

Group Solvency and Financial Condition Report

Collinson Holdings Europe Limited



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Executive Summary

The Directors of Collinson Insurance Europe Limited (“CIEL” or “the Company” or “Insurance undertaking”) present the Group Solvency and Financial Condition Report (“SFCR”) for the year ended 30th April 2022. A Single Group SFCR has been prepared further to approval received from the Malta Financial Services Authority (“MFSA”) on 23 September 2019.

Collinson Insurance Europe Limited is the entity responsible for fulfilling the governance requirements at Group level. The Companies falling within the Group are Collinson Holdings Europe Limited (“CHEL” or “the Parent”) as an EEA Insurance Holding Company and CIEL as an Insurance Undertaking. Together, CIEL and CHEL are referred to as “The Group”. The Group falls under Article 213(2)(b) of the Solvency II Directive.

CHEL holds an investment in Collinson Insurance Solutions Europe Limited (“CISEL” or “the insurance intermediary”) as an Insurance Intermediary licenced under the Insurance Distribution Act. The Directors of CIEL have determined that CISEL should be classified as a strategic participation when considering the requirements of Article 335 of the Solvency II Delegated Regulation and EIOPA published Q&A ID 649.

CHEL, as the immediate parent of CIEL, undertakes the role of an intermediary between its subsidiaries and the ultimate beneficiary owner. The Parent does not undertake any additional role or commercial activities. The Parent was incorporated on the 17 December 2018.

As CIEL is responsible for fulfilling the governance requirements, all references to Operations, Compliance and Risk Management, and Internal Audit throughout this document refers to those in place at the insurance undertaking.

This SFCR has been prepared to allow the Parent to comply with the Pillar III reporting requirements under Directive 2009/138/EC and associated Regulations ('the Solvency II Directive'). It refers to the financial period ended 30th April 2022 (“the reference date”).

The Company’s principal activity is that of underwriting general insurance business. The Company was incorporated on 20th December 2018 and was granted a licence in terms of section 7 of the Insurance Business Act, 1998 (Cap. 403 of the Laws of Malta) to write business of insurance within Classes 1, 2, 7, 8, 9, 13, 16, 17 and 18 on 25 February 2019.

All figures represented in this document are in Euro (“EUR”, “€”) unless otherwise noted.

Business and Performance

The current financial period of the Group covers the period from 1 May 2021 to 30 April 2022. The comparative figures cover the period from incorporation on 1 May 2020 to 30 April 2021.

As the Parent did not generate any revenue, it reported a loss of €7,954 (2021: €10,474) for the year ended 30 April 2022 arising from the administrative expenses it incurred.

During the year ended 30 April 2022, the Company reported gross written premiums of €69,045,810 (2021: €24,389,059), of which €45,818,387 (2021: €17,393,385) was ceded out to reinsurers. The Company has recorded consistent growth in the volumes of premiums following the unprecedented turmoil caused by the COVID-19 pandemic. Moreover, new business was underwritten during the 2022 financial year with a particular focus on Dental and Travel schemes. The existing and new business provides a strong balance of diversification to the Company. Total claims incurred net of reinsurance increased to €7,132,766 (2021: €1,303,720). This resulted in a net loss ratio of 41.02% (2021: 31.96%) for the financial year under review. This follows the increase in the premium written. Gross claims outstanding and gross claims incurred but not reported (IBNR) reserves at 30 April 2022 amounted to €7,738,894 (2021: €3,540,776).

After factoring in net operating expenses, including acquisition costs, of €8,945,181 (2021: €1,847,058) and administrative expenses of €925,161 (2021: €625,317), the Company registered a profit before tax of €386,727 (2021: €302,988).

The Group's financial position is satisfactory, and the Directors expect that the present level of activity will continue to grow in the foreseeable future. The shareholders' funds of the Group amounted to €8,995,811 (2021: €7,124,495) and reflects the injection of share capital made during the year and the retained earnings generated during the financial year ended 30 April 2022.

Systems of Governance

The Company maintains a robust system of governance which is commensurate to the nature, scale and complexity of the Company's activities and its risk profile.

The system of governance revolves around the Board, the Underwriting and Claims Committee and the Risk Committee; with some key functions outsourced to external service providers, in line with the Company's Outsourcing Policy.

The mainstay of the system of governance is the risk management system: which is designed to ensure that all the material risks are identified; and that policies and procedures are in place to assess their potential impact and to adequately report them, so that they can be managed or mitigated. The Company recognises the importance of having an effective risk management system embedded throughout all its areas.

The Company's Risk Management System is comprised of the following elements:

- Risk Register
- Risk Appetite Statement ("RAS")
- Formal Policy Documents for all key risks
- Own Risk and Solvency Assessment ("ORSA")
- Formalised Risk Reporting

There has been no significant change to the Systems of Governance of the Company during the year under review.

Risk Profile

The acceptance of risk is fundamental to CIEL and a core element of the overall strategic objectives as an insurance undertaking.

Each of the elements of the Risk Management System listed above contribute to the identification, measurement, monitoring, management and reporting of risks and is intended to work as an integrated system, and therefore each should be considered both in terms of the specific function of the respective element, and in terms of its function within the overall system.

Each element of the system is embedded effectively within the Company and managed by the Risk Management Function with appropriate oversight from the Risk Committee and the Board of Directors of CIEL.

The Company's main risk is in respect of the business of writing insurance as this is the principal activity. The risk under any one insurance contract is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims and actual benefits paid. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Insurance Undertaking manages these risks through an underwriting strategy that is approved by the Board after having considered the Underwriting and Claims Committee's advice.

The contracts issued by the Insurance Undertaking are issued with limits on event or aggregate liability towards the policy holder.

Other risks relate to counterparty default risk in relation to insurance and reinsurance receivables and short-term investments, market risk in relation to liquidity risk and asset-liability management ("ALM"), operational and compliance risks. Covid-19 has posed a significant challenge on the Company and features within the strategic risk radar of the Company as a key risk which is being closely monitored.

The Directors have considered that the Parent and insurance intermediary do not add any material risk to the Group. The Parent is a holding company which carries out no activities. The Parent exposes the group to immaterial counterparty default risk from the minimal cash at bank balance it holds.

Valuation and Capital Management

The Group abides by the Solvency II Directive (2009/138/EC) which ascertains the level of the required regulatory capital on the basis of the risks they undertake, in terms of the Insurance Business Act, 1998 (Chapter 403, Laws of Malta) and the applicable Insurance Rules issued under the Insurance Business Act by the Malta Financial Services Authority. Solvency II outlines how the own funds shall be derived by converting the Statement of Financial Position from an International Financial Reporting Standards (IFRS) perspective to one where assets and liabilities are measured in line with their underlying economic value.

Since the inception of the Company, the Directors of CIEL were actively involved in the implementation of the Solvency II legislation and these are embedded in the Company's operations. Regular monitoring of the Solvency Capital Requirement ("SCR") and Minimum Capital Requirements ("MCR") is considered crucial and a Capital Management Policy is in place to address the procedures and controls in this regard.

In the prior year CIEL was in its infancy and therefore the MCR was in excess of the SCR. In the current year CIEL has written far more premium and the claims have increased and for this reason the SCR is now in excess of the MCR as with the majority of insurance companies. As a result of this the Directors of CIEL monitor solvency through monthly reviews and quarterly reporting of the net asset coverage over both the SCR and MCR.

The Group and Company monitor their capital level on a regular basis. Based on the SCR calculations as at 30 April 2022, the Group complied with the capital and solvency requirements as stipulated in the rules issued by the MFSA and within the Board approved risk appetite. The Group's Solvency position as at 30 April 2022 was as follows:

GROUP		
Solvency Position	2022 EUR	2021 EUR
Group's Own Funds to cover the SCR	8,793,913	7,022,709
Solvency Capital Requirement	4,878,956	3,682,937
SCR Cover	180.24%	190.68%
Group's Own Funds to cover the Minimum Consolidated Group SCR	8,685,318	6,968,166
Minimum Consolidated Group SCR	3,700,000	3,700,000
Minimum Consolidated Group SCR Cover	234.74%	188.33%

Basic SCR	2022 EUR	2021 EUR
Market Risk	336,308	463,457
Counterparty Default Risk	1,226,537	1,035,597
Health UW Risk	2,092,077	1,444,254
Non-Life UW Risk	1,898,092	1,397,532
Diversification Benefit	(1,799,971)	(1,439,145)
	3,753,043	2,901,695

SCR	2022 EUR	2021 EUR
Basic SCR	3,753,043	2,901,695
Operational Risk	1,125,913	781,242
LACDT	-	-
	4,878,956	3,682,937

The SCR of the group has continued to increase for three reasons:

- i. Increase in underwriting risk as a result of:
 - a. Transfer of Dental and Travel business as from 1 September 2021 and January 2022 resulting in high expected earned premium over the next 12 months
 - b. The business written in the current year being earned out

- c. The projected increase in premium in future years as a result of growth of the current business and as per the projected new business within the capital plan as included in the 2022 ORSA.
- ii. Counterparty default risk has increased due to the increase in the reinsurance coverage within the majority of business now being ceded out at 80%.
- iii. With the increase in premium written there is an equivalent increase in claims which has increased the reserve risk to the business.

The Own Funds available to cover the SCR and MCR has also been impacted by the injection of share capital made during the year and from the financial results of the year as explained in the Business and Performance section.

Based on management calculations, the Company expects to continue meeting the Solvency II capitalisation requirements and remain within the Board approved risk appetite going forward.

The Board of CIEL approved the latest Own Risk and Solvency Assessment (“ORSA”) in July 2022 and was confident that the Group shall remain solvent under normal business conditions during the planning period.

The Board of CIEL also carried out several stresses to the realistic assessment and was satisfied that the Group shall remain solvent during the planning period.

Section A: Business and Performance

Section A: Business and Performance

A.1 Business and External Environment

Basic Information

<i>Name of undertaking:</i>	Collinson Holdings Europe Limited
<i>Company number:</i>	C89896
<i>Legal status:</i>	CHEL acts as an investment company by holding shares in a subsidiary company.
	CIEL is a Company authorised by the MFSA to carry on the business of insurance and reinsurance in accordance with Insurance Business Act (Cap 403 of the laws of Malta).
<i>Directors of CHEL:</i>	Paul Escott Lawrence David Watts
<i>Directors of CIEL:</i>	Susan Elizabeth Hayward Joseph Mary Rizzo Anne Marie Tabone Elizabeth Carbonaro Richard Clarke Sebastian Matthias Kittel Lawrence David Watts Paul Escott
<i>Name of supervisory authority:</i>	<i>Malta Financial Services Authority</i>
<i>Contact details:</i>	Ray Schembri Insurance and Pensions Supervision Unit Malta Financial Services Authority, Triq I-Imdina, Zone 1 Central Business District, Birkirkara, CBD 1010, Malta Tel: +356 2144 1155 www.mfsa.com.mt
<i>Name of external auditors:</i>	<i>Ernst & Young Malta Ltd</i>
<i>Contact details:</i>	Shawn Falzon Ernst & Young Malta Ltd Regional Business Center, Achille Ferris Street, Msida MSD1751, Malta Tel: +35621342134 http://www.ey.com/

Business Objectives

CIEL is a specialist insurer focusing on Travel, International Private Medical Insurance (IPMI), Dental, as well as specialist and ancillary personal lines insurance products distributed via affinity brands. CIEL aspires to be the best in understanding customers and growing our clients' revenue and engagement with unique customer propositions, through an agile and nimble culture and leading-edge customer insight. These products are managed via three lines of business within CIEL, being Travel, Accident & Health and Multi-lines.

During FY22, significant further progress has been made on the completion of the final stages of consolidation, simplification and modernisation of the insurance operation on which CIEL relies. To support future growth, CIEL undertook a strategic review of its reinsurance partner relationships and implemented a new arrangement to support the business plan in FY22.

During FY22, the business has added significant further scale due to a combination of organic growth, through the onboarding of travel and dental insurance schemes previously written in our MGA business. The growth has coincided with planned overall travel recovery, as well as new growth, driven through a material new Travel affinity partner win during FY22. The business is now in a position to grow efficiently as a result of previous investments in digitalising and automating the travel insurance customer journey. This continues to offer our customers choice of channel throughout their claims journey and empowering our claims staff to reduce the end-to-end cycle time which lowers cost and increases customer satisfaction.

CIEL's insurance product offering is entirely consistent with Collinson's wider travel ecosystem strategy. It focuses not only on developing insurance products and services to meet the needs of customers, providing valuable protection and assistance products and services, but also on building long term relationships with clients to maximise the brand experience of their customers.

Growth delivered along with a focus on containing costs and good underwriting disciplines has resulted in improved financial performance. The portfolio is projected to continue to grow as a result of increased new business such as the onboarding of Easyjet and through existing affinity partner relationships and travel recovery, as we;

- Continue to seek new Travel affinity partners.
- Continue to seek new clients that fit our appetite across specialist and ancillary personal lines insurance products.
- Continue to grow our international private medical insurance and dental relationships through our long term strategic distribution partnerships.

Authorised Lines of Business

CIEL, is authorised to carry on business of insurance in the following classes:

General business – insurance and reinsurance

<ul style="list-style-type: none">• Class 1: Accident• Class 2: Sickness• Class 7: Goods In Transit• Class 8: Fire and Natural Forces• Class 9: Other Damage to Property	<ul style="list-style-type: none">• Class 13: General Liability• Class 16: Miscellaneous Financial Loss• Class 17: Legal expenses• Class 18: Assistance
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Business Written

CIEL writes personal lines insurance in the International Health, Travel, Motor Ancillary, Personal Accident and Dental sectors.

The Solvency II Lines of Business written by the CIEL are Medical Expense Insurance and Assistance.

CISEL acts as an insurance intermediary with CIEL on part of the above-mentioned portfolio of business. CISEL continued to act as an intermediary to Great Lakes Insurance SE on travel insurance and dental insurance until September 2021 when those books of business were onboarded into CIEL.

Regulatory and Legal Issues and Market Developments

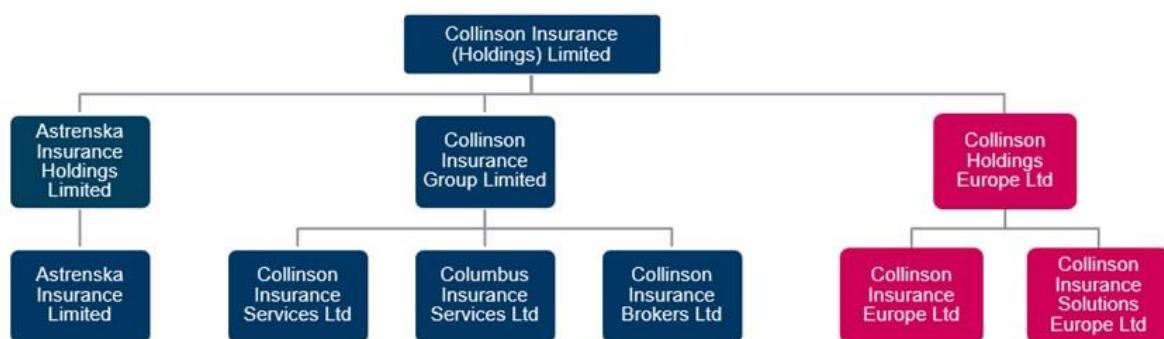
CIEL and CISEL have successfully migrated existing Collinson clients from their UK business to Malta in response to Brexit. There are no significant legal or regulatory issues that will affect the Group negatively in 2022-2023.

Ownership Structure

CIEL and CISEL are 100% owned by Collinson Holdings Europe Limited. CHEL sits within the Insurance Division of The Collinson Group Limited as a direct subsidiary of Collinson Insurance Holdings Limited (CIHL).

The ultimate holding company of CIHL is Parminder Limited, a company incorporated in the Isle of Man. The ultimate controlling parties identified by Parminder Limited are the Trustees of the Colin Evans 1987 Settlement.

The Structure of the Group is shown below:



Material Transactions with Shareholders and Members of the Board of Directors

Trading transactions with related parties and year end balances arising from these transactions are disclosed in Note 23 to the Audited Financial Statements of CIEL and Note 21 of CISEL.

Significant events in the reporting period

Covid-19 pandemic

During the financial year, management have continued to monitor the impact that the Covid-19 pandemic has on the Company, the insurance industry and the economics in the which the Company operates. The Board has been kept fully apprised of Covid-19 developments throughout from both a financial and operational standpoint and frequent dialogue has been maintained to ensure oversight of the Company's approach. The Company continues to be well positioned to manage any impacts from Covid-19.

Russia- Ukraine geopolitical conflict

On February 24, 2022, Russia invaded Ukraine, triggering a war and worldwide geopolitical tensions. Political events and sanctions are continually changing and differ across the globe. There is currently no indication that there will be a significant impact on the Company's financial performance, financial position and cash flows. The situation continues to be closely monitored by management to ensure that the interests of all its stakeholders are safeguarded.

Any other matters

There is no other information to be submitted.

A.2 Objectives and Strategies

The business objectives have been laid out under Section A.1.

As part of the ongoing ORSA process, The Board agreed to have a 3-year planning period for the Group being 2023 as the short term, 2024 and 2025 in the medium term. The Board is of the opinion that forecasting further than 2025 is difficult due to uncertainty resulting from the market conditions. Notwithstanding this uncertainty, the Board is satisfied with the action plan in place as a result of Covid-19 and its ability to remain a going concern.

A.3 Underwriting Performance

Overall Performance for Financial Period ended 30th April 2022

As the Parent did not generate any revenue, it reported a loss of €7,954 (2021: €10,474) for the year ended 30 April 2022 arising from the administrative expenses it incurred.

During the year ended 30 April 2022, the Company reported gross written premiums of €69,045,810 (2021: €24,389,059), of which €45,818,387 (2021: €17,393,385) was ceded out to reinsurers. The Company has recorded consistent growth in the volumes of premiums following the unprecedented turmoil caused by the COVID-19 pandemic. Moreover, new business was underwritten during the 2022 financial year with a particular focus on Dental and Travel schemes. The existing and new business provides a strong balance of diversification to the Company.

Total claims incurred net of reinsurance increased to €7,132,766 (2021: €1,303,720). This resulted in a net loss ratio of 41.02% (2021: 31.96%) for the financial year under review. This follows the increase in the premium written. Gross claims outstanding and gross claims incurred but not reported (IBNR) reserves at 30 April 2022 amounted to €7,738,894 (2021: €3,540,776).

After factoring in net operating expenses, including acquisition costs, of €8,945,181 (2021: €1,847,058) and administrative expenses of €925,161 (2021: €625,317), the Company registered a profit before tax of €386,727 (2021: €302,988).

The Group's financial position is satisfactory, and the Directors expect that the present level of activity will continue to grow in the foreseeable future. The shareholders' funds of the Group amounted to €8,995,811 (2021: €7,124,495) and reflects the injection of share capital made during the year and the retained earnings generated during the financial year ended 30 April 2022.

The Group maintains a system of governance which is commensurate to the nature, scale and complexity of the Group's operation. The mainstay of the system of governance is the risk management system, which is designed to ensure that all the material risks are identified, managed and mitigated.

The principal risks from the general insurance business arise from; fluctuations in the timing, frequency and severity of claims compared to our expectations; inadequate reinsurance protection; and inadequate reserving.

CIEL manages these risks through an underwriting and reserving policy that is approved by the Board of Directors after having considered the Underwriting Committee's advice.

The table overleaf shows an extract from the Annual Reporting Templates ("ARTs") detailing the underwriting performance by line of business for the last 12 months:

Non-life	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)		Total
	Medical expense insurance	Assistance	
Premiums written			
<i>Gross - Direct Business</i>	41,593,418	27,452,392	69,045,810
<i>Reinsurers' share</i>	30,322,973	15,495,414	45,818,387
<i>Net</i>	11,270,445	11,956,978	23,227,423
Premiums earned			
<i>Gross - Direct Business</i>	30,533,139	12,218,535	42,751,674
<i>Reinsurers' share</i>	20,684,705	4,677,134	25,361,839
<i>Net</i>	9,848,434	7,541,401	17,389,835
Claims incurred			
<i>Gross - Direct Business</i>	12,845,346	5,009,545	17,854,891
<i>Reinsurers' share</i>	8,841,584	1,880,541	10,722,125
<i>Net</i>	4,003,762	3,129,004	7,132,766
Expenses incurred	3,054,584	3,809,913	6,864,497
Acquisition expenses			
<i>Gross - Direct Business</i>	9,477,453	6,322,616	15,800,069
<i>Gross - Proportional reinsurance accepted</i>	0.00	0.00	0.00
<i>Gross - Non-proportional reinsurance accepted</i>			0.00
<i>Reinsurers' share</i>	6,422,869	2,512,703	8,935,572
<i>Net</i>	3,054,584	3,809,913	6,864,497
Other expenses			2,080,684
Total expenses			8,945,181

The following table shows an extract from the ARTs detailing the underwriting performance by top 5 geographical areas for the last 12 months:

	Home Country	IE	NO	DE	IT	ES	
Premiums written							
Gross - Direct Business	31,330	50,614,701	4,225,852	1,394,027	6,513,678	1,329,871	64,109,459
Reinsurers' share	12,289	36,765,607	3,956,675	546,803	1,736,238	533,568	43,551,180
Net	19,041	13,849,094	269,177	847,224	4,777,440	796,303	20,558,279
Premiums earned							
Gross - Direct Business	20,615	28,898,550	4,031,269	917,258	4,895,883	851,699	39,615,274
Reinsurers' share	5,814	18,663,238	3,965,429	258,683	1,232,620	259,445	24,385,229
Net	14,801	10,235,312	65,840	658,575	3,663,263	592,254	15,230,045
Claims incurred							
Gross - Direct Business	7,870	12,278,872	2,042,280	350,182	1,502,426	351,213	16,532,843
Reinsurers' share	1,904	7,984,499	2,011,865	84,731	234,259	84,981	10,402,239
Net	5,966	4,294,373	30,415	265,451	1,268,167	266,232	6,130,604
Expenses incurred	4,259	6,880,639	574,469	189,506	885,479	180,785	8,715,137
Other expenses							-
Total expenses							8,715,137

Business written in other territories is immaterial and represents less than 0.1% of total Gross Premium Written.

Underwriting Expenses

Information on the underwriting expenses of the Company can be found in Note 7 to the Audited Financial Statements of CIEL.

Group Transactions

Trading transactions with related parties and year end balances arising from these transactions are disclosed in Note 23 to the Audited Financial Statements of CIEL.

A.4 Investment Performance

The Company's strategy is to hold its assets in A-rated bank counterparties in the form of cash at bank or term deposits. At year end, all investments were held in cash at bank and did not generate any investment income.

A.5 Performance of other activities

There were no other activities which the Company has to report on.

A.6 Events after the reporting period

There were no important events or transaction which took place after the financial reporting date which would require disclosure of adjustment to the financial statements.

A.7 Any other information

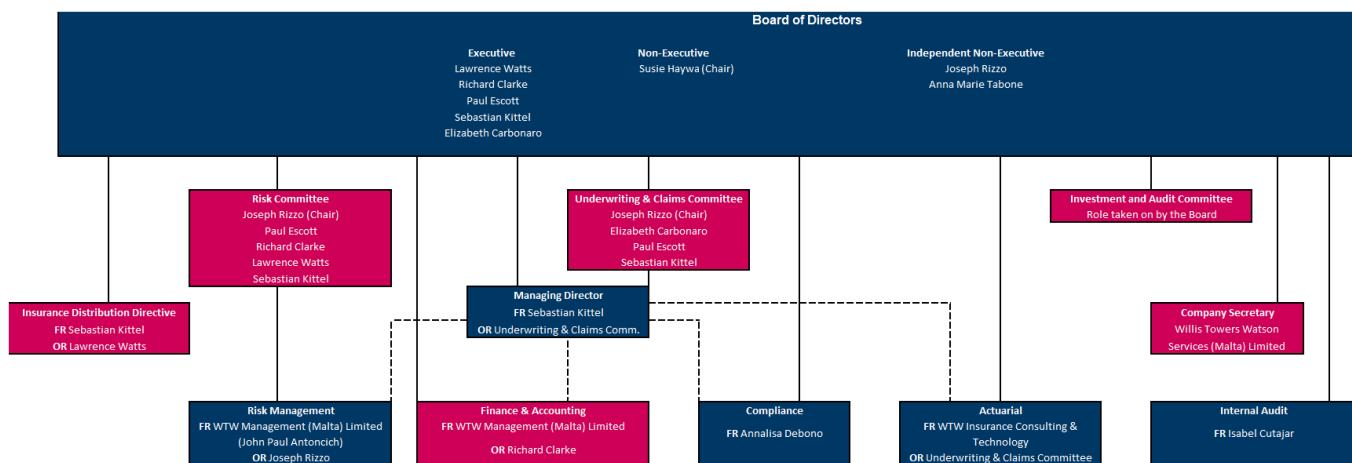
There is no other information to be disclosed under this section.

Section B: System of Governance

Section B: System of Governance

B.1 General Information on the System of Governance

The Organisational Structure of CIEL as at 30 April 2022 is as follows:



Board of Directors

The composition of the Board of the Company as at 30 April 2022 has been laid out in Section A.1 to this document.

The following describes the Board of Directors of CIEL. The Executive Directors make up the Management body.

Board of Directors Terms of Reference

The Board of Directors is the body of appointed members who will jointly oversee the activities of the Company.

The Board shall exercise its delegated authority as determined by the Memorandum and Articles of Association of CIEL and any other applicable legislation. The Board answers directly to the Shareholders of CIEL.

The Board of Directors of CIEL as at 30 April 2022 comprised as follows:

Name	Position	Date of Appointment
Susan Elizabeth Hayward	Non-Executive Chairman	21 January 2022
Richard Clarke	Executive Director	24 August 2021
Lawrence David Watts	Executive Director	29 April 2020
Paul Escott	Executive Director	20 December 2018
Elizabeth Carbonaro	Executive Director	20 December 2018
Sebastian Matthias Kittel	Executive Director	29 March 2021
Joseph Mary Rizzo	Independent Non-Executive Director	20 December 2018
Anne Marie Tabone	Independent Non-Executive Director	20 December 2018

The Board of CIEL shall be of sufficient size and expertise to oversee adequately the operations of CIEL. The composition of the Board has been designed to ensure:

- that it can adequately discharge its responsibilities and duties
- that it has a proper understanding of, and competencies to deal with, the current and emerging issues of the business
- that it can effectively review and assess the performance of outsourced arrangements.

There shall be a minimum of four Directors and a maximum of ten and CIEL by ordinary resolution may from time to time increase or reduce the maximum or increase the minimum.

The Board of Directors will be made up of a mix of individuals who have the necessary skills and expertise in the following areas:

- **Market knowledge** - the awareness and understanding of the wider business, economic and market environment in which the undertaking operates and the knowledge and needs of policyholders;
- **Business strategy and Business model** - an appropriately detailed understanding of the undertaking's business strategy and model;
- **System of governance** - this includes risk management and control, which means the awareness and understanding of the risks the undertaking is facing and the capability of managing them. Furthermore, the ability to assess the effectiveness of the undertaking's arrangements to deliver effective governance, oversight and controls in the business and, if necessary, oversee changes in these areas;
- **Financial and actuarial analysis** - the ability to interpret the undertaking's financial and actuarial information, identify key issues, put in place appropriate controls and take necessary measures based on this information;
- **Regulatory framework and requirements** - awareness and understanding of the regulatory framework in which the undertaking operates, and the regulatory requirements and expectations relevant to it and the capacity to adapt to changes which stem from the regulatory framework without delay.

The Board of Directors is made up of a mix of Executive Directors, Non-Executive Directors and Independent Non-Executive Directors.

Roles and Responsibilities of the Board

- Provide entrepreneurial leadership of CIEL within a framework of prudent and effective controls which enable risk to be assessed and managed.
- Set CIEL's strategic aims, ensure that the necessary financial resources are in place for the Company to meet its objectives.
- Set CIEL's values and standards and ensure that its obligations to its shareholders and others are understood and met.
- Comply with the Memorandum and Articles of Association of the Company.
- Comply with requirements set out in the Maltese Companies Act and Maltese Insurance Business Act (Cap 403) and comply with the General Good Requirements for all classes of business in each country within which CIEL is operating.
- Assume responsibility for the day-to-day conduct of CIEL's business. Clearly and appropriately apportion significant responsibilities to the Insurance Manager and other third-party providers.
- Oversee the establishment and maintenance of robust and clearly documented systems and controls in accordance with applicable regulations.
- Review and approve business submitted by the Underwriting and Claims Committee.
- Oversee the process of outsourcing, and monitor the discharge of the Compliance, Risk Management, Internal Audit and Actuarial functions.

Meetings of the Board

Meetings

1. Meetings of the Board will be no less than four times annually but will be held as frequently as considered appropriate.
2. All meetings of the BoD and any general meeting of the members of the Company shall be held in Malta unless otherwise resolved by the Directors of the Company.
3. A person is entitled to participate at a meeting of the Board or at any General Meeting by means of a telephone link provided the other members or Directors agree to such participation by telephone. The Chairman of the meeting, in such cases, shall sign on behalf of the person participating by telephone and shall record the fact that all persons present at the meeting have agreed to such telephone participation.
4. The chairman or any member of the Board may call meetings of the Board.
5. A minimum of seven days' notice in writing shall be provided to all Directors of a Board meeting. However, CIEL recognises that from time-to-time Board meetings may need to be called at short notice. If a Board meeting is called at short notice all Directors must be contacted in writing or by telephone advising them of the meeting and the proposed agenda. Prior approval for the meeting to take place must be obtained from all Directors notwithstanding that a director may not be able to attend a meeting called at short notice. Such approval must be documented in the meeting minutes.

6. Board packs shall be received at least a week before the Board Meeting. Additional documents requiring approval such as policies, agreements etc shall be received outside the Board packs (in accordance with the deadline agreed by the Directors)

Quorum

The quorum for decisions of the Board shall be two members, one of whom shall be an executive director and the other a Maltese resident director.

Attendance

1. The Chairman (if any) shall preside on each board meeting held.
2. A member of the Board shall be entitled to appoint an alternate in his stead.
3. The chairman, at his/her discretion, may invite other executives to attend and be heard at meetings of the Board.

Decisions/noting

1. The Directors may meet together for the dispatch of business, adjourn or otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a 4/5th majority of votes.
2. No advisers shall be entitled to vote at meetings of the Board.
3. In the case of round robin approvals, a resolution in writing, including through the medium of electronic facsimile, approved by all members, shall be as valid and effectual as if it had been passed at a Board meeting duly called and constituted.
4. Such a round robin approval shall be tabled at the next meeting for noting.

Minutes

1. Detailed minutes of all Board meetings shall be prepared with all decisions, discussions and points for further actions being documented. Abstentions or negative votes shall be documented in terms acceptable to the abstaining or dissenting person or negative voter. The minutes of meetings shall provide sufficient detail to evidence appropriate Board attention, the substance of discussions and their outcome and shall be agreed at the subsequent Board meeting. Minutes shall also document the attendance or non- attendance of members of the Board.
2. Minutes of all Board meetings are taken by the Company Secretary and are circulated to all Directors for review in a reasonable timeframe after each meeting.
3. The final draft of the Board minutes of a meeting will be presented to the Board for approval at the next Board meeting. If approved the minutes are signed by the Chairman of the Meeting and kept at the Company's registered address.

Board effectiveness

The Board reviews its effectiveness annually. Each Director completes a Board Effectiveness Questionnaire and submits it to the Compliance Officer who collates the results and presents at the next Board Meeting.

This was last conducted in January 2022.

Fit & probity analysis

The Board of Directors is subject to the annual fit and proper analysis. The purpose of such analysis is to ensure that the Board Members remain fit and proper with respect to their roles. Each Director completes a questionnaire and submit to the Compliance Officer who collates the results and report them at the next Board meeting for discussion. This questionnaire is also applicable to the key functions. This analysis was last conducted in January 2022.

Audits

In accordance with Chapter 6 of the Insurance Rules issued by the Authority, as CIEL falls within the definition of a “small and medium size enterprise”, the function assigned to the Audit Committee are performed by the Board of Directors as a whole. The composition of the Board satisfies all criteria necessary when the Board takes on such role.

The Board shall ensure that there is a direct and regular interaction between the Directors and

1. the external auditors. It shall be ensured that:

- as part of the internal audit plan, Key Audit Matters are discussed in the meeting of the Board held in the fourth quarter of the Company's financial year;
- an interim update is provided to the Directors;
- final audit results are presented and discussed together with the annual audited accounts at the respective meeting of the Board.

2. the Internal Audit Function. This shall take place during meetings of the Board and it shall be ensured that:

- Internal Audit shall inform the Board at every meeting in writing about all internal audit activities;
- Internal Audit shall also report internal audit topics arising from global internal audits performed at the level of the Group in case such internal audit topics are of relevance for the Company;
- Information on Remuneration Policies and Practices

All Directors are expected at least to attend one Board meeting in Malta and to keep themselves current on Regulatory requirements (Solvency II, AML, CFT, Data Protection, etc.) and insurance issues.

Information on Remuneration Policies and Practice

The following principles are applied to remuneration within the Company:

- Senior members of staff covered by this policy will be remunerated in a manner which supports the aims of Regulatory requirements.
- Targets and measures will be set which support customer-centric behaviours.
- Senior staff will be remunerated against a balanced set of criteria
- No changes to remuneration will be made without oversight by members of the Board or a Committee with an appropriate level of independence

The Independent Non-Executive Directors have no past or present employment with the ultimate shareholder. They have been selected for their knowledge and applicable regulations in Malta.

It is recognised that the INEDs may have other engagements with other companies. The contract between CIEL and its appointed INEDs states that any potential “conflict of interest” be declared. Conflicts are declared at every Board meeting.

INEDs are bound by confidentiality clauses in their personal contracts which continue beyond the end of the contract.

Following the re-appointment of the INEDs during 2022, there has been no change to the Remuneration Policies and Practice.

Underwriting and Claims Committee

The Underwriting and Claims Committee of CIEL as at 30 April 2022 comprised as follows:

Name	Position	Date of Appointment
Mr Joseph Mary Rizzo	Chairman	December 2018
Mr Paul Escott	Member	December 2018
Ms Elizabeth Carbonaro	Member	December 2018
Mr Sebastian Mattias Kittel	Member	March 2021

Underwriting and Claims Committee Terms of Reference

The Underwriting and Claims Committee ("the Committee") is a Committee of the Board of Directors ("the Board") and is answerable to the Board.

The Committee shall exercise its delegated authority as determined by the Board, subject to the Memorandum and Articles of Association of the Company and any other applicable legislation.

Composition of the Committee

The Committee shall comprise Board members and advisers and shall not be composed by less than 4 Members.

The Members of the Committee shall be appointed by the Board and shall include no less than one Member of the Board. The Board shall appoint a Chairman from the Members of the Committee.

The Managers shall be appointed Committee Secretary and shall attend all meetings of the Committee.

The Board shall have the power at any time to add or remove any members from the Committee, and to fill any vacancies created by such removal.

The majority of the Members of the Committee shall be familiar with insurance terms and risk management.

The Board may appoint an external expert to the Committee.

The Chairman of the Committee, shall:

- provide assistance to the Committee Secretary in drawing up meeting agenda and preparing the necessary meeting documentation; and
- peruse the minutes of meetings prior to circulation to Members for comment.

Roles and Responsibilities of the Committee

To assist the Board in discharging its responsibilities the Committee shall attend to the following:

Underwriting

- Determine and implement on behalf of the Company suitable premium and contract terms in respect of the Risks underwritten by the Company brought to it by its' intermediaries network and refer to the Board accordingly
- Review the retained risk, capital adequacy and solvency of the Company
- Review contract wordings
- Identify and assess potential new underwriting opportunities
- Determine and review on an annual basis the Reinsurance Strategy of the Company
- Review Security Ratings of Reinsurers
- Review of agreements with brokers, Reinsurers and other Insurance Advisers
- Provision of advice to the Board.
- Review the underwriting results of each portfolio on a quarterly basis.
- Review the POG process at Group level and UPGC decisions and product information in relation to CIEL products.
- Determine and review, where required the claims policy and practices of the Undertaking and any such activities outsourced.

Claims

- Determine and annually review the claims reserving policy of the Company
- Determine and annually review the Company's claims protocol/communications strategy
- Review of major claims incurred, and appropriateness of reserves held

Actuarial

- Exercise oversight of the Actuarial Function
- Review the quarterly reporting done by the Actuarial Function including the SCR calculations
- Review the annual Actuarial Function Holder Report, including the Underwriting Opinion and Reinsurance Opinion and present updates and recommendations on action to the Board.

Delegation of Authority

- In exercising its delegated authority, the Committee shall ensure that its decisions and recommendations support and promote the safeguarding of the Company's assets, the operation of adequate systems and control processes.
- These terms of reference may from time to time be amended as required, subject to the approval of the Board.

Meetings of the Underwriting Committee

Meetings

Meetings of the Committee will be no less than four times annually but will be held as frequently as considered appropriate.

The Meetings of the Committee may be held in person in Malta or other form of long-distance conference facility as circumstances might require, provided that the required quorum is met.

The Chairman or any Member of the Committee may call Meetings of the Committee.

Reasonable notice of Meetings and the business to be conducted shall be given to the Members and officials.

Committee packs shall be received at least a week before the Board Meeting. Additional documents requiring approval such as agreements etc shall be received outside the Committee packs (in accordance with the deadline agreed by the Committee Members).

Quorum

The quorum for decisions of the Committee shall be two Members.

Attendance

If the Chairman of the Committee is absent from a Meeting, any other Member of the Committee may act as Chairman for that meeting, as agreed by those present.

The Chairman, at his/her discretion, may invite other Executives to attend and be heard at Meetings of the Committee.

Decisions/noting

A decision carried by the majority of Members present at a Meeting, voting in favour of a decision shall be a decision of the Committee. In the case of an equality of votes, the Chairman shall have a second or casting vote.

No advisers shall be entitled to vote at meetings of the Committee.

The Chairman may, at his/her discretion, refer any matter to the Board for a decision.

In the case of round robin approvals, a resolution in writing, including through the medium of electronic facsimile, approved by a majority of the Members, being not less than are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a Committee meeting duly called and constituted. In the event that such approval is not unanimous, the resolution shall be valid and effectual without the need to call a Board Meeting.

Such a round robin approval shall be tabled at the next Meeting for noting.

Minutes

The Minutes of all Meetings of the Committee, or summaries thereof, shall be submitted to the Board.

Minutes of Meetings shall be taken by the Committee Secretary (the Managers) and shall be reviewed and approved by the Members of the Committee for signature of the Chairman of the Committee.

Reporting

The Chairman of the Committee or his representative (a Board Member) shall report back to the Board on matters discussed and decisions taken, which fall within the ambit of the Committee.

The agenda for each such Board Meeting shall provide an opportunity for the Chairman of the Committee to report orally on any matter of importance discussed at the Committee Meeting.

Risk Committee

The Risk Committee of CIEL as at 30 April 2022 comprised as follows:

Name	Position	Date of Appointment
Mr Joseph Mary Rizzo	Chairman	December 2021
Mr Paul Escott	Member	December 2021
Mr Lawrence Watts	Member	December 2021
Mr Sebastian Mattias Kittel	Member	December 2021
Mr Richard Clarke	Member	December 2021

Risk Committee Terms of Reference

The Risk Committee ("the Committee") is a Committee of the Board of Directors ("the Board") and is answerable to the Board.

The Committee shall exercise its delegated authority as determined by the Board, subject to the Memorandum and Articles of Association of the Company and any other applicable legislation.

Composition of the Committee

The Committee shall comprise Board members and advisers and shall not be composed by less than 5 Members.

Only Committee members have the right to attend Committee meetings. Other attendees shall be invited at the invitation of the Members.

The meetings of the Committee may be held in person in Malta or other form of long-distance conference facility as circumstances might require, provided that the required quorum is met.

The Committee will consider the mix of skills, experience and diversity in selecting membership ensuring members have sufficient industry knowledge skills and experience.

The Committee will be comprised Executive and Non-Executive Directors.

The Chairman will be appointed by the Board of Directors and must be an Independent Non-Executive Director.

Willis Towers Watson Services (Malta) Limited shall be appointed Committee Secretary and shall attend all meetings of the Committee.

Purpose

The Committee is responsible for assisting the Board in its oversight of risk, agreeing the company's appetite for risk and reviewing the effectiveness of the risk management framework and compliance with regulatory obligations.

Providing oversight and advice to the Board in relation to capital management ensuring sufficient capital is available to meet current and future requirements in an efficient manner consistent with Board approved Risk Appetite.

The Committee may adopt such policies, rules, recommendations and actions as it deems advisable and are consistent with its responsibilities as set out in the relevant Company legislation and applicable Regulation.

Roles and Responsibilities of the Committee

To assist the Board in discharging its responsibilities the Committee shall attend to the following:

Risk Management Framework

- To review and recommend to the Board for approval the Risk Management Strategy and the Risk Management Framework.
- Review and monitor the effectiveness of the Risk Management Framework and Risk Management Function to ensure all material risks have been identified and assessed.
- Develop and maintain a clearly defined risk management strategy consistent with the overall business strategy that sets Risk Appetite and tolerance.
- Review and monitor key risks including effectiveness of controls and action plans.
- To receive “deep dives” relating to key areas of risk to monitor effectiveness of controls and recommendations and plans including additional resource requirements.
- Review and monitor emerging risks and horizon scanning.
- To approve risk management related policies.

Risk Appetite and Limits

- To review and recommend to the Board for approval the Risk Appetite Framework and the Risk Appetite Statement including related limits and triggers that comprise their Board Risk Measures;
- To receive regular reports on the RAG status of risk metrics within the Risk Appetite Statement;
- To oversee management's implementation of the Risk Management Framework and the embedding of risk appetite and culture within the Insurer, including management's response to breaches of risk appetite (as defined in the Risk Appetite Statement and Framework).

Actuarial

- Exercise oversight of the Actuarial Function
- Review the quarterly reporting done by the Actuarial Function including the SCR calculations
- Review the annual Actuarial Function Holder Report, including the Underwriting Opinion and Reinsurance Opinion and present updates and recommendations on action to the Board.

Prudential Risk Management

- Receive quarterly analysis of current and future capital requirements and funds available to cover these requirements in line with risk appetite metrics e.g. return on capital employed (ROCE) and capital intensity ratios.
- To consider the methodology and processes used to determine the economic and capital requirements including forward looking requirements, ensuring the correct assumptions and potential impact of risks have been taken into consideration in determining capital requirements
- Review adherence with risk appetites for investments and concentration limits for counterparties; aged debt and underwriting risk to maximise regulatory capital efficiency
- To receive reports to explain the rationale for stress and scenario testing undertaken, including the impact of crystallisation of identified risks and threats. To consider the level of risk mitigation in place.
- Review and recommend to the Board for approval the company's Own Risk and Solvency Assessments including Own Funds requirements and stress and scenario tests.;
- Review and recommend to the Board for approval the Insurer Recovery Plan (RP) in line with regulatory expectations
- To consider and recommend to the Board for approval material regulatory submissions and returns following Executive review.

Risk Operating Model

- To review the operating model, adequacy and effectiveness of resource within the Risk Management function, its access to information and its independence from Executive management.

Models

- *The Committee will review the processes that control and validate the use of models.*

Meetings of the Risk Committee

Quorum

Three members, including at least one Independent Non-Executive Director.

Frequency

At least four times a year and as required.

Key and Critical Functions

CIEL complies with the requirements under Solvency II and the Fitness & Probity Standards to ensure that Key Functions are held by persons with the appropriate knowledge, experience and competence. The insurance undertaking has in place four Key Functions, being the Risk Management, Compliance, Actuarial and Internal Audit Functions. The Risk Management and Actuarial Key Functions are outsourced by CIEL.

The Company has also classified its Underwriting and Claims function as a critical function.

Risk Management Function

The Risk Management Function is outsourced to Willis Towers Watson Management (Malta) Limited, with Mr Joseph Mary Rizzo acting as Board oversight.

Risk management lies at the heart of CIEL's business activities. The adopted risk appetite reflects the articulated risk profile set by the Board through its risk-return profiling of the identified key risks.

The Board is assisted by Willis Towers Watson Management (Malta) Limited being the outsourced service provider of this Function in setting risk management strategy, in developing a risk management framework of the Company's risk appetite, limits and tolerances, in establishing internal risk management structures, and in ensuring that the necessary resources are available and dedicated to achieving the risk management objectives.

Furthermore, Willis Towers Watson Management (Malta) Limited also assists the Board and other functions in assessing and defining the risks existing in specific risk areas and from those assessments developing written risk management policies and procedures to manage those risks. It also assists the Board in assessing the Company's capacity to absorb risk with due regard to the nature, probability, duration, correlation and potential severity of risks, including looking at risks from different perspectives, such as by territory or by line of business. It also seeks to identify and assess emerging risks and advise the Board thereon.

The Risk Management function assists the Board in determining the acceptable risk limits for each risk type that are determined to facilitate control mechanisms to ensure that limits and procedures are adhered to, and that the Company is operating within the risk appetite parameters set by the Board.

As CIEL operates in a dynamic business environment, the Risk Management function provides a system to the Company to changes in the environment in which it operates and to modify the Risk Management system as necessary.

The Board is further assisted by Willis Towers Watson Management (Malta) Limited in performing the Own Risk and Solvency Assessment.

Compliance Function

The Compliance Function is an independent function giving guidance and coordinating the efforts and activities of CIEL as they relate to regulatory compliance. The Compliance function seeks to foster a culture of compliance; to facilitate compliance and to provide a quality assurance role to the Board as to the state of affairs of its businesses in relation to regulatory compliance.

The Compliance Function is carried out by Dr Annalisa Debono. Dr Annalisa Debono is the approved Compliance Officer, who is responsible for:

- Establishing a Compliance Policy and set out its planned activities, reviews and monitoring in a Compliance Plan, which is submitted annually to the Board for review and approval;
- Facilitating reasonable access by the Company, its auditors and Regulator to information held by the Compliance Function in connection with the provision of the Services;
- Liaising with the Regulator in relation to changes in existing regulations and guidelines;
- Provide reasonable assurance that the business and its Tied Insurance Intermediaries are aware of and comply with the relevant law, rules, regulations and standards;
- Submitting relevant regulatory returns to the Regulator and observe all reporting requirements imposed upon the Company by Regulator;
- Facilitates communication with the Malta Financial Services Authority on any other relevant topic;
- Providing to new Directors and officers, who are to undertake controlled functions requiring regulatory approval, appropriate documentation for submission to the Regulator, assisting with completion, submission and response to follow-up enquiries in relation to the authorisation process, and submitting the appropriate filing upon the termination of a Director or officers' appointment.

Actuarial Function

The Board has ensured that an appropriately resourced Actuarial Function is established and maintained within CIEL. CIEL's Actuarial Function is currently outsourced to Willis Towers Watson – Insurance Consulting and Technology with the Underwriting and Claims Committee acting as Board oversight.

Further information on the Actuarial Function is provided in Section B.6.

Internal Audit Function

The Board has ensured that an appropriately resourced Internal Audit Function is established and maintained within CIEL. The Internal Audit function holder is Ms Isabel Cutajar. The Internal Audit mission is an independent, objective assurance and consulting activity which adds value to and improves CIEL's operations. It helps CIEL accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal Audit activity evaluates the management and governance oversight covering key risks and the design and operating effectiveness of key controls. The output of each internal audit engagement is an audit report covering the overall audit opinion, key observations covering control failing or identified weaknesses and their potential impact, and the actions and timings which management have agreed to remediate.

The Internal Audit Function provides a formal report to the Board at every Board Meeting, typically quarterly.

Further information on the Internal Audit Function is provided in Section B.5.

Underwriting and Claims Key Function

The Company has defined Underwriting and Claims as a key function. The person responsible for this is the Managing Director, Mr. Sebastian Kittel, with oversight by the Underwriting and Claims Committee.

The role will cover the following areas of activity.

Underwriting

The Underwriting key function is closely aligned to CIEL's Underwriting Strategy and Reinsurance Strategy

- Assist in collating information and presenting to the Board and Underwriting Committees including:
- Annual underwriting deal reviews,
- Quarterly results reviews,
- Review of Reinsurance, XOL and Quota Share arrangements where required
- Underwriting decisions, including review and analysis of QA.

Claims

- Review and sign off on claims and assistance cases over an agreed limit
- CIEL delegates authority for smaller claims to the insurance operations teams to the insurance intermediaries. These intermediaries have an authority structure as standard practice where agents have to refer larger claims to QA managers and the QA managers refer their larger cases to CIEL Managing Director.
- CIEL also has schemes where claims handling is outsourced to a TPA up to certain limits. Claims above these limits will also refer to the CIEL Managing Director.
- Given the diversity of average claim sizes of our products, these limits may need to differ by product. The table below illustrates the limits in place per scheme:

Product / LOB	• Scheme	• CISEL Outsourced Claims		• Externally Outsourced Claims	• Referred to CIEL GM
		• Agents handle claims below	• QA managers approve claims below	• Claims below	• Claims above
• Travel	• Columbus Italy • Skyscanner • Globelink	• €1,000	• €20,000	• N/A	• €20,000
	• Cover Genius schemes • Easyjet	• €10,000	• €20,000	• Max €2,000 (no medical expense claims)	• €20,000
• Health	• VHI Health / WHP (TTESA)	• €1,000	• €20,000	• N/A	• €20,000
• Dental	• VHI Dental	• N/A	• €20,000	• N/A	• €20,000
	• Norsk	• N/A	• N/A	• NOK 40,000	• NOK 40,000
• Motor Assistance	• Cover Genius • CDW	• N/A	• N/A	• €3,000	• €3,000

- These thresholds are reviewed annually to ensure they remain proportional for the risk and claims activity of CIEL schemes.

Review / Adequacy of Systems of Governance

The Board of Directors of CIEL are satisfied that the systems of governance in place are appropriate given the Company's risk profile and commensurate with the nature, scale and complexity of its operations.

There has been no material change to the underlying System of Governance of the Company since incorporation.

B.2 Fit and Proper Requirements

The Company has a Fitness and Proprietary policy in place which defines the manner in which it assesses these requirements as detailed below.

The Relevant Personnel within scope of this section are the following:

- Persons who effectively run the Company such as Directors;
- Persons responsible for key functions or overseeing key functions where the function is outsourced
- Qualifying shareholder
- A person within the management structure designated to be responsible for the distribution of insurance and/or reinsurance products.

Fitness:

1. Every Relevant Person must be fit for their role and responsibilities and hold the qualifications, knowledge and experience relevant and necessary to ensure that the role is managed in a professional manner with the necessary degree of management and technical competence.
2. The Members of the Board of CIEL collectively must possess the required qualification, experience and knowledge:
 - of insurance and financial markets relevant to the operations of the Company;
 - of the business strategy and business model of CIEL;
 - of CIEL's system of governance;
 - to perform required financial and actuarial analysis in respect of CIEL;
 - of the regulatory framework and requirements applicable to the Company; and
 - generally, to be able to provide for the sound and prudent management of CIEL.
3. The appointment and continuing engagement of any Relevant Person must comply with the fitness elements as set out within the applicable MFSA rules and guidelines.

Propriety:

1. The honesty, financial soundness and reputation of every Relevant Person must be assessed by the Company to determine that they are of good repute and integrity, based on relevant evidence regarding their character, personal behaviour and business conduct including any criminal, financial and supervisory aspects, regardless of location but taking account of any applicable period of limitation in respect of any committed offence.
2. The appointment and continuing engagement of any Relevant Person must comply with the probity elements of the aforementioned MFSA rules and guidelines.

Roles and Responsibilities

Board – The Board is responsible for:

1. The approval and periodic review of the Fitness and Probity policy
2. Overseeing the implementation of the Fitness and Probity policy.

3. Establishing CIEL's Relevant Persons, including any additional key function to be designated for the purposes of paragraph (v) of Section 3 of the policy, taking into account the nature, scale and complexity of the risks inherent in the business, the nature of the relevant function and its organisational structure.
4. Assessing (pre-appointment and at least annually thereafter) the fitness and propriety and approving any new or ongoing appointment of each Relevant Person.
5. Suggesting the removal of any Relevant Person from their key function role if a material issue arises.
6. Designating a Relevant Person to have overall responsibility for overseeing any outsourced key function's Relevant Persons and to challenge and monitor the performance and results on a regular basis.

Compliance Officer – The Compliance Officer is responsible for:

1. Maintaining adequate documentation, whether as hard or soft copy, of the Company's Relevant Persons and a file of all supporting documents;
2. Ensuring that all notifications required to be made by CIEL to the MFSA in respect of the appointment or removal of a Relevant Person are submitted in the prescribed manner and within the prescribed time limit;
3. Assisting the Board in the performance and documenting of pre-appointment, appointment and ongoing fitness and propriety assessment of Relevant Persons;
4. Monitoring and reporting to the Board on the execution and implementation and any identified breaches of this policy.
5. Ensuring the proper implementation of policies and procedures, so that the management person responsible for CIEL's insurance distribution activities (the "relevant person") as well as any employee of the Company directly involved in the carrying out of insurance distribution activities (the "relevant employee") perform their duties adequately in accordance with the requirements of Chapter 7 of the Insurance Distribution Rules;
6. Ensuring that the Board of Directors assesses the relevant person's and the relevant employee's knowledge and ability against the requirements set out in Chapter 6 of the Insurance Distribution Rules.

Reporting Requirements

To assist the Board in overseeing the execution and implementation of this policy, the Compliance Officer will report to the Board on the Fitness and Propriety of CIEL at least on an annual basis.

B.3 Risk Management System including the ORSA

CIEL has established and embedded a consistent risk management framework, supported by appropriate Board policies and procedures to manage the key risks to the business. Where relevant, policies and procedures have been aligned to the current regulatory requirements under the Solvency II ("SII") regime. A key part of the CIEL's Risk Management Framework is the way the business collectively manages, controls and reports risk at every stage throughout its governance structure. The governance framework is based upon the "three lines of defence" model and seeks to provide a formal and robust structure to enable risks to be identified, assessed, controlled and mitigated; reported and monitored.

Risk Management Function

The Risk Management Function of CIEL is responsible for the operational coordination and application of all Risk Management activities throughout CIEL on an ongoing basis.

The Risk Management Function reports directly to the Board on a quarterly basis or upon occurrence of an event which could materially impact CIEL's risk profile.

The Function is responsible for coordination of all risk management activities throughout CIEL. The Function is also responsible for providing the Board with assistance and support in development and implementation of the various risk management arrangements within CIEL.

The Board has outsourced the activities of the Risk Function to Willis Towers Watson Management (Malta) Limited in accordance with the CIEL's Outsourcing Policy.

Risk Management Framework

CIEL has established a risk management framework, supported by a Risk Strategy, Risk Appetite Framework and Board policies, to manage the risks faced by the business. All components of the risk management framework are shown in the illustration below highlighting how each component interacts with another.



Risk Strategy

The Risk Strategy defines the guiding principles with which CIEL operates to deliver effective risk management in support of its commercial performance and intended customer outcomes. Twenty-one principles have been defined, centred on five themes which provide a coherent structure to articulate the strategic approach to risk management:

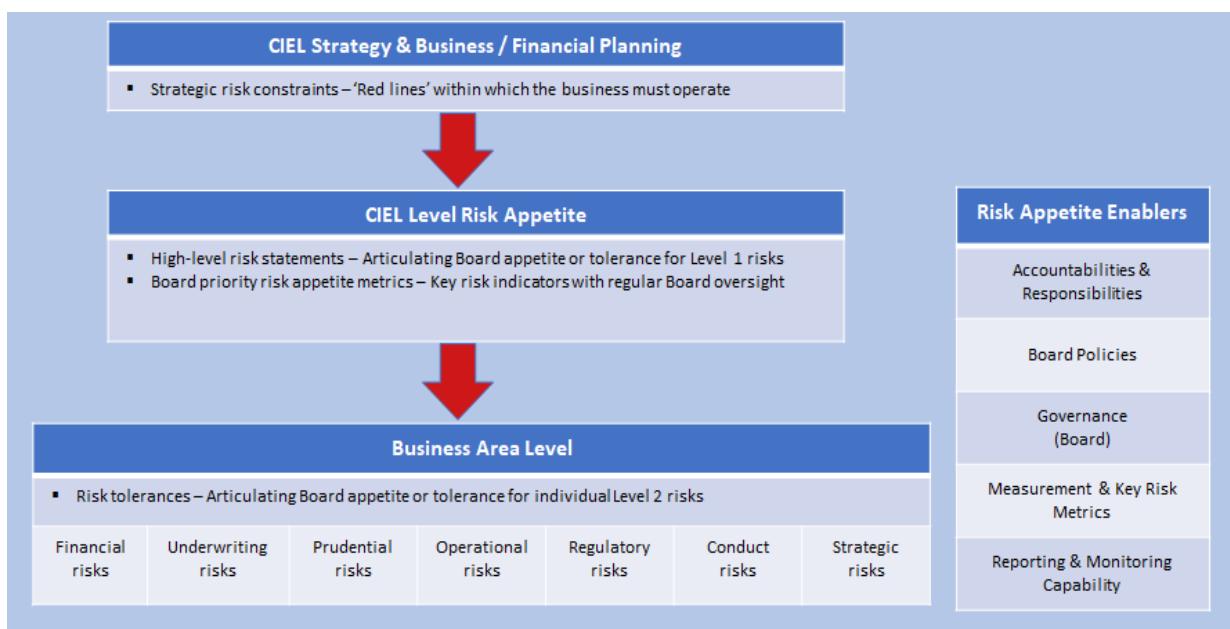
(1) People & Culture, (2) Customers, (3) Data & Systems, (4) Processes & Delivery, and (5) Prudential

People & Culture	<ul style="list-style-type: none"> ▪ Accountabilities led approach (with the Senior Manager Regime embedded from inception) ▪ Three Lines of Defence operating model (with clearly defined roles & responsibilities) ▪ Strong emphasis on professional conduct (i.e. 'Do the right thing') ▪ Culture of effective risk management (i.e. risk identification, escalation, mitigation, awareness & learning from events)
Customers	<ul style="list-style-type: none"> ▪ Responsible Insurer & relationship led business partner ▪ Safe & secure guardian of customer data & assets ▪ Fair treatment of new & existing customers (with a strong outcomes focused ethos) ▪ Sensitive & flexible treatment of vulnerable customers
Data & Systems	<ul style="list-style-type: none"> ▪ Data led strategy for decision-making & customer relationship management ▪ Automate rather than rely on manual intervention (with preventative controls where practical) ▪ Buy before Build – prioritise the use of 'tried and tested' technologies from well-established providers ▪ "Robust" operational resilience for systems, business processes & controls
Processes & Delivery	<ul style="list-style-type: none"> ▪ Integrated risk & control framework ▪ Robust selection & oversight of Outsource Service Providers & suppliers ▪ Robust change management processes ▪ Timely remediation (i.e. 'We'll put things right if things have gone wrong')
Prudential	<ul style="list-style-type: none"> ▪ Own funds: become self-sufficient with internal growth of own funds rather than shareholder capital injections ▪ Resilient balance sheet (i.e. capital & liquidity requirements are met under 'extreme but plausible' stresses) ▪ Stable earnings (i.e. profitability isn't volatile / unpredictable) ▪ Robust stress testing & scenario analysis ▪ Prudent approach to strategic planning & financial accounting / reporting

Risk Appetite Framework

The Risk Appetite Framework (RAF) defines CIEL's overall approach through which risk appetite is established, communicated and monitored. It also defines the roles and responsibilities of those overseeing the implementation and monitoring of the RAF (including policies, processes, controls and systems). The RAF is complemented by the Risk Appetite Statement (RAS), which defines the risk appetite across CIEL seven primary risk classes and the associated qualitative and quantitative risk limits, applying a two-level hierarchy (i.e. Board and Executive) to the risk limits and reporting.

The diagram summarises the interplay of risk appetite with strategy and business planning, alongside the processes for managing risk appetite and associated key enablers.



The appetite for risk is aligned to the Business Strategy to ensure that key risks are identified, and suitable mitigating controls are implemented and monitored. The risk appetite statement is agreed and reviewed at least annually by the Board and earlier in case of material change in risk profile or strategy. A monitoring programme of risk appetite metrics supporting management in ensuring that CIEL remains within its risk appetite.

CIEL follows a 'three lines of defence' operating model for risk management. This approach is predicated on 'the business' (Line 1) having effective risk management processes in place, coupled with the effective design, implementation and operation of effective controls.

The Risk function (Line 2) provides strategic oversight and challenge, whilst also enabling robust risk management by providing advice, Policies, guidance and tools to aid Line 1's risk activities. Internal Audit ('Line 3') provide independent oversight and assurance on the effectiveness of Line 1 and Line 2 risk management.

The table below highlights the different roles and responsibilities for key risk management processes:

'The business' (Line 1)	Risk (Line 2)	Internal Audit (Line 3)
(1) Risk Identification <ul style="list-style-type: none"> ▪ Proactively escalate risks & issues to relevant line managers ▪ Proactively escalate potential breaches to line managers & Risk ▪ Maintain business team's Risk & Control Self-Assessments 	(1) Risk Identification <ul style="list-style-type: none"> ▪ Maintain the Risk Universe (a shared vocabulary for 'show on the road' risk categories & definitions) ▪ Maintain the Strategic Risk Radar (a 'top-down' tool for key risks) ▪ Challenge Executive team re. incoming / 'horizon' risks 	(1) Risk Identification <ul style="list-style-type: none"> ▪ Provide independent oversight & assurance on effectiveness of Line 1 & 2 risk identification activities
(2) Risk Assessment <ul style="list-style-type: none"> ▪ Apply the 5x5 Risk Matrix when performing Self-Assessments ▪ Assess materiality of risks & issues when determining next steps ▪ Ensure the business stays within the Board's Risk Appetite 	(2) Risk Assessment <ul style="list-style-type: none"> ▪ Responsible for the Board's Risk Appetite Statement ▪ Maintain the 5x5 Risk Matrix for assessing business areas risks ▪ Maintain the Risk & Control Self-Assessment methodology & tools 	(2) Risk Assessment <ul style="list-style-type: none"> ▪ Provide independent oversight & assurance on effectiveness of Line 1 & 2 risk assessment activities
(3) Risk Management <ul style="list-style-type: none"> ▪ Implement effective risk mitigation processes (ideally using a mix of preventative & detective controls) ▪ Implement effective actions if a risk is outside of risk appetite ▪ Maintain robust regulatory & Policy gap analyses ▪ Proactively confirm the effective execution of key controls 	(3) Risk Management <ul style="list-style-type: none"> ▪ Provide advice & guidance on risk management solutions / approaches ▪ Provide independent oversight of Line 1 risk management (e.g. via Compliance Monitoring work, Scenario analysis, etc.) ▪ Deliver a rolling programme of Compliance Monitoring ▪ Support the Underwriting Control Framework 	(3) Risk Management <ul style="list-style-type: none"> ▪ Provide independent oversight & assurance on effectiveness of Line 1 & 2 risk management activities
(4) Risk Reporting <ul style="list-style-type: none"> ▪ Support regular reporting of business area risk profile ▪ Proactively monitor key risk exposures (in line with Risk Appetite) 	(4) Risk Reporting <ul style="list-style-type: none"> ▪ Provide Board reporting on Risk Universe & Strategic Risks ▪ Provide independent oversight reports to Board Risk Co (e.g. MLRO) 	(4) Risk Reporting <ul style="list-style-type: none"> ▪ Provide independent oversight & assurance on effectiveness of Line 1 & 2 risk reporting activities
(5) Board Policies <ul style="list-style-type: none"> ▪ Adhere to the Board's Policy Statements & Minimum Standards ▪ Proactively request waivers / exceptions if non-compliance exists 	(5) Board Policies <ul style="list-style-type: none"> ▪ Define the Board Policy framework & document set ▪ Create Policy Statements & Minimum Standards for Insurers ▪ Maintain a register of policy waivers & exceptions 	(5) Board Policies <ul style="list-style-type: none"> ▪ Provide independent oversight & assurance on effectiveness of compliance with Board Policies
(6) Risk Culture <ul style="list-style-type: none"> ▪ Lead by example ▪ Recruit for cultural fit & support new joiners in induction activities ▪ Apply 'common sense' & professional judgement in personal conduct & treatment of customers ▪ Embed appropriate behaviours in teams, reinforced by responsible objective setting & performance management 	(6) Risk Culture <ul style="list-style-type: none"> ▪ Lead by example ▪ Provide new joiner training on risk management ▪ Provide a rolling programme of risk awareness 'deep dives' ▪ Periodically assess business team culture (e.g. via Compliance Monitoring work or in aftermath of operational incidents) 	(6) Risk Culture <ul style="list-style-type: none"> ▪ Provide independent oversight & assurance on effectiveness of risk culture activities

Risk Appetite Statement

CIEL has in place a Risk Appetite Statement ("RAS"). The RAS sets out the risk appetite and tolerance levels for all key risks over the planning period of CIEL.

CIEL considers the RAS to be the primary element of the Risk Management System, directly linking to the overall Company Strategy and determining the levels retained for each key risk, and also influencing the

nature of the controls and mitigation techniques employed to ensure that the risk remains within the tolerable range.

The Board of CIEL is responsible for setting CIEL's RAS. The Board shall periodically review the appropriateness and effectiveness of the RAS and will perform a formal review of the RAS at least annually or upon a material change in CIEL's risk profile.

The RAS includes both qualitative and quantitative aspects for each key risk and is aligned to the planning period of CIEL.

The RAS shall be included in the decision-making processes of CIEL. The Board shall, before finalizing any material decision which could impact the risk profile of CIEL, refer to the RAS for guidance as to the likely effect of the decision on the tolerance levels of CIEL.

The RAS shall also be used to track actual performance against the metrics detailed in the RAS to ensure that no breach in the agreed tolerance levels has occurred.

Monitoring of the actual performance against the metrics identified in the RAS shall be performed periodically by the Risk Management Function and reported to the Board in line with the reporting trigger system included in the RAS.

Risk Register

CIEL has in place a comprehensive Risk Register to evaluate and assess the risks to which CIEL is exposed.

The Risk Register shall initially assess the risk universe of CIEL on an inherent basis. The controls and risk mitigating techniques employed by CIEL and as detailed in the individual risk policies which act on the risk allow for an evaluation of the risk on a residual basis.

If the risk on a residual basis is deemed to potentially require a material level of capital to accommodate the risk, this risk should be considered a key risk. Any risk deemed to be a key risk shall be considered for inclusion in the RAS by the Board.

The Risk Management Function is responsible for the ongoing maintenance of the Risk Register. The Risk Register will be updated on at least an annual basis and upon the occurrence of an event which may materially impact the Group's risk profile.

A summary of the results of the Risk Register review shall be distributed to the Board upon completion of each review as soon as is practicable and form part of the Risk Management Function's periodic Risk Reporting.

As part of each update, the Risk Register shall be reviewed by the Risk Management Function to ensure that the Risks included represent all the material risks to which CIEL is exposed and that all applicable emerging risks have been appropriately included.

Where an emerging risk has been identified as one which should potentially be included in the Risk Register, the Risk Function will advise the Board of the nature and context of the risk. The Board then shall determine whether the risk in question should be considered as a Key Risk.

ORSA

CIEL aims to ensure that CIEL is appropriately and prudently capitalized in order to accept the risk to which CIEL is exposed. In order to ensure this, CIEL will perform an ORSA at least annually and upon the occurrence of an event which may materially impact its risk profile. CIEL maintains separate policies on ORSA and Capital Management which are considered in the performance of the ORSA.

ORSA Objectives

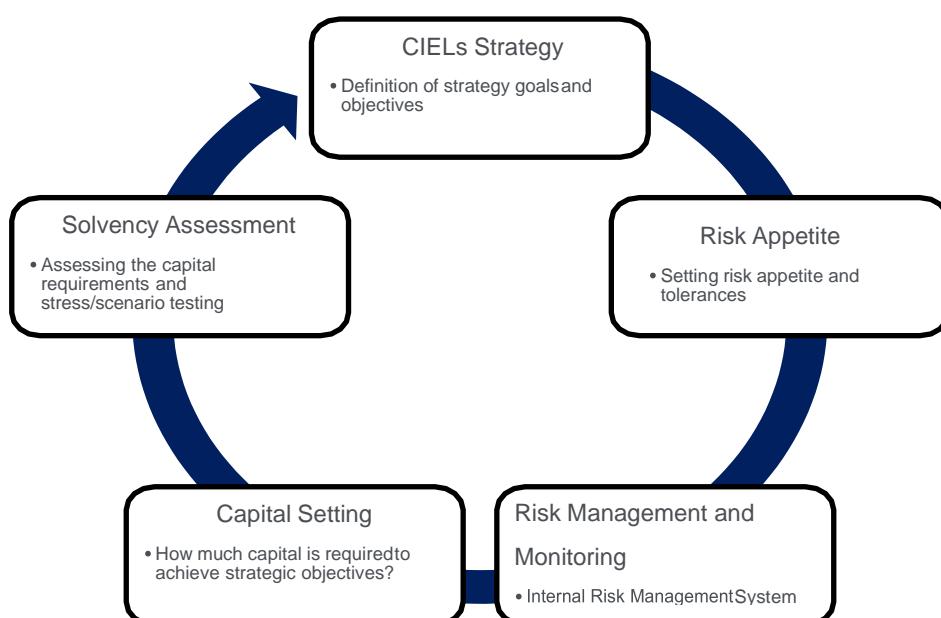
The ORSA process supports the BoD in achieving their strategic objectives by taking a structured and combined approach of business strategy, risk management and capital management. Thus, within this context, the prime purposes of the ORSA processes are to:

- Provide the BoD and individuals involved in the decision-making processes and management of CIEL with an assessment of whether risk management and solvency position are currently and prospectively adequate;
- Serve as an essential insight for any strategic decision to be made;
- Serve as a supervisory tool by providing a detailed understanding of the evolving risk exposure, solvency position and capital planning of CIEL to the Malta Financial Services Authority.

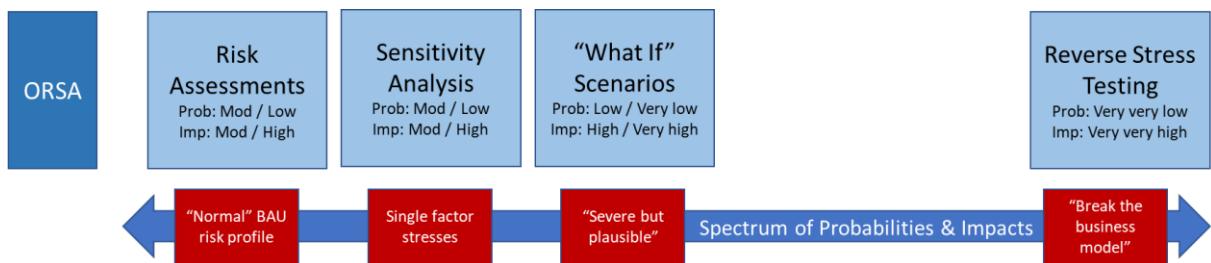
ORSA Timing and Frequency

CIEL undertake an ORSA process, at least annually, to demonstrate the adequacy of the available capital, the Risk Appetite and the appropriateness of the risk limits which are assessed for the business planning period, considering the evolving risk profile. It will be re-performed on an additional 'ad hoc' basis in the event of significant change in the risk profile or business plans. Depending on the trigger and initial impact assessment, either a full or a partial ORSA (focused on the triggering event whilst keeping other variables constant) will be conducted.

The diagram below depicts the ORSA process that the Group has embedded within the Insurers:



An integral element of the CIEL's risk management framework (included with the ORSA) is the stress and scenario testing of the business model and its key assumptions through sensitivity analysis and 'extreme but plausible' scenarios.



- **ORSA:** Identifies the CIEL's capital requirements in delivering the business strategy and includes in 'extreme but plausible' stress scenarios and forecasts the adequacy of its capital holdings against these requirements.
- **Stress tests:** These generally assess the impact of a change in a single risk factor. Tests were performed that included both negative and positive results on the 3-year forecast view of SCR.
- **Scenario tests:** These assess the impact of a change in the overall operating environment resulting from a range of factors or a 'shock'. The tests are considered relevant to CIEL's underwriting portfolio and operating model.
- **Reverse Stress tests:** These assess the scenarios and circumstances that would render CIEL's business model unviable and encourages management to identify pre-emptive measures that would be applied in such scenarios.

A range of stress and scenario testing, which is "severe but plausible" to CIEL's Base Case Capital model to understand the impact of these sensitivities.

Risk Reporting

The Risk Management Function reports to the Board at every Board meeting. At the beginning of the year, the Risk Management Function will lay out the Risk Management Plan for the upcoming 12 months, with the key tasks which it envisages will need to be completed. During the year, the Risk Management Function will update the Board on the progress of actioning the plan and also report on other risk management tasks such as the outcome of the Risk Register review, the results of the comparison of the RAS to actual results, an update on emerging risks and the ORSA report. The Risk Management Function also reports the outcomes of the Risk Management Working Group meetings and any recommendations for discussion and approval by the Board of Directors.

The report contains both qualitative and quantitative aspects and covers all key risks of CIEL.

The Risk Management Function provides a report to the Board based on the occurrence of an event which materially alters the risk profile of CIEL or if the tolerance level triggers are breached.

The Risk Management Function advises the Board on the quality of the data used in the review of the Risk Management System, including any deficiencies that may have been identified during the course of the review.

B.4 Internal Control System

Internal control is defined as a process determined by an organisation's structure, work and authority flows, risk profile, people and management information systems, designed to help the organisation accomplish specific goals or objectives.

The purpose of an internal control system is to have in place a coherent, comprehensive and continuous set of mechanisms which are designed to secure the following:

- Effectiveness and efficiency of the undertaking's operations, leading to improved performance and error reduction
- Alignment of the Company's activities with its business objectives by ensuring resources are correctly and prudently allocated
- Safeguarding of the Company's physical and monetary assets against error, fraud, theft and unauthorised use, acquisition or disposal, by quick identification and systemic prevention of, and formal responses to, these activities.
- Availability, reliability and accuracy of financial and non-financial information, ensuring proper financial reporting, by maintaining accurate and complete records required by legislation, regulation, the Board and the Company.
- Provision of timely and accurate management information critical to sound management practices and decision making
- Compliance with applicable laws, regulations and administrative provisions.
- Reduction of exposure to risks by minimising the chance of unexpected events

The guiding internal control principles are the following:

- The Board is responsible for the approval, application and review of this Internal Control Policy.
- The Board is ultimately responsible for ensuring that the Company has in place an effective internal control system which is commensurate with the nature, scale and complexity of the Company's operations.
- The Internal Audit Function evaluates the adequacy and effectiveness of the Company's internal control system.
- The Compliance Function is responsible for the review and monitoring of the application of internal controls relating to compliance risk.

The Company will ensure that appropriate levels of Internal Controls are present within the organizational structure, work and authority flows, resource utilization and information systems.

This will be achieved by:

1. Ensuring the presence and application of individual internal policies, procedures and guidelines for each of the critical functions and activities of the Company;
2. Ensuring that adequate approval procedures, authorization authorities, verification, reconciliations, and review procedures are in place for each function or activity and are adequately documented and communicated;
3. Ensuring that adequate controls are in place pertaining to safeguarding the integrity and protection of information;
4. Ensuring sufficient monitoring mechanisms are in place to facilitate assessments of the effectiveness of the controls in place; and

5. The activities of the Compliance function are in place, the Compliance Policy is being applied and the Compliance Plan is being implemented.

The Compliance Function, in the discharge of its duties shall report to the Board as detailed in CIEL's Compliance Policy.

The Internal Audit Function will review, evaluate and report on its review of the Internal control System to the Board as outlined in the Internal Audit Charter.

Any relevant findings or recommendations identified by the external auditors during the discharge of their duties shall be reported to the Board in line with standard audit practices, and any such finding shall be considered by the Board together with the recommendations and findings of the Internal Audit Function.

Upon the event of the identification of an internal control weakness or failure, the Board shall decide upon the remedial action or amendment to the applicable internal controls.

B.5 Internal Audit Function

The Board acknowledges that the internal controls and system of governance of CIEL must be supplemented by an effective Internal Audit Function that independently evaluates the control systems within the Company.

The Internal Audit Function periodically evaluates the adequacy and effectiveness of the internal control system.

Internal Audit is governed by an Internal Audit Charter that defines the role, level of professionalism, authority, structure, independence, objectivity and responsibility of the Function as well as the principles on which the structure is based. The charter is reviewed and approved by the Board on an at least annual basis.

The function forms the CIEL's third line of defence. It operates in accordance with The Institute of Internal Auditors' mandatory guidance including The Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing.

The Function reports into the Board, which is chaired by a Non-Executive Director. This reporting structure delivers independence to Internal Audit in line with the provisions of the Insurance Business Rules.

The Internal Audit Function creates an Internal Audit Plan on a bi-annual basis following a risk assessment process which includes:

- A review of the risk register;
- Consideration of functions/operations impacted by recent or upcoming changes; and
- Interviews with key senior management across the different functions.

The Internal Audit Plan is frequently evaluated to determine that it is relevant and appropriate, in particular to changes that significantly impact on the business environment such as changes in management strategies, external conditions, major risk areas, or revised expectations in respect of achieving the business objectives. The Board of Directors reviews and approves the Internal Audit Plan. Internal Audit activity evaluates the management and governance oversight covering key risks and the design and operating effectiveness of key controls. The output of each internal audit engagement is an audit report covering the overall audit opinion, key observations covering control failing or identified weaknesses and their potential impact, and the actions and timings which management have agreed to remediate.

The Internal Audit Function derives its authority from the Board. Internal Audit aims to promote effective controls. To achieve this, internal audit is authorised, in the course of its activities, to;

- have access to, or make enquiry into, all of the Company's records, information and assets which it considers necessary for the performance of its work;
- require all members of staff and outsourced service providers to supply such information and explanations as may be needed within a reasonable period of time;
- have direct access to the Board;
- be able to review all operational areas or levels within the Company or its third-party service providers.

In particular, the Board ensures the establishment and renewal of the audit plan, the Internal Audit policy, and other written policies and procedures in respect of Internal Audit. The Internal Audit Function continuously ensures the professional competence and training of the staff and that the necessary resources are available for the Function to discharge its duties.

The Internal Audit Function reports to and advises the Board on the performance of the internal control system and on the achievement of the Internal Audit Functions' objectives. In particular, it informs the Board about the progress of the audit plan. As part of its supervisory tasks, the Board reviews the organisation and resources (both in terms of outsourced provider of internal audit services to CIEL and otherwise) of the Internal Audit Function, the audit plan, activity reports, and a summary of internal audit's recommendations and the status of their implementation.

B.6 Actuarial Function

The Actuarial Function adopts the following approach:

Coordinates the calculation of technical provisions

In order to coordinate the calculation of technical provisions, the Actuarial Function:

- Applies methodologies and procedures to assess the sufficiency of technical provisions ensuring that their calculation is consistent with the underlying principles of Solvency II;
- Assesses the uncertainty associated with the estimates;
- Uses judgement whenever this is needed, making use of appropriate information and experience of the persons that are in charge of the function;
- Ensures that problems related to the calculation of technical provisions arising from insufficient data quality are dealt with appropriately and that, where it is impracticable to apply common methods of calculating technical provisions because of insufficient data quality, the most appropriate alternatives to common methods applied are found, taking into consideration the principle of proportionality;
- Ensures that homogeneous risk groups for an appropriate assessment of the underlying risks are identified;
- Consults any relevant market information and ensures that it is integrated into the assessment of technical provisions;
- Compares and justifies any material differences among the estimates for different underwriting years; and
- Ensures that an appropriate assessment of options and guarantees embedded in liabilities is provided;
- Ensures that calculation of technical provisions is done in accordance with the Company's strategy

Ensures the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions

In order to ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions, the Actuarial Function not only assesses the general suitability of the methodology or underlying model for the calculation of technical provisions as such, but also decide whether they are appropriate for the specific lines of business of CIEL, for the way the business is managed and for the available data.

Assesses the sufficiency and quality of the data used in the calculation of technical provisions

In order to assess the sufficiency and quality of the data used in the calculation of technical provisions, the Actuarial Function has regard to the objectivity, reasonability and verifiability of management actions included in the calculation of technical provisions. It also assesses whether information technology systems used in actuarial procedures sufficiently support these procedures.

Compares best estimates against experience

In order to compare best estimates against experience, the Actuarial Function assesses whether past best estimates of similar risks written by other group companies have proved sufficient and to use the insights gained in this assessment to improve the quality of present best estimate calculations. This analysis also includes comparisons between observed values and the assumptions used in the calculation

of technical provisions in order to produce conclusions on the appropriateness of the data used and the methodologies applied on their estimation. Where the comparison identifies systematic deviation between experience and the best estimate calculations of insurance company, CIEL makes appropriate adjustments to the actuarial methods being used or the assumptions being made. The results of these comparisons are reported to the administrative, management or supervisory body, given their relevance for the comprehension of the calculations performed and to support future decisions regarding this issue.

These comparisons are a practice not only of the Actuarial Function but also of the Risk Management Function, and its area of application may be extended.

Informs the Board of the reliability and adequacy of the calculation of technical provisions

The Actuarial Function informs the Board of the reliability and adequacy of the calculation of technical provisions.

This is not limited to expressing an opinion on these technical provisions but includes the degree of uncertainty about the ultimate outcome and the circumstances that might lead to a significant deviation from the provisions made. The Actuarial Function also sets out how it arrived at its opinion and clearly states and explains any concerns it may have as to the technical provisions being sufficient.

The reliability of the calculation of the technical provisions depends on adequate and good quality data. Therefore, the assessment of the sufficiency and quality of the data used in the calculation is information that is included when the Board is informed of the reliability and adequacy of the calculation.

The Actuarial Function also assesses the level of appropriateness, accuracy and completeness of the available data and conveys recommendations on improving data quality, where appropriate. It may consider there is a need to introduce adjustments to the historical data, not because the data per se is considered inappropriate, but because it could be necessary to increase the level of its appropriateness for the purpose of the application of specific methodologies.

In this context the Actuarial Function would provide judgment as to how much credibility should be assigned to historical data and to prospective assumptions.

This judgment would be based on a careful analysis of the underlying liabilities, relevant market data, CIEL's experience, especially with the portfolio concerned, and relevant qualitative information.

Reporting on the reliability of the technical provisions also includes informing the Board on the results of comparisons of the best estimates against experience and comments on the appropriateness of methodologies, underlying models and assumptions used.

Since the Board is ultimately responsible for the reliable and adequate calculation of the technical provisions, the report covers all information the Board needs to form its own opinion on the issue.

In the scope of the coordination of the calculation of technical provisions, the Actuarial Function oversees when a case-by-case approach should be followed, that is, when there is not sufficient quality of data to apply a reliable actuarial method. Also, it produces judgment to establish assumptions and to safeguard the accuracy of the results.

Expresses an opinion on the overall underwriting policy

The Actuarial Function expresses an opinion on the overall Underwriting Policy and reports these views to the Board and Management of CIEL. In the provision of these opinions the Actuarial Function does not

only address possible deficiencies and the possible consequences these may have, but also makes constructive suggestions for improvements.

Commenting on the overall Underwriting Policy does not require expressing views on every single policy, but on CIEL's underwriting in general. The opinion expressed by the Actuarial Function includes the following issues:

- a. Analysis of the sufficiency of the premiums to cover future losses, notably taking into consideration the underlying risks, the impact of expenses directly associated with future claims and of unallocated loss adjustment expenses and the impact of embedded options and guarantees on future liabilities; and
- b. Considerations regarding inflation, legal risk, and change of mix, anti-selection implemented in specific line(s) of business if applicable.

In forming and formulating its own actuarial view the Actuarial Function is objective and free from undue influence of other functions or the Board and provides its opinions in an independent fashion.

Expresses an opinion on the adequacy of reinsurance arrangements

The Actuarial Function expresses an opinion on the adequacy of reinsurance arrangements, as well as expected cover under stress scenarios and reports these views to the Board and Management of CIEL. In the provision of these opinions the Actuarial Function does not only address possible deficiencies and the possible consequences these may have, but also makes constructive suggestions for improvements.

The opinion expressed by the Actuarial Function includes an opinion on the adequacy of the reinsurance and other mitigation techniques strategy in relation to the underwriting policy and the adequacy of the calculation of the technical provisions arising from reinsurance.

In forming and formulating its own actuarial view the Actuarial Function is objective and free from undue influence of other functions, the Board and provides its opinions in an independent fashion.

Contributes to the effective implementation of the Risk Management System, in particular with respect to the risk modelling underlying the calculation of the capital requirements and providing adequate input in the ORSA process and SCR calculation

The Actuarial Function contributes to the effective implementation of the Risk Management System, in particular with respect to the risk modelling underlying the calculation of the capital requirements and providing adequate input into the ORSA process and SCR calculation.

Actuarial methods are applied that call for a detailed understanding of statistical methods and the probabilities of insurance risks, such as claims frequencies and severities, understanding and assessing the use of risk mitigation techniques and understanding volatility and adverse deviation.

An effective Risk Management System uses input from the Actuarial Function (e.g. in the quantification and modelling of risks). This is not limited to a contribution to the ORSA but includes also an involvement in asset-liability management, and risk mitigation arrangements for example.

B.7 Outsourcing Policy and Principles

CIEL has an Outsourcing Policy whose objectives and high-level principles are;

- that the risks associated with outsourcing are appropriately managed and that CIEL has adequate measures in place to identify, measure, monitor, manage and report these risks in a timely manner as part of the Company's overall risk management system;
- that outsourced service providers will have the appropriate expertise and experience and resources to undertake the outsourced activities to the standards required by CIEL;
- that there is no reduction in the Board of Directors' ("the Board"), and where applicable a relevant sub-Committee's responsibility for, or influence over, key functions of CIEL as a result of outsourcing;
- that there is no material impairment of the quality of CIEL's System of Governance as a result of outsourcing a key activity or function;
- that CIEL's approved policies and procedures are adhered to by the outsourced service provider;
- that there is no material impairment of CIEL's ability to fulfil its obligations to stakeholders, nor impede effective supervision by regulators as a result of outsourcing a key activity or function;
- that no material conflicts of interest result from outsourcing a key function or activity;
- that all outsourcing arrangements are supported by appropriately detailed written agreements

A summary of the key outsourced arrangements currently in place from an agents perspective are as follows:

- Claims handling activities for Dental Insurance which are performed by Norsk
- Claims handling activities for CDW and Travel Insurance which are performed by Cover Genius
- A service agreement for insurance administration services with CISEL
- An Insurance Management Agreement with Willis Towers Watson Management (Malta) Limited
- Actuarial agreement with Willis Tower Watson UK to provide Actuarial Function Holder services. The Actuarial Function Report provides an independent opinion and recommendations on the Company's Solvency II Technical Provisions, Underwriting policy and Processes, and Reinsurance processes.

Roles and Responsibilities

The Board is responsible for the approval, application and review of this Outsourcing Policy.

The Board is ultimately responsible for the approval of and termination of all outsourcing arrangements of critical or important functions and activities.

The Board may delegate the on-going monitoring and supervision of outsourcing arrangements to a subcommittee of the Board.

The Risk Management Function is responsible for assessing the risks associated with the outsourcing of critical or important functions or activities as part of its overall remit to identify, assess, manage, monitor and report the risks of CIEL on an ongoing basis.

Outsourcing Approach

All functions and activities of CIEL except for core business/management functions namely corporate planning, organisation, management and control and decision-making functions are eligible to be outsourced provided that the outsourcing objectives are achieved in each instance. A service provider may be an entity from within the Collinson Group (Internal Outsourcing).

Sub-outsourcing is allowable on the condition that the sub-outsourced service provider satisfies the Service Level Agreements ("SLA") objectives and subject to approval from the Board.

All outsourcing relationships must be governed by written contracts in accordance with the criteria outlined and the SLA objectives.

Critical/Important Functions and Activities

Critical or important functions or activities include key functions of CIEL's System of Governance and all functions and activities within the Company that are fundamental to carry out its core business.

The policy determines the criteria to determine whether a function or an activity is material for outsourcing purpose. The key/critical functions of CIEL are the Compliance, Risk Management, Actuarial and Internal Audit. The critical function of CIEL is the underwriting and claims functions.

The Board ensures prior to appointment of a service provider that the service provider has checked the fitness and propriety of all persons working on the function or performing the activity.

Adherence to CIEL policies

The Board ensures that the outsourced service provider adheres to CIEL's policies and that the effectiveness of CIEL's system of governance is not lessened or compromised by the outsourcing arrangements.

Outsourcing review procedures

The Board reviews the performance of service providers acting in an outsource capacity on a periodic basis. The results of the review process with results communicated to the Board for consideration.

Outsourcing Risk

Outsourcing risk is monitored by the RMF periodically in line with CIEL's overall risk management arrangements and procedures and is present in the CIEL's Risk Appetite and Risk Register.

Service Level Agreements (SLA)

All outsourcing arrangements contain a written, legally binding SLA. The SLA must document all components of the outsourcing arrangement between the parties.

The RMF reports to the Board on the assessment of the risks associated with the outsourcing of the various functions as part of the overall risk monitoring and reporting arrangements of CIEL as part of the ORSA.

B.8 Any Other Information

Remuneration of members of the management body

The Executive and Non-Executive Directors representing the shareholder are directly employed by the Collinson Group whilst the two Independent Non-Executive Directors are remunerated by the Company. The executive Director representing the Managers is remunerated by Willis Towers Watson Management (Malta) Limited. Details of the amounts remunerated to Directors and Management can be found in Notes 8 and 9 to the Audited Financial Statements of CIEL.

Section C: Risk Profile

Section C: Risk Profile

CIEL operates a business model that is supported by a robust risk management framework that ensures risks are well understood and controlled. This is facilitated by systematic quantification of all risks and a culture that promotes the importance of risk management.

Integral to this is a thorough understanding and articulation of CIEL's risk exposures. Determining the prevailing risk landscape within CIEL allows Management, the Risk Function and the Board to assess the appetite for each emerging risk and to ensure that all are quantifiable and managed consistently with our appetite to risk.

The Directors have considered that the Parent do not add any material risk to the Group. The Parent is a holding company which carries out no activities. The Parent exposes the Group to immaterial counterparty default risk from the minimal cash at bank balance it holds.

The following table shows the overall risk profile of the Group as calculated in line with the standard formula and the percentage breakdown by risk category:

Basic SCR	2022		2021	
	EUR	%	EUR	%
Market Risk	336,308	6.06%	463,457	10.68%
Counterparty Default Risk	1,226,537	22.09%	1,035,597	23.86%
Health UW Risk	2,092,077	37.67%	1,444,254	33.27%
Non-Life UW Risk	1,898,092	34.18%	1,397,532	32.19%
Undiversified BSCR	5,553,014		4,340,840	

The table shows that 71.86% (2021: 65%) of the Group overall undiversified BSCR is comprised of underwriting risk. The increase in underwriting risk from 2021 is reflective of an increase in business being written in the current year. The Company retains significant outwards reinsurance protections which results in material risk being transferred to its reinsurance panel and as a result incurs a high counterparty default risk charge. An overview of the key risks associated with the business including an outline of how they are managed is provided below.

C.1 Underwriting Risk

Underwriting risk is defined as the risk under any one insurance contract which is assessed as the probability that an insured event occurs and the resulting residual impact on CIEL. By the very nature of an insurance contract, underwriting risk is fortuitous.

The terms and conditions of the contract set out the bases for the determination CIEL's liability should the insured event occur. The risks underwritten are of an indemnity nature.

Underwriting risk occupies 71.86% (2021: 65.46%) of CIEL's Undiversified BSCR.

Direct and Agent business

Product Line	Client of Intermediary	Scheme Inception Date
Travel Insurance	Collinson Insurance Solutions Europe Ltd Columbus (Italy)	29 March 2019
Travel Insurance	Globelink	1 October 2020
Travel Insurance	Skyscanner	1 October 2020
Travel Insurance	VHI Healthcare DAC	1 September 2021
Travel Insurance	EasyJet	31 January 2022
Health Insurance	VHI Healthcare DAC	29 March 2019
Health Insurance	TTESA	29 March 2019
Health Insurance - Dental	Nordic Benefits AS	27 February 2019
Health Insurance - Dental	VHI Healthcare DAC	1 September 2021
Motor Excess Waiver	Cover Genius	1 July 2020

CIEL writes personal lines insurance in the International Health, Travel and Motor Excess Waiver. The majority of underwriting risk to which CIEL is exposed is of a short-term nature in view of the lines of business which it writes. The pricing is made up of the costs to cover claims, based on a historical assessment, and the associated cost to service the policy, including regulatory costs.

Underwriting risk is mitigated by:

- Single source performance information produced on a regular basis feeding into the underwriting and management processes and informing decision making. CIEL has also invested in improvements to the analytical processes – including new reserving processes and underwriting management information and pricing models.
- CIEL underwrites, as a primary insurer, general insurance risks for Travel, International Health and Assistance throughout Europe via Freedom of Services. The portfolio consists of individual policies

spread across the whole geographical area, minimising concentration risk. As well as pricing, CIEL has additional controls to segment the market and target those risks it wishes to underwrite.

- The nature of CIEL's product portfolio which contains products such as International Health and Travel insurance, for which claims emerge from accidents or events across the globe wherever our policyholders may travel to. This brings an inherent geographical diversification to our risk of claims.
- Reinsurance contracts, both quota share and excess of loss, reduce exposure to large individual claims or aggregated losses from a single event and dampen the volatility in the underwriting result.
- A triannual review of reserving loss ratios is undertaken, which set the IFRS reserves. This is done by projecting premiums and claims to an ultimate position using underwriting year triangles. Prior to each analysis, the accuracy of these models is tested. Back testing of recent experience against the expected premiums and claims emergence is performed between Reserving Committees where the analysis is challenged prior to sign off and booking. As the Solvency II Best Estimate TP's consist of Premium Provisions, Claims Provisions and Risk Margin, the booked IFRS reserves form an input into the Company's Solvency II Best Estimate TP's Model. The analysis is passed on to the external Actuarial Function holder for independent review and signoff at least annually.
- Underwriting Governance processes including the Deal rooms pay particular attention to how much Underwriting Risk Capital is being consumed by the product or scheme under review and includes comparison of the scheme risk capital to the available capital headroom. Return on Equity calculations drive underwriting focus towards items which deliver an appropriate return on capital.

For the 2022 ORSA Process, CIEL has included stress and scenario analysis, which will include any underwriting risk sensitivities.

C.2. Market Risk

Market risk arises from fluctuations in the market value of, or income from, CIEL assets. CIEL currently employs a relatively simple investment strategy since all available funds for investments are placed in current bank accounts. CIEL is in the process of changing its investment strategy so as to generate a return on investment which would help support the operations of the Company. Until such time, CIEL has exposure to the following types of market risk:

Currency Risk

CIEL is exposed to currency risk in respect of liabilities under policies of insurance and reinsurance contracts denominated in currencies other than Euro. CIEL manages its foreign exchange risk against its functional currency. Foreign exchange exposure arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not CIEL's functional currency.

CIEL does not use derivative instruments to manage exposure to foreign currencies, instead its ongoing monitoring of non-Euro asset and liability exposure and rebalancing any surplus / deficit positions allows CIEL to control currency exposure. CIEL's current investment strategy is to invest funds in bank deposits in order to reduce exposure to liquidity risk and ensuring cash balances are either immediately accessible or held in overnight deposit accounts. This reduces the liquidity risk faced by CIEL as funds are readily available especially within a stressed scenario. Once an investment strategy is finalised, CIEL shall look to ensure that the right balance is found to ensure adequate liquidity of the portfolio and diversification to reduce concentration risk.

Market Risk is mitigated by:

- The Investment Strategy defines the currencies in which underlying investment assets may be held.
- Surplus currency bank and cash positions are monitored and rebalanced by the treasury function when any surplus or deficit positions arise.

- The Group Finance and Investment Committee (FIC) also monitors the level of CIEL's exposure to foreign currency against risk appetite and the approved business plan.
- The overall level of current and forecast exposure to foreign currencies across the CIEL balance sheet and the impact this has, or may have, on the regulatory capital of CIEL is monitored by the Executive Directors and reported to the Risk Committee and Board of Directors.
- CIEL does not currently use derivatives to manage currency exposure.
- The banks used by CIEL currently have a credit rating of A or higher, with the exception of HSBC Malta which is CRD IV compliant and part of the HSBC Group which is A rated.
- Cash holdings are held across a number of banks.
- CIEL limits its investment with each bank in accordance with its risk appetite. Market risk is split into two main categories:

The Group is also exposed to Market risk in the form of its investment in Collinson Insurance Solutions Europe Limited. CISEL is classified as a strategic participation of the Group and attracts Market risk under the Solvency II standard formula. The Group does not consider this risk to be material.

Market risk occupies 6.06% (2021: 10.68%) of CIEL's Undiversified BSCR.

C.3 Credit Risk

Credit risk is the risk of decreases in value when counterparties are not capable of fulfilling their obligations or when a change in their credit status takes place. Key areas where CIEL is exposed to credit risk are:

- Reinsurer's share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from policyholders;
- Amounts due from insurance intermediaries, and
- Cash held with banks.

CIEL's exposure to counterparty risk arises from exposure to reinsurers in respect of reinsurance assets representing recovery reserves, and banks in respect of policyholder's operational cash balances and interest-bearing term deposits. These are Type 1 exposures, which are expected to be represent the majority of the exposure over the forecast period. Exposure to type 2 counterparties, primarily in respect of insurance premiums due from intermediaries and insurance brokers.

Counterparty Risk is mitigated by:

CIEL manages the level of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to regular review.

- The banks used by CIEL currently have a credit rating of A or higher, with the exception of HSBC Malta which is CRD IV compliant and part of the HSBC Group which is A rated.
- Cash holdings are held across a number of banks.
- CIEL limits its investment with each bank in accordance with its risk appetite.
- Regular monitoring of cash balances and concentration limits is managed by the Operational Cash Management team reporting to the Finance Leadership Team.
- CIEL has a minimum reinsurer credit agency rating (A.M. Best) of A- with its principal Quota Share reinsurer having a rating of A+.
- The Excess of Loss reinsurance panel comprises of reinsurers with a minimum credit rating of A-. The panel is composed primarily of Lloyd's reinsurers.
- The Board Policy is to maintain intercompany debt with other Collinson entities at a minimum reducing CIEL's counterparty credit exposure.

- Exposure to credit risk in respect of amounts due from policyholders is mitigated by CIEL's large customer base and the low average level of balances outstanding. The Company is not exposed to concentrations of credit risk in respect of policyholders.
- The Risk Committee meets on a quarterly basis and is responsible for monitoring these risks remain within risk appetite.

Credit exposure

Information on CIEL's credit risk exposures can be found in Note 6.2.3 in the Audited Financial Statements of CIEL.

Impaired financial assets

For assets to be classified as 'past-due and impaired' contractual payments must be in arrears for more than 90 days. During the year ended 30 April 2022, an amount of €56,497 (2021: €785) due from an insurance intermediary has been provided for as bad debt.

C.4 Liquidity Risk

CIEL is exposed to Liquidity risk, defined as the inability to access funds when liabilities fall due as a result of nature of investments, failure to efficiently and effectively administer and manage cash flows, inability to access funds in current account due to an unforeseen event at Bank / Credit Institution and liquidity difficulties due to insufficient capital as a result of business performance / regulatory changes.

The Company manages its funds in such a manner as to ensure an adequate portion of available funds to meet such calls. Claims are short tail in nature and the Company's operates different bank accounts which is held at call. CIEL assesses its liquidity risk on an ongoing basis and is satisfied with its liquidity position. CIEL has also stressed liquidity risk as part of its 2022 ORSA.

The following policies and procedures are in place to mitigate CIEL's exposure to liquidity risk:

- A Company liquidity risk policy setting out the assessment and determination of what constitutes liquidity risk for CIEL. Compliance with the policy is monitored and exposures and breaches are reported to CIEL Board Members. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Set guidelines on asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance contract obligations.
- During the period ended 30 April 2022 and 2021 CIEL was not exposed to significant liquidity risk.

C.5 Operational Risk

CIEL is exposed to operational risk through its operational outsourcing relationships, regulatory or legal environments and external events that affect the operation of CIEL.

To operate efficiently CIEL recognises that it needs to have a robust framework in place to manage operational risk. The framework is underpinned by an Operational Risk Policy. The following are the Board Policy Statements that have been implemented to manage Operational Risk:

- **Risk Culture:** The Board and Executive Management will seek to lead CIEL in delivering a strong risk management culture.

- **Risk Framework:** The Risk function will seek to develop, implement and maintain a risk framework and standards that align to regulatory requirements.
- **Risk Identification:** CIEL will seek to use appropriate risk management tools to identify actual, potential or emerging risks in all material products, activities, processes and systems.
- **Risk Assessment:** CIEL will seek to use appropriate risk management tools to assess risks in all material products, activities, processes and systems to ensure that risks are properly understood.
- **Risk Control:** CIEL will seek to use appropriate internal controls e.g. policies, processes and systems and appropriate risk mitigation and transfer strategies to manage its operational risks.
- **Risk Events:** CIEL will seek to ensure that incidents are identified, escalated and effectively managed within agreed parameters.
- **New Product Approval:** CIEL will seek to ensure that new products, material changes to existing products and associated operational implications are assessed for risk.
- **Risk Reporting:** CIEL will seek to regularly monitor its risk profile and material exposure to losses.
- **Operational Resilience:** CIEL will seek to maintain robust operational, cyber and technological resilience for both its in-house processes and activities and those undertaken by its partners.

CIEL seeks to mitigate the risk with the implementation of a robust operational risk framework which is consistent, effective, economic and proportionate to the nature, scale and structure of the business. The framework is supported by an Operational Risk Policy and procedures detailing clear roles and responsibilities to support staff in undertaking their “business as usual” activities whilst managing the “day to day” operational risks.

As underwriting premium growth continues to be a key driver of Operational Risk SCR, CIEL has implemented a 3-Year Capital Planning cycle embedded in its business planning procedures. This enables identification of the level of premium growth and the level of Operational Risk SCR within risk appetite. The process has been implemented within the scheme underwriting processes and constitutes a key part of Solvency II embedding in business use. This monitoring provides assurance that CIEL is ultimately operating within the Board approved risk appetite and remaining within the budgeted capital plan.

C.6 Other material risks

Strategic Risk

Strategic Risk, defined as “failure to set and implement an appropriate strategy”, has been assessed as within the CIEL risk appetite. The targets set out within the CIEL 3-year business plan are purposely designed as having a stretch element incorporated within them. Given the new business, organic growth prospects and opportunities seen to date, for new products tailored to meet the needs of identified customer groups, the targets are deemed reasonable.

It is recognised that strategic risk underpins every risk taken by the business and exists simply by virtue of operating within a dynamic business environment. To this extent, whilst not explicitly modelled, the downside (consequences) of inappropriate strategic decisions will be assessed within each risk contributing to the SCR.

Covid-19 and Macro Environment Risk

The uncertainty in relation to COVID-19 has improved significantly as a result of the successful vaccine rollout in the EU which has greatly weakened the link between infections, hospitalisations and deaths. While the future outlook is more positive than this time last year, we remain mindful of the risk posed by emerging mutations of the virus.

The international economic recovery have benefitted from programmes of quantitative easing and government support packages, which led to an economic recovery in 2021 but has also contributed to

higher than expected inflation. Inflationary pressures are also arising out of supply-side strain (on both labour and imported goods including fuel) in the EU also arising from the conflict between Russia and Ukraine. There are risks that could deteriorate for many reasons including if:

- inflation continues to increase and interest rates rise quickly to counter it;
- geopolitical tensions escalate, for example increased sanctions on Russia and/or between China and the West.

The Insurance Division has not been directly impacted by the Russia and Ukraine conflict, however management remains mindful on the developments of the crises and the potential impact on its business and the effects on the wider Collinson Group activities and continues to monitor the situation closely.

Depending on how these risks unfold over time, this could impact CIEL through increased claims costs, possible reductions in new business and lapses. These have been included within the stress and scenario testing carried out as part of this ORSA highlighting that CIEL continues to remain resilient to macro-economic shocks (including inflation and exchange rate shifts) as well as more extreme events.

Group Risk

CIEL's current and planned operating model, over the current three-year forecast cycle, is to outsource the provision of key operational activities, including:

- Underwriting and pricing
- Claims handling
- Finance, actuarial reserving and taxation
- Policy administration
- Investment management and treasury.

The current outsourcing arrangement in respect of operating costs (non-technical in nature) is with CISEL. CISEL is the legal entity through which the Collinson Group performs managing agency business in Europe. CISEL also acts as service company to CIEL along with other divisional legal entities. These divisional entities perform a range of services such as insurance brokerage, claims management and policy administration.

C.7 Any Other Information

Emerging Risks

CIEL's approach is to ensure such risks are identified at an early stage by using a Strategic Risk Radar to assess, record and monitor emerging risks to ensure controls are in place where required to mitigate the risk. This is regularly reviewed at the Risk Committee.

Once an emerging risk can be assessed and more is discovered about its potential impact / likelihood, the relevant committee chairperson is responsible for escalating this to the Risk Function for further discussion and potential inclusion within the risk register. In this way, an appropriate mitigation plan to address any loss can be developed.

Group Consolidation

CIEL forms part of an insurance group which potentially adds risks outside of the normal spectrum of an insurance company. The Board of CIEL have considered that CHEL does not add material risk to Company. CHEL is an insurance holding company and has no trading activities. CISEL is an insurance intermediary which carries out insurance policy administration and claims handling for the operations of

the Company and also services for third party underwriters and accordingly is being treated as a strategic participation when considering the requirements of Article 335 of the Solvency II Delegated Regulation and EIOPA published Q&A ID 649.

Section D: Valuation for Solvency Purpose

Section D: Valuation for Solvency Purposes

Assets and liabilities under Solvency II are valued in accordance to the Solvency II Directive. “The primary objective of valuation as set out in Article 75 of Directive 2009/138/EC requires an economic, market-consistent approach to the valuation of assets and liabilities. According to the risk-based approach of Solvency II, when valuing Balance Sheet items on an economic basis, undertakings need to consider the risks that arise from a particular Balance Sheet item, using assumptions that market participants would use in valuing the asset or the liability.”

The values of the assets and liabilities prepared using International Financial Reporting Standards as adopted by the EU (“IFRS”), have been used with some adjustments as outlined in the following sections. These adjustments are in line with the recommendations in the EIOPA Technical Specifications.

References to “the Regulation” in this Section are in respect of the Commission Delegated Regulations (EU) 2015/35.

D.1 Assets

The following table shows a comparison of asset figures under both Solvency II and IFRS for the Group. A description on the valuation techniques utilised are described below:

Assets	SII EUR	IFRS EUR	Difference EUR
Deferred acquisition costs	-	14,268,350	(14,268,350)
Deferred tax assets	108,595	-	108,595
Holdings in participations	590,986	590,986	-
Reinsurance recoverables from:			
Non-life excluding health	65,553	12,256,728	(12,191,175)
Health similar to non-life	(1,564,226)	21,577,237	(23,141,463)
Insurance and intermediaries receivables	2,081,748	36,723,604	(34,641,856)
Reinsurance receivables	325,250	325,250	-
Receivables (trade, not insurance)	593,056	593,056	-
Cash and cash equivalents	16,305,533	16,305,533	-
Total Assets	18,506,495	102,640,744	(84,134,249)

Deferred tax assets

Deferred tax assets are valued as the difference between the assets and liabilities recognised in accordance with Solvency II and under IFRS. Deferred tax assets are only recognised on the basis that future taxable profit will be available against which the deferred tax asset can be utilised.

Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from entering into insurance contracts. Acquisition costs are accrued over an equivalent period to that over which the underlying business is

written and charged to the accounting periods in which the related premiums are earned. Deferred acquisition costs represent those acquisition costs incurred in respect of unearned premiums existing at the end of each reporting period.

There is no concept of Deferred Acquisition Costs in Solvency II. The premium provision only allows for future expense cash flows for those policies already in-force. Initial expenses such as up-front commission occurred in the past and so are not allowed in the premium provision.

Holdings in participations

Holdings in participations were valued on the basis of the net asset value of the participation. The net asset value approximates the market value of the holdings in participations in accordance with Article 8 of the Regulation. This has been classified as a strategic participation in the SCR calculation and stressed under the equity risk module.

Reinsurance Recoverables

Reinsurance recoverables are calculated using a Best Estimate concept in line with Solvency II valuation techniques as compared to IFRS which considers a case-by-case estimate at a point in time. Information on the valuation principles of the reinsurance recoverables is provided in Section D.2.

Insurance and intermediaries receivable

Insurance and intermediaries receivable for premiums not yet due are recorded in the IFRS Balance Sheet as insurance receivables. Under Solvency II, these amounts are reclassified into the technical provisions, as part of the Premium Provisions, as they constitute a future cashflow. Information on the valuation principles utilised to calculate the Premium Provision are disclosed in Section D.2.

Reinsurance receivables

Reinsurance receivables have been valued using the cost approach as this approximates the fair value of the asset. This is in accordance with Article 8 of the Regulation and is consistent with the value approach taken under IFRS. Where these are not yet due, they are included within the future cash flows that form part of the calculation of the Technical Provisions.

Receivables (trade, not insurance)

Receivables are calculated using IFRS valuation principles and approximate the fair value of the asset. This is in accordance with Article 8 of the Regulation. The Receivables have been stressed under the Counterparty Default Risk module.

Cash and cash equivalents

Cash and cash equivalents were valued using the market price of the asset in accordance with Article 8 of the Regulation and is consistent with the valuation approach under IFRS. These have been stressed under the counterparty default risk module. Cash at bank also includes exposures in foreign currencies which are stressed under the currency risk module within market risk.

Loss absorbing capacity of deferred tax assets under Solvency II

The value of the SCR may be reduced to allow for the loss absorbing capacity of deferred tax assets ("LACDT"). This adjustment is calculated in accordance with Article 207 of the Regulation and is equal to the change in the value of deferred taxes that would result from an instantaneous loss of an amount that is equal to the Basic SCR plus operational risk. The valuation method is in line with the "Deferred Tax Asset" under IFRS where these can only be recognised on the basis that it is probable that the Company has future tax profits which will be available against the deferred tax asset. In view of the model whereby CIEL retains a small percentage of profits, it has been considered that the LACDT impact would be immaterial and a prudent position to take no LACDT has been adopted.

D.2 Technical Provisions

The calculation of Technical Provisions under Solvency II is a major change from IFRS and includes changes to the calculation of and provisions for claims outstanding and provisions for premiums. It also introduces the calculation of a Risk Margin which is not considered under IFRS.

Provisions are calculated as 'best estimate' meaning that they are neither under nor over-estimated and are also calculated on a discounted cash flow basis, which takes account of the time value of money. It is also required to incorporate a provision for the expenses that would be incurred in running off the business.

Valuation results

The valuation was carried out together for each line of business. Under Solvency II, the Balance Sheet is required to be valued on a "best estimate" discounted cash flow basis. This leads to differences in claims provision between IFRS and Solvency II.

The table below sets out the results of the Technical provision under both IFRS and Solvency II basis.

Gross Technical Provisions	SII EUR	IFRS EUR	Difference EUR
Technical provisions - non-life (excluding health)	3,755,616	18,677,291	(14,921,675)
Best Estimate	3,541,303		
Risk margin	214,313		
Technical provisions - health (similar to non-life)	2,932,719	28,213,595	(25,280,876)
Best Estimate	2,814,785		
Risk margin	117,934		
Total Gross Technical Provisions	6,688,335	46,890,886	(40,202,551)

The table below shows the composition of Best Estimate and Risk Margin by Solvency II Line of Business:

	Direct business and accepted proportional reinsurance		Total Non-Life obligation
	Medical expense insurance	Assistance	
Premium provisions			
Gross - Total Direct Business	(2,037,044)	365,508	(1,671,536)
Total recoverable from reinsurance	(5,415,004)	(1,291,113)	(6,706,117)
Net Best Estimate of Premium Provisions	3,377,960	1,656,621	5,034,581
Claims provisions			
Gross - Total Direct Business	4,851,829	3,175,795	8,027,624
Total recoverable from reinsurance	3,850,778	1,356,666	5,207,444
Net Best Estimate of Claims Provisions	1,001,051	1,819,129	2,820,180
Total best estimate - gross	2,814,785	3,541,303	6,356,088
Total best estimate - net	4,379,011	3,475,750	7,854,761
Risk margin	117,934	214,313	332,247

The Solvency II Directive regulation requires the inclusion of “run-off” expenses to be incorporated into the Solvency II calculation. This has been added to the net technical provisions for the Company.

Claim Provision

The claim provision under Solvency II is calculated according to the best estimate claims reserve. The provision for claims outstanding is the underlying best estimate, as calculated within the IFRS reserves using a combination of actuarial and statistical techniques, including Chain Ladder and Bornhuetter-Ferguson techniques.

Outstanding claims are projected in line with assumed settlement patterns and discounted using current yield curves to today's value. An allowance for “Events not in data” (“ENIDs”) is added in to reflect that the technical provisions must account for “all possible outcomes”, including both latent claims and extreme events. The best estimate for ENIDs covering both the claims and premium provision is €1,005k (2021: €335k) on a gross basis and €321k (2021: €106k) after reinsurance for CIEL. The actuaries will continue to monitor the appropriateness of the ENIDs assumption going forwards.

- The difference between IFRS and SII valuation is primarily due to the allowance for low probability high severity events, referred to as Events Not in Data (ENIDs)

The following table shows the changes between the IFRS and Solvency II Claims Provisions:

	IFRS EUR	SII EUR
Net Claims Provisions per IFRS		2,692,861
<i>Solvency II Adjustments</i>		
Allowance for ENIDs		130,084
Reinsurance Bad Debts		3,922
Discounting		(6,687)
Claims Provision under Solvency II		2,820,180

The yield curves used for discounting purpose are as issued by EIOPA at the valuation date.

The amount of recoverables from reinsurance contracts on the claims provision are shown as "Reinsurance Recoverables" in Section D.1. The valuation principles of reinsurance recoverables follow the same valuation principles utilised to arriving to the gross claims provision.

Premium Provision

The provision for premiums (called the 'Unearned Premium Reserve' under IFRS but the 'Premium Provision' under Solvency II) is different under SII than under IFRS. This is due to the fact that the expected claims are required to be reserved for under Solvency II and can be offset by any expected future premium receivables.

The Insurance Undertaking has included the premium receivables net of commissions of €1,422k (2021: €3,853k) as a negative liability rather than appearing on the asset side of the Balance Sheet as you would expect under traditional accounting methods. The profit on the unearned premiums arises due to the assumed loss ratio being less than 100%.

The following table shows the changes between the IFRS and Solvency II Premium Provisions:

	IFRS EUR	SII EUR
Net Unearned Premium Reserve	10,364,060	
Net Deferred Acquisition Costs	(3,969,677)	
 <i>Solvency II Adjustments</i>		
Profit on unearned premium	(2,184,255)	
Unpaid premium not overdue, net of provision for bad debts	(1,390,051)	
Run-off expenses allocated	2,077,012	
Events not in Data	174,089	
Profit on Bound but not Incepted Business	(12,844)	
Discount	(23,753)	
 Premium Provision under Solvency II		5,034,581

The above approach to calculate expected claims is consistent with the Actuarial Function Report, which is provided by Willis Towers Watson and which follows the roles and responsibilities laid out in Section B.7.

Risk Margin

A significant difference in calculating SII technical provisions is that it also requires the inclusion of a risk margin in the best estimate liabilities. This is a function of the SCR and is calculated to be €332,247 (2021: €201,062).

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

This is calculated by determining the cost of providing an amount of capital equal to the SCR necessary to support the obligations over their lifetime. The calculation involves approximating the SCR for each future year and then valuing the risk margin on a discounted cash flow basis. A 6% Cost of Capital rate is assumed to determine the cost of providing the funds as defined in SII.

Uncertainties in the value of Technical Provisions

The key assumptions that may impact the Technical Provisions are detailed below along with the comments regarding the materiality of these assumptions.

Assumed loss ratio: Loss ratios are calculated by scheme and reviewed and approved by the Underwriting and Claims Committee.

Settlement period: Claims settlement patterns are calculated by scheme and based on historical data. The settlement patterns feed into the Technical Provisions to split out the future cashflows by period.

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

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

Reinsurance: It is assumed that the reinsurance will perform as expected, although the technical provisions include an allowance for bad debt.

ENIDs: Events not in Data (“ENIDs”) are calculated based on benchmarking for each line of business underwritten by CIEL. The amount calculated is small compared with other elements in the calculation of the technical provisions.

Matching Adjustments, Volatility Adjustments and Transitional Measures

The Company has no matching adjustments, volatility adjustments or transitional measures as at the reporting period.

D.3 Other Liabilities

Financial liabilities are recognised when CIEL become a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangement entered into.

All financial liabilities are initially measured at transaction price.

Other Liabilities	SII EUR	IFRS EUR	Difference EUR
Insurance & intermediaries payables	2,481,873	17,056,181	(14,574,308)
Reinsurance payables	56,400	29,211,891	(29,155,491)
Payables (trade, not insurance)	485,974	485,974	-
Total Other Liabilities	3,024,247	46,754,046	(43,729,799)

Approximately €14.6m of liabilities classed as “Insurance & intermediaries payable” under IFRS are reclassified as Technical Provisions under Solvency II as they relate to future cash flows in respect of commissions and profit shares not yet due.

Similarly, under Solvency II, €29.1m of liabilities not yet due recognised as “Reinsurance payables” under IFRS are presented as part of the Reinsurance Technical provisions under Solvency II. In addition, Deferred acquisition costs are not recognised under Solvency II and so consequently the reinsurers share of the same for €29.1m are removed from the Balance Sheet.

All other liabilities have been valued using the cost approach as this approximates the fair value of the liabilities. This is in accordance with Article 8 of the Regulation and is consistent with the value approach taken under IFRS.

D.4 Alternative valuation methods

No alternative valuation methods have been utilised by CIEL.

D.5 Any other Information

Data Quality

Given that CIEL utilises the Solvency II Standard Formula, the integrity of the model is validated by the Actuarial Function. All data pertaining to the calculations is managed, monitored and controlled by the Finance Function in conjunction with the Actuarial Function. There are no data deficiencies noted in the calculation and valuation of Technical provisions for Solvency II purposes.

Section E: Capital Management

Section E: Capital Management

E. 1 Own Funds

Quality of Capital

The Group aims to ensure that its 'own funds' consists of the appropriate mix of 'tier 1', 'tier 2' and 'tier 3' (including ancillary own funds) capital as defined by Chapter 5 MFSA insurance rules issued under the Insurance Business Act. However as far as possible the Group will aim to have tier 1 capital. The Group's own funds shall take the form of;

- a. Ordinary Share Capital
- b. Retained Earnings
- c. Capital injections from Group
- d. Shareholders contribution
- e. Unpaid and uncalled Share Capital
- f. Any other capital admissible under the above insurance rules

The Group utilised a 3-year time horizon for business planning purposes and the last complete business plan was for 2022-2025.

The following table analysis the movement of Capital between Tiers as at 30 April 2022 and 2021:

	Tier 1		Tier 3		Total Own Funds		Movement
	2022 EUR	2021 EUR	2022 EUR	2021 EUR	2022 EUR	2021 EUR	EUR
Ordinary share capital	7,400,000	5,900,000	-	-	7,400,000	5,900,000	1,500,000
Capital contribution	700,000	700,000	-	-	700,000	700,000	-
Reconciliation reserve	585,318	368,166	-	-	585,318	368,166	217,152
Net deferred tax assets	-	-	108,595	54,544	108,595	54,544	54,051
Total Own Funds	8,685,318	6,968,166	108,595	54,544	8,793,913	7,022,710	1,771,203

Total own funds are utilised to cover the SCR for the Group. Only Tier 1 Capital is utilised to cover the MCR for CIEL.

The Group's components of own funds are detailed below:

Tier 1 Capital

Tier 1 Capital is made up of paid-in ordinary share capital, shareholder capital contribution and the reconciliation reserve. This is of the highest quality and permanent. The paid-in ordinary share capital increased to €7,400,000 (2021: €5,900,000), following an injection of share capital made during the year. The Group has further a paid in capital contribution of €700,000, which has remained unchanged since incorporation.

The reconciliation reserve is made up of the following:

Reconciliation Reserve

	2022 EUR	2021 EUR
Solvency II Excess of Assets over Liabilities	8,793,913	7,022,710
Other Basic Own Funds Items	8,208,595	6,654,544
Reconciliation reserve	585,318	368,166

The movement in the reconciliation reserve was brought about by the change in valuation of technical provisions between IFRS and Solvency II. These are highlighted in the above and below tables.

The following table provides a reconciliation between the Solvency II Own Funds and the Total Equity as per IFRS:

Reconciliation of Own Funds to Equity in the IFRS Balance Sheet

	2022 EUR	2021 EUR
Solvency II Excess of Assets over Liabilities	8,793,913	7,022,710
Items not recognised under IFRS:		
Risk margin	332,247	201,062
Deferred tax asset	(108,595)	(54,544)
Changes in valuation due to net best estimate	(21,754)	(44,733)
Total Group Equity as per IFRS	8,995,811	7,124,495

The difference between the Group's equity as shown and the excess of assets over liabilities as calculated for solvency purposes is:

- the difference between the technical provisions calculated in accordance with the Solvency II requirements and IFRS, which also impacts the presentation of insurance and intermediaries receivables, reinsurance receivables and insurance payables.

Tier 3 Capital

Tier 3 capital is made up of the Net Deferred Tax Asset.

None of the Group's own funds are subject to transitional arrangement. No additional ratios to the ones calculated and disclosed in template S.23.01 are included in this document. None of the Group's own funds are transferable or fungible.

Capital Management

The Company's capital is managed to ensure that all regulatory requirements in relation to capital levels maintained are satisfied. To achieve this objective the following capital requirements are adhered to;

- The Solvency Capital Requirement (SCR) calculation
- The Minimum Capital Requirements (MCR) calculation

The Board ensures that the higher of these two capital requirement assessments shall be maintained. Secondary to fulfilling the Group's regulatory requirements as described above, the Board aims to maximize the employment of capital, subject to the conditions imposed by the Group's investment policy.

The Board formally reviews the utilization of the Group's capital and the overall effectiveness of its capital management policy at least annually.

There are no additional solvency ratios to the ones included in template S.23.01 (i.e. SCR and MCR) to be disclosed by the Group.

Calculation of Group Own Funds and Calculation of Solvency

Group own funds and solvency capital calculations have been carried out in accordance with Method 1 – Accounting consolidation-based method in accordance with Article 230 of the Directive.

The Directors of CIEL have determined that CISEL should be classified as a strategic participation when considering the requirements of Article 335 of the Solvency II Directive and EIOPA published Q&A ID 649.

Capital Shortfalls

The Board is confident that in the event of a capital shortfall that the Collinson Group, in response to a justified request for a capital injection, will take the necessary action to ensure that the Group's regulatory capital requirements are met.

In the unforeseen event that the Group faces insufficient levels of Capital to meet its regulatory requirements, the Board shall investigate alternative measures to realign the business plan with its capital base. These measures shall include de risking, amendments to underwriting and risk retention strategy, amendment to pricing strategy and, if necessary, to request additional capital from the parent.

The Group has the following components of own funds as at 30th April 2022 and 2021: Tier 1 basic own funds; ordinary share capital, capital contribution and reconciliation reserve.

The Group's ordinary shares have full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

No deductions are applied to own funds and there are no significant restrictions affecting their availability and transferability. The SCR was calculated using the standard formula.

E. 2 SCR and MCR

Solvency Capital Requirement Coverage

GROUP		
Solvency Position	2022 EUR	2021 EUR
Group's Own Funds to cover the SCR	8,793,913	7,022,709
Solvency Capital Requirement	4,878,956	3,682,937
SCR Cover	180.24%	190.68%
Group's Own Funds to cover the Minimum Consolidated Group SCR	8,685,318	6,938,166
Minimum Consolidated Group SCR	3,700,000	3,700,000
Minimum Consolidated Group SCR Cover	234.74%	188.33%

The Group uses EIOPA's Solvency II Standard Formula. It does not use Company specific parameters. Simplified calculations are used in computing spread risk within the Market Risk Module in accordance with Article 104 of the regulations. Furthermore, they do not make use of any capital add-ons.

The minimum consolidated Group SCR was calculated in accordance with the Commission Delegated Regulation. The calculation below shows the net best estimates and net written premiums for the year 2022 per line of business utilised in the calculation of the Linear minimum consolidated Group SCR. The minimum consolidated Group SCR represents the Absolute Floor of €3.7million.

The calculation of CIEL's minimum capital requirement is illustrated below:

Linear formula component for non-life insurance obligations	Net best estimate and TP calculated as a whole	Net written premiums in the last 12 months
Medical expense insurance	4,379,011	11,270,446
Assistance	3,475,750	11,956,977
Overall MCR calculation		
Linear MCR	2,398,357	
SCR	4,837,141	
MCR cap	2,176,713	
MCR floor	1,209,285	
Combined MCR	2,176,713	
Absolute floor of the MCR	3,700,000	
Minimum Capital Requirement	3,700,000	

The SCR and MCR are calculated on the basis of the eligible own funds.

Solvency Capital Position

The table below sets out the Group's Pillar 1 capital position as at 30th April 2022 and 2021:

Basic SCR	2022 EUR	2021 EUR
Market Risk	336,308	463,457
Counterparty Default Risk	1,226,537	1,035,597
Health UW Risk	2,092,077	1,444,254
Non-Life UW Risk	1,898,092	1,397,532
Diversification Benefit	(1,799,971)	(1,439,145)
	3,753,043	2,901,695

SCR	2022 EUR	2021 EUR
Basic SCR	3,753,043	2,901,695
Operational Risk	1,125,913	781,242
LACDT	-	-
	4,878,956	3,682,937

Material movements in the SCR and MCR

The Group's Basic SCR increased by €851,348. The following are the main changes in the SCR computation:

- i. Increase in underwriting risk as a result of:
 - a. Transfer of Dental and Travel business as from 1 September 2021 and January 2022 resulting in high expected earned premium over the next 12 months
 - b. The business written in the current year being earned out
 - c. The projected increase in premium in future years as a result of growth of the current business and as per the projected new business within the capital plan as included in the 2022 ORSA.
- ii. Counterparty default risk has increased due to the increase in the reinsurance coverage within the majority of business now being ceded out at 80%.
- iii. With the increase in premium written there is an equivalent increase in claims which has increased the reserve risk to the business.

No changes were made to the methodology of the underlying SCR calculation. The MCR did not change over the period and remained at the level of the absolute MCR (AMCR) of €3,700,000.

The Own Funds available to cover the SCR and MCR has been positively impacted by the injection of share capital made during the year and from the financial results registered during the year under review.

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

Duration-based equity risk sub-module is not used in the Company's SCR calculation.

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

The Group uses solely the standard formula for its solvency capital requirement calculation.

E. 5 Non-Compliance with MCR and SCR during the period

The Group was compliant at all times with the MCR and SCR requirements during the reporting period. Furthermore, the Board of CIEL approved an ORSA report during 2021 which showed that the Company expects to meet its capital requirements over its planning period.

E. 6 Any Other Information

There is no other information to report on.

Annex I: CHEL QRTs

Collinson

Collinson is a global leader in customer benefits and loyalty. We help other businesses to acquire, retain and monetise customers across four specialisms of Loyalty, Travel Experiences, Insurance and Assistance. We provide exceptional travel, assistance and insurance products that differentiate value propositions, and deliver loyalty solutions resulting in deeper, more valuable customer relationships. Our solutions drive more profitable customer relationships, enrich their travel experiences and protect what matters and assist in times of need. Our customer benefits products include the original and market-leading airport experiences programme, provided by Priority Pass, as well as travel insurance, international health, dental, home and motor ancillary insurance products and travel risk management solutions. Our loyalty expertise uniquely combines strategy, award-winning technology and programme management to create greater engagement and experiences for our clients' customers.

For over 30 years, we've been chosen by the world's leading payment networks, 1,400+ banks, 90+ airlines and 20+ hotel groups to craft customer experiences that win competitive edge. This enables them to acquire, engage and retain the most profitable, but most demanding customers. Our clients include Air France KLM, American Express, Cathay Pacific, Chase, Hackett, Mastercard, Radisson Hotel Group, RSA, Sephora, UnionPay, Vhi and Visa. In particular, our unique expertise and insights into high earning, frequent travellers allow us to create products and solutions for our clients that inspire greater customer engagement in this lucrative customer segment.

Collinson is a privately-owned entrepreneurial business with 1,700+ passionate people working in 17 locations worldwide.

Contact Us

For any questions or further information please contact

Email: info@collinsongroup.com

Development House
St Anne Street Floriana, FRN 9010
Malta

Collinson Holdings Europe Limited

Solvency and Financial Condition Report

Disclosures

30 April

2022

(Monetary amounts in EUR thousands)

General information

Participating undertaking name
Group identification code
Type of code of group
Country of the group supervisor
Language of reporting
Reporting reference date
Currency used for reporting
Accounting standards
Method of Calculation of the group SCR
Method of group solvency calculation
Matching adjustment
Volatility adjustment
Transitional measure on the risk-free interest rate
Transitional measure on technical provisions

Collinson Holdings Europe Limited
213800VYZJWV85MVON54
LEI
MT
en
30 April 2022
EUR
IFRS
Standard formula
Method 1 is used exclusively
No use of matching adjustment
No use of volatility adjustment
No use of transitional measure on the risk-free interest rate
No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.23.01.22 - Own Funds
S.25.01.22 - Solvency Capital Requirement - for groups on Standard Formula
S.32.01.22 - Undertakings in the scope of the group

S.02.01.02
Balance sheet

	Solvency II value
	C0010
Assets	
R0030 Intangible assets	
R0040 Deferred tax assets	109
R0050 Pension benefit surplus	
R0060 Property, plant & equipment held for own use	0
R0070 Investments (other than assets held for index-linked and unit-linked contracts)	591
<i>Property (other than for own use)</i>	0
<i>Holdings in related undertakings, including participations</i>	591
<i>Equities</i>	0
<i>Equities - listed</i>	
<i>Equities - unlisted</i>	
<i>Bonds</i>	0
<i>Government Bonds</i>	0
<i>Corporate Bonds</i>	0
<i>Structured notes</i>	0
<i>Collateralised securities</i>	0
<i>Collective Investments Undertakings</i>	0
<i>Derivatives</i>	
<i>Deposits other than cash equivalents</i>	0
<i>Other investments</i>	0
R0220 Assets held for index-linked and unit-linked contracts	
R0230 Loans and mortgages	0
<i>Loans on policies</i>	0
<i>Loans and mortgages to individuals</i>	
<i>Other loans and mortgages</i>	
R0270 Reinsurance recoverables from:	-1,499
<i>Non-life and health similar to non-life</i>	-1,499
<i>Non-life excluding health</i>	66
<i>Health similar to non-life</i>	-1,564
<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
<i>Health similar to life</i>	
<i>Life excluding health and index-linked and unit-linked</i>	
<i>Life index-linked and unit-linked</i>	
R0350 Deposits to cedants	0
R0360 Insurance and intermediaries receivables	2,082
R0370 Reinsurance receivables	325
R0380 Receivables (trade, not insurance)	593
R0390 Own shares (held directly)	
R0400 Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410 Cash and cash equivalents	16,306
R0420 Any other assets, not elsewhere shown	
R0500 Total assets	18,506

S.02.01.02
Balance sheet

	Solvency II value
	C0010
Liabilities	
R0510 Technical provisions - non-life	6,688
R0520 <i>Technical provisions - non-life (excluding health)</i>	3,756
R0530 <i>TP calculated as a whole</i>	
R0540 <i>Best Estimate</i>	3,541
R0550 <i>Risk margin</i>	214
R0560 <i>Technical provisions - health (similar to non-life)</i>	2,933
R0570 <i>TP calculated as a whole</i>	
R0580 <i>Best Estimate</i>	2,815
R0590 <i>Risk margin</i>	118
R0600 Technical provisions - life (excluding index-linked and unit-linked)	0
R0610 <i>Technical provisions - health (similar to life)</i>	0
R0620 <i>TP calculated as a whole</i>	
R0630 <i>Best Estimate</i>	
R0640 <i>Risk margin</i>	
R0650 <i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0
R0660 <i>TP calculated as a whole</i>	
R0670 <i>Best Estimate</i>	
R0680 <i>Risk margin</i>	
R0690 Technical provisions - index-linked and unit-linked	0
R0700 <i>TP calculated as a whole</i>	
R0710 <i>Best Estimate</i>	
R0720 <i>Risk margin</i>	
R0740 Contingent liabilities	
R0750 Provisions other than technical provisions	
R0760 Pension benefit obligations	
R0770 Deposits from reinsurers	
R0780 Deferred tax liabilities	
R0790 Derivatives	
R0800 Debts owed to credit institutions	
R0810 Financial liabilities other than debts owed to credit institutions	
R0820 Insurance & intermediaries payables	2,482
R0830 Reinsurance payables	56
R0840 Payables (trade, not insurance)	486
R0850 Subordinated liabilities	0
R0860 <i>Subordinated liabilities not in BOF</i>	
R0870 <i>Subordinated liabilities in BOF</i>	0
R0880 Any other liabilities, not elsewhere shown	
R0900 Total liabilities	9,713
 R1000 Excess of assets over liabilities	 8,794

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

S.05.02.01

Premiums, claims and expenses by country

Non-life

Basic own funds before deduction for participations in other financial sector

Own funds when using the D&A, exclusively or in combination of method 1

R0450 Own funds aggregated when using the D&A and combination of method

R0460 Own funds aggregated when using the D&A and combination of method net of IGT

R0520 Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)

R0530 Total available own funds to meet the minimum consolidated group SCR

R0560 Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)

R0570 Total eligible own funds to meet the minimum consolidated group SCR (group)

R0610 Minimum consolidated Group SCR

R0650 Ratio of Eligible own funds to Minimum Consolidated Group SCR

R0660 Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)

R0680 Group SCR

R0690 Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A

Reconciliation reserve

R0700 Excess of assets over liabilities

R0710 Own shares (held directly and indirectly)

R0720 Forseeable dividends, distributions and charges

R0730 Other basic own fund items

R0740 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

R0750 Other non available own funds

R0760 Reconciliation reserve

Expected profits

R0770 Expected profits included in future premiums (EPIFP) - Life business

R0780 Expected profits included in future premiums (EPIFP) - Non- life business

R0790 Total Expected profits included in future premiums (EPIFP)

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050

0				
0				
8,794	8,685	0	0	109
8,685	8,685	0	0	
8,794	8,685	0	0	109
8,685	8,685	0	0	

3,700				
234.74%				
8,794	8,685	0	0	109
4,879				
180.24%				

C0060

8,794			
8,209			
585			

1,255		
1,255		

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

R0010 Market risk
 R0020 Counterparty default risk
 R0030 Life underwriting risk
 R0040 Health underwriting risk
 R0050 Non-life underwriting risk
 R0060 Diversification

R0070 Intangible asset risk

R0100 Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

R0130 Operational risk
 R0140 Loss-absorbing capacity of technical provisions
 R0150 Loss-absorbing capacity of deferred taxes
 R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC
 R0200 Solvency Capital Requirement excluding capital add-on
 R0210 Capital add-ons already set
 R0220 Solvency capital requirement for undertakings under consolidated method

Other information on SCR

R0400 Capital requirement for duration-based equity risk sub-module
 R0410 Total amount of Notional Solvency Capital Requirements for remaining part
 R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds
 R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
 R0440 Diversification effects due to RFF nSCR aggregation for article 304
 R0470 Minimum consolidated group solvency capital requirement

Information on other entities

R0500 Capital requirement for other financial sectors (Non-insurance capital requirements)
Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies
 R0520 *Institutions for occupational retirement provisions*
 R0530 *Capital requirement for non-regulated entities carrying out financial activities*
 R0540 Capital requirement for non-controlled participation requirements
 R0550 Capital requirement for residual undertakings

Overall SCR

R0560 SCR for undertakings included via D&A
 R0570 Solvency capital requirement

Gross solvency capital requirement	USP	Simplifications
C0110	C0090	C0120
336		
1,227		
0		
2,092		
1,898		
-1,800		

USP Key

For life underwriting risk:
 1 - Increase in the amount of annuity benefits
 9 - None

C0100
1,126
0
0
0
4,879
0
4,879

For health underwriting risk:
 1 - Increase in the amount of annuity benefits
 2 - Standard deviation for NSLT health premium risk
 3 - Standard deviation for NSLT health gross premium risk
 4 - Adjustment factor for non-proportional reinsurance
 5 - Standard deviation for NSLT health reserve risk
 9 - None

0
0
0
0
0
3,700

For non-life underwriting risk:
 4 - Adjustment factor for non-proportional reinsurance
 6 - Standard deviation for non-life premium risk
 7 - Standard deviation for non-life gross premium risk
 8 - Standard deviation for non-life reserve risk
 9 - None

0
0
0
0
0
0

0
4,879

S.32.01.22

Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	MT	213800QM8NUT2HQS269	LEI	Collinson Insurance Europe Limited	Non life insurance undertaking	Non life insurance undertaking	Non-mutual	Malta Financial Services Authority

Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation	
				% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking	
Row	C0010	C0020	C0030	C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	MT	213800QM8NUT2HQ5269	LEI	Collinson Insurance Europe Limited	100.00%	100.00%	100.00%		Significant	100.00%	Included in the scope		Method 1: Full consolidation