SOLVENCY AND FINANCIAL CONDITION REPORT 31 DECEMBER 2018

Contents

Solvency and Financial Condition Report

Executive Summary

The Solvency and Financial Condition Report ("SFCR") hereby presented aims to provide the user with an overview of the business and performance, system of governance, risk profile, the valuation for solvency purposes and the capital management of Probus Insurance Company Europe DAC ("the Company" or "Probus") for the year ended 31 December 2018.

Under business and performance there have been no major changes to the way the Company operates. The Company has made a €4.1m profit in 2018.

There have been no material changes in the system of governance during 2018. The overall governance structure has remained the same, while there have been few changes in the Board and Committees (Risk and Audit) composition with respect to membership. There have been some minor changes to the terms of reference of the Board and the Committees in order to maintain compliance by clarifying the relevant functions and responsibilities. The Internal Audit Function remains sub-outsourced with specific internal audit work executed by KPMG Ireland for the Hertz Internal Audit Department ("HIAD").

The risk profile of the Company also remains unchanged: robust structures remain in place to mitigate the existing risks. Stress testing of risks is completed at least annually as part of the Own Risk and Solvency Assessment ("ORSA") process.

The only difference between the financial statement values and the valuation for solvency purposes for the Company's assets and liabilities is in the technical reserves. The Company has used the standard formula for the purposes of calculating its Solvency Capital Requirement ("SCR") and no alternative valuation techniques have been employed.

Under capital management there have been no changes to the composition of the Company's own funds held during 2018. The Company has increased the SCR cover from 168% in December 2017 to 223% as at 31st December 2018.

Following the UK's decision to withdraw from the EU and subject to any transitional arrangement that may be agreed, Probus, as an EU insurer, will no longer be able to conduct business into the UK on a "freedom of services" basis. Hence, the Company has been monitoring and assessing the impact and the consequences that Brexit might has on its business, in order to ensure the implementation of an effective contingency plan.

Section A Business and Performance
A.1 Business

The Company, LEI code 635400Q3OJTNLWUODN38, is a designated activity company limited by shares. The Company is incorporated in the Republic of Ireland registered under the company number 252557. The Company’s registered office is located at Hertz Europe Service Centre, Swords Business Park, Swords, Co. Dublin.

The Company is part of the Hertz Rent-a-Car organisation. The Company's immediate parent is Hertz International RE Limited ("Hire Dublin") which is incorporated in Ireland with a registered office at Hertz Europe Service Centre, Swords Business Park, Swords, Co. Dublin, Republic of Ireland. Hire Dublin owns 100% of the issued shares of the Company. The ultimate holding company is Hertz Global Holdings, Inc. ("Hertz Holdings”) which is incorporated in the United States with a registered office at 8501 Williams Road, Estero, FL 33928, United States. See Appendix 1 for an abbreviated group structure chart.

Probus is authorised by the Central Bank of Ireland (“CBI”) to carry out the business of non-life insurance and has been designated as medium-low impact undertaking by the CBI under its risk-based framework for the supervision of regulated undertakings subject to Solvency II. Probus is reporting as an individual undertaking for Solvency II.

Therefore, the Company is subject to financial supervision and regulation by the CBI’s Insurance Supervision Division located at New Wapping Street, North Wall Quay, Dublin 1 (the Company’s supervisor within the CBI is Ms Sheila Larkin).

The Company is subject to annual external audits. Audit services are performed by Ernst & Young (“EY”) located at Ernst & Young Building, Harcourt Centre, Harcourt Street, Dublin 2.

The Company has two lines of business as at 31st December 2018, Third Party Motor Vehicle Liability Insurance (“Motor Vehicle Liability”) and Personal Accident Insurance (“Assistance”). The business is sourced from Hertz European corporate entities on a freedom of services basis. Motor Vehicle Liability is by far the more material comprising approximately 95% of the premium written. UK, France, Germany, Belgium and the Netherlands are the five largest countries where premium was written for 2018.

	Total	UK	France	Germany	Italy	Netherlands
	€	€	€	€	€	€
Gross Written Premium	28,007,144	11,897,760	6,967,214	5,569,186	1,180,707	1,077,493
Made up of:						
Motor Vehicle Liability	26,221,183	11,840,831	6,776,340	5,492,358		1,061,810
Assistance	1,785,961	56,926	190,874	76,828	1,180,707	15,683

On June 30th2017, Probus ceased to underwrite Class 10 Motor Vehicle Liability insurance in Italy.

A.2 Underwriting Performance

Underwriting performance	31 December 2018 €	31 December 2017 €	Movement year over year €
Net premium earned			
Motor Vehicle Liability	2,656,584	2,660,676	(4,092)
Assistance	1,785,961	1,756,782	29.179
	4,442,545	**4,417,458**	**25,087**
Net claims paid			
Motor Vehicle Liability	1,071,555	(3,864,672)	4,936,227
Assistance	(432,249)	(119,608)	(312,641)
	639,306	**(3,984,280)**	**4,623,586**
Commission received (motor)	1,146,494	1,297,570	(151,076)
Underwriting profit/(loss)	**6,228,345**	**1,730,748**	**4,497,597**

On an overall level underwriting profit has increased 260% year over year. During 2018, the Company made an increased underwriting profit of €6,228,345.

Please see **Appendix 2** for a snapshot of QRT S.05.01.01; further details can be seen in the full S.05.01.01.01 as submitted. The technical profit and loss account taken from the 2018 financial statements is also given here.

As mentioned above, Motor Vehicle Liability continues to be the larger of the two lines of business written contributing 95% of the premium written in 2018. From an underwriting profit perspective Assistance contributed a profit of €1.4m in 2018 while Motor Vehicle Liability was a profit of €4.8m. The Company has seen an improved profitability year on year due to UK and France claims experience improvement.

The top five countries (in terms of gross written premium) for Motor Vehicle Liability in 2018 were the UK, France, Germany, Italy and Netherlands. The top five countries (in terms of gross written premium) for Assistance in 2018 were Italy, France, Spain, Germany and the UK.

A.3 Investment Performance

Investments	Solvency II balance sheet heading	31 December 2018 €	31 December 2017 €	Movement year over year €
HHN loan	Other loans and mortgages	20,000,000	20,000,000	-
Investments (cash on deposit)	Deposits other than cash equivalents	16,532,466	20,728,096	(4,195,630)
Cash at bank	Cash and cash equivalents	14,440,443	11,718,184	2,722,259
Total investments		**50,972,909**	**52,446,280**	**(1,473,371)**

The Company holds one intercompany loan with Hertz Holdings Netherlands B.V. ("HHN"). This loan is on an arms-length basis with interest paid on a quarterly basis. Interest is calculated on a EURIBOR floating rate base plus a spread. Interest earned for 2018 was €542,809, compared to €542,061 in 2017.

Additionally, the Company holds excess cash on deposit for periods not exceeding three months. Remaining cash remains in current accounts to meet payments as they fall due. Interest earned on all of these accounts amounted to €23,063 in 2018, compared to €26,214 in 2017. In addition, charges (including negative interest charged for certain deposits) came to €126,948 for 2018, compared to €167,323 for 2017.

A.4 Performance of other activities

Other material expenses of the Company are split between insurance and administration costs. Under insurance costs the material expenses relate to VAT, claims handling and data processing and MIB payments. Under administration costs the material expenses relate to salaries and related staff costs, legal fees, actuarial fees, audit and tax fees. The Company had no leasing arrangements in place during 2018 or 2017. See below table for comparison with prior period.

Insurance costs	**31 December 2018**	**31 December 2017**	**Difference year over year**	**% Difference year over year**
	€	€	€	
VAT	23,654	106,179	(82,525)	(78%)
Claims handling	422,882	123,919	298,963	241%
Data processing	23,552	173,645	(150,093)	(86%)
MIB payments	186,324	1,094,503	(1,008,179)	(92%)
Total	*556,412*	*1,498,246*	*(941,834)*	*(63%)*
Administration costs	**31 December 2018**	**31 December 2017**	**Difference year over year**	**% Difference year over year**
	€	€	€	
Salaries and related staff costs	901,644	952,927	(51,283)	(5%)
Actuarial fees	190,038	236,433	(46,395)	(20%)
Audit and tax fees	225,027	242,299	(17,272)	(7%)
Claims audit fees	155,430	186,376	(30,946)	(17%)
Total	*1,472,139*	*1,618,395*	*(145,896)*	*(9%)*

A.5 Any other information

There is no other material information beyond what has been discussed above to note.

Section B System of Governance

B.1 General information on system of governance

Probus has established and maintains an effective system of governance with clear delegated authorities, responsibilities and reporting lines as presented in the organisation chart which can be found at **Appendix 3** of this report.

The Company has assessed its system of governance and has concluded that it effectively provides for the sound and prudent management of the business, which is proportionate to the nature, scale and complexity of the its operations.

Both the General Manager and the Finance Manager sit on the Board as Executive Directors (PCF 1). The Board comprised also three Non-Executive Directors ("NEDs") from the wider Hertz Group and, as required, two Independent Non-Executive Directors ("INEDs"). The Board is supported by a Risk and an Audit Committee. Each Committee is made up of three Board members (the two INEDs plus a third member) and both are chaired by an INED. The Terms of Reference of the Board and the Committees are reviewed and updated annually.

There have been no material changes in the system of governance during 2018.

The remuneration for staff is determined on industry averages and Hertz Group internal policies. Fixed salary is revised annually for a "standard of living increase" of approximately 1.5%. Probus Senior Management evaluate employees annually against set objectives and the results feed into the Hertz bonus calculation. Potential staff annual bonus is also dependant on the performance of Hertz in Europe and Hertz in the US with a 50/50 split. There are currently no supplementary pension/early retirement schemes in place for any staff member.

There have been no material transactions during 2018 with the shareholder, any Board member or any other influential party.

The Compliance function is overseen by the Company's Head of Compliance and all relevant views, advice and findings are reported to the Risk Committee, the Audit Committee and the Board on a quarterly basis. It is ensured that the Head of Compliance is provided with the necessary operational independence and appropriate resources as required.

The Risk Management Function is overseen by the Company's Chief Risk Officer ("CRO") and all relevant views, advice and findings are reported to the Risk Committee and the Board on a quarterly basis. It is ensured that the CRO is provided with the necessary operational independence and appropriate resources as required. Following the resignation of the Company's CRO effective 26th June 2018, due to the small size, simple scale and low complexity of the Probus business model, plus the existence of an already well-established risk management framework, it was resolved to outsource the CRO role to an external service provider. The relevant proposal for such appointment was submitted to the CBI for approval, together with the related outsourced agreement and the required notification of the outsourcing of a critical function. The subject-matter was still open as at the 31st December 2018.

Finance is managed by the Finance Manager with responsibility for monthly, quarterly and annual reporting. External audit is overseen by the Finance function. Sufficient staff levels are maintained within the Finance function to ensure segregation of duties and appropriate levels of review. All relevant finance and audit views, advice and findings are reported to the Audit Committee and the Board on a quarterly basis.

Internal Audit is outsourced to HIAD who perform annual reviews. An arms-length service level agreement ("SLA") is in place for this relationship which is also in accordance with the Company's outsourcing policy. The relationship is managed by the Company's Head of Compliance and to provide for the independence of the internal audit function, as per Article 46-2 of the Solvency II Directive, all relevant views and findings resulting from the annual review are reported directly to the Audit Committee and the Board. See section B6 for further details on the Internal Audit function.

The actuarial function is outsourced to Willis Towers Watson and the relationship is overseen by the General Manager and Finance Manager. A contract governs the work performed as per accordance with the Company's outsourcing policy. The representatives from Willis Towers Watson present their actuarial reports to the Risk Committee and the Board as required. The Head of Actuarial Function ("HoAF") Mr Tom Donlon has been approved by the CBI as a qualified individual (PCF 48) to hold this role. The Company ensures that the HoAF has the necessary access to information and resources, including the appropriate authority and reporting lines, as required for the purpose of providing the opinions and performing the tasks specified under the applicable regulations. See section B7 for further details on the actuarial function.

B.2 Fit and Proper Requirements

The Company has established and implemented its own Fitness and Probity policy, which sets out the process for assessing the fitness and propriety of the relevant persons, and fully aligns with the current fitness and probity standards as circulated by the CBI and as amended in Irish law under Statutory Instrument ("SI") 585 of 2015.

The Company's policy for recruitment of key function holders takes into consideration first and foremost the business need for the appointment of an individual. The individual selected must be competent and capable, honest, ethical and act with integrity and be financially sound. Once the optimal candidate possessing the required skills has been sought the required application of due diligence is documented and then a submission is made to the CBI for pre-approval. Training is provided/arranged for Directors in relation to key topics. All individuals with relevant qualifications are expected to comply with the continuing professional development ("CPD") requirements of their relevant institutes. Quarterly compliance training is also provided to the Company's staff by the Head of Compliance.

The Company carries out an annual audit of persons performing a controlled function or pre-approval controlled function by asking them whether there have been any material changes regarding their compliance with the fitness and probity standards. The Company also resends the standards to the necessary individuals and ensures they resign their agreements with the Company on an annual basis. If the Company becomes aware of any concerns re the fitness and probity of these individuals this will be investigated and appropriate actions taken. The CBI will also be notified.

The Company's Board as at 31st December 2018 was comprised as follows:

Name	Position	Fitness & Probity Reference	Effective Appointment Date
Richard McEvily	Group Director and Chairman (Hertz Senior Vice President and Deputy General Counsel)	PCF-3 Chairman of the Board PCF-2 Non-Executive Director	14th December 2018 27th September 2018
Tom Santorelli	Group Director	PCF-2 Non-Executive Director	14th December 2015
Stephen Hodgins	Independent Non-Executive Director (Chair of the Probus Risk Committee)	PCF-2 Non-Executive Director PCF-5 Chairman of the Risk Committee	1st December 2016
John Perham	Independent Non-Executive Director (Chair of the Probus Audit Committee)	PCF-2 Non-Executive Director	1st September 2016

		PCF-4 Chairman of the Audit Committee	
Martin Scullion	Executive Director (Probus, General Manager)	PCF-1 Executive Director PCF-8 Chief Executive PCF-17 Head of Underwriting	27th July 2006
Charlotte Torr	Executive Director (Probus, Finance Manager)	PCF-1Executive Director PCF-11Head of Finance	9th January 2008

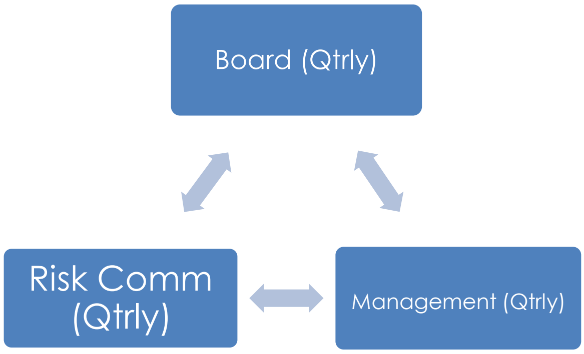
The Company's Senior Management as at 31st December 2018 comprised as follows:

Name	Position	Fitness & Probity Reference
Martin Scullion	General Manager	PCF-1 Executive Director PCF-8 Chief Executive PCF-17 Head of Underwriting
Charlotte Torr	Finance Manager	PCF-1 Executive Director PCF-11 Head of Finance
Martin Mullooly	Head of Claims	PCF- 43 Head of Claims
Gustavo Pregoni	Director of Risk and Compliance	PCF-12 Head of Compliance
Stephen Codd	Manager of Risk and Analytics	N/A
With support from:		
Tom Donlon	Head of Actuarial Function	PCF-48 Head of Actuarial Function (outsourced role)
Randy Walford	Head of Internal Audit	PCF-13 Head of Internal Audit (Hertz Group outsourced role)
George Kaknis	Probus Swiss Branch Manager	Manager of a branch in the Switzerland (not an EEA country) (outsourced role)

B.3 Risk Management System and ORSA Process

The Company's Risk Management System is governed by the Risk Management Policy. This states that the Board is ultimately responsible for ensuring the effectiveness of the risk management system, setting the Company's risk appetite and overall risk tolerance limits as well as approving the main risk management strategies and policies. The strategy of the Risk Management System is to identify, assess, manage key risks and to monitor the impact of internal and external events on Board chosen appetite and tolerance metrics. The key annual process being the ORSA scenario testing and observing events that could materially impede the entity's ability to achieve its strategic objectives.

Within its adopted system of governance, the Company has a systematic way of managing risks as follows:



Quarterlyl
- Senior management/function holders monitor the Risk Register, Risk Event Log, Risk Appetite Statement, Key Risk Dashboard versus business activity and escalates material items.

Quarterly
- Risk Committee/Board monitor and act on reviews the General Manager risk summary report, key risk dashboard, stress testing, ORSA Reports, risk event log reports from all functions of the business.

Annually
- Risk Committee and Board approve policies and system of governance including the risk management policy and the annual statements of compliance to the Central Bank. They also plan, execute, review and act on the outcome of stress testing and ORSA then approve the relevant final report to be submitted to the Irish regulator by year-end.

The Senior Management/Function Holders monitor the Company's Risk Register which lists all of the risks the Company is currently required to manage from local or EU requirements through a stated risk appetite and tolerance. Supporting the Risk Register, there is a Risk Appetite Statement documenting the in-depth justification and assumptions used to plot management's current outlook on the risk. Each risk has an appetite and tolerance limits with an internal escalation trigger for the Risk Committee/Board consideration plus in extreme circumstances an external escalation to the CBI.

Additionally, the Company maintains a running Risk Event Log (adopted from international best practice) capturing on an *ad-hoc* basis all current and upcoming events that could affect a risk mapped on the Company's Risk Register together with the related planned actions and remediation. The key material risks for the Company are summarised in a report called the Key Risk Dashboard and in supporting narrative Risk Report. This has metrics versus risks appetite and tolerance and allows for analysis of trends. This enables management to make informed decisions on business activity through the prism of risk.

As discussed above the Company's Risk Committee meets on a quarterly basis. The Committee's Terms of Reference are set in accordance with the domestic and EU requirements. The Risk Committee reviews the General Manager's Risk Summary report, the Key Risk Dashboard, stress testing, ORSA reports and the Risk Event Log reports from all functions within the Company. The Risk Committee decides upon actions to take where appropriate and/or recommends to the Board for approval.

The ORSA process is governed by the Risk Management Policy which states that an ORSA must be performed at least annually and for any material business need.

The objective of the ORSA is to lay out the results of the assessment of the Company's own risks in order to guide the Board in setting Probus risk appetite and capital needs into the future. It aligns its outcome with the key strategies used to govern the Company's business.

The ORSA is completed in four stages:

- **Stage 1 Planning** – The capital projection & stress testing plan is put together by the Company's Risk and Compliance functions. The gathering of data and collation is executed by the Company's Finance team as the majority of the information originates for the previous years audited financial statements, underwriting and technical provisions data. This is formalised into an assumptions report by the CRO then reviewed by the Company's Management and Risk Committee/Board. The definition of assumption inputs is distributed to the Board and the Directors are then requested to revert with comments for inclusion in the scenario/projection process.

- **Stage 2 Modelling** – The calculation of base case projections on 1, 2 and 3 years forward basis is executed by the Company's Finance function using the SII standard formula model. The Company's Financial Analyst gathers together data inputs sources and performs calculations which are then reviewed by the Finance Manager. The results are then reviewed by the Company's Management and Risk Committee/Board. Scenario and stress identification is performed by the Company's Risk and Compliance functions and testing is performed by the Company's Finance function.

- **Stage 3 Interpret** – The analysis of the impact on capital requirements is done collectively by the Company's Management. At this stage the Head of Actuarial Function ("HoAF") opinion is sought on the exercise. The results are reported to the Risk Committee and the Board and once approved will be formatted and submitted the CBI, as required.

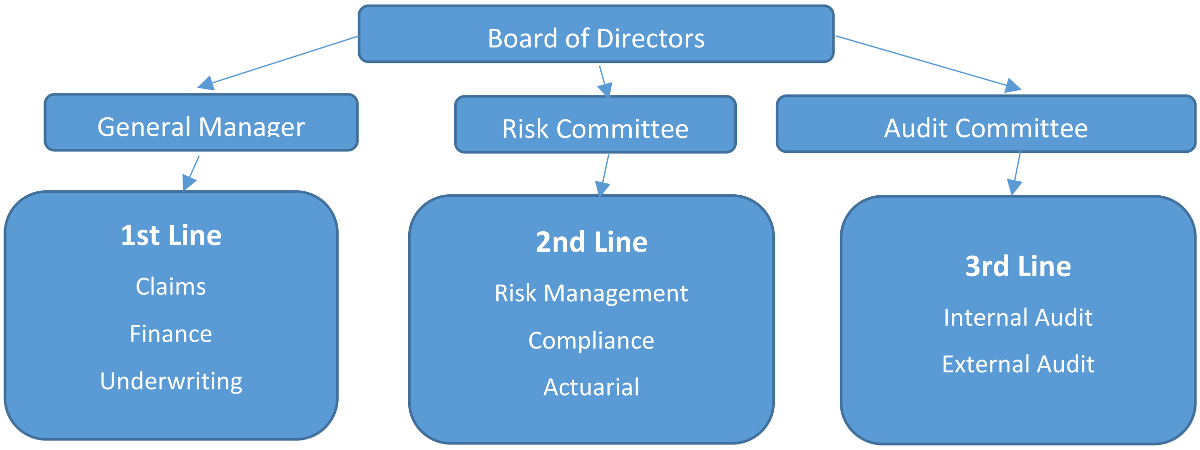
- **Stage 4 Response** - Resulting actions are proposed by the Company's Management in conjunction with the HoAF opinion and report on the process is then reviewed by the Risk Committee and the Board. Follow-up actions are executed by Management who will report on progress to the Risk Committee and the Board.

The CBI required outcome of the ORSA process is to produce the following documents:

1) Risk Management/ORSA Policy (part of Corporate Governance Framework);
2) ORSA Record of Exercise (Kept internally for audit trail);
3) ORSA Internal Report; and
4) ORSA Supervisory Report.

The approval of the Risk Management/ORSA Policy as part of the annual review of the system of governance enables compliance with the first requirement. The record of production and review of the ORSA report satisfies requirements 2 and 3. The Board approval of the internal report allows the Company to fulfil its obligation to submit the ORSA Supervisory Report 14 days after Board approval.

B.4 Internal Control System



In accordance with Article 46(2) of Directive 2009/138/EC, the Company's Board has established an effective internal control system. The Company employs a full time Director of Risk and Compliance to oversee the **Compliance Function**. The compliance activities are set out in an annual compliance plan and the Compliance Function quarterly reports directly to the Risk/Audit Committees and the Board advising on compliance risks and assisting with ensuring on-going compliance with applicable legislation and requirements. This reporting also identifies and assesses the impact of any past or foreseen changes to the legal and regulatory environment affecting Probus business.

The Company has an established an internal control framework comprised of Board policies on compliance and internal controls. The entire suite of governance framework documents is listed in **Appendix 6** of this report. In addition, these are directly linked to key procedures that support material activities. Key activities have their own specific policy where deemed necessary by regulation or business activity risks. The Board reviews these policies annually.

To assist the Board, the policy framework is reviewed on an annual basis versus current developments in requirements and business activity. Policies are updated accordingly by the Company's Management and reported to the Board with an executive summary of the relevant changes. The summary of changes is presented to the Directors in advance of the Q4 Board meeting each and every year for review, feedback and approval.

- **1st Line of Defence** - Each operational management (e.g. Finance, Underwriting, Claims) has ownership, responsibility and accountability for directly assessing on a day to day basis, controlling and mitigating the risks relevant to the respective areas of operations, in order to ensure adequate preventative and detection controls.

- **2nd Line of Defence** – Probus Compliance, Risk and Actuarial functions provide independent oversight of the risk management and other relevant activities of the first line of defence. Such functions also report independently to the Company's Risk Committee and the Board.

- **3rd Line of Defence** – It is comprised of Internal and External Auditors and the SOX team, who report independently to the Audit committee charged with the role of representing the enterprise's stakeholders relative to compliance, risk and governance issues.

B.5 Internal Audit function

The Company has established an Internal Audit policy and, as discussed above, an arm's length SLA for the governance of the outsourced internal audit function is in place with Hertz Internal Audit Department (“HIAD”).

HIAD are accountable to the audit Committee and Board. To provide for the independence of the Internal Audit function, as per Article 46-2 of the Solvency II Directive, its personnel report to HIAD management, HIAD then report directly to the Audit Committee. HIAD attend meetings of the Audit Committee upon request. All internal audit activities shall remain free of influence by any element of the Company, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective approach necessary in rendering reports.

HIAD provide:

a) An annual assessment of the adequacy and effectiveness of the Company's processes for controlling activities;
b) A report of significant issues related to the Company's processes, including required improvements to those processes, and information concerning resolution of the issues and;
c) Information on the status and the results of annual audit plans and the sufficiency of audit resources.

B.6 Actuarial function

The Head of Actuarial Function ("HoAF") role is outsourced to Willis Towers Watson representative Tom Donlon. The Company has an SLA governing this relationship that meets all current Solvency II and relevant guideline requirements. The board have also established a policy on underwriting that encompasses all aspects of underwriting, reinsurance and actuarial areas to assist in the effective implementation of the risk management system.

The Company ensures that the HoAF provides an actuarial opinion to the CBI on an annual basis which addresses the technical provisions of the Company as reported in any quantitative reporting templates (“QRTs”) to the CBI. This is referred to as the Actuarial Opinion on Technical Provisions ("AOTP"). In addition to, and connected with the AOTP, the Company ensures that the HoAF also provides an Actuarial Report on Technical Provisions (“ARTP”) to the Board on an annual basis, which supports the AO TP. This report shall also be provided to the CBI upon request.

The Company ensures that the HoAF provides an actuarial opinion to the board in respect of each ORSA process of the Company. The opinion is provided to the board at the same time as the results of the ORSA process to which it relates. The opinion addresses, at a minimum and having regard to the Company’s individual risk situation, the following:

a) The range of risks and the adequacy of stress scenarios considered as part of the ORSA process.
b) The appropriateness of the financial projections included within the ORSA process.
c) Whether the Company is continuously complying with the requirements regarding the calculation of technical provisions and highlighting potential risks arising from the uncertainties connected to this calculation.

Additionally, the HoAF is required to produce an opinion on the overall Underwriting policy, on reinsurance arrangements and to provide an overall Actuarial function report. The HoAF is also responsible for the coordination of the technical provisions, monitoring experience, internal and external actuarial reporting and contributing to the risk management system.

The Company ensures that the HoAF has the necessary access to information and resources, including appropriate authority and reporting lines, as required for the purpose of providing the opinions and performing the tasks allocated, in particular those specified under the Solvency II Regulations and the CBI domestic actuarial regime requirements. Where the HoAF has a material concern regarding any issue covered they are expected to highlight the item for Board's consideration. The HoAF is expected to indicate any material limitations and the extent and basis of any material reliance on work performed by others in meeting the responsibilities addressed by relevant regulations and guidance.

B.7 Outsourcing

Each control functions management and ultimately the Board is responsible for oversight procedures in the application of the Company's Outsourcing Policy. Management of third party claims administration contracts follow the Company's Underwriting policy, Outsourcing policy, Claims policy and Fitness and Probity policy. Intra-group outsourced functions are managed with the same vigour at arms-length as per relevant requirements.

The Company outsources and enters into outsourcing arrangements only where there is a sound commercial basis and/or to take advantage of external expertise. The Company's Management undertake due diligence of the chosen service providers to make sure all pre-stated requirements are met. The Company also considers the impact of the proposed outsourcing arrangement on the operations. The Board escalation and oversight of any issues in regard to an outsourced function follows the main framework of 24 hours for any material issue in breach of appetite and 5 days notification to the CBI in breach of any applied tolerance limits. Regular monitoring of arrangements will take place via quarterly reporting to the Risk/Audit Committees and the Board.

The Company's management routinely evaluate the performance of the outsourced service provider to ensure service and key performance indicator ("KPI's") are as expected plus meets current business needs versus the current in-force SLA. Ongoing oversight activity is specified for the major outsourced functions:

- **Actuarial** - The underwriting policy refers to required interaction and oversight of outsourced actuarial activities of the HoAF as per Solvency II requirements and sets expectations for scope of work, performance, reporting and oversight. These considerations have been incorporated into the current governing SLA. HoAF duties are fulfilled by Tom Donlon (PCF-48) of Willis Towers Watson as mentioned previously. The in-house individual responsible for oversight is Head of Finance (PCF-11).

- **Internal Audit** - The internal audit policy refers to required interaction and oversight of outsourced internal audit activities as per Solvency II requirements and sets expectations for scope of work, performance, reporting and oversight. These considerations are incorporated into the current governing SLA. Internal audit is managed by HIAD under the direction of Head of Internal Audit, Randy Walford (PCF-13), with current sub-outsource arrangement to KPMG Dublin. The in-house individual responsible for oversight is the Company's Head of Compliance (PCF-12).

- **Chief Risk Officer** - Following the resignation of the Company's CRO effective 26th June 2018 and having considered the small size, simple scale and low complexity of the Probus business model, plus the existence of an already well-established risk management framework, the Board resolved to outsource the CRO role to an external service provider. The relevant proposal for such appointment was submitted to the CBI for approval, together with related outsourced agreement and the required notification of outsourcing a critical function. The subject-matter was still open as at the 31st December 2018.

- **Claims** - Third party claims administration ("TPA") outsourced function is overseen through constant contact, annual country specific audits and involvement in thematic group project initiatives. The Company's Claims policy and related procedure set requirements, expectations for scope of work, performance, reporting and oversight. These considerations are incorporated into the current governing SLA with each relevant TPA. Hertz Claims Management ("HCM") offices are responsible for the administration of claims across Europe. HCM is managed by the Hertz International Claims Director (CF-7). The in-house individual responsible for oversight is the Company's Head of Claims (PCF-43).

- **Information Technology** – The Company contracts Hertz It in an arms-length agreement to provide its IT infrastructure. The Probus IT policy and related procedures set requirements, expectations for scope of work, performance, reporting and oversight. Individual contracts exist with 3rd party vendors of critical systems. The in-house individual responsible for oversight is the Company's Manager of Risk Analytics.

Annual SLA/contracts' evaluation is undertaken as part of a specific compliance procedure within the Company's contract management system.

B.8 Adequacy of System of Governance

The Company's Board believes it has established an adequate system of governance based on the nature scale and complexity of the risks within the business, whilst adopting all applicable requirements of an Irish authorised insurance undertaking of the Company's size. See **Appendix 6** for the overview of the governance framework. This is supported by key outsourced functions maintained through routine oversight and control monitoring process via KPIs in contracts as per above.

As outlined in section **B.4 "Internal Control System"** above, the 3 lines of defence model, together with the related processes and reporting structure, allows the Board to maintain a strong oversight over the Company's business and operations and subsequently to execute their responsibilities.

B.9 Any other information

There is no further material information to note.

Section C Risk Profile
C.1 Risk profile

The Company has identified the following information relating to risks. Risk impact and probability are examined by the Company in terms of events which may impact the risk positively or negatively with an impact which may be expressed qualitativly or quantitatively.

1. **Underwriting risk**
   Underwriting risk can be subcategorized into two material areas: Premium Risk and Reserve Risk. The capital charge in the SII SCR Standard formula has remained very roughly consistent over 2018 as there have been no changes in the type of business written or the reserving process.

	2018 SCR charge €	2017 SCR charge €
Premium and reserve risk	4,277,692	5,896,078

Premium risk is the risk that premium for the year will be insufficient to cover that year's claims and costs. Additionally, there is the risk that the Company's premium rating is insufficient. Premium risk has a medium monetary value due to the reinsurance structure that is currently in place and current deductible arrangements and exclusion of natural catastrophe losses.

Reserve
Reserve risk is the risk that technical provisions established for past losses will be insufficient to cover these claims and the Company's reserve calculations prove to be insufficient to meet actual claim costs. Reserve risk has a medium monetary value.

Lapse & Catastrophe
Both Lapse and Catastrophe Risk are other sub components of the Underwriting Risk which incur charges under the SII SCR Standard formula. Lapse risk is nil for the current period. Catastrophe is an inherent risk borne by the nature of providing Motor Vehicle Liability insurance in EU countries where there is potentially unlimited liability.

	2018 SCR charge €	2017 SCR charge €
Lapse risk	-	-
Catastrophe risk	656,110	630,888

The Catastrophe risk charge has been maintained at low level from 2017 through 2018.

Mitigation of Underwriting Risk
Both prevention and detection controls are in place for Premium and Reserve risk.

Under prevention controls the Company is subject to an annual pricing review and an actuarial review by Willis Towers Watson for the production of their Solvency II reports plus bi-annual reviews of the technical provisions and quarterly/annual review of the SCR calculation. Further prevention controls include board policies covering premium and reserves (Underwriting Policy and Reinsurance Policy) and the monitoring of reinsurers ratings.

Under detection controls there are:

i. monthly reviews of financial reporting by the Company's Finance Manager and the wider Hertz Finance team;
ii. daily reviews by Hertz Treasury of institution ratings and values of bank balances held;
iii. quarterly review of the Solvency II QRTs by the Finance Manager and the SII SCR Standard formula calculation by Willis Towers Watson;
iv. quarterly SOX reporting to Hertz Group for review;
v. quarterly Risk Committee/Board reporting documents;
vi. bi-annual Willis Towers Watson review of claims reserves.
vii. and ongoing in-depth analytical work by data analyst to isolate and encourage the insured to alter its rental business decisions plus accelerating dispensation and claims handling times

2. Market Risk

Market risk can be subcategorized into four areas:

a. Interest Rate Risk
b. Currency Risk
c. Spread Risk
d. Concentration Risk

	2018 SCR charge €	2017 SCR charge €
Interest Rate Risk	87,240	98,493
Currency Risk	3,123,125	3,000,967
Spread Risk	781,857	828,009
Concentration risk	14,253,760	14,238,820

a. Interest Rate Risk

Interest rate risk is the variability in value borne by an interest-bearing asset or liability. For the Company this is the risk that cash and investments held as interest bearing deposits are subject to variability of market rates and from the discounting of liabilities. Excluding receivables, all of the Company's assets are held in cash deposits with banks, subject to interest rate movement, for a maximum of three months. In prior years the Company had been required to hold Swiss bonds to cover the technical reserves held for the Swiss branch. Interest rate risk has a low monetary value.

b. Currency Risk

Currency risk is assessed based on the change in the net asset value of the Solvency II balance sheet following a shift of the exchange rates up or down of all foreign currencies against the reporting currency. The Company is a Euro regulated company that operates in Ireland with operations in territories with Euro, Swiss Franc and Sterling as their functional currency. The increase in the SII SCR Standard formula charge is a result of increased Sterling assets and liabilities. Currency risk has a low monetary value.

c. Spread Risk

Spread risk arises from the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure. The Company's capital charge for spread risk in the SII SCR Standard formula is driven largely by the unrated intercompany loan with HHN. The Spread risk has a low monetary value.

d. Concentration Risk

Concentration risk is the risk that assets are held with too few institutions. For the Company this is the risk that cash deposits are held with too few banks and one or more becomes unable to repay. Concentration risk arises from the accumulation of exposures with the same counterparty. This is only calculated for assets considered in the equity, property and spread risk sub-modules – not for assets covered under the counterparty default risk module.

The SII SCR Standard formula charge for Concentration Risk is the largest charge as at 31 December 2018 and is driven by the intercompany loan held with HHN which is unrated. As the loan value and credit rating for HHN have not changed year over year the charge has remained relatively stable. Concentration risk has high monetary value.

Mitigation

The Company currently has Board established policies to materially manage Market Risk and its sub-risks, namely the Probus Asset Liability Management Policy, Probus Capital Management and Dividend Policy, Probus Investment and Liquidity Risk Management Policy. Within the appendices to the corporate governance framework is a list of material Board reserved decisions. The HHN loan is also held under an arms-length agreement which is reviewed annually.

Under detection controls there are:

i. monthly reviews of financial reporting by the Company's Finance Manager and the wider Hertz Finance team;
ii. daily reviews by Hertz Treasury of institution ratings and values of bank balances held;
iii. quarterly review of the Solvency II QRTs by the Finance Manager and the SII SCR Standard formula calculation by Willis Towers Watson;
iv. quarterly SOX reporting to Hertz Group for review; and
v. quarterly Risk Committee/Board reporting and monitoring.

3. Credit Risk

Credit risk can also be described as counterparty default risk which is the risk that a technical counterparty cannot meet its contractual obligations or has a volatile credit rating. For the Company this is the risk that its technical counterparties (i.e. reinsurers, credit institutions) either collapse or become less secure.

	2018 SCR charge €	2017 SCR charge €
Counterparty Default Risk	4,318,658	4,988,092

Key areas where the Company is exposed to credit risk are:

i. reinsurers' share of technical reserves;
ii. amounts due from reinsurers in respect of claims already paid;
iii. amounts due from insurance contract holders; and
iv. deposit amounts due from bank counterparties.

The calculation for loss given default is complex and can increase significantly if the standard deviation of the loss distribution exceeds 7% of the loss given default. This is explained in greater detail in **Section E.2** of this report. During 2017 the charge had reduced due to the Italian business lapse and reduction in premium therefore the SCR model rewarded the Company for the reduced corresponding 85% ceded reinsurance. The gross credit risk has a medium monetary value.

Mitigation
Both prevention and detection controls are in place for credit risk. Under prevention controls the Company currently has a board established Underwriting Policy and Probus Capital Management and Dividend Policy to materially manage credit risk/counterparty risk.

Under detection controls there are:

i. at least quarterly reviews of the reinsurance recoveries;
ii. monthly reviews of financial reporting by the Company's Finance Manager and the wider Hertz Finance team;
iii. daily reviews by Hertz Treasury of institution ratings and values of bank balances held;
iv. regular Management meetings;
v. quarterly review of the Solvency II QRTs by the finance manager and the SII SCR Standard formula calculation by Willis Towers Watson;
vi. quarterly Risk Committee/Board reporting and monitoring; and
vii. quarterly SOX reporting to Hertz group for review.

4. Liquidity Risk
Liquidity risk can also be described as illiquidity risk which is the risk that a given asset cannot be traded quickly enough to prevent a loss. Liquidity risk may stem from:

i. a loss or reduction in the value of existing funding;
ii. off-balance sheet commitments being called;
iii. investments or acquisitions that require new funding;
iv. timing mismatches between asset maturities/realisation and liability cash flows; and
v. problems arising from holding difficult-to sell assets to meet current liabilities.

Mitigation
Both prevention and detection controls are in place for liquidity risk. Under prevention controls the Company uses the board approved Investment Policy. Within the appendices to the Company's adopted corporate governance framework is a list of material board reserved decisions.
Under detection controls there are:

i. monthly reviews of financial reporting by the Company's Finance Manager and the wider Hertz Finance team;

ii. daily reviews by Hertz Treasury of institution ratings and values of bank balances held,
iii. regular management meetings;
iv. quarterly review of the Solvency II QRTs by the Finance Manager and the SII SCR Standard formula calculation by Willis Towers Watson;
vi. quarterly SOX reporting to Hertz Group for review;
vii. quarterly Risk Committee/Board reporting and monitoring.

5. Operational Risk

Operational risk is the risk of a loss arising from inadequate or failed internal processes, personnel or systems, or from external events (whether deliberate, accidental or triggered by natural occurrence). For the Company this is the risk that it incurs losses from IT failures, legal and regulatory non-compliance, internal control breakdowns, loss of key personnel, outsourced arrangements etc. The Company's business processes are reliant on systems, personnel, procedures and must comply with laws and regulations from many stakeholders. The operational risk has a medium monetary value.

Mitigation

Both prevention and detection controls are in place for operational risk. Under prevention controls applied the Company has the following:

i. the Company's Board powers of reserved decisions, an annual review of the Company's Corporate Governance Framework & Policies;
ii. establishment of an effective internal control system;
iii. annual review of documented prescribed procedures highlighting sign-off and segregation of duties;
iv. annual SOX /Internal Audit testing of procedures;
v. annual PWC/EY External Audit (group and local) testing of controls,
vi. business resumption protocols for the Company's operations;
vii. annual claims oversight audits per country carried out by Head of Claims reporting to the Board;
viii. business resumption plan for IT/building damage or failure including IT back-ups,
ix. monitoring of service level agreements for key outsourced activities;
x. regular management meetings.

Under detection controls there are:

i. monthly reviews of financial reporting by the Company's Finance Manager and the wider Hertz Finance team;
ii. daily reviews by Hertz Treasury of institution ratings and values of bank balances held;
iii. quarterly review of the Solvency II QRTs by the Finance Manager and SII SCR Standard formula calculation by Willis Towers Watson;
iv. quarterly SOX reporting to Hertz Group for review; and
v. quarterly Risk Committee/Board reporting documents.

6. Other Material Risks

Other material risks can be sub-categorised into three categories: Capital Risk, Strategic Risk and Brexit Risk.

a. Capital Risk

Capital risk is the risk that capital is required to act as a cushion to absorb losses arising from business operations and allow the Company to remain solvent under challenging conditions. Capital risk arises mainly as a result of the quality or quantity of capital available, the sensitivity of a firm's exposures to external shocks and/or the level of capital planning and management process. Capital risk has a high monetary value.

Mitigation

Both prevention and detection controls are in place for capital risk. Under prevention controls the Company:

i. as part of the quarterly Board meeting process, monitors adverse trends that would impact the SCR charge and takes pro-active mitigating action before events would cause material harm;
ii. complies with Hertz policies and procedures, maintains a Corporate Governance Framework and Policies along with annual actuarial reviews by Willis Towers Watson.

Under detection controls there are:

i. monthly reviews of financial reporting by the Company's Finance Manager and the wider Hertz Finance team;
ii. daily reviews by Hertz Treasury of institution ratings and values of bank balances held;
iii. quarterly review of the Solvency II QRTs by the Finance Manager and SII SCR Standard formula calculation by Willis Towers Watson;
iv. quarterly SOX reporting to Hertz Group for review; and
v. quarterly Risk Committee/Board reporting documents and bi-annual Willis Towers Watson review of claims reserves.

b. Strategic Risk

Strategic risk is the risk of incompatibility between the strategic goals and resources deployed or the economic situation. For the Company this is the risk that its goals and resources are misaligned.

Mitigation

Both prevention and detection controls are in place for strategic risk. Under prevention controls the Company holds quarterly Board meetings and regular Management meetings.

Under detection controls there are:

i. monthly reviews of financial reporting by the Company's Finance Manager and the wider Hertz Finance team;
ii. daily reviews by Hertz Treasury of institution ratings and values of bank balances held;

iii. quarterly Risk Committee/Board reporting documents; and
iv. Annual strategy setting process.

c. Brexit Risk

The Brexit referendum on the 23rd June 2016 and its result announced the exit of the UK from the EU. Probus currently provides insurance products on a 'Freedom of Services' basis into the UK and during the reporting period approximately 42% of gross written premium relates to the UK business. Hence, the Company continues to monitor developments on Brexit and how it may impact on its business model into the future which includes reviewing the basis on how business is provided in the UK with fronting options being reviewed.

Mitigation

In preparing for Brexit and in order to mitigate the impact of the risks arising from Brexit and the UK becoming a third country, Probus identified the following main actions:

- Ensure that there is continuity of insurance cover for Hertz UK, both motor and personal accident, so that rental car operations and customer services are not impacted;

- Ensure that Probus is able to service its contracts (e.g. settle UK motor claims) from insurance business already written in an effective and compliant manner;

- As with any emerging risk, ensure that Probus has determined and understands the impact on technical provisions, own funds and capital requirements, especially the solvency capital ratio percentage; and

- Ensure that possible changes to contractual arrangements currently with UK based counterparties are understood, especially technical services such as reinsurance and claims handling.

Both prevention and detection controls are in place for the mitigation of such risk. Under prevention controls the Company holds quarterly Board meetings and regular Management meetings and also participates to a specific Hertz Brexit Committee.

Under detection controls there are:

i. Regular review of the Company's Brexit Status by Probus Senior Management;
ii. Quarterly reporting to the Risk Committee and the Board;
iii. Regular participation to Brexit Committee together with the shareholder;
iv. Monitoring the EU and UK negotiations in terms of withdrawal;
v. Considering the application to UK regulatory authorities to join the Temporary Permission Regime ("TPR");
vi. Regularly discuss and assess solvency related risks with the Company HoAF in the occurrence of a "hard Brexit"..

C.2 Off Balance Sheet Positions
The Company holds two Letters of Credit. The first which is provided by Citibank is with UPS in the amount CHF200,000. This relates to a 100% reinsured programme to front UPS claims in Switzerland for the period 2004-2005. Only one claim for CHF60,000 remains open on this programme and a reserve for this is included in the technical reserves of the Company. The second which is provided by Natixis is with Hire Bermuda Limited in the amount €82.7m. This letter of credit has been provided in order to guarantee the technical provisions held with Hire Bermuda Limited for Solvency II reporting purposes.

C.3 Risk concentration
The Company is subject to risk concentration from its reinsurance arrangements within the Hertz Group specifically with Hire Bermuda Limited (85% of business is ceded). This is partly mitigated by the related LOC. The clean irrevocable LOC held by Hire Bermuda Limited with Natixis for €82.7million is treated as collateral within the SII SCR standard formula.

Additionally, the Company's loan to HHN of €20million represents the largest part of the concentration charge in the SII SCR Standard formula. The concentration charge results from the concentration risk module which applies a monetary amount to the largest single name exposure counterparties. In the case of the Company this are deposits with HSBC, BCEE and the HHN intercompany loan. The loan is held on an arms-length loan agreement and the Company's management and board are comfortable that this loan is secure. There are currently no plans to enter into any further loans or arrangements which would create future risk concentrations.

C.4 Mitigating Risks
See individual sections by risk in C1 above.

C.5 Future premiums
Currently this is not applicable as all profits are captured within a one-year contractual boundary – see **QRT S.23.01.01.01.**

C.6 Stress Testing
The ORSA was approved for submission by the Company's Board 6th December 2018. Stress testing is completed as part of the annual ORSA process. The Company's Board along with Management are involved in deciding upon areas to stress test. The calculations are completed by the Finance team and are reviewed by the Management before presenting them to the Risk Committee and the Board for review.

The Company measures the SCR or capital risk on two axes, impact and likelihood.

The impact or consequence is that the outcome of an event impacts an objective either positively or negatively. The impact may be certain or uncertain and may be expressed qualitatively or quantitatively. Each SCR% risk impact is assessed as belonging to one of the following ranges:

- **Low Impact (above 140%)** – If the SCR cover was to approach this level it would result in no escalation necessary, minimal solvency impact.

- **Medium Impact (between 130% to 140%) –** If the SCR % was to approach 100%-130% level it would result in escalation to Risk Committee or Probus Board of issue. If it was below the 100% it would involve escalation to Board for restoration within 3 months. This movement would be of material monetary value to Probus. There is potential for breach of laws and regulations and potential reputational impact for Hertz/Probus in the future to public disclosure requirements from 2019 onwards on 2018 levels.

- **High Impact (Less than 130% SCR level) -** If the SCR % was to breach this level it would result in immediate required escalation within 5 days the to the CBI of issue, of high monetary value, potentially would cause failure to meet minimum solvency requirements with material negative effect on the financial statements. There is a potential breach of laws and regulations and with possible sanctions and imposed action plans on the entity. Most likely of these actions would be a required injection of capital to Central Bank stated level of SCR%. For Hertz and Probus there would be potential reputational impact in the future to public disclosure requirements from 2019 onwards on 2018 levels.

The probability or likelihood is the chance of something happening, determined objectively or subjectively, described using general terms or mathematically. Each risk probability is assessed as belonging one of the following ranges:

- **Low Probability –** Risk event to happen in the range of 1/10 years to 1/200 years.
- **Medium Probability** - Risk event to happen in the range of 1 every year to 1/10 years.
- **High Probability** - Risk event to happen within the range of 0 to 12 months.

For the 2018 ORSA the Company ran twenty-three scenarios starting with the June results as a base scenario. Among these scenarios, eight had the possibility of bringing the SCR below the CBI mandated level of 130%. The full list of stress tests performed are ranked by impact in the 2018 ORSA.

C.7 Any other information
There is no other material information to note.

Section D Valuation for Solvency Purposes

D.1 Assets

As the Company has a limited number of assets there are no differences between the financial statements statement of financial position value and the Solvency II balance sheet value.

Comparison of balance sheet amounts 31 December 2018	Financial Statements Statement of financial position €	Solvency II Balance Sheet €	Difference €
Other financial investments/deposits other than cash equivalents	16,532,466	16,532,466	-
Other debtors affiliated/other mortgages and loans	20,000,000	20,000,000	-
Debtors arising out of direct reinsurance/insurance intermediaries receivable	16,823,643	16,823,643	-
Cash at bank/cash and cash equivalents	14,440,443	14,440,443	-
Other debtors non-affiliated/any other assets not elsewhere shown	1,374,402	1,374,402	-
Total assets	**69,170,954**	**69,170,954**	**-**

Comparison of balance sheet amounts 31 December 2017	Financial Statements Statement of financial position €	Solvency II Balance Sheet €	Difference €
Other financial investments/deposits other than cash equivalents	20,728,096	20,728,096	-
Other debtors affiliated/other mortgages and loans	20,000,000	20,000,000	-
Debtors arising out of direct reinsurance/insurance intermediaries receivable	14,487,588	14,487,588	-
Deferred tax/ deferred tax assets	5,460	5,460	-
Cash at bank/cash and cash equivalents	11,718,184	11,718,184	-

Other debtors non-affiliated/any other assets not elsewhere shown	448,807	448,807	-
Total assets	**67,388,134**	**67,388,134**	**-**

Other assets held by the Company fall under the following Solvency II categories:

1. Investments (other than assets held for index linked and unit-linked contracts) made up of the subcategory deposits other than cash equivalents – for the Company this consists of deposits held for not more than three months.
2. Loans and mortgages made up of the subcategory other loans and mortgages – for the Company this consists of an intercompany loan held with HHN;
3. Insurance and intermediaries receivables – for the Company this is made up of receivables from companies within the group due to the provision of insurance;
4. Cash and cash equivalents – for the Company this consists of cash at bank in current accounts; and
5. Any other assets – for the Company this consists of non-affiliated debtors, sundry debtors, accrued interest, prepayments and corporation tax assets.

The Company holds no investment products and as such there are no specific valuation techniques employed in valuing the assets in the statement of financial position. Deposits are initially recognized at the transaction price and are subsequently recognized on an undiscounted basis. In previous years the bonds held were recognised initially at transaction price with subsequent recognition in the statement of financial position at the current fair value. Fair value was established by the bonds value on the open market. Movements in fair value were recognized in the profit and loss account. Prepayments are included on a 12 months straight-line basis. Accrued interest is based on rates supplied by the wider Hertz group which are based on Euribor plus a spread with the maximum accrual amount being 3 months. See **QRT S.02.01.02** for further details.

Risk in the asset mix is low as intercompany amounts owed are always paid one month in arrears via the Hertz netting department and deposits are held with banks with a strong rating. Bank ratings and limits on deposits are monitored by Hertz Treasury department.

D.2 Technical provisions

Solvency II Gross Technical Provisions	31 December 2018 €	31 December 2017 €	Difference year over year €
Motor Vehicle Liability Best Estimate	115,767,199	148,119,957	(32,352,758)
Motor Vehicle Liability Risk Margin	1,165,013	1,812,782	(647,769)
Assistance Best Estimate	123,552	372,935	(249,383)
Assistance Risk Margin	125,743	111,159	14,584
Total Solvency II Gross Technical Provisions	**117,181,507**	**150,416,833**	**(33,235,326)**

Comparison of Balance Sheet Amounts	Financial Statements Statement of Financial Position 31 December 2018 €	Solvency II Balance Sheet 31 December 2018 €	Difference €
Motor Vehicle Liability	126,409,440	116,932,212	9,477,228
Assistance	602,441	249,295	353,146
Total Solvency II Gross Technical Provisions	**127,011,881**	**117,181,507**	**9,830,374**

Comparison of balance sheet amounts	Financial Statements Statement of Financial Position 31 December 2017 €	Solvency II Balance Sheet 31 December 2017 €	Difference €
Motor Vehicle Liability	150,554,070	149,932,739	621,331
Assistance	371,600	484,094	(112,494)
Total Solvency II Gross Technical Provisions	**150,925,670**	**150,416,833**	**508,837**

Technical provisions have been calculated in accordance with Solvency II regulations and article 77b of the Solvency II Directive. Gross technical provisions comprising discounted best estimate and risk margin were €117m as at December 2018 (2017: €150.4m) made up of €115.8m best estimate and €1.1m risk margin (2017: €148.1m best estimate and €1.8m risk margin) and €0.1m best estimate and €0.1m risk margin for Assistance (2017: €0.3m best estimate and €0.1m risk margin).

Solvency II Reinsured Technical Provisions	31 December 2018 €	31 December 2017 €	Difference year over year €
Motor Vehicle Liability Best Estimate	99,676,657	127,112,072	(27,435,415)
Motor Vehicle Liability Default Adjustment	(670,799)	(2,678,189)	2,007,390
Total Solvency II Reinsured Technical Provisions	**99,005,857**	**124,433,883**	**(25,428,025)**

Comparison of balance sheet amounts	Financial Statements Statement of Financial Position 31 December 2018 €	Solvency II Balance Sheet 31 December 2018 €	Difference €
Motor Vehicle Liability	108,745,802	99,005,857	9,739,945
Total Solvency II Reinsured Technical Provisions	**108,745,802**	**99,005,857**	**9,739,945**

Comparison of balance sheet amounts	Financial Statements Statement of Financial Position 31 December 2017 €	Solvency II Balance Sheet 31 December 2017 €	Difference €
Motor Vehicle Liability	150,925,670	148,492,892	(1,923,941)
Total Solvency II Reinsured Technical Provisions	**150,925,670**	**148,492,892**	**(1,923,941)**

Reinsured technical reserves comprising discounted best estimate adjusted for default were €99m as at December 2018 (2017: €124.4m). All of the reinsured technical reserves for 2018 related to Motor Vehicle Liability were made up of €99.6m best estimate and (€0.6m) default. In 2017 the reinsured reserves related to Motor Vehicle Liability were €124.4million (€127.1m best estimate and (€2.7m) default). The default adjustment is calculated following the prescribed approach as specified in the Solvency II technical specifications. See technical provisions by line of business in **QRT S.17.01.01.02** for further details.

Additional reinsurance protection was purchased in 2018 for terrorism by the Hertz Corporation. The net retained loss for this peril has reduced from US$5M to US$50,000. Also, the UK motor insurance bureau has agreed that terror events in the UK from 2019 onwards will be shared across the membership thereby further reducing exposure to Probus and Hertz.

Reinsurance consists of an 85% quota share arrangement with Hire Bermuda which began in 2007. Prior to this the quota share arrangement - which had now been transferred to Hire Bermuda - had been with Hire Dublin. The quota share arrangement covers claims up to US$5million for 2018 (2017: US$5million). Maintained in 2017 is the reinsurance structure the contract with ACE European Group Limited between US$5million and US$10million to reduce the exposure to large claims. This policy covers US$5million any of one loss and in the annual aggregate in excess of the US$5million retention. Above US$10million reinsurance is held with other third party reinsurers including Ace and Swiss Re.

Discounted best estimate is calculated by using pay-out patterns calculated by Willis Towers Watson and applying a discount factor. The discount factor applied is the European Insurance and Occupational Pensions Authority ("EIOPA") basic risk-free interest rate term structure with no volatility or matching adjustments for each appropriate currency. Removing the discount factor, the gross and reinsured best estimate technical provisions are equal to the gross and reinsured technical provisions in the financial statements of the Company.

Risk margin is calculated in accordance with Solvency II technical specifications. For the Company this is a simplified risk margin allocation based on the calculation of the standalone SCR for the different lines of business.

For the technical provisions in the financial statements, insurance contracts estimates have to be made both for the unexpected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date ("IBNR"). The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods. These actuarial projections are performed by Willis Towers Watson as the Company's outsourced actuarial function. Technical provisions and related reserve adjustments are reviewed by management before any changes are made to the Company's books.

Technical provisions are subject to uncertainty from various factors including:

1. The claims development process due to one off large claims and the accumulation of medium sized losses;
2. Reserve estimation due to differences in parameters and assumptions;
3. External environmental factors including inflation in claims settlements, legal changes and changes in attitude to litigation, fluctuations in exchange rates and changes in underwriting approach or other factors; and
4. Failures to make recoveries from reinsurance companies.

Willis Towers Watson consider the first three to be the most material when determining the technical provisions best estimates. However, it is observed that the risk is mitigated by the quota share reinsurance held with Hire Bermuda and the excess of loss treaty above US$5million.

D.3 Other liabilities

Comparison of balance sheet amounts 31 December 2018	Financial Statements Statement of financial position €	Solvency II Balance Sheet €	Difference €
Creditors arising out of direct insurance operations/insurance and intermediaries payable	278,613	278,613	-
Other creditors including tax and social security/payables (trade not insurance)	1,344,231	1,344,231	-
Accruals and deferred income/any other liabilities not elsewhere shown	662,462	662,462	-
Total liabilities	**2,285,306**	**2,285,306**	**-**

Comparison of balance sheet amounts 31 December 2017	Financial Statements Statement of financial position €	Solvency II Balance Sheet €	Difference €
Creditors arising out of direct insurance operations/insurance and intermediaries payable	276,203	276,203	-
Other creditors including tax and social security/payables (trade not insurance)	146,824	146,824	-
Accruals and deferred income/any other liabilities not elsewhere shown	340,330	340,330	-
Total liabilities	**763,356**	**763,356**	**-**

As with other assets, the Company has a limited number of other liabilities. There are no differences between the financial statements value and the Solvency II balance sheet value of these liabilities. Liabilities held by the Company fall into the following Solvency II categories:

1. Insurance and intermediaries payable – for the Company this consists of intercompany amounts owed to Hire Bermuda Limited for the 85% quota share arrangement;
2. Payables (trade, not insurance) – for the Company this consists of Insurance Premium Tax (“IPT”) charges accrued; and
3. Any other liabilities – for the Company this consists of accrued expenses.

As there are no complex liabilities in the statement of financial position there are no specific valuation bases employed. Liabilities are initially recognized at the transaction price and are subsequently recognised on an undiscounted basis. Accrued expenses are included based on prior year experiences and are included on a straight-line basis i.e. over twelve months. See for further details on liability **QRT S.02.01.02**.

D.4 Alternative methods for valuation

This is not applicable for the Company.

D.5 Any other information

There is no other material information beyond what has been discussed above to note.

Section E Capital Management

E.1 Own funds

Solvency II Own Funds	31-Dec-18	31-Dec-17	Difference year over year
	€	€	€
Ordinary share capital	6,866,246	6,866,246	-
Deferred tax assets	-	5,460	(5,460)
Reconciliation reserve	41,843,752	33,770,124	8,073,628

Own funds for the Company are made up of ordinary share capital, deferred tax assets and reconciliation reserve. Both share capital and the reconciliation reserve are unrestricted tier 1 funds and are 100% eligible to cover the SCR and MCR of the Company.

Financial statements vs Solvency II	31 December 2018 €	31 December 2017 €
Financial statements: Profit and loss account and translation reserve	41,753,323	38,023,018
Solvency II: Reconciliation reserve	41,843,752	33,770,124
Difference	**(90,431)**	**4,252,894**

The difference between the financial statements equity and the Solvency II balance sheet equity is driven by the differences in the technical provisions valuations as detailed above. Movement in the statement of financial position equity year over year is a result of the profit made for the year 2018. Solvency II reconciliation reserve consists of the excess of assets over liabilities and as such movement year over year relates to movements in the excess of assets over liabilities. See **QRT S23.01.01** and **S.23.02.01.03** for further details.

The Board have agreed to maintain an SCR cover of 130%. A decrease resulting in a percentage of between 125% and 130% will not require action however the percentage moving any lower than 125% will require action from the Board to restore the 130% level. The Company's strategy in relation to own funds is laid out in its Capital Management and Dividend Policy which is reviewed annually by the board.

E.2 SCR and Minimum Capital Requirement ("MCR")

Eligible capital at 31st December 2018 amounted to 223% of the SCR or €48.7m (2017: 168% or €24.1m) and amounted to 892% of the MCR at 31st December 2018 or €48.7m (2017: 674% or €24.1m). Linear MCR is calculated as a percentage of the net technical provisions plus net premium written of both the motor vehicle liability and assistance lines of business. The MCR used is then the higher of this and the floor of the MCR calculation which is 25% of the SCR. The MCR presented throughout 2018 for the Company is 25% of the SCR calculated. See **Appendix 4** for the current calculation of the SCR and MCR and for a tracker of the SCR and MCR over 2018 along with the movements in the sub modules. Additionally, see **QRT S.25.01.21** for further details of the SCR and **QRT S.28.01.01** for further details on the MCR.

The main driver of the movements is Counterparty Default sub module attracting a charge of €5million at year-end 2017. Default risk is based on counterparty default risk. This is calculated by applying 15% to assets which are less than 3 months overdue and 90% to assets which are more than 3 months overdue. Additionally, a further calculation giving the loss given default risk on the reinsurance recoverables, cash at bank and risk mitigation contracts is also applied.

The calculation for loss given default is complex and can increase significantly if the standard deviation of the loss distribution exceeds 7% of the loss given default. Driving this change in the standard deviation has been an increase in the LOC which mitigates the reinsurance recoverable risk.

SII Charge	31-Dec-18 €	31-Dec-17 €	Difference €
Counterparty	4,318,658	4,988,092	(669,434)
Currency/FX	3,123,125	3,000,967	122,158
Premium & Reserves	4,277,692	5,896,078	(1,618,386)

There was no other material change in the SCR/MCR calculation during 2018.

The Company uses the EIOPA SII SCR Standard formula and does not use company specific parameters or simplified calculations in its computations.

E.3 Use of the duration based equity risk sub module in the calculation of the SCR

This is not applicable for the Company.

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

This is not applicable for the Company.

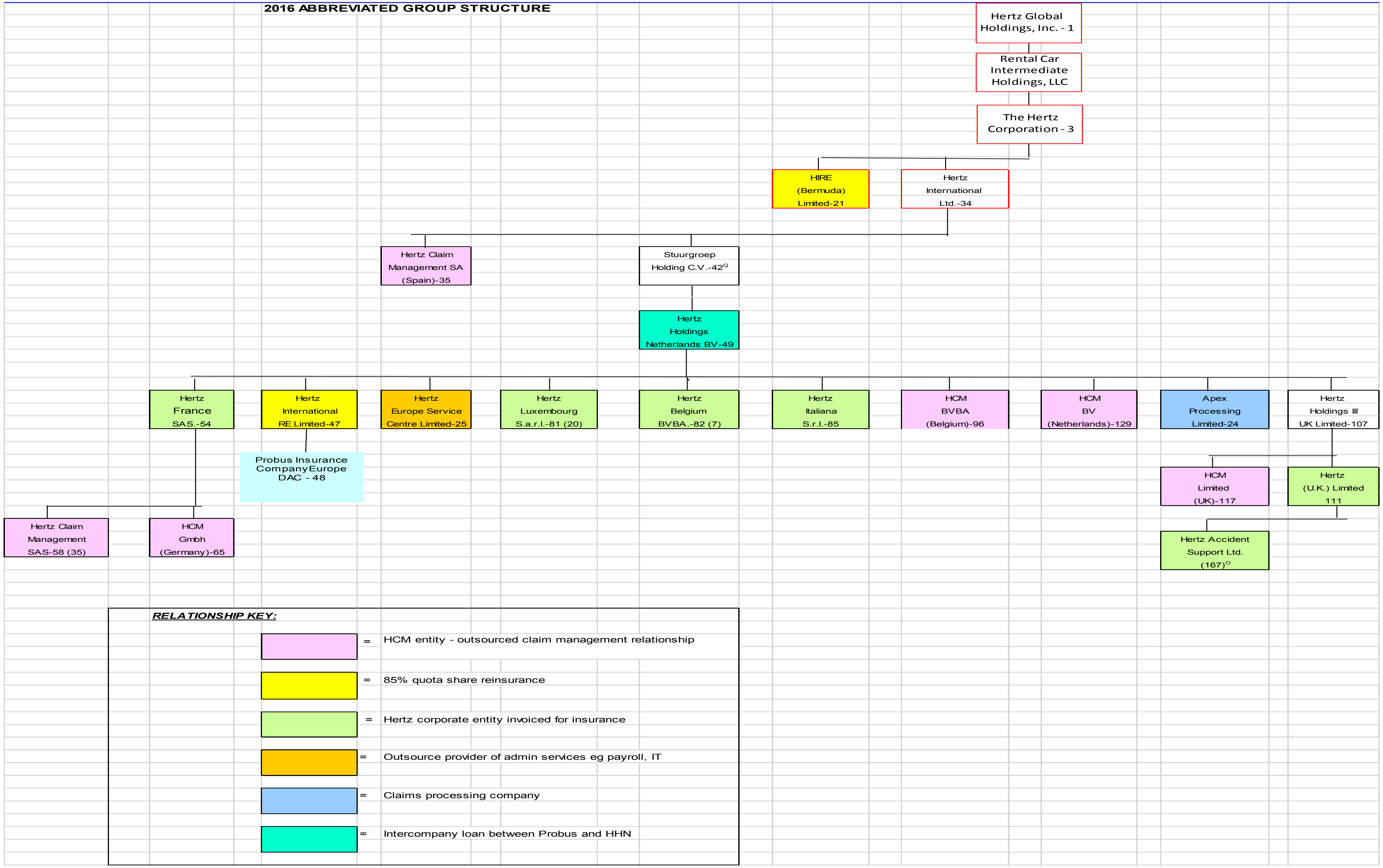
E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the SCR

The SCR and MCR are monitored on a quarterly basis and quarterly return calculations are reviewed by Willis Towers Watson for reasonableness.

E.6 Any other information

There is no other material information beyond what has been discussed above to note.

APPENDIX 1 PROBUS POSITION IN GROUP STRUCTURE OF HERTZ



APPENDIX 2 EXTRACT FROM S.05.01.01.01

				Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for: accepted non-proportional reinsurance				Total
				Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
				C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written	Gross - Direct Business		R0110				26,221,183							1,785,961						28,007,144
	Gross - Proportional reinsurance accepted		R0120																	-
	Gross - Non-proportional reinsurance accepted		R0130																	-
	Reinsurers' share		R0140				23,564,599							-						23,564,599
	Net		R0200				2,656,584							1,785,961						4,442,545
Premiums earned	Gross - Direct Business		R0210				26,221,183							1,785,961						28,007,144
	Gross - Proportional reinsurance accepted		R0220																	-
	Gross - Non-proportional reinsurance accepted		R0230																	-
	Reinsurers' share		R0240				23,564,599							-						23,564,599
	Net		R0300				2,656,584							1,785,961						4,442,545
Claims incurred	Gross - Direct Business		R0310				- 7,137,349							432,248						- 6,705,101
	Gross - Proportional reinsurance accepted		R0320																	-
	Gross - Non-proportional reinsurance accepted		R0330																	-
	Reinsurers' share		R0340				- 6,065,795													- 6,065,795
	Net		R0400				- 1,071,554							432,248						- 639,306
Changes in other technical provisions	Gross - Direct Business		R0410																	-
	Gross - Proportional reinsurance accepted		R0420																	-
	Gross - Non- proportional reinsurance accepted		R0430																	-
	Reinsurers' share		R0440																	-
	Net		R0500																	-
Expenses incurred			R0550				- 361,218							- 24,603						- 385,821
	Administrative expenses	Gross - Direct Business	R0610				- 779,184							- 53,071						- 832,255
		Gross - Proportional reinsurance accepted	R0620																	-
		Gross - Non-proportional reinsurance accepted	R0630																	-
		Reinsurers' share	R0640																	-
		Net	R0700				- 779,184							- 53,071						- 832,255
	Investment management expenses	Gross - Direct Business	R0710																	-
		Gross - Proportional reinsurance accepted	R0720																	-
		Gross - Non-proportional reinsurance accepted	R0730																	-
		Reinsurers' share	R0740																	-
		Net	R0800				-							-						-
	Claims management expenses	Gross - Direct Business	R0810				417,967							28,468						446,435
		Gross - Proportional reinsurance accepted	R0820																	-
		Gross - Non-proportional reinsurance accepted	R0830																	-
		Reinsurers' share	R0840																	-
		Net	R0900				417,967							28,468						446,435
	Acquisition expenses	Gross - Direct Business	R0910																	-
		Gross - Proportional reinsurance accepted	R0920																	-
		Gross - Non-proportional reinsurance accepted	R0930																	-
		Reinsurers' share	R0940																	-
		Net	R1000				-							-						-
	Overhead expenses	Gross - Direct Business	R1010																	-
		Gross - Proportional reinsurance accepted	R1020																	-
		Gross - Non-proportional reinsurance accepted	R1030																	-
		Reinsurers' share	R1040																	-
		Net	R1100				-							-						-
Other expenses			R1200																	1,725,541
Total expenses			R1300																	1,339,720

PROBUS INSURANCE COMPANY EUROPE DAC
TECHNICAL PROFIT AND LOSS ACCOUNT –
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

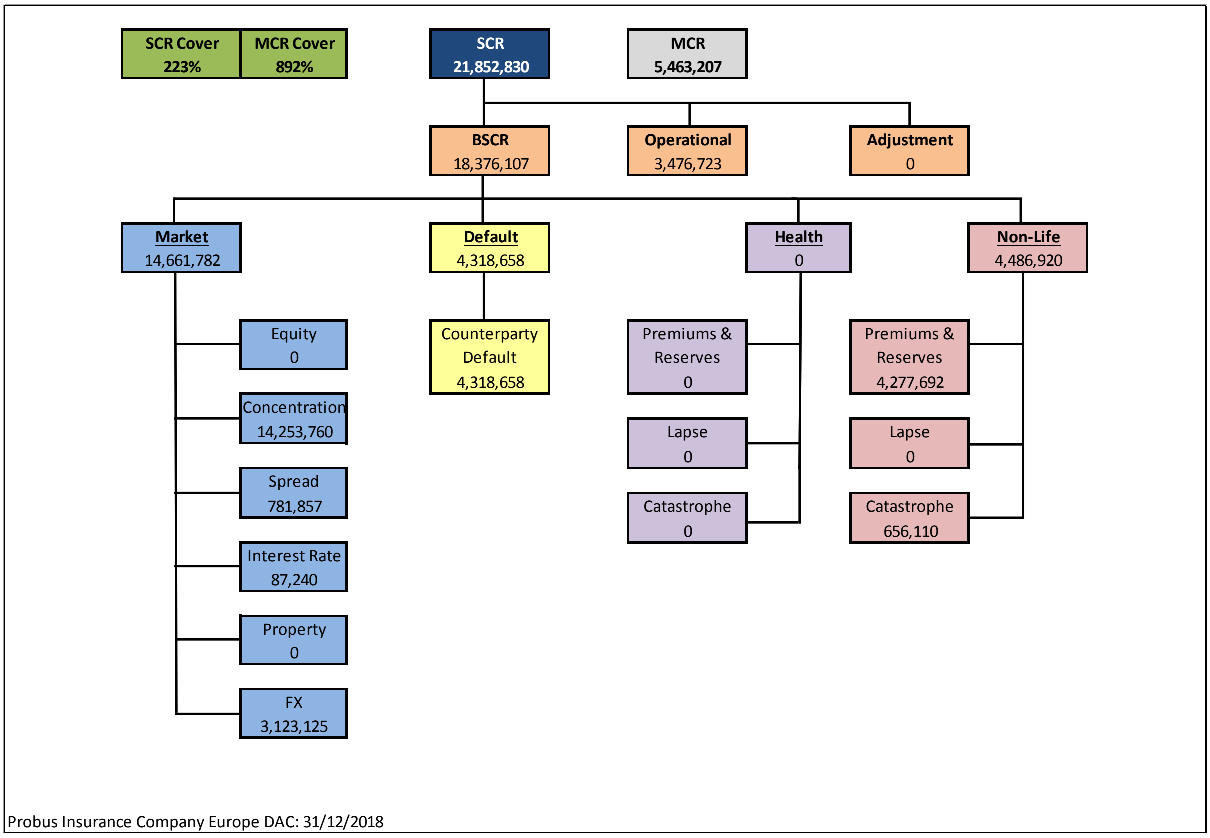
	Note	2018 €	2018 €	2017 €	2017 €
Earned premiums, net of reinsurance					
Gross premiums written	2	28,007,144		29,094,934	
Outward reinsurance premium	2	(23,564,599)		(24,677,476)	
Net premiums written		4,442,545		4,417,458	
Earned premiums, net of reinsurance			4,442,545		4,417,458
Allocated investment return transferred from the non-technical account			347,411		381,120
Claims incurred, net of reinsurance					
Claims paid:					
Gross amount	14	(19,759,281)		(27,252,000)	
Reinsurers’ share	14	15,502,742		23,027,488	
		(4,256,539)		(4,224,512)	
Change in the provision for claims:					
Gross amount	14	26,464,382		(2,159,017)	
Reinsurers' share	14	(21,568,536)		2,399,249	
		4,895,846		240,232	
Claims incurred, net of reinsurance			639,307		(3,984,280)
Net operating expenses	4		(1,339,721)		(2,436,098)
Balance on the technical account for non-life insurance business			4,089,542		(1,621,800)

APPENDIX 3 COMPANY TEAM STRUCTURE 2018

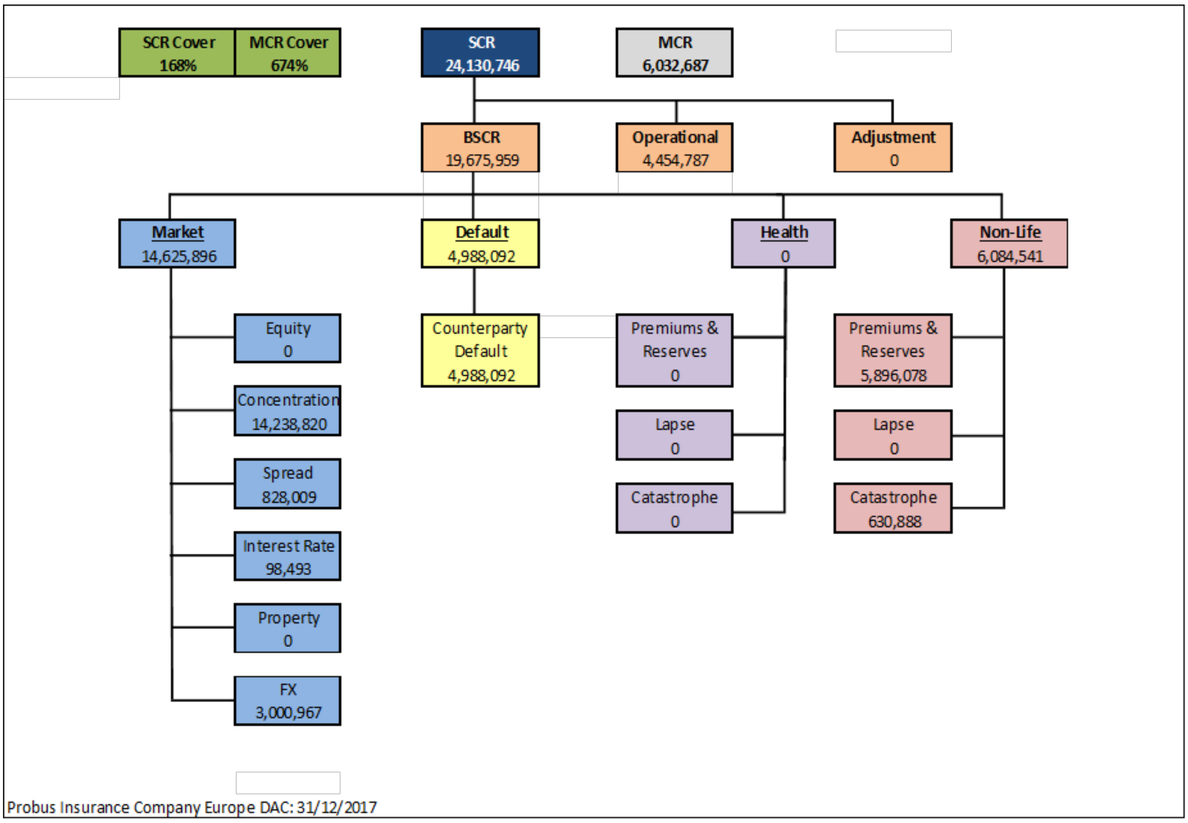
* Note that the Finance Manager also has dotted line reporting out to the wider Hertz Finance Group but reports directly to the General Manager.

Appendix 4 SCR/MCR calculations

December 2018 calculation



December 2017 calculation



Appendix 5 – Example of Probus Key Risk Dashboard (as presented at the Q4 2018 Board /Risk Committee)

Legend - Tolerance Limits	
The table below represents the Probus internal tolerences as approved by the Board of Directors	
Green	Probus aims to maintain a metric measurement equivalent to or better than this stated level
Amber	A movement into the internal AMBER zone prompts notifcation by the risk owner to CRO and GM.
Red	A movement into the internal RED zone prompts notifcation to the Board.
EXTERNAL	A movement into the external zone tolerence limit represents a material deviation from risk appetite. A material deviation from risk appetite must be reported to the Central Bank in writing within 5 business days of the board becoming aware of the deviation

			Period Performance			External Escalation Limit	Internal -Tolerence Limits			
PRISM Risk Category	Key Risk Metric		Q2 2018	Mvmt	Q3 2018	External Escalation Limit	Red	Amber	Green	Owner
Pricing & Underwriting	Combined Loss Ratio (UW Year)	2016	94	-24%	76	Loss ratio leads to SCR ratio cover of less than 100%	>160% is reached	160% - 100% is reached in a UW year	≤100%	MS
		2017	143	-8%	133					
		2018	155	-91%	81					
Claims & Reserving	Quarterly gross movement in Reserves		€ 136,782,845	-€ 11,597,386	€ 125,185,459	Reserve movement with SCR ratio cover of less than 100%	>€30m quarterly movement in gross technical provisions	€15m - 30m adverse quarterly movement on gross technical provisions	0 to €15m adverse quarterly movement on gross technical provisions.	MS
Capital	Pillar I SCR Coverage %		185%	0%	185%	< 100% must be notifed to CBI within 5 days from observance	<130%	130% - 140%	≥140%	CT
Market/Investment	Liquidity -amount of cash available on demand to pay liabilities - Liquid assets/Net Technical provisions		259%	2%	261%	Market risk charge pushes SCR ratio cover below 100%	No appetite for liquidity risk			CT
	Concentration - SII Charge from exposure to inadequately diversified assets		14,253,515	- 6,399	14,247,116		> €20M	> €15M ≤ 20M	≤ €15M	CT
	FX - SII Charge from FX balance of currency assets v liabilities.		3,369,575	120,635	3,490,210		> €5M	> €3M ≤ €5M	≤ €3M	CT
Counterparty Default	Rating of Counterparty:									
	LoC Counterparty Rating		A	Unchanged	A	Counterparty default or ratings drop leads to SCR ratio cover of less than 100%	< BBB	≥ BBB+ <A	≥ A	CT
	Non-Group Investments		See Appendix 3	Unchanged	See Appendix 3		< BB+	≥ BB+ <BBB-	≥ BBB-	CT
	Non-Group Reinsurers		See Appendix 2	Unchanged	See Appendix 2		< BBB	≥ BBB+ <A	≥ A	MS
Operational, Conduct, Governance	Various Metrics Below:									
	Count of regulatory breaches		0	0	0	No appetite for material non-compliance with regulatory requirements must be escalated to CBI				GP
	Count of Breaches of KPI limits of Outsourced Functions		See Appendix 1 Outsource Tab	See Appendix 1 Outsource Tab	See Appendix 1 Outsource Tab		More than 5	Between 1 and 5	None	CT
	Count of Internal Audit or SOX – Major Finding		0	0	0		More than 5	Between 1 and 5	None	CT / GP
	External Audit qualification		0	0	0		Qualified		Unqualified	CT
	Volume of Major Internal Audit/SOX items		0	0	0		More than 5	Between 1 and 5	None	CT / GP
	Complaints		0	0	0		More than 10	Between 1 and 10	None	GP

Appendix 6 - Internal Control System - Governance Framework Overview

Section	Description	Delegated Function Owner	Goals Pursued of Document
1	**Corporate Governance Framework**	Martin Scullion PCF-8 GM/CEO Gustavo Pregoni PCF-12 Head of Compliance	Corporate governance includes procedures, processes and attitudes according to which an organisation is directed and controlled and lays down the rules and procedures for decision-making.
1.1	**Organisational Structure**	Martin Scullion PCF-8 GM/CEO	Structure of Probus Board and Committees.
1.2	**Organisational Chart**	Martin Scullion PCF-8 GM/CEO	Chart of Probus Organisation and Reporting Lines.
1.3	**Board Terms of Reference**	Martin Scullion PCF-8 GM/CEO	This document sets out the Terms of Reference ("ToR") for the board covering roles and responsibilities of the board, its members, matters reserved for the board, composition and meeting rules.
1.4	**Audit Committee Terms of Reference**	John Perham PCF-4 Chairman of the Audit Committee	The Audit Committee responsibilities and key tasks.
1.5	**Risk Committee Terms of Reference**	Stephen Hodgins PCF-5 Chairman of the Risk Committee	The Risk Committee responsibilities and key tasks.

1.6	**Succession Plan**	Martin Scullion PCF-8 GM/CEO	Defines the contingency plan for the succession in the event of turnover for main control function holders.
1.7	**Risk Appetite Framework/ Risk Appetite Metrics/ Risk Register**	Martin Scullion PCF-8 GM/CEO	Defines the Risk rating of impact and probability, Risk Appetite, Tolerance Levels and metrics for all 19 of the Probus managed risks.
1.8	**List of Board Policies**	Martin Scullion PCF-8 GM/CEO Gustavo Pregoni PCF-12 Head of Compliance	List of Board approved Policies (subject to annul and/or ad-hoc review).
Section	**Description**	**Delegated Function Owner**	**Goals Pursued of Document**
2	**Compliance Policy**	Gustavo Pregoni PCF-12 Head of Compliance	Ensure compliance with all insurance acts and regulations, guidelines issued by the insurance supervisory authorities, company laws and all other applicable legislation.
3	**Underwriting Policy**	Martin Scullion PCF-17 Head of Underwriting	Aligns with the Company's Strategy and Initiatives Plan and Risk Appetite as approved by the Board, and considers the adequacy of premium to cover the risks, the reinsurance strategy, the reserving policy and the risk management system of the Company.
4	**Asset/Liability Management Policy**	Charlotte Torr PCF-11 Head of Finance	The goal is meet all liabilities as they fall due by ensuring that there are adequate assets.

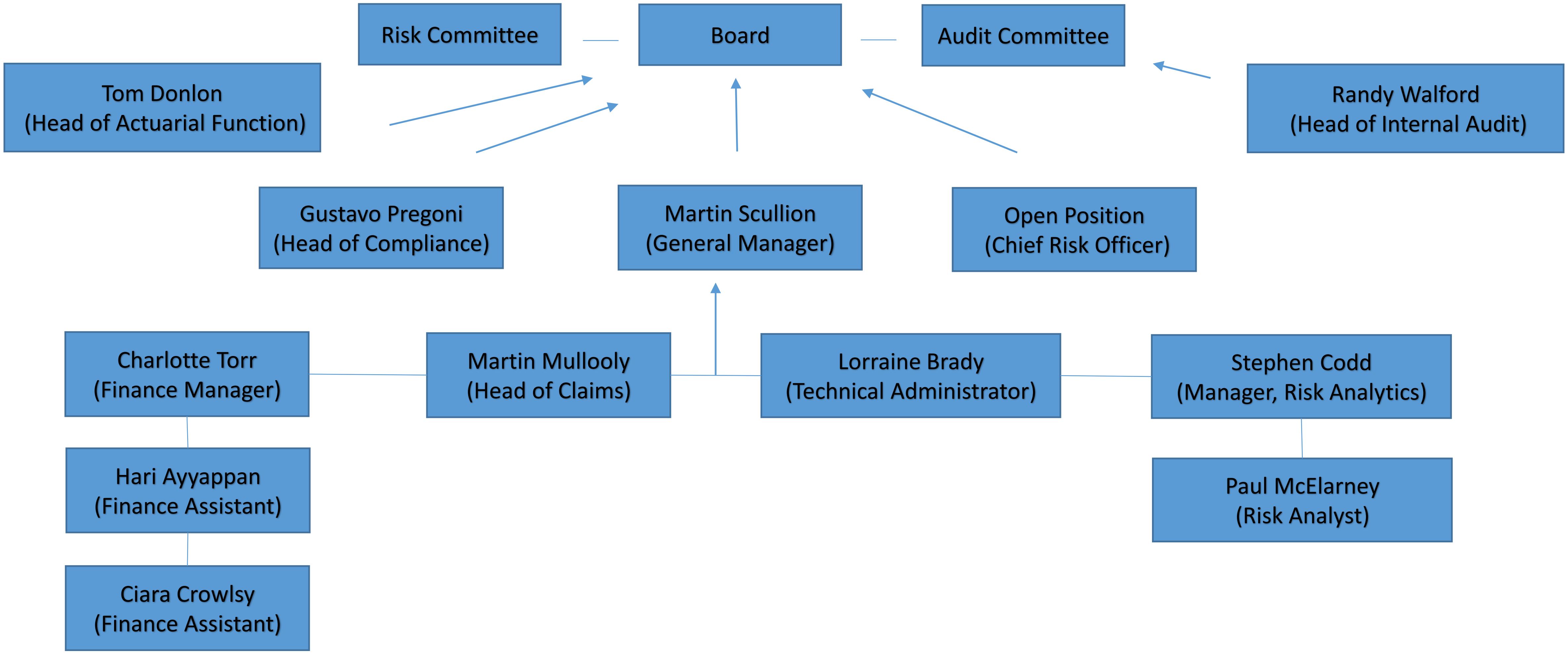
5	**Capital Management and Dividend Policy**	Charlotte Torr PCF-11 Head of Finance	Ensure that there is always sufficient capital available to meet operational and regulatory requirements. For clarity capital refers to capital and reserves as disclosed in the balance sheet.
6	**Investment and Liquidity Risk Policy**	Charlotte Torr PCF-11 Head of Finance	The goal of the company is to ensure that its portfolio of assets is held with secure and regulated financial institutions and are sufficiently liquid to meet liabilities.
7	**Outsourcing Policy**	Gustavo Pregoni PCF-12 Head of Compliance	Probus will make sure outsourcing arrangements involving material business activities are subject to appropriate due diligence, approval and ongoing monitoring.
8	**Internal Control Policy**	Gustavo Pregoni PCF-12 Head of Compliance	Probus seeks to comply with all relevant internal control procedures it is required to follow.
9	**Risk Management Policy**	Martin Scullion PCF-8 GM/CEO	Board of directors of the undertaking is ultimately responsible for ensuring the effectiveness of the risk management system, setting the undertaking's risk appetite and overall risk tolerance limits as well as approving the main risk management strategies and policies.
10	**Reporting and Disclosure Policy**	Gustavo Pregoni PCF-12 Head of Compliance	Probus seeks to comply with all relevant reporting and disclosure rules set out in EIOPA guidelines for Solvency II in which the Central Bank of Ireland is wholly adopting in addition to key annual financial and compliance reporting. This is linked to the Probus Internal Control Policy.
11	**ORSA Policy**	Martin Scullion PCF-8 GM/CEO	Board of directors of the undertaking is ultimately responsible for ensuring the effectiveness of the risk management system, setting the undertaking's risk appetite and overall risk tolerance limits as well as approving the main risk management strategies and policies.

12	**Remuneration Policy**	Martin Scullion PCF-8 GM/CEO	All employees' annual bonuses will be calculated on the evaluation of personal financial/non-financial goals and the Hertz Group performance. The goals are linked to shareholder interests and discourage excessive risk taking.
13	**Fitness & Probity Policy**	Gustavo Pregoni PCF-12 Head of Compliance	Probus will make sure that its application of Central Bank of Ireland (CBI) "Fitness and Probity Standards" (F&P) are well documented, communicated, adhered to, and monitored to ensure that a person prior to appointment or currently performing an in-scope role as a Pre-Approval Controlled Function (PCF) or Controlled Function (CF).
14	**Conflict of Interest Policy**	Gustavo Pregoni PCF-12 Head of Compliance	Defines how potential conflicts of interest are to be identified, avoided and disclosed where necessary.
15	**Internal Audit Policy**	Gustavo Pregoni PCF-12 Head of Compliance	Implement the audit plan, as approved, including any review of third party activities, special studies, tasks, or projects assigned by management and/or the Audit Committee.
16	**Diversity Policy**	Gustavo Pregoni PCF-12 Head of Compliance	Probus seeks to comply with all relevant EU directives on diversity. A coherent diversity policy generates an inclusive environment and allow all employees to feel well-integrated, respected and valued. This means managing human resources recognizing and giving value to individual skills rather than on sub-optimal criteria.
17	**IT Policy & IT Risk Framework**	Stephen Codd Manager Risk Analytics	The purpose of this policy is to set out Probus' approach to information technology ('IT') and cyber security. In particular the document covers: - How the IT strategy of the company is aligned with the overall business strategy; The roles and responsibilities of those individuals and functions responsible for the execution of IT governance; - The IT Risk Management Framework explaining how IT risks are assessed and controlled; - How Disaster Recovery and Business Continuity is handled; - How cyber risk is managed; - How staff training is conducted and monitored.
18	**Data Protection Policy**	Gustavo Pregoni PCF-12 Head of Compliance	Ensure protection of the rights and privacy of individuals in accordance with the Data Protection legislation (e.g. GDPR).

19	**Claims Policy**	Martin Mullooly PCF-43 Head of Claims	Probus Insurance Company Europe Limited (“Probus”) will manage its claims to ensure best practice in their handling, in compliance with all local legislation, insurance acts, regulations and guidelines issued by the relevant country legislative or supervisory authorities, thereby ensuring no adverse financial impact or exposure to the Company.
20	**Claims Reserving Policy**	Martin Mullooly PCF-43 Head of Claims /	The purpose of this document is to set out the Company’s approach to managing claims reserves by stating the philosophy to be applied to the reserving process and describing specific guidelines to be followed on classes of insurance. The reserving policy shall: • be agreed by the board; • be communicated internally and to any externally appointed claims administrators; • be contained within the service level agreement of any outsourced claims administrator; • provide clear guidance for assessing and determining claim reserves.
21	**Complaints Policy**	Gustavo Pregoni PCF-12 Head of Compliance	Ensure that all complaints will be handled appropriately pursuant to the relevant domestic and European guidelines on complaints-handling by insurance undertakings.

Appendix 7 – Quantitative Reporting Templates ("QRTs) 31st December 2018

Probus – Organisation Chart



Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	-
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	-
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	16,532,466
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	-
Equities	**R0100**	-
Equities - listed	**R0110**	-
Equities - unlisted	**R0120**	-
Bonds	**R0130**	-
Government Bonds	**R0140**	-
Corporate Bonds	**R0150**	-
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	-
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	16,532,466
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	-
Loans and mortgages	**R0230**	20,000,000
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	20,000,000
Reinsurance recoverables from:	**R0270**	99,005,857
Non-life and health similar to non-life	**R0280**	99,005,857
Non-life excluding health	**R0290**	99,005,857
Health similar to non-life	**R0300**	-
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	-
Health similar to life	**R0320**	-
Life excluding health and index-linked and unit-linked	**R0330**	-
Life index-linked and unit-linked	**R0340**	-
Deposits to cedants	**R0350**	-
Insurance and intermediaries receivables	**R0360**	16,823,643
Reinsurance receivables	**R0370**	-
Receivables (trade, not insurance)	**R0380**	-
Own shares (held directly)	**R0390**	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	-
Cash and cash equivalents	**R0410**	14,440,443
Any other assets, not elsewhere shown	**R0420**	1,374,402
Total assets	**R0500**	168,176,811

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	117,181,507
Technical provisions – non-life (excluding health)	**R0520**	117,181,507
TP calculated as a whole	**R0530**	-
Best Estimate	**R0540**	115,890,751
Risk margin	**R0550**	1,290,756
Technical provisions - health (similar to non-life)	**R0560**	-
TP calculated as a whole	**R0570**	-
Best Estimate	**R0580**	-
Risk margin	**R0590**	-
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	-
Technical provisions - health (similar to life)	**R0610**	-
TP calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-
TP calculated as a whole	**R0660**	-
Best Estimate	**R0670**	-
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	-
TP calculated as a whole	**R0700**	-
Best Estimate	**R0710**	-
Risk margin	**R0720**	-
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	-
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	-
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Insurance & intermediaries payables	**R0820**	278,613
Reinsurance payables	**R0830**	-
Payables (trade, not insurance)	**R0840**	1,344,231
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in BOF	**R0860**	-
Subordinated liabilities in BOF	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	662,462
Total liabilities	**R0900**	119,466,813
Excess of assets over liabilities	**R1000**	48,709,998

Annex I
S.05.01.01
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**
Premiums written										
Gross - Direct Business	**R0110**				26,221,183					
Gross - Proportional reinsurance accepted	**R0120**									
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**				23,564,599					
Net	**R0200**				2,656,584					
Premiums earned										
Gross - Direct Business	**R0210**				26,221,183					
Gross - Proportional reinsurance accepted	**R0220**				-					
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**				23,564,599					
Net	**R0300**				2,656,584					
Claims incurred										
Gross - Direct Business	**R0310**				- 7,137,349					
Gross - Proportional reinsurance accepted	**R0320**									
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**				- 6,065,795					
Net	**R0400**				- 1,071,554					
Changes in other technical provisions										
Gross - Direct Business	**R0410**									
Gross - Proportional reinsurance accepted	**R0420**									
Gross - Non- proportional reinsurance accepted	**R0430**									
Reinsurers'share	**R0440**									
Net	**R0500**									
Expenses incurred	**R0550**				- 361,218					
Other expenses	**R1200**									
Total expenses	**R1300**									

Annex I
S.05.01.01
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**			Line of business for: **accepted non-proportional reinsurance**				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written									
Gross - Direct Business	**R0110**		1,785,961						28,007,144
Gross - Proportional reinsurance accepted	**R0120**		-						-
Gross - Non-proportional reinsurance accepted	**R0130**								-
Reinsurers' share	**R0140**		-						23,564,599
Net	**R0200**		1,785,961						4,442,545
Premiums earned									-
Gross - Direct Business	**R0210**		1,785,961						28,007,144
Gross - Proportional reinsurance accepted	**R0220**								-
Gross - Non-proportional reinsurance accepted	**R0230**								-
Reinsurers' share	**R0240**								23,564,599
Net	**R0300**		1,785,961						4,442,545
Claims incurred									-
Gross - Direct Business	**R0310**		432,248						- 6,705,101
Gross - Proportional reinsurance accepted	**R0320**		-						-
Gross - Non-proportional reinsurance accepted	**R0330**								-
Reinsurers' share	**R0340**		-						- 6,065,795
Net	**R0400**		432,248						- 639,306
Changes in other technical provisions									-
Gross - Direct Business	**R0410**								-
Gross - Proportional reinsurance accepted	**R0420**								-
Gross - Non- proportional reinsurance accepted	**R0430**								-
Reinsurers'share	**R0440**								-
Net	**R0500**								-
Expenses incurred	**R0550**		- 24,603						- 385,821
Other expenses	**R1200**								1,725,541
Total expenses	**R1300**								1,339,720

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		UK	Italy	France	Germany	Netherlands	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	**R0110**		11,897,760	1,180,707	6,967,214	5,569,186	1,077,493	26,692,360
Gross - Proportional reinsurance accepted	**R0120**		-	-				-
Gross - Non-proportional reinsurance accepted	**R0130**		-	-				-
Reinsurers' share	**R0140**		10,647,788	-	6,086,687	4,933,380	953,746	22,621,601
Net	**R0200**		1,249,972	1,180,707	880,527	635,806	123,747	4,070,759
Premiums earned								
Gross - Direct Business	**R0210**		11,897,760	1,180,707	6,967,214	5,569,186	1,077,493	26,692,360
Gross - Proportional reinsurance accepted	**R0220**							-
Gross - Non-proportional reinsurance accepted	**R0230**							-
Reinsurers' share	**R0240**		10,647,788	-	6,086,687	4,933,380	953,746	22,621,601
Net	**R0300**		1,249,972	1,180,707	880,527	635,806	123,747	4,070,759
Claims incurred								
Gross - Direct Business	**R0310**		3,237,268	8,149,768	- 1,623,203	- 1,854,760	- 1,503,098	6,405,975
Gross - Proportional reinsurance accepted	**R0320**							-
Gross - Non-proportional reinsurance accepted	**R0330**							-
Reinsurers' share	**R0340**		2,773,101	6,991,013	- 1,184,401	- 1,623,056	- 1,276,280	5,680,377
Net	**R0400**		464,167	1,158,755	- 438,802	- 231,704	- 226,818	725,598
Changes in other technical provisions								
Gross - Direct Business	**R0410**							-
Gross - Proportional reinsurance accepted	**R0420**							-
Gross - Non- proportional reinsurance accepted	**R0430**							-
Reinsurers'share	**R0440**							-
Net	**R0500**							-
Expenses incurred	**R0550**	221,219	- 318,524	39,828	- 260,489	- 156,995	8,846	- 466,114
Other expenses	**R1200**							
Total expenses	**R1300**							

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**
Technical provisions calculated as a whole	**R0010**									
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**									
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	**R0060**									
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**									
Net Best Estimate of Premium Provisions	**R0150**									
Claims provisions										
Gross	**R0160**				115,767,199					
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**				99,005,857					
Net Best Estimate of Claims Provisions	**R0250**				16,761,342					
Total Best estimate - gross	**R0260**				115,767,199					
Total Best estimate - net	**R0270**				16,761,342					
Risk margin	**R0280**				1,165,013					
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	**R0290**									
Best estimate	**R0300**									
Risk margin	**R0310**									

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**
Technical provisions - total										
Technical provisions - total	**R0320**				116,932,212					
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**				99,005,857					
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**				17,926,355					

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0110	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	**R0060**								
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**								
Net Best Estimate of Premium Provisions	**R0150**								
Claims provisions									
Gross	**R0160**		123,552						115,890,751
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**		-						99,005,857
Net Best Estimate of Claims Provisions	**R0250**		123,552						16,884,894
Total Best estimate - gross	**R0260**		123,552						115,890,751
Total Best estimate - net	**R0270**		123,552						16,884,894
Risk margin	**R0280**		125,743						1,290,756
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	**R0290**								-
Best estimate	**R0300**								-
Risk margin	**R0310**								-

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0110	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions - total									
Technical provisions - total	**R0320**		249,295						117,181,507
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**								99,005,857
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**		249,295						18,175,650

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	**Z0010**	Accident Year

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

		Development year										
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											150,994,856
N-9	**R0160**	-	10,608,238	3,913,859	3,159,132	3,003,381	3,014,568	4,268,288	1,341,643	2,995,552	375,578	
N-8	**R0170**	5,376,808	5,562,985	3,924,755	2,195,740	2,068,734	1,170,196	960,243	946,170	709,681		
N-7	**R0180**	4,724,615	4,759,905	4,672,308	2,339,437	1,879,859	1,784,986	750,236	328,783			
N-6	**R0190**	3,896,705	4,220,963	2,336,057	2,776,433	2,574,616	1,900,971	849,776				
N-5	**R0200**	1,199,745	3,956,633	3,718,497	6,346,090	3,494,602	769,717					
N-4	**R0210**	1,860,392	4,199,729	5,240,473	3,148,226	2,882,049						
N-3	**R0220**	3,603,554	6,463,313	6,255,500	3,069,657							
N-2	**R0230**	4,439,567	1,660,981	1,274,314								
N-1	**R0240**	3,900,397	3,188,498									
N	**R0250**	3,427,767										

		In Current year	Sum of years (cumulative)
		C0170	**C0180**
	R0100	2,883,461	150,994,856
	R0160	375,578	32,680,239
	R0170	709,681	22,915,312
	R0180	328,783	21,240,129
	R0190	849,776	18,555,521
	R0200	769,717	19,485,284
	R0210	2,882,049	17,330,869
	R0220	3,069,657	19,392,024
	R0230	1,274,314	7,374,862
	R0240	3,188,498	7,088,895
	R0250	3,427,767	3,427,767
Total	**R0260**	19,759,281	320,485,758

Annex I
S.19.01.21
Non-life Insurance Claims Information

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year										
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											15,876,226
N-9	**R0160**	-	-	-	-	-	-	-	5,220,559	3,898,990	2,085,374	
N-8	**R0170**	-	-	-	-	-	-	6,716,210	6,020,673	4,822,006		
N-7	**R0180**	-	-	-	-	-	6,047,311	4,970,156	4,930,668			
N-6	**R0190**	-	-	-	-	9,055,634	7,127,064	4,120,630				
N-5	**R0200**	-	-	-	17,994,983	14,018,374	12,845,420					
N-4	**R0210**	-	-	23,557,928	24,029,685	15,667,514						
N-3	**R0220**	-	28,057,082	21,426,820	14,852,178							
N-2	**R0230**	36,031,356	26,027,742	12,958,827								
N-1	**R0240**	24,957,331	16,913,095									
N	**R0250**	13,681,391										

		Year end (discounted
		C0360
	R0100	15,599,152
	R0160	2,010,655
	R0170	4,646,096
	R0180	4,873,575
	R0190	3,967,241
	R0200	12,354,175
	R0210	15,365,560
	R0220	14,515,021
	R0230	12,614,984
	R0240	16,575,800
	R0250	13,368,492
Total	**R0260**	115,890,751

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	6,866,246	6,866,246			
Share premium account related to ordinary share capital	R0030					
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	41,843,752	41,843,752			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
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	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	48,709,998	48,709,998	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	48,709,998	48,709,998	-	-	-
Total available own funds to meet the MCR	**R0510**	48,709,998	48,709,998	-	-	
Total eligible own funds to meet the SCR	**R0540**	48,709,998	48,709,998	-	-	-
Total eligible own funds to meet the MCR	**R0550**	48,709,998	48,709,998	-	-	
SCR	**R0580**	21,852,830				
MCR	**R0600**	5,463,207				
Ratio of Eligible own funds to SCR	**R0620**	223%				
Ratio of Eligible own funds to MCR	**R0640**	892%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	48,709,998	
Own shares (held directly and indirectly)	**R0710**	-	
Foreseeable dividends, distributions and charges	**R0720**	-	
Other basic own fund items	**R0730**	6,866,246	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**		
Reconciliation reserve	**R0760**	41,843,752	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**		
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**		
Total Expected profits included in future premiums (EPIFP)	**R0790**		

Annex I
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	14,661,782		
Counterparty default risk	R0020	4,318,658		
Life underwriting risk	R0030	-	-	-
Health underwriting risk	R0040	-	-	-
Non-life underwriting risk	R0050	4,486,920		
Diversification	R0060	- 5,091,253		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	18,376,107		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	3,476,723
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement excluding capital add-on	R0200	21,852,830
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	21,852,830
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	1,849,220

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050	16,761,342	2,656,584
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120	123,552	1,785,961
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	

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

Overall MCR calculation

		C0070
Linear MCR	R0300	1,849,220
SCR	R0310	21,852,830
MCR cap	R0320	9,833,773
MCR floor	R0330	5,463,207
Combined MCR	R0340	5,463,207
Absolute floor of the MCR	R0350	2,500,000
		C0070
Minimum Capital Requirement	R0400	5,463,207