.311.000
Fire and other damage to property insurance		4.433.338	3.392.000
General liability insurance		709.769	1.272.000
Credit and suretyship insurance		0	0
Legal expenses insurance		0	0
Assistance		0	0
Miscellaneous financial loss		949.138	432.000
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	4.348.296
SCR	58.925.408
MCR cap	26.516.434
MCR floor	14.731.352
Combined MCR	14.731.352
Absolute floor of the MCR	4.119.464
Minimum capital requirement	14.731.352