# SOLVENCY AND FINANCIAL CONDITION REPORT

# DOMESTIC & GENERAL INSURANCE EUROPE AG

Company Registration Number: HRB 30859

## For the year ended 31st March 2024

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**Notes and explanations:**

- Solvency Capital Requirement: The final amount of the Solvency Capital Requirement is still subject to supervisory review.
- Rounding: The values presented in the following are automatically rounded. Rounding differences may therefore occur.

## STATEMENT OF DIRECTOR’S RESPONSIBILITIES

The DGIEU Management Board is responsible for ensuring that the Solvency and Financial Condition Report (“SFCR”) is properly prepared in all material respects in accordance with the Federal Financial Supervisory Authority in Germany (“BaFin”) rules and Solvency II Regulations.

The DGIEU Management Board confirms that, to the best of its knowledge:

(a) Throughout the financial year in question, the Company has complied in all material respects with the requirements of the BaFin rules and Solvency II Regulations as applicable; and

(b) it is reasonable to believe that, at the date of the publication of the SFCR, the Company continues to comply and will continue to comply in future.

By Order of the DGIEU Management Board

Matthew Crummack – Chief Executive Officer

Date: 05 July 2024

## ACRONYMS AND TERMS

| Acronym / Term | Definition |
|---|---|
| ACPR | French Prudential Supervision and Resolution Authority |
| ADIA | Abu Dhabi Investment Authority, owner of Luxinva S.A which owns a c.26% stake of the Group |
| APRA | Australian Prudential Regulation Authority |
| ARC | Audit & Risk Committee |
| BaFin | Federal Financial Supervisory Authority, the regulator of Domestic & General Insurance Europe AG |
| BSCR | Basic Solvency Capital Requirement |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CJRs | Completed Job Rates |
| CoSec | Corporate Secretary |
| CRO | Chief Risk Officer |
| CVC | CVC Capital Partners, majority owner of the Group (c.62%) via CVC Fund VII |
| D&G Group | The wider Domestic & General corporate group, controlled by Opal Galaxy Holdings Limited |
| DGA | Domestic & General Acquisitions Limited, the most senior insurance holding company within the Group, and therefore the most senior entity of the Regulated Group. Group supervision from the PRA applies at this level |
| Regulated Group | The group of entities held by DGA, including DGI supervised by the PRA (in UK), and DGIEU by BaFin (in Germany). DGI is the most senior insurance undertaking within the Regulated Group and the largest in terms of profit |
| DGAH | Domestic & General Acquisition Holdings Limited, a mixed activity insurance holdings company, immediate parent of DGA |
| DGI | Domestic & General Insurance Plc, the most senior insurance undertaking in the Regulated Group |
| DGIEU | Domestic & General Insurance Europe AG |
| DGLG | Domestic & General Leadership Group i.e., the Executive Committee |
| DGSFP | Spanish government's financial regulatory department; Spanish Supervisory Authority |
| DTA | Deferred Tax Asset |
| DVO; Delegated Acts | Commission Delegated Regulation (EU) 2015/35 |
| ECAI | External Credit Assessment Institution |
| ECSC | European Conduct Standards Committee |
| EIOPA | European Insurance and Occupational Pensions Authority, the EU Solvency II regulator |
| ENID | Events Not In Data |
| EPIFP | Expected Profits included in Future Premiums |
| EPPGC | European Product and Pricing Governance Committee |
| EUR | Euro (currency) |
| FCA | Financial Conduct Authority |
| Foscus25 | D&G’s strategy focusing on the delivery of the business plan by 2025 |
| FY23 | Financial year-ending 31st March 2023 |
| FY24; the reporting period | Financial year-ending 31st March 2024 |
| GBP | Great British pounds sterling (currency) |
| GRC | Group Risk Committee |
| GSP | Group Specific Parameters |
| GWP | Gross Written Premium |
| HGB | German Code of Commercial Law |
| Iberia | Combination of Spain and Portugal |

| Acronym / Term | Definition |
|---|---|
| IBNER | Claims Values, incurred but not enough reported |
| IBNR | Claims Values, incurred but not reported |
| IC | Group Investment Committee |
| IPT | Insurance Premium Tax |
| IVASS | Italian Institute for the Supervision of Insurance |
| KPI | Key Performance Indicator |
| KRI | Key Risk Indicator |
| LACDT | Loss Absorbing Capacity of Deferred Taxes |
| LCP | Lane Clark & Peacock LLP; outsourced Actuarial Function support |
| M&A | Mergers and Acquisitions |
| MaGo | BaFin's Minimum Requirements on the System of Governance of Insurance Undertakings |
| MCR | Minimum Capital Requirement |
| OEM | Original Equipment Manufacturer |
| OKR | Objectives and Key Results |
| ORSA | Own Risk & Solvency Assessment |
| P&L | Profit and Loss Statement |
| PRA | Prudential Regulation Authority |
| PY | Prior Year (FY23) |
| QA | Quality Assurance |
| QRT | Quantitative Reporting Template |
| RCSA | Risk & Control Self-Assessment |
| REMCO | Remuneration Committee |
| RMF | Risk Management Framework |
| RSR | Regular Supervisory Report |
| SCR | Solvency Capital Requirement |
| Standard formula | Standard Formula for calculating DGA, DGI and DGIEU's SCR and MCR |
| SFCR | Solvency & Financial Condition Report |
| UK | United Kingdom |
| UPR | Unearned Premium Reserve |
| USP | Undertaking Specific Parameters |
| VAG | German Insurance Supervision Act |
| Valuation date | 31st March 2024 |
| VAT | Value Added Tax |
| VRO | Value Realisation Office |
| 1LOD | First Line of Defence |
| 2LOD | Second Line of Defence |
| 3LOD | Third Line of Defence |

## SUMMARY

The Solvency and Financial Condition Report is a central element of the Solvency II reporting requirements. It serves to provide insight into an insurance company's solvency position, system of governance, risk profile and capital management strategies.

This SFCR provides essential qualitative and quantitative information on Domestic & General Insurance Europe AG ("DGIEU" or "Company") for the financial year ended 31 March 2024 ("FY24").

DGIEU is a German insurance company, authorised and supervised by BaFin. DGIEU received its regulatory approval from BaFin on 5 April 2019.

All amounts in this report are presented in euros, rounded to the nearest thousand unless stated otherwise, which is DGIEU's presentation currency.

This SFCR has been prepared in accordance with Articles 290 to 298 of the Commission Delegated Regulation (EU) 2015/35 ("Delegated Acts"). The structure of the report is also in accordance with the Solvency II Delegated Acts.

Key information on the individual sections of the SFCR is provided below.

### A. Business and Performance

DGIEU is a German regulated insurance company and part of the Domestic & General Group ("D&G Group"). DGIEU is 100% owned by Domestic & General Insurance PLC ("DGI") located in the UK.

The principal activity of the D&G Group, which also comprises the Regulated Group, is the provision of appliance care products. The business of DGIEU, which is headquartered in Germany, also includes branches in Spain, Italy, France, and the UK (solely for the administration of the Republic of Ireland business). DGIEU also serves customers in Portugal, Belgium, Netherlands, Austria, Ireland and Poland (no live business in FY24) under freedom of service.

The Company's profit and loss account shows that gross written premiums in the year was €152.337k (FY23: €174.586k) and earned income in the year was €25.980k (FY23: €35.247k). The profit before tax was €2.178k (FY23: €90k), due to the following:

The decrease in the gross written premiums versus FY23 is mainly due to the loss of a retail partner in Spain and Portugal. The decline in Earned premium relates as well to that and has partially been offset by positive development of renewals' business and campaigning.

The local GAAP balance sheet shows the Company's financial position with net assets of €27.874 (FY23: €26.610k).

### B. System of Governance

DGIEU's continues to seek opportunities to ensure its system of governance is effective and proportionate to the nature, scale, and complexity of its activities, ensuring that the risks arising from the business model are identified, assessed, and managed.

In FY24, there were two significant changes to the DGIEU Management Board. Bernhard Blaum (DGIEU CRO) left the DGIEU Management Board at the end of May 2023, and his former responsibilities have been transferred to the CEO. In addition, Sven Wick was appointed as a DGIEU Management Board member in December 2023 to cover Internal Audit and Underwriting. The key functions previously held by Bernhard Blaum, Compliance and Risk Management, were transferred to Benjamin Metzner (Head of Compliance DGIEU) and Antonia Müller (Group Head of Risk).

## C. Risk Profile

DGIEU has embedded a risk management framework, which includes (as a minimum) a bi-annual refresh of its risk profile and quarterly review of Key Risk Indicators relating to its Board-approved risk appetite. Ensuring good customer outcomes is at the heart of DGIEU's business. Due to this focus, the Company sets its risk appetite at an appropriately prudent level to ensure that key risks to customers are identified, managed, and mitigated wherever possible.

DGIEU's principal risks (material risks) are broken down into the following level one risk categories: Operational Risk, Financial Risk, Conduct Risk, Strategic Risk, and Insurance Risk. These are managed through appropriate measures, which are assessed and reviewed regularly.

DGIEU's four most significant risks measured by the Solvency Capital Requirement ("SCR") in the reporting period were as follows:

- Non-life underwriting risk,
- Counterparty default risk,
- Operational risk, and
- Market risk.

### *Non-life underwriting risk*

DGIEU's underwriting risk is managed through underwriting and pricing controls, underwriting, and pricing policies, approval procedures for new products and major changes to existing products, regular review of performance and monitoring of emerging issues. DGIEU utilises Undertaking Specific Parameters ("USPs") in place of the Standard Formula's parameters to ensure its SCR for non-life underwriting risk is more closely aligned to its risk profile.

### *Counterparty default risk*

DGIEU structures the levels of counterparty default risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and monitoring these exposures regularly. DGIEU has a material counterparty risk to DGI in relation to its reinsurance agreement and intercompany lending, which is partly mitigated by DGI's investment grade credit rating and relevant security arrangements. In addition, DGIEU has default risk exposure in relation to banking and investment counterparties.

### *Market risk*

DGIEU has a low appetite for market risk on its investment portfolio, with a bias towards highly liquid investment grade credit. In FY24, DGIEU's investments continued to be managed by London & Capital.

### *Operational risk*

Operational risk arises from inadequately controlled internal processes or systems, human error, or from external events. DGIEU's current risk profile includes the following risk sub-categories of operational risk: Information Security and Data Protection, Enterprise Resilience, People, Third Party, Legal & Regulatory and Technology.

DGIEU's most important operational risk relates to information security / cyber risk. DGIEU has embedded a framework of controls to mitigate the risk of non-compliance with its data security and privacy requirements, and regularly review its conformance with relevant international standards. To further ensure the robustness of controls, a multi-phased program of work (the Information Security Roadmap) has been delivered and ongoing enhancements are now ensured via D&G's daily Information Security work. Due to the inherent external threat of cyber-attack, we regularly review advice from government bodies, including the US Cybersecurity & Infrastructure Security Agency and the UK's National Cyber Security Centre. We also work with our vendors and suppliers to identify areas where controls may need to be updated to address new threats.

Execution of the D&G Group's strategy (including DGIEU) generates inherent operational risk, and the D&G Group has thereby implemented relevant governance, controls, expertise, and access to third party resource to reduce unintended impacts to the operations.

## D. Valuation for Solvency Purposes

DGIEU prepares the solvency balance sheet for the purpose of determining the available own funds. The Company does not make use of a volatility adjustment or the use of a transitional measure.

DGIEU considers the bases, assumptions and methods used in the valuation of assets and liabilities for solvency purposes to be adequate.

Compared to the last reporting period, there were no significant changes in the methods and assumptions underlying the valuation for solvency purposes.

## E. Capital Management

Sufficient capital is retained to ensure financial stability of the Company and to meet regulatory requirements. The capital structure is kept under review to ensure these requirements are met. The DGIEU Management Board regularly reviews the capital position of DGIEU under the Directive 2009/138/EC ("the Solvency II Directive")

The Company's capital position as of 31 March 2024 is as follows:

| The Company's Capital Position | FY24 | FY23 | Movement |
|---|---|---|---|
| | €'000 | €'000 | €'000 |
| Eligible Own Funds | 41.839 | 29.626 | 12.213 |
| Solvency Capital Requirement (SCR) | 9.929 | 9.008 | 921 |
| Ratio of Eligible Own Funds to the SCR | 421% | 329% | 92%-points |

The SCR effects of not using USPs are shown below:

| Without USPs | FY24 |
|---|---|
| | €'000 |
| Solvency Capital Requirement | 15.777 |

DGIEU makes use of USPs in its application of the Standard Formula. Based on this model, and on assessment of risk and solvency requirements, DGIEU remains well capitalised in relation to its risk profile. Compared to the previous FY the Solvency Ratio with USPs significantly increased by 92 percent points to 421%. This is mainly due to the business and net asset growth in FY24. The increase of the SCR is mainly due to a higher Non-Life Underwriting Risk from increased subscription business and USP for Premium risk, partly offset by a reduction due to the run-off business in relation to a lost retail partner in Spain.

Key changes in the solvency position compared to FY23 are driven by the following:

| Entity | Own Funds | SCR |
|---|---|---|
| DGIEU | **INCREASE**<br>Own Funds increase is predominantly driven by business growth. | **INCREASE**<br>SCR increase is predominantly driven by business growth. |

# A. BUSINESS AND PERFORMANCE

## A.1 Business

DGIEU is a stock corporation based in Wiesbaden. The registered office address of the Company is Hagenauer Straße 44, 65203 Wiesbaden, Germany.

The Company is registered at the local court in Wiesbaden under the number HRB 30859.

The Company's financial year ends on 31 March.

The principal activity of the D&G Group, which also comprises the Regulated Group, is the provision of appliance care products. The business of DGIEU, which is headquartered in Germany, also includes branches in Spain, Italy, France, and the UK (solely for the administration of the Republic of Ireland business). DGIEU also serves customers in Portugal, Belgium, Netherlands, Austria, Ireland and Poland (no live business in FY24) under freedom of service.

There is an intra-group reinsurance arrangement between DGIEU and DGI. This reinsurance arrangement ensures a reduction of the insurance risk of DGIEU. DGIEU cedes 90% of premiums and claims to DGI, the reinsurer. To ensure the mitigation benefit of reinsurance is enjoyed by DGIEU on a Solvency II basis even if the solvency regimes of the UK and EU are not deemed to be equivalent, DGI has sought and received a financial strength rating by a nominated external credit assessment institution ("ECAI") in FY21 which has been extended in FY24.

### Group structure

Domestic & General Acquisitions Limited's ("DGA") ultimate controlling entity is Opal Galaxy Holdings Limited, a Jersey incorporated company. The sole shareholder of Opal Galaxy Holdings Limited is CVC through CVC Fund VII, and it is the majority voting shareholder of Opal Galaxy TopCo Limited, while co-investor Luxinva S.A. (a company wholly owned by the Abu Dhabi Investment Authority ("ADIA")) holds a minority voting interest. In addition, the company TMF Channel Islands Limited holds a non-voting minority interest in Opal Galaxy TopCo Limited. All companies below Opal Galaxy Topco Limited are wholly owned by their parent company.

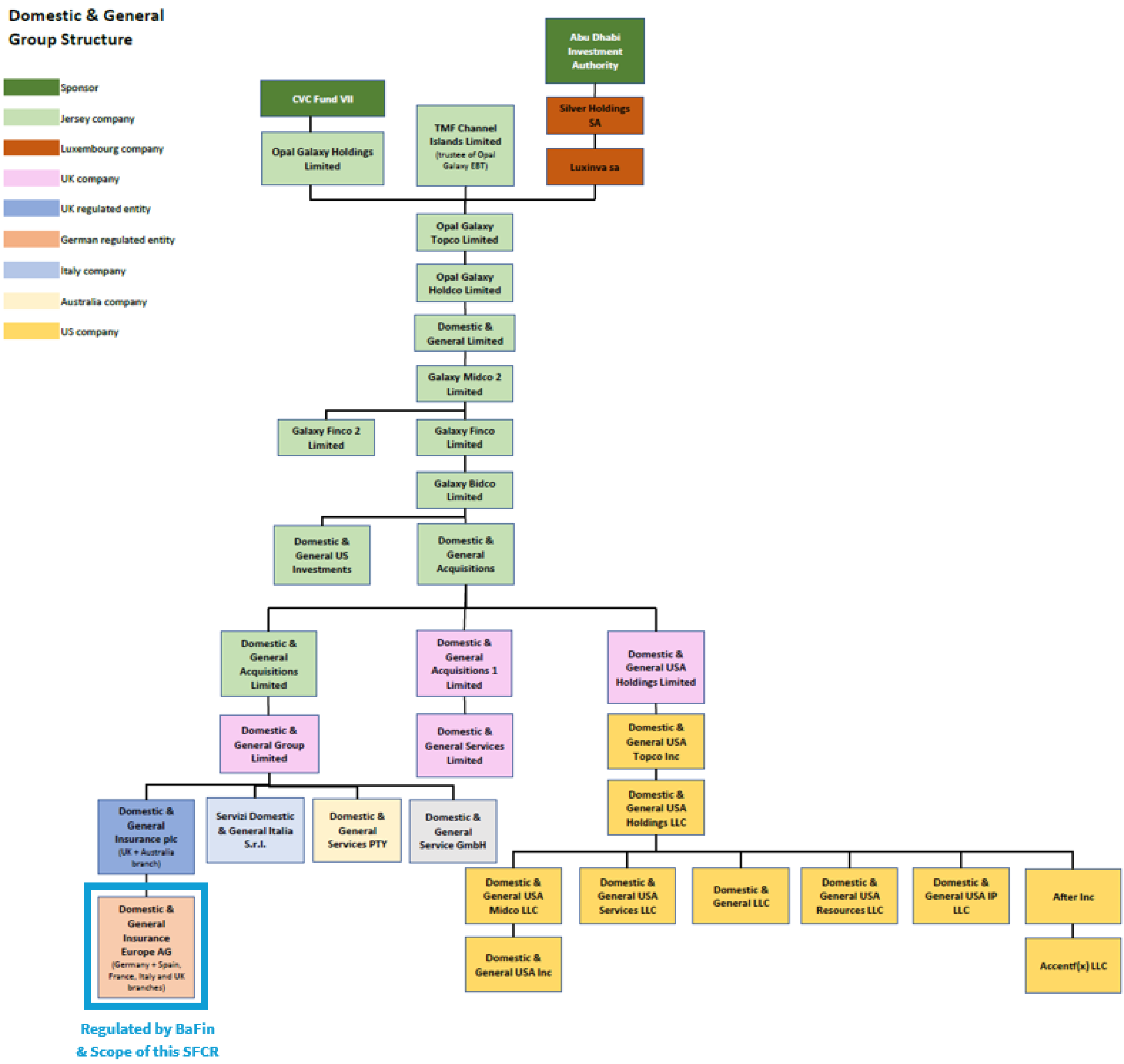
DGA is the most senior non-EU insurance holding company and Domestic & General Group Limited, an insurance holding company, is the immediate parent undertaking of DGI.

DGIEU is wholly owned by DGI.

DGI is a UK insurance company, authorised by the Prudential Regulation Authority ("PRA") and regulated by both the Financial Conduct Authority ("FCA") and the PRA, and provides insurance products in the UK via its head office in the UK.

DGIEU is a German insurance subsidiary of DGI which sells insurance products in Europe.

DGIEU has four branches in Spain, France, Italy, and the UK. The UK branch has been established in FY21 to carry out activities in respect of Republic of Ireland following the UK's departure from the European Union. DGIEU does not write any business in the UK.




## Supervision

DGIEU is authorised and supervised by BaFin. Details of the competent supervisory authority are listed below:

Address of Bundesanstalt für Finanzdienstleistungsaufsicht
Graurheindorfer Str. 108
53117 Bonn

Alternatively:
Postfach 1253
53002 Bonn

Contact details of Bundesanstalt für Finanzdienstleistungsaufsicht
Fon: 0228 / 4108 - 0
Fax: 0228 / 4108 – 1550

E-Mail: poststelle@bafin.de

Or De-Mail: poststelle@bafin.de-mail.de

For the Regulated Group to which DGIEU belongs, the following supervisory authorities are also relevant:

- Prudential Regulation Authority ("PRA"), United Kingdom
- Financial Conduct Authority ("FCA"), United Kingdom
- Australian Prudential Regulation Authority ("APRA"), Australia
- Autorité de Contrôle Prudentiel et de Résolution ("ACPR"), France (for conduct regulation purposes)
- Dirección General de Seguros y Fondos de Pensiones ("DGSFP"), Spain (for conduct regulation purposes)
- Istituto per la Vigilanza sulle Assicurazioni ("IVASS"), Italy (for conduct regulation purposes)
- Central Bank of Ireland ("CBI"), Ireland (for conduct regulation purposes)

### External Auditors

The Company's statutory annual financial statements and the Solvency II balance sheet are audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, who can be contacted at Aegidientorplatz 2a, 30159 Hannover, Germany.

## A.2 Underwriting performance

DGIEU has identified key performance indicators ("KPIs") measuring the financial performance and strength of the Company. DGIEU's result for FY24 is as follows:

| | FY24<br>€ 000 | FY23<br>€ 000 | Movement<br>€ 000 |
|---|---|---|---|
| Gross Written Premiums | 152.337 | 174.586 | -22.249 |
| Net Earned Premiums | 25.980 | 35.247 | -9.266 |
| Net Claims | -7.360 | -8.716 | 1.357 |
| Net Insurance Expense | -5.288 | -11.098 | 5.811 |
| Other Technical Expense | -1.154 | -652 | -502 |
| Net Investment Expense | -1.121 | -2.065 | 944 |
| Net Operating Income | -8.880 | -12.624 | 3.744 |
| **Profit / Loss Before Tax** | **2.178** | **90** | **2.088** |

**Gross Written Premiums ("GWP") -** consists of amounts invoiced in respect of warranty insurance business on a gross of reinsurance basis, net of cancellations and exclusive of Insurance Premium Tax ("IPT"). With 63,3%, the most significant part of the GWP was generated in Spain and Portugal ("Iberia") and mainly relates to business from retailers. The decrease of GWP vs. FY23 mainly relates to a loss of a retail partner in Iberia, partly compensated by an increased renewal's business and campaigning.

**Net Earned Premiums -** represents the amount of premium recognised in the income statement in the current year relating to insurance business on a net of reinsurance basis, net of cancellations, in accordance with the earnings patterns applied to each contract. Earnings commence when the policy goes "on-risk". While the decrease of GWP mainly relate to the loss of an Iberian business vs. FY23, the nature of the Iberian business, which mainly relates to extended business, lead to total net earned premiums below FY23 in Iberia and due to the size of Iberia also below FY23 in the total business.

**Net Claims -** the total DGIEU ratio of claims incurred in relation to gross written premium is 28,3% (FY23: 24,7%). The net claims in FY24 (€-7.360k) are below FY23 (€-8.716k) mainly due to decreased volume of number of claims also in consequence of the loss of an Iberian retail partner.

**Net Insurance Expenses -** the net insurance expenses include mainly commission expenses and other operating administration costs and cost allocations. The commission expenses are below FY23 mainly due to the loss of an Iberian retail partner. The net insurance expense position is reduced by the reinsurance ceding commission (FY24: €83.910k; FY23: €96.874k), which is below FY23 in line with the reduced business volume.

**Net Investment Expenses -** Investment income comprises interest income and realised and unrealised gains and losses on financial instruments at fair value through profit or loss. Net investment expenses decreased to €-1.121k (FY23: €-2.065k). This includes investment income (€756k) and charges for the management of investments, interests and other investment expenses. The favourable movement in investment expenses compared to FY23 is mainly due to lower realised losses on disposals in FY24.

**Profit Before Tax -** The nature of the Iberian business, which mainly relates to extended business, lead to total net earned premiums below FY23 in Iberia and due to the size of Iberia also below FY23 in the total business. Also, the net insurance expenses are significantly below FY23 mainly volume based and relating to third party and ceding commissions. In total this led to an increased profit before tax.

DGIEU writes extended warranty insurance in Spain, Germany, Portugal, Ireland, France, Netherlands, Belgium, Italy and Austria. With respect to the underwriting performance, the main geographical areas are Iberia (Spain and Portugal) and Germany/Austria.

DGIEU's underwriting performance by main geographical areas for FY24 is as follows:

| | TOTAL | | | | | Iberia | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY24 € 000 | FY23 € 000 | FY24 %RI; %Ceding | % earned income | FY24 % total | FY24 € 000 | FY23 € 000 | FY24 %RI; %Ceding | % earned income | FY24 % total |
| Gross written premiums | 152.337 | 174.586 | | | 100,0% | 96.467 | 122.562 | | | 63,3% |
| Reinsurance premium | -137.103 | -157.128 | 90,0% | | | -86.820 | -110.307 | 90,0% | | |
| Change in gross unearned premiums | 33.174 | 21.552 | | | | 31.805 | 19.618 | | | |
| Change in reinsurers' share in gross unearned premiums | -22.428 | -3.763 | 67,6% | | | -21.193 | -3.425 | 66,6% | | |
| Net earned premium | 25.980 | 35.247 | | 100,0% | 100,0% | 20.259 | 28.448 | | 100,0% | 78,0% |
| Gross claims | -50.938 | -53.593 | | -33,4% | | -35.622 | -37.948 | | -36,9% | |
| Claims reinsurers' share | 43.579 | 44.877 | 85,6% | | | 30.259 | 31.776 | 84,9% | | |
| Net claims | -7.360 | -8.716 | | | | -5.363 | -6.172 | | | |
| Gross operating expense | -89.198 | -107.973 | | | | -69.618 | -80.528 | | | |
| Ceding commission | 83.910 | 96.874 | 61,2% | | | 53.136 | 68.007 | 61,2% | | |
| Net insurance expenses | -5.288 | -11.098 | | | | -16.482 | -12.520 | | | |
| Other technical expense | -1.173 | -652 | | -24,9% | | 8.690 | -693 | | -38,5% | |
| Balance on the technical account, net of reinsurance | 12.160 | 14.779 | | | | 7.103 | 9.063 | | | |
| Net investment profit | -1.102 | -2.050 | | | | -796 | -188 | | | |
| Other expense | -8.880 | -12.640 | | | | -2.919 | -4.776 | | | |
| Profit before tax | 2.178 | 90 | | | | 2.247 | 4.098 | | | |
| Tax | -915 | 2.953 | | | | 0 | -185 | | | |
| Profit for the financial year | 1.264 | 3.043 | | | | 2.247 | 3.913 | | | |

| | Germany & Austria | | | | | Other | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY24 € 000 | FY23 € 000 | FY24 %RI; %Ceding | % earned income | FY24 % total | FY24 € 000 | FY23 € 000 | FY24 %RI; %Ceding | % earned income | FY24 % total |
| Gross written premiums | 43.014 | 41.002 | | | 28,2% | 12.856 | 11.022 | | | 8,4% |
| Reinsurance premium | -38.713 | -36.902 | 90,0% | | | -11.570 | -9.920 | 90,0% | | |
| Change in gross unearned premiums | 487 | 211 | | | | 882 | 1.724 | | | |
| Change in reinsurers' share in gross unearned premiums | -617 | -37 | 126,7% | | | -618 | -301 | 70,0% | | |
| Net earned premium | 4.171 | 4.274 | | 100,0% | 16,1% | 1.550 | 2.525 | | 100,0% | 6,0% |
| Gross claims | -10.377 | -10.964 | | -24,1% | | -4.938 | -4.681 | | -38,4% | |
| Claims reinsurers' share | 8.906 | 9.181 | 85,8% | | | 4.413 | 3.920 | 89,4% | | |
| Net claims | -1.471 | -1.783 | | | | -526 | -761 | | | |
| Gross operating expense | -17.224 | -19.415 | | | | -2.356 | -8.030 | | | |
| Ceding commission | 23.693 | 22.751 | 61,2% | | | 7.081 | 6.116 | 61,2% | | |
| Net insurance expenses | 6.469 | 3.336 | | | | 4.725 | -1.915 | | | |
| Other technical expense | -4.495 | 49 | | 47,3% | | -5.368 | -9 | | -41,5% | |
| Balance on the technical account, net of reinsurance | 4.674 | 5.876 | | | | 382 | -160 | | | |
| Net investment profit | -339 | -1.747 | | | | 33 | -114 | | | |
| Other expense | -5.554 | -7.591 | | | | -406 | -273 | | | |
| Profit before tax | 78 | -3.462 | | | | -147 | -546 | | | |
| Tax | -954 | 3.471 | | | | 40 | -333 | | | |
| Profit for the financial year | -876 | 9 | | | | -107 | -879 | | | |

63,3% of the gross written premiums and 78,0% of the earned premiums relate to Iberia and mainly comes from large retailer partners. The relatively low proportion of gross written premiums in Germany including

Austria (28,2%) is above the proportion of earned income (16,1%) of the total amounts. Gross written premium and net earned premium ratios reflect the size of the business in the specific country.

Under Solvency II, extended warranty insurance is classified under the Solvency II line of business “Miscellaneous Financial Loss”. DGIEU has extended, for some products, the coverage offered beyond pure extended warranty by including coverage for damage and theft. Specific reference to extended warranty insurance within the other non-life catastrophe risk guidance (see Annex XII of the Delegated Acts) explicitly clarifies that extended warranty insurance within the Solvency II line of business “Miscellaneous Financial Loss” may also provide additional cover against eventualities such as accidental damage, loss, or theft. Therefore, the entirety of DGIEU’s business has been classified under the Solvency II line of business “Miscellaneous Financial Loss”.

## A.3 Investment performance

In FY24, DGIEU’s investments continued to be managed by London & Capital. The investment strategy is focused on highly liquid, predominantly investment grade credit, with prudent allocations to high-yield credit. Investments also included bank deposits. The preservation of capital is a key investment objective, so investment strategy and associated asset classes are designed so as to reduce risk of a capital loss over the life of the asset.

The investment portfolio includes the following categories:

| Other Financial Investments | FY24 | FY23 | Movement |
|---|---|---|---|
| | €'000 | €'000 | €'000 |
| Deposits with Credit Institutions | 8.069 | 11.557 | -3.488 |
| Cash and Cash Equivalents | 1 | 1 | 0 |
| Fixed Income Investments | 29.243 | 30.121 | -878 |
| **Total** | **37.313** | **41.679** | **-4.365** |

The reduced cash position corresponds with the reduced reinsurance payables position. DGIEU has only a low appetite for market risk in its investment portfolio and therefore ensures a well-balanced diversification of its investments. The change in portfolio value is mainly due to investment returns net of withdrawal of funds from the portfolio.

| | FY24 | FY23 | Movement |
|---|---|---|---|
| | €'000 | €'000 | €'000 |
| Net Investment Expense | -1.121 | -2.065 | 944 |

Investment income/expense comprises interest income and realised and unrealised gains and losses on financial instruments at fair value through profit or loss. Net investment expenses decreased to €-1.121k (FY23: €-2.065k). This includes investment income (€756k) and charges for the management of investments, interest and other investment expenses. The favourable movement in investment expenses compared to FY23 is mainly due to lower realised losses on disposals in FY24.

Investment strategy also includes consideration of ESG factors and is overseen by the Group Investment Committee. As to this, no securities issued by companies under the following sub-industry classifications are permitted: Arms, mining and tobacco.

Further information on financial risks resulting from climate change is provided in section C.6 of this SFCR.

DGIEU held no investments in securitisations at the valuation date.

## A.4 Performance of other activities

In FY24, there was no other material income or expense incurred during the reporting period. DGIEU has no material financial lease / operating lease reported within commitments.

## A.5 Any other information

In its FY23 SFCR, DGIEU reported the cost of living crisis as a key economic headwind. In view of the continued heightened inflation / increased cost of living risk factors experienced in the EU, underwriting KPIs continue to be closely monitored to identify abnormal changes (e.g. increased policy lapse rates and cancellations, reductions in premium written for new business sales). To reflect this, appropriate inflation assumptions were incorporated into the financial planning process. Contracts with partners and repairers provide a degree of stability in DGIEU’s margin. The majority of repairs are done using Completed Job Rates (“CJRs”) which are agreed in advance with repairers. DGIEU continues to monitor delivery of fair customer outcomes through its established governance, to be able to respond appropriately as the macro-economic environment evolves.

# B. SYSTEM OF GOVERNANCE

DGIEU has established a risk management and control framework which seeks to protect the business from events that may hinder achievement of its objectives and financial performance. The DGIEU Management Board identifies potential risks and uncertainties that could have a material impact on performance and put in place internal processes and controls designed to deal with risk (e.g. prevent, detect, correct, mitigate, transfer).

Proper and ethical business conduct is embedded into the day-to-day business. DGIEU has an established risk appetite and policy framework which is supported by appropriate controls and monitoring including over product design and product changes, selling processes, customer service and complaints, which underpin customer satisfaction.

DGIEU regularly scrutinises and validates existing processes to ensure that the risk management and control framework remains appropriate to the risk profile of the Company. Based on this, it is taking proactive steps to further embed the risk management framework within the first line of defence, supported by enhanced governance arrangements.

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

A summary of the DGIEU governance structure is given in the diagram below. Further information on the different bodies and committees, their responsibilities and membership are provided afterwards.


| Governance Committee | Governance Role & Responsibilities |
|---|---|
| DGIEU Supervisory Board | • Supervise the DGIEU Management Board (but with no right to instruct or take day-to-day decisions) including remuneration responsibility,<br>• Issue rules and procedures for the DGIEU Management Board,<br>• Mandate the statutory auditor,<br>• Approve the financial statements,<br>• Consider reserved matters – veto right e.g., acquisition or sale of real property, assumption of guarantees, obligations exceeding a defined amount, and<br>• Appoint (and remove) members of the DGIEU Management Board. |
| DGIEU Management Board | • Be responsible for proper business organisation,<br>• Manage the Company in accordance with the law, Articles of Association, and the Terms of Reference (manage with the due care and diligence of a prudent and conscientious businessman),<br>• Implement and execute DGIEU's strategy,<br>• Oversee execution of day-to-day strategy,<br>• Review Company's risk and issues,<br>• Adhere to regulation and compliance,<br>• Review key people risks and issues, and<br>• Act as escalation point for issues raised by the business. |

| Governance Committee | Governance Role & Responsibilities |
|---|---|
| ECSC | • Set conduct standards and principles,<br>• Promote conduct standards and fair treatment of costumers,<br>• Monitor conduct risks in service and claims, complaints and quality assurance including monitoring of KRIs,<br>• Review cases of misconduct and decide on future mitigation measures. |
| EPPGC | • Review and approve the design of new products or the modification/development of existing products including consideration of risks linked to this,<br>• Review and approve the development of new channels for existing products, changes to an existing channel, and rollout of an existing product/terms and conditions for a new partner,<br>• Oversee marketing incentives and payment methods for existing products and channels, and<br>• Employ the pricing strategy to calculate product price. |
| ERCC | • Set out and oversee DGIEU risk and compliance standards throughout the organisation,<br>• Review the status and progress on actions from Compliance Monitoring Reviews, Internal Audit, External Audit, RCSAs, risk events and regulatory reporting requirements,<br>• Oversee different aspects of the DGIEU Risk Management Framework, such as risk events, RCSA results, and risk appetite,<br>• Oversee the ongoing maintenance of a robust control framework incl. a quarterly review of control results,<br>• Consider issues identified as part of the regular horizon scanning and consider action as appropriate. |

### DGIEU Boards

The DGIEU Supervisory Board comprises of Directors who are responsible to the shareholder and other stakeholders for ensuring that the Company is appropriately managed and that it achieves its objectives. The Board meets to determine the Company's strategic direction, to review the operating and financial performance, and to oversee that the Company is adequately resourced and effectively controlled.

| DGIEU Supervisory Board (Meetings every six month) | |
|---|---|
| David Tyler | Chairman |
| Joe Fitzgerald (resigned in April 2023) | Deputy Chairman |
| Steve Purser (resigned in April 2023) | Member |
| Robin James Ashton (appointed in April 2023) | Deputy Chairman |
| Michael Ross (appointed in April 2023) | Member |

FY24 DGIEU Supervisory Board changes are shown in the table above. The DGIEU Management Board (overseen by the DGIEU Supervisory Board) is ultimately responsible and accountable for ensuring that a sound risk management culture and framework is embedded.

| DGIEU Management Board (Meetings every 2 months, other invitees as required) | | |
|---|---|---|
| **Name** | **Role** | **Responsibility** |
| Matthew Crummack | Chief Executive Officer | Lead Management overall, Strategy, Sales, Operations, Personnel, Supervisory Board matters, Compliance, Risk Management, Data Privacy, Company Secretary |
| Tom Goode | Chief Financial Officer | Finance & Accounting and Actuarial |
| Sven Wick | Board Member from 27 December 2023 | Underwriting and Internal Audit |

In FY24, there were two significant changes to the DGIEU Management Board. Bernhard Blaum (DGIEU CRO) left the DGIEU Management Board at the end of May 2023, and his former responsibilities have been transferred to the CEO. In addition, Sven Wick was appointed as a DGIEU Management Board member in December 2023 to cover Internal Audit and Underwriting.

The DGIEU Management Board is supported in oversight and discharging their responsibilities for certain risk management topics (including adherence to risk appetite for selected risk categories) by the DGIEU governance committees (ECSC, EPPGC and ERCC), as reflected in their terms of references.

### DGIEU Governance Committees

DGIEU has the following three Governance Committees.

#### *European Product and Pricing Governance Committee*

The EPPGC meets bi-monthly and ad-hoc if required. The scope of the EPPGC covers three defined areas (new products & modification, channel & client development, and promotional offers) of product development as well as pricing application. As part of these responsibilities, the committee focusses specifically on the customer impact with a view to support good customer outcomes.

As of end of FY24, members of the committee are the DGIEU CFO, Head of Compliance DGIEU, Legal Director International, Head of Client Strategy, Director of Client Management Development, Director of Client Account Management, International Service Director, Service & Claims Director Europe, Director of Propositions & Financial Promotions, Head of Propositions, Group Head of Risk, Group CRO, Head of Underwriting International, Director of Service Operations, Director Global Decisions Science and Head of Accounting & Underwriting Iberia.

#### *European Conduct Standards Committee*

The ECSC meets quarterly and ad-hoc if required.

As of end of FY24, members of the committee are the DGIEU CFO, Head of Compliance DGIEU, Legal Director International, International Service Director, Service & Claims Director Europe, EU Client Management Director, Director of Call Centre Operations Europe, Group Head of Quality Assurance, Quality Assurance Manager, Senior Customer Care Manager, Director of Complaints, Data Protection Manager Europe, Chief Information Security Officer, Director of Service Operations, Director of First Line Controls, Head of Third Party Controls, Group Chief Risk Officer and Group Head of Risk.

#### *European Risk Control Committee*

The ERCC meets monthly.

As of end of FY24, members of the committee are the DGIEU CFO, DGIEU Board Member for Underwriting & Internal Audit, Group Head of Risk. Head of Compliance DGIEU, Group Head of Quality Assurance, Chief Information Security Officer, Director of Call Centre Operations Europe, Director of Client Account Management, International Service Director, Service & Claims Director Europe, Data Protection Officer Europe, Group Director of Operations, Head of Channel Europe, Director of First Line Controls, Compliance Manager Iberia, EU Client Management Director and Legal Director International.

### DGIEU Key Functions

An insurance company must set up four Key Functions in accordance with the requirements of Solvency II. The DGIEU Management Board has appointed responsible persons for each of the following four Key Functions:

- Risk Management Function according to § 26 Para 8 German Insurance Supervision Act ("VAG"),
- Compliance Function according to § 29 Para 1 VAG,
- Internal Audit Function according to § 30 Para 1 VAG and
- Actuarial Function according to § 31 Para 1 VAG.

<table>
<tr><th>Key Function</th><th>Key Responsibilities & Organisation</th></tr>
<tr><td>Risk Management Function</td><td><ul><li>Key tasks of the Risk Management Function include:<ul><li>Evaluating and reviewing the Risk Strategy,</li><li>Promoting risk awareness,</li><li>Reviewing risk assessment methods,</li><li>Monitoring the Risk Management System (including risk appetite statements and positions, as well as KRIs,</li><li>Developing, testing, and validating internal models in use for the calculation of DGIEU's solvency capital requirements*,</li><li>Proposing limits and</li><li>Defining and regular updating of principal risks and key controls.</li></ul></li><li>In FY24, the Risk Management Function has been handed over from the former DGIEU CRO to the Group Head of Risk who has been appointed in December 2023 and heads the Group Risk team. The DGIEU CEO is the responsible member of the Management Board for Risk Management.</li></ul></td></tr>
<tr><td>Compliance Function</td><td><ul><li>Key tasks of the Compliance Function include:<ul><li>Identifying and assessing compliance risks with regard to both BaFin standards and local regulatory standards for each DGIEU location,</li><li>Setting the DGIEU policy framework for insurance compliance, the internal control framework, financial crime prevention, and other regulatory matters,</li><li>Designing and executing DGIEU compliance controls and monitoring,</li><li>Managing the DGIEU outsourcing framework,</li><li>Managing the DGIEU product governance and oversight procedures,</li><li>Monitoring the regulatory horizon / industry news to ensure compliance with applicable laws and regulations, and</li><li>Advising and training both DGIEU business and management functions in compliance matters.</li></ul></li><li>In FY24, the DGIEU Compliance Function has been handed over from the former DGIEU CRO to the Head of Compliance DGIEU who has been appointed in February 2024 and heads the DGIEU Compliance team. The DGIEU CEO is the responsible member of the Management Board for Compliance.</li></ul></td></tr>
<tr><td>Internal Audit Function</td><td><ul><li>Key tasks of the Internal Audit Function include:<ul><li>Auditing the system of governance,</li><li>Ensuring compliance with the audit plan,</li><li>Maintaining independence, and</li><li>Advising the management.</li></ul></li></ul></td></tr>
</table>

| Key Function | Key Responsibilities & Organisation |
|---|---|
| | • The Internal Audit Function of DGIEU is outsourced to Grant Thornton LLP ("Grant Thornton").<br>• The DGIEU Board Member for Underwriting & Internal Audit is the responsible member of the Management Board for the Internal Audit Function. |
| Actuarial Function | • Key tasks of the Actuarial Function include:<br>  ○ Validation of technical provisions, including testing against experience,<br>  ○ Assessment of the appropriateness of the methods used and definition of USPs applied, and<br>  ○ Assessment of the quality of the data used.<br>• The DGIEU CFO is the responsible member of the Management Board for the Actuarial Function.<br>• Support of the Actuarial Function is outsourced to Lane Clark Peacock ("LCP").<br>• The Actuarial Function support assists with the calculation of the SCR and of the technical provisions, and with DGIEU's Solvency II reporting requirements. |

* DGIEU does not apply an internal model, but the Company uses USPs for the premium and reserve risk.

The organisation of DGIEU's key functions is considered appropriate and effective in accordance with the principle of proportionality.

For some risk areas, DGIEU does not have separate committees in place. Instead, these topics are addressed in the following Board sub-committees and management committees at D&G Group level. Flow of information between DGIEU and Group is ensured via the DGIEU Management Board and especially via the DGIEU CEO who also holds this role at Group level and attends the key Group Board-sub committees. In addition, Robin James Ashton (member of the DGIEU Supervisory Board) attends the Group ARC.

### Relevant Group-level Committees

| Group Board sub-committee | Objectives |
|---|---|
| Audit & Risk Committee (ARC) | • Key governance committee that oversees and manages risk (including regulatory risk).<br>• Ensures that all group subsidiaries (across all jurisdictions) are reviewed and monitored and that there is consistency of approach as well as clearly communicated and effective financial reporting processes, risk frameworks and compliance monitoring processes |
| Remuneration Committee (REMCO) | • Central committee responsible for all remuneration related matters across the D&G Group (including DGIEU).<br>• Determines the overall framework and policy for remuneration of the chairman, the independent non-executive directors, the executive directors, and senior executives of the D&G Group.<br>• Approves the design of, and determine the targets for, any performance related pay and bonus schemes.<br>• Reviews and approves the appointment or termination of employment and the individual remuneration, including any variable remuneration, of any employee whose base salary is in excess of £150.000 (approximately € 175.000) or whose contract cannot be terminated by three months' notice or less.<br>• Determines the policy for and scope of pension arrangements, service agreements for the Executive Management, termination payments and compensation commitments.<br>• Reviews and approves the establishment of any pension, retirement, death, disability or life assurance scheme and any major changes in employee benefit structure. |

| Group Board sub-committee | Objectives |
|---|---|
| Sustainability Committee | • Considers key environmental, and sustainability matters relevant to the business of Domestic & General and make recommendations to the D&G Group Board to improve the D&G Group's position with respect to sustainability.<br>• Assists the Group Board in the development of the D&G Group's environmental and sustainability strategy, including its net zero strategy, and monitor its performance.<br>• Identifies environmental and sustainability related risks to the business and escalate to the Group Board those of material significance.<br>• Monitors and reviews current and emerging environmental and sustainability trends, standards and legal requirements and determine how they may affect the D&G Group.<br>• Reviews and provides guidance to the Group Board on the involvement of significant corporate responsibility issues in major business decisions. |

A summary of further D&G Group Management-level Committees with relevance for DGIEU, their roles and responsibilities are outlined below:

| Management Committee | Objectives |
|---|---|
| DGLG | • Sets the strategic direction, objectives, and priorities for the D&G Group as the executive committee.<br>• Oversees the day-to-day operation of D&G Group, ensuring D&G's strategy is executed effectively and that key risks are sufficiently managed. |
| Group Risk Committee | • Monitors, reviews and proposes changes to the D&G Group's risk and compliance exposure.<br>• Provides risk oversight over the D&G Group.<br>• Assesses the effectiveness of the D&G Group risk management framework, including tracking adherence to risk appetite on a continuous basis.<br>• Assesses compliance with applicable conduct and prudential regulatory requirements, including the rules set by the FCA and PRA.<br>• Monitors and challenges the key outputs of the UK Customer & Conduct Standards Committee and the Enterprise Resilience Committee. |
| Group Investment Committee | • Sets the investment criteria for the D&G Group's assets (including its subsidiaries) monitors counterparty exposures (banking and investment), investment returns, capital management considerations, including distribution planning, and foreign currency exposure. |
| Enterprise Resilience Committee | • Ensures the D&G Group including, people, facilities, systems and third parties are resilient in-line with D&G's risk appetite and relevant regulatory requirements.<br>• Approves and assures the testing regime and relevant procedures that relate to resilience across people, facilities, systems and third parties in line with a risk profile and test regime proportionate to our priorities.<br>• Approves, maintains and stress tests all incident response and crisis management procedures.<br>• Acts as primary governance meeting to review both D&G's existing and future material outsourcing and critical third-party arrangements are resilient. |

In addition to the above D&G Group Management-level Committees, the Regulated Group has the following Working Groups and Committees relevant for risk management and Solvency II in place:

| Forum | Objectives |
|---|---|
| Solvency II Working Group | • Monitors DGA's/ DGI's/DGIEU's SII capital requirements and compliance with Solvency II requirements. |
| Data Governance Committee | • Reviews and signs off DGA's/ DGI's/DGIEU's Solvency II reports prior to submission, including key assumptions and ratios used in the calculation, causal analysis and adherence to PRA/BaFin requirements. |
| Data Privacy Working Group | • Oversees compliance with data protection regulations across the D&G Group. |
| Information Security and Cyber Risk Committee | • Oversees compliance with information security regulations as well as adherence to information security standards across the D&G Group. |
| Horizon Scanning Forum | • Oversees regulatory changes and ensures the D&G Group stays abreast of external, legal, regulatory or market changes that may have an impact on the Group in the future. |

### Remuneration

All bonus awards paid to employees are at the discretion of the company and are not part of the remuneration in the employment contract. Even if employees have continuously received a bonus award over a period of years, there is no contractual entitlement to this.

In line with the D&G Group, DGIEU awards variable remuneration in the form of annual discretionary cash award, under the Group Discretionary bonus scheme or through Contact Centre bonus schemes which are generally paid quarterly or monthly.

The financial performance of the Company is the key factor in determining the overall level of bonus awards in any given year. Alongside company financial performance, the performance of each function, together with each individual employees' contribution and behaviours, will influence the amount of each individual annual bonus. When determining and reviewing the amount of individual bonus awards, consideration is given to the relative value of variable remuneration as a proportion of total remuneration, ensuring that in each case the variable element does not represent too large a proportion as to inappropriately incentivise behaviours that may be detrimental to the company.

The Company does not operate formulaic criteria for determining the value of discretionary annual bonus awards but does provide guidance for management to consider when determining individual award allocations like employee performance and conduct. All proposals are subject to detailed review and moderation and can be subject to potential adjustment at D&G Group level.

Contact Centre schemes operate separately to the Group Discretionary scheme and are structured to include both financial and non-financial measures, with Quality Assurance measures being a key factor in determining individual awards.

DGIEU awards all variable remuneration in the form of annual discretionary cash awards. The Company does not operate formulaic criteria for determining the value of individual bonus awards (with the exception of certain market-standard, target-driven variable remuneration elements for contact centre staff, which is subject to robust controls) and management has complete discretion to determine the value of individual awards.

The D&G Group (including DGIEU) does not operate individual supplementary pension schemes.

There were no material transactions in FY24 between shareholders, any persons exercising a significant influence on the undertaking and members of the administrative, management or supervisory body.

Additional information on remuneration can be found in the section on the Remuneration Committee, above. At DGIEU level, the DGIEU Supervisory Board in cooperation with the Remuneration Committee is responsible for the remuneration of the DGIEU Management Board.

A Group Remuneration Policy is in place that sets out governance, roles and responsibilities related to remuneration, the role of the Remuneration Committee and key remuneration principles. The standards in this Policy are applicable to the whole D&G Group (incl. DGIEU). The Group Remuneration Policy has been reviewed in FY24 including the creation of a local appendix for Europe.

The Remuneration Policy seeks to ensure:

- Fair and consistent remuneration principles,
- That all employees are appropriately remunerated in accordance with their contractual roles, experience, and responsibilities, and
- That the remuneration principles are consistent with the business and risk strategy, which includes the fair treatment of customers.

The remuneration system of DGIEU for employees, senior managers, members of the Management Board and Supervisory Board is appropriate, transparent, and geared to the sustainable development of the Company. The general structure of the remuneration policy is in line with the business strategy and the risk strategy derived from it.

There were no additional significant changes in remuneration or to the Remuneration Policy compared to FY23.

### Material transactions

No material transactions took place in the reporting period.

### Adequacy of the system of governance

DGIEU continues to seek opportunities to improve the robustness and proportionality of its system of governance, in line with changes in its risk profile, strategic plan, and changes in external factors (e.g. legislation and regulation). The Risk & Compliance functions are instrumental in overseeing and challenging the implementation of the system of governance, risk management, and internal control framework. This also comprises overseeing and challenging the 1 LoD's risk identification and control execution to ensure they remain adequate given the nature, scale, and complexity of DGIEU's risk profile.

## B.2 Fit and proper requirements

### General Information

DGIEU is committed to ensure that all persons who effectively run the Company or have other key functions are at all times fit and proper within the meaning of Article 273 of Commission Delegated Regulation 2015/35 ("DVO") in accordance with the applicable Article 24 VAG.

The information in this section is based on the DGIEU Fit & Proper Policy. Fitness refers to professional qualifications, knowledge, and experience to enable sound and prudent management. Propriety means good repute and integrity.

The assessment of whether a person is fit shall include an assessment of the person's professional and formal qualifications, knowledge, and relevant experience within the insurance sector, other financial sectors or other businesses. The assessment shall take into account the respective duties allocated to that person and, where relevant, the insurance, financial, accounting, actuarial, and management skills of the person. According to Article 24 VAG, sufficient management experience can usually be demonstrated through three years of management activity at an insurance company of comparable size and type of business.

According to EIOPA Guidelines on System of Governance, the following fit and proper requirements apply to the members of the Administrative, Management or Supervisory Body (AMSB).

The AMSB should collectively possess appropriate qualification, experience, and knowledge about at least:

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

The assessment of whether a person is proper shall include an assessment of that person's honesty and financial soundness based on evidence regarding their character, personal behaviour, and business conduct including any criminal, financial, and supervisory aspects relevant for the purposes of the assessment.

### Affected Persons and Roles at DGIEU

The fit & proper requirements apply to all persons who effectively run the undertaking or have other key functions. At DGIEU, these include the members of the DGIEU Supervisory Board, DGIEU Management Board, DGIEU key function holders, and the Authorised Agents of the French, Italian, Spanish and UK (solely for Republic of Ireland business) branches.

The fit requirements for a key function holder are derived from the descriptions of their responsibilities within the governance system.

In the case of outsourcing of key functions in accordance with Article 266 MaGo and Article 32 VAG, DGIEU complies with BaFin requirements to:

- Apply adequate criteria to ensure quality and appropriate expertise of persons employed by the Service Provider or Sub-Service Provider to perform an outsourced key function, and
- Designate an Outsourcing Manager within DGIEU with overall responsibility for the outsourced key function who is fit and proper and possesses sufficient knowledge and experience regarding the outsourced key function to be able to challenge the performance and results of the Service Provider.

To address this, DGIEU has defined a responsible Outsourcing Manager for both, the outsourced Internal Audit and Actuarial Function who also must fulfil the fit and proper requirements. In both cases, this is the responsible DGIEU Management Board member.

### Pre-Employment Checks

Pre-employment checks are carried out at DGIEU to ensure that the affected persons and roles meet the fit and proper requirements. The pre-employment checks are a collection and validation of evidence. For this, relevant people must submit a pre-defined set of documents.

Furthermore, DGIEU carries out pre-employment checks to ensure that the members of the DGIEU Supervisory Board and the DGIEU Management Board collectively possess appropriate qualifications, experience, and knowledge in the areas as set out in the ‘General Information’ paragraph of this section.

For this, members of the DGIEU Supervisory Board and the DGIEU Management Board complete a self-assessment template prior to appointment which is reviewed by HR.

### Ongoing Checks

The assessment of the fitness and propriety of the persons who effectively run the Company or hold other key functions, on an on-going basis is also carried out. A periodic re-assessment of ongoing fitness and propriety may, where appropriate, be carried out through e.g., completion of an appropriately worded form and declaration documenting and, where appropriate, reporting and acting any changes to an individual's fitness and propriety from that previously reported.

This is ensured via a self-assessment template for regular review. This annual process is coordinated by HR who also validates the self-assessment results.

Regular means on an annual basis. The annual self-assessment should be completed by 31 March each year at the latest. However, if there are indications of a change in fitness and propriety, an ad-hoc review must be carried out.

In addition to the self-assessment, management should undertake criminal records checks and financial integrity and background checks, at least, every three years. For this purpose, every three years, the affected persons and roles are required to submit a criminal record check and an extract from the Central Trade Register to DGIEU HR.

At DGIEU, HR is responsible for these checks (pre-employment and ongoing).

### Notification to BaFin (according to article 24 paragraph 1 VAG)

The notification to be made in accordance with VAG and the relevant documents must be submitted to BaFin.

The requirements for notification to BaFin were met by DGIEU in FY24. All required documentation was submitted to BaFin. The Legal Director International is responsible for the compilation and submission of these documents.

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

### Risk Management Framework ("RMF")

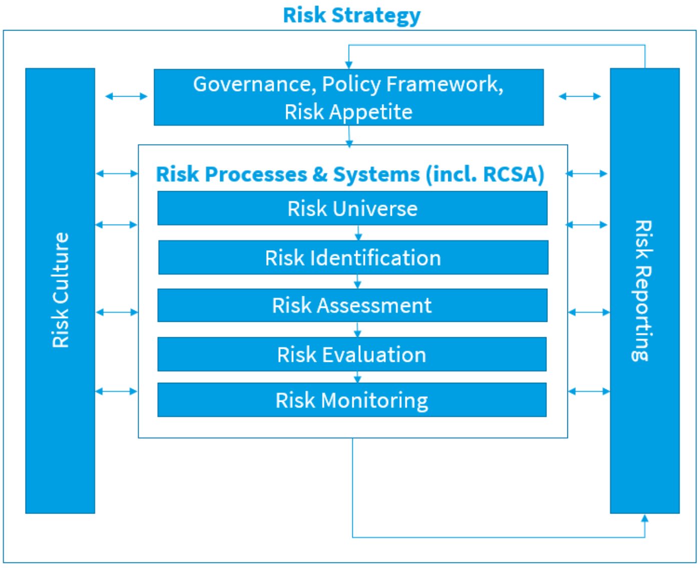
Risk is defined as "uncertain future events which could influence the achievement of DGIEU's objectives". These can be both upside risk (opportunities DGIEU can benefit from) or downside risk (threats to success).

The sum of potential risks that DGIEU could experience are its "risk universe". Those risks identified and assessed by DGIEU form its "risk profile".

At DGIEU, the principles of risk management are anchored in the Risk Strategy. DGIEU's Risk Strategy is derived from the Business Strategy. The Risk Strategy considers all risks arising from the business model.

DGIEU's risk management process defines the key components and deliverables it has set, to deliver its strategic vision and objectives. DGIEU recognises the importance of effective risk management and its positive impact on customers, employees, business partners and regulators' interests.

A summary of the high-level risk management process is shown in the diagram below, followed by a description of the key components of the RMF:




| Key Components | Key Risk Deliverables |
|---|---|
| **Risk Strategy** | Governance, policy framework, and risk appetite |
| **Risk Processes and Systems** | Risk universe, risk evaluation, identification, monitoring, assessment |
| **Risk Reporting** | Management information – risk profile, KRIs, risk events, emerging risks<br>External risk reporting (SFCR, RSR, ORSA) |
| **Risk Culture** | Influence attitudes and values through training, and communication |

*Risk Strategy*

Risk governance sets out the accurate assignment of responsibilities to guide the effective management and oversight of risk. The DGIEU Management Board is responsible and accountable for overseeing a sound risk management culture and framework is embedded. Some of these responsibilities are supported by committees as sated in section B.1 above.

DGIEU's policy framework sets the minimum standards and roles & responsibilities are clearly articulated across the lines of defence.

Risk decisions and risk taking is undertaken within thresholds that are defined and aligned to the risk profile and risk appetite set by the DGIEU Management Board. The risk appetite is reviewed at least annually by the DGIEU Management Board. The defined risk appetite statements are included in the DGIEU Risk Strategy. Performance against risk appetite is covered as part of the Risk Reporting component.

D&G's group-wide Risk & Compliance Vision (which is also applicable to DGIEU), focuses on three pillars:

1. Trusted Business Partners – focusing on a strong relationship with business functions by acting as 'One Team' in pro-actively supporting and empowering stakeholders, underpinned by proactive and commercial thinking with aligned objectives
2. Robust & Proportionate – having a risk, compliance and control framework in place that is appropriate and proportionate to the regulatory environment in each territory, ensuring our activities are customer centric and stand up to scrutiny by stakeholders and regulators
3. Bringing it to Life – being a forward-looking risk & compliance team which is bold in its ambitions and actions to support a strong risk culture within D&G across all regions and functions

Those three pillars are underpinned by a true ‘One Global Team’ approach.

*Risk Processes and Systems*

DGIEU has a bespoke risk management system (Magique) to record and evaluate risk and associated controls, to log risk events and to track the delivery of actions.

DGIEU’s risk universe outlines the potential risks that DGIEU could be exposed to, across the risk categories of Operational, Conduct, Strategic, Financial and Insurance risk. Changes to the universe are overseen by the DGIEU Management Board.

A Risk & Control Self-Assessment (“RCSA") framework is in place, to facilitate appropriate risk identification, assessment, evaluation, and response, on at least a biannual basis. The RCSA is overseen by the Risk Management Function, with participation from the Group Leadership teams and the DGIEU Management Board.

There are also monitoring processes to identify risks, such as through key risk indicators, horizon scanning, and from assurance reviews conducted across the second and third lines of defence.

*Risk Reporting*

Risk reporting is a critical component of ensuring the effective and timely delivery of risk information to support management’s decision making and the necessary disclosures externally including legal and regulatory. A suite of reports is shared with the DGIEU Management Board relating to RCSA results (i.e. changes to DGIEU’s risk profile), risk events, key risk indicators, emerging / horizon risks, and control effectiveness.

*Risk Culture*

The DGIEU Management Board is required to set the ‘Tone from the Top’ and this should be supported throughout the organisation through the following examples (a non-exhaustive list):

- System of Governance (refer to section B.1);
- Training - ranging from mandatory learning for all employees, specific training for senior managers (e.g. climate change), to ad hoc training for the Board;
- Internal communication strategy; and
- Linking risk management performance to remuneration.

The three lines of defence principles are embedded in the design of DGIEU at a functional and committee level:

*1st Line of Defence “1LOD” (Operations and Business Units)*

- Covers the day-to-day risk-taking activity in each business function,
- Requires direct management of risk within agreed appetite and policies, and
- Includes responsibility for monitoring and managing all material risks (including control design and execution).

*2nd Line of Defence “2LOD” (Risk, Compliance and Actuarial Function)*

- Provides oversight and challenge of day-to-day management of risk,
- Designs the high-level framework of risk management (identification, quantification, monitoring and treatment), and
- Provides guidance on suitable approaches to risk management processes through policies, monitoring and oversight committees.

*3rd Line of Defence "3LOD" (Internal Audit)*

- Provides independent and objective assurance of the effectiveness of DGIEU's governance, risk management and internal control frameworks and processes.

Information on the implementation and tasks of the four Key Functions (Risk Management, Compliance, Internal Audit and Actuarial) is provided in section B.1, further above.

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

The ORSA is part of the Risk Management System and a link between the three pillars of Solvency II.

The Finance, Actuarial, and the Risk Management team work closely together to ascertain the potential impact on capital of a variety of risk crystallisations through the ORSA process which is used to assess the level of capital that should be retained by the Company. This process considers all the material risks faced by DGIEU and includes stress tests applied to business plan financial projections by varying assumptions for future experience.

The ORSA is usually performed on an annual basis but in accordance with the ORSA Policy, where a significant change or event is planned or occurs, an out-of-cycle ORSA will be performed to assess the level of risk and assist the Board in the decision-making process. No out-of-cycle ORSA was carried out at DGIEU during FY24.

*ORSA Process*

DGIEU's ORSA Process includes the following:

- Consideration of the business's risk profile, risk tolerance limits, business strategy, business plans and associated projections,
- Consideration of the impact of any prospective, relevant changes in regulatory or governmental rules or regulations;
- Demonstration that capital levels and liquidity are in line with the risk profile,
- Demonstration that robust processes exist to identify, measure, monitor, manage, and report risk exposures, and
- Evaluation of the appropriateness of the Solvency II standard formula in calculating SCR, in comparison to DGIEU's assessment of its own risks.

The DGIEU CEO (who is the responsible member of the DGIEU Management Board for risk management) and the Group Head of Risk as key function holder are responsible for the coordination of the ORSA process, including the preparation of the ORSA report. This ensures the direct involvement of management in the ORSA process. Operational management of these processes is delegated from the CEO to the Group Head of Risk. The DGIEU Management Board oversees the design and implementation of the ORSA, ensuring that the ORSA will be effectively governed. In addition, the DGIEU Management Board is required to approve the annual ORSA report. The Solvency II Working Group at Regulated Group level is also part of the approval process to ensure oversight of Solvency II implementation across the Regulated Group. The Actuarial Function plays a further central role in the implementation of the ORSA and the evaluation of the underlying methods and assumptions. The Internal Audit function performs an independent review of ORSA processes and ORSA report, as determined by the DGIEU Management Board.

Based on the results of the 2023 ORSA, DGIEU is satisfied that it holds appropriate levels of capital in relation to its risks.

### *ORSA Report*

DGIEU’s ORSA Report includes at least the following information:

- Executive Summary
- Strategy and Business Planning
- Risk Management
- Standard Formula plus USP model design and their use
- Profitability, Capital, and Liquidity Position
- Stress and Scenario Testing

### *Process Review*

DGIEU’s ORSA process will continue to be regularly reviewed and further refined as necessary, depending on the ongoing consideration of the DGIEU Management Board, the Solvency II Working Group, and any relevant changes to DGIEU’s risk profile.

All colleagues directly or indirectly engaged in the ORSA process must familiarise themselves with the requirements of the Group ORSA Policy and ensure that their understanding and awareness of the necessary requirements is maintained.

### Ongoing Monitoring of the RMF

Work conducted by the second and third lines of defence provides regular assurance on the effectiveness of key controls. This includes the annual Compliance monitoring program, annual Internal Audit plan, and 2LOD control testing, all of which are risk-based, together with the half-yearly risk reporting from around the business. It also includes regular committee meetings and working groups, including the Data Governance Committee and the Solvency II Working Group, and those committees designed to address predominantly conduct risk issues such as the ECSC and ERCC. DGIEU continues to seek opportunities to improve the robustness and proportionality of its risk management framework and related assurance activities.

The risk universe and the suite of risk appetite statements, with supporting KRI’s, are reviewed periodically to ensure that they accurately reflect the business’s risk profile and appetite for each category of risk.

Risk reporting is facilitated through the Risk Management System, Magique, which contains a record of all risk registers and supports the reporting of risk events, controls, and exceptions to risk appetite.

## B.4 Internal control system

The DGIEU Management Board has the overall accountability for maintaining DGIEU’s system of internal control and for monitoring its effectiveness, while the implementation of the internal control system is the responsibility of the risk and control owners. Following a risk-based approach, DGIEU’s system of internal control is designed to meet applicable legal and regulatory business conduct requirements and to minimise the risk of failure to achieve business objectives.

The system is designed to:

- Safeguard assets,
- Maintain proper accounting records,
- Provide reliable financial information,
- Identify and manage business risks,
- Monitor both DGIEU-inhouse and outsourced business operations,
- Ensure delivery of suitable and appropriate customer outcomes,
- Maintain compliance with appropriate legislation and regulations on both DGIEU and branch level, and
- Identify and adopt best practices.

The Company has an established governance framework, the key features of which include:

- Terms of Reference for the Management Board's Committees and for other governance committees,
- An organisational structure, with documented segregation of duties and delegation of authority from the Board to management,
- A policy framework, which sets out risk management and control standards for DGIEU's operations,
- Defined procedures for the approval of new products and business partnerships, and
- Regular Management Information and reporting to the DGIEU Management Board.

There is an ongoing process for assessing and managing design and operating effectiveness of the internal control system as part of the RCSA, conducted by the 1st Line of Defence and validated by both DGIEU Risk Management and Compliance functions.

Furthermore, as part of the 2nd Line of Defence, the DGIEU Compliance Function performs a risk assessment of key compliance risks to which DGIEU is exposed to, flanked by the annual monitoring deep dive reviews across internal and outsourced business operations. Results of these reviews and of the ongoing monitoring of the regulatory horizon / industry news are used as part of a cycle for the identification and assessment of new compliance risks. This cycle of reviews and assessments lead to continuous enhancements of the internal control system, and training updates for affected DGIEU employees with regards to compliant insurance operation.

Further information on the responsibilities of the Compliance Function can be found in Chapter B.1, further above.

## B.5 Internal audit function

The Internal Audit Function of DGIEU is outsourced to Grant Thornton, which reports to the DGIEU Board Member for Underwriting & Internal Audit, who is the responsible member of the Management Board for the Internal Audit Function.

As the outsourcing of the Internal Audit Function is an important outsourcing for DGIEU, the responsible Board member is also the Outsourcing Manager who is responsible for the monitoring and assessing of the outsourcing arrangement.

The Internal Audit Function is an independent, objective assurance and consulting function designed to add value and improve the Company's operations. Acting as a third line of defence, it helps the Company accomplish its objectives by bringing a systematic, objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes. The Internal Audit Function provides increased risk coverage and measurable value to the business by identifying and performing assurance and consulting engagements with the intent of monitoring and validating controls for risks across DGIEU.

Internal Audit produces an annual risk-based Internal Audit Plan based on a risk assessment of all identified auditable units, which is also aligned with the 2LOD's annual Compliance Monitoring Plan. Based on the results of the risk assessment, the auditable units are ranked into priority areas. The risk assessment is enhanced with the feedback of the key stakeholders and the use of the risk register created by the business and compiled by the Risk Function. Also, the Internal Audit plan is approved by the DGIEU Management Board and revisited regularly to allow flexibility should the risk environment change.

Internal Audit findings and recommended appropriate courses of action for the enhancement of risk management, internal control, and governance are communicated to the DGIEU Management Board and to the Group ARC for information purposes. Moreover, the Internal Audit function promotes action on audit recommendations and reinforces staff commitment to results through application of sound monitoring and follow-up systems.

Organisational independence is effectively achieved as the function is outsourced and reports to the responsible DGIEU Management Board member. Furthermore, the Internal Audit Function is free from executive management interference in determining the scope of internal auditing, performing work, and communicating results. In carrying out its mandate, the Internal Audit function has the authority to audit and investigate any activity, with unrestricted access to records, information, and personnel through the organisation relevant to the performance of the Internal Audit function.

None of the Internal Audit staff were employed by the Company in the year from 1st April 2023 to 31st March 2024.

The DGIEU Management Board has reviewed and is satisfied with the overall effectiveness of the System of Governance. In its pursuit of continued improvement, and in view of the growth of the business and evolving regulatory landscape, the DGIEU Management Board has committed to a review of the Internal Audit function, the scope of which will include the design and resourcing of the function. Further information on the responsibilities of the Internal Audit Function can be found in Chapter B.1, further above.

## B.6 Actuarial function

The Actuarial Function supports the DGIEU Management Board in determining and implementing measures needed to ensure compliance with statutory regulations for the Actuarial Function. Support of the Actuarial Function is outsourced to LCP. LCP assists with the calculations of the SCR and technical provision and with DGIEU's Solvency II reporting requirements.

The DGIEU CFO is the responsible member of the Management Board for the Actuarial Function.

As the outsourcing of the Actuarial Function support is an important outsourcing for DGIEU, the responsible Board member is also the Outsourcing Manager who is responsible for the monitoring and overseeing delivery of the outsourcing arrangement.

Selected main tasks of the Actuarial Function include:

- Validation of the technical provision, including testing against experience;
- Assessment of the appropriateness of the methods used and definition of USPs applied; and
- Assessment of the sufficiency and quality of the data used.

These main tasks include the following aspects in detail:

- Coordination: the Actuarial Function coordinates the calculation of technical provisions;
- Assessment: the Actuarial Function assesses the adequacy and quality of the underlying data used for calculating the technical provisions;
- Monitoring: the Actuarial Function ensures the appropriateness of the methodologies and assumptions underlying technical provisions;
- Support: the Actuarial Function supports the Risk Management function in the effective implementation of the Risk Management system and the risk and solvency assessment; and
- Reporting: The Actuarial Function informs the DGIEU Management Board about the reliability and appropriateness of the calculation of technical provisions.

The Actuarial Function is also responsible for reviewing the overall underwriting policy and the adequacy of reinsurance arrangements and reinsurance strategies and is required to produce annual opinions on each.

Information on the Actuarial Function can also be found in Chapter B.1, further above.

## B.7 Outsourcing

DGIEU is committed to ensuring the outsourcing of business activities or functions is only permitted where DGIEU has satisfied itself, through appropriate due diligence and risk assessment, as to the suitability of the

Service Provider. DGIEU must continue to be satisfied as to the ongoing suitability of a Service Provider through ongoing monitoring and oversight and reporting to the DGIEU Management Board. The obligations for oversight of Service Providers cover the whole life cycle of the service provisions, from inception to the end of the contract.

The outsourcing principles and regulations are outlined in the Company's Outsourcing Policy which has been written in accordance with Article 274 DVO, § 32 VAG and Section 13 MaGo.

DGIEU differentiates between the outsourcing of important insurance functions / activities and any other services, as well as outsourcing arrangements with intra-group or external third-party providers.

The current important outsourcing arrangements are as follows:

| Service Provider | Service Provider - Domicile Country | Relationship | Service Description |
|---|---|---|---|
| Grant Thornton | UK | External 3rd Party | Coverage of the Internal Audit Function for DGIEU across all European locations. |
| TeleMail DirektMarketing & TeleMail GmbH | Germany | External 3rd Party | Direct advertising and mailing, printing and production, fulfilment, address management, etc. |
| Teleperformance (In & Out S.p.A. // Albania Marketing Service sh.p.k.) | Italy, Albania | External 3rd Party | Provision of contact centre services for telesales / telemarketing purposes in the DGIEU markets Italy and France.<br>Besides operating activities (e.g., customer service enquires, sales of insurance plans through inbound and outbound telephony) the service provision includes an integrated quality assurance process on compliant business conduct through evaluation of recorded phone calls. |
| Quasar S.L. | Spain | External 3rd Party | Provision of customized websites, landing pages and IT marketing / sales solutions for DGIEU Spanish Branch. To register and sell plans though web registration (also to collect data and permissions for Direct Marketing). |
| Servizi Domestic & General Italia S.r.l. | Italy | Intra-group outsourcing | The services provided by SDGI include: 1. Call centre telephone services // 2. Claims processing and claims handling, including the managing of repair network suppliers // 3. Customer care services including dealing with written customer correspondence and written customer administration requests // 4. Banking and customer payment reconciliations. // 5. Finance management // 6. Local legal and compliance support services // 7. Local human resources services and payroll services // 8. Local support for |

| Service Provider | Service Provider - Domicile Country | Relationship | Service Description |
|---|---|---|---|
| | | | reporting management information, including complaints, quality assurance, service levels and operational processes // 9. Local quality assurance services // 10. Local facility management and provision of services such as phone, print, post, stationary, office rental, office cleaning, power, and archiving // 11. Any other ad-hoc activities as determined and agreed by the parties. |
| Domestic & General Services Limited | UK | Intra-group outsourcing | The services provided by DGI include: 1. Executive management services // 2. Customer product/business development services // 3. Marketing support services // 4. Product governance and product support services // 5. Finance and accounting support services // 6. Project management and programme change management services // 7. Business operations delivery support services (including oversight of third party call centre telephony services) // 8. Underwriting support services // 9. Investment management support services // 10. IT Services // 11. Business Continuity Services // 12. Group Legal Services // 13. Group Human Resources Support services // 14. Tax & Finance Consultancy services // 15. Procurement Support services // 16. Claims Administration Services // 17. Claims Management Services // 18. IT Security Services |
| LCP | UK | External 3rd Party | Support of the Actuarial Function for DGIEU across all European locations. |
| Whirlpool (Bauknecht Hausgeräte GmbH, Whirlpool Italia S.r.l.) | Germany, Italy | External 3rd Party | Promotion of Whirlpool Germany/Italy repair services for their manufactured household appliances, covering (i) costs related to repair defects after the legal warranty period has expired and (ii) costs related to repair defects caused by accidents within and outside warranty. Additionally, the local service processes in Germany and Italy include the receival of customer claims calls and the due diligence & acceptance of such claims. |
| Electrolux Hausgeräte GmbH | Germany | External 3rd Party | Promotion of Electrolux repair services for their manufactured |

| Service Provider | Service Provider - Domicile Country | Relationship | Service Description |
|---|---|---|---|
| | | | household appliances covering (i) costs related to repair defects after the legal warranty period has expired and (ii) costs related to repair defects caused by accidents within and outside warranty. Additionally, the local service process in Germany includes the receival of customer claims calls and the due diligence & acceptance of such claims. |
| London & Capital | UK | External 3rd Party | Discretionary Investment Management Service. |
| Concentrix | Portugal | External 3rd Party | Provision of contact centre services for telesales / telemarketing purposes. Besides operating activities, the service includes an integrated QA process. |
| Triple S | Germany | External 3rd Party | Provision of contact centre services for telesales / telemarketing purposes. Besides operating activities, the service includes an integrated QA process. |

Throughout FY24, there were no changes related to material outsourcings.

In order to manage these outsourcing arrangements in a consistent and cohesive manner, DGIEU has introduced an eight steps quality assurance approach throughout the outsourcing lifecycle:

1. **Outsourcing Due Diligence** - Seeking a clear view on the suitability of a Service Provider, supported through reliable evidence,
2. **Outsourcing Risk Assessment** - Classifying and assessing all services and Service Providers, based on risk criteria such as corporate governance, risk management, financial capacity, etc.,
3. **Outsourcing Contracting** - Applying a contractual framework with defined mandatory contents, i.e., to ensure audit and inspection rights,
4. **Outsourcing Approval** - Seeking DGIEU Management Board sign-offs for all intended outsourcings of important insurance activities,
5. **BaFin Notification** (in the event of outsourcings of important insurance activities) - Submitting standardised notifications for outsourcings of important insurance activities via the BaFin MVP portal through DGIEU Risk & Compliance,
6. **Outsourcing Monitoring** - Ongoing monitoring of important outsourcings with external third parties through contractually agreed KPIs,
7. **Outsourcing Reporting** - Periodic reporting of the KPI results together with any identified service contract breaches and taken actions to the DGIEU Management Board, and
8. **Termination of an Outsourcing** – Rolling back of outsourcing arrangements along pre-approved termination and business continuity concepts.

## B.8 Any other material information

There are no other material information, changes or material transactions to report during the reporting period with shareholders, with persons who exercise a significant influence on the Company, and with members of the administrative, management or supervisory body regarding DGIEU’s system of governance.

The governance system is considered appropriate and commensurate with DGIEU's risk profile.

# C. RISK PROFILE

An overview of the risks according to Solvency II and the standard formula, their solvency capital requirements and the amount of diversification effects can be found in Chapter E.2, further below.

A summary of the risk categories according to the standard formula, including risk mitigation techniques and uncertainties faced by the Company, is presented below.

## C.1 Underwriting risk

The underwriting risk (for DGIEU: non-life insurance risk) is the main component of the Company's SCR, as shown in section E.2.

| SCR<br>FY24 | DGIEU<br>€'000 |
|---|---|
| **Non-Life Underwriting*** | 6.968 |
| **SCR** | 9.929 |
| **Non-Life Underwriting % of SCR** | 70% |

**undiversified SCR value*

| Non-life insurance risk SCR sub-risks | Description and measures to assess the risk |
|---|---|
| Premium | The Use of the Solvency II standard formula would result in a solvency capital requirement which is significantly higher than statistical analysis of DGIEU's historical loss ratio data suggests, as historical data indicates a lower level of volatility than the standard formula's parameter. Therefore, USPs are used by DGIEU to better align the SCR to the risk profile.<br><br>Controls are in place to monitor and manage loss ratio volatility, including underwriting and pricing policies, re-pricing, approval procedures for new products and major changes in existing products, regular performance review and monitoring of emerging issues. |
| Reserve | Claims are typically short tailed with approx. 98% of claims paid within the same year as the claim being incurred (and less than 1% unpaid after 24 months). Therefore, USPs are used by DGIEU to better align the reserve risk SCR to the risk profile. |
| Lapse | Lapse risk SCR is calculated using the Standard Formula.<br><br>Governance committees such as the EPPGC regularly review the retention performance of products and take necessary actions to improve retention where feasible. |
| Catastrophe | Catastrophe risk is applicable for the "miscellaneous financial loss" business line (line of business of 12) "other than extended warranty insurance and reinsurance obligations provided that the portfolio of these obligations is highly diversified, and these obligations do not cover the costs of product recalls" (per DVO, Annex XII). DGIEU considers that its portfolio is highly diversified across different appliance types, manufacturers, ages, and contracts with the OEMs, respectively the insurance conditions exempt DGIEU from additional damage costs relating to recalls.<br><br>DGIEU's catastrophe risk SCR is zero. |

*Risk description*

Underwriting risk relates to the potential adverse financial impact that would arise where combined claims and repair, acquisition, and administration costs exceed the estimated costs built into the pricing models applied.

Premium and reserve risk corresponds to the risk that the premium charged to policyholders will not be sufficient to cover the claims, expenses and commissions attached to the policies (on an earned basis). Lapse risk is the risk that expected profits included in future premiums [EPIFP] do not materialise due to the cancellation of in-force business.

Catastrophe risks are loss events that occur infrequently but, if they do occur, have a particularly high loss severity and are associated with risk concentrations.

*Risk mitigation*

DGIEU's underwriting risks are managed through underwriting and pricing controls, underwriting and pricing policies, approval procedures for new products and major changes to existing products, regular review of performance and monitoring of emerging issues.

*Material changes over the reporting period*

The increase of the Non-Life Underwriting Risk compared to FY23 is due to an increased subscription business and USP for Premium risk, partly offset by a reduction from the run-off business in relation to a lost retail partner in Spain and Portugal.

*Stress and scenario tests*

Regular sensitivity analyses are carried out to better understand the impact of risks and risk sensitivities. DGIEU has established processes to undertake stress and scenario testing on an ongoing basis, with testing undertaken at least annually within the ORSA process. Results of the tests improve the DGIEU Management Board's understanding of risk, influence business decisions, and form a key part of the risk management framework. Stress tests concerning the underwriting risk include tests on loss ratios and claims. DGIEU performs various stress tests as part of the ORSA report, either aimed at reducing new business or renewals, or increasing claims costs. The tests have validated that DGIEU maintains sufficient capital to withstand these shocks.

*Additional information*

To ensure the adequate allocation of the Key Entrepreneurial Risk-Taking functions ("KERT functions") of the insurance business and an appropriate profit attribution mechanism between the German DGIEU head office and the DGIEU Spanish Branch in line with the OECD standards, there are local rules for the DGIEU Spanish Branch.

## C.2 Market risk

| SCR<br>FY24 | DGIEU<br>€'000 |
|---|---|
| **Market*** | 2.253 |
| **SCR** | 9.929 |
| **Market % of SCR** | 23% |

** undiversified SCR value*

| Market risk SCR sub-risks | Description |
|---|---|
| Interest-Rate | This is low for DGIEU due to the short duration of assets & liabilities. |
| Currency | The Company's currency risk relates to changes in the GBP:EUR currency conversion rate which is used to value the assets and liabilities held in the UK. |
| Equity | DGIEU does not have any equity risk, the equity risk SCR is zero. |
| Property | Property risk is not considered to be a material risk in DGIEU's SCR. |
| Spread | Spread risk is the highest risk in DGIEU's market risk SCR. DGIEU's investment strategy is considered to be highly liquid and low risk.<br>The Group Investment Committee is responsible for setting the investment criteria and monitors adherence and performance regularly. |

*Risk description*

Market risk is the potential adverse financial impact of changes to interest rates, equity markets, property markets, foreign exchange rates, fixed income spreads, and concentrations in assets.

Interest rate risk arises in relation to available for sale investments, e.g. fixed income securities. Interest rate risk on available for sale investments is managed by investing within strictly controlled investment criteria that specify, amongst other things, maximum durations.

The Company's currency risk relates to changes in the GBP:EUR currency conversion rate which is used to value the assets and liabilities held in the UK.

Equity risk is a type of market risk that applies to investing in shares. A reduction in the market price of shares reduces the amount of the invested money. DGIEU does not have any equity risk, the equity risk SCR is zero.

Property risk refers to risk events that specifically impact an organization's facilities and other physical infrastructure. Risk events such as fires, adverse weather conditions, and terrorist attacks all fall into the category of property risk. In addition to damaging and destroying physical property, property risk events also have the potential to create stoppages in business operations and material financial losses. Property risk is not considered to be a material risk in DGIEU's SCR.

Spread risk refers to the risk that the credit spread for a particular investment is not high enough to justify investing in that particular asset versus other, lower default risk investments (i.e. unrewarded risk).

*Risk mitigation*

DGIEU has a very low appetite for market risk on its investment portfolio, with a strong bias towards investment grade credit.

In FY24, London & Capital continued to manage DGIEU's investments. The investment mandate seeks to carefully allocate funds in order to generate conservative returns within a defined value-at-risk range. Performance and allocation of funds under management is regularly reviewed to ensure compliance with mandates. Performance is overseen on a regular basis by the Corporate Finance Director and Chief Financial Officer, with oversight by the Group Investment Committee. In the event of any significant change, the Chief Financial Officer will seek Board approval for mitigating actions.

#### *Measures used to assess the risk*

DGIEU calculates the market risk according to the Solvency II standard formula.

#### *Risk concentration*

DGIEU's investment strategy is considered to be highly liquid and low risk. Due to a high level of diversification, DGIEU does not see relevant concentration risk in its market risk profile.

#### *Material changes over the reporting period*

There are no material changes over the reporting period.

#### *Stress and scenario tests*

Due to the conservative and highly diversified investment strategy, DGIEU has made a conscious decision not to perform a market risk stress test in the ORSA, as a stress of government and corporate bonds would not have led to significant changes in DGIEU's overall risk profile.

### Prudent Person Principle

The Group Investment Risk Policy covers the investable assets of the Group including DGIEU, having been designed to ensure accordance with the Prudent Person Principle. The preservation of capital is a key investment objective, so investment strategy and associated asset classes are designed so as to reduce risk of a capital loss over the life of the asset. Investment strategy also includes consideration of ESG factors and is overseen by the Group Investment Committee.

Under the investment mandate of DGIEU, investments are managed within a target value-at-risk range to help optimise returns whilst ensuring that the market risk SCR charge remains at an appropriate level.

Liquidity and duration targets for investments are also covered by the relevant mandates. Detailed cash flow forecasting is performed regularly to help ensure the balance between bank deposits and invested assets is appropriate for cash requirements.

Products sold by DGIEU do not provide index-linked benefits.

Derivatives are not permitted under the current investment mandate of DGIEU.

## C.3 Credit risk

| SCR<br>FY24 | DGIEU<br>€'000 |
|---|---|
| **Counterparty Default*** | 3.609 |
| **SCR** | 9.929 |
| **Counterparty Default % of SCR** | 36% |

**undiversified SCR value*

| Counterparty sub-risks | Description |
|---|---|
| Type 1 counterparty default risk | DGIEU's type 1 risk includes exposure to investment and banking counterparties and to DGI relating to the reinsurer's share of claims mitigated via an investment grade credit rating of DGI. |
| Type 2 counterparty default risk | DGIEU's counterparty risk includes exposure on intercompany lending to DGI, mitigated via security arrangements. |

*Risk description*

Credit risk is the potential adverse financial impact of loss in value of financial assets due to counterparties failing to meet all or part of their obligations.

Type 1 counterparty default risk: DGIEU's type 1 risk includes exposure to investment and banking counterparties and to DGI relating to the reinsurer's share of claims mitigated via an investment grade credit rating of DGI.

The Company has credit risk exposure to its reinsurer, DGI. This exposure arises from outstanding receivables, ceded technical provisions, and the risk-mitigating effect of reinsurance. The risk-mitigating effect of reinsurance reflects the reduction in the SCR for underwriting risk that is achieved via the reinsurance, and the potential for this to increase significantly in the event of a reinsurer default.

The reinsurance agreement was adapted in FY23. Claims handling expenses are subject of reinsurance with DGI in full since FY23.

The Group Investment Committee sets limits on investment and banking counterparty exposures and monitors those exposures periodically.

Type 2 counterparty default risk: DGIEU's counterparty risk includes exposure on intercompany lending to DGI (DGIEU set up a new Intercompany loan receivable in FY22 with the parent company DGI (€17,8m)), mitigated via security arrangements. These balances are monitored regularly, and action taken where necessary to manage balances to acceptable levels. As of balance sheet date 31 March 2024 the loan was partly repaid and amount to €8,5m.

*Risk mitigation*

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties. Deposits can only be placed with banks or building societies having credit limits approved by the Board. Counterparty exposure is subject to regular review.

*Measures used to assess the risk*

DGIEU calculates the counterparty-default risk according to the Solvency II standard formula.

*Risk concentration*

DGIEU has a number of contracts with major long-standing partners, with exposure on the monies owed to DGIEU at any one time. However, DGIEU closely monitors outstanding debt and is in regular dialogue with partners and is therefore in a position to act swiftly to mitigate any loss in the event of a major partner running into financial difficulties.

*Material changes over the reporting period*

A material change over the reporting period refers to type 2 counterparty-default risk as the Intercompany loan receivable with the parent company DGI was reduced by €6,5m to €8,5m. The reduction within Debtors mainly relates the loss of a retail partner in Spain and Portugal in FY24 and included cash business.

*Stress and scenario tests*

DGIEU has established processes to undertake stress and scenario testing on an ongoing basis, with testing undertaken at least annually as part of the ORSA process. This includes the loss of a key credit counterparty (key partner). Results of the tests improve the Board's understanding of risk, influence business decisions, and form a key part of the risk management framework. The scenario as part of the ORSA has validated that DGIEU maintains sufficient capital to withstand this shock.

## Credit ratings of significant classes of financial assets:

| | A rated (or above) Institutions | Other Institutions | Unrated | Total |
|---|---|---|---|---|
| | FY24 | FY24 | FY24 | FY24 |
| | € '000 | € '000 | € '000 | € '000 |
| Deposits with Credit Institutions | 7.775 | 295 | 0 | 8.069 |
| Cash and Cash Equivalents | 1 | 0 | 0 | 1 |
| Partner Payments | 0 | 0 | 18.438 | 18.438 |
| Debtors | 0 | 0 | 1.214 | 1.214 |
| **Total** | **7.776** | **295** | **19.652** | **27.722** |

| | A rated (or above) Institutions | Other Institutions | Unrated | Total |
|---|---|---|---|---|
| | FY23 | FY23 | FY23 | FY23 |
| | € '000 | € '000 | € '000 | € '000 |
| Deposits with Credit Institutions | 11.391 | 167 | 0 | 11.557 |
| Cash and Cash Equivalents | 1 | 0 | 0 | 1 |
| Partner Payments | 0 | 0 | 20.491 | 20.491 |
| Debtors | 0 | 0 | 9.960 | 9.960 |
| **Total** | **11.392** | **167** | **30.451** | **42.009** |

Partner prepayments and debtors are largely excluded from the Solvency II balance sheet on account that they either have no market valuation or are captured within technical provision. Partner payments were significantly paid in the Iberian market.

The Company has implemented policies that require appropriate credit checks on potential trade partners before sales commence.

The amount disclosed in the balance sheet for financial assets represents the Company's maximum exposure to credit risk.

### Past Due or Impaired Financial Assets

The table below sets out an analysis of the Company's assets, showing those which are past due or impaired. Categories of financial assets for which there are neither past due nor impaired balances have not been included below.

| Debtors | | FY24 €'000 | FY23 € '000 | Movement €'000 |
|---|---|---|---|---|
| Not past due | | 992 | 3.447 | -2.456 |
| Past due (days) | 0 - 30 | 223 | 2.014 | -1.791 |
| | 31 - 60 | 5 | 4.960 | -4.955 |
| | 61 - 90 | 2 | 0 | 2 |
| | Greater than 90 | 62 | 42 | 20 |
| Provision | | 0 | 0 | 0 |
| **Carrying amount** | | **1.284** | **10.464** | **-9.180** |

The past due 31-60 days figure in FY23 is mainly due to one Iberian retail partner. In FY24 this was materially settled.

The Company's assets (as shown on the face of the balance sheet) include:

| | FY24 € '000 | FY23 € '000 | Movement € '000 |
|---|---|---|---|
| Debtors arising out of Direct Insurance Operations | 1.214 | 10.035 | -8.821 |
| Other Debtors | 0 | 429 | -429 |
| Other Payments and Accrued Income | 18.438 | 20.045 | -1.607 |
| **Total** | **19.652** | **30.508** | **-10.857** |

The Company considers notified disputes, collection experience, contractual arrangements, and credit ratings when determining which assets should be impaired.

## C.4 Liquidity risk

*Risk description*

Liquidity risk is the possibility that DGIEU does not have sufficient available liquid assets to meet its current or future obligations.

An important aspect of the Company's management of assets and liabilities is ensuring that cash is available to settle liabilities as they fall due. The most significant payments are claims (constituting appliance repair and replacement costs), the profile of which is highly predictable.

As a regulated insurer, DGIEU is required to hold a minimum level of capital against Solvency II capital requirements (inclusive of the company’s 30% risk appetite buffer), which has an indirect impact on the level of cash and liquid assets which the company needs to hold.

DGIEU reinsures 90% of its risk to its parent company (DGI) under a quota share reinsurance arrangement. The effect of this is that DGIEU is required to pay 90% of its received written premium to DGI and receives in return 90% of the cost of claims and claims handling costs, plus an amount of ceding commission designed to broadly cover the company’s acquisition and administrative costs. Under this arrangement, DGIEU retains a cash buffer in a designated reinsurance account, which is cash that would otherwise be payables to DGI and is set at a level of that should cover at least three months of estimated claims expense. The purpose of this buffer is to protect against a hypothetical scenario in which DGI was unable to fund claims payments due to DGIEU under the reinsurance agreement.

DGIEU holds cash in bank accounts and in money market funds and it also holds liquid, high quality investment assets with third-party investment manager London & Capital. The company may also make use of other short-term investments from time-to-time.

*Risk mitigation*

The Company maintains cash and liquid deposits to meet demands on a daily basis. A DGIEU Liquidity Risk Management Policy is in place to ensure that DGIEU maintains appropriate levels of liquidity for its day to day and longer-term business operations, in order to meet its obligations to policyholders and other creditors when they fall due. The Policy provides the mechanism to manage, monitor, escalate and review this risk area.

In addition, DGIEU’s liquidity risk appetite is stated in its Financial Management Risk Appetite Statement which is reviewed and updated annually. DGIEU needs to be able to settle liabilities as they fall due, therefore sufficient liquid funds must be available to meet payment obligations.

In accordance with this risk appetite statement, there are several considerations which determine the quantum of liquid assets that DGIEU should hold. The company will use the most prudent of the following measures to determine its minimum threshold level of liquidity: Germany Insurance Supervision Act Test, Liquidity Test, Solvency Test, Net Assets Test. Regardless of the tests, at no time shall DGIEU hold less liquidity than is required for it to continue to operate as a going concern and meet its obligations as they fall due. Nothing in the foregoing shall prevent DGIEU from holding higher amounts of liquidity than the minimum threshold amount. Management may, from time-to-time, choose to apply additional margins of prudence.

*Measures used to assess the risk*

DGIEU has forecasting procedures in place to identify expected cash coming into the business, and cash flowing out of the business.

In particular, the DGIEU finance department reviews total liquidity needs in the short, medium and longer term as part of its budget planning process, taking into consideration the effect on liquidity of expected new business forecasts, churn expectations and claim rates. The budget cashflow projection is reviewed and approved by the DGIEU Management Board (delegated to DGIEU CFO).

Regular analyses of actual vs budget cashflow performance are carried out by the DGIEU finance department, in order to quantify and understand variances from budgeted performance.

DGIEU also performs financial reconciliations for all of its bank accounts, including as a part of the month-end close and process.

*Risk concentration*

DGIEU does not consider it has relevant liquidity concentration risk. In the event that liquidity falls below the policy threshold the DGIEU Management Board must be notified immediately, along with notification to the Group Audit and Risk Committee and Group Investment Committee.

The company enjoys the support of its parent company, DGI and, in the event of additional liquidity being required, in the first instance the company would look to DGI for support. Such support may include the suspension of payments of reinsurance premiums to DGI, the loan of funds from DGI to DGIEU (or repayment of loans due to DGIEU from DGI) or the injection of new capital from DGI.

The D&G Group has access to undrawn borrowing capacity via its revolving credit facility (RCF) which would be a source of liquidity available to the Group to strengthen DGIEU's liquidity, in the case of need.

*Material changes over the reporting period*

There are no material changes over the reporting period.

*Stress and scenario tests*

Regular sensitivity analyses are carried out to better understand the impact of risks and risk sensitivities. DGIEU has established processes to undertake stress and scenario testing on an ongoing basis, with testing undertaken at least annually within the ORSA process. Results of the tests improve the DGIEU Management Board's understanding of risk, influence business decisions, and form a key part of the risk management framework. Stress tests concerning liquidity risk include tests on high one-off payments such as fines related to large data breaches. The tests have validated that DGIEU maintains sufficient capital to withstand these shocks.

## Contractual Maturity Analysis

The table below summarises the maturity profile of the Company's financial liabilities based on remaining undiscounted contractual obligations where the maturity profile is an analysis by estimated timing of the amounts recognised in the balance sheet.

| | Claims & Repair Costs FY24 €'000 | Claims & Repair Costs FY23 €'000 | Creditors FY24 €'000 | Creditors FY23 €'000 | Total FY24 €'000 | Total FY23 €'000 |
|---|---|---|---|---|---|---|
| **0 - 90 Days** | 2.266 | 2.513 | 4.953 | 3.531 | 7.219 | 6.044 |
| **91 Days - 1 Year** | 5 | 0 | 1.052 | 1.819 | 1.057 | 1.819 |
| **1 - 3 Years** | 0 | 0 | 0 | 0 | 0 | 0 |
| **3 - 5 Years** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Greater than 5 Years** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **2.271** | **2.513** | **6.005** | **5.350** | **8.276** | **7.863** |

DGIEU has included expected profit in the (future) premiums ("EPIFP") amounting to €22.124k (FY23: €19.179k).

## C.5 Operational risk

| SCR<br>FY24 | DGIEU<br>€'000 |
|---|---|
| **Operational*** | 3.055 |
| **SCR** | 9.929 |
| **Operational % of SCR** | 31% |

**undiversified SCR value*

*Risk description*

Operational risk arises from inadequately controlled internal processes or systems, human error, or from external events.

*Risk mitigation*

DGIEU maintains an internal policy for handling operational risk and considers potential operational impacts in all of its risk assessments. Detailed risk registers show that adequate risk controls exist for the most important operational risks and established business areas within DGIEU. These risk registers and controls are regularly monitored and updated within the biannual RCSA.

*Measures used to assess the risk*

Operational risks are generally more difficult to quantify, so their materiality is assessed using a likelihood/impact scoring approach. This allows risks to be ranked in order of their potential impact and, though this approach, to focus risk management activities on those risks warranting the greatest attention.

*Risk concentration*

DGIEU does not perceive itself to have significant operational concentration risk.

*Material changes over the reporting period*

There are no material changes over the reporting period.

*Stress and scenario tests*

Scenario analyses conducted within the ORSA are based on a range of severe, yet plausible operational risk scenarios to analyse DGIEU's financial soundness in the event of a severe operational risk crystallising, and an on assessment of the available mitigating actions. The ORSA demonstrates that DGIEU is well positioned to withstand severe scenarios and controlled in such a way to limit the likelihood and impact of events of this nature occurring.

*Operational Risk Profile*

Principal risks for DGIEU are regularly assessed as part of the RCSA cycle. Internal risk reporting tracks the aggregated risks of the business and is based on the net risk rating (post-mitigation). The results of the most recent RCSA were signed off by the DGIEU Management Board in March 2024. Some RCSA risk headlines are shown below – these refer to the key risks from a net rating perspective as well as to risk rating changes:

- **Information Security and Data Protection:** Information Security is a key risk for DGIEU with a high rating. This risk continues to be driven by the potential for ransomware attacks and cyber-attacks resulting in customer data breaches.

- **Financial Management**: Financial Management remains a material risk. This is driven by a potential tax exposure in Europe linked to the Part VII transfer with a low probability and a high impact. Other Financial Management risks are assessed as low or medium.
- **Legal & Regulatory:** Risk rating increased driven by DGIEU's litigation risk. DGIEU's Regulatory & Compliance risk reduced slightly. However, the Regulatory & Compliance risk is still rated medium due to issues identified and complexity of DGIEU's regulatory requirements in the different counties.
- **People:** People risk remains stable. HR clearly sees importance of people to the delivery of good customer outcomes and Focus25. Actions underway to reduce risk going forward.
- **Enterprise Resilience:** DGIEU's Enterprise Resilience risk is stable with a medium net risk rating driven by the new resilience requirements resulting from the Digital Operational Resilience ACT (DORA) at European level.
- **Conduct:** Conduct risk sub-categories remain stable from a rating perspective. Conduct risk is considered to be a medium risk from an impact perspective, also driven by the complexity of operating in many European markets.
- **Key Partner Relationship:** Key Partner Relationship risk in the EU remains stable. Long-term contracts are in place for remaining partners. However, there is still a certain level of key partner concentration risk in the European market.
- **Responsiveness to Changes in Market Dynamics:** Responsiveness to Changes in Market Dynamics risk is stable, still driven by the high volume of regulatory changes. Risk rating reflects for example potential operational implications linked to the European Right to Repair Directive. Despite DGIEU having proper horizon scanning processes in place which ensures that DGIEU identifies such regulations at an early stage, they could have a significant business / operations impact.
- **Technology:** Technology risk reduced as the Group has now moved onto cloud solutions which reduces the legacy estate risk and results in a low risk rating.
- **Reputation:** Risk increased slightly to medium from a net rating perspective due to critical review of DGIEU's climate related risks.

## C.6 Other material risks

### Regulatory change

DGIEU proactively scans the horizon to monitor for the potential emergence of macro-factors, including regulatory/legislative developments, inflation, competitor behaviour, geo-political unrest, and changes in consumer demand to ensure that its strategy continues to be aligned with customer needs and the regulatory landscape.

DGIEU is closely tracking the European Right to Repair Directive which is likely to have implications on DGIEU's business model. Action is taken as required. As of now, the European Right to Repair Directive is not live.

From a Solvency perspective, the EIOPA review of Solvency II is ongoing which could result in changes to the Solvency II framework. DGIEU is tracking publications in this regard and assesses their implications for the Company. In addition, actions are taken to ensure compliance with updated regulation.

DGIEU is also fully aware of regulatory initiatives related to Operational resilience. Operational resilience in the EU comprises the EU Digital Operational Resilience Act which requires compliance by 17 January 2025. To address this, D&G appointed a full-time Enterprise Resilience Director who drives the implementation of operational resilience requirements throughout the D&G Group and provides regular DORA updates to the DGIEU Management Board.

In addition, DGIEU notices the increasing focus on artificial intelligence. Overall, this new technology could enable companies to offer better data-driven products and services to consumers, improve operational efficiency, and drive innovation. DGIEU monitors any new regulations on artificial intelligence via horizon scanning and will adequately identify and manage potential risks and opportunities associated with this via the established risk management system and related governance.

### Strategic delivery risk

The Group's strategic plan ('Focus 25'), which also comprises DGIEU, contains a number of initiatives to increase shareholder value, underpinned by focuses on speed, simplicity, and scale. Part of the plan includes an IT modernisation programme running alongside other business transformation initiatives. This could result in delivery risk due to capacity shortfalls (the risk has been partially mitigated by engaging with external technology specialists to help provide specialist expertise to supplement internal resources). Independent of the delivery of transformation, there may also be the risk that the anticipated benefits are not realised (e.g. due to changes in underlying assumptions or previous estimations of benefits being based on flawed assumptions). Improvements in change governance and the embedding of agile delivery methods are underway to improve the likelihood of delivery to time / cost / quality / benefit requirements, and that risks are appropriately assessed and managed.

### Post-Brexit changes

In FY21, the Part VII transfer was executed under the UK's Financial Services and Markets Act 2020. Given its plans to continue to grow in Europe, DGIEU recognises that risks may emerge after the transition period which could cause regulatory divergence (and non-equivalence) between UK and EU prudential regimes. Non-equivalence could increase the compliance burden – and therefore cost – for the Regulated Group.

This non-equivalence risk will continue to be monitored however a mitigation against non-equivalence is that DGI has an investment grade credit rating. A two-notch downgrade of DGI's credit rating to non-investment grade could increase DGIEU's SCR (relating to counterparty default risk) and therefore result in DGI increasing its equity holding in DGIEU. However, this is not currently considered to be likely, as the rating was recently reconfirmed (with a positive outlook), and business performance is positive.

An analysis of the tax treatment of the Part VII Transfer was conducted with the assistance of specialist, external tax advisers including an assessment of tax risks. The transactions were considered thoroughly from a tax point of view and potential, theoretical tax risks were analysed as unlikely to arise, based on the fact pattern of, and reasons for the transaction. In FY24, nothing came to DGIEU's attention which causes to change this view.

## Financial risks from climate change

Given its importance, DGIEU has assessed how climate change may affect its risk profile and which steps are necessary to govern and manage those risks appropriately.

### *Climate Change Risk: Governance*

The DGIEU Management Board reviews DGIEU's climate change risk assessment biannually, as part of the refresh of the DGIEU risk profile across its main principal risks and categories. This helps inform the development of the business plan.

The DGIEU Risk Management Function is responsible for ensuring DGIEU meets regulatory expectations (including in relation to climate change-related risks).

At D&G Group level, the Board (via the ARC) reviews the Group's climate change risk assessment (including DGIEU's assessment) biannually, as part of the refresh of the D&G Group's and DGIEU's risk profile across its main principal risks and categories. This helps inform the development of the business plan.

In addition, the GRC oversees and ensures compliance with regulatory requirements, including prudential regulatory expectations regarding climate change risk management.

The Sustainability Committee has oversight and responsibility for sustainability and climate, including climate-related risks and opportunities across the Group.

The Group Investment Committee reviews the investment criteria (including ESG criteria for securities / issuers) prior to the Board on at least an annual basis.

### *Climate Change Risk: Key Definitions*

Climate change-related risks are the uncertain events that may arise from climate change or from the impacts and economic / financial consequences of efforts to mitigate climate change. Climate change-related risks can be further defined into three sub-risks:

- Physical risk - the increasing severity and frequency of extreme climate change-related weather events and longer-term gradual shifts in weather;
- Transition risk - changes to market dynamics driven by the process of adjustment to a low-carbon economy; and
- Liability risk – relates to litigation against parties for losses caused by physical or transition risks (this risk type is not currently believed to be relevant for DGIEU).

### *Climate Change Risk: How we identify climate-related risks*

Climate risk management is embedded within DGIEU's existing risk management framework and processes.

Climate-related risks are reviewed and updated bi-annually, as part of the RCSA. The RCSA combines the risk and controls owners bottom-up assessment with the top-down assessment of the various relevant committees. The RCSA process is used to challenge the existing climate-related risk profile, and to identify potential gaps. In the most recent RCSA cycle, climate-related risks were highlighted as a focus area. As part of the RCSA, risks identified are also objectively assessed against DGIEU's risk appetite across its principal risks. All identified climate-related risks are assigned to an operational (Senior Management level) and executive (DGIEU Management Board level) risk owner and logged in DGIEU's risk management system to ensure proper documentation and ownership. A bi-annual calibration session with all climate-related risk owners as part of the RCSA ensures regular and transparent discussion around climate-related risks and serves to agree on D&G's key climate-related risks as well as mitigating measures.

In addition to the RCSA, there are other sources for ongoing risk identification like day-to-day operation, risk events, assurance reporting, horizon scanning or committee reporting which help to identify potential new risks on an ongoing basis. To ensure the business is aware of climate-related risks and key definitions, a climate-related risk section is integrated in DGIEU's mandatory Risk Management Learning.

### *Climate Change Risk: How we assess climate-related risks*

DGIEU assesses its risks (including climate-related risks) on an impact and likelihood basis. Risk assessment includes estimation of the impact (type and amount) and likelihood, on a 'gross' (risk assessment before controls and mitigating actions) and 'net' (risk assessment after controls and mitigating actions) basis.

The criteria for assessment of impact and likelihood are contained in DGIEU's impact and likelihood table.

The impact assessment comprises three different impact types being customer & regulatory, financial and partner impact.

### *Climate Change Risk: How we manage climate-related risks*

The assessment of risks from a gross and net perspective ensures that controls and mitigating measures for each risk are clearly stated. Documentation of the difference between the gross and net rating is facilitated via DGIEU's risk management system. Rating rationales are to be updated by the risk owner as part of each RCSA cycle. In addition, risk monitoring is part of DGIEU's risk management framework. Risk monitoring is the ongoing process that assesses the effectiveness and efficiency of risk management and its control environment and its ability to enable the achievement of DGIEU's objectives within risk appetite. The process for monitoring DGIEU's risks includes Key Risk Indicators, 2nd and 3rd line Assurance Testing, Horizon Scanning and Monitoring of Changes. For the assessment of climate-related risks and opportunities, D&G applies the following time horizons: Short term (0 – 3 year), medium term (3 – 10 years), and long term (10+ years). Climate-related time horizons differ to those from our existing risk management framework due to the longer-term impact of climate change compared to business planning cycles.

In FY24, DGIEU's top three climate-related risks have been identified as part of the detailed risk review process. The Company also conducted qualitative scenario analysis to further help understanding resilience of the business and strategy by assessing the potential impact of both physical and transition climate-related risks under different climate scenarios (early action, late action, no action).

### *Climate Change Risk: Climate-related risk profile*

The top 3 climate related risks (following calibration session discussion and considering timeframes) of DGIEU are as follows:

- **Failure to identify and manage regulatory requirements related to climate change:** There is a potential transition risk of failing to identify and manage regulatory requirements related to climate change. Increasingly, there are more stringent regulatory requirements related to climate change, including disclosure requirements, across the various jurisdictions in which DGIEU operates. Failure to adequately identify and respond to these requirements may present a regulatory risk, resulting in increased regulatory scrutiny, and/or reputational damage with linked partner impact. Whilst the business is exposed to a high level of gross risk driven by the high volume of new or changing regulatory requirements in this area, we have controls in this area mitigating the likelihood of the risk. DGIEU has a comprehensive horizon scanning process with clear responsibilities in place supporting the identification of regulatory requirements. In addition, the Sustainability Committee oversees sustainability at D&G Group level. Sustainability governance is also supported by a highly skilled ESG team. Compared to the last RCSA cycle, the rating risk increased slightly from a net impact perspective driven by the high volume of new and upcoming ESG regulation on the horizon. Overall, the impact of the risk materialising is considered medium from a customer & regulatory perspective.

- **Risk of supply chain disruption and difficulties in scheduling repairs**: With an expected increase in the frequency of severity of extreme weather events, i.e. storms and floods over time, there is a risk that such events could lead to supply chain issues amongst our partners and our repair network. This could impact our customers waiting times and our overall ability to deliver our services to our customers' expected levels and thus potentially increase regulatory scrutiny. Extreme weather events and resulting supply chain disruption could increase the risk of customer complaints and thus also trigger further regulatory scrutiny. Due to the nature of demand, risk consequences are a potential driver for customer detriment. Whilst the business is exposed to a high level of gross risk, mitigating controls are in place to reduce the likelihood of the risk. The Service team monitors customer complaints and adherence to our service levels closely.
- **Risk that energy consumption (and associated emissions) is not in line with market expectations:** There is a potential risk that energy consumption (and associated emissions) is not in line with market expectations driven by more expensive renewable energy costs and huge reliance on landlords across the EU. Materialisation of the risk could impact DGIEU's reputation / brand image. In addition, not meeting required legislation could drive regulatory implications. Overall, the EU risk in this area is considered slightly higher than the UK risk driven by lacking engagement of landlords when it comes to sustainability. This could limit our ambitions for international offices. However, the risk is mitigated by continued monitoring of energy consumptions including identification of reduction opportunities. Compared to the last RCSA cycle, the risk has been reworded to focus on market expectations and not on the brand sustainability messaging as a benchmark. This led to a comprehensive review of the risk resulting in a slightly increased likelihood and thus slightly increased net rating (7 to 8). Whereas the impact of the risk is considered low, the likelihood has been assessed as 'may occur' due to dependency on the landlords in Europe.

These risks will continue to be reviewed (and new risks identified) as part of the existing RCSA, and horizon scanning processes. Quantitative scenario analyses are performed annually as part of the ORSA, modelling increased claims expenses (relating to increased physical risk) and transition risk-driven reduction of new business sales.

### *Science based targets / carbon footprint results*

During FY24 - in preparation for setting Science Based Targets – the D&G Group made significant progress in strengthening its understanding of our carbon footprint. The D&G Group conducted a deep dive into its Scope 1 and 2 emissions to identify the most relevant decarbonisation levers and the potential associated energy and cost savings, including potential initiatives across its office spaces, energy use, and company fleet.

With regards to its Scope 3 footprint, the D&G Group focused on increasing its understanding of the emissions associated with its purchased goods and services, i.e., its supply chain. The D&G Group conducted a supplier maturity analysis of its top 110 suppliers, to understand how mature our suppliers are in terms of their climate ambitions and progress – looking at factors such as whether they have net zero targets, climate-related disclosures, and have undertaken carbon footprint analysis. The D&G Group's understanding has been further strengthened by conducting an initial lifecycle analysis in FY24, which considers the lifecycle impact of particular appliances within its supply chain. The D&G Group (including DGIEU) will continue to develop its framework for the management of climate change related risks, in line with regulatory requirements and in response to the materiality of risks identified.

## C.7 Any other information

DGIEU has established processes to undertake stress and scenario testing at least annually as part of the ORSA (as well as sensitivity analysis performed as part of the financial planning process). Scenarios are designed in collaboration with management and the Solvency II Working Group (a cross functional working group with representation from Finance, Risk and Actuarial).

2023 ORSA scenarios (hypothetical, severe, yet plausible, scenarios based on D&G's risk profile) included:

- Loss of key client
- Whistleblowing & reputational harm
- Cyber crime / large data breach
- Brexit tax risk
- Climate change
- Macro-economic threats
- Material regulatory change
- Material outsourcer failure
- Reverse stress test

Scenario analysis includes stresses applied to written & earned premium, policy lapse and cancellation rates, claims costs, commission expenses, administration costs, and exceptional items, net of changes in corporation tax owed. The resulting effects on the following metrics are measured and reviewed by the DGIEU Management Board to improve the understanding of risk, influence business decisions, and form a key part of the risk management framework:

- Eligible Own Funds;
- SCR and MCR;
- Profit; and
- Liquidity.

Based on the results of the scenario analysis from the 2023 ORSA, DGIEU believes that it is appropriately capitalised to withstand such shocks with SCR Coverage remaining above 130%.

A reverse stress test is also performed, to establish the severity of stresses required to reduce SCR Coverage to 100%. DGIEU is satisfied that such stresses sit well outside the 99.5$^{th}$ percentile / 1-in-200 event.

There is no other material information, regarding DGIEU's risk profile, to report on.

# D. VALUATION FOR SOLVENCY PURPOSES

Section D focuses on the Solvency II balance sheet and the valuation of assets and liabilities and shows where these valuations differ to the value in the statutory accounts. For each material class of assets, technical provisions, and other liabilities where there are differences, the following information is provided:

- A description of the bases, methods, and main assumptions used in arriving at the valuation for solvency purposes.

- Quantitative and qualitative explanations of material differences between the bases, methods, and main assumptions used for the valuation for solvency and financial statement purposes.

The Solvency II balance sheet is derived from the Company's German GAAP Financial statement, adjusted for valuation differences and reclassifications where required. The German GAAP financial statements ("financial statements") are prepared in accordance with the "code of commercial law" (Handelsgesetzbuch, HGB), "stock corporation law" (Aktiengesetz), VAG, and the "external accounting regulations for insurance companies" (Verordnung über die Rechnungslegung von Versicherungsunternehmen).

As an insurance company DGIEU prepares the financial statement and management report equal to a large-sized company in accordance with § 341a Abs. 1 HGB.

The GAAP financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, available for sale financial assets, and financial instruments held at fair value through profit or loss. Under Solvency II, assets and liabilities should be valued on a market consistent basis, which is deemed equivalent to fair value under IFRS. For assets and liabilities that are not stated at fair value under GAAP, adjustments are made to bring these in line with Solvency II where necessary. "Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between marked participants at the measurement date. It is measured using assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

Information on investment risk management and liquidity risk management can be found in sections C.2 and C.4 of this SFCR.

The material classes in the solo entity Solvency II balance sheet are shown in the table below.

**Summary Solvency II Balance Sheet FY24:**

| | Solvency II | Statutory | Difference |
|---|---|---|---|
| | €'000 | €'000 | €'000 |
| **Assets** | | | |
| Goodwill | 0 | 26.408 | -26.408 |
| Intangible Assets | 0 | 1.668 | -1.668 |
| Property, Plant and Equipment held for Own Use | 831 | 258 | 572 |
| Investments | 29.243 | 28.736 | 507 |
| Insurance and Intermediaries Receivables | 124 | 1.214 | -1.090 |
| Trade Receivables | 3.621 | 4.700 | -1.079 |
| Intercompany Loan Receivable | 8.500 | 8.500 | 0 |
| Cash and Cash Equivalents | 8.070 | 8.070 | 0 |
| Reinsurance Premium Provision | 13.800 | 0 | 13.800 |
| Reinsurance Claims Provision | 3.272 | 0 | 3.272 |
| Reinsurance Receivables | 0 | 0 | 0 |
| Other Assets | 0 | 18.438 | -18.438 |
| **Total Assets** | **67.460** | **97.992** | **-30.532** |
| | | | |
| **Liabilities** | | | |
| Technical Provisions - Non-Life | -24.827 | 18.694 | -43.521 |
| Best Estimate | -25.915 | 0 | -25.915 |
| Risk Margin | 1.088 | 0 | 1.088 |
| Debts owed to Credit Institutions | 43 | 43 | 0 |
| Insurance and Intermediaries Payables | 8.276 | 10.169 | -1.893 |
| Payables (Trade, Not Insurance) | 0 | 5.800 | -5.800 |
| Provisions other than Technical Provisions | 12.240 | 8.523 | 3.717 |
| Reinsurance Payables | 8.793 | 9.415 | -622 |
| Financial liabilities other than debts owed to credit institutions | 0 | 0 | 0 |
| Subordinated Liabilities | 7.000 | 7.000 | 0 |
| Deferred Tax Liability | 16.001 | 0 | 16.001 |
| Any Other Liabilities, Not Elsewhere Shown | 3.059 | 10.474 | -7.415 |
| **Total Liabilities** | **30.586** | **70.118** | **-39.532** |
| | | | |
| **Excess of Assets over Liabilities** | **36.874** | **27.874** | **9.000** |

## D.1 Assets

| Material Class | Definition |
|---|---|
| Intangible Assets including Goodwill | No Intangible assets or Goodwill under Solvency II<br><br>Intangible assets are measured at acquisition cost less straight-line amortization over its ordinary useful life under HGB. Goodwill in DGIEU results from the valuation of Continental European insurance business for contribution to the company (Part VII). The recognition was made at acquisition cost. The scheduled depreciation is based on the expected useful life. |
| Deferred Acquisition Costs (DAC) | Deferred acquisition costs are valued at nil for Solvency II purposes. Any future cashflows relating to acquisitions costs are either included in the best estimate technical provisions or under insurance and intermediaries payable amounts in the balance sheet.<br><br>Under German GAAP, capitalisation of deferred acquisition costs is not permitted. 85% from commissions and other compensation of insurance sales personnel, relating to deferred premiums can be deducted from Unearned Premium Reserve (“UPR”).<br><br>Prepayments, including prepaid commissions are covered within section any other assets, not elsewhere shown. |
| Property, Plant and Equipment held for Own Use | Property, plant and equipment are held at fair value. Plant and equipment which are valued at depreciable value under German GAAP are valued at nil for Solvency II purposes. |
| Investments and Cash | Investments are held at fair value where level 1 inputs can be obtained. Level 1 refers to the first level of the Fair Value hierarchy which categorises valuation inputs into three levels. The hierarchy gives the highest priority (Level 1) to quoted prices in an active market and the lowest priority to observable inputs in inactive markets (Level 3).<br>Deposits other than cash equivalents comprise cash balances, call deposits and term deposits with an original term date of less than three months. Cash and cash equivalents comprise any cash which can be accessed in no more than one day.<br><br>Under German GAAP, investments are valued with acquisition costs or a lower attributed fair value. Cash is accounted with the nominal value. |
| Inter-Company Loan Receivable | In connection with the commencement of investment activities in fixed-interest securities of the DGIEU a loan was granted to the parent company. The loan is secured by linking the mortgage lending value to receivables from insurance intermediaries of DGI. An interest income is in place.<br><br>Loans to affiliated companies are recognised at the lower of cost or fair value. Bearer bonds and other fixed-income securities are valued at the lower of cost or permanent fair value. Bearer bonds and other fixed-income securities valued in accordance with the regulations applicable to fixed as-sets are recognised at the lower of cost or permanent fair value in accordance with the moderate lower-of-cost-or-market principle. |
| Insurance and Intermediaries Receivable | Insurance and intermediaries receivables are recognised at fair value. Because these receivables are not yet due, they form part of the cashflows considered in the best estimate technical provision calculation (see D.2). |

| Material Class | Definition |
|---|---|
| | Under German GAAP, insurance and intermediaries receivables are valued with acquisition costs. A lower attributed fair value is considered with a general or specific bad-debt provision. |
| Any Other Assets, not Elsewhere Shown | Trade, Other loan receivables and other debtors are recognised at fair value. Other assets include prepayments. Prepayments are valued at nil if it cannot be demonstrated that they have a market value.<br><br>Under German GAAP, other assets are valued with acquisition costs or a lower attributed fair value. Prepayments in the sense of sign off payments to a partner, e.g. for a future contract extension period are handled as DAC (so expensed under HGB) once the start of the extension period begins. |
| Deferred Tax Assets | The deferred tax asset in the Company Solvency II balance sheet reflects the net deferred tax asset on a Solvency II basis which uses the valuation rules within the statutory accounts. The difference reflects the deferred tax impact of the revaluations made between German tax GAAP and Solvency II in the other balance sheet line items, primarily the changes to the Technical Provisions.<br><br>Under German GAAP, deferred tax assets or liabilities calculate the future tax impact of the revaluations made between German GAAP and tax GAAP. For DGIEU no deferred taxes are applicable (§ 274 Abs. 1 Satz 2 HGB). |

### General Rules on Fair Value

The valuation follows the following fair value hierarchy:

- Level 1 inputs: quoted, unadjusted prices observable for identical assets or liabilities.
- Level 2 inputs: all derived valuations based on directly or indirectly observable prices and
- Level 3: all other valuations based on (partially) unobservable market data.

In relation to investments, Level 1 fair value measurements are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable from the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Company's investment portfolio is categorised as Level 1 and 2. The Company has no Level 3 investments.

In case of any external valuations necessary, the external valuation must follow level 3.

There are no further assets at DGIEU. Therefore, there are no other items to report on.

## D.2 Technical provisions

### Technical Provisions – Best Estimate

Best estimate technical provisions by class are as follows:

| Best Estimate | Premium Provision | Claims Provision | Risk Margin | Total |
|---|---|---|---|---|
| FY24 | €'000 | €'000 | €'000 | €'000 |
| Gross of Reinsurance | -29.569 | 3.655 | 0 | -25.915 |
| Ceded to Reinsurance | 13.800 | 3.272 | 0 | 17.071 |
| Net of Reinsurance | -43.369 | 383 | 1.088 | -41.898 |

| Best Estimate | Premium Provision | Claims Provision | Risk Margin | Total |
|---|---|---|---|---|
| FY23 | €'000 | €'000 | €'000 | €'000 |
| Gross of Reinsurance | -6.163 | 4.191 | 0 | -1.972 |
| Ceded to Reinsurance | 34.215 | 3.752 | 0 | 37.967 |
| Net of Reinsurance | -40.378 | 439 | 1.005 | -38.934 |

The main cause of differences in the Best Estimate figures between FY24 and FY23 is due to the increased subscription business, impacting especially the premium best estimate position.

### Bases, Methods, and Main Assumptions

The reserves under German GAAP are primarily unearned premium reserves based on earning patterns applied to the premiums written and earned out over the policy length. Solvency II technical provisions are based on a future cash flow basis and the German GAAP provision is removed.

### Technical Provisions - Best Estimate

Technical Provisions represent a valuation of the Company's obligations to policyholders. Under Solvency II these are required to be equal to the probability-weighted average of all future cashflows, taking account of the time value of money.

Best estimate technical provisions are comprised of a claims provision, premium provision, and a risk margin. The claims and premium provisions combined give the expected cost of settling all future claims arising from business that DGIEU is contractually obliged to cover. This includes an allowance for the expenses of both running the Company and of servicing claims such as claims handling staff costs. The risk margin relates to the cost of capital that would be incurred by another entity running off the liabilities while maintaining adequate capitalisation under Solvency II.

The claims provision and premium provision are calculated (and held on the balance sheet) separately for gross of reinsurance and ceded to reinsurance. The risk margin is calculated only based on the net technical provisions. The gross provisions are held as liabilities, while the ceded provisions are held as assets.

The estimation of future income and costs is based on business already written, as well as on business that has not yet incepted, but where the Company is obliged to offer cover, i.e., renewals already offered or quoted (Bound But Not Incepted – BBNI).

The gross claims provision is the discounted best estimate of all future cash-flows relating to claim events which occurred prior to the valuation date. These cash-flows are made up of expected claim payments related to claims which have been incurred and associated claim handling expenses. The level of claim payments includes a loading for Events Not In Data (ENID).

The ceded claims provision is calculated as the discounted sum of cash-flows due from the reinsurer relating to claim events which occurred prior to the valuation date. This includes the reinsurer's share of future claim payments, including those related to ENIDs. It is assumed that the reinsurer does not make payments to DGIEU to cover claims handling expenses related to claims already incurred. This is in contrast to the premium provision, which includes future earned reinsurance commissions. The ceded claims provision is reduced slightly to take account of expected future reinsurer defaults.

The gross premium provision is the discounted best estimate of all future cash-flows relating to future exposure arising from policies that the Company is obligated to cover at the valuation date. The calculation makes assumptions about the levels of future lapses and cancellations. The cash-flows are made up of:

Cash out-flows:

- Claim payments, including those related to BBNI policies. The level of claim payments includes a loading for Events Not In Data (ENID),
- Expenses related to claims handling, administration, overheads and investment management,
- Acquisition expenses for BBNI policies, and
- Insurance Premium Tax (IPT) on future premium income.

Cash in-flows:

- Future premium income (warranty debtors and tacit renewals) and
- Commission clawback and IPT refunds on expected lapses or cancellations.

The ceded premium provision is calculated as the discounted sum of cash-flows due from the reinsurer relating to future exposure arising from policies that the Company is obligated to cover at the valuation date. The estimates of future cashflows for claims paid by the reinsurer, including those related to ENIDs, are calculated as 90% of the estimates of future cashflows, gross of reinsurance, including those related to ENIDs. It is assumed that all overhead and administration expenses are borne by DGIEU, not the reinsurer, so that no cashflows relating to expenses, which are captured within the gross premium provision, are included within the ceded premium provision. The ceded premium provision also includes cashflows relating to the reinsurer's share of any future premium net of ceding commission.

### Technical Provisions – Risk Margin

A further risk margin amount is included within the technical provisions. This is equivalent to the hypothetical amount that a third-party insurance undertaking would be expected to require in order to take over and meet the technical provisions obligations.

The risk margin is defined within Article 77 of the Directive as:

*"The risk margin shall be such as to ensure that the value of the technical provisions is equivalent to the amount that insurance and reinsurance undertakings would be expected to require in order to take over and meet the insurance and reinsurance obligations."*

The Solvency II Delegated Acts stipulate that the risk margin for the whole portfolio of insurance obligations should be calculated using the following formula:

$$RM = CoC \times \sum_{t \geq 0} \frac{SCR(t)}{(1 + r_{t+1})^{t+1}}$$

where CoC is the Cost of Capital (prescribed at 6%), SCR(t) is the Solvency Capital Required at time t, and rt is the risk-free rate for maturity at time t.

The Company uses the second simplification as referred to in guideline 62 of the document Guidelines on the Valuation of Technical Provisions for the calculation of the risk margin, which is applied as follows:

- To approximate the whole SCR for each future year, undertakings can multiply the SCR at the valuation date by the ratio of the best estimate TPs (i.e., those prior to application of the risk margin) at that future year to the best estimate TPs at the valuation date, providing that it is reasonable to assume that the risk profile will be unchanged over time.
- The SCR considered at the valuation date should include the following risks:
    - Non-life underwriting risk,
    - Reinsurance counterparty default risk, and
    - Operational risk.

The SCRs are then discounted to the valuation date using the prescribed EIOPA yield curve, summed, and multiplied by the Cost of Capital factor (presently 6%) to determine the Risk Margin.

### Material Changes in Assumptions

There are no material changes in assumptions to report.

### Key Uncertainties

There are many areas of uncertainty within the technical provisions. Estimation techniques are therefore used in the calculation of the ultimate cost of settling both claims that have occurred prior to the balance sheet date, and remain unsettled at the balance sheet date, and claims costs that will arise in relation to events that have not happened at the balance sheet date.

DGIEU uses a bespoke method for calculating fair value Incurred But Not Reported (IBNR) for extended warranty insurance business. The DGIEU IBNR method accounts for both changes in exposure and differences in the size of projected payment, based on the age of a claim. For DGIEU portfolios, the methodology is based on monthly incremental paid data (i.e., cash flows) related to accident month cohorts, separately for segments defined for the Solvency II Best Estimate calculation.

In FY23, DGIEU implemented sensitivity testing on technical provisions as part of each reporting cycle to quantify the uncertainties within the technical provisions. The sensitivity testing on technical provisions includes stresses on claims and expenses, each increasing by 5%, 10% and 20%. The outcome is shared with the Group Data Governance Committee as part of the QRT data sign-off.

### Reconciliation to Statutory Values

| FY24 | €'000 |
|---|---|
| German GAAP Technical Provision | 18.694 |
| Adjustment to Gross Solvency II Best Estimate | -44.609 |
| **Gross Best Estimate Liability** | **-25.915** |
| Remove Ceded Best Estimate | 17.071 |
| **Net Best Estimate Liability** | **-42.986** |
| Add Risk Margin | 1.088 |
| **Solvency II Technical Provision** | **-41.898** |

| FY23 | €'000 |
|---|---|
| German GAAP Technical Provision | 29.145 |
| Adjustment to Gross Solvency II Best Estimate | -31.117 |
| **Gross Best Estimate Liability** | **-1.972** |
| Remove Ceded Best Estimate | 37.967 |
| **Net Best Estimate Liability** | **-39.939** |
| Add Risk Margin | 1.005 |
| **Solvency II Technical Provision** | **-38.934** |

The Solvency II technical provisions for the Company are estimated on a best estimate cash flow basis. The primary adjustments to move from a German GAAP to a Solvency II basis are as follows:

### Removal of German GAAP Reserves

- Removal of the unearned premium from the starting position of the German GAAP reserves as this is not measured on a cash flow basis and
- Removal of the margins within the German GAAP claims reserves as the Solvency II technical provisions are on a best estimate basis.

### Solvency II Specific Adjustments

- Inclusion of claims provision which is the cost of claims for events which have occurred prior to the valuation date, estimated on a future cash flow basis,
- Inclusion of an allowance for expenses which is required to service the run-off of the technical provisions,
- Inclusion of premiums provision which is the future cost arising from policies obligated to at the valuation date,
- Recognition of cash flows relating to business bound before, but incepting after the valuation date,
- Recognition of future cash inflows for existing business less an allowance for policies lapsing,
- The inclusion of an additional cost for Events Not In Data,
- The impact of discounting the cash flows above using the risk-free yield curve, and
- The inclusion of the risk margin as shown separately in the table above.

### Adjustments and Simplifications

The Matching Adjustment and Volatility Adjustment have not been applied in the calculation of technical provisions.

The transitional risk-free interest rate term structure as per Article 308c of the Directive has not been applied in the calculation of Technical Provisions.

The transitional deduction as per Article 308d of the Directive has not been applied in the calculation of Technical Provisions of 31 March 2024.

## D.3 Other liabilities

Other liabilities represent provisions for estimated costs incurred but not yet billed or paid. Estimates are periodically reviewed, and changes are reflected in the income statement as they occur.

| Material Class | Definition |
|---|---|
| Subordinated loan | The DGIEU subordinated loan is treated as Tier 2 Own funds in Solvency II.<br><br>Under HGB the loan is recognised within subordinated liabilities at repayment value. |
| Insurance and Intermediaries Payable | Insurance and intermediaries payables are recognised at fair value. As they have been authorised for settlement, they do not form part of the cashflows considered in the best estimate technical provision calculation.<br><br>Under German GAAP, insurance and intermediaries payable are valued with the settlement amount. |
| Payables (Trade, Not Insurance) | Trade payables include Insurance Premium Tax ("IPT") costs which, as they relate to insurance and intermediary debtors receivable, form part of the cashflows considered in the best estimate technical provision calculation (see D.2).<br><br>Under German GAAP, Trade payables are valued at the settlement / repayment amount. |

| Material Class | Definition |
|---|---|
| Deferred Tax Liabilities | The deferred tax liability is netted with the deferred tax asset which resulted in a total net deferred tax liability in the Solvency II balance sheet. The difference reflects the deferred tax impact of the revaluations made between German GAAP and Solvency II in the other balance sheet line items, primarily the changes to the Technical Provisions (see D.2). As the Company projected ongoing future taxable profits starting with FY25, the net deferred tax asset is assessed as recoverable.<br><br>Under German GAAP, deferred tax assets or liabilities calculate the future tax impact of the revaluations made between German GAAP and tax GAAP. For DGIEU no deferred taxes are applicable (§ 274 Abs. 1 Satz 2 HGB). |
| Other Liabilities | Other liabilities are measured at fair value and represent provisions for estimated costs incurred but not yet billed or paid. Estimates are periodically reviewed and changes are reflected in the income statement as they occur.<br><br>Under German GAAP, other liabilities are valued with the expected settlement amount. |

There are no further other liabilities at DGIEU. Therefore, there are no other items to report on.

## D.4 Alternative methods for valuation

Property has been valued based on a market rent benchmark incorporating characteristics of similar assets. At the year-end, the Company had annual commitments under non-cancellable operating leases as set out below:

| | Land and buildings | Land and buildings | Movement |
|---|---|---|---|
| | FY24 | FY23 | |
| **Operating leases which expire:** | €'000 | €'000 | € 000 |
| within one year | 1.021 | 821 | 200 |
| within one to five years | 2.551 | 1.583 | 968 |
| over five years | 0 | 0 | 0 |
| **Total** | **3.571** | **2.404** | **1.168** |

## D.5 Any other information

### Sensitivity Testing on Key Assumptions

Below shows the sensitivity test on key assumptions within the Technical Provision calculation:

| | DGIEU | Likelihood |
|---|---|---|
| | €'000 | |
| **Best Estimate Base** | **-25.915** | |
| Stress 1: Claims increase by 5% | -23.398 | Unlikely |
| Stress 1: Claims increase by 10% | -20.882 | Remote |
| Stress 1: Claims increase by 20% | -15.849 | Remote |
| Stress 4: Expenses increase by 5% | -25.724 | Likely |
| Stress 4: Expenses increase by 10% | -25.533 | Unlikely |
| Stress 4: Expenses increase by 20% | -25.152 | Remote |

Explanation on likelihood as follows:

- Possible - Less than 1 in 10 years
- Unlikely - More than 1 in 10 but less than 1 in 100 years
- Remote - Greater than 1 in 100 years

### Other Information

There is no other material information to report.

# E. CAPITAL MANAGEMENT

The Solvency Ratio is calculated as the ratio of Eligible Own Funds to the Solvency Capital Requirement (SCR).

The following quantitative limits are set for the Solvency Capital Requirement:

- The allowable amount of Tier 1 own funds must be at least 50% of the Solvency Capital Requirement,
- The allowable amount of Tier 3 own funds must not exceed 15% of the Solvency Capital Requirement,
- The sum of allowable Tier 2 and Tier 3 own funds must not exceed 50% of the Solvency Capital Requirement.

The following quantitative limits shall apply to the Minimum Capital Requirement:

- The allowable amount of Tier 1 own funds must be at least 80% of the Minimum Capital Requirement,
- The allowable amount of Tier 2 own funds must not exceed 20% of the Minimum Capital Requirement.

This section contains reconciliation from the IFRS net assets to the Solvency II excess of assets over liabilities that forms part of Tier 1 Own Funds. The individual material classes of assets, technical provisions, and liabilities are considered in sections D.1, D.2 and D.3, respectively.

The Company's capital position as of 31 March 2024 is as follows:

| The Company's Capital Position | FY24 | FY23 | Movement |
|---|---|---|---|
| | €'000 | €'000 | €'000 |
| Eligible Own Funds | 41.839 | 29.626 | 12.213 |
| Solvency Capital Requirement (SCR) | 9.929 | 9.008 | 921 |
| Ratio of Eligible Own Funds to the SCR | 421% | 329% | 92%-points |

DGIEU makes use of USPs in its application of the Standard Formula. Based on this model, and on assessment of risk and solvency requirements, DGIEU remains well capitalised in relation to its risk profile. Compared to the previous FY the Solvency Ratio with USPs significantly increased by 92 percent points to 421%. This is mainly due to the growth in business and net assets in the fiscal year. The increase of the SCR is mainly due to a higher Non-Life Underwriting Risk from increased subscription business and USP for Premium risk, partly offset by a reduction due to the run-off business in relation to a lost retail partner in Spain and Portugal.

## E.1 Own funds

### Capital Management Objectives

The DGIEU Management Board's primary objective in respect of capital management is to ensure the Company maintains sufficient financial resources to meet all obligations as they fall due, including meeting the MCR and SCR requirements plus a buffer.

DGIEU has embedded its capital management processes into its normal planning, reporting, and decision-making activities. Capital projections are undertaken each year as part of the budgeting and ORSA processes and also as part of the planning process. The DGIEU Management Board reviews the capital position of DGIEU each quarter.

The Company is well capitalised under the Solvency II standard model including USPs for premium and reserve risk and on the basis of its ORSA.

### Classification of Own Funds by Tier

Under Solvency II, a distinction is made between basic and ancillary own fund items. Basic own funds are basically the excess of assets over liabilities whereas ancillary own funds are defined as further own fund components subject to approval by the supervisory authority. Based on this, own funds are divided into three different tiers:

- Tier 1: Basic own fund items meeting all defined criteria under Solvency II
- Tier 2: Basic own fund items meeting most defined criteria as well as ancillary own fund items all defined criteria under Solvency II
- Tier 3: Other own fund items not covered by the other classes

The classification of Own Funds for the Regulated Group and at the solo DGI and solo DGIEU levels is as follows:

| FY24 | Tier | Total available own funds to meet the SCR | Total available own funds to meet the MCR | Total eligible own funds to meet the SCR | Total eligible own funds to meet the MCR |
|---|---|---|---|---|---|
| | | €'000 | €'000 | €'000 | €'000 |
| Ordinary Share Capital | Tier 1 | 2.550 | 2.550 | 2.550 | 2.550 |
| Share Premium | Tier 1 | 250 | 250 | 250 | 250 |
| Reconciliation Reserve | Tier 1 | 34.074 | 34.074 | 34.074 | 34.074 |
| Subordinated Liabilities | Tier 2 | 7.000 | 7.000 | 4.965 | 540 |
| Deferred Tax Asset | Tier 3 | 0 | 0 | 0 | 0 |
| **Own Funds** | | **43.874** | **43.874** | **41.839** | **37.414** |

| FY23 | Tier | Total available own funds to meet the SCR | Total available own funds to meet the MCR | Total eligible own funds to meet the SCR | Total eligible own funds to meet the MCR |
|---|---|---|---|---|---|
| | | €'000 | €'000 | €'000 | €'000 |
| Ordinary share capital | Tier 1 | 2.550 | 2.550 | 2.550 | 2.550 |
| Share premium | Tier 1 | 250 | 250 | 250 | 250 |
| Reconciliation reserve | Tier 1 | 22.322 | 22.322 | 22.322 | 22.322 |
| Subordinated liabilities | Tier 2 | 7.000 | 7.000 | 4.504 | 540 |
| Deferred Tax asset | Tier 3 | 0 | 0 | 0 | 0 |
| **Own Funds** | | **32.122** | **32.122** | **29.626** | **25.662** |

There are no conditions attached to elements of those Own Funds. The Tier 2 funds relate to a subordinated loan agreement with Domestic & General Services PTY Ltd., Australia.

There are certain differences between the value of Own Funds under Solvency II and the value of Equity shown in the Company's Financial Statements. These arise due to the difference in valuation of assets and liabilities described in Section D of this report. A reconciliation is shown in the table below.

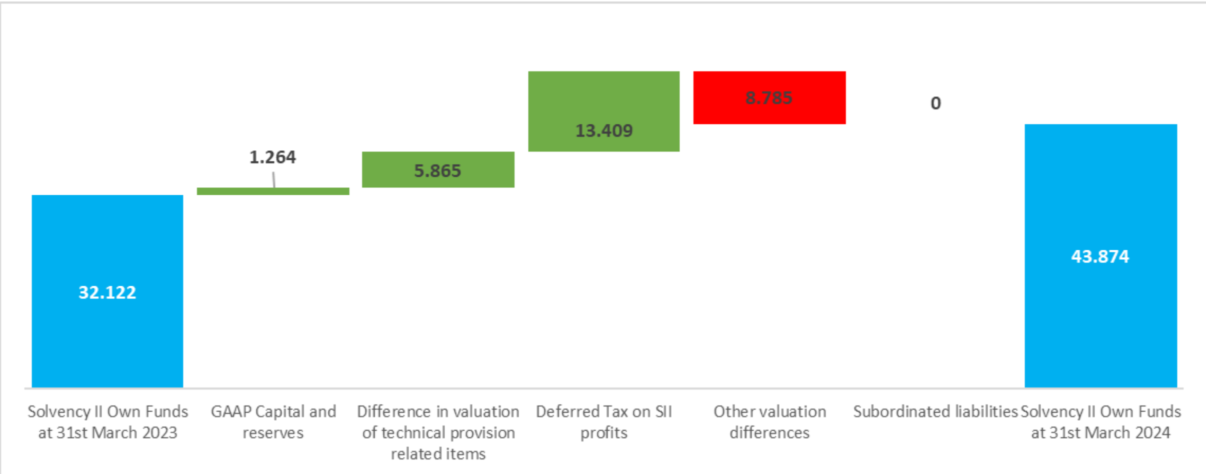
| Reconciliation between German GAPP and Solvency II Reserves | FY24<br>€'000 |
|---|---|
| German GAPP Capital and reserves | 27.874 |
| German GAPP Intangible Assets (mainly Goodwill and ViF) | -26.666 |
| Difference in valuation of technical provision related items | 43.521 |
| Other valuation differences | -7.855 |
| Difference of Excess of assets over liabilities | 36.874 |
| Subordinated liabilities | 7.000 |
| Solvency II Own Funds | 43.874 |

| Reconciliation between German GAPP and Solvency II Reserves | FY23<br>€'000 |
|---|---|
| German GAPP Capital and reserves | 26.610 |
| German GAPP Intangible Assets (mainly Goodwill and ViF) | -32.531 |
| Difference in valuation of technical provision related items | 30.112 |
| Other valuation differences | 931 |
| Difference of Excess of assets over liabilities | 25.122 |
| Subordinated liabilities | 7.000 |
| Solvency II Own Funds | 32.122 |

None of the Company's Own Funds are subject to transitional arrangements and the Company has no Ancillary Own Funds.

### Own Funds Movement

The DGIEU Own Funds growth is driven by the increase in GAAP reserves arising from significant changes in technical provision due to growth of subscription business, arising from the increase in expected cash inflows from gross written premiums compensated by a Solvency II deferred tax liability.



When combined with Eligible Own Funds, the resulting solvency positions are as follows:

| Capital Headroom | FY24 €'000 |
|---|---|
| Eligible Own Funds to meet SCR | 41.839 |
| Eligible Own Funds to meet MCR | 37.414 |
| Solvency Capital Requirements (SCR) | 9.929 |
| Minimum Capital Requirements (MCR) | 2.700 |
| Ratio of Eligible Owns funds to the SCR | 421% |
| Ratio of Eligible Owns funds to the MCR | 1.386% |

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

DGIEU only writes insurance policies in the miscellaneous financial loss line of business. It uses the Solvency II standard formula including USPs for premium and reserve risk.

| | FY24 | FY23 | Movement |
|---|---|---|---|
| | €'000 | €'000 | €'000 |
| SCR | 9.929 | 9.008 | 921 |
| MCR | 2.700 | 2.700 | 0 |

### Solvency Capital Requirement (SCR)

The Company's SCR split by risk modules as of 31 March 2024 is shown in the table below.

| SCR | FY24 | FY23 | Movement |
|---|---|---|---|
| | €'000 | €'000 | €'000 |
| Non-life Underwriting Risk | 6.968 | 5.699 | 1.269 |
| Market Risk | 2.253 | 2.514 | -261 |
| Counterparty Default Risk | 3.609 | 3.699 | -90 |
| Diversification Credit | -2.646 | -2.672 | 26 |
| Basic SCR | 10.184 | 9.239 | 945 |
| Operational Risk | 3.055 | 2.772 | 283 |
| Deferred Tax Adjustment | -3.310 | -3.003 | -307 |
| **SCR** | **9.929** | **9.008** | **921** |

The increase in SCR is mainly due to a higher Non-life Underwriting Risk from increased subscription business and USP for Premium risk, partly offset by a reduction due to the run-off business in relation to a lost retail partner in Spain and Portugal.

### Minimum Capital Requirement (MCR)

The Company calculates its linear MCR using the prescribed formula. This is then compared with the absolute floor of the MCR, the MCR cap and the MCR floor. Both the cap and floor are determined using the SCR.

| Overall MCR Calculation | FY24 | FY23 | Movement |
|---|---|---|---|
| | €'000 | €'000 | €'000 |
| Linear MCR | 2.004 | 2.347 | -344 |
| SCR | 9.929 | 9.008 | 921 |
| MCR Cap | 4.468 | 4.054 | 414 |
| MCR Floor | 2.482 | 2.252 | 230 |
| Combined MCR | 2.482 | 2.347 | 135 |
| Absolute Floor of the MCR | 2.700 | 2.700 | 0 |
| **Minimum Capital Requirement** | **2.700** | **2.700** | **0** |

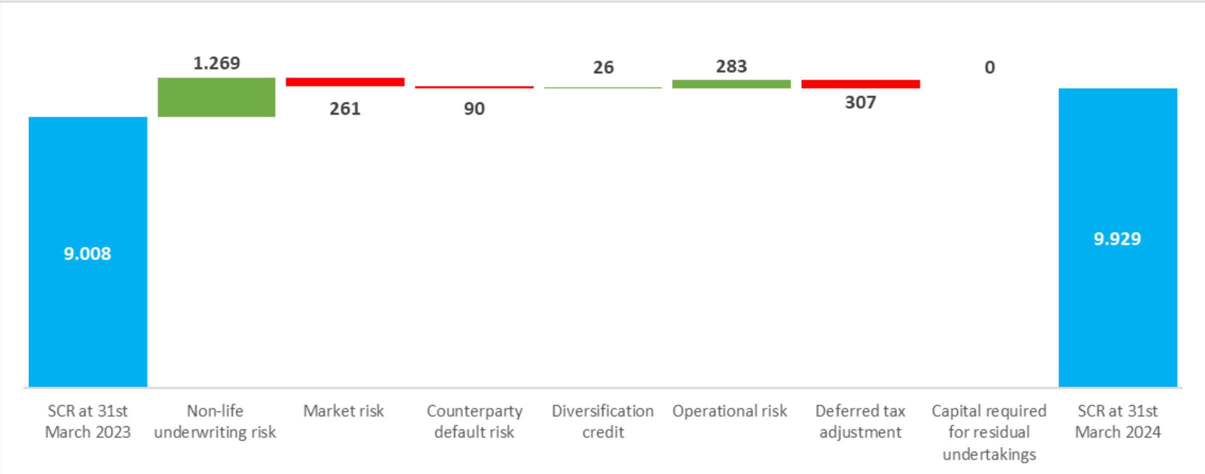
## SCR USPs

The SCR effects of not using USPs are shown below:

| Comparison of SCR | FY24 |
|---|---|
| | €'000 |
| Solvency Capital Requirement (SCR) with USPs | 9.929 |
| Solvency Capital Requirement (SCR) without USPs | 15.777 |
| Difference | -5.848 |

## SCR Movement

DGIEU SCR increase is mainly driven by an increased premium risk in FY24.



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

The duration-based equity sub-module has not been used in the calculation of the Solvency Capital Requirement.

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

Not applicable – as no internal model has been used during the reporting period.

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

There have been no instances of non-compliance with the Minimum Capital Requirement or the Solvency Capital Requirement during the reporting period.

## E.6 Any other information

There is no other material information on capital management to report.

## ANNEX – QUANTITATIVE REPORTING TEMPLATES

The following templates form part of the published SFCR report:

| | |
|---|---|
| S.02.01.02 | Balance Sheet |
| S.04.05.01 | Activity by country – location of risk |
| S.05.01.02 | Premiums, claims and expenses by line of business |
| S.17.01.02 | Non-life Technical Provisions |
| S.19.01.21 | Non-life insurance claims information |
| S.23.01.01 | Own Funds (solo undertaking) |
| S.25.01.21 | Solvency Capital Requirement – for undertakings on Standard Formula |
| S.28.01.01 | Minimum Capital Requirement |

All are in €000's

## S.02.01.02 – Solvency II Balance Sheet

| | | Solvency II value | Statutory accounts value |
|---|---|---|---|
| | **Assets** | C0010 | C0020 |
| R0010 | Goodwill | | 26.408 |
| R0020 | Deferred acquisition costs | | |
| R0030 | Intangible assets | | 1.668 |
| R0040 | Deferred tax assets | | |
| R0050 | Pension benefit surplus | | |
| R0060 | Property, plant & equipment held for own use | 831 | 258 |
| R0070 | Investments (other than assets held for index-linked and unit-linked contracts) | 29.243 | 28.736 |
| R0080 | Property (other than for own use) | 0 | |
| R0090 | Holdings in related undertakings, including participations | 0 | |
| R0100 | Equities | 0 | 0 |
| R0110 | Equities - listed | | |
| R0120 | Equities - unlisted | | |
| R0130 | Bonds | 29.243 | 28.736 |
| R0140 | Government Bonds | 7.452 | 7.295 |
| R0150 | Corporate Bonds | 21.791 | 21.440 |
| R0160 | Structured notes | 0 | |
| R0170 | Collateralised securities | 0 | |
| R0180 | Collective Investments Undertakings | 0 | |
| R0190 | Derivatives | | |
| R0200 | Deposits other than cash equivalents | 0 | |
| R0210 | Other investments | 0 | |
| R0220 | Assets held for index-linked and unit-linked contracts | | |
| R0230 | Loans and mortgages | 8.500 | 8.500 |
| R0240 | Loans on policies | 0 | |
| R0250 | Loans and mortgages to individuals | | |
| R0260 | Other loans and mortgages | 8.500 | 8.500 |
| R0270 | Reinsurance recoverables from: | 17.071 | 0 |
| R0280 | Non-life and health similar to non-life | 17.071 | 0 |
| R0290 | Non-life excluding health | 17.071 | |
| R0300 | Health similar to non-life | 0 | |
| R0310 | Life and health similar to life, excluding index-linked and unit-linked | 0 | 0 |
| R0320 | Health similar to life | | |
| R0330 | Life excluding health and index-linked and unit-linked | | |
| R0340 | Life index-linked and unit-linked | | |
| R0350 | Deposits to cedants | 0 | |
| R0360 | Insurance and intermediaries receivables | 124 | 1.214 |
| R0370 | Reinsurance receivables | 0 | |
| R0380 | Receivables (trade, not insurance) | 3.621 | 4.700 |
| 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 | 8.070 | 8.070 |
| R0420 | Any other assets, not elsewhere shown | | 18.438 |
| R0500 | **Total assets** | 67.460 | 97.992 |

| | | Solvency II value | Statutory accounts value |
|---|---|---|---|
| | **Liabilities** | C0010 | C0010 |
| R0510 | Technical provisions - non-life | -24.827 | 18.694 |
| R0520 | Technical provisions - non-life (excluding health) | -24.827 | 18.694 |
| R0530 | TP calculated as a whole | 0 | 0 |
| R0540 | Best Estimate | -25.915 | 0 |
| R0550 | Risk margin | 1.088 | 0 |
| R0560 | Technical provisions - health (similar to non-life) | 0 | 0 |
| R0570 | TP calculated as a whole | 0 | 0 |
| R0580 | Best Estimate | 0 | 0 |
| R0590 | Risk margin | 0 | 0 |
| R0600 | Technical provisions - life (excluding index-linked and unit-linked) | 0 | 0 |
| R0610 | Technical provisions - health (similar to life) | 0 | 0 |
| R0620 | TP calculated as a whole | | 0 |
| R0630 | Best Estimate | | 0 |
| R0640 | Risk margin | | 0 |
| R0650 | Technical provisions - life (excluding health and index-linked and unit-linked) | 0 | 0 |
| R0660 | TP calculated as a whole | | 0 |
| R0670 | Best Estimate | | 0 |
| R0680 | Risk margin | | 0 |
| R0690 | Technical provisions - index-linked and unit-linked | 0 | 0 |
| R0700 | TP calculated as a whole | | 0 |
| R0710 | Best Estimate | | 0 |
| R0720 | Risk margin | | 0 |
| R0740 | Contingent liabilities | | 0 |
| R0750 | Provisions other than technical provisions | 12.240 | 8.523 |
| R0760 | Pension benefit obligations | | 0 |
| R0770 | Deposits from reinsurers | | 0 |
| R0780 | Deferred tax liabilities | 16.001 | 0 |
| R0790 | Derivatives | | 0 |
| R0800 | Debts owed to credit institutions | 43 | 43 |
| R0810 | Financial liabilities other than debts owed to credit institutions | 0 | 0 |
| R0820 | Insurance & intermediaries payables | 8.276 | 10.169 |
| R0830 | Reinsurance payables | 8.793 | 9.415 |
| R0840 | Payables (trade, not insurance) | 0 | 5.800 |
| R0850 | Subordinated liabilities | 7.000 | 7.000 |
| R0860 | Subordinated liabilities not in BOF | | 0 |
| R0870 | Subordinated liabilities in BOF | 7.000 | 7.000 |
| R0880 | Any other liabilities, not elsewhere shown | 3.059 | 10.474 |
| R0900 | **Total liabilities** | 30.586 | 70.118 |
| | | | |
| R1000 | **Excess of assets over liabilities** | 36.874 | 27.874 |

## S.04.05.01 - Premiums, claims and expenses by country

Z0010 **Line of Business** Miscellaneous financial loss

Z0020 **Underwriting entity code** LEI/AUE

| | | C0010 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total underwriting entity activity | **Total of business written by the undertakings** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** |
| R0010 | Country | | AT | BE | FR | DE | IE | IT | NL | PT | ES | Andere Länder |
| R0020 | Premiums written (gross) | 309 | 309 | | | | | | | | | |
| R0030 | Premiums earned (gross) | 330 | 330 | | | | | | | | | |
| R0040 | Claims incurred (gross) | 101 | 101 | | | | | | | | | |
| R0050 | Expenses incurred (gross) | 34 | 34 | | | | | | | | | |

Z0020 **Underwriting entity code** LEI/BLE

| | | C0010 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total underwriting entity activity | **Total of business written by the undertakings** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** |
| R0010 | Country | | AT | BE | FR | DE | IE | IT | NL | PT | ES | Other countries |
| R0020 | Premiums written (gross) | 1.878 | | 1.878 | | | | | | | | |
| R0030 | Premiums earned (gross) | 1.905 | | 1.905 | | | | | | | | |
| R0040 | Claims incurred (gross) | 609 | | 609 | | | | | | | | |
| R0050 | Expenses incurred (gross) | 101 | | 101 | | | | | | | | |

Z0020 **Underwriting entity code** LEI/FRE

| | | C0010 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total underwriting entity activity | **Total of business written by the undertakings** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** |
| R0010 | Country | | AT | BE | FR | DE | IE | IT | NL | PT | ES | Other countries |
| R0020 | Premiums written (gross) | 4.681 | | | 4.681 | | | | | | | |
| R0030 | Premiums earned (gross) | 4.903 | | | 4.903 | | | | | | | |
| R0040 | Claims incurred (gross) | 1.576 | | | 1.576 | | | | | | | |
| R0050 | Expenses incurred (gross) | 1.723 | | | 1.723 | | | | | | | |

Z0020 **Underwriting entity code** LEI/GME

| | | C0010 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total underwriting entity activity | **Total of business written by the undertakings** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** |
| R0010 | Country | | AT | BE | FR | DE | IE | IT | NL | PT | ES | Other countries |
| R0020 | Premiums written (gross) | 42.705 | | | | 42.705 | | | | | | |
| R0030 | Premiums earned (gross) | 43.171 | | | | 43.171 | | | | | | |
| R0040 | Claims incurred (gross) | 10.276 | | | | 10.276 | | | | | | |
| R0050 | Expenses incurred (gross) | 3.822 | | | | 3.822 | | | | | | |

Z0020 **Underwriting entity code** LEI/IRE

| | | C0010 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total underwriting entity activity | **Total of business written by the undertakings** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** |
| R0010 | Country | | AT | BE | FR | DE | IE | IT | NL | PT | ES | Other countries |
| R0020 | Premiums written (gross) | 2.632 | | | | | 2.632 | | | | | |
| R0030 | Premiums earned (gross) | 2.860 | | | | | 2.860 | | | | | |
| R0040 | Claims incurred (gross) | 1.394 | | | | | 1.394 | | | | | |
| R0050 | Expenses incurred (gross) | -571 | | | | | -571 | | | | | |

Z0020 **Underwriting entity code** LEI/ITE

| | | C0010 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total underwriting entity activity | **Total of business written by the undertakings** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** |
| R0010 | Country | | AT | BE | FR | DE | IE | IT | NL | PT | ES | Other countries |
| R0020 | Premiums written (gross) | 90 | | | | | | 90 | | | | |
| R0030 | Premiums earned (gross) | 403 | | | | | | 403 | | | | |
| R0040 | Claims incurred (gross) | 109 | | | | | | 109 | | | | |
| R0050 | Expenses incurred (gross) | 784 | | | | | | 784 | | | | |

Z0020 **Underwriting entity code** LEI/NLE

| | | C0010 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total underwriting entity activity | **Total of business written by the undertakings** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** |
| R0010 | Country | | AT | BE | FR | DE | IE | IT | NL | PT | ES | Other countries |
| R0020 | Premiums written (gross) | 3.575 | | | | | | | 3.575 | | | |
| R0030 | Premiums earned (gross) | 3.668 | | | | | | | 3.668 | | | |
| R0040 | Claims incurred (gross) | 1.251 | | | | | | | 1.251 | | | |
| R0050 | Expenses incurred (gross) | -167 | | | | | | | -167 | | | |

Z0020 **Underwriting entity code** LEI/PLE

| | | C0010 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total underwriting entity activity | **Total of business written by the undertakings** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** |
| R0010 | Country | | AT | BE | FR | DE | IE | IT | NL | PT | ES | Other countries |
| R0020 | Premiums written (gross) | 0 | | | | | | | | | | 0 |
| R0030 | Premiums earned (gross) | 0 | | | | | | | | | | 0 |
| R0040 | Claims incurred (gross) | 0 | | | | | | | | | | 0 |
| R0050 | Expenses incurred (gross) | 143 | | | | | | | | | | 143 |

Z0020 **Underwriting entity code** LEI/POE

| | | C0010 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total underwriting entity activity | **Total of business written by the undertakings** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** |
| R0010 | Country | | AT | BE | FR | DE | IE | IT | NL | PT | ES | Other countries |
| R0020 | Premiums written (gross) | 63.034 | | | | | | | | 63.034 | | |
| R0030 | Premiums earned (gross) | 74.123 | | | | | | | | 74.123 | | |
| R0040 | Claims incurred (gross) | 15.874 | | | | | | | | 15.874 | | |
| R0050 | Expenses incurred (gross) | 8.699 | | | | | | | | 8.699 | | |

Z0020 **Underwriting entity code** LEI/SPE

| | | C0010 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total underwriting entity activity | **Total of business written by the undertakings** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** |
| R0010 | Country | | AT | BE | FR | DE | IE | IT | NL | PT | ES | Other countries |
| R0020 | Premiums written (gross) | 33.433 | | | | | | | | | 33.433 | |
| R0030 | Premiums earned (gross) | 54.149 | | | | | | | | | 54.149 | |
| R0040 | Claims incurred (gross) | 19.748 | | | | | | | | | 19.748 | |
| R0050 | Expenses incurred (gross) | 2.196 | | | | | | | | | 2.196 | |

Z0020 **Underwriting entity code** LEI/UKE

| | | C0010 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 | C0020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total underwriting entity activity | **Total of business written by the undertakings** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** | **Total by country** |
| R0010 | Country | | AT | BE | FR | DE | IE | IT | NL | PT | ES | Other countries |
| R0020 | Premiums written (gross) | 0 | | | | | | | | | | 0 |
| R0030 | Premiums earned (gross) | 0 | | | | | | | | | | 0 |
| R0040 | Claims incurred (gross) | 0 | | | | | | | | | | 0 |
| R0050 | Expenses incurred (gross) | -321 | | | | | | | | | | -321 |

## S.05.01.02 – Premiums, claims and expenses by line of business

| Non-life | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | Total |
|---|---|---|
| | Miscellaneous financial loss | |
| | C0120 | C0200 |
| **Premiums written** | | |
| Gross - Direct Business | 152.337 | 152.337 |
| Gross - Proportional reinsurance accepted | | 0 |
| Gross - Non-proportional reinsurance accepted | | 0 |
| Reinsurers' share | 137.103 | 137.103 |
| Net | 15.234 | 15.234 |
| **Premiums earned** | | |
| Gross - Direct Business | 185.512 | 185.512 |
| Gross - Proportional reinsurance accepted | | 0 |
| Gross - Non-proportional reinsurance accepted | | 0 |
| Reinsurers' share | 159.531 | 159.531 |
| Net | 25.980 | 25.980 |
| **Claims incurred** | | |
| Gross - Direct Business | 50.938 | 50.938 |
| Gross - Proportional reinsurance accepted | | 0 |
| Gross - Non-proportional reinsurance accepted | | 0 |
| Reinsurers' share | 43.579 | 43.579 |
| Net | 7.360 | 7.360 |
| **Expenses incurred** | 16.442 | 16.442 |
| **Balance - other technical expenses/income** | | |
| **Total technical expenses** | | 16.442 |

## S.17.01.02 – Non-life Technical Provisions

| | | Direct business and accepted proportional reinsurance | Total Non-Life obligation |
|---|---|---|---|
| | | Miscellaneous financial loss | |
| | | C0130 | C0180 |
| **Technical provisions calculated as a whole** | | 0 | 0 |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole | | | 0 |
| | | | |
| **Technical provisions calculated as a sum of BE and RM** | | | |
| **Best estimate** | | | |
| **Premium provisions** | | | |
| Gross - Total | | -29.569 | -29.569 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | | 13.800 | 13.800 |
| **Net Best Estimate of Premium Provisions** | | -43.369 | -43.369 |
| | | | |
| **Claims provisions** | | | |
| Gross - Total | | 3.655 | 3.655 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | | 3.272 | 3.272 |
| **Net Best Estimate of Claims Provisions** | | 383 | 383 |
| | | | |
| **Total best estimate - gross** | | -25.915 | -25.915 |
| **Total best estimate - net** | | -42.986 | -42.986 |
| | | | |
| **Risk margin** | | 1.088 | 1.088 |
| | | | |
| **Amount of the transitional on Technical Provisions** | | | |
| TP as a whole | | | 0 |
| Best estimate | | | 0 |
| Risk margin | | | 0 |
| | | | |
| **Technical provisions - total** | | -24.827 | -24.827 |
| **Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total** | | 17.071 | 17.071 |
| **Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total** | | -41.898 | -41.898 |

## S.19.01.21 – Non-life insurance claims information

| Z0020 | Accident year / underwriting year | Accident Year |
|---|---|---|

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

| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0170 | C0180 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Year** | | | | | **Development year** | | | | | | | **In Current year** | **Sum of years (cumulative)** |
| | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | | |
| R0100 | Prior | | | | | | | | | | | 0 | 0 | 0 |
| R0160 | N-9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 |
| R0170 | N-8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 | 0 |
| R0180 | N-7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | 0 | 0 |
| R0190 | N-6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | 0 | 0 |
| R0200 | N-5 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | 0 | 0 |
| R0210 | N-4 | 0 | 0 | 0 | 0 | 0 | | | | | | | 0 | 0 |
| R0220 | N-3 | 993 | 439 | 0 | 0 | | | | | | | | 0 | 1.433 |
| R0230 | N-2 | 20.551 | 4.250 | 0 | | | | | | | | | 0 | 24.801 |
| R0240 | N-1 | 44.314 | 3.057 | | | | | | | | | | 3.057 | 47.371 |
| R0250 | N | 45.717 | | | | | | | | | | | 45.717 | 45.717 |
| R0260 | | | | | | | | | | | | | 48.774 | 119.322 |

**Gross undiscounted Best Estimate Claims Provisions**
(absolute amount)

| | | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0290 | C0300 | C0360 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Year** | | | | | **Development year** | | | | | | | **Year end (discounted data)** |
| | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | |
| R0100 | Prior | | | | | | | | | | | 0 | 0 |
| R0160 | N-9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| R0170 | N-8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 |
| R0180 | N-7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | 0 |
| R0190 | N-6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | 0 |
| R0200 | N-5 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | 0 |
| R0210 | N-4 | 0 | 0 | 0 | 0 | 0 | | | | | | | 0 |
| R0220 | N-3 | 1.855 | 0 | 0 | 0 | | | | | | | | 0 |
| R0230 | N-2 | 5.589 | 0 | 0 | | | | | | | | | 0 |
| R0240 | N-1 | 4.328 | 0 | | | | | | | | | | 0 |
| R0250 | N | 3.719 | | | | | | | | | | | 3.719 |
| R0260 | | | | | | | | | | | | **Total** | 3.719 |

## S.23.01.01 – Own Funds (solo undertaking) Own Funds

| Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35 | Total | Tier 1 unrestricted | Tier 1 restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|
| | C0010 | C0020 | C0030 | C0040 | C0050 |
| Ordinary share capital (gross of own shares) | 2.550 | 2.550 | | 0 | |
| Share premium account related to ordinary share capital | 250 | 250 | | 0 | |
| Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings | 0 | 0 | | 0 | |
| Subordinated mutual member accounts | 0 | | 0 | 0 | 0 |
| Surplus funds | 0 | 0 | | | |
| Preference shares | 0 | | 0 | 0 | 0 |
| Share premium account related to preference shares | 0 | | 0 | 0 | 0 |
| Reconciliation reserve | 34.074 | 34.074 | | | |
| Subordinated liabilities | 7.000 | | 0 | 7.000 | 0 |
| An amount equal to the value of net deferred tax assets | 0 | | | | 0 |
| Other own fund items approved by the supervisory authority as basic own funds not specified above | 0 | 0 | 0 | 0 | 0 |
| **Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds** | 0 | | | | |
| **Deductions for participations in financial and credit institutions** | 0 | 0 | 0 | 0 | |
| **Total basic own funds after deductions** | 43.874 | 36.874 | 0 | 7.000 | 0 |
| **Ancillary own funds** | | | | | |
| Unpaid and uncalled ordinary share capital callable on demand | 0 | | | | |
| Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand | 0 | | | | |
| Unpaid and uncalled preference shares callable on demand | 0 | | | | |
| A legally binding commitment to subscribe and pay for subordinated liabilities on demand | 0 | | | | |
| Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC | 0 | | | | |
| Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC | 0 | | | | |
| Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC | 0 | | | | |
| Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC | 0 | | | | |
| Other ancillary own funds | 0 | | | | |
| **Total ancillary own funds** | 0 | | | 0 | 0 |
| **Available and eligible own funds** | | | | | |
| Total available own funds to meet the SCR | 43.874 | 36.874 | 0 | 7.000 | 0 |
| Total available own funds to meet the MCR | 43.874 | 36.874 | 0 | 7.000 | |
| Total eligible own funds to meet the SCR | 41.839 | 36.874 | 0 | 4.965 | 0 |
| Total eligible own funds to meet the MCR | 37.414 | 36.874 | 0 | 540 | |
| **SCR** | 9.929 | | | | |
| **MCR** | 2.700 | | | | |
| **Ratio of Eligible own funds to SCR** | 421,36% | | | | |
| **Ratio of Eligible own funds to MCR** | 1385,71% | | | | |
| **Reconciliation reserve** | C0060 | | | | |
| Excess of assets over liabilities | 36.874 | | | | |
| Own shares (held directly and indirectly) | 0 | | | | |
| Foreseeable dividends, distributions and charges | | | | | |
| Other basic own fund items | 2.800 | | | | |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds | 0 | | | | |
| **Reconciliation reserve** | 34.074 | | | | |
| **Expected profits** | | | | | |
| Expected profits included in future premiums (EPIFP) - Life business | | | | | |
| Expected profits included in future premiums (EPIFP) - Non- life business | 22.124 | | | | |
| **Total Expected profits included in future premiums (EPIFP)** | 22.124 | | | | |

## S.25.01.21 – Solvency Capital Requirement – or undertakings on Standard Formula

| | Gross solvency capital requirement | USP | Simplifications |
|---|---|---|---|
| | C0110 | C0090 | C0120 |
| Market risk | 2.253 | 2.253 | 0 |
| Counterparty default risk | 3.609 | 3.609 | 0 |
| Life underwriting risk | 0 | 0 | 0 |
| Health underwriting risk | 0 | 0 | 0 |
| Non-life underwriting risk | 6.968 | 6.968 | 0 |
| Diversification | -2.646 | -2.646 | |
| | | | |
| Intangible asset risk | 0 | 0 | |
| | | | |
| **Basic Solvency Capital Requirement** | 10.184 | 10.184 | |
| | | | |
| **Basic Solvency Capital Requirement** | C0100 | | |
| Operational risk | 3.055 | | |
| Loss-absorbing capacity of technical provisions | 0 | | |
| Loss-absorbing capacity of deferred taxes | -3.310 | | |
| Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC | 0 | | |
| **Solvency Capital Requirement excluding capital add-on** | 9.929 | | |
| Capital add-ons already set | 0 | | |
| **Solvency capital requirement** | 9.929 | | |
| | | | |
| **Other information on SCR** | | | |
| Capital requirement for duration-based equity risk sub-module | 0 | | |
| Total amount of Notional Solvency Capital Requirements for remaining part | 0 | | |
| Total amount of Notional Solvency Capital Requirements for ring-fenced funds | 0 | | |
| Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios | 0 | | |
| Diversification effects due to RFF nSCR aggregation for article 304 | 0 | | |
| | | | |
| **Approach to tax rate** | C0109 | | |
| Approach based on average tax rate | No | | |
| | | | |
| **Calculation of loss absorbing capacity of deferred taxes** | **LAC DT** | | |
| | C0130 | | |
| LAC DT | -3.310 | | |
| LAC DT justified by reversion of deferred tax liabilities | -3.310 | | |
| LAC DT justified by reference to probable future taxable economic profit | | | |
| LAC DT justified by carry back, current year | | | |
| LAC DT justified by carry back, future years | | | |
| Maximum LAC DT | -3.310 | | |

## S.28.01.01 – Minimum Capital Requirement

| | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance) written premiums in the last 12 months |
|---|---|---|---|
| | | C0020 | C0030 |
| Medical expense insurance and proportional reinsurance | | 0 | |
| Income protection insurance and proportional reinsurance | | 0 | |
| Workers' compensation insurance and proportional reinsurance | | 0 | |
| Motor vehicle liability insurance and proportional reinsurance | | 0 | |
| Other motor insurance and proportional reinsurance | | 0 | |
| Marine, aviation and transport insurance and proportional reinsurance | | 0 | |
| Fire and other damage to property insurance and proportional reinsurance | | 0 | |
| General liability insurance and proportional reinsurance | | 0 | |
| Credit and suretyship insurance and proportional reinsurance | | 0 | |
| Legal expenses insurance and proportional reinsurance | | 0 | |
| Assistance and proportional reinsurance | | 0 | |
| Miscellaneous financial loss insurance and proportional reinsurance | | 0 | 16.424 |
| Non-proportional health reinsurance | | 0 | |
| Non-proportional casualty reinsurance | | 0 | |
| Non-proportional marine, aviation and transport reinsurance | | 0 | |
| Non-proportional property reinsurance | | 0 | |
| | | | |
| **Linear formula component for life insurance and reinsurance obligations** | C0040 | | |
| MCRL Result | 0 | | |
| | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance/SPV) total capital at risk |
| | | C0050 | C0060 |
| Obligations with profit participation - guaranteed benefits | | | |
| Obligations with profit participation - future discretionary benefits | | | |
| Index-linked and unit-linked insurance obligations | | | |
| Other life (re)insurance and health (re)insurance obligations | | | |
| Total capital at risk for all life (re)insurance obligations | | | |
| | | | |
| **Overall MCR calculation** | C0070 | | |
| Linear MCR | 2.004 | | |
| SCR | 9.929 | | |
| MCR cap | 4.468 | | |
| MCR floor | 2.482 | | |
| Combined MCR | 2.482 | | |
| Absolute floor of the MCR | 2.700 | | |
| | | | |
| **Minimum Capital Requirement** | 2.700 | | |